

# GENWORTH FINANCIAL INC

## FORM S-1/A (Securities Registration Statement)

Filed 03/03/04

Address	6620 WEST BROAD STREET RICHMOND, VA 23230
Telephone	804-281-6000
CIK	0001276520
Symbol	GNW
SIC Code	6311 - Life Insurance
Industry	Insurance (Life)
Sector	Financial
Fiscal Year	12/31

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## Amendment No. 1 to FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

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### Genworth Financial, Inc.

(Exact Name of Registrant as Specified in its Charter)

**Delaware**

(State or Other Jurisdiction of  
Incorporation or Organization)

**6311**

(Primary Standard Industrial  
Classification Code Number)

**33-1073076**

(I.R.S. Employer Identification Number)

**6620 West Broad Street  
Richmond, Virginia 23230  
(804) 281-6000**

(Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Registrant's Principal Executive Offices)

**Leon E. Roday, Esq.**  
Senior Vice President, General Counsel and Secretary

**Genworth Financial, Inc.  
6620 West Broad Street  
Richmond, Virginia 23230  
(804) 281-6000**

(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)

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

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

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

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

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

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

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

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

**PROSPECTUS (Subject to Completion)**  
**Issued March 3, 2004**

**Shares**



**Genworth**  
Financial

*Built on GE Heritage*

**Class A Common Stock**

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GE Financial Assurance Holdings, Inc., the selling stockholder and an indirect subsidiary of General Electric Company, is offering all the shares of Class A Common Stock to be sold in this offering. This is our initial public offering, and no public market currently exists for our shares. We anticipate that the initial public offering price of the shares will be between \$ \_\_\_\_\_ and \$ \_\_\_\_\_ per share.

The selling stockholder has granted the underwriters the right to purchase up to an additional \_\_\_\_\_ shares of Class A Common Stock to cover over-allotments.

We intend to apply to list the Class A Common Stock on The New York Stock Exchange under the symbol "GNW."

Concurrently with this offering, the selling stockholder is offering, by means of a separate prospectus, \$600 million of our % Equity Units. Each Equity Unit will have a stated amount of \$25 and will initially consist of a contract to purchase shares of our Class A Common Stock and an interest in a % senior note due 2009 issued by us. Concurrently with this offering, the selling stockholder also is offering, by means of a separate prospectus, \$100 million of our % Series A Cumulative Preferred Stock.

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

**Investing in our Class A Common Stock involves risks. See "Risk Factors" beginning on page 14.**

	PRICE \$ A SHARE	
	Per Share	Total
Price to public	\$	\$
Underwriting discounts and commissions	\$	\$
Proceeds to selling stockholder	\$	\$

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

The underwriters expect to deliver the shares of Class A Common Stock to purchasers on , 2004.

**Morgan Stanley**

**Goldman, Sachs & Co.**

, 2004

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## Prospectus Summary

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



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

We have the following three operating segments:

- **Protection.** We offer U.S. customers life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. In Europe, we offer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death. In 2003, we were the leading provider of individual long-term care insurance and the sixth-largest provider of term life insurance in the U.S., according to LIMRA International (in each case based upon gross written premiums). We believe we are a leading provider of term life insurance through brokerage general agencies in the U.S. and that this channel is the largest and fastest-growing distribution channel for term life insurance. Our leadership in long-term care insurance is based upon almost 30 years of product underwriting and claims experience. For the year ended December 31, 2003, our Protection segment had pro forma segment net earnings of \$481 million.
- **Retirement Income and Investments .** We offer U.S. customers fixed, variable and income annuities, variable life insurance, asset management, and specialized products, including guaranteed investment contracts, funding agreements and structured settlements. We are an established provider of these products and, in 2003, we were the leading provider of income annuities in the U.S., according to LIMRA International (based upon total premiums and deposits). For the year ended December 31, 2003, our Retirement Income and Investments segment had pro forma segment net earnings of \$93 million.
- **Mortgage Insurance.** In the U.S., Canada, Australia and Europe, we offer mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. In 2003, according to *Inside Mortgage Finance*, we were the fourth-largest provider of mortgage insurance in the U.S. (based upon new insurance written), and we believe we are the largest provider of private mortgage insurance outside the U.S. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. For the year ended December 31, 2003, our Mortgage Insurance segment had pro forma segment net earnings of \$369 million.

We also have a Corporate and Other segment, which consists primarily of net realized investment gains (losses), interest and other financing expenses that are incurred at our holding company level, unallocated corporate income and expenses, and the results of several small, non-core businesses that

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are managed outside our operating segments. For the year ended December 31, 2003, our Corporate and Other segment had a pro forma segment net loss of \$9 million.

We had \$11.1 billion of total stockholder's interest and \$98.1 billion of total assets as of December 31, 2003, on a pro forma basis. For the

year ended December 31, 2003, on a pro forma basis, our revenues were \$9.8 billion and our net earnings from continuing operations were \$934 million. Upon the completion of this offering, we expect our principal life insurance companies to have financial strength ratings of "AA-" (Very Strong) from S&P, "Aa3" (Excellent) from Moody's and "A+" (Superior) from A.M. Best, and we expect our rated mortgage insurance companies to have financial strength ratings of "AA" (Very Strong) from S&P, "Aa2" (Excellent) from Moody's and "AA" (Very Strong) from Fitch. For an explanation of the financial strength ratings provided by these rating agencies, see the discussion under "Business—Financial Strength Ratings."

## Market Environment and Opportunities

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

- **Aging U.S. population with growing retirement income needs**, resulting from large numbers of baby boomers approaching retirement and significant increases in life expectancy that heighten the risk that individuals will outlive their retirement savings.
- **Growing lifestyle protection gap**, with individuals lacking sufficient financial resources, including insurance coverage, to maintain their desired lifestyle due to declining individual savings rates, rising healthcare and nursing home costs and a shifting of the burden for funding protection needs from governments and employers to individuals.
- **Increasing opportunities for mortgage insurance in the U.S. and other countries**, resulting from increasing homeownership levels, expansion of low-down-payment mortgage loan offerings, favorable legislative and regulatory policies, and expansion of secondary mortgage markets that require credit enhancements.

## Competitive Strengths

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

- **Leading positions in diversified targeted markets.** We believe our leading positions in our targeted markets, including term life and individual long-term care insurance, retirement income and mortgage insurance, provide us with the scale necessary to compete effectively in these markets as they continue to grow. We also believe our strong presence in multiple markets provides balance to our business, reduces our exposure to adverse economic trends affecting any one market and provides stable cash flow to fund growth opportunities.
- **Product innovation and smart breadth.** We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives, thereby positioning us to benefit from the current trend among distributors to reduce the number of insurers with whom they maintain relationships. We refer to our approach to product diversity as "smart" breadth because we are selective in the products we offer and strive to maintain appropriate return and risk thresholds when we expand the scope of our product offerings.
- **Extensive, multi-channel distribution network.** We have extensive distribution reach and offer consumers access to our products through a broad network of financial intermediaries, independent producers and dedicated sales specialists. In addition, we maintain strong

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relationships with leading distributors by providing a high level of specialized and differentiated distribution support and by pursuing joint business improvement efforts.

- **Technology-enhanced, scalable, low-cost operating platform.** We have pursued an aggressive approach to cost-management and continuous process improvement. We also have developed sophisticated technological tools that enhance performance by automating key processes and reducing response times and process variations. In addition, we have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina, India and Ireland.
- **Disciplined risk management with strong compliance practices.** Risk management and regulatory compliance are critical parts of our business, and we are recognized in the insurance industry for our excellence in these areas. We employ comprehensive risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management and technology development programs. We have 130 dedicated risk management professionals supporting these efforts and approximately 200 additional professionals dedicated to legal and regulatory compliance.
- **Strong balance sheet and high-quality investment portfolio.** We believe our size, ratings and capital strength provide us with a significant competitive advantage. We have a diversified, high-quality investment portfolio with \$58.6 billion of investment securities, as of December 31, 2003, on a pro forma basis. More than 93% of our fixed maturities had ratings equivalent to investment-grade, and less than 1% of our total investment portfolio consisted of equity securities, as of December 31, 2003, on a

pro forma basis.

- **Experienced and deep management team.** Our senior management team has an average of approximately 16 years of experience in the financial services industry. We have adopted GE's recognized practices for successfully developing managerial talent at all levels of our organization and have instilled a performance- and execution-oriented corporate culture that we will continue to foster as an independent company.

## Growth Strategies

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

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

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

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

*International mortgage insurance*, where we continue to see attractive growth opportunities with the expansion of homeownership and low-down-payment loans. The net premiums written in

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our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003.

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

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

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

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

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

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

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

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

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

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

### **Formation of Genworth Financial, Inc.**

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

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

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

- million shares of our Class B Common Stock. For a description of the terms of our common stock, see "Description of Capital Stock—Common Stock."
- \$600 million of our % Equity Units, which we refer to in this prospectus as the Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in a concurrent offering.
- \$100 million of our % Series A Cumulative Preferred Stock, which we refer to in this prospectus as the Series A Preferred Stock. The Series A Preferred Stock is mandatorily redeemable on . For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." GEFAHI is offering the Series A Preferred Stock for sale in a concurrent offering.
- A \$2.4 billion short-term note, which we refer to in this prospectus as the Short-term Intercompany Note. We intend to repay this note with proceeds from the borrowings under a \$2.4 billion short-term revolving credit facility that we intend to establish with a syndicate of banks concurrently with the completion of this offering. We intend to repay the borrowings under this short-term revolving credit facility with proceeds from the issuance of approximately \$1.9 billion in senior notes and approximately \$500 million in commercial paper, both of which we intend to complete shortly after the completion of this offering. For a description of the terms of this note, see "Description of Certain Indebtedness—Short-term Intercompany Note."
- A \$550 million contingent non-interest-bearing note that matures on the first anniversary of the completion of this offering. We refer to this note in this prospectus as the Contingent Note. This note will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of \$150 million are released and paid to us as a dividend by the first anniversary of the completion of this offering. The release of these statutory reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. The term of this note may be extended for a period of up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the

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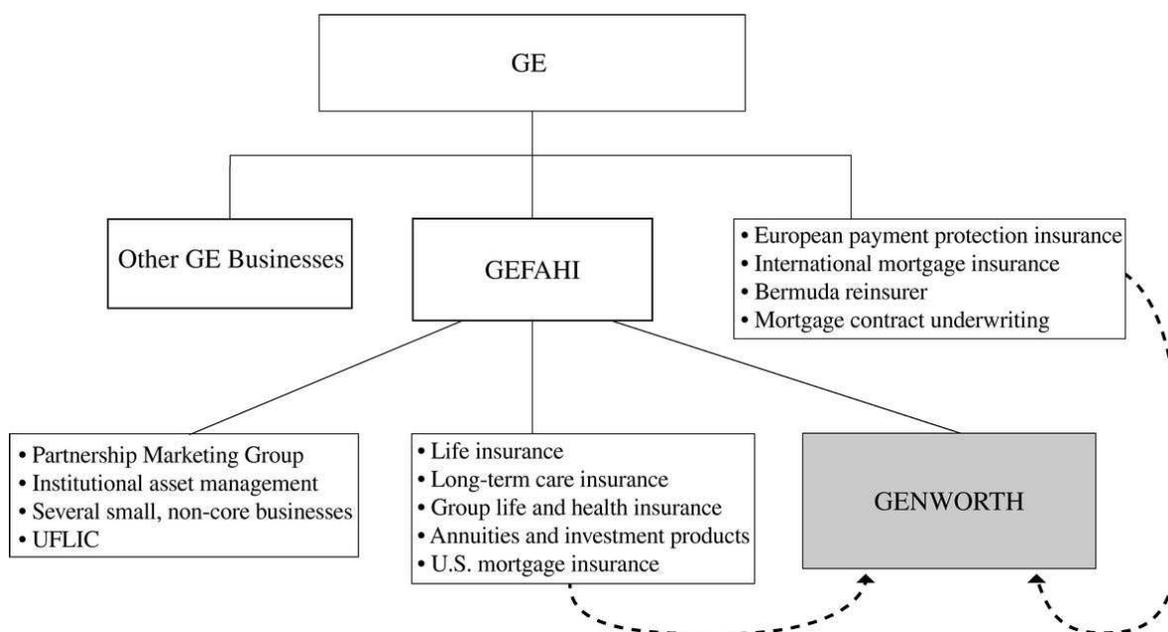
first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. For a description of the terms of this note see "Description of Certain Indebtedness—Contingent Note."

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

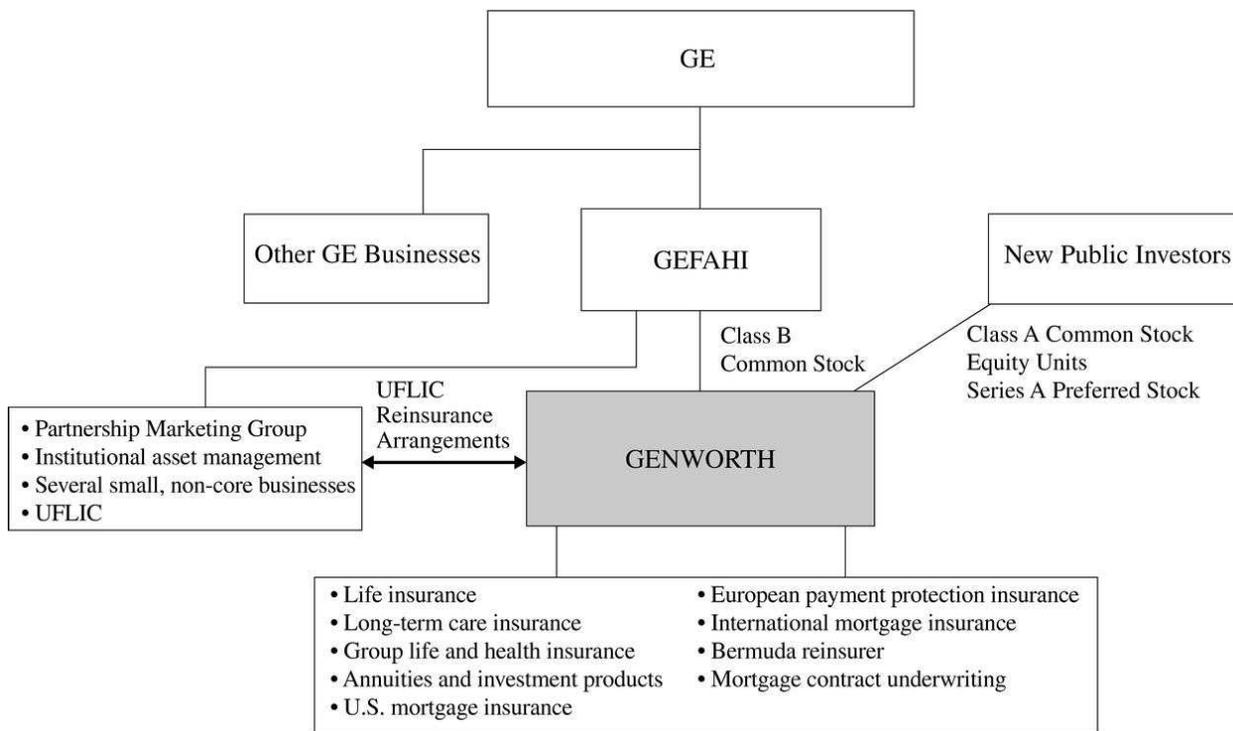
Prior to the completion of this offering, GEFAHI will own 100% of our outstanding common stock, which will consist solely of Class B Common Stock. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of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

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

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



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



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

## Risks Relating to Our Company

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

- *Risks relating to our businesses*, including interest rate fluctuations, downturns and volatility in equity markets, defaults in portfolio securities, downgrades in our financial strength and credit ratings, insufficiency of reserves, legal constraints on dividend distributions by subsidiaries, illiquid investments, competition, inability to attract or retain independent sales intermediaries and dedicated sales specialists, defaults by counterparties, foreign exchange rate fluctuations, regulatory restrictions on our operations and changes in applicable laws and regulations, legal or regulatory actions, political or economic instability and the threat of terrorism;
- *Risks relating to our Protection and Retirement Income and Investments segments*, including unexpected changes in mortality and morbidity rates, accelerated amortization of deferred acquisition costs and present value of future profits, medical advances such as genetic mapping research, unexpected changes in persistency rates, increases in statutory reserve requirements and changes in tax and securities laws;
- *Risks relating to our Mortgage Insurance segment*, including the influence of large mortgage lenders and investors, decreases in the volume of high loan-to-value mortgage originations, increases in mortgage insurance cancellations, increases in the use of simultaneous second mortgages and other alternatives to private mortgage insurance, unexpected increases in mortgage insurance default rates, deterioration in economic conditions, increases in the use of captive reinsurance in the mortgage insurance market, changes in the demand for mortgage insurance that could arise as a result of efforts of large mortgage investors and legal actions under the Real Estate Settlement Practices Act and the Federal Fair Credit Reporting Act;
- *Risks relating to our separation from GE*, including the loss of benefits associated with GE's brand and reputation, our need to establish our new Genworth brand identity quickly and effectively, our inability to present financial information in this prospectus that accurately represents the results we would have achieved as a stand-alone company, the possibility that we will not be able to replace services previously provided by GE on comparable terms, uncertainty of amounts and timing of payments that we have agreed to make to GE under our tax matters agreement and other matters relating to that agreement, potential conflicts of interest with GE and GE's engaging in the same type of business as we do in the future; and
- *Risks relating to this offering*, including future sales of stock by GE that may depress the price of our shares, fluctuations in our

share price and regulatory and statutory requirements and contractual arrangements that may delay or prevent a takeover of our business.

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

## Additional Information

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

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## The Offering

Class A Common Stock offered by the selling stockholder	shares
Common stock to be outstanding immediately after this offering	
Class A	shares
Class B	shares
Common stock to be held by the selling stockholder immediately after this offering	
Class B	shares
Over-allotment option	shares of Class A Common Stock to be offered by the selling stockholder if the underwriters exercise the over-allotment option in full.
Voting rights	One vote per share for all matters on which stockholders are entitled to vote. Class A Common Stock and Class B Common Stock will have identical voting rights, except for the approval rights of the holders of the Class B Common Stock over certain corporate actions and except with respect to the election and removal of directors to our board. See "Description of Capital Stock—Common Stock."
Use of proceeds	We will not receive any proceeds from the sale by the selling stockholder of Class A Common Stock in this offering or of the Equity Units or the Series A Preferred Stock in the concurrent offerings.
Dividend policy	We intend to pay quarterly cash dividends on our common stock at an initial rate of \$ _____ per share, commencing with the _____ quarter of 2004. Class A Common Stock and Class B Common Stock will have identical dividend rights. 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 on many factors, including our financial condition, earnings, capital requirements of our subsidiaries, legal requirements, regulatory constraints and other factors that the board of directors deems relevant.
Proposed New York Stock Exchange symbol	We intend to apply to list the Class A Common Stock on The New York Stock Exchange under the symbol "GNW."
Concurrent Offerings	Concurrently with this offering, the selling stockholder is publicly offering, by separate prospectuses:
Equity Units	\$600 million of our _____ % Equity Units.
Series A Preferred Stock	\$100 million of our _____ % Series A Cumulative Preferred Stock.

The offerings of the Equity Units and the Series A Preferred Stock are conditioned upon the completion of this offering.

This offering is conditioned upon the completion of the offerings of the Series A Preferred Stock and the Equity Units.

Unless otherwise indicated, all information in this prospectus:

- reflects the consummation of our corporate reorganization, whereby we will acquire substantially all of the assets and liabilities of GEFAHI and acquire certain other GE insurance businesses, in exchange for million shares of our Class B Common Stock, \$600 million of our Equity Units, \$100 million of our Series A Preferred Stock, the \$2.4 billion Short-term Intercompany Note and the \$550 million Contingent Note, all as described under "Corporate Reorganization;"
- assumes an initial public offering price of \$ per share (the midpoint of the price range set forth on the front cover of this prospectus);
- assumes the over-allotment option in this offering has not been exercised;
- excludes million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options to be granted on the date of the completion of this offering, at an exercise price equal to the initial public offering price;
- excludes million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options that will be issued upon completion of this offering in exchange for unvested GE stock options held by our employees, at a weighted average exercise price of \$ per share, and million shares of Class A Common Stock issuable upon the exercise of vested employee stock options that will be issued upon completion of this offering in exchange for vested GE stock options held by our Chairman, President and Chief Executive Officer, at a weighted average exercise price of \$ per share;
- excludes million shares of Class A Common Stock issuable upon the vesting of restricted stock units and stock appreciation rights that will be issued upon completion of this offering in exchange for unvested GE restricted stock units and stock appreciation rights;
- excludes million shares of Class A Common Stock available for future issuance under our Genworth Omnibus Incentive Plan; and
- excludes up to million shares of Class A Common Stock that we will be required to issue to settle the purchase contracts included in our Equity Units.

### **Summary Historical and Pro Forma Financial Information**

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

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

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

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

- the removal of certain businesses of GEFAHI that will not be transferred to us in connection with our corporate reorganization, including UFLIC, the Partnership Marketing Group business, an institutional asset management business and several other small businesses;
- the removal of certain liabilities that we will not assume, including an aggregate of \$1.7 billion of commercial paper issued by GEFAHI and short-term borrowings from General Electric Capital Corporation of \$548 million that were outstanding as of December 31, 2003;
- the reinsurance transactions with UFLIC, including the capital contribution of \$1.7 billion that we will make to UFLIC;
- the equity and debt securities that we will issue to GEFAHI in exchange for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization; and
- the other adjustments described in the notes to the unaudited pro forma financial statements under "Selected Historical and Pro Forma Financial Information."

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

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

	Historical					Pro forma
	Years ended December 31,					Year ended December 31,
	2003(1)	2002	2001	2000(2)	1999	2003
<b>Combined Statement of Earnings Information</b>						
Revenues:						
Premiums	\$ 6,703	\$ 6,107	\$ 6,012	\$ 5,233	\$ 4,534	\$ 6,252
Net investment income	4,015	3,979	3,895	3,678	3,440	2,935
Net realized investment gains	10	204	201	262	280	38
Policy fees and other income	943	939	993	1,053	751	557
<b>Total revenues</b>	<b>11,671</b>	<b>11,229</b>	<b>11,101</b>	<b>10,226</b>	<b>9,005</b>	<b>9,782</b>
Benefits and expenses:						
Benefits and other changes in policy reserves	5,232	4,640	4,474	3,586	3,286	4,191
Interest credited	1,624	1,645	1,620	1,456	1,290	1,358
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	1,808	1,823	1,813	1,626	1,614
Amortization of deferred acquisition costs and intangibles(3)	1,351	1,221	1,237	1,394	1,136	1,144
Interest expense	140	124	126	126	78	146
<b>Total benefits and expenses</b>	<b>10,289</b>	<b>9,438</b>	<b>9,280</b>	<b>8,375</b>	<b>7,416</b>	<b>8,453</b>
Earnings from continuing operations before income taxes	1,382	1,791	1,821	1,851	1,589	1,329
Provision for income taxes	413	411	590	576	455	395

Net earnings from continuing operations	\$	969	\$	1,380	\$	1,231	\$	1,275	\$	1,134	\$	934
Pro forma earnings per share:												
Basic												
Diluted												
Pro forma shares outstanding:												
Basic												
Diluted												
<b>Selected Segment Information</b>												
Total revenues:												
Protection	\$	6,153	\$	5,605	\$	5,443	\$	4,917	\$		\$	5,839
Retirement Income and Investments		3,781		3,756		3,721		3,137				2,707
Mortgage Insurance		982		946		965		895				982
Affinity(4)		566		588		687		817				—
Corporate and Other		189		334		285		460				254
Total	\$	11,671	\$	11,229	\$	11,101	\$	10,226	\$		\$	9,782
Net earnings (loss) from continuing operations:												
Protection	\$	487	\$	554	\$	538	\$	492	\$		\$	481
Retirement Income and Investments		151		186		215		250				93
Mortgage Insurance		369		451		428		414				369
Affinity(4)		16		(3)		24		(13)				—
Corporate and Other		(54)		192		26		132				(9)
Total	\$	969	\$	1,380	\$	1,231	\$	1,275	\$		\$	934

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(Dollar amounts in millions)	Historical					Pro forma						
	December 31,					December 31,						
	2003(1)	2002	2001	2000(2)	1999	2003						
<b>Combined Statement of Financial Position Information</b>												
Total investments	\$	77,624	\$	72,080	\$	62,977	\$	54,978	\$	48,341	\$	58,568
All other assets		25,807		45,277		41,021		44,598		27,758		39,484
Total assets	\$	103,431	\$	117,357	\$	103,998	\$	99,576	\$	76,099	\$	98,052
Policyholder liabilities	\$	66,545	\$	63,195	\$	55,900	\$	48,291	\$	45,042	\$	66,046
Non-recourse funding obligations(5)		600		—		—		—		—		600
Short-term borrowings		2,239		1,850		1,752		2,258		990		2,400
Long-term borrowings		529		472		622		175		175		529
All other liabilities		17,718		35,088		31,559		35,865		18,646		17,360
Total liabilities	\$	87,631	\$	100,605	\$	89,833	\$	86,589	\$	64,853	\$	86,935
Accumulated nonowner changes in stockholder's interest	\$	1,672	\$	835	\$	(664)	\$	(424)	\$	(862)	\$	1,124
Total stockholder's interest		15,800		16,752		14,165		12,987		11,246		11,117

## U.S. Statutory Information

Statutory capital and surplus	7,021	7,207	7,940	7,119	6,140
Asset valuation reserve	413	390	477	497	500

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- (1) On August 29, 2003, we sold our Japanese life insurance and domestic auto and homeowners' insurance businesses for aggregate cash proceeds of approximately \$2.1 billion, consisting of \$1.6 billion paid to us and \$0.5 billion paid to other GE affiliates, plus pre-closing dividends. See note 4 to our combined financial statements, included elsewhere in this prospectus;
- (2) During 2000, we consummated three significant business combinations:
  - In July 2000, we reinsured 90% of Travelers' long-term care insurance portfolio and acquired certain related assets for \$411 million;
  - In April 2000, we acquired 97% of Phoenix American Life Insurance Company for \$284 million; and
  - Effective March 2000, we acquired the insurance policies and related assets of Toho Mutual Life Insurance Company. Our Japanese life insurance business assumed \$21.6 billion of policyholder liabilities and \$0.3 billion of accounts payable and accrued expenses and acquired \$20.3 billion in cash, investments and other tangible assets through this transaction. We sold this business on August 29, 2003, and its results have been presented as discontinued operations.
- (3) As of January 1, 2002, we adopted Statement of Financial Accounting Standard 142, *Goodwill and Other Intangible Assets*, and, in accordance with its provisions, discontinued amortization of goodwill. Goodwill amortization was \$84 million, \$70 million and \$53 million for the years ended December 31, 2001, 2000 and 1999, respectively, excluding goodwill amortization included in discontinued operations.
- (4) Represents the results of the following businesses, which are owned by GEFAHI but which will not be transferred to us in connection with our corporate reorganization, including (a) UFLIC, (b) the Partnership Marketing Group business, (c) an institutional asset management business, and (d) several other small businesses that are not part of our core ongoing business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information."
- (5) Represents non-recourse funding obligations. These obligations are represented by notes that bear a floating rate of interest and mature in 2033. The notes were issued by a wholly-owned captive reinsurance subsidiary of our company to fund certain statutory reserves. Both principal and interest payments are guaranteed by a third-party insurance company.

## Risk Factors

*You should carefully consider the following risks before investing in our common stock. These risks could materially affect our business, results of operations or financial condition and cause the trading price of our common stock to decline. You could lose part or all of your investment.*

### Risks Relating to Our Businesses

#### **Interest rate fluctuations could adversely affect our cash flow and profitability.**

Our life insurance and annuity and other interest-sensitive products expose us to the risk that falling interest rates will reduce our "spread," or the difference between the returns we earn on the investments that support our obligations under these products and the amounts that we must pay policyholders and contractholders. Because we may reduce the interest rates we credit on most of these products only at limited, pre-established intervals, and because some of them have guaranteed minimum crediting rates, declines in interest rates may adversely affect the profitability of those products. For example, interest rates declined to unusually low levels from 2001 to 2003. During this period, our net earnings from spread-based products, such as fixed and income annuities and guaranteed investment contracts, declined from \$207 million for the year ended December 31, 2001 to \$148 million for the year ended December 31, 2003.

During periods of increasing market interest rates, we must offer higher crediting rates on interest-sensitive products, such as universal life insurance and fixed annuities, and we must increase crediting rates on in-force products to keep these products competitive. In addition, increases in market interest rates may cause increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, as policyholders and contractholders seek to shift assets to products with perceived higher returns. This process could

have an adverse effect on our financial position, results of operations and cash flow from operating activities. An increase in policy surrenders and withdrawals may also require us to accelerate amortization of policy acquisition costs or other intangibles, which would reduce our net earnings.

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

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

During periods of declining market interest rates, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of fixed-income securities also may decide to prepay their obligations in order to borrow at lower market rates, which exacerbates the risk

that we may have to invest the cash proceeds of these securities in lower-yielding or lower-credit instruments. Declining interest rates from 2001 to 2003 contributed to a decrease in our weighted average investment yield from 6.5% for the year ended December 31, 2001 to 5.2% for the year ended December 31, 2003. For additional information regarding our investment portfolio, see "Business—Investments." For additional information regarding the sensitivity of the fixed maturities in our investment portfolio to interest rate fluctuations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Sensitivity analysis."

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

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

Second, downturns and volatility in equity markets can have an adverse effect on the revenues and returns from our insurance, annuity and asset management businesses. Because revenues on our separate account and private asset management products and services depend on fees related primarily to the value of assets under management, declines in the equity markets have reduced, and could further reduce, our revenues by reducing the value of the investment assets we manage. For example, the recent equity market downturn caused a reduction in the value of the separate account assets underlying our variable life insurance policies, variable annuities and assets under management, and our policy fees and other income in our Retirement Income and Investments segment decreased by 7% from \$243 million for the year ended December 31, 2002 to \$225 million for the year ended December 31, 2003. In addition, some of our variable annuity products contain guaranteed minimum death benefits and guaranteed minimum income payments tied to the investment performance of the assets held within the variable annuity. Although we will reinsure substantially all of our existing block of variable annuities with UFLIC, we intend to continue offering these products. A significant market decline could result in declines in account values which could increase our payments under the guaranteed minimum death benefits and certain income payments in connection with variable annuities, which could have an adverse effect on our financial condition and results of operations. We also are exposed to equity risk on our holdings of common stock and other equities. For additional information regarding the sensitivity of the equity securities in our investment portfolio to equity market fluctuations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Sensitivity analysis."

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

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

malfeasance could produce additional defaults and cause our investment returns and net earnings to decline.

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

**A downgrade or a potential downgrade in our financial strength or credit ratings could result in a loss of business and have a significant adverse effect on our financial condition and results of operations.**

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

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

In connection with this offering, our principal life insurance companies were downgraded from financial strength ratings of "AA" by S&P and "Aa2" by Moody's, to "AA-" and "Aa3," respectively. In addition, as a result of our 2003 decision to reduce excess capital at our mortgage insurance subsidiaries, our mortgage insurance companies were downgraded from financial strength ratings of "AAA" by S&P and Fitch and "Aaa" by Moody's to "AA" by S&P and Fitch and "Aa2" by Moody's. Although we do not believe that these downgrades have negatively affected our business overall in any material respect, we cannot assure you that they will not have an adverse effect over time or that our ratings will not be further downgraded in the future. For an explanation of the financial strength ratings provided by these rating agencies, see the discussion under "Business—Financial Strength Ratings."

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

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

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

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

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

The ratings of our insurance subsidiaries described under "Business—Financial Strength Ratings" reflect each rating agency's current opinion of each subsidiary's financial strength, operating performance and ability to meet obligations to policyholders and contractholders. These

factors are of concern to policyholders, contractholders, agents, sales intermediaries and lenders. Ratings are not evaluations directed to the protection of investors in our common stock. They are not ratings of our common stock and should not be relied upon when making a decision to buy, hold or sell our shares of common stock or any other security. In addition, the standards used by rating agencies in determining financial strength are different from capital requirements set by state insurance regulators. We may need to take actions in response to changing standards set by any of the ratings agencies, as well as statutory capital requirements, which could cause our business and operations to suffer.

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

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

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

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

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

**Some of our investments are relatively illiquid.**

Our investments in certain infrequently traded public fixed maturities, privately placed fixed maturities, mortgage loans, policy loans, limited partnership interests and real estate are relatively illiquid. These asset classes represented approximately 29% of the carrying value of our total cash and invested assets as of December 31, 2003, on a pro forma basis. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner, be forced to sell them for less than we otherwise would have been able to realize, or both. For example, our floating rate funding agreements generally contain "put" provisions through which a contractholder may terminate the funding agreement for any reason after giving notice within the contract's specified notice period, which is generally 90 days but can be less than 30 days. As of December 31, 2003, the aggregate amount of our outstanding funding agreements with put option features was approximately \$2.4 billion, and the aggregate amount of funding agreements with put option notice periods of 30 days or less was \$450 million. If an unexpected number of contractholders exercise this right and we are unable to access other liquidity sources, we may have to liquidate assets quickly. Our inability to quickly dispose of illiquid investments could have an adverse effect on our financial condition and results of operations.

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

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

Many other companies actively compete for sales in our protection and retirement income and investments markets, including other major insurers, banks, other financial institutions and specialty providers. The principal direct and indirect competitors for our mortgage insurance business include other private mortgage insurers, as well as federal and state governmental and quasi-governmental agencies in the U.S., including the Federal Housing Administration, or FHA, and to a lesser degree, the Veterans Administration, or VA, Fannie Mae and Freddie Mac, as well as local and state housing finance agencies. We also compete with structured transactions in the capital markets and with other financial instruments designed to manage credit risk, such as credit default swaps and credit linked notes, with lenders who forego mortgage insurance, or self-insure, on loans held in their portfolios, and with lenders that provide mortgage reinsurance through captive mortgage reinsurance programs. In

Canada and some European countries, our mortgage insurance business competes directly with government entities, which provide comparable mortgage insurance. Government entities with which we compete typically do not have the same capital requirements and do not have the same profit objectives as we do. Although private companies, such as our company, establish pricing terms for their products to achieve targeted returns, these government entities may offer products on terms designed to accomplish social or political objectives or reflect other non-economic goals.

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

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

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

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

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

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

and results of operations could be materially adversely affected. See "Arrangements between GE and our Company—Reinsurance Transactions."

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

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

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

In addition, our investments in non-U.S.-denominated securities are subject to fluctuations in non-U.S. securities and currency markets, and those markets can be volatile. In the last several years, various countries have experienced severe economic and financial disruptions, including significant devaluations of their currencies and low or negative growth rates in their economies. Non-U.S. currency fluctuations also affect the value of any dividends paid by our non-U.S. subsidiaries to their parent companies in the U.S. For additional information regarding the sensitivity of our net earnings to foreign currency exchange rate fluctuations, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk—Sensitivity analysis."

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

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

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

- licensing companies and agents to transact business;
- calculating the value of assets to determine compliance with statutory requirements;
- mandating certain insurance benefits;

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

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

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

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

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

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

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

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

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

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

Through an arrangement with an affiliate of GE, we have a substantial team of professionals in India who provide a variety of services to our insurance operations, including customer service, transaction processing, and functional support including finance, investment research, actuarial, risk and marketing. See "Arrangements Between GE and Our Company—Relationship with GE—Arrangements Regarding Our Operations in India." The development of our operations center in India has been facilitated partly by the liberalization policies pursued by the Indian government over the past decade. The current government of India, formed in October 1999, has announced policies and taken initiatives that support the continued economic liberalization policies that have been pursued by previous governments. However, we cannot assure you that these liberalization policies will continue in the future. The rate of economic liberalization could change, and specific laws and policies affecting our business could change as well. A significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

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

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

The continued threat of terrorism and ongoing military actions, as well as heightened security measures in response to these threats and actions, may cause significant volatility in global financial

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

### **Risks Relating to Our Protection and Retirement Income and Investments Segments**

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

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

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

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

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

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

We regularly review DAC and PVFP to determine if they are recoverable from future income. If these costs are not recoverable, they are charged to expenses in the financial period in which we make this determination. For example, if we determine that we are unable to recover DAC from profits over the life of a block of insurance policies or annuity contracts, or if withdrawals or surrender charges associated with early withdrawals do not fully offset the unamortized acquisition costs related to those policies or annuities, we would have to recognize the additional DAC amortization as a current-period expense. In recent years, the portion of estimated product margins required to amortize DAC and PVFP has increased in most of our lines of business, with the most significant impact on investment products, primarily as the result of lower investment returns. We also regularly review the recoverability of PVFP for impairment. As of December 31, 2003 and 2002, respectively, we had \$5.8 billion and \$5.3 billion in DAC, and \$1.2 billion and \$1.3 billion of PVFP. We amortized \$1.4 billion of DAC and PVFP as a current-period expense for the year ended December 31, 2003, compared to \$1.2 billion for the year ended December 31, 2002 and \$1.2 billion for the year ended December 31, 2001.

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

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

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

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

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

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

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unlikely to develop the conditions that reduce longevity or require long-term care, they will be less likely to purchase our life and long-term care insurance products, but more likely to purchase certain annuity products. In addition, such individuals that are existing policyholders will be more likely to permit their policies to lapse.

If we were to gain access to the same genetic or other medical information as our prospective policyholders and contractholders, then we would be able to take this information into account in pricing our life and long-term care insurance policies and annuity contracts. However, there are a number of regulatory proposals that would make genetic and other medical information confidential and unavailable to insurance companies. For example, the U.S. Senate recently passed and sent to the U.S. House of Representatives a bill that would prohibit group health plans, health insurers and employers from making enrollment decisions or adjusting premiums on the basis of genetic test information. Health plans and health insurers also would be prohibited from requiring genetic testing. The Bush Administration has expressed support for the legislation. However, the House has not taken action on the legislation, and it is not clear whether the bill will be enacted or whether life or long-term care insurance underwriting also would be affected by the final legislation. Legislators in certain states have recently introduced similar legislation. If these regulatory proposals were enacted, prospective policyholders and contractholders would only disclose this information if they chose to do so voluntarily. These factors could lead us to reduce sales of products affected by these regulatory proposals and could result in a deterioration of the risk profile of our portfolio, which could lead to payments to our policyholders and contractholders that are higher than we anticipated.

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

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

For our long-term care insurance and some other health insurance policies, actual persistency in later policy durations that is higher than our

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

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

those increases during the life of the policy or contract. Significant deviations in experience from pricing expectations regarding persistence could have an adverse effect on the profitability of our products.

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

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

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

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

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

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

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

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

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

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

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

### **Risks Relating to Our Mortgage Insurance Segment**

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

Our mortgage insurance products protect mortgage lenders and investors from default-related losses on residential first mortgage loans made primarily to home buyers with high loan-to-value mortgages—generally, those home buyers who make down payments of less than 20% of their home's purchase price. The largest purchasers of mortgage loans in the U.S. are Fannie Mae and Freddie Mac, which were created by Congressional charter to ensure that mortgage lenders have sufficient funds to continue to finance home purchases. In the first six months of 2003, Fannie Mae purchased approximately 42% of all the mortgage loans originated in the U.S., and Freddie Mac purchased approximately 22%, according to statistics published by *Inside the GSEs*. Fannie Mae's and Freddie Mac's charters generally prohibit them from purchasing any mortgage with a face amount that exceeds 80% of the home's value, unless that mortgage is insured by a qualified insurer or the mortgage seller retains at least a 10% participation in the loan or agrees to repurchase the loan in the event of default. As a result, high loan-to-value mortgages purchased by Fannie Mae or Freddie Mac generally are insured with private mortgage insurance. These provisions in Fannie Mae's and Freddie Mac's charters create much of the demand for private mortgage insurance in the U.S. For the year ended December 31, 2003, Fannie Mae and Freddie Mac purchased approximately 68% of the mortgage loans that we insured. As a result, a change in these provisions could have an adverse effect on our financial condition and results of operations.

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

As a result of the significant concentration in mortgage originators and purchasers, Fannie Mae, Freddie Mac and the largest mortgage lenders possess substantial market power which enables them to influence our business and the mortgage insurance industry in general. Although we actively monitor and develop our relationships with Fannie Mae, Freddie Mac and our largest mortgage lending

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customers, a deterioration in any of these relationships, or the loss of business from any of our key customers, could have an adverse effect on our financial condition and results of operations.

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

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

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

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

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

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

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

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- changes in mortgage insurance cancellation requirements under applicable federal law or mortgage insurance cancellation practices by mortgage lenders and investors.

An increase in the volume of mortgage insurance cancellations in the U.S. generally would reduce the amount of our insurance in force and have an adverse effect on our financial condition and results of operations. These factors are less significant in our non-U.S. operations because we generally receive a single payment for mortgage insurance at the time a loan closes, and this premium typically is not refundable if the policy is canceled.

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

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

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

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

Further increases in the volume of simultaneous seconds may cause corresponding decreases in the use of mortgage insurance for high loan-to-

value mortgages, which could have an adverse effect on our financial condition and results of operations.

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

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

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

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- using credit default swaps or similar instruments, instead of private mortgage insurance, to transfer credit risk on mortgages.

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

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

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

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

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

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

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

A substantial economic downturn across the entire U.S. could have a significant adverse effect on our financial condition and results of operations. We also may be particularly affected by economic downturns in states where a large portion of our business is concentrated. As of December 31, 2003, approximately 51% of our risk in force was concentrated in 10 states, with 8% in Florida, 7% in California and 7% in Texas. Similarly, our mortgage insurance operations in Canada, Australia and the

U.K. are concentrated in the largest cities in those countries. Continued and prolonged adverse economic conditions in these states or cities could result in high levels of claims and losses, which could have an adverse effect on our financial condition and results of operations.

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

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

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

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

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

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

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

We, like other mortgage insurers, offer opportunities to our mortgage lending customers that are designed to allow them to participate in the risks and rewards of the mortgage insurance business. Many of the major mortgage lenders with which we do business have established captive mortgage reinsurance subsidiaries. These reinsurance subsidiaries assume a portion of the risks associated with the lender's insured mortgage loans in exchange for a percentage of the premiums. In most cases, our reinsurance coverage is an "excess of loss" arrangement with a limited band of exposure for the reinsurer. This means that we are required to pay the first layer of losses arising from defaults in the

covered mortgages, the reinsurer indemnifies us for the next layer of losses, and we pay any losses in excess of the reinsurer's obligations. The effect of these arrangements historically has been a reduction in the profitability and return on capital of this business to us. Approximately 75% of our primary new risk written as of December 31, 2003 was subject to captive mortgage reinsurance, compared to approximately 77% as of December 31, 2002 and 61% as of December 31, 2001. Premiums ceded to these reinsurers were approximately \$139 million, \$113 million and \$76 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Most large mortgage lenders have developed reinsurance operations that obtain net premium cessions from mortgage insurers of 25% to 40%. To increase our return on capital, we decided that, effective January 1, 2004, we generally will not renew our existing excess-of-loss risk

sharing arrangements with net premium cessions in excess of 25%. We expect that our decision will result in a significant reduction in business from these lenders.

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

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

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

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

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

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

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

Our mortgage insurance business competes with many different government-owned and government-sponsored entities in the U.S., Canada and some European countries. In the U.S., these

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entities include principally the FHA and, to a lesser degree, the VA, Fannie Mae and Freddie Mac, as well as local and state housing finance agencies. In Canada, we compete with the CMHC, a Crown corporation owned by the Canadian government. In Europe, these entities include public mortgage guarantee facilities in The Netherlands, Sweden, Finland, some of the Baltic states and Italy.

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

We compete in Canada with the CMHC, which is owned by the Canadian government and, as a sovereign entity, provides mortgage lenders with 100% capital relief from applicable bank regulatory requirements on loans that it insures. In contrast, lenders receive only 90% capital relief on loans we insure. If we are unable to effectively distinguish ourselves competitively with our Canadian mortgage lender customers, we may be unable to compete effectively with the CMHC as a result of the more favorable capital relief it can provide.

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

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

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

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

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settlement services from the prohibition in the Real Estate Settlement Procedures Act, or RESPA, against payments for referrals of settlement service business. If mortgage insurance were included among the settlement services that, when offered as a package, would be exempt from this prohibition, then mortgage lenders would have greater leverage in obtaining business concessions from mortgage insurers.

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

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

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

We have an agreement with the Canadian government pursuant to which it guarantees 90% of our Canadian mortgage insurance obligations if we fail to make payments under our Canadian mortgage insurance policies because of insolvency. This guarantee 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%. GE has informed us that it expects to reduce its equity ownership of us to below 50% within two years of the completion of this offering. That disposition would permit the Canadian government to review the terms of its guarantee. 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 could have an adverse effect on our ability to continue offering mortgage insurance products in Canada.

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

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

RESPA prohibits paying lenders for the referral of settlement services, including mortgage insurance. This precludes us from providing

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

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

An action recently has been filed against us in Illinois, seeking certification of a nationwide class of consumers who allegedly were required to pay for our private mortgage insurance at a rate higher than our "best available rate," based upon credit information we obtained. The action alleges that the Federal Fair Credit Reporting Act, or the FCRA, requires notice to such borrowers and that we violated the FCRA by failing to give such notice. The plaintiffs 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. Similar cases are pending against five other mortgage insurers. We intend to vigorously defend against this action but, we cannot predict its outcome.

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

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

Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria. As a result, we assume credit and interest rate risk in connection with our contract underwriting services. Worsening economic conditions, a deterioration in the quality of our underwriting services or other factors could cause our contract underwriting liabilities to increase and have an adverse effect on our financial

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condition and results of operations. Although we have established reserves to provide for potential claims in connection with our contract underwriting services, we have limited historical experience that we can use to establish reserves for these potential liabilities, and these reserves may not be adequate to cover liabilities that may arise.

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

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

**Risks Relating to Our Separation from GE**

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

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

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

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

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

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

- immediately upon the completion of this offering, when GE's beneficial ownership in our common stock will decrease to %;
- when GE reduces its ownership in our common stock to a level below 50%; and
- when we cease using the GE name and logo in our sales and marketing materials, particularly when we deliver notices to our distributors and customers that the names of some of our insurance subsidiaries will change.

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

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

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

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

- Our historical combined financial information reflects certain businesses that will not be included in our company following the completion of this offering. For a description of the components of our historical combined financial information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information" and our audited and unaudited financial statements included elsewhere in this prospectus;
- Our historical combined and pro forma financial results reflect allocations of corporate expenses from GE. Those allocations may be different from the comparable expenses we would have incurred had we operated as a stand-alone company;
- Our working capital requirements historically have been satisfied as part of GE's corporate-wide cash management policies. After our separation from GE, we may not be able to obtain financing on terms as favorable as could be obtained from or by GE. In this case, our cost of

debt could be higher and our capitalization might be different from that reflected in our historical combined financial statements;

- Significant changes may occur in our cost structure, management, financing and business operations as a result of our separation from GE. These changes could result in increased costs associated with reduced economies of scale; stand-alone costs for services currently provided by GE; marketing and legal entity transition expenses related to building a company brand identity separate from GE; the need for additional personnel to perform services currently provided by GE; and the legal, accounting, compliance and other costs associated with being a public company with listed equity. See "—The terms of our arrangements with GE may be more favorable than we will be able to obtain from an unaffiliated third party. We may be unable to replace the services GE provides us in a timely manner or on comparable terms;"
- Our separation from GE and the adoption of our new brand may have an adverse effect on our relationships with distributors, customers, employees and regulators and government officials, which could result in reduced sales, increased policyholder terminations and withdrawals, increased regulatory scrutiny and disruption to our business operations; and
- The pro forma financial information presented in this prospectus gives effect to several significant transactions that we will implement prior to the completion of this offering, including the reinsurance transactions with UFLIC, as if those transactions were already consummated. The unaudited pro forma earnings information reflects our combined earnings information, as adjusted to give effect to these transactions as if each had occurred as of January 1, 2003. The unaudited pro forma financial position information reflects our combined financial position information, as adjusted to give effect to these transactions as if each had occurred as of December 31, 2003. This pro forma financial information is based upon available information and assumptions that we believe are reasonable. However, this pro forma financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what our financial condition or results of operations would have been had those transactions occurred as of those dates, nor what they may be in the future.

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

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

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

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

We will enter into a tax matters agreement with GE prior to the completion of this offering. We refer to this agreement in this prospectus as the Tax Matters Agreement. Under the Tax Matters Agreement, we will have an obligation to pay to GE a fixed amount over 15 to 25 years. This fixed obligation will be calculated with reference to projected tax savings we will realize as a result of the tax elections to be made in connection with our separation from GE. Based upon a number of assumptions, we estimate the present value of our fixed obligation to be approximately \$360 million. These assumptions, some of which are within GE's sole control, will change and our obligation to GE may be larger as a result. However, we have agreed with GE that, except for specified contingent benefits and excluding interest on payments we defer, our total payments to GE will not exceed \$600 million. The Tax Matters Agreement generally provides for increases or reductions to our payment obligations if the assumptions underlying the projected tax benefits prove inaccurate, but it does not provide for reductions in our obligations if we fail to generate sufficient income to realize the projected tax savings or if our actual tax savings are reduced as a result of reduced tax rates. In these circumstances, we will remain obligated to pay to GE the fixed obligation, as initially projected or subsequently adjusted, even though we will not actually realize the projected tax savings. As a result, we could be obliged to pay GE more than the amounts of the tax benefits we actually realize. The resulting gap between the amounts we must pay to GE and the tax benefits we actually realize could have an adverse effect on our

financial condition and results of operations. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement."

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

In some circumstances, such as a change in control over the management and policies of our company, the amounts we will owe under the Tax Matters Agreement would accelerate, and the amounts then due and payable could be substantial. We cannot assure you that we will have sufficient funds available to meet these accelerated obligations when due. We may seek to fund these obligations from dividends or other payments from our subsidiaries, but we cannot be certain that they will have sufficient funds available or be permitted to transfer them to us. See "As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations." We also may seek to fund these obligations from the proceeds of the issuance of debt or equity securities or the sale of assets, but we cannot assure you that we will be able to successfully issue any securities or consummate an asset sale.

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

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

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

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

- a merger involving us or any of our subsidiaries (other than mergers involving our subsidiaries to effect acquisitions for a price less than or equal to \$700 million);
- acquisitions by us or our subsidiaries of the stock or assets of another business for a price (including assumed debt) in excess of \$700 million;
- dispositions by us or our subsidiaries of assets in a single transaction or a series of related transactions for a price (including assumed debt) in excess of \$700 million;
- incurrence or guarantee of debt by us or our subsidiaries in excess of \$700 million outstanding at any one time or that would reasonably be expected to result in a negative change in any of our credit ratings, excluding our debt (including the debt we intend to incur concurrently with, and shortly after, the completion of this offering) as described in this prospectus, intercompany debt (within Genworth), debt incurred in connection with permitted securitization transactions and debt determined to constitute operating leverage by a nationally recognized statistical rating organization;
- issuance by us or our subsidiaries of capital stock or other securities convertible into capital stock;
- dissolution, liquidation or winding up of our company; and
- alteration, amendment, termination or repeal, or adoption of any provision inconsistent with, certain provisions of our certificate of incorporation or our bylaws.

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

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

For the years ended December 31, 2003 and 2002, GE accounted for 19% and 15% of the gross written premiums in our European payment protection insurance business, respectively. Prior to the completion of this offering, we will enter into a five-year agreement that extends this relationship and provides us with the right to be the exclusive provider of payment protection insurance in Europe for

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GE's operations in jurisdictions where we currently offer these products. However, if GE determines not to offer payment protection insurance, we may not be able to replace those revenues on a timely basis, and our financial condition and results of operations could suffer.

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

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

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

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

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

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

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

The corporate opportunity policy set forth in our certificate of incorporation addresses potential conflicts of interest between our company, on the one hand, and GE and its officers and directors who are directors of our company, on the other hand. By becoming a stockholder in our company, you will be deemed to have notice of and have consented to these provisions of our certificate of incorporation.

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Although these provisions are designed to resolve conflicts between us and GE fairly, we cannot assure you that any conflicts will be so resolved. The principles for resolving such potential conflicts of interest are described under "Description of Capital Stock—Provisions of Our Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities."

**Risks Relating to This Offering**

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

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

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

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

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

## **Our common stock has no prior public market, and we cannot assure you that an active trading market will develop.**

Prior to this offering, there has not been a market for our common stock. Although we intend to apply to list the Class A Common Stock, on The New York Stock Exchange, an active trading market in our Class A Common Stock might not develop or continue. If you purchase shares of Class A Common Stock in this offering, you will pay a price that was not established in a competitive market. Rather, you will pay a price that was determined by negotiations with the representatives of the underwriters based upon an assessment of the valuation of our common stock and a book-building process. The public market may not agree with or accept this valuation, in which case you may not be able to sell your shares at or above the initial offering price.

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

Our share price is likely to fluctuate in the future because of the volatility of the stock market in general and a variety of factors, many of which are beyond our control, including:

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

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

## **Applicable laws, our Tax Matters Agreement with GE and provisions of our certificate of incorporation and by-laws may discourage**

## **takeover attempts and business combinations that stockholders might consider in their best interests.**

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

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

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

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Under our Tax Matters Agreement with GE, if any person or group of persons other than GE or its affiliates gains the power to direct the management and policies of our company, we will be obligated immediately to pay to GE the total present value of all tax benefit payments due to GE under the agreement from the time of the change in control until the end of the 25-year term of the agreement. We currently estimate this amount to be \$360 million, but this estimate will vary based on a number of factors, including the value of our company and the time at which our obligation is accelerated. Similarly, if any person or group of persons other than us or our affiliates gains effective control of one of our subsidiaries, we will be obligated to pay to GE the total present value of all such payments due to GE allocable to that subsidiary, unless the subsidiary assumes the obligation to pay these future amounts under the Tax Matters Agreement and certain conditions are met. This feature of the agreement could adversely affect a potential merger or sale of our company. It could also limit our flexibility to dispose of one or more of our subsidiaries, with adverse implications for any business strategy dependent on such dispositions. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement."

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

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

### **Forward-Looking Statements**

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

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

### Use of Proceeds

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

### Dividend Policy

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

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

### Capitalization

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

(Dollar amounts in millions)	December 31, 2003
	Pro forma
Cash and cash equivalents	\$ 1,883
Borrowings and other obligations:	
Short-term borrowings(1)	\$ 2,400
Long-term borrowings(2)	529
Total borrowings	2,929
Contingent note payable to GEFAHI(3)	550
Non-recourse funding obligations(4)	600
Consolidated, liquidating securitization entities(5)	1,018
% senior notes due 2009 underlying Equity Units(6)	600
Series A Preferred Stock, mandatorily redeemable, liquidation preference \$50 per share(7)	100
Total borrowings and other obligations	5,797
Stockholder's interest:	
Class A Common Stock, \$0.001 par value; billion shares authorized; million shares issued and outstanding	
Class B Common Stock, \$0.001 par value; billion shares authorized; million shares issued and outstanding(8)	
Additional paid-in capital	9,921
Total paid-in capital	9,921
Accumulated nonowner changes in stockholder's interest	1,124

Retained earnings	72
Total stockholder's interest	11,117
Total capitalization	\$ 16,914
Book value per share of common stock	

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

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- (2) Represents the Yen Notes. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of \$491 million and bearing interest at a rate of 4.84% per annum. For a description of the terms of these notes, see "Description of Certain Indebtedness—Yen Notes."
- (3) In connection with our corporate reorganization, we will issue to GEFAHI the \$550 million Contingent Note. This note is non-interest-bearing, matures on the first anniversary of the completion of this offering and will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of \$150 million are released and paid to us as a dividend before the first anniversary of the completion of this offering. The release of these statutory reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. The term of this note may be extended for a period up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. For a description of the terms of this note, see "Description of Certain Indebtedness—Contingent Note."
- (4) Represents non-recourse funding obligations. These obligations are represented by notes that bear a floating rate of interest and mature in 2033. The notes were issued by River Lake Insurance Company, a wholly-owned captive reinsurance subsidiary of our company, to fund additional statutory reserves required by Regulation XXX. Both principal and interest payments are guaranteed by a third-party insurance company. In the event that payment of principal or interest are not made by River Lake Insurance Company for any reason, the third-party insurance company is required to make these payments. The noteholders cannot require repayment from us or any of our subsidiaries, other than River Lake Insurance Company, the direct issuer of the notes.
- (5) Represents borrowings associated with certain liquidating securitization entities that we were required to include in our financial statements upon adoption of FASB Interpretation 46, "Consolidation of Variable Interest Entities." Upon its adoption, GE Capital, of which we are an indirect subsidiary, was required to consolidate the funding conduit it sponsored. As a result, assets and liabilities of certain liquidating securitization entities were required to be consolidated in our financial statements because the funding conduit, as the primary beneficial interest holder in those entities, no longer qualified as a third party. For more information regarding these arrangements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Off-balance Sheet Transactions."
- (6) Represents notes forming part of the Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in a concurrent offering.
- (7) For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." GEFAHI is offering the Series A Preferred Stock for sale in a concurrent offering.
- (8) 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.

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The foregoing table:

- excludes \_\_\_\_\_ million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options to be granted on the date of the completion of this offering, at an exercise price equal to the initial public offering price;
- excludes \_\_\_\_\_ million shares of Class A Common Stock issuable upon the exercise of unvested employee stock options that will be issued upon completion of this offering in exchange for unvested GE stock options held by our employees, at a weighted average exercise price of \$ \_\_\_\_\_ per share, and \_\_\_\_\_ million shares of Class A Common Stock issuable upon the exercise of vested employee stock options that will be issued upon completion of this offering in exchange for vested GE stock options held by our Chairman, President and Chief Executive Officer, at a weighted average exercise price of \$ \_\_\_\_\_ per share;
- excludes \_\_\_\_\_ million shares of Class A Common Stock issuable upon the vesting of restricted stock units and stock appreciation rights that will be issued upon completion of this offering in exchange for unvested GE restricted stock units and stock appreciation rights;
- excludes \_\_\_\_\_ million shares of Class A Common Stock available for future issuance under our Genworth Omnibus Incentive Plan; and
- excludes up to \_\_\_\_\_ million shares of Class A Common Stock that we will be required to issue to settle the purchase contracts included in our Equity Units.

Our total pro forma capitalization also does not include our liability to GE under the Tax Matters Agreement. As a consequence of our separation from GE, and the election we will make with GE to treat that separation as an asset sale under section 338 of the Internal Revenue Code, we expect to realize future tax savings that we otherwise would not realize. We are obligated, pursuant to the Tax Matters Agreement with GE, to pay to GE over a period from 15 to 25 years the amount of the projected future tax savings. Based on a number of assumptions, we estimate these savings to have a present value of \$360 million. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement" and note (j) to our pro forma financial statements under "Selected Historical and Pro Forma Financial Information."

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### **Selected Historical and Pro Forma Financial Information**

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

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

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

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

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

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

reorganization.

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

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

- the removal of certain businesses of GEFAHI that will not be transferred to us in connection with our corporate reorganization, including UFLIC, the Partnership Marketing Group business, an institutional asset management business and several other small businesses;
- the removal of certain liabilities that we will not assume, including an aggregate of \$1.7 billion of commercial paper issued by GEFAHI and short-term borrowings from GE Capital of \$548 million that were outstanding as of December 31, 2003;
- the reinsurance transactions with UFLIC, including the capital contribution of \$1.7 billion that we will make to UFLIC;
- the equity and debt securities that we will issue to GEFAHI in exchange for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization; and
- the other adjustments described below in the notes to the unaudited pro forma financial information.

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

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

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

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(Dollar amounts in millions, per share amounts in dollars)	Historical					Pro forma
	Years ended December 31,					Year ended December 31,
	2003(1)	2002	2001	2000(2)	1999	2003
<b>Combined Statement of Earnings Information</b>						
Revenues:						
Premiums	\$ 6,703	\$ 6,107	\$ 6,012	\$ 5,233	\$ 4,534	\$ 6,252
Net investment income	4,015	3,979	3,895	3,678	3,440	2,935
Net realized investment gains	10	204	201	262	280	38
Policy fees and other income	943	939	993	1,053	751	557

Total revenues	11,671	11,229	11,101	10,226	9,005	9,782
<b>Benefits and expenses:</b>						
Benefits and other changes in policy reserves	5,232	4,640	4,474	3,586	3,286	4,191
Interest credited	1,624	1,645	1,620	1,456	1,290	1,358
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	1,808	1,823	1,813	1,626	1,614
Amortization of deferred acquisition costs and intangibles(3)	1,351	1,221	1,237	1,394	1,136	1,144
Interest expense	140	124	126	126	78	146
Total benefits and expenses	10,289	9,438	9,280	8,375	7,416	8,453
Earnings from continuing operations before income taxes	1,382	1,791	1,821	1,851	1,589	1,329
Provision for income taxes	413	411	590	576	455	395
Net earnings from continuing operations	\$ 969	\$ 1,380	\$ 1,231	\$ 1,275	\$ 1,134	\$ 934
<b>Pro forma earnings per share:</b>						
Basic						
Diluted						
<b>Pro forma shares outstanding:</b>						
Basic						
Diluted						
<b>Selected Segment Information</b>						
<b>Total revenues:</b>						
Protection	\$ 6,153	\$ 5,605	\$ 5,443	\$ 4,917		\$ 5,839
Retirement Income and Investments	3,781	3,756	3,721	3,137		2,707
Mortgage Insurance	982	946	965	895		982
Affinity(4)	566	588	687	817		—
Corporate and Other	189	334	285	460		254
Total	\$ 11,671	\$ 11,229	\$ 11,101	\$ 10,226		\$ 9,782
<b>Net earnings (loss) from continuing operations:</b>						
Protection	\$ 487	\$ 554	\$ 538	\$ 492		\$ 481
Retirement Income and Investments	151	186	215	250		93
Mortgage Insurance	369	451	428	414		369
Affinity(4)	16	(3)	24	(13)		—
Corporate and Other	(54)	192	26	132		(9)
Total	\$ 969	\$ 1,380	\$ 1,231	\$ 1,275		\$ 934

(Dollar amounts in millions)	Historical					Pro forma
	December 31,					December 31,
	2003(1)	2002	2001	2000(2)	1999	2003

Total investments	\$ 77,624	\$ 72,080	\$ 62,977	\$ 54,978	\$ 48,341	\$ 58,568
All other assets	25,807	45,277	41,021	44,598	27,758	39,484
<b>Total assets</b>	<b>\$ 103,431</b>	<b>\$ 117,357</b>	<b>\$ 103,998</b>	<b>\$ 99,576</b>	<b>\$ 76,099</b>	<b>\$ 98,052</b>
Policyholder liabilities	\$ 66,545	\$ 63,195	\$ 55,900	\$ 48,291	\$ 45,042	\$ 66,046
Non-recourse funding obligation(5)	600	—	—	—	—	600
Short-term borrowings	2,239	1,850	1,752	2,258	990	2,400
Long-term borrowings	529	472	622	175	175	529
All other liabilities	17,718	35,088	31,559	35,865	18,646	17,360
<b>Total liabilities</b>	<b>\$ 87,631</b>	<b>\$ 100,605</b>	<b>\$ 89,833</b>	<b>\$ 86,589</b>	<b>\$ 64,853</b>	<b>\$ 86,935</b>
Accumulated nonowner changes in stockholder's interest	\$ 1,672	\$ 835	\$ (664)	\$ (424)	\$ (862)	\$ 1,124
Total stockholder's interest	15,800	16,752	14,165	12,987	11,246	11,117

### U.S. Statutory Information

Statutory capital and surplus	7,021	7,207	7,940	7,119	6,140
Asset valuation reserve	413	390	477	497	500

- (1) On August 29, 2003, we sold our Japanese life insurance and domestic auto and homeowners' insurance businesses for aggregate cash proceeds of approximately \$2.1 billion, consisting of \$1.6 billion paid to us and \$0.5 billion paid to other GE affiliates, plus pre-closing dividends. See note 4 to our combined financial statements, included elsewhere in this prospectus.
- (2) During 2000, we consummated three significant business combinations:
  - In July 2000, we reinsured 90% of Travelers' long-term care insurance portfolio and acquired certain related assets for \$411 million;
  - In April 2000, we acquired 97% of Phoenix American Life Insurance Company for \$284 million; and
  - Effective March 2000, we acquired the insurance policies and related assets of Toho Mutual Life Insurance Company. Our Japanese life insurance business assumed \$21.6 billion of policyholder liabilities and \$0.3 billion of accounts payable and accrued expenses and acquired \$20.3 billion in cash, investments and other tangible assets through this transaction. We sold this business on August 29, 2003, and its results have been presented as discontinued operations.
- (3) As of January 1, 2002, we adopted Statement of Financial Accounting Standard 142, *Goodwill and Other Intangible Assets*, and, in accordance with its provisions, discontinued amortization of goodwill. Goodwill amortization was \$84 million, \$70 million and \$53 million for the years ended December 31, 2001, 2000 and 1999, respectively, excluding goodwill amortization included in discontinued operations.
- (4) Represents the results of the businesses that are owned by GEFAHI but which will not be transferred to us in connection with our corporate reorganization, including: (a) UFLIC, (b) the Partnership Marketing Group business, (c) an institutional asset management business, and (d) several other small businesses that are not part of our core ongoing business. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information."
- (5) Represents non-recourse funding obligations. These obligations are represented by notes that bear a floating rate of interest and mature in 2033. The notes were issued by a wholly-owned captive reinsurance subsidiary of our company, to fund certain statutory reserves. Both principal and interest payments are guaranteed by a third-party insurance company.

### Pro Forma Financial Information

Year ended December 31, 2003

Pro forma  
adjustments—  
excluded

Pro forma  
adjustments—

Pro forma  
adjustments—  
capital

	Historical	assets and liabilities	reinsurance transactions	structure and other	Pro forma(o)
<b>(Dollar amounts in millions)</b>					
<b>Revenues:</b>					
Premiums	\$ 6,703	\$ (244)(a)	\$ (207)(f)	—	\$ 6,25
Net investment income	4,015	(62)(a)	(921)(f)	—	2,93
		(8)(c)	(89)(g)		
Net realized investment gains	10	6 (e)	24 (f)	—	3
			(2)(g)		
Policy fees and other income	943	(260)(a)	(126)(f)	—	55
<b>Total revenues</b>	<b>11,671</b>	<b>(568)</b>	<b>(1,321)</b>	<b>—</b>	<b>9,78</b>
<b>Benefits and expenses:</b>					
Benefits and other changes in policy reserves	5,232	(196)(a)	(845)(f)	—	4,19
Interest credited	1,624	—	(266)(f)	—	1,35
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	(239)(a)	(85)(f)	—	1,61
		(4)(c)			
Amortization of deferred acquisition costs and intangibles	1,351	(110)(a)	(97)(f)	—	1,14
Interest expense	140	—	—	6 (m)	14
<b>Total benefits and expenses</b>	<b>10,289</b>	<b>(549)</b>	<b>(1,293)</b>	<b>6</b>	<b>8,45</b>
Earnings from continuing operations before income taxes	1,382	(19)	(28)	(6)	1,32
Provision for income taxes	413	(5)(a)	24 (f)	(2)(n)	39
		(1)(c)	(36)(g)		
		2 (e)			
<b>Net earnings from continuing operations</b>	<b>\$ 969</b>	<b>\$ (15)</b>	<b>\$ (16)</b>	<b>\$ (4)</b>	<b>\$ 93</b>
<b>Pro forma earnings per share: (p)</b>					
Basic					
Diluted					
<b>Pro forma number of shares outstanding:</b>					
(p)					
Basic					
Diluted					

### Pro Forma Financial Information

December 31, 2003

	Historical	Pro forma adjustments—excluded assets and liabilities	Pro forma adjustments—reinsurance transactions	Pro forma adjustments—capital structure and other	Pro forma(o)
<b>(Dollar amounts in millions)</b>					
<b>Assets</b>					
<b>Investments:</b>					

Fixed maturities	\$ 65,485	\$ (1,310)(a) (3)(d)	\$ (14,719)(f) (1,700)(g)	—	\$ 47,753
Equity securities	600	(73)(a) (7)(d)	—	—	520
Mortgage and other loans	6,114	—	(1,064)(f)	—	5,050
Policy loans	1,105	(9)(a)	—	—	1,096
Short-term investments	531	(15)(a)	—	—	516
Other invested assets	3,789	(13)(a) (120)(c) (23)(d)	—	—	3,633
<b>Total investments</b>	<b>77,624</b>	<b>(1,573)</b>	<b>(17,483)</b>	<b>—</b>	<b>58,568</b>
Cash and cash equivalents	1,982	(93)(a) (6)(b)	—	—	1,883
Accrued investment income	1,247	(22)(a) (7)(d)	(314)(f)	—	904
Deferred acquisition costs	5,788	(198)(a)	(865)(f)	—	4,725
Intangible assets	1,346	(191)(a) (1)(d)	(283)(f)	—	871
Goodwill	1,728	(284)(a)	—	—	1,444
Reinsurance recoverable	2,334	(23)(a)	16,345 (f)	—	18,656
Other assets	2,004	(84)(a) (6)(c) (270)(d)	(21)(f)	—	1,623
Consolidated, liquidating securitization entities	1,134	—	—	—	1,134
Separate account assets	8,244	—	—	—	8,244
<b>Total assets</b>	<b>\$ 103,431</b>	<b>\$ (2,758)</b>	<b>\$ (2,621)</b>	<b>\$ —</b>	<b>\$ 98,052</b>
<b>Liabilities and Stockholder's Interest</b>					
<b>Liabilities:</b>					
Future annuity and contract benefits	\$ 59,257	\$ (349)(a)	\$ 13 (f)	—	\$ 58,921
Liability for policy and contract claims	3,207	(144)(a)	6 (f)	—	3,069
Unearned premiums	3,616	(19)(a)	—	—	3,597
Other policyholder liabilities	465	(6)(a)	—	—	459
Other liabilities	6,992	(231)(a) (176)(b) (84)(c) (465)(d)	(130)(f)	63 (h) 2,400 (h) 550 (h) (2,400)(l) 360 (l)	6,879
Non-recourse funding obligations	600	—	—	—	600
Short-term borrowings	2,239	(2,239)(b)	—	2,400 (l)	2,400
Long-term borrowings	529	—	—	—	529
% senior notes due 2009 underlying Equity Units	—	—	—	600 (h)	600
Series A Preferred Stock, mandatorily redeemable(q)	—	—	—	100 (h)	100
Deferred income taxes	1,405	39 (a) 81 (b) (26)(d)	(609)(f)	(18)(i) (412)(j)	460
Consolidated, liquidating securitization entities	1,077	—	—	—	1,077
Separate account liabilities	8,244	—	—	—	8,244
<b>Total liabilities</b>	<b>87,631</b>	<b>(3,619)</b>	<b>(720)</b>	<b>3,643</b>	<b>86,935</b>
<b>Stockholder's interest:</b>					
Common stock(r)	—	—	—	— (h)	—
Additional paid-in capital	8,377	(1,386)(a) 2,235 (b) (46)(c) 180 (d)	412	(63)(h) 45 (i) 52 (j) 115 (k)	9,921
<b>Accumulated non owner changes in equity</b>					
Net unrealized investment gains	1,518	(34)(a)	(630)(f)	—	854
Derivatives qualifying as hedges	(5)	99 (b)	17 (f)	—	111
Foreign currency translation adjustments	159	—	—	—	159
<b>Total accumulated non owner changes in equity</b>	<b>1,672</b>	<b>65</b>	<b>(613)</b>	<b>—</b>	<b>1,124</b>

Retained earnings	5,751	(185)(a) (2)(c) — (d)	— (f) (1,700)(g)	(3,650)(h) (27)(i) (115)(k)	72
Total stockholder's interest	15,800	861	(1,901)	(3,643)	11,117
Total liabilities and stockholder's interest	\$ 103,431	\$ (2,758)	\$ (2,621)	\$ —	\$ 98,052

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## Notes to unaudited pro forma financial information

- (a) Reflects adjustments to exclude amounts included in our historical combined financial statements relating to the results of operations, assets and liabilities of businesses reported in the Affinity segment, which will not be transferred to us. For a description of our Affinity segment, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Our historical and pro forma financial information." The exclusion of these businesses from our historical combined financial statements will be accounted for as a dividend to our stockholder prior to the completion of this offering.
- (b) Reflects adjustments to exclude the liabilities for commercial paper issued by GEFAHI of \$1,691 million, short-term borrowings from GE Capital of \$548 million, derivative contracts hedging the commercial paper cash flows of \$176 million, deferred tax liability of \$(81) million relating to those derivative contracts and accumulated other comprehensive income of \$99 million, net of deferred tax, reflecting the effective portion of hedges that have not yet been reclassified to earnings. The commercial paper, short-term borrowing and derivative contracts liabilities will not be transferred to us and their exclusion from our historical combined financial statements will be accounted for as a capital contribution from our stockholder prior to the completion of this offering. See note (m) below for a description of our pro forma adjustment to exclude from pro forma net earnings interest expense, adjusted for qualified hedge effects, incurred on the commercial paper we will not assume.
- (c) Reflects adjustments to exclude amounts included in our historical combined financial statements relating to the results of operations, assets and liabilities of certain investment partnerships that will not be transferred to us. The exclusion of these partnerships from our historical combined financial statements will be accounted for as a dividend to our stockholder prior to the completion of this offering.
- (d) Reflects adjustments to exclude payables to, receivables from, and intercompany investments in other GE companies included in our historical combined financial statements, net of deferred taxes, that will not be transferred to us. The exclusion from our historical combined financial statements of the net liability for these intercompany balances will be accounted for as a capital contribution from our stockholder prior to the completion of this offering.
- (e) Reflects adjustments to exclude from results of operations net realized investment losses, and related income tax benefit, arising from sales of Affinity segment assets. In our historical combined financial statements net realized investment losses are reflected in the Corporate and Other segment.
- (f) Reflects adjustments to record the effects of the reinsurance transactions we will enter into with UFLIC in connection with this offering as described under "Arrangements Between GE and Our Company—Reinsurance Transactions." As part of these transactions, we will cede to UFLIC, effective as of January 1, 2004, all of our in-force structured settlement contracts, substantially all of our in-force variable annuity contracts, and a block of long-term care insurance policies that we reinsured from Travelers in 2000. The unaudited pro forma information gives effect to the reinsurance transactions as if each had occurred as of January 1, 2003, in the case of earnings information, and December 31, 2003, in the case of financial position information. Accordingly, our unaudited pro forma earnings information excludes the effects of all reinsured contracts that were issued before January 1, 2003. Because we will continue to sell variable annuities and structured settlements, our unaudited pro forma combined statements of earnings reflect premiums and fees from these products issued after January 1, 2003, even though these variable annuities and structured settlements will be included in the blocks of policies reinsured with UFLIC. Pro forma net earnings for 2003 from variable annuities and structured settlements issued after January 1, 2003 were \$(5) million. We did not issue any new policies in 2003 in the block of

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long-term care insurance policies that we will cede to UFLIC. Therefore, our pro forma combined statements of earnings exclude the impact of that entire block of policies.

When we enter into the reinsurance transactions we will transfer investment assets to UFLIC in exchange for a reinsurance recoverable

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

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

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

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

- (g) Concurrently with the reinsurance transactions described in note (f), we will contribute \$1.7 billion of capital to UFLIC, which primarily represents excess statutory capital in our insurance subsidiaries, after giving effect to the reinsurance transactions. We have reflected this capital contribution to UFLIC in our unaudited pro forma financial position information as a distribution to our stockholder and a decrease in fixed maturities. The actual assets to be transferred will be determined prior to the completion of this offering. The pro forma adjustment to reduce net investment income and net realized investment gains related to the transferred assets has been determined based on a proportional allocation of investment income from the investment assets historically identified as representing surplus of the subsidiaries providing the assets to be contributed to UFLIC.
- (h) Reflects adjustments to record the equity and debt securities we will issue to GEFAHI in connection with our corporate reorganization:
  1. We will issue million shares of our Class B Common Stock to GEFAHI. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE, or when GE no longer beneficially owns at least 10% of our outstanding common stock. For a description of the terms of our

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common stock, see "Description of Capital Stock—Common Stock." GEFAHI is offering shares of our Class A Common Stock for sale in this offering.

2. We will issue \$600 million of our Equity Units to GEFAHI. We will pay holders of Equity Units quarterly contract adjustment payments on each purchase contract forming a part of the Equity Units at a rate of % per year of the stated amount of \$25 per Equity Unit. The estimated present value of the contract adjustment payments on the stock purchase contracts is \$63 million, which has been recorded in other liabilities with a decrease in additional paid-in capital. When we make contract adjustment payments, they will be charged to other liabilities and we will accrue interest expense on the unpaid balance at the rate of % per year. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in a concurrent offering.
3. We will issue \$100 million of our Series A Preferred Stock, which is mandatorily redeemable, to GEFAHI. For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock." GEFAHI is offering shares of our Series A Preferred Stock for sale in a concurrent offering.
4. We will issue the \$2.4 billion Short-term Intercompany Note to GEFAHI. We intend to repay this note with proceeds from the borrowings described in note (l) below. For a description of the terms of the Short-term Intercompany Note, see "Description of Certain Indebtedness—Short-term Intercompany Note."
5. We will issue the \$550 million Contingent Note to GEFAHI. This note is non-interest-bearing, matures on the first anniversary of the completion of this offering and will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of \$150 million are released and paid to us as a dividend before the first anniversary of the

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

- (i) Reflects adjustments to retained earnings for the first-year cost of our grant of stock options to our management and employees and cost relating to the conversion of certain existing awards upon the completion of this offering, net of a related reduction of deferred income tax liability. Upon the completion of this offering, we will establish equity compensation plans pursuant to which we will (1) issue options to purchase \_\_\_\_\_ million shares of our Class A Common Stock with an exercise price equal to the initial offering price and (2) convert all the unvested stock options, restricted stock units and stock appreciation rights that GE previously granted to our employees and the vested GE stock options held by our Chairman, President and Chief Executive Officer into stock options, restricted stock units and stock appreciation rights issued by our company. We recognize compensation expense for share-based compensation awards based upon the fair value of the stock options in accordance with Statement of Financial Accounting Standards 123, *Accounting for Stock-Based Compensation* ("SFAS 123"). Under the measurement principles of SFAS 123, we estimate that we will recognize compensation expense related to (1) the new issuances of \$39 million, \$39 million, \$17 million, \$10 million and \$4 million for the five twelve-month periods following the completion of this offering, and (2) the conversions of \$6 million and \$1 million for the two twelve-month periods following the completion of this offering. Our estimate of fair value was made using the Black-Scholes model based upon the assumed initial offering price of \$ \_\_\_\_\_ per share, volatility of \_\_\_\_\_ %, risk free interest rate of \_\_\_\_\_ %, and average expected life of \_\_\_\_\_ years.

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For a description of our stock-based compensation plans see "Management—GE 1990 Long-Term Incentive Plan," "—Omnibus Incentive Plan" and "—Incentive Compensation Program."

- (j) Reflects an adjustment to record certain effects of our Tax Matters Agreement with GE. Under the Tax Matters Agreement, GE will make, and we will join GE in making, tax elections under section 338 of the Internal Revenue Code that will treat (for tax purposes) many of the companies in our group as having sold all their assets in fully taxable sales. Under the Tax Matters Agreement, GE will control the making of these elections and related determinations. GE will be responsible for all current taxes resulting from the making of these tax elections. As a result of the section 338 elections, we will become entitled to certain tax benefits that are expected to be realized by us in the future in the ordinary course of our business and that otherwise would not have been available to us. These benefits are generally attributable to increased tax deductions for amortization of intangibles and to increased tax basis in non-amortizable investment assets. Under the Tax Matters Agreement, we will be required to make payments to GE, calculated with reference to the amount of tax we are projected to save for each tax period as the result of these increased tax benefits. We estimate that these payments will aggregate approximately \$446 million, comprising \$412 million resulting from temporary differences between financial reporting and tax basis of our assets and liabilities arising from the elections (and recorded as a reduction in net deferred tax liabilities) and \$34 million resulting from future interest expense deductions arising under the Tax Matters Agreement. The estimated present value of the projected payments is approximately \$360 million. We have recorded this amount as our estimate of our liability to GE and have increased paid-in capital by the difference (\$52 million) between that amount and the reduction in net deferred income tax liabilities. We will record interest expense as our obligation under the Tax Matters Agreement accretes over time.

These amounts are estimates and will change as the result of a number of factors, including a final determination of the value of our company and its individual assets. However, we have agreed with GE that, except for specified contingent benefits and excluding interest on payments we defer, our total payments to GE under the Tax Matters Agreement will not exceed \$600 million. See "Arrangements Between GE and Our Company—Tax Matters Agreement" for further description of these tax matters.

- (k) Reflects an adjustment to record additional effects of our Tax Matters Agreement with GE. As described in note (j), GE will generally pay all current taxes arising from the section 338 elections. Certain taxes other than section 338 taxes will be incurred by our subsidiaries in the transaction. Under the Tax Matters Agreement, these taxes also will be paid by GE. These taxes have been estimated at \$115 million, using assumptions as to, among other things, the value of our company and its individual assets. We will record these non-recurring taxes as a current tax expense when incurred, and will record GE's payment of the taxes on our behalf as an equity contribution. Because these taxes are non-recurring, we have not reflected this adjustment in the unaudited pro forma earnings information. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement" for further description of these tax matters.
- (l) Reflects an adjustment to record borrowings pursuant to a \$2.4 billion short-term revolving credit facility that we will establish with a syndicate of banks concurrently with the completion of this offering. We will borrow the entire amount available under that facility upon the completion of this offering to repay the Short-term Intercompany Note. We intend to repay the borrowings under this short-term revolving credit facility with proceeds from the issuance of approximately \$1.9 billion in senior notes (which would be included in long-term borrowings) and approximately \$500 million in commercial paper (which would be included in short-term borrowings), both of which we intend to complete shortly after the completion of this offering. For a description of the terms of this facility, see "Description of Certain Indebtedness—Short-term Revolving Credit Facility."

- (m) Reflects an adjustment to record interest expense attributable to our revised debt structure after the completion of this offering. Pro forma interest expense includes interest expense of \$89 million for the year ended December 31, 2003 on the notes and contract adjustment payments on the purchase contracts underlying the Equity Units described in note (h)(2), dividends on the Series A Preferred Stock described in note (h)(3), interest expense on the \$2.4 billion Short-term Intercompany Note described in note (h)(4) (until it is refinanced), interest expense on liabilities under the Tax Matters Agreement described in note (j) and interest expense on the short-term revolving credit facility described in note (l). Pro forma interest expense excludes interest expense, adjusted for qualified hedge effects, of \$83 million for the year ended December 31, 2003, incurred on the commercial paper that we will not assume, as described in note (b).
- (n) Reflects an adjustment to record the tax impact on other pro forma earnings adjustments at a rate of 35%.
- (o) We have not reflected any adjustments in our unaudited pro forma combined financial information for the following:
1. Prior to the completion of this offering, we will enter into a number of arrangements with GE governing our separation from GE and a variety of transition matters. These include (i) arrangements with respect to certain transition services, management consulting services, administration services for a pool of guaranteed investment contracts, or GICs, and institutional asset management services, pursuant to which we will provide services to GE, and (ii) arrangements with respect to certain transition services and asset management services, pursuant to which GE will provide services to us. Except as described in the notes above, we have not reflected any adjustments for the estimated effects of these arrangements, which are described under "Management's Discussion and Analysis of Financial Condition and Results of Operations—Overview—Separation from GE and related costs."
  2. We have not reflected any adjustments to exclude net investment income or net realized investment gains related to the \$2,930 million dividend paid by GEFAHI in December 2003. Approximately \$1,630 million of the dividend was funded from proceeds received on the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, after deducting expenses and settlements, and the remaining \$1,300 million of the dividend was funded from a portion of dividends received from our insurance subsidiaries. If the amount of the dividend funded from dividends received from our insurance subsidiaries had been invested in short-term investments during the year ended December 31, 2003, it would have earned net investment income of approximately \$30 million, based on our average short-term investment yield during 2003.
  3. We expect to incur aggregate incremental pre-tax expenses of approximately \$35 million in each of 2004 and 2005 for marketing, advertising and legal entity transition expenses, reflecting primarily the additional costs of establishing our new brand throughout our business, including with consumers and sales intermediaries. We have not reflected any adjustments for the estimated effect of these expenses because the expenses are nonrecurring and we did not incur any material expenses relating to advertising in the periods presented. We will charge these expenses to income in the periods incurred.
  4. We have not reflected any adjustments for the transition to our benefit plans under the employee matters agreement we will enter into with GE prior to the completion of this offering. Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, our applicable U.S. employees will cease to participate in the GE plans and will participate in employee benefit plans established and maintained by us. For at least the one year period following the date that GE ceases to own more than 50% of our outstanding common stock, we will establish plans that will provide our employees with benefits that that are at least substantially comparable in the aggregate to the value of those benefits provided

by the GE plans. See "Arrangements Between GE and Our Company—Employee Matters Agreement" for further description of these matters.

- (p) Basic and diluted earnings per share and the weighted average shares outstanding for the pro forma earnings per share calculation included in our unaudited pro forma combined earnings information are calculated as set forth below:

	December 31, 2003	
	Basic	Diluted
Pro forma net earnings	_____	_____
Common stock	_____	_____
Restricted stock units	_____	_____
Stock options(1)	_____	_____

Purchase contracts(1)

Pro forma shares outstanding

Pro forma earnings per share

_____	_____
_____	_____
_____	_____

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

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

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

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

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

### Overview

#### *Our business*

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

- **Protection.** We offer U.S. customers life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. In Europe, we offer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death. For the year ended December 31, 2003, our Protection segment had pro forma segment net earnings of \$481 million.
- **Retirement Income and Investments.** We offer U.S. customers fixed, variable and income annuities, variable life insurance, asset management and specialized products, including guaranteed investment contracts, funding agreements and structured settlements. For the year ended December 31, 2003, our Retirement Income and Investments segment had pro forma segment net earnings of \$93 million.
- **Mortgage Insurance.** We offer mortgage insurance products in the U.S., Canada, Australia, and Europe that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. For the year ended December 31, 2003, our Mortgage Insurance segment had pro forma segment net earnings of \$369 million.

We also have a Corporate and Other segment, which consists primarily of net realized investment gains (losses), interest and other 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. For the year ended December 31, 2003, our Corporate and Other segment had a pro forma segment net loss of \$9 million.

#### *Our corporate reorganization*

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization. Prior to the completion of this offering, we will acquire substantially all of the assets and liabilities of GEFAHI. GEFAHI is an indirect subsidiary of GE and a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European

payment protection insurance, a Bermuda reinsurer and mortgage contract underwriting. In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI million shares of our Class B Common Stock, \$600 million of our Equity Units, \$100 million of our Series A Preferred Stock, the \$2.4 billion Short-term Intercompany Note and the \$550 million Contingent Note. See "Corporate Reorganization."

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### ***Our historical and pro forma financial information***

The historical combined financial information presented in this prospectus has been derived from our audited and unaudited combined financial statements, which have been prepared as if Genworth had been in existence throughout all relevant periods. Our historical combined financial information and statements include all businesses that were owned by GEFAHI, including those that will not be transferred to us in connection with our corporate reorganization, as well as the other insurance businesses that we will acquire from other GE subsidiaries in connection with our corporate reorganization. In addition to the three operating segments that we will have after the completion of this offering and our Corporate and Other segment, our historical combined financial statements also include the results of (i) UFLIC, (ii) the Partnership Marketing Group business, which offers life and health insurance and other financial products and services directly to consumers through affinity marketing arrangements with a variety of organizations, (iii) an institutional asset management business owned by GEFAHI, and (iv) several other small businesses owned by GEFAHI that are not part of our core ongoing business. We will not acquire UFLIC, 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 combined financial statements also include our Japanese life insurance and domestic auto and homeowners' insurance businesses, which we sold on August 29, 2003, and which are presented in our historical combined financial statements as discontinued operations.

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

### ***Revenues and expenses***

Our revenues consist primarily of the following:

- ***Protection*** . The revenues in our Protection segment consist primarily of:
  - premiums earned on individual life, individual long-term care, group life and health and payment protection insurance policies;
  - net investment income allocated to this segment; 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:
  - premiums earned on income annuities and structured settlements with life contingencies and variable life insurance;
  - 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:
  - premiums earned on mortgage insurance policies;
  - net investment income on the segment's separate investment portfolio; and
  - policy fees and other income, including fees from contract underwriting services.
- ***Corporate and Other*** . The revenues in our Corporate and Other segment consist primarily of:
  - 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 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 because that segment has its own separate investment portfolio, and the net investment income from that portfolio is reflected in the Mortgage Insurance segment results. In our historical combined financial statements, we allocated net investment income to our Affinity segment in the same manner that we allocated these items to our Protection and Retirement Income and Investments segments.

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

Our expenses consist primarily of the following:

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

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

### ***Business trends and conditions***

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

#### *Market and economic environment*

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

***Aging U.S. population with growing retirement income needs.*** According to the U.S. Social Security Administration, from 1945 to 2001, U.S. life expectancy at birth increased from 62.9 years to 73.8 years for men and from 68.4 years to 79.4 years for women, respectively, and life expectancy is expected to increase further. In addition, increasing numbers of baby boomers are approaching retirement age. The U.S. Census Bureau projects that the percentage of the U.S. population aged 55 or older will increase from approximately 21% (61 million) in 2002 to more than 29% (95 million) in 2020. These increases in life expectancy and the average age of the U.S. population heighten the risk that individuals will outlive their retirement savings. In addition, approximately \$4.4 trillion of invested financial assets

(25% of all U.S. invested financial assets) are held by people within 10 years of retirement and are expected to be converted to income as those people retire, according to a survey conducted by SRI Consulting Business Intelligence in 2002. We believe these trends will lead to growing demand for retirement income and investment products, such as our annuities and other investment products, that help consumers accumulate assets and provide reliable retirement income.

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

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

#### *General conditions and trends affecting our businesses*

*Interest rate fluctuations.* Fluctuations in market interest rates have a significant effect on our sales of insurance and investment products and our margins on these products. In our Protection and Retirement Income and Investments segments, declining interest rates in a low-interest-rate environment have reduced the spreads between the amounts we have paid or credited to policyholders and contractholders and the returns we earned on the investments that supported our obligations under these products. In response to the recent decline in market interest rates, we have reduced the guaranteed minimum crediting rates we offer on newly issued fixed annuity contracts in order to maintain our spreads and target profitability on these contracts. However, this reduction in minimum guaranteed crediting rates has had an adverse effect on our sales of these products because some of our competitors have continued to offer higher minimum rates. For example, fixed annuity deposits declined by 60% from \$2,663 million for the year ended December 31, 2002 to \$1,069 million for the year ended December 31, 2003. In addition, as a result of a lower interest rate environment, our income annuity premiums and deposits declined by 24% from \$1,096 million for the year ended December 31, 2002 to \$835 million for the year ended December 31, 2003.

Declining interest rates also have reduced our spreads and resulted in increased persistency in our fixed annuity and universal life insurance products because investors generally have been unable to shift assets into higher-yielding investments. Our net earnings from spread-based products in our Retirement Income and Investments segment declined by 11% from \$166 million for the year ended December 31,

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2002 to \$148 million for the year ended December 31, 2003 as a result of reduced spreads, offset in part by increased persistency. Interest rates have stabilized in 2003, and we expect the yield on our investment portfolio also will stabilize, with the potential for increases in a rising interest rate environment.

In our Mortgage Insurance segment, declining interest rates in the U.S. have generated significant mortgage refinancing activity, which, in turn, has led to lower persistency in our U.S. mortgage insurance business, as well as increases in the volume of new mortgage insurance written and increased contract underwriting expenses. We expect that increasing mortgage interest rates will result in increased persistency, but also will reduce the volume of mortgage originations and of new mortgage insurance written.

*Volatile equity markets.* The equity markets in the U.S. and the other markets in which we invest have experienced extreme volatility and significant downturns in recent years, which has affected our financial condition and results of operations in two principal ways. First, we believe equity market downturns and volatility have discouraged potential new purchasers of our products from purchasing separate account products, such as variable annuities, that have returns linked to the performance of the equity markets and have caused our existing customers to withdraw cash values or reduce investments in those products. If equity markets continue to improve, we believe sales of variable products will increase. Second, lower equity markets have had an adverse effect on our fee income tied to the value of the equity investments in our separate accounts and have resulted in accelerated amortization of DAC and PVFP, reflecting lower expected profits from our variable products. After the completion of this offering, the potential adverse impact of volatile equity markets will be significantly reduced as a result of our reinsurance arrangements with UFLIC, pursuant to which we will reinsure substantially all of our in-force blocks of variable annuities.

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

*Investment gains.* As part of GE, the yield on our investment portfolio has been affected by the practice in recent years of realizing investment gains through the sale of appreciated securities and other assets during a period of historically low interest rates. This strategy was pursued to offset impairments and losses in our investment portfolio, fund consolidations and restructurings in our business and provide current income. Our gross realized gains were \$473 million, \$790 million and \$814 million for the years ended December 31, 2003, 2002 and 2001, respectively. These gross realized gains, net of gross realized losses, including charges from impairments of investments and realized losses from portfolio restructuring, have resulted in net realized investment gains of \$10 million, \$204 million and \$201 million for the years ended December 31, 2003, 2002 and 2001, respectively. This strategy has had an adverse impact on our net investment income, the yield on our investment portfolio and our DAC and PVFP margins. As we transition to being an independent public company, our investment strategy will be to optimize investment income without relying on realized investment gains. As a result of this strategy, we expect the yield on our investment portfolio to stabilize, with the potential for increases in a rising interest rate environment. We also will seek to improve our investment yield by continuously evaluating our asset class mix and pursuing additional investment classes.

*Globalization.* Historically, we have derived a majority of our revenues and profits from our operations in the U.S. However, in recent years, our international business has grown and has had an increasing impact on our financial condition and results of operations. For the years ended

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December 31, 2003, 2002 and 2001, respectively, 18%, 14% and 14% of our revenues, and 26%, 12% and 11% of our net earnings from continuing operations were generated by our international operations. These increases were largely due to growth in our international mortgage insurance business, and we expect that we will derive an increasing portion of our total revenues and profits from outside the U.S. as our international mortgage insurance business continues to grow. Our European payment protection insurance business also derives revenues in the countries where it offers its products.

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

#### *Developments affecting our product lines*

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

*Developments in long-term care insurance.* 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. Based on our experience with those previously issued policies, we are pricing newly issued long-term care insurance policies to reflect lower lapse rate assumptions that are in accordance with our recent lapse experience. We believe this will improve the overall profitability of our long-term care insurance business.

*Developments in payment protection insurance.* The margins of our payment protection business in the U.K. have decreased in recent years as a result of increased pricing pressure and greater competition from captive insurance arrangements by distributors that provide payment protection insurance directly to their customers. Consistent with our focus on disciplined growth and returns on capital, we are continuing to pursue arrangements that will enable us to achieve our target returns while strengthening our client relationships. In the last several years, our payment protection insurance business has expanded as a result of our strategy to enter additional markets in Continental Europe and to develop new relationships with distributors in those markets. However, we did not renew arrangements with our largest distributor of payment protection insurance (as measured by gross written premiums), a large U.K. bank that accounted for 7% of our revenues in the Protection segment during the year ended December 31, 2003. Although we expect our revenue to decline over the next few years as existing policies from these less profitable arrangements begin to run off, we believe this will have a favorable effect on our results over the long term as capital is released and redeployed into markets with potential for higher returns.

*Developments in retirement income and investments.* The results of our Retirement Income and Investments segment are affected primarily by interest rate fluctuations and volatile equity markets, as discussed above under "—Overview—Business trends and conditions—General conditions and trends affecting our businesses." In addition, our competitive position within many of our distribution channels depends significantly upon product features, including our crediting rates on spread-based products

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relative to our competitors, minimum guaranteed rates, surrender charge periods and agent commissions. We continually evaluate our competitive position based upon each of those features, and we make adjustments as appropriate to meet our target return thresholds. In late 2002 and throughout 2003, in response to declining interest rates, we reduced minimum guaranteed rates on many of our spread-based products. These reductions have had an adverse effect on our competitive position because some of our competitors have retained higher minimum guaranteed rates. In addition, some competitors have offered fixed annuity products with higher commissions and shorter surrender charge periods, and this also has had an adverse effect on our competitive position. These factors contributed to a decline in our sales of fixed annuities in 2003 and our market position in this product. Our new deposits in fixed deferred annuities decreased 60% from \$2,663 million for the year ended December 31, 2002 to \$1,069 million for the year ended December 31, 2003. Moreover, as a result of the rating agency downgrades in connection with this offering, some of our GIC customers have limited their purchases of new GIC contracts from us to comply with their internal credit policies regarding counterparty credit risk at our new rating levels. These actions may adversely affect the future profitability and growth of our GIC product lines.

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

#### *Separation from GE and related financial arrangements*

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

#### *Services received from GE*

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

- customer service, transaction processing and a variety of functional support services provided by GE Capital International Services, or GECIS;
- employee benefit processing and payroll administration, including relocation, travel, credit card processing and related services;

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- employee training programs, including access to GE training courses;
  - insurance coverage under the GE insurance program;
  - information systems, network and related services;
  - leases for vehicles, equipment and facilities; and
  - other financial advisory services such as tax consulting, capital markets services, research and development activities, and use of trademarks and licenses.

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

In addition, GE historically has allocated to us a share of its corporate overhead expenses for certain services provided to us, which are not specifically billed to us, including public relations, investor relations, treasury, and internal audit services. Our total expense for this allocation was \$50 million, \$49 million and \$43 million for the years ended December 31, 2003, 2002 and 2001, respectively. We have not reimbursed

these amounts to GE, and have recorded them as a capital contribution in each year. Following the completion of this offering, GE will no longer allocate any of its corporate expenses to us.

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

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

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

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

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

#### *Services provided to GE*

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

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

arrangements on our results of operations:

- *Transition services relating to GE and GEFAHI businesses not acquired by us.* We will provide services to certain of GE's insurance businesses that we will not acquire. These services will include finance, information systems, network services and legal and regulatory support. GE will reimburse us for our costs of providing these services. We will continue to provide these services for a minimum of two years and a maximum of three years in most cases. For the two years following the completion of this offering, GE generally may not terminate any of the services we provide. See "Arrangements Between GE and Our Company—Relationship with GE—Transition Services Agreement."

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- *Management consulting services.* We will provide management consulting services to GE for a period of five years. These services will include delivering training, providing consultation and strategic advice with respect to historical and emerging issues, planning and participating in meetings with rating agencies and regulators, participating in government relations activities and various other activities. In consideration for these services, GE will pay us a fee of \$1 million per month during the first four years following the offering and \$500,000 per month during the fifth year. GE cannot terminate this arrangement before the expiration of the five-year term. See "Arrangements Between GE and Our Company—Relationship with GE—Transition Services Agreement."
  - *GIC investment administration services.* We will enter into agreements with affiliates of GE to manage a pool of municipal guaranteed investment contracts issued by GE affiliates. Pursuant to these agreements, we will originate GIC liabilities and advise the affiliates regarding the investment, administration and management of their assets that support those liabilities. Under two of those agreements, we will receive an administration fee of 0.165% per annum of the maximum program size for those affiliates, which was an aggregate of \$15.0 billion as of December 31, 2003. The agreements also provide for termination fees in the event of early termination at the option of either affiliate. Under a third agreement with another affiliate, we will receive a management fee of 0.10% per annum of the book value of the investment contracts or similar securities issued by this affiliate, which was \$3.04 billion as of December 31, 2003. 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. In addition, we will receive reimbursement of our operating expenses under each agreement. See "Arrangements Between GE and Our Company—Relationship with GE—Liability and Portfolio Management Agreements."
  - *Institutional asset management services.* Prior to the completion of this offering, we offered a broad range of institutional asset management services to third parties. GEAM provided the portfolio management services for this business, and we provided marketing, sales and support services. We will not acquire the institutional asset management services business from GEFAHI, but we will continue to provide services to GEAM and GEFAHI related to this asset management business, including client introduction services, client retention services and compliance support. GEFAHI will pay us a fee of up to \$10 million per year for four years to provide these services. The fee will be determined based upon the level of historical sales and third-party assets under management managed by GEAM over the four-year term. The agreement may not be terminated by GEAM or GEFAHI, except for non-performance or in the event that we commence a similar institutional asset management business. See "Arrangements Between GE and Our Company—Relationship with GE—Asset Management Services Agreement."

#### *Additional arrangements with GE*

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

- *Tax Matters Agreement.* As a consequence of our separation from GE, and the election we will make with GE to treat that separation as an asset sale under section 338 of the Internal Revenue Code, we expect to realize future tax savings that we otherwise would not realize aggregating approximately \$446 million. These future tax savings initially will be recorded on our balance sheet as a \$412 million reduction in net deferred income tax liabilities. We are obligated, pursuant to the Tax Matters Agreement with GE, to pay to GE the amount of tax we are projected to save for each tax period as a result of these increased tax benefits. The present value of this obligation to GE is approximately \$360 million and this liability will be recorded on

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our balance sheet as well. These amounts are estimates and will change as the result of a number of factors, including a final determination of the value of our company and its individual assets. However, we have agreed with GE that, with certain exceptions relating to specified contingent benefits and excluding interest on payments we defer, our total payments to GE will not exceed \$600 million.

To the extent that we never realize the anticipated tax savings because we have insufficient taxable income of the appropriate character

(or because of a reduction in tax rates), we may, at our option, defer payments until 2029. These deferred payments would bear interest over the term of the deferral at an interest rate of % per annum, from the time that the payments were scheduled to be made. Similarly, to the extent that we do realize the anticipated tax savings, but we realize them later than anticipated, we may, at our option, defer payments of projected but unrealized tax savings until we realize them. These deferred payments would bear interest over the term of the deferral at an interest rate of % per annum. We may also, at our option, defer payment of any interest on deferred payments until 2029, in which case it will bear interest at the rate of % per annum.

The \$52 million difference between the \$412 million benefit we will record as the expected future tax savings and the \$360 million liability to GE we will record as a liability will be part of our net stockholder's interest. As our obligation to make payments under the tax matters agreement accretes over time, we will record interest expense at a rate of % per annum. Under the Tax Matters Agreement, GE also will pay certain taxes of our legal entities, other than taxes in respect of the section 338 elections described above, resulting from the various transactions implemented in connection with the separation (other than the reinsurance with UFLIC). We will record these non-recurring taxes as a current tax expense when incurred, and will record GE's payment of the taxes on our behalf as an equity contribution. See "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement."

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

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

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### *Equity plans*

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

Upon completion of this offering, we will establish our own equity compensation plans. Under these plans, unvested GE stock options, vested stock options held by our Chairman, President and Chief Executive Officer, GE stock appreciation rights and GE restricted stock units will be canceled and converted into awards of our company, and we also will grant new stock options in our company in connection with this offering. The GE stock options, stock appreciation rights and restricted stock units will be converted based upon a ratio equal to the initial offering price of our common stock, divided by the weighted average stock price of GE common stock for the trading day immediately preceding the date of the completion of this offering. The converted securities, if unvested, generally will continue to vest over their original vesting periods. We anticipate the unvested converted awards will have approximately the same fair value at the date of the conversion as the GE awards being replaced. Consequently, we do not expect to incur any material incremental compensation expense for the unvested converted awards. We will incur additional compensation expense as the result of conversions of vested stock options and issuances of stock options in connection with this offering. For these stock options, we expect to incur a charge to income of approximately \$45 million, \$40 million, \$17 million, \$10 million and \$4 million for the five twelve-month periods following the completion of the offering.

### *Advertising costs*

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

## *Critical accounting policies*

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

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

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we will pay for actual claims or the timing of those payments will be consistent with our reserve assumptions.

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

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

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

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

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

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

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

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

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

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

## Historical Combined and Pro Forma Results of Operations

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

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

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decreased for the pro forma period presented primarily as a result of the exclusion of revenues and expenses related to the reinsured products and the Affinity segment.

	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
	2003	2002	2001	2003
<b>(Dollar amounts in millions)</b>				
Revenues:				
Premiums	\$ 6,703	\$ 6,107	\$ 6,012	\$ 6,252
Net investment income	4,015	3,979	3,895	2,935
Net realized investment gains	10	204	201	38
Policy fees and other income	943	939	993	557
Total revenues	11,671	11,229	11,101	9,782
Benefits and expenses:				
Benefits and other changes in policy reserves	5,232	4,640	4,474	4,191
Interest credited	1,624	1,645	1,620	1,358
Underwriting, acquisition and insurance expenses, net of deferrals	1,942	1,808	1,823	1,614

Amortization of deferred acquisition costs and intangibles	1,351	1,221	1,237	1,144
Interest expense	140	124	126	146
Total benefits and expenses	10,289	9,438	9,280	8,453
Earnings from continuing operations before income taxes	1,382	1,791	1,821	1,329
Provision for income taxes	413	411	590	395
Net earnings from continuing operations	\$ 969	\$ 1,380	\$ 1,231	\$ 934

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

**Premiums.** Our premiums consist primarily of premiums earned on individual life, long-term care, group life and health and payment protection insurance policies, income annuities and structured settlements with life contingencies, variable life insurance policies, and mortgage insurance policies. Premiums increased \$596 million, or 10%, to \$6,703 million for the year ended December 31, 2003 from \$6,107 million for the year ended December 31, 2002. This increase was primarily the result of a \$500 million increase in our Protection segment, a \$54 million increase in our Retirement Income and Investments segment, and a \$39 million increase in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable to increases in payment protection insurance premiums as a result of changes in foreign exchange rates and growth of the in-force block as well as growth in long-term care insurance premiums. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in life-contingent structured settlement premiums, offset in part by a decrease in life-contingent income annuities. The increase in our Mortgage Insurance segment was primarily attributable to an increase in international mortgage insurance premiums, offset in part by a decrease in U.S. mortgage insurance premiums.

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

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

**Policy fees and other income.** Policy fees and other income consist primarily of cost of insurance and surrender charges assessed on universal life insurance policies, fees assessed against policyholder and contractholder account values, and commission income. Policy fees and other income increased \$4 million to \$943 million for the year ended December 31, 2003 from \$939 million for the year ended December 31, 2002. This increase was the result of a \$38 million increase in our Corporate and Other segment and a \$10 million increase in our Mortgage Insurance segment, offset in part by a \$18 million decrease in our Retirement Income and Investments segment, a \$15 million decrease in our Protection segment, and a \$11 million decrease in the Affinity segment. The increase in our Corporate and Other segment was primarily attributable to interest income resulting from the consolidation of two liquidating securitization entities in our financial statements in connection with our adoption of FASB Interpretation 46 ("FIN 46"), *Consolidation of Variable Interest Entities*, beginning in the third quarter of 2003. The increase in our Mortgage Insurance segment was primarily attributable to higher contract underwriting fees related to increased refinancing activity in the U.S. and higher fees from increased volume in our international mortgage insurance business. The decrease in our Retirement Income and Investments segment was primarily attributable to decreases in commission income and fee income on variable annuities. The decrease in our Protection segment was primarily attributable to a decrease in administrative fees from our group life and health insurance

business. The decrease in the Affinity segment was primarily attributable to the decision to discontinue certain products and distribution relationships that did not meet our target return thresholds.

*Benefits and other changes in policy reserves.* Benefits and other changes in policy reserves consist primarily of reserve activity related to current claims and future policy benefits on life, long-term care, group life and health and payment protection insurance policies, structured settlements and income annuities with life contingencies and claim costs incurred related to mortgage insurance products. Benefits and other changes in policy reserves increased \$592 million, or 13%, to \$5,232 million for the

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year ended December 31, 2003 from \$4,640 million for the year ended December 31, 2002. This increase was primarily the result of a \$367 million increase in our Protection segment, a \$102 million increase in our Retirement Income and Investments segment and a \$69 million increase in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable to an increase in changes in policy reserves for long-term care insurance, payment protection insurance and life insurance. The increase in our Retirement Income and Investments segment was primarily attributable to an increase in changes in policy reserves for structured settlements. The increase in our Mortgage Insurance segment was primarily attributable to a higher number of loans in default.

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

*Underwriting, acquisition and insurance expenses, net of deferrals.* Underwriting, acquisition and insurance expenses, net of deferrals, represent costs and expenses related to the acquisition and ongoing maintenance of insurance and investment contracts, including commissions, policy issue expenses and other underwriting and general operating costs. These costs and expenses are net of amounts that are capitalized and deferred, which are primarily costs and expenses that vary with, and are primarily related to, the acquisition of insurance and investment contracts, such as first year commissions in excess of ultimate renewal commissions and other policy issue expenses. These expenses increased \$134 million, or 7%, to \$1,942 million for the year ended December 31, 2003 from \$1,808 million for the year ended December 31, 2002. This increase was primarily the result of a \$99 million increase in our Protection segment, a \$66 million increase in our Mortgage Insurance segment, and a \$31 million increase in our Corporate and Other segment, offset in part by a \$73 million decrease in the Affinity segment. The increase in our Protection segment was primarily attributable to growth of the payment protection insurance in-force block. The increase in our Mortgage Insurance segment was primarily attributable to higher expenses associated with increased refinancing activity in the U.S., higher indemnity liabilities for U.S. contract underwriting claims, which are included as other liabilities in our statement of financial position, as the result of our updating the assumptions we used to calculate these indemnity liabilities to reflect recent underwriting experience, and from increased volume and continued investment in our international mortgage insurance business. The increase in our Corporate and Other segment was primarily attributable to an increase in reserves for a class action litigation settlement. The decrease in the Affinity segment was primarily attributable to cost saving initiatives that reduced compensation and benefits and other general expenses.

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

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*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 liquidating securitization entities that were consolidated in our financial statements in connection with our adoption of FIN 46, beginning in the third quarter of 2003, and \$3 million of interest paid on non-recourse funding obligations, issued in the third and fourth quarters of 2003, supporting certain term life insurance policies. These increases were offset in part by a \$14 million decrease in interest expense that was primarily the result of lower average borrowings.

*Provision for income taxes.* Provision for income taxes increased \$2 million to \$413 million for the year ended December 31, 2003 from \$411 million for the year ended December 31, 2002. The effective tax rate was 29.9% and 22.9% for the years ended December 31, 2003 and 2002, respectively. This increase in effective tax rate was primarily the result of a \$152 million decrease in income tax expense for the year

ended December 31, 2002 that was attributable to a favorable settlement with the Internal Revenue Service related to the treatment of certain reserves for obligations to policyholders on life insurance contracts, offset in part by dividend received deduction benefits realized in 2003. Excluding the effect of the settlement, our effective tax rate would have been 29.9% and 31.4% for the years ended December 31, 2003 and 2002, respectively.

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

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

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

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

*Net realized investment gains.* Net realized investment gains increased \$3 million, or 1%, to \$204 million for the year ended December 31, 2002 from \$201 million for the year ended

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

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

*Benefits and other changes in policy reserves.* Benefits and other changes in policy reserves increased \$166 million, or 4%, to \$4,640 million for the year ended December 31, 2002 from \$4,474 million for the year ended December 31, 2001. This increase was primarily the result of a \$250 million increase in our Protection segment and a \$33 million increase in our Retirement Income and Investments segment, offset in part by a \$104 million decrease in our Mortgage Insurance segment. The increase in our Protection segment was primarily attributable

to increases in changes in policy reserves for long-term care insurance and payment protection insurance. The increase in the Retirement Income and Investments segment was primarily attributable to an increase in changes in policy reserves for income annuities, offset in part by a decrease in changes in policy reserves for structured settlements. The decrease in our Mortgage Insurance segment was primarily attributable to a lower number of loans in default and favorable loss development on prior-year reserves.

*Interest credited.* Interest credited increased \$25 million, or 2%, to \$1,645 million for the year ended December 31, 2002 from \$1,620 million for the year ended December 31, 2001. This increase was primarily the result of a \$20 million increase in our Protection segment that was primarily attributable to increased policyholder account balances in universal life and corporate-owned life insurance products. The increase in interest credited was also the result of a \$5 million increase in our

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Retirement Income and Investments segment that was primarily attributable to an increase in policyholder accounts attributable to higher sales of annuity products. These increases were offset in part by a reduction in our weighted average crediting rates attributable to the lower interest rate environment to 3.6% for the year ended December 31, 2002 from 4.0% for the year ended December 31, 2001.

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

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

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

*Provision for income taxes.* Provision for income taxes decreased \$179 million, or 30%, to \$411 million for the year ended December 31, 2002 from \$590 million for the year ended December 31, 2001. The effective tax rate was 22.9% and 32.4% for the years ended December 31, 2002 and 2001, respectively. This decrease in effective tax rate was primarily the result of a

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\$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. Excluding the effect of this item, our effective tax rate would have been 31.4% and 32.4% for the years ended December 31, 2002 and 2001, respectively. The decrease was also the result of our discontinuation of goodwill amortization in accordance with SFAS 142.

*Net earnings from continuing operations.* Net earnings from continuing operations increased by \$149 million, or 12%, to \$1,380 million for the year ended December 31, 2002 from \$1,231 million for the year ended December 31, 2001. This increase was primarily the result of the

lower provision for income taxes primarily attributable to the favorable settlement with the Internal Revenue Service. The increase in net earnings from continuing operations reflects increases in segment net earnings in our Protection, Mortgage Insurance and Corporate and Other segments, offset in part by decreases in segment net earnings in our Retirement Income and Investments and Affinity segments.

### Historical Combined and Pro Forma Results of Operations by Segment

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

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

	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
	2003	2002	2001	2003
<b>(Dollar amounts in millions)</b>				
Revenues by segment:				
Protection	\$ 6,153	\$ 5,605	\$ 5,443	\$ 5,839
Retirement Income and Investments	3,781	3,756	3,721	2,707
Mortgage Insurance	982	946	965	982
Affinity	566	588	687	—
Corporate and Other	189	334	285	254
Total revenues	\$ 11,671	\$ 11,229	\$ 11,101	\$ 9,782
Segment net earnings (loss):				
Protection	\$ 487	\$ 554	\$ 538	\$ 481
Retirement Income and Investments	151	186	215	93
Mortgage Insurance	369	451	428	369
Affinity	16	(3)	24	—
Corporate and Other	(54)	192	26	(9)
Total segment net earnings (loss)	\$ 969	\$ 1,380	\$ 1,231	\$ 934
Total assets by segment (as of the year ended):				
Protection	\$ 29,254	\$ 27,104	\$ 24,647	\$ 28,724
Retirement Income and Investments	55,614	53,624	50,512	53,056
Mortgage Insurance	6,110	6,066	5,830	6,067
Affinity	2,315	2,317	2,211	—
Corporate and Other	10,138	28,246	20,798	10,205
Total assets	\$ 103,431	\$ 117,357	\$ 103,998	\$ 98,052

## Protection segment

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

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

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

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

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

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

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

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

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

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

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

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

*Segment net earnings.* Segment net earnings decreased by \$67 million, or 12%, to \$487 million for the year ended December 31, 2003 from \$554 million for the year ended December 31, 2002. The decrease in segment net earnings primarily reflects decreases in net earnings for life, payment protection and group life and health insurance products, offset in part by increases in net earnings for long-term care insurance products. The decrease in life insurance was primarily attributable to an

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increase in life insurance reserves, as well as accelerated amortization of deferred acquisition costs and intangibles related to additional investment income resulting from early bond calls and favorable claims experience. The decrease in payment protection insurance was primarily attributable to higher underwriting, acquisition, insurance and other expenses, net of deferrals, and the impact of the recognition in 2002 of certain foreign tax loss benefits. The decrease in group life and health insurance was primarily attributable to lower administration fees due to higher lapse rates. The increase in long-term care insurance was primarily attributable to growth in the in-force blocks.

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

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

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

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

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

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

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

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\$30 million decrease primarily attributable to a discontinued block of accident and health insurance policies in our long-term care insurance business.

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

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

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

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

### **Retirement Income and Investments segment**

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

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and expenses decreased for the pro forma period presented primarily as a result of exclusion of revenues and benefits and expenses related to the reinsured products.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Policy fees and other income.* Policy fees and other income increased \$27 million, or 13%, to \$243 million for the year ended December 31, 2002 from \$216 million for the year ended December 31, 2001. This increase was primarily the result of a \$39 million increase in fee income attributable to the acquisition of a small asset management company at the end of 2001. This increase

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was offset in part by a \$14 million decrease in fee income on variable annuities primarily attributable to lower equity values in our variable annuity separate accounts.

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

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

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

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

*Provision for income taxes.* Provision for income taxes decreased \$37 million, or 30%, to \$87 million for the year ended December 31, 2002 from \$124 million for the year ended December 31, 2001. The effective tax rate was 31.9% and 36.6% for the years ended December 31,

2002 and 2001, respectively. This decrease in effective tax rate was the result of higher dividend received deduction benefits related to separate account annuity products, an increase in tax reserves related to the segment's products and the discontinuation of goodwill amortization in accordance with SFAS 142.

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

### Mortgage Insurance segment

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

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

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

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

*Policy fees and other income.* Policy fees and other income increased \$10 million, or 26%, to \$48 million for the year ended December 31, 2003 from \$38 million for the year ended December 31, 2002. This increase was the result of a \$5 million increase in fees for

contract underwriting services attributable to higher refinancing activity in the U.S. and a \$5 million increase in fees from increased volume in our international mortgage insurance business.

*Benefits and other changes in policy reserves.* Benefits and other changes in policy reserves increased \$69 million, or 150%, to \$115 million for the year ended December 31, 2003 from

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\$46 million for the year ended December 31, 2002. This increase was primarily the result of a \$33 million increase attributable to a lower amount of favorable loss development on prior-year reserves in the U.S., a \$32 million increase principally associated with an increase in loans in default in the U.S., 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 from increased volume and a \$18 million increase attributable to continued investment in our international mortgage insurance business.

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

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

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

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

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

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

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

*Benefits and other changes in policy reserves.* Benefits and other changes in policy reserves decreased \$104 million, or 69%, to \$46 million for the year ended December 31, 2002 from \$150 million for the year ended December 31, 2001. This decrease was primarily the result of a \$65 million decrease attributable to lower U.S. flow insurance losses that was primarily associated with a decrease in loans in default, a \$26 million decrease primarily attributable to favorable loss development on prior year reserves for U.S. bulk mortgage insurance and a \$13 million decrease primarily attributable to a lower number of loans in default and favorable loss development on prior-year reserves in our international mortgage business.

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

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

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

*Segment net earnings.* Segment net earnings increased \$23 million, or 5%, to \$451 million for the year ended December 31, 2002 from \$428 million for the year ended December 31, 2001. This increase was primarily the result of a \$23 million increase in international net earnings and flat U.S. net earnings. The increase in international net earnings was primarily attributable to increases in earned premiums and net investment income and decreases in losses from a lower number of loans in default, offset in part by increases in expenses related to such growth. Flat U.S. net earnings were primarily attributable to lower losses resulting from a decrease in loans in default and favorable loss development

on prior-year reserves, offset by decreases in premiums from higher premiums ceded and lower persistency and increases in expenses as the result of our updating of the assumptions we used to calculate U.S. contract underwriting indemnification liabilities in 2001 to reflect recent underwriting experience.

### Affinity segment

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

(Dollar amounts in millions)	Historical		
	Years ended December 31,		
	2003	2002	2001
Revenues:			
Premiums	\$ 244	\$ 247	\$ 286
Net investment income	62	70	74
Policy fees and other income	260	271	327
Total revenues	566	588	687
Benefits and expenses:			
Benefits and other changes in policy reserves	196	180	188
Underwriting, acquisition and insurance expenses, net of deferrals	239	312	320
Amortization of deferred acquisition costs and intangibles	110	116	156
Total benefits and expenses	545	608	664

Earnings (loss) before income taxes	21	(20)	23
Provision (benefit) for income taxes	5	(17)	(1)
Segment net earnings (loss)	\$ 16	\$ (3)	\$ 24

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

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

*Total benefits and expenses.* Total benefits and expenses decreased \$63 million, or 10%, to \$545 million for the year ended December 31, 2003 from \$608 million for the year ended December 31, 2002. This decrease was primarily the result of our decision to discontinue certain products and distribution relationships and implement cost savings initiatives that reduced compensation and benefits, as well as other general expenses. Our decision to discontinue certain products and distribution relationships and implement cost savings initiatives also reduced our deferrable expenses, resulting in a decrease in amortization of deferred acquisition costs and intangibles. These decreases were offset in part by an increase in benefits and expenses attributable to a reinsurance transaction in which certain benefits and expenses were ceded to us by the purchaser of a discontinued operation.

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

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

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

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

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

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

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

**Corporate and Other segment**

The following table presents summary historical and pro forma financial results of operations relating to our Corporate and Other segment for the periods below. The pro forma financial information reflects adjustments described under "Selected Historical and Pro Forma Financial Information." There were no pro forma adjustments to premiums or policy fees and other income because there are no premiums or policy fees and other income in the Corporate and Other segment that will be ceded to UFLIC in connection with the reinsurance transactions. Pro forma net investment income increased as a result of net investment income earned on excess surplus assets that will be transferred from the Protection and Retirement Income and Investments segments to the Corporate and Other segment, offset in part by a decrease attributable to reduced net

investment income related to the \$1.7 billion capital contribution that we will make to UFLIC. Pro forma total revenues increased primarily as a result of the adjustments to net investment income as described, and the exclusion from our results of operations of net realized investment gains (losses) related to the long-term care insurance, structured settlement and variable annuity products we will cede to UFLIC in connection with the reinsurance transactions and net realized investment gains (losses) related to the Affinity

segment. Pro forma total expenses were primarily affected by the inclusion of incremental interest expense attributable to our revised debt structure after the completion of this offering.

(Dollar amounts in millions)	Historical			Pro forma
	Years ended December 31,			Year ended December 31,
	2003	2002	2001	2003
Revenues:				
Premiums	\$ 110	\$ 104	\$ 90	\$ 110
Net investment income (loss)	25	20	(7)	62
Net realized investment gains	10	204	201	38
Policy fees and other income	44	6	1	44
Total revenues	189	334	285	254
Expenses:				
Unallocated corporate expenses	121	77	69	121
Interest expense	137	124	126	143
Other operating expenses	88	60	54	84
Total expenses	346	261	249	348
Earnings (loss) before income taxes	(157)	73	36	(94)
Provision (benefit) for income taxes	(103)	(119)	10	(85)
Segment net earnings (loss)	\$ (54)	\$ 192	\$ 26	\$ (9)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

*Provision (benefit) for income taxes.* Provision (benefit) for income taxes decreased \$129 million to \$(119) million for year ended December 31, 2002 from \$10 million for the year ended December 31, 2001. This decrease was the result of a favorable settlement with the Internal Revenue Service regarding the treatment of certain reserves for obligations to life insurance policyholders and reduced benefit from tax

exempt investment income, offset in part by higher pre-tax earnings.

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

## Liquidity and Capital Resources

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

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

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

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

Based on statutory results as of December 31, 2003, our subsidiaries could pay dividends of \$1,121 million to us in 2004 without obtaining regulatory approval. As a result of the dividends we will pay in connection with our corporate reorganization, most of our insurance subsidiaries will not be able to pay us any additional dividends for the twelve months following this offering without prior regulatory approval. As part of our corporate reorganization, we will retain cash at the holding company level which we believe will be adequate to fund our debt service, dividend payment and other obligations until our insurance subsidiaries can resume paying ordinary dividends to us.

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

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI \_\_\_\_\_ million shares of our Class B Common Stock, \$600 million of our Equity Units, \$100 million of our Series A Preferred Stock, the \$2.4 billion Short-term Intercompany Note and the \$550 million Contingent Note. The Short-term Intercompany Note matures on \_\_\_\_\_, 2004. The Contingent Note is a non-interest-bearing note that matures on the first anniversary of the completion of this offering and will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of \$150 million are released and paid to us as a dividend before the first anniversary of the completion of this offering. The release of these statutory reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings. The term of this note may be extended for a period up to twelve months to obtain affirmation of our financial ratings. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or by the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution. See "Description of Certain Indebtedness—Contingent Note."

The liabilities we will assume from GEFAHI include the Yen Notes, which are ¥60 billion aggregate principal amount of 1.6% notes due

2011 issued by GEFAHI, ¥3 billion of which GEFAHI currently holds and will transfer to us. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of \$491 million and bearing interest at a rate of 4.84% per annum. See "Description of Certain Indebtedness—Yen Notes." We also will be entering into a Tax Matters Agreement with GE, which represents an obligation by us to GE, estimated to have a present value of approximately \$360 million. See "Arrangements Between GE and Our Company—Tax Matters Agreement."

We intend to repay the \$2.4 billion Short-term Intercompany Note to GEFAHI with proceeds from the borrowings under a short-term revolving credit facility in the same amount that we intend to establish with a syndicate of banks concurrently with the completion of this offering. We intend to

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repay the borrowings under this short-term revolving credit facility with proceeds from the issuance of approximately \$1.9 billion in senior notes and approximately \$500 million in commercial paper, both of which we intend to complete shortly after the completion of this offering. The senior notes are expected to consist of multiple series with varying maturities. The commercial paper will be issued under a \$1 billion commercial paper program we intend to establish. We may issue additional commercial paper under this program from time to time. We also intend to establish \$2 billion of revolving credit facilities, including a \$1 billion short-term facility and a \$1 billion medium-term facility. The revolving credit facilities will support our commercial paper program and will provide us with liquidity to meet general funding requirements. See "Description of Certain Indebtedness."

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

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

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

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

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

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

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

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

We also have entered into annually renewable floating rate funding agreements, which are deposit-type products that generally credit interest on deposits at a floating rate tied to an external market index. Purchasers of annually renewable funding agreements include money market funds, bank common trust funds and other short-term investors. Some of our funding agreements contain "put" provisions, through which the contractholder has an option to terminate the funding agreement for any reason after giving notice within the contract's specified notice period, which is generally 90 days but can be less than 30 days. GE Capital has agreed to guarantee our obligations under certain annually renewable funding agreements that were issued prior to November 18, 2003 and certain renewals with a final maturity on or before June 30, 2005. As of December 31, 2003, the aggregate amount of outstanding funding agreements with put option features was approximately \$2.4 billion, of which those with put option notice periods of 30 days or less was \$450 million.

Our insurance subsidiaries maintain investment strategies intended to provide adequate funds to pay benefits without forced sales of investments. Products having liabilities with longer durations, such as certain life insurance and long-term care insurance policies, are matched with investments having similar estimated lives such as long-term fixed maturities and mortgage loans. Shorter-term liabilities are matched with fixed maturities that have short- and medium-term fixed maturities. In addition, our insurance subsidiaries hold highly liquid, high-quality short-term investment securities and other liquid investment-grade fixed maturities to fund anticipated operating expenses, surrenders, and withdrawals. On a pro forma basis, as of December 31, 2003, our total cash and investment securities were \$60.5 billion. Our investments in privately placed fixed maturities, mortgage loans, policy loans, limited partnership interests and real estate are relatively illiquid. These asset classes represented approximately 27% of the carrying value of our total cash and invested assets as of December 31, 2003, on a pro forma basis.

Total assets decreased \$14.0 billion, or 12%, on an historical combined basis, from \$117.4 billion as of December 31, 2002 to \$103.4 billion as of December 31, 2003. The decrease primarily resulted from the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, which

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had total assets of \$22.1 billion classified as assets held for sale as of December 31, 2002. Excluding this sale, total assets would have increased \$8.1 billion, or 8%. Total investments increased \$5.5 billion, or 8%, on an historical combined basis, for the same comparison period, primarily reflecting net purchases of securities. Excluding investments and the sale of our Japanese life insurance and domestic auto and homeowners' insurance businesses, all other assets increased \$2.6 billion, or 11%, over the same period, primarily resulting from a \$760 million increase in separate account assets and a \$1.1 billion increase of assets associated with the consolidation of certain liquidating securitization entities in the third quarter of 2003 in accordance with FIN 46.

Pro forma total assets were \$98.1 billion as of December 31, 2003, compared to \$103.4 billion on an historical combined basis. The decrease was primarily attributable to \$2.8 billion of assets that will not be transferred to us in connection with our corporate reorganization and a \$2.6 billion net decrease in assets in connection with the reinsurance transactions with UFLIC.

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

Pro forma total liabilities were \$86.9 billion as of December 31, 2003, compared to \$87.6 billion on an historical combined basis. The decrease was primarily attributable to \$3.6 billion of liabilities that will not be transferred to us in connection with our corporate reorganization. The decrease was also attributable to \$720 million of liabilities associated with reinsurance transactions with UFLIC primarily consisting of a \$609 million decrease in deferred income taxes. These increases were partially offset by \$3.6 billion of liabilities incurred in connection with our corporate reorganization, consisting primarily of \$600 million of our Equity Units, \$100 million of our Series A Preferred Stock, which is mandatorily redeemable, the \$2.4 billion Short-term Intercompany Note and the \$550 million Contingent Note.

### *Contractual obligations*

We enter into long-term obligations to third-parties in the ordinary course of our operations. These obligations, as of December 31, 2003, on a pro forma basis, are set forth in the table below. However, we do not believe that our cash flow requirements can be assessed based upon an analysis of these obligations. The most significant factor affecting our future cash flows is our ability to earn and collect cash from our customers. Future cash outflows, whether they are contractual obligations or not, also will vary based upon our future needs. Although some outflows are fixed, others depend on future events. Examples of fixed obligations include our obligations to pay principal and interest on fixed-rate borrowings. Examples of obligations that will vary include obligations to pay interest on variable-rate borrowings and insurance liabilities that depend on future interest rates and market performance. Many of our obligations are linked to cash-generating contracts. These obligations include payments to contractholders that assume those contractholders will continue to make deposits in accordance with

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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.

**Pro forma Payments due by period**

(Dollar amounts in millions)	Total	2004	2005-2006	2007-2008	2009 and thereafter
Borrowings(1)	\$ 4,842	\$ —	\$ 2,950	\$ —	\$ 1,892
Operating lease obligations	215	48	62	78	27
Purchase obligations(2)	9	8	1	—	—
Insurance liabilities(3)	16,264	6,199	5,694	2,467	1,904
Other contractual liabilities(4)	451	49	133	129	140
<b>Total contractual obligations</b>	<b>\$ 21,781</b>	<b>\$ 6,304</b>	<b>\$ 8,840</b>	<b>\$ 2,674</b>	<b>\$ 3,963</b>

- (1) See notes (h) and (l) to our pro forma financial information, included under "Selected Historical and Pro Forma Financial Information."
- (2) Includes contractual minimum programming commitments; excludes funding commitments and items in note (o) to our pro forma financial information.
- (3) Primarily includes guaranteed investment contracts and funding agreements, structured settlements and income annuities (including contracts we will reinsure to UFLIC, because we remain the primary obligor under those contracts), based upon scheduled payouts.
- (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 (j) to our pro forma financial information), derivatives, deferred revenue and certain other items.

***Impairments of investment securities***

We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Quantitative measures include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. Our impairment reviews involve our finance and risk teams as well as the portfolio management and research capabilities of GEAM. Our qualitative review attempts to identify those issuers with a greater than 50% chance of default in the coming twelve months. These securities are characterized as "at-risk" of impairment. As of December 31, 2003, securities "at risk" of impairment had aggregate unrealized losses of \$40 million.

For fixed maturities, we recognize an impairment charge to earnings in the period in which we determine that we do not expect to either collect principal and interest in accordance with the contractual terms of the instruments or to recover based on 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 measure impairment charges based on the difference between the book value of the security and its fair value. Fair value is based on 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.

During 2003, 2002 and 2001, we recognized impairment losses of \$224 million, \$343 million and \$289 million, respectively. We generally intend to hold securities in unrealized loss positions until they

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recover. However, from time to time, we sell securities in the normal course of managing our portfolio to meet diversification, credit quality, yield and liquidity requirements. In the year ended December 31, 2003, the pre-tax realized investment loss incurred on the sale of fixed maturities and equity securities was \$239 million. The aggregate fair value of securities sold was \$5,220 million, which was approximately 96% of book value.

The following table presents 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, at December 31, 2003:

(Dollar amounts in millions)	Historical					
	Less Than 12 Months			12 months or more		
	Estimated fair value	Gross unrealized losses	# of securities	Estimated fair value	Gross unrealized losses	# of securities
Fixed maturities:						
U.S. government and agencies	\$ 210	\$ (18)	11	\$ —	\$ —	—
State and municipal	118	(1)	31	1	—	1
Government—non U.S.	493	(8)	142	12	—	6
U.S. corporate (including public utilities)	5,738	(210)	458	975	(109)	134
Corporate—non U.S.	1,530	(43)	198	148	(10)	30
Asset backed	900	(14)	95	110	(1)	9
Mortgage backed	2,001	(64)	247	171	(1)	19
Subtotal, fixed maturities	10,990	(358)	1,182	1,417	(121)	199
Equity securities	51	(2)	58	43	(6)	47
Total temporarily impaired securities	\$ 11,041	\$ (360)	1,240	\$ 1,460	\$ (127)	246
Investment grade	\$ 10,185	\$ (286)	1,032	\$ 691	\$ (27)	90
Below investment grade	739	(71)	141	726	(94)	109
Not rated—fixed maturities	66	(1)	9	—	—	—
Not rated—equities	51	(2)	58	43	(6)	47

For additional information regarding impairment of investment securities, see note 5 to our combined financial statements, included elsewhere in this prospectus.

#### Off-balance Sheet Transactions

We have used off-balance sheet securitization transactions to mitigate and diversify our asset risk position and to adjust the asset class mix in our investment portfolio by reinvesting securitization proceeds in accordance with our approved investment guidelines. We have not used securitization transactions to provide us with additional liquidity, and we do not anticipate using securitization transactions for that purpose in the future. The transactions we have used involved securitizations of some of our receivables and investments that were secured by commercial mortgage loans, fixed maturities or other receivables, consisting primarily of policy loans. Total securitized assets remaining as of December 31, 2003 and 2002 were \$1.6 billion and \$1.9 billion, respectively.

Securitization transactions resulted in net gains, before taxes, of approximately \$43 million, \$29 million and \$145 million for the years ended December 31, 2003, 2002 and 2001, respectively, and were included in net realized investment gains (losses) in our financial statements.

We have arranged for the assets that we have transferred in securitization transactions to be serviced by us directly, or pursuant to arrangements with GEAM and with General Motors Acceptance Corporation. Servicing activities include ongoing review, credit monitoring, reporting and collection activities.

We have entered into credit support arrangements in connection with our securitization transactions. Pursuant to these arrangements, as of December 31, 2003, we provided limited recourse for a maximum of \$119 million of credit losses. To date we have not been required to make any

payments under any of the credit support agreements. These agreements will remain in place throughout the life of the related entities.

Upon adoption of FIN 46, GE Capital was required to consolidate the funding conduit it sponsored. As a result, assets and liabilities of certain previously off-balance sheet liquidating securitization entities were required to be included in our financial statements because the funding conduit, as the primary beneficial interest holder in the entities, no longer qualified as a third party. We therefore included approximately \$1.2 billion of securitized assets and approximately \$1.1 billion of associated liabilities in July 2003. Our financial statements distinguish such assets and liabilities in separate lines in our balance sheet, called "Consolidated, liquidating securitization entities," because we do not control these assets and liabilities. These balances will decrease as the assets mature because we will not sell any additional assets to these consolidated entities.

The consolidation does not change the economic or legal characteristics of the asset sales. Liabilities of these consolidated entities will be repaid with cash flows generated by the related assets. Credit recourse to us remains limited to the credit support described above. We included \$36 million of revenue, \$2 million of general expenses and \$27 million of interest expense associated with these newly consolidated entities in our historical combined financial statements for the period from July 1 to December 31, 2003. Our consolidation of these liquidating securitization entities had no effect on our previously reported earnings.

The following table summarizes the assets and liabilities associated with the consolidated, liquidating securitization entities, which are included in our Corporate and Other segment as of December 31, 2003:

(Dollar amounts in millions)	Historical	
Assets:		
Cash	\$	29
Investment securities		639
Mortgage loans		430
Other assets		36
		1,134
Total(1)	\$	1,134
Liabilities:		
Borrowings	\$	1,018
Other liabilities		59
		1,077
Total	\$	1,077

(1) Includes \$51 million of retained interests in securitized assets now consolidated.

For additional information regarding our securitization transactions, see notes 2 and 20 to our combined financial statements, included elsewhere in this prospectus.

### Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk of the loss of fair value resulting from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and equity prices. Market risk is directly influenced by the volatility and liquidity in the markets in which the related underlying financial instruments are traded. The following is a discussion of our market risk exposures and our risk management practices.

We enter into market-sensitive instruments primarily for purposes other than trading. The carrying value of our investment portfolio as of December 31, 2003 and 2002 was \$77.6 billion and \$72.1 billion,

respectively, of which 84% and 84%, respectively, was invested in fixed maturities. The primary market risk to our investment portfolio is interest rate risk associated with investments in fixed maturities. We mitigate the market risk associated with our fixed maturities portfolio by matching the duration of our fixed maturities with the duration of the liabilities that those securities are intended to support.

The primary market risk for our long-term borrowings and Equity Units is interest rate risk at the time of maturity or early redemption, when we may be required to refinance these obligations. We continue to monitor the interest rate environment and to evaluate refinancing opportunities as maturity dates approach.

We are exposed to equity risk on our holdings of common stocks and other equities. We manage equity price risk through industry and issuer diversification and asset allocation techniques.

We also have exposure to foreign currency exchange risk. Our international operations generate revenues denominated in local currencies, and we invest cash generated outside the U.S. in non-U.S.-denominated securities. Although investing in securities denominated in local currencies limits the effect of currency exchange rate fluctuation on local operating results, we remain exposed to the impact of fluctuations in exchange rates as we translate the operating results of our foreign operations into our historical combined financial statements. We currently do not hedge this exposure. For the year ended December 31, 2003, 2002 and 2001, respectively, 26%, 12% and 11% of our net earnings from continuing operations were generated by our international operations.

We use derivative financial instruments, such as interest rate and currency swaps, currency forwards and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate interest rate and currency risk by:

- Reducing the risk between the timing of the receipt of cash and its investment in the market;
- Matching the currency of invested assets with the liabilities they support;
- Converting the asset duration to match the duration of the liabilities; and
- Protecting against the early termination of an asset or liability.

As a matter of policy, we have not and will not engage in derivative market-making, speculative derivative trading or other speculative derivatives activities.

### *Sensitivity analysis*

Sensitivity analysis measures the impact of hypothetical changes in interest rates, foreign exchange rates and other market rates or prices on the profitability of market-sensitive financial instruments.

The following discussion about the potential effects of changes in interest rates, foreign currency exchange rates and equity market prices is based on so-called "shock-tests," which model the effects of interest rate, foreign exchange rate and equity market price shifts on our financial condition and results of operations. Although we believe shock tests provide the most meaningful analysis permitted by the rules and regulations of the Securities and Exchange Commission, they are constrained by several factors, including the necessity to conduct the analysis based on a single point in time and by their inability to include the extraordinarily complex market reactions that normally would arise from the market shifts modeled. Although the following results of shock tests for changes in interest rates, foreign currency exchange rates and equity market prices may have some limited use as benchmarks, they should not be viewed as forecasts.

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One means of assessing exposure of our fixed maturities portfolio to interest rate changes is a duration-based analysis that measures the potential changes in market value resulting from a hypothetical change in interest rates of 100 basis points across all maturities. This is sometimes referred to as a parallel shift in the yield curve. Under this model, with all other factors constant and assuming no offsetting change in the value of our liabilities, we estimated that such an increase in interest rates would decrease the market value of our fixed income securities portfolio by approximately \$4.0 billion, based on our securities positions as of December 31, 2003.

One means of assessing exposure to changes in foreign currency exchange rates is to model effects on reported earnings using a sensitivity analysis. We analyzed our combined currency exposure as of December 31, 2003, including financial instruments designated and effective as hedges to identify assets and liabilities denominated in currencies other than their relevant functional currencies. Net unhedged exposures in each currency were then remeasured, generally assuming a 10% decrease in currency exchange rates compared to the U.S. dollar. Under this model, with all other factors constant, we estimated at year end 2003 that such a decrease would have an insignificant effect on our net earnings from continuing operations for the year ended December 31, 2004.

One means of assessing exposure to changes in equity market prices is to estimate the potential changes in market values on our equity investments resulting from a hypothetical broad-based decline in equity market prices of 10%. Under this model, with all other factors constant, we estimated that such a decline in equity market prices would decrease the market value of our equity investments by approximately \$40 million, based on our equity positions as of December 31, 2003.

### *Counterparty credit risk*

We manage counterparty credit risk on an individual counterparty basis, which means that gains and losses are netted for each counterparty to determine the amount at risk. When a counterparty exceeds credit exposure limits in terms of amounts owed to us, typically as the result of changes in market conditions (see table below), no additional transactions are executed until the exposure with that counterparty is reduced to an

amount that is within the established limit. All swaps are executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below Moody's A3 or S&P's A-.

Swaps, purchased options and forwards with contractual maturities longer than one year are conducted within the credit policy constraints provided in the table below. Our policy allows for derivative transactions with lower rated counterparties (Moody's "Aa3" and S&P's "AA-") if the agreements governing such transactions require both parties to provide collateral supporting exposures above the unsecured credit limit. Our policy requires foreign exchange forwards with contractual maturities shorter than one year to be executed with counterparties having a credit rating by Moody's of A-1 and by S&P of P-1 and the credit limit for these transactions is \$150 million per counterparty.

The following table sets forth our counterparty credit rating criteria as of December 31, 2003:

	Credit rating	
	Moody's	Standard & Poor's
Term of transaction		
Up to five years	Aa3	AA-
Greater than five years	Aaa	AAA
Credit exposure limit		
Up to \$50 million	Aa3	AA-
Up to \$75 million	Aaa	AAA

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The conversion of interest rate and currency risk into credit risk requires us to monitor counterparty credit risk actively. As of December 31, 2003 and 2002, there were no notional amounts of long-term derivatives for which the counterparty was rated below Aa3 by Moody's.

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

	Percentage of notional derivative exposure by counterparty credit rating			
	Historical			Pro forma
	December 31,			December 31,
	2003	2002	2001	2003
Moody's rating				
Aaa	95%	91%	98%	93%
Aa	5%	9%	2%	7%
	100%	100%	100%	100%

### Seasonality

In general, our business as a whole is not seasonal in nature. However, in our Mortgage Insurance segment, the level of defaults, which increases the likelihood of losses, tends to decrease in the first and second quarters of the calendar year and increase in the third and fourth quarters. As a result, we have experienced lower levels of losses resulting from defaults in the first and second quarters, as compared with the third and fourth quarters.

### Inflation

In general, we do not believe that inflation has had a material effect on our historical combined results of operations, except insofar as inflation may affect interest rates. See "—Quantitative and Qualitative Disclosures About Market Risk—Market risk" and "Risk Factors—Risks Relating to Our Business—Interest rate fluctuations could adversely affect our cash flow and profitability."

### New Accounting Standards

*Currently effective*

*FIN 46.* FIN 46, *Consolidation of Variable Interest Entities*, became effective for us on July 1, 2003. As described above, as a result of the adoption of FIN 46, GE Capital was required to consolidate a funding conduit it sponsored. As a result, assets and liabilities of certain liquidating securitization entities were required to be consolidated in our financial statements because the funding conduit, as the primary beneficial interest holder in those entities, no longer qualified as a third party.

*B36.* SFAS 133 Implementation Issue B36 ("B36"), *Modified Coinsurance Arrangements with Debt Instruments that Incorporate Credit Risk Exposures that are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under those Instruments*, became effective for us on October 1, 2003. B36 provides that modified coinsurance arrangements, where the ceding insurer withholds funds, may include an embedded derivative that must be bifurcated from the host instrument. The adoption of B36 did not have a material impact on our financial position upon adoption and, based upon our current and expected reinsurance arrangements, we do not expect a material impact on our results of operations or financial condition.

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*SFAS 150.* Statement of Financial Accounting Standards 150 ("SFAS 150"), *Accounting for Certain Financial Instruments with characteristics of both Liabilities and Equity*, became effective for us for the quarter ended September 30, 2003. SFAS 150 requires issuers to classify the following three types of freestanding financial instruments as liabilities: mandatorily redeemable financial instruments, obligations to repurchase the issuer's equity interests by transferring assets and certain obligations to issue a variable number of shares. The adoption of SFAS 150 did not have a material impact on our results of operations or financial condition.

*SOP 03-1.* In July 2003, the American Institute of Certified Public Accountants issued Statement of Position 03-1 ("SOP 03-1"), *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, which we adopted on January 1, 2004. This statement provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. We do not expect the adoption of SOP 03-1 to have a material impact on our results of operations or financial condition.

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## **Corporate Reorganization**

### **Our History**

Prior to the completion of this offering, our businesses were owned by GE, a global diversified technology and services company. In the 1980s and 1990s, GE pursued a strategy of developing and acquiring insurance businesses, targeting attractive segments that included the U.S. and international mortgage and life insurance markets.

We entered the U.S. mortgage insurance business in 1981 through a start-up in Cincinnati, Ohio. In 1983, we acquired a competitor, American Mortgage Insurance, located in Raleigh, North Carolina and moved our mortgage insurance headquarters there. In the late 1980s and early 1990s, we acquired several other U.S. mortgage insurers or their books of business. We also acquired mortgage insurance operations in Canada and Australia and launched a start-up business in Europe as part of our strategy to expand into international markets.

We entered the life insurance business in 1993 through our acquisition of GNA Corp., a leading provider of annuities through the bank distribution channel. From 1993 to 2000, we successfully completed the acquisition and integration of 13 key businesses, which significantly expanded the breadth of our product offerings and the scope of our distribution capabilities. We maintained a disciplined focus on effectively integrating the operations of each business we acquired.

In recent years, we have been reviewing our businesses, with the objective of focusing on segments where we have competitive advantage and the greatest potential for growth and returns on capital. We began to redeploy our capital in accordance with that strategy in 2002 and have exited certain product lines, distribution relationships and business units where we lacked long-term competitive advantage, could not deploy capital efficiently or could not achieve our targeted returns. In August 2003, we sold our Japanese life insurance operations and our domestic auto and homeowners' insurance businesses to American International Group, Inc. We also repriced certain products for higher risk-adjusted margins and lowered production targets for products that were not achieving our targeted returns on capital. At the same time, GE has been reviewing its long-term strategy and has actively sought to reduce its investment in insurance businesses and redeploy some of the capital required by those businesses to its other businesses. For example, in December 2003, GE sold substantially all of its financial guaranty insurance business to a consortium led by The PMI Group, Inc.

We have benefited from GE's commitment to operational execution, continuous process improvement, cost productivity, risk management, technology and development of managerial talent. We believe these skills and values provide us with a significant competitive advantage, and we intend to retain them as an integral part of our culture. We also believe our independence from GE will provide us with a number of benefits,

allowing us to:

- execute a strategy for our insurance business independent from GE's overall corporate strategy;
- obtain direct access to capital markets;
- use our stock for selective acquisitions; and
- align employee incentive plans more closely with the performance of our company.

### **Formation of Genworth Financial, Inc.**

We were incorporated in Delaware on October 23, 2003 in preparation for our corporate reorganization. We were incorporated solely for this purpose and have not engaged in any activities or formed any subsidiaries, except in preparation for our corporate reorganization and this offering.

Prior to the completion of this offering, we will acquire substantially all of the assets and liabilities of GEFAHI. GEFAHI is an indirect subsidiary of GE and a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. We also will acquire certain other insurance businesses currently owned by other GE subsidiaries but managed by members of the Genworth management team. These businesses include international mortgage insurance, European payment protection insurance, Viking Insurance Company, which is a Bermuda-based reinsurer primarily of leased equipment insurance and consumer credit insurance, and mortgage contract underwriting. All of our businesses will be transferred to us prior to the completion of this offering through stock transfers, except for the European payment protection business, which will be transferred to us initially through a

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combination of stock transfers and reinsurance arrangements. See "Arrangements Between GE and Our Company—European Payment Protection Insurance Business We Will Acquire from GE Affiliates."

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

- million shares of our Class B Common Stock. For a description of the terms of our common stock, see "Description of Capital Stock—Common Stock."
- \$600 million of our Equity Units. For a description of the terms of our Equity Units, see "Description of Equity Units." GEFAHI is offering the Equity Units for sale in a concurrent offering.
- \$100 million of our Series A Preferred Stock. For a description of the terms of our Series A Preferred Stock, see "Description of Capital Stock—Preferred Stock—Series A Preferred Stock." GEFAHI is offering shares of our Series A Preferred Stock for sale in a concurrent offering.
- \$2.4 billion Short-term Intercompany Note. For a description of the terms of this note, see "Description of Certain Indebtedness—Short-term Intercompany Note."
- \$550 million Contingent Note. For a description of the terms of this note, see "Description of Certain Indebtedness—Contingent Note."

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

Prior to the completion of this offering, GEFAHI will own 100% of our outstanding common stock, which will consist solely of Class B Common Stock. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE. As a result, all the shares of common stock offered in this offering consist of Class A Common Stock. Upon the completion of this offering, GE will beneficially own (through GEFAHI) approximately % of our outstanding common stock, if the underwriters' over-allotment option is not exercised, and %, if it is exercised in full. GE has informed us that, following completion of this offering, it intends, subject to market conditions, to divest its remaining interest in us as soon as practicable. GE has also informed us that, in any event, it expects to reduce its interest to below 50% within two years of the completion of this offering. GE currently expects to reduce its interest through one or more additional public offerings of our common stock after this offering, but it is not obligated to divest our shares in this

or any other manner.

Prior to the completion of this offering, we will enter into a number of arrangements with GE governing our separation from GE and a variety of transition and other matters, including our relationship with GE while GE remains a significant stockholder in our company. These arrangements include several significant reinsurance transactions with Union Fidelity Life Insurance Company, or UFLIC, a wholly-owned subsidiary of GEFAHI that will not be transferred to us. As part of these transactions, we will cede to UFLIC, effective as of January 1, 2004, policy obligations under our structured settlement contracts, which had reserves of \$12.0 billion, and our variable annuity contracts, which had general account reserves of \$2.8 billion and separate account reserves of \$7.9 billion. These contracts represent substantially all of our contracts that were in force as of December 31, 2003 for these products. In addition, effective as of January 1, 2004, we will cede to UFLIC policy obligations under a block of long-term care insurance policies that we reinsured from Travelers, which had reserves of \$1.5 billion. In the aggregate, these blocks of business do not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks to UFLIC. We are continuing new sales of structured settlement, variable annuity and long-term care insurance products, and we expect to achieve our targeted returns on these new sales. In addition, we will continue to service these blocks of business, which will preserve our operating scale and enable us to service and grow our new sales of these products. See "Arrangements Between GE and Our Company."

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## Business

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

We have the following three operating segments:

- **Protection.** We offer U.S. customers life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. In Europe, we offer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death. In 2003, we were the leading provider of individual long-term care insurance and the sixth-largest provider of term life insurance in the U.S., according to LIMRA International (in each case based upon gross written premiums). We believe we are a leading provider of term life insurance through brokerage general agencies in the U.S. and that this channel is the largest and fastest-growing distribution channel for term life insurance. Our leadership in long-term care insurance is based upon almost 30 years of product underwriting and claims experience. This experience has enabled us to build and benefit from what we believe is the largest actuarial database in the long-term care insurance industry. For the year ended December 31, 2003, our Protection segment had pro forma segment net earnings of \$481 million.
- **Retirement Income and Investments.** We offer U.S. customers fixed, variable and income annuities, variable life insurance, asset management, and specialized products, including guaranteed investment contracts, funding agreements and structured settlements. We are an established provider of these products and, in 2003, we were the leading provider of income annuities in the U.S., according to LIMRA International (based upon total premiums and deposits). For the year ended December 31, 2003, our Retirement Income and Investments segment had pro forma segment net earnings of \$93 million.
- **Mortgage Insurance.** In the U.S., Canada, Australia and Europe, we offer mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages. These products also aid financial institutions in managing their capital efficiently by reducing the capital required for low-down-payment mortgages. In 2003, according to *Inside Mortgage Finance*, we were the fourth-largest provider of mortgage insurance in the U.S. (based upon new insurance written), and we believe we are the largest provider of private mortgage insurance outside the U.S., with leading mortgage insurance operations in Canada, Australia and the U.K. and a growing presence in Continental Europe. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. For the year ended December 31, 2003, our Mortgage Insurance segment had pro forma segment net earnings of \$369 million.

We also have a Corporate and Other segment, which consists primarily of net realized investment gains (losses), interest and other financing expenses that are incurred at our holding company level, unallocated corporate income and expenses, and the results of several small, non-core businesses that are managed outside our operating segments. For the year ended December 31, 2003, our Corporate and Other segment had a pro forma segment net loss of \$9 million.

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We had \$11.1 billion of total stockholder's interest and \$98.1 billion of total assets as of December 31, 2003, on a pro forma basis. For the year ended December 31, 2003, on a pro forma basis, our revenues were \$9.8 billion and our net earnings from continuing operations were \$934 million. Upon the completion of this offering, we expect our principal life insurance companies to have financial strength ratings of "AA-" (Very Strong) from S&P, "Aa3" (Excellent) from Moody's and "A+" (Superior) from A.M. Best, and we expect our rated mortgage insurance companies to have financial strength ratings of "AA" (Very Strong) from S&P, "Aa2" (Excellent) from Moody's and "AA" (Very Strong) from Fitch. For an explanation of the financial strength ratings provided by these rating agencies, see the discussion under "Business—Financial Strength Ratings."

## Market Environment and Opportunities

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

- ***Aging U.S. population with growing retirement income needs.*** According to the U.S. Social Security Administration, from 1945 to 2001, U.S. life expectancy at birth increased from 62.9 years to 73.8 years for men and from 68.4 years to 79.4 years for women, respectively, and life expectancy is expected to increase further. In addition, increasing numbers of baby boomers are approaching retirement age. The U.S. Census Bureau projects that the percentage of the U.S. population aged 55 or older will increase from approximately 21% (61 million) in 2002 to more than 29% (95 million) in 2020. These increases in life expectancy and the average age of the U.S. population heighten the risk that individuals will outlive their retirement savings. In addition, approximately \$4.4 trillion of invested financial assets (25% of all U.S. invested financial assets) are held by people within 10 years of retirement and are expected to be converted to income as those people retire, according to a survey conducted by SRI Consulting Business Intelligence in 2002. We believe these trends will lead to growing demand for products, such as our annuities and other investment products, that help consumers accumulate assets and provide reliable retirement income.
- ***Growing lifestyle protection gap.*** The aging U.S. population and a number of other factors are creating a significant lifestyle protection gap for a growing number of individuals. This gap is the result of individuals not having sufficient financial resources, including insurance coverage, to ensure that their future assets and income will be adequate to support their desired future lifestyle. Other factors contributing to this gap include declining individual savings rates, rising healthcare and nursing home costs, and a shifting of the burden for funding protection needs from governments and employers to individuals. For example, many companies have reduced employer-paid benefits in recent years, and the Social Security Administration projected in 2003 that the annual costs of Social Security will exceed the program's tax revenue under current law in 2018, creating the potential for both long-term benefit reductions from these traditional sources and the need for individuals to identify alternative sources for these benefits. In addition, according to the U.S. Bureau of Economic Analysis, personal savings rates decreased from 10.9% in 1982 to 3.7% in 2002. Consumers are exposed to the rising costs of healthcare and nursing care during their retirement years, and some experts believe that many consumers are underinsured with respect to their protection needs. For example, according to the American Society on Aging and Conning Research & Consulting, approximately 70% of individuals in the U.S. aged 65 and older will require long-term care at some time in their lives, but in 2001, only 7% of individuals in the U.S. aged 55 and older had long-term care insurance. Moreover, the most recent Survey of Consumer Finances conducted by the Federal Reserve Board found that the median household's life insurance coverage decreased in recent years to 1.4 times household income, which we believe leaves a significant life insurance protection gap for individuals and

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families. We expect these trends to result in increased demand for our life, long-term care and small group life and health insurance products.

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

## Competitive Strengths

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

- ***Leading positions in diversified targeted markets.*** We have established leading positions in our targeted markets. In our Protection segment, we are a leading provider of several core products including term life insurance and individual long-term care

insurance in the U.S. and payment protection insurance in Europe. In our Retirement Income and Investments segment, we are the leading provider of income annuities. In our Mortgage Insurance segment, we have leading operations in the U.S., Canada, Australia, and the U.K. We believe our leading positions provide us with the scale necessary to compete effectively in these markets as they continue to grow. We also believe our strong presence in multiple markets provides balance to our business, reduces our exposure to adverse economic trends affecting any one market and provides stable cash flow to fund growth opportunities.

- ***Product innovation and smart breadth.*** We have a tradition of developing innovative financial products to serve the needs of our customers. For example, we were the first to introduce long-term care insurance plans that enable married couples to share long-term care insurance benefits. We also introduced the GE Retirement Answer®, a guaranteed income annuity product that mitigates a number of the risks that accompany traditional guaranteed minimum income benefits offered by many of our competitors. We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives. We refer to our approach to product diversity as "smart" breadth because we are selective in the products we offer and strive to maintain appropriate return and risk thresholds when we expand the scope of our product offerings. We believe our reputation for innovation and our smart breadth of products enable us to sustain strong relationships with our distributors. It also positions us to benefit from the current trend among distributors to reduce the number of insurers with whom they maintain relationships, while at the same time providing distributors continued access to a breadth of products.
- ***Extensive, multi-channel distribution network.*** We have extensive distribution reach and offer consumers access to our products through a broad network of financial intermediaries, independent producers and dedicated sales specialists. In addition, we maintain strong relationships with leading distributors by providing a high level of specialized and differentiated distribution support, such as product training, advanced marketing and sales solutions, financial product design for affluent customers and technology solutions that support the distributors' sales efforts, and by pursuing joint business improvement efforts. For example, in our mortgage

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insurance business, our AU Central® Internet platform provides lenders real-time access to multiple automated underwriting systems at the point of sale, helping them to originate loans more easily and efficiently. We also offer a joint business improvement program (originally developed by GE), called "At the Customer For the Customer," or ACFC, through which we help our independent sales intermediaries increase sales and realize greater cost and operational efficiencies in their businesses. We believe programs such as AU Central® and ACFC have been favorably received by our distributors and helped to differentiate us from our competitors.

- ***Technology-enhanced, scalable, low-cost operating platform.*** We have pursued an aggressive approach to cost-management and continuous process improvement. We employ an extensive array of cost management disciplines, including aggressive integration efforts, forming dedicated teams to identify opportunities for cost reductions and the continuous improvement of business processes. This has enabled us to reduce our recurring operating expenses and provide funds for new growth and technology investments. We also have developed sophisticated technological tools that enhance performance by automating key processes and reducing response times and process variations. These tools also make it easier for our customers and distributors to do business with us. For example, we recently introduced GENIUS®, a proprietary digital platform that automates our term life and long-term care insurance new business processing and improves the consistency and accuracy of our underwriting decisions. GENIUS® is designed to substantially shorten the cycle time from receipt-of-application to issuance-of-policy and significantly reduce our policy acquisition costs. In addition, we have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina, India and Ireland.
- ***Disciplined risk management with strong compliance practices.*** Risk management and regulatory compliance are critical parts of our business, and we are recognized in the insurance industry for our excellence in these areas. We employ comprehensive risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management and technology development programs. We have an experienced group of more than 130 professionals dedicated exclusively to our risk management processes. As part of GE, we have been able to develop and share best practices for risk management across GE's financial services businesses. These best practices include an in-force product review process, an early-warning system to identify emerging risks and leading-edge tools for investment risk assessment. We believe our disciplined risk management processes have enabled us to avoid a number of the pricing and product design pitfalls that have affected other participants in the insurance industry.

For example, we have not offered a traditional guaranteed minimum income benefit with our variable annuities as offered by many of our competitors because we concluded the exposures inherent in these benefits exceed our permissible risk tolerance. In our mortgage insurance business, we have substantially limited our exposure to the riskier portions of the bulk and sub-prime mortgage insurance market. We take a similar disciplined approach to legal and regulatory compliance and have approximately 200 professionals dedicated to these matters. Throughout our company we instill a strong commitment to integrity in business dealings and compliance with applicable laws and regulations. In recognition of this commitment, we have received the American Council of Life Insurers' Integrity First Award for compliance in both 2001 and 2002.

- ***Strong balance sheet and high-quality investment portfolio.*** We believe our size, ratings and capital strength provide us with a

significant competitive advantage. We have a diversified, high-quality investment portfolio with \$58.6 billion of investment securities, as of December 31, 2003, on a pro forma basis. More than 93% of our fixed maturities had ratings equivalent to investment-grade, and less than 1% of our total investment portfolio consisted of equity securities, as of December 31, 2003, on a pro forma basis. We also actively manage the relationship between our

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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 16 years of experience in the financial services industry. We have adopted GE's recognized practices for successfully developing managerial talent at all levels of our organization and have instilled a performance- and execution-oriented corporate culture that we will continue to foster as an independent company.

## Growth Strategies

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

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

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

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

*International mortgage insurance*, where we continue to see attractive growth opportunities with the expansion of homeownership and low-down-payment loans. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. Our international mortgage insurance operations had net earnings of \$144 million for the year ended December 31, 2003, or 39% of the total net earnings of our Mortgage Insurance segment.

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

*Product and service innovations*, as illustrated by new product introductions, such as the introduction in 2002 of our GE Retirement Answer® and our introduction of innovative private mortgage insurance products in the European market, which we believe have been well received by customers and have generated new distribution relationships for us. Our service innovations include programs such as our policyholder wellness initiatives in our long-term care insurance business and our AU Central® Internet platform in our mortgage insurance business.

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

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

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

*Rigorous product pricing and return discipline.* We intend to maintain strict product pricing disciplines that are designed to achieve our target returns on capital. Over the past two years, we introduced restructured pricing on newly issued policies in a number of product lines in each of our operating segments, which we believe will increase our expected returns on new business. In addition, we exited products that were not achieving our target returns. We expect our returns on capital to improve as the benefits of these actions emerge over time and as we continue our focus on maintaining target returns in the future.

*Capital efficiency enhancements.* We continually seek opportunities to use our capital more efficiently to support our business, while maintaining our ratings and strong capital position. For example, in 2003, we took actions to reduce the statutory capital required to support most of our new term and universal life insurance policies. We expect these actions will enhance the returns on equity on these blocks of business over time. In addition, we expect that the returns for our U.S. mortgage insurance business will increase as a result of our 2003 decision to reduce excess capital at our mortgage insurance subsidiaries by operating at an "AA/Aa2" rating level.

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

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

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

## Protection

Through our Protection segment, we offer life insurance, long-term care insurance, European payment protection insurance and employment-based group life and health insurance. The following table sets forth, on an actual and pro forma basis, selected financial information regarding our Protection segment as of the dates and for the periods indicated:

	Historical			Pro forma
	As of or for the years ended December 31,			As of or for the year ended December 31,
	2003	2002	2001	2003
<b>Revenues, net of reinsurance</b>				
Life insurance	\$ 1,444	\$ 1,432	\$ 1,511	\$ 1,444
Long-term care insurance	2,417	2,087	1,921	2,103
European payment protection insurance	1,615	1,372	1,303	1,615
Group life and health insurance	677	714	708	677
Total revenues, net of reinsurance	\$ 6,153	\$ 5,605	\$ 5,443	\$ 5,839

(Dollar amounts in millions)

**Segment net earnings**

Life insurance	\$	211	\$	252	\$	287	\$	211
Long-term care insurance		171		164		159		165
European payment protection insurance		64		82		58		64
Group life and health insurance		41		56		34		41
Total segment net earnings	\$	487	\$	554	\$	538	\$	481

**Assets**

Life insurance	\$	11,742	\$	10,710	\$	10,218	\$	11,742
Long-term care insurance		11,757		10,711		8,651		11,227
European payment protection insurance		4,074		3,866		4,108		4,074
Group life and health insurance		1,681		1,817		1,670		1,681
Total assets	\$	29,254	\$	27,104	\$	24,647	\$	28,724

**Life insurance****Overview**

Life insurance provides protection against financial hardship after the death of an insured by providing cash payments to the beneficiaries of the policyholder. According to the American Council of Life Insurers, sales of new life insurance coverage in the U.S. were \$2.9 trillion in 2002, and total life insurance coverage in the U.S. was \$16.3 trillion as of December 31, 2002. Excluding variable life insurance, the sales of which have been adversely affected by recent stock market volatility, annualized premiums for life insurance increased by an average of 9.1% per year from 1999 to 2002, according to LIMRA International.

Our principal life insurance product is term life, which provides life insurance coverage with guaranteed level premiums for a specified period of time with little or no buildup of cash value that is payable upon lapse of the coverage. We have been a leading provider of term life insurance for more than two decades, and, in 2003, we were the sixth-largest provider of term life insurance in the U.S., based upon gross written premiums, according to LIMRA International, and we believe we are a leading provider of term life insurance through brokerage general agencies in the U.S. In addition to

term life insurance, we offer universal life insurance products, which are designed to provide protection for the entire life of the insured and may include a buildup of cash value that can be used to meet the policyholder's particular financial needs during his lifetime. Our life insurance business also includes a closed block of whole life insurance that is in run-off. Whole life insurance offers the beneficiary benefits in the event of the insured's death for his entire life, provided premiums have been paid when due. Whole life insurance also allows for the buildup of cash value but has no investment feature.

We price our insurance policies based primarily upon our own historical experience in the risk categories that we target. Our pricing strategy is to target individuals in preferred risk categories and offer them attractive products at competitive prices. Preferred risks include healthier individuals who generally have family histories that do not present increased mortality risk. We also have significant expertise in evaluating people with health problems and offer appropriately priced coverage for people who meet our underwriting criteria. Our mortality experience generally has compared favorably to the assumptions we have used in pricing our products, and we believe this is indicative of the quality of our underwriting decision-making. In addition, the persistency of our policies also has compared favorably to our pricing assumptions.

We have been able to improve our returns on equity by implementing pricing, reinsurance and capital management actions in response to Regulation XXX, which requires insurers to establish additional statutory reserves for term and universal life insurance policies with long-term premium guarantees. Virtually all our newly issued term and universal life insurance business is now affected by Regulation XXX.

We offer our life insurance products primarily through an extensive network of independent brokerage general agencies located throughout the U.S. We also offer our life insurance products through affluent market producer groups, financial intermediaries and dedicated sales specialists. We believe there are opportunities to expand our sales through each of these distribution channels.

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

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
<b>Term life insurance</b>			
Revenues, net of reinsurance	\$ 747	\$ 720	\$ 753
Annualized first-year premiums	106	138	105
Future policy benefits/policy account balances, net of reinsurance	634	567	559
Life insurance in force, net of reinsurance (face amount)	223,124	189,545	201,903
<b>Universal and whole life insurance</b>			
Revenues, net of reinsurance	697	712	758
Annualized first-year premiums	57	64	41
Future policy benefits/policy account balances, net of reinsurance	4,509	4,439	4,393
Life insurance in force, net of reinsurance (face amount)	40,776	42,317	43,698
<b>Total life insurance(1)</b>			
Revenues, net of reinsurance	1,444	1,432	1,511
Annualized first-year premiums	163	202	146
Future policy benefits/policy account balances, net of reinsurance	5,143	5,006	4,952
Life insurance in force, net of reinsurance (face amount)	263,900	231,862	245,601

- (1) Excludes life insurance written through our group life and health insurance business, a corporate-owned life insurance run-off block managed by our long-term care insurance business and variable life insurance written through our Retirement Income and Investments segment.

## Products

### *Term life insurance*

Our term life insurance policies provide a death benefit if the insured dies while the coverage is in force. Term life policies lapse with little or no required payment by us at the end of the coverage period if the insured is still alive. We also offer policyholders the right to convert most of our term insurance policies to specified universal or variable universal life insurance policies issued by us. We seek to reduce the mortality risk associated with conversion by restricting its availability to certain ages and by limiting the period during which the conversion option can be exercised.

Our primary term life insurance products have guaranteed level premiums for initial terms of 5, 10, 15, 20 or 30 years. In addition, our 5-year products offer, at the end of the initial term, a second 5-year term of level premiums, which may or may not be guaranteed. After the guaranteed period expires, premiums increase annually and the policyholder has the option to continue under the current policy by paying the increased premiums without demonstrating insurability or qualifying for a new policy by submitting again to the underwriting process. Coverage continues until the insured reaches the policy expiration age or the policyholder ceases to make premium payments or otherwise terminates the policy, including potentially converting to a permanent plan of insurance. The termination of coverage is called a lapse. For newer policies, we seek to reduce lapses at the end of the guaranteed period by gradually grading premiums to the attained age scale of the insured over the five years following the guaranteed period. After this phase-in period, premiums continue to increase as the insured ages.

### *Universal life insurance*

Our universal life insurance policies provide policyholders with lifetime death benefit coverage, the ability to accumulate assets on a flexible, tax-deferred basis, and the option to access the cash value of the policy through a policy loan, partial withdrawal or full surrender. Our universal life products allow policyholders to adjust the timing and amount of premium payments. We credit premiums paid, less certain expenses, to the policyholder's account and from that account deduct regular expense charges and certain risk charges, known as cost of insurance, which generally increase from year to year as the insured ages. Our universal life insurance policies accumulate cash value that we pay to the insured when the policy lapses or is surrendered. Most of our universal life policies also include provisions for surrender charges for early termination and partial withdrawals. As of December 31, 2003, 65% of our in-force block of universal life insurance was subject to surrender charges. We also sell joint, second-to-die policies that are typically used for estate planning purposes. These policies insure two lives rather than one, with the policy proceeds paid after the death of both insured individuals.

We credit interest on policyholder account balances at a rate determined by us, but not less than a contractually guaranteed minimum. Our

in-force universal life insurance policies generally have minimum guaranteed crediting rates ranging from 4.0% to 6.0% for the life of the policy, with a majority of those products currently crediting rates between 4.0% and 5.5%. The most frequent minimum guaranteed crediting rate as of December 31, 2003 was 4%. With interest rates currently at or near historical lows, we are seeking regulatory authorization to reduce our minimum guaranteed crediting rates for new policies.

### ***Underwriting and pricing***

We believe that effective underwriting and pricing are significant drivers of the profitability of our life insurance business, and we have established rigorous underwriting and pricing practices to maximize our profitability. We retain a majority of the risk we underwrite, thereby minimizing the premiums ceded to reinsurers; however, we currently reinsure all risks in excess of \$1 million per life. Our

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retention limit does not exceed \$1 million per life, and the reinsured amount is generally based on the policy amount at the time of issue. We set pricing assumptions for expected claims, lapses, investment returns, expenses and customer demographics based on our own relevant experience and other factors. Our strategy is to price our products competitively for our target risk categories and not, necessarily, to be equally competitive in all categories.

Our current underwriting guidelines place each insurable life insurance applicant in one of eight primary risk categories, depending upon current health, medical history and other factors. Each of these eight categories has specific health criteria, including the applicant's history of using nicotine products. We consider each life insurance application individually and apply our guidelines to place each applicant in the appropriate risk category, regardless of face value or net amount at risk. We may decline an applicant's request for coverage if his health or lifestyle assessment is unacceptable to us. We do not delegate underwriting decisions to independent sales intermediaries or to our dedicated sales specialists. Instead, all underwriting decisions are made by our own underwriting personnel or by our automated underwriting system. We often share information with our reinsurers to gain their insights on potential mortality and underwriting risks and to benefit from their broad expertise. We use the information we obtain from the reinsurers to help us develop effective strategies to manage those risks.

We use independent laboratories to analyze blood and urine samples from applicants and to report their findings to us using standard laboratory techniques and metrics. For applicants of certain ages and for policies with higher face amounts, we collect and evaluate other medical information, such as EKGs and treadmill tests. We ask for comprehensive medical reports on an applicant when we believe existing medical risk factors make it appropriate to do so. We also actively monitor emerging medical technologies and diagnostic indicators, and we incorporate those in our underwriting process based on cost-effectiveness and market acceptance. We believe our monitoring and evaluation process facilitates more effective underwriting decisions and thereby improves our mortality performance.

A key part of our life insurance underwriting program is the streamlined, technology-enhanced process called GENIUS®, which automates new business processing for term life insurance. With this proprietary digital platform, our automated systems are capable of making up to 50% of our underwriting decisions. GENIUS® is designed to significantly shorten the cycle time from receipt-of-application to issuance-of-policy and to reduce our policy acquisition costs. GENIUS® also improves the consistency and accuracy of our underwriting decisions by reducing information and decision-making variation.

### **Long-term care insurance**

#### ***Overview***

We offer individual long-term care insurance products that provide protection against the high and escalating costs of long-term health care provided in the insured's home and in assisted living and nursing facilities. Insureds become eligible for benefits when they are incapable of performing certain activities of daily living or when they become cognitively impaired. In contrast to health insurance, long-term care insurance provides coverage for skilled and custodial care provided outside of a hospital. The typical claim covers a duration of care of 3 to 24 months.

We were the leading provider of individual long-term care insurance in 2003, according to LIMRA International, based upon number of policies sold and annualized first-year premiums. We established ourselves as a pioneer in long-term care insurance almost 30 years ago. Since that time, we have accumulated extensive pricing and claims experience, which we believe is the most comprehensive in the industry and has enabled us to build what we believe is the largest actuarial database in the industry. We believe our experience gives us a deep understanding of what is required for long term,

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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 long-term care insurance premiums for in-force policies in the U.S. increased from approximately \$2.4 billion in 1997 to \$6.0 billion in 2002, according to LIMRA International, representing a compound annual growth rate of 20.5%. We believe the long-term care insurance market will continue to expand over time as the result of aging demographics, increasing medical costs, the lack of alternate sources to cover these costs (such as Medicare) and increasing public awareness of the need for long-term care insurance. According to the American Society on Aging and Conning Research & Consulting, approximately 70% of individuals in the U.S. aged 65 and older will require long-term care at some time in their lives, but in 2001, only 7% of individuals in the U.S. aged 55 and older had long-term care insurance.

Given the relatively low penetration rate for long-term care insurance, we expect that sales of this product will increase with the growing public awareness of the discrepancy between long-term care costs and Medicare and other public benefits. As the leading provider of individual long-term care insurance, we have made significant investments to further the education and awareness of the benefits of long-term care insurance. Examples of these investments include the national sponsorship of the Alzheimer's Association annual Memory Walk, the creation of a national long-term care awareness day, and free access to our Center for Financial Learning website.

Our rigorous focus on risk management in long-term care insurance is a key part of our disciplined growth strategy and we believe it has differentiated us from our competitors. This focus includes strong pricing disciplines, intelligent product positioning, experienced-based underwriting, sound claims adjudication, disciplined asset-liability management and extensive in-force monitoring processes. Our critical product pricing assumptions such as lapse rates, investment yields, mortality and morbidity are based upon 30 years of experience. As part of our approach to product pricing we stress test all our morbidity and other pricing assumptions through stochastic modeling. Our products are positioned to be particularly attractive to certain segments of the population, based on age and marital status, where we see consistent, favorable claims experience. Our extensive pricing and claims experience and databases enable us to perform in depth analysis so that we can respond to emerging experience and execute product pricing strategies to achieve target returns. We have comprehensive underwriting processes including an experienced team of underwriters, the use of field underwriting procedures that leverage our 1,800 long term care sales specialists, and advanced analytics and technology to improve our risk assessment and operating efficiency. We believe we have one of the largest and most experienced claims organizations in the industry. Our claims adjudication process includes a pre-eligibility assessment by an experienced health professional to establish preliminary claims eligibility, followed by an on-site assessment and care coordination phase to validate eligibility and to design an appropriate plan of care. To mitigate exposure to interest rate risk, including interest rate risk on the investment of in-force premiums, we execute investment and hedging strategies designed to closely match the duration of assets and liabilities related to our long-term care policies. Finally, our in-force monitoring processes include on-going evaluations of product performance, external validation of risks and various simulation tests including stochastic modeling.

Throughout our history, we have consistently been a leader in product innovation. We were one of the first long-term care insurers to offer home care coverages and the first to offer shared plan coverage for married couples. We developed these innovations based upon our risk analytics and in response to policyholder needs and emerging claims experience. Our most recent innovations have included our policyholder wellness initiatives that are designed to improve the overall health of our policyholders. These initiatives provide valuable services to our policyholders, reduce claims expenses and differentiate us from our competitors.

We have a network of diversified sales channels for our long-term care insurance products and services, including a dedicated sales team of approximately 1,800 specialists that account for approximately 58% of our annualized first-year premiums. The balance of our new business comes from various other distribution relationships with financial intermediaries, independent producers and other affinity programs. More than 300 dedicated associates support these diversified distribution channels.

The following table sets forth, on an actual and pro forma basis, selected financial information regarding our long-term care insurance business, which includes long-term care insurance, Medicare supplement insurance, as well as several run-off blocks of accident and health insurance and corporate-owned life insurance, as of the dates and for the periods indicated:

	Historical			Pro forma
	As of or for the years ended December 31,			As of or for the year ended December 31,
	2003	2002	2001	2003
Net earned premiums	\$ 1,775	\$ 1,543	\$ 1,433	\$ 1,568
Annualized first-year premiums	240	257	255	240
Revenues, net of reinsurance	2,417	2,087	1,921	2,103
Reserves	8,907	7,606	6,473	8,926

(Dollar amounts in millions)

**Products**

Our principal product is individual long-term care insurance. Prior to the mid-1990s, we issued primarily indemnity policies, which provide for fixed daily amounts for long-term care benefits. Since the mid-1990s, we have offered primarily reimbursement policies, which provide for reimbursement of documented expenses for nursing home, assisted living facilities or home care expenses. As of December 31, 2003, our in-force policies consisted of approximately 84% reimbursement policies and 16% indemnity policies, measured on a pro forma premium-weighted basis. Reimbursement policies permit us to review individual claims expenses and, therefore, provide greater control over claims cost management than indemnity policies.

Our current long-term care insurance product offerings include a comprehensive coverage product that includes features such as no elimination period for home-care benefits, international coverage and a choice between monthly maximum expense limits and daily limits. We also offer a lower-priced alternative that allows customization of individual benefit plans, including an option that provides reimbursement for 50% of home-care benefits.

Our products provide customers with a choice of a maximum period of coverage from two years to ten years, as well as lifetime coverage. Our current products also provide customers with different choices for the maximum reimbursement limit for their policy, with \$100 to \$150 per day being the most common choices nationwide. Our new policies can be purchased with a benefit increase option that provides for increases in the maximum reimbursement limit at a fixed rate of 5% per year, which helps to mitigate customers' exposure to increasing long-term care costs. Many long-term care insurance policies sold in the industry have a feature referred to as an elimination period that is a minimum period of time that an insured must incur the direct cost of care before becoming eligible for policy benefits. Although many of our new policies have no elimination period for home care coverage, the majority of our new policies do have an elimination period for care provided in assisted living and nursing facilities. All of these product features allow customers to tailor their coverage to meet their specific requirements and allow us to price our products with better predictability regarding future claim costs.

We sell our long-term care insurance policies on a guaranteed renewable basis, which means that we are required to renew the policies each year as long as the premium is paid. The terms of all our long-term care insurance policies permit us to increase premiums during the premium-paying period if appropriate in light of our experience with a relevant group of policies, although historically it has been our practice not to do so. We may increase premiums on a group of policies in response to those policies' performance, subject to the receipt of regulatory approvals. However, we may not increase premiums due to changes in an individual's health status or age.

In addition to our individual long-term care insurance products, we also offer a group long-term care insurance program for GE employees in the U.S. This group program currently consists of approximately 40,000 long-term care insurance policies and accounted for approximately \$24 million of premiums for the year ended December 31, 2003.

We also offer Medicare supplement insurance that provides coverage for Medicare-qualified expenses that are not covered by Medicare because of applicable deductibles or maximum limits. Medicare supplement insurance often appeals to a similar sector of the population as long-term care insurance, and we believe we will be able to use our marketing and distribution strengths for long-term care insurance products to increase sales of Medicare supplement insurance.

The financial results of our long-term care insurance business also include the results of our Medicare supplement insurance product and several small run-off blocks of accident and health insurance products and corporate-owned life insurance. We believe that these blocks of business do not have a material effect on the results of our long-term care insurance business.

Prior to the completion of this offering, we will reinsure a block of our in-force long-term care insurance business with UFLIC, and we will assume a small in-force block of Medicare supplement insurance from UFLIC. See "Arrangements Between GE and Our Company—Reinsurance Transactions."

### *Underwriting and pricing*

We employ extensive medical underwriting policies and procedures to assess and quantify risks before we issue our long-term care insurance policies. For individual long-term care products, we use underwriting criteria that are similar to, but separate from, those we use in underwriting life insurance products. Depending upon an applicant's age and health status, we use a variety of underwriting information sources to determine morbidity risk, or the probability that an insured will be unable to perform activities of daily living or suffer cognitive impairment, and eligibility for insurance. The process entails a comprehensive application that requests health, prescription drug and lifestyle- and activity-related information. Higher-risk applicants are also required to participate in an assessment process by telephone or in person. A critical element of this assessment process is a cognitive exam to identify early cognitive impairments. In addition, an experienced long-term care insurance underwriter conducts a comprehensive review of the application, the results of the assessment process and, in many cases, complete medical records from the applicant's physicians.

To streamline the underwriting process and improve the accuracy and consistency of our underwriting decisions, we implemented the GENIUS® automated underwriting technology in our long-term care insurance business beginning in January 2003. We currently process approximately 25% of our long-term care insurance applications through GENIUS®, and we expect to introduce further enhancements in 2004 that will increase the use of GENIUS® in processing our long-term care insurance applications.

We believe we have one of the largest and most experienced long-term care insurance claims management operations in the industry. Our claims adjudication process includes, with respect to newer policies, a pre-claim assessment by an experienced health professional who establishes preliminary

claims eligibility, followed by an on-site assessment and care coordination phase to validate eligibility and to work with the customer in determining an appropriate plan of care. Continued claims eligibility is verified through an ongoing eligibility assessment for existing claimants. We will continue to make investments in new processes and technologies that will improve the efficiency and effectiveness of our long-term care insurance expense tracking and claims decision-making process.

The overall profitability of our long-term care insurance policies depends to a large extent on the degree to which our morbidity and mortality experience, lapse rates and investment yields match our pricing assumptions. We believe we have the largest actuarial database in the industry, derived from almost 30 years of experience in offering long-term care insurance products. This database has provided substantial claims experience and statistics regarding morbidity risk, which has helped us to develop a sophisticated pricing methodology tailored to segmented risk categories, depending upon marital status, medical history and other factors. We continually monitor trends and developments that may affect the risk, pricing and profitability of our long-term care insurance products and adjust our new product pricing and other terms as appropriate. We also work with a Medical Advisory Board, composed of independent experts from the medical and nursing care industries, that provides insights on emerging morbidity and medical trends, enabling us to be more proactive in our risk segmentation, pricing and product development strategies.

## **European payment protection insurance**

### *Overview*

We provide payment protection insurance to customers throughout Europe. Payment protection insurance helps consumers meet their payment obligations on outstanding financial commitments, such as mortgages, personal loans or credit cards, in the event of a misfortune such as illness, involuntary unemployment, temporary incapacity, permanent disability or death. We currently offer payment protection insurance in the U.K., where we have offered the product for more than 30 years, and in 12 other European markets, including Denmark, Finland, France, Germany, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden and Switzerland.

Finaccord, an industry research firm, estimates that, in 2002, gross written premiums for payment protection insurance with an involuntary unemployment, temporary incapacity, permanent disability or death element were approximately €25.7 billion in the U.K. and the six other European countries it reviewed. Between 1998 to 2002, Finaccord estimates that the average annual growth rates in these seven countries were approximately 10% for retail lending balances and 16.9% for mortgage loans. The U.K. is the largest and most mature market compared to the Republic of Ireland and countries in Continental Europe. Although recent growth rates and margins have varied throughout Continental Europe, they are generally significantly higher than in the U.K.

We distribute our payment protection products primarily through financial institutions, such as major European banks, which offer our insurance products in connection with underlying loans or other financial products they sell to their customers. Under these arrangements, the distributors typically take responsibility for branding and marketing the products, allowing us to take advantage of their distribution capabilities, while we take responsibility for pricing, underwriting and claims payment. As of December 31, 2003, we had arrangements with approximately 87 distributors, including 63 outside the U.K.

We continue to implement innovative methods for distributing our payment protection insurance products, including using web-based tools that provide our distributors with a cost-effective means of applying and selling our products in combination with a broad range of underlying financial products. We believe these innovative methods also will make it easier to establish arrangements with new distributors.

During the year ended December 31, 2003, we entered into 31 new arrangements with financial institutions in Continental Europe and the Republic of Ireland and one new arrangement in the U.K. As we enter into new arrangements and as existing arrangements become due for renewal, we are focused on maintaining a disciplined approach to growth, with an emphasis on arrangements that achieve our targeted returns on capital and increase our operating earnings.

### *Products*

Our principal product is payment protection insurance, which can support any loan, credit agreement or other financial commitment. Depending upon the type of financial product or commitment, our policies may cover all or a portion of the policyholder's obligation or may cover monthly payments for a fixed period of time. We are able to customize the circumstances under which benefits are paid from among the

range of events that can prevent policyholders from meeting their payment obligations. In the event of a policyholder's illness, involuntary unemployment or other temporary inability to work, we cover monthly payment obligations until the policyholder is able to return to work, usually subject to a maximum period of 24 months. In the event of a policyholder's death or permanent disability, we typically repay the entire covered obligation.

In addition to payment protection insurance, we offer related consumer protection products, primarily in the U.K., including:

- Personal accident insurance, which provides a lump-sum benefit in the event that the policyholder sustains a temporary or permanent disability or death as the result of an accident;
- Guaranteed asset protection, which, in the event of an automobile accident, covers any shortfall between the insured value of the vehicle and any outstanding balance under the related loan;
- Purchase protection, which covers losses in the event that products purchased with a credit or debit card are lost, damaged or stolen within a specified period after purchase; and
- Travel insurance, which provides benefits following certain events, such as trip cancellation, medical emergency or death, and the incurrence of legal expenses while traveling. We decided to discontinue this business as of January 1, 2004 because of unfavorable returns, although we will continue to write new consumer policies under our existing contracts with distributors until these contracts expire.

With the exception of our travel insurance arrangements, we will continue to evaluate opportunities to take advantage of our European operations and distribution infrastructure to offer these, and other consumer protection insurance products, more broadly throughout Europe.

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

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Gross written premiums	\$ 1,532	\$ 1,548	\$ 1,229
Net earned premiums	1,507	1,242	1,161
Total revenues, net of reinsurance	1,615	1,372	1,303
Losses and loss adjustment expenses	376	307	266
Reserves	2,425	2,342	1,949

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We work with our distributors to design and promote insurance products in ways that best complement their product strategies and risk profiles and to ensure that our products comply with all applicable consumer regulations. Through this close cooperation, we believe there are opportunities to increase the benefit of these arrangements by extending our payment protection insurance products across the full range of consumer finance products offered by our distributors. We are also working closely with our distributors to help them increase the percentage of their customers who purchase our protection insurance at the time they enter into a loan or financial commitment and reduce the percentage of customers who elect not to renew our policies upon expiration. Consumers generally pay premiums for our insurance to our distributors, who in turn forward these payments to us, typically net of commissions.

The following table sets forth gross written premiums for payment protection insurance and other related consumer protection products, based upon the residence of the consumer (not the location of the distributor) for each of the periods indicated:

	Historical		
	Years ended December 31,		
	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
<b>Gross written premiums by region</b>			
U.K. and Republic of Ireland	\$ 1,097	\$ 1,231	\$ 960

France	193	147	130
Nordic region(1)	136	104	76
Southern region(2)	76	43	47
Central region(3)	30	23	16
	<hr/>	<hr/>	<hr/>
Total gross written premiums	\$ 1,532	\$ 1,548	\$ 1,229
	<hr/>	<hr/>	<hr/>

- (1) Finland, Sweden, Norway and Denmark.
- (2) Portugal, Spain and Italy.
- (3) Germany, Switzerland and The Netherlands.

Our payment protection insurance business, in terms of gross written premiums, is concentrated with relatively few large distributors, and our top five distributors accounted for 64% of our gross written premiums during the year ended December 31, 2003, compared to 63% during the year ended December 31, 2002. Similarly, during the year ended December 31, 2003, the U.K. accounted for approximately 58% of our gross written premiums. Our top five U.K. distributors accounted for 52% of our total gross written premiums. For the years ended December 31, 2003 and 2002, GE Consumer Finance, the consumer finance division of GE, accounted for 19% and 15% of our European payment protection insurance gross written premiums, respectively. Prior to the completion of this offering, we will enter into a five-year agreement, subject to certain early termination provisions, that extends this relationship and provides us with the right to be the exclusive provider of payment protection insurance in Europe for GE's consumer finance operations in jurisdictions where we offer these products.

Consistent with our focus on disciplined growth and returns on capital, as we enter into new arrangements and review existing arrangements with distributors, we will seek to manage these arrangements and deploy capital where we believe we can achieve the highest returns while strengthening our client relationships. In some cases, particularly in the U.K., we have arrangements in place that account for significant revenue without a corresponding benefit to returns on capital. As these arrangements come up for renewal, we intend to reprice these arrangements more favorably, or if this is not possible for competitive or other reasons, in most cases we will not renew them. For

example, we did not renew arrangements with our largest distributor (as measured by gross written premiums), a large U.K. bank, which accounted for 25% of gross written premiums during the year ended December 31, 2003, when these arrangements expired at the end of 2003. Although we expect our revenue, over the next few years, to decline as existing policies from these less profitable arrangements begin to run off, we believe this will not have a material impact on our operating earnings and will have a favorable effect on our returns as capital is released and redeployed into markets with potential for higher growth and returns.

We are continuing to diversify and expand our base of distributors. We are also exploring growth opportunities in Central and Eastern Europe, which we believe will be increasingly receptive to payment protection insurance as consumer lending further develops in those markets. In addition, we believe the accession of additional countries to the European Union will facilitate our entry into those markets.

### ***Underwriting and pricing***

We have more than 30 years of experience in underwriting payment protection insurance. Consistent with market practices, our payment protection insurance currently is underwritten and priced on a program basis, by type of product and by distributor, rather than on the basis of the characteristics of the individual policyholder. In setting prices, we take into account the underlying obligation, the particular product features and the average customer profile of the distributor (including data such as customer age, gender and occupation). We also consider morbidity and mortality rates, lapse rates and investment yields in pricing our products. We believe our experience in underwriting allows us to provide competitive pricing to distributors and generate targeted returns and profits for our business.

### **Group life and health insurance**

#### ***Overview***

We offer a full range of employment-based benefit products and services to employers with fewer than 1,000 employees, as well as select groups within larger companies that require highly customized benefit plans. Our group life and health insurance offering includes group non-medical insurance products, such as dental, vision, life and disability insurance; group medical insurance products, such as stop loss insurance and fully insured medical; and individual voluntary products. We use an independent network of approximately 5,000 licensed group life and health insurance brokers and agents, supported by our nationwide sales force of approximately 100 employees, to distribute our group life and health insurance products. Individual voluntary products are sold through employers and other worksite-based groups using a network of independent insurance producers. As of December 31, 2003, we provided employment-based benefit products and services to more than 29,000

organizations, including approximately 2.2 million plan participants.

Many of the employers in our target market do not have large human resource departments with individuals devoted to benefit design, administration and budgeting. As a result, we work closely with independent group benefit brokers and the end customer or employer to design benefit plans to meet the employer's particular requirements. Our customers are small and mid-size employers that require knowledgeable independent group benefit brokers and insurance company representatives to understand their individual financial needs and employee profiles and to structure benefit plans that are appropriate for their particular size, geographical markets and resources. We believe our extensive experience and expertise in group life and health insurance products provide us with opportunities to foster close broker relationships and to assist employers in designing benefit plans, as well as selling traditional insurance products.

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

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
<b>Net earned premiums</b>			
Group non-medical insurance	\$ 393	\$ 402	\$ 440
Group medical insurance	179	178	136
Individual voluntary products	36	38	34
Total net earned premiums	<u>\$ 608</u>	<u>\$ 618</u>	<u>\$ 610</u>
<b>Revenues, net of reinsurance</b>			
Group non-medical insurance	\$ 428	\$ 448	\$ 491
Group medical insurance	210	224	179
Individual voluntary products	39	42	38
Total revenues, net of reinsurance	<u>\$ 677</u>	<u>\$ 714</u>	<u>\$ 708</u>
<b>Reserves</b>			
Group non-medical insurance	\$ 1,034	\$ 1,036	\$ 1,021
Group medical insurance	62	72	64
Individual voluntary products	40	39	38
Total reserves	<u>\$ 1,136</u>	<u>\$ 1,147</u>	<u>\$ 1,123</u>
<b>Coverages(1)</b>			
Group non-medical insurance	40,802	41,234	40,689
Group medical insurance	1,517	1,823	1,745
Individual voluntary products	3,446	3,320	3,531

(1) "Coverages" refers to covered groups within a line of coverage. A "covered group" consists of all the employees of a covered company or a select group of employees within a company. A covered group with multiple lines of coverage is counted separately for each line of coverage.

**Products**

We offer a full range of employee benefits products for the group, group voluntary and individual voluntary markets. We sell group benefits exclusively to employers, which pay all or most of the applicable premiums. We sell group voluntary and individual voluntary benefits through

employees, who generally pay all or most of the premiums through payroll deductions. Coverage in both group and group voluntary benefits generally ceases upon the termination of employment, whereas coverage in individual voluntary benefits continues after the termination of employment. Voluntary benefit products enable an employer to expand its available employee benefits without adding to the company's costs. As a result, these programs allow employees to select benefit packages to meet their individual and family needs and budgets, generally at lower premiums than they would pay for comparable benefit packages assembled independently. Employers help to administer group and group voluntary benefits, and we administer individual voluntary benefits with little involvement from employers.

#### *Group non-medical insurance*

Our group non-medical insurance consists of dental and vision, life and disability insurance products.

*Dental and vision insurance.* Our group dental coverage provides benefits to insured employees and their eligible dependents for specified dental services. We also offer dental managed-care plans, which provide differentiated benefit levels depending upon whether the dental provider is a member of a nationwide network. Vision coverage generally is offered as a supplement to dental coverage.

*Life insurance.* Our group term life insurance product provides benefits in the event of an insured employee's death. The death benefit can be based upon an individual's earnings or occupation, or can be fixed at a set dollar amount. Our products also include optional accidental death and dismemberment coverage as a supplement to our term life insurance policies. This coverage provides benefits for an insured employee's loss of life, limb or sight as a result of accidental death or injury.

*Disability insurance.* Our group long-term disability coverage is designed to cover the risk of employee loss of income during prolonged periods of disability. Our group short-term disability coverage provides partial replacement of an insured employee's weekly earnings in the event of disability resulting from an injury or illness. Benefits can be a set dollar amount or based upon a percentage of earnings.

#### *Group medical insurance*

Our group medical insurance consists of stop loss insurance and fully insured medical.

*Stop loss insurance.* Our stop loss insurance coverage is written for employers that self-insure their employee medical benefits and covers the risk of higher-than-expected claims experience. Our coverage provides reimbursement for claims in excess of a predetermined level.

We recently launched GE Health Manager™, which is an integrated self-funded medical benefits program that provides employers with stop-loss reinsurance coverage coupled with administrative services. GE Health Manager™ provides simplified on-line administration and effective claims management to employers in our target market. This integrated product provides us with the ability to analyze claims expenses and frequencies and suggest alternative premium structures and customized services to reduce employers' benefits costs.

*Fully insured medical.* Our group medical coverage provides benefits for insured employees and their dependents for hospital, surgical and ancillary medical expenses. We offer several types of plans with a wide range of plan features, such as indemnity plans, which contain deductibles and co-insurance payments, and preferred provider organization plans, or PPO plans, which reduce deductibles and co-insurance payments for medical services provided by members of a preferred provider network of healthcare providers.

We have purchased excess-of-loss reinsurance coverage to limit our exposure to losses from our group medical insurance policies. This reinsurance covers losses in excess of specified amounts arising from individual claims, as well as aggregate claims from a single group.

#### *Individual voluntary products*

We offer individual voluntary life and health insurance and annuity contracts through worksite marketing programs in which our representatives visit employer premises and make presentations to employees. Our individual health coverage consists primarily of short-term disability benefits with benefit periods generally ranging from nine months to two years. Although the policies are sold in connection with a benefit package offered to company employees, each policyholder receives an individual policy, and coverage can continue after termination of employment if the policyholder continues to make premium payments.

#### *Underwriting and pricing*

Group insurance pricing is different from individual product pricing in that it reflects the group's claims experience, when appropriate. The risk characteristics of each group are reviewed at the time the policy is issued and each year thereafter, resulting in ongoing adjustments to the group's pricing. The key rating and underwriting criteria are the group's demographic composition, including the age, gender and family composition of the group's members, the industry of the group, geographic location, regional economic trends, plan design and the group's prior claims experience.

We have a data warehouse that is integrated with all our claims processing systems. The data warehouse contains at least seven years of experience for each product that helps us predict future experience by modeling the impact of changes in current rates against historic claims. Our automated underwriting quotation and renewal systems efficiently process low-risk cases and identify high-risk cases for further underwriter review. We also have developed proprietary automated underwriting techniques that enhance the speed and accuracy of, and reduce variations in, our underwriting decision-making.

## **Competition**

We face significant competition in all our Protection segment operations. Our competitors include other large and highly rated insurance carriers. Some of these competitors have greater resources than we do, and many of them offer similar products and use similar distribution channels. We also face competition in our life, long-term care and group insurance product lines for independent sales intermediaries and our dedicated sales specialists. This competition is based primarily upon product pricing and features, compensation and benefits structure and support services offered. We continuously provide technology upgrades and enhanced training, and we seek to improve service for our independent sales intermediaries and dedicated sales specialists.

In our European payment protection insurance business, we are one of the few payment protection insurance providers with operations across Europe. Our competitors are divided into two broad groups: the large pan-European payment protection providers and local competitors, consisting principally of smaller national insurance companies. We also compete with captive insurers, particularly in the U.K., as our distributors increasingly consider the benefits of providing payment protection insurance directly to their customers.

## **Retirement Income and Investments**

### **Overview**

Through our Retirement Income and Investments segment, we offer fixed deferred, fixed immediate, and variable deferred annuities. We offer these products to a broad range of consumers, generally aged 45 and older, who want to accumulate tax-deferred assets for retirement, desire a tax-efficient source of income during their retirement, and seek to protect against outliving their assets during retirement. According to LIMRA International, sales of individual annuities were \$220 billion in 2002, the last year for which industry data regarding aggregate sales of individual annuities is available, compared to \$185 billion in 2001. For the year ended December 31, 2003, based upon total premiums and deposits, we were the largest provider of income annuities in the U.S., according to LIMRA International.

We offer fixed and variable deferred annuities, in which assets accumulate until the contract is surrendered, the contractholder dies or the contractholder begins receiving benefits under an annuity payout option, as well as retirement or fixed immediate annuities, in which payments begin within one year of issue and continue for a fixed period or for life. We believe our wide range of fixed annuity products has provided a stable source of asset growth during volatile equity and bond markets in recent years, and our variable annuity offerings continue to appeal to contractholders who wish to participate in returns linked to equity and bond markets. We also offer variable life insurance through our Retirement Income and Investments segment because this product provides investment features that are similar to our variable annuity products.

In addition to our annuity and variable life insurance products, we also offer a number of specialty products, including guaranteed investment contracts, or GICs, funding agreements and structured settlements. We sell GICs to ERISA-qualified plans, such as 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 2003, according to LIMRA International, we were the fifth-largest provider of structured settlement products, based upon total premiums and deposits, though we intend to offer them on a selective basis in the future. In addition, we offer private asset management services for affluent individual investors.

We structure our annuity products through a rigorous pricing and underwriting process designed to achieve targeted returns based upon each product's risk profile and our expected rate of investment returns. We compete for sales of annuities through competitive pricing policies and innovative product design. For example, we recently introduced the GE Retirement Answer®, or GERA™, which is an annuity product that guarantees a minimum income stream to the contractholder at the end of an accumulation period, but avoids a number of the risks to the insurer that generally accompany traditional products with guaranteed minimum income benefits. We also expect to continue to differentiate ourselves through other innovative products, and we are developing a suite of additional retirement income products for launch in 2004.

We offer our annuities and other investment products primarily through financial institutions and specialized brokers, as well as

The following table sets forth selected financial information regarding our Retirement Income and Investments segment as of the dates and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
<b>Spread-Based Products</b>			
<b>Fixed annuities</b>			
Account value net of reinsurance, beginning of period	\$ 13,630	\$ 11,860	\$ 10,644
Deposits	1,069	2,663	2,434
Interest credited	603	590	545
Surrenders and benefits	(1,125)	(1,473)	(1,752)
Product charges	(11)	(10)	(11)
Account value net of reinsurance, end of period	\$ 14,166	\$ 13,630	\$ 11,860
<b>Income annuities</b>			
Account value net of reinsurance, beginning of period	\$ 4,673	\$ 4,002	\$ 3,456
Premiums and deposits	835	1,096	895
Interest credited	292	277	253
Surrenders and benefits	(768)	(679)	(580)
Product charges	(24)	(23)	(22)
Account value net of reinsurance, end of period	\$ 5,008	\$ 4,673	\$ 4,002
<b>GICs and funding agreements</b>			
Account value, beginning of period	\$ 10,274	\$ 8,693	\$ 5,800
Premiums and deposits	3,702	3,862	4,228
Interest credited	296	230	315
Surrenders and benefits	(4,745)	(2,511)	(1,650)
Account value, end of period	\$ 9,527	\$ 10,274	\$ 8,693
<b>Structured settlements(1)</b>			
Account value, beginning of period	\$ 11,544	\$ 11,098	\$ 10,279
Premiums and deposits	581	516	856
Interest credited	827	797	770
Surrenders and benefits	(912)	(847)	(778)
Product charges	(23)	(20)	(29)
Account value, end of period	\$ 12,017	\$ 11,544	\$ 11,098

(Dollar amounts in millions)

Total annualized first-year premiums from spread-based products(2)	\$	1,049	\$	988	\$	1,023
Total deposits on spread-based products(3)		4,830		6,963		7,249
Total net earnings of spread-based products		148		166		207

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	<b>Historical</b>					
	<b>As of or for the years ended December 31,</b>					
	<b>2003</b>	<b>2002</b>	<b>2001</b>			
<b>(Dollar amounts in millions)</b>						
<b>Fee-Based Products</b>						
<b>Variable annuities(1)</b>						
Account value, beginning of period	\$	9,048	\$	10,168	\$	10,700
Deposits		2,102		1,667		2,309
Interest credited and investment performance		1,277		(1,091)		(1,530)
Surrenders and benefits		(1,404)		(1,571)		(1,172)
Product charges		(119)		(125)		(139)
Account value, end of period	\$	10,904	\$	9,048	\$	10,168
<b>Variable life insurance</b>						
Premiums and deposits	\$	45	\$	47	\$	53
Future policy benefits/policy account balances, net of reinsurance		12		8		3
Separate account liability		269		220		255
Life insurance in force		3,630		3,628		3,476
<b>Asset management</b>						
Revenues		32		40		—
Deposits(4)		760		650		—
Assets under management		2,395		1,762		1,836
Total net earnings of fee-based products		3		20		8
<b>Total Retirement Income and Investments</b>						
Total revenues		3,781		3,756		3,721
Total assets		55,614		53,624		50,512
Total account value net of reinsurance, end of period		51,903		49,397		46,079
Total segment net earnings		151		186		215

- (1) Prior to the completion of this offering, we will cede to UFLIC, effective as of January 1, 2004, all of our in-force structured settlement contracts and substantially all of our in-force variable annuity contracts.
- (2) Represents annualized first-year premiums earned on spread-based income annuities and structured settlements with life contingencies.
- (3) Represents deposits received on spread-based non-life-contingent products.
- (4) 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.

## Products

### ***Fixed annuities***

We offer fixed single premium deferred annuities, or SPDAs, which provide for a single premium payment at time of issue, an accumulation period and an annuity payout period at some future date. We also offer fixed annuities that permit additional deposits to be made into the contract after the time of issue. During the accumulation period, we credit the account value of the annuity with interest earned at an interest rate, called the crediting rate. The crediting rate is guaranteed initially for a period of one to seven years, at the contractholders' option, and thereafter is subject to change based upon competitive factors, prevailing market rates and product profitability. Each contract also has a minimum guaranteed crediting rate. Our fixed annuity contracts are funded by our general account, and the accrual of interest during the accumulation period is generally on a tax-deferred basis to the owner. The majority of our fixed annuity contractholders retain their contracts for 5 to 10 years. After the period specified in the annuity contract, the contractholder may elect to take the proceeds of the annuity as a single payment or over time.

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Our fixed annuity contracts permit the contractholder at any time during the accumulation period to withdraw all or part of the single premium paid, plus the amount credited to his account, subject to contract provisions such as surrender charges that vary depending upon the terms of the product. The contracts impose surrender charges that typically vary from 5.0% to 8.0% of the account value, starting in the year of deposit and decreasing to zero over a 5- to 9-year period. The contractholder also may withdraw annually up to 10% of the account value without penalty. Approximately \$10.4 billion, or 73.8% of the total account value of our fixed annuities as of December 31, 2003, were subject to surrender charges.

At least once each month, we set an interest crediting rate for newly issued fixed SPDAs and additional deposits. We maintain the initial crediting rate for a minimum period of one year or the guarantee period, whichever is longer. Thereafter, we may adjust the crediting rate no more frequently than once per year for any given deposit. Our in-force fixed annuity products generally have minimum guaranteed crediting rates ranging from 3.0% to 5.5% for the life of the contract, and currently we are crediting rates between 3.0% and 4.0% on a majority of those products. The most frequent minimum guaranteed crediting rate as of December 31, 2003 was 3.0%. We are in the process of filing new products with lower minimum guaranteed crediting rates and, as of December 31, 2003, we have received regulatory approval from 45 states. Minimum guaranteed rates will not change for our in-force contracts.

Our earnings from fixed annuities are based upon the spread between the crediting rate on our fixed annuity contracts and the returns we earn on our investment of premiums in our general account.

### ***Income annuities***

We offer income annuities, also known in the industry as single premium immediate annuities, or SPIAs, which provide for a single premium at the time of issue and guarantee a series of payments beginning within one year of the issue date and continuing over a period of years.

Our income annuities differ from deferred annuities in that they provide for contractually guaranteed payments that begin within one year of issue. Income annuities are not subject to surrender or borrowing by the contractholder, and therefore they provide us with the opportunity to match closely the underlying investment of the deposit received to the cash benefits to be paid under a policy and provide for an anticipated margin for expenses and profit, subject to credit, reinvestment and, in some cases, mortality risk.

The two most common types of income annuities are the life-contingent annuity, which makes payments for the life of a contractholder, and the joint and survivor annuity, which continues to make payments to a second contractholder, such as a spouse, after the death of the contractholder. We also offer period certain annuities, which make payments for a minimum period from 5 to 20 years even if the contractholder dies within the term certain period. Income annuities typically are sold to contractholders approaching retirement. We anticipate higher sales of income annuities with the demographic shift toward more people reaching retirement age and focusing on their need for dependable retirement income.

### ***Variable annuities***

We offer variable annuities that allow the contractholder to make payments into separate investment accounts, as determined by the contractholder. Like a deferred fixed annuity, a deferred variable annuity has an accumulation period and a payout period. The main difference between our fixed annuity products and our variable annuity products is that the variable annuities allow the contractholder to allocate all or a portion of his account value to separate accounts that invest in investment accounts that are distinct from our general account and track the performance of selected mutual funds, including offerings from Fidelity, AIM and GE. There is no guaranteed minimum rate of return in these subaccounts, and the contractholder bears the entire risk associated with the

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performance of these subaccounts. Some of our variable annuities also permit the contractholder to allocate all or a portion of his account value to our general account, in which case we credit interest at specified rates, subject to certain guaranteed minimums, which are comparable to the minimum rates in effect for our fixed annuities.

Similar to our fixed annuities, our variable annuity contracts permit the contractholder to withdraw all or part of the premiums paid, plus the amount credited to his account, subject to contract terms such as surrender charges. The cash surrender value of a variable annuity contract depends upon the value of the assets that have been allocated to the contract, how long those assets have been in the contract and the investment performance of the mutual funds to which the contractholder has allocated assets.

Variable annuities provide us with fee-based revenue in the form of expense charges and, in some cases, mortality charges. These fees equal a percentage of the contractholder's assets in the separate account and typically range from 1.25% to 1.70% per annum. We also receive fees charged on assets allocated to our separate account to cover administrative costs, as well as a portion of the management fees from the mutual funds in which assets are invested.

We also offer variable annuities with fixed account options and with bonus features. Variable annuities with fixed account options enable the contractholder to allocate a portion of his account value to the fixed account, which pays a fixed interest crediting rate. The portion of the account value allocated to the fixed account option represents general account liability for us and functions similarly to a traditional fixed annuity, whereas for the portion allocated to the separate account, the contractholder bears the investment risk. Our variable annuities with bonus features entitle the contractholder to an additional increase to his account value upon making a deposit. However, variable annuities with bonus features are subject to different surrender charge schedules and expense charges than variable annuities without the bonus feature.

We provide our variable annuity contractholders with the option to purchase, as a separate rider, a guaranteed minimum death benefit, or GMDB, which provides the contractholder's survivors a minimum account value upon the contractholder's death. As of December 31, 2003, the account value of our variable annuities with GMDBs was approximately \$10.5 billion, with related death benefit exposure of approximately \$1.6 billion. We have reinsured approximately 62% of the account value and 86% of this in-force exposure. Assuming every contractholder died on December 31, 2003, as of that date, contracts with GMDB features not covered by reinsurance had an account value of \$3.9 billion and a related death benefit exposure of \$234 million net amount at risk. In addition to reinsurance, we establish reserves equal to the accumulated value of the charges for the benefit less any actual death benefit claims. In recent years, because of adverse claims experience and other factors, reinsurers began to withdraw from this market. Consequently, in June 2003, we stopped reinsuring all of our newly issued variable annuity contracts with GMDB features. In May 2003, we raised prices of, and reduced certain benefits under, our newly issued GMDBs. We continue to evaluate our pricing of GMDB features and intend to seek regulatory approval for additional price increases when appropriate.

We continually review potential new variable annuity products and pursue only those where we believe we can achieve targeted returns in light of the risks involved. For example, unlike several of our competitors, we have not offered variable annuity products with traditional guaranteed minimum income benefits, or GMIBs, or with guaranteed minimum accumulation benefits, or GMABs. Traditional GMIB products guarantee a specified minimum appreciation rate for a defined period of time after annuity payments commence. GMAB products guarantee a customer's account value will be no less than the original investment at the end of a specified accumulation period, plus a specified interest rate.

Although we do not offer traditional GMIBs or GMABs, we have been able to capitalize on the demand for products with guarantees with our GERA™ product, which we launched in April 2002. GERA™ is a variable deferred annuity that has a minimum 10-year scheduled deposit period for

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customers who desire guaranteed minimum income streams at the end of an accumulation period. If a contractholder makes the required scheduled deposits, he is guaranteed a minimum income stream at the end of the accumulation period. The income stream may exceed the guaranteed minimum based upon the performance of the separate accounts underlying the product. As of December 31, 2003, we had \$139 million of lump-sum deposits and collected scheduled periodic deposits for this product. Based on key product design features, some of which have patents pending, we believe GERA™ allows us to provide our customers a guaranteed income annuity product that mitigates a number of the risks that accompany traditional guaranteed minimum income benefits offered by many of our competitors.

Prior to the completion of this offering, we will reinsure our in-force variable annuities business, excluding the GERA™ product and a small block of contracts in run-off, with UFLIC. See "Arrangements Between GE and Our Company—Reinsurance Transactions."

### *Variable life insurance*

We offer variable life insurance products that provide insurance coverage through a policy that gives the policyholder flexibility in investment choices and, in some products, in premium payments and coverage amounts. Our variable life products enable the policyholder to allocate all or a portion of his premiums to separate accounts that invest in investment accounts that are distinct from our general account and track the performance of selected mutual funds, including funds from Fidelity, AIM and GE. There is no guaranteed minimum rate of return in these subaccounts, and the policyholder bears the entire risk associated with the performance of these subaccounts. Some of our variable life insurance products also permit the policyholder to allocate all or a portion of his account value to our general account, in which case we credit interest at specified rates, subject to certain guaranteed minimums, which are comparable to the minimum rates in effect for our fixed annuities.

Similar to our variable annuity products, we collect specified mortality and expense charges, fees charged on assets allocated to the separate account to cover administrative services and costs, and a portion of the management fees from the various underlying mutual funds in which the assets are invested. We collect cost of insurance charges on our variable life insurance products to compensate us for the mortality risk of the guaranteed death benefit, particularly in the early years of the policy when the death benefit is significantly higher than the value of the policyholder's account.

### ***Asset management***

We offer asset management services to affluent individual investors. Most of our clients for these services have accumulated significant retirement capital, and our principal asset management strategy is to help protect their retirement assets while taking advantage of opportunities for capital appreciation. Our asset management clients are referred to us through their financial advisers. We work with these financial advisers to develop portfolios consisting of individual securities, mutual funds and variable annuities designed to meet each client's particular investment objectives. Our products consist of separately managed accounts, managed mutual funds accounts, and managed variable annuity services. For each of these products, we receive a management fee based upon the amount of assets under management.

A separately managed account is an individually managed client account in which multiple institutional money managers purchase a diversified portfolio of individual stocks on a client's behalf, in accordance with the client's defined needs and objectives. Our clients directly own the stocks in their individual portfolios, and we continuously monitor and evaluate each money manager and the investment performance in each portfolio. We also offer clients access to managed accounts investing in a variety of mutual funds, including funds offered by GE. By working in cooperation with our clients' financial advisers, we seek to achieve each client's investment objectives by selecting the optimal mutual funds.

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Our asset management services generally require minimum investments of \$50,000. We currently manage more than \$2 billion for more than 15,000 accounts worldwide.

Prior to the completion of this offering, we offered a broad range of institutional asset management services to third parties. GEAM provided the portfolio management services for this business, and we provided marketing, sales and support services. We will not acquire the institutional asset management services business from GEFAHI, but we will continue to provide services to GEAM and GEFAHI related to this asset management business, including client introduction services, client retention services and compliance support. GEFAHI will pay us a fee of up to \$10 million per year for four years to provide these services. The fee will be determined based upon the level of historical sales and third-party assets under management by GEAM over the four-year term.

### ***Guaranteed investment contracts and funding agreements***

We offer guaranteed investment contracts, or GICs, and funding agreements, which are deposit-type products that pay a guaranteed return to the contractholder on specified dates. GICs are purchased by ERISA-qualified plans, including 401(k) plans. Funding agreements are purchased by institutional accredited investors for various kinds of funds and accounts that are not ERISA-qualified. Purchasers of funding agreements include money market funds, bank common trust funds and other corporate and trust accounts and private investors in the U.S. and other countries.

Substantially all our GICs allow for the payment of benefits at contract value to ERISA plan participants prior to contract maturity in the event of death, disability, retirement or change in investment election. We carefully underwrite these risks before issuing a GIC to a plan and historically have been able to effectively manage our exposure to these benefit payments. Our GICs typically credit interest at a fixed interest rate and have a fixed-maturity generally ranging from two to six years. Contractholders may terminate our GICs upon 90 days' notice, but subject to an adjustment to the contract value for changes in the level of interest rates from the time the GIC was issued.

Our funding agreements generally credit interest on deposits at a floating rate tied to an external market index. To hedge our exposure to fluctuations in interest rates, we invest the proceeds backing floating-rate funding agreements in floating-rate assets. Some of our funding agreements are purchased by money market funds, bank common trust funds and other short-term investors. These funding agreements typically are renewed annually, and generally contain "put" provisions, through which the contractholder has an option to terminate the funding agreement for any reason after giving notice within the contract's specified notice period, which is generally 90 days but can be less than 30 days. GE Capital has agreed to guarantee our obligations under these funding agreements that were issued prior to November 18, 2003 and certain renewals with a final maturity on or before June 30, 2005. As of December 31, 2003, the aggregate amount outstanding of these funding agreements was approximately \$2.9 billion, of which those with put option notice periods of 30 days or less was \$450 million. We issue the remainder of our funding agreements to trust accounts to back medium-term notes purchased by investors. These funding agreements contain no early termination provisions and typically are issued for terms of one to seven years. As of December 31, 2003, the aggregate amount of these type of funding agreements was \$3.0 billion.

In addition to the GICs that we offer, prior to the completion of this offering, we also will enter into three agreements with affiliates of GE to manage a pool of municipal guaranteed investment contracts issued by those affiliates. Pursuant to these agreements, we will originate GIC liabilities and advise the GE affiliates regarding the investment, administration and management of their assets that support those liabilities.

Under two of those agreements, we will receive an administration fee of 0.165% per annum of the maximum program size for those GE affiliates, which was an aggregate of \$15.0 billion as of December 31, 2003. The agreements also provide for termination fees in the event of early termination at the option of either affiliate. Under a third agreement with another affiliate, we will receive a management fee of 0.10% per annum of the book value of the investment contracts or

similar securities issued by this affiliate, which was \$3.04 billion as of December 31, 2003. 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. In addition, we will receive reimbursement of our operating expenses under each agreement. See "Arrangements Between GE and Our Company—Relationship with GE—Liability and Portfolio Management Agreements."

### ***Structured settlements***

Structured settlement contracts provide an alternative to a lump-sum settlement, generally in a personal injury lawsuit, and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant. The structured settlements provide scheduled payments over a fixed period or, in the case of a life-contingent structured settlement, for the life of the claimant with a guaranteed minimum period of payments. These settlements offer tax-advantaged, long-range financial security to the injured party and facilitate claim settlement for the property and casualty insurance carrier. Structured settlement contracts are long-term in nature, guarantee a fixed benefit stream and generally do not permit surrender or borrowing against the amounts outstanding under the contract.

Prior to the completion of this offering, GE Capital guaranteed some of our structured settlement contracts. After the completion of this offering, GE Capital will no longer guarantee any of our new structured settlement contracts.

Prior to the completion of this offering, we will reinsure all of our in-force structured settlements business with UFLIC. See "Arrangements Between GE and Our Company—Reinsurance Transactions." We intend to continue to write structured settlements on a limited, opportunistic basis at targeted returns, capitalizing on our experience and relationships in this product.

### **Underwriting and pricing**

We generally do not underwrite individual lives in our annuity products, other than structured settlements and some income annuities. Instead, we price our products based upon our expected investment returns and our expectations for mortality, longevity and persistency for the group of our contractholders as a whole, taking into account mortality improvements in the general population and our historical experience. We price variable and immediate deferred annuities by analyzing longevity and persistency risk, volatility of expected earnings on our assets under management, and the expected time to retirement. We price our GICs using customized pricing models that estimate both expected cash flows and likely variance from those expectations caused by reallocations of assets by plan participants. We price income annuities and structured settlements using our mortality experience and assumptions regarding continued improvement in annuitant longevity, as well as assumptions regarding investment yields at the time of issue and thereafter.

### **Competition**

As in our Protection segment, we face significant competition in all our Retirement Income and Investments businesses. Many other companies actively compete for sales in our markets, including other major insurers, banks, other financial institutions, mutual fund and money asset management firms and specialty providers. In many of our product lines, we face competition from competitors that have greater market share or breadth of distribution, offer a broader range of products, services or features, assume a greater level of risk, have lower profitability expectations or have higher claims-paying ratings than we do. Many competitors offer similar products and use similar distribution channels. The substantial expansion of banks' and insurance companies' distribution capacities and expansion of product features in recent years has intensified pressure on margins and production levels and has increased the level of competition in many of our business lines.

We believe competition in our Retirement Income and Investments businesses is based on several factors, including product features, customer service, brand reputation, penetration of key distribution channels, breadth of product offering, product innovations and price.

## **Mortgage Insurance**

### **Overview**

Through our Mortgage Insurance segment, we offer mortgage insurance in the U.S., Australia, Canada and Europe.

Private mortgage insurance expands homeownership opportunities by enabling borrowers to buy homes with "low-down-payment mortgages," which are usually defined as loans with a down payment of less than 20% of the home's value. Low-down-payment mortgages are sometimes also referred to as high loan-to-value mortgages. Mortgage insurance products increase the funds available for residential mortgages by protecting mortgage lenders and investors against loss in the event of a borrower's default. These products also aid financial institutions in managing their capital efficiently by reducing the capital required for low-down-payment mortgages. If a borrower defaults on mortgage payments, private mortgage insurance reduces and, in some instances, eliminates the loss to the insured institution. Private mortgage insurance also facilitates the sale of mortgage loans in the secondary mortgage market.

We have been providing mortgage insurance products and services in the U.S. since 1981 and now operate in all 50 states in the U.S. and the District of Columbia. For the year ended December 31, 2003, according to *Inside Mortgage Finance*, we were the fourth-largest provider of all mortgage insurance in the U.S. (based upon new insurance written). We expanded our operations internationally throughout the 1990s and today we believe we are the largest provider of mortgage insurance outside the U.S. In 2002, we were the leading provider in Australia based upon new policies written according to Insurance Statistics Australia Limited, and one of two major insurers in Canada. We are also one of the leading private mortgage insurance providers in the developing European private mortgage insurance market. In addition to private mortgage insurance, we provide lenders with various underwriting and other products and services related to home mortgage lending.

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

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
<b>Assets</b>			
U.S. mortgage insurance	\$ 3,806	\$ 4,650	\$ 4,801
International mortgage insurance	2,304	1,416	1,029
<b>Total assets</b>	<b>\$ 6,110</b>	<b>\$ 6,066</b>	<b>\$ 5,830</b>
<b>Primary insurance in force</b>			
U.S. mortgage insurance	\$ 122,100	\$ 120,600	\$ 125,400
International mortgage insurance	143,900	87,200	59,300
<b>Total primary insurance in force</b>	<b>\$ 266,000</b>	<b>\$ 207,800</b>	<b>\$ 184,700</b>
<b>Risk in force</b>			
U.S. mortgage insurance	\$ 26,900	\$ 29,600	\$ 32,100
International mortgage insurance(1)	43,400	25,700	16,700
<b>Total risk in force</b>	<b>\$ 70,300</b>	<b>\$ 55,300</b>	<b>\$ 48,800</b>
<b>New insurance written</b>			
U.S. mortgage insurance	\$ 67,400	\$ 46,900	\$ 47,100
International mortgage insurance	41,200	31,400	18,000
<b>Total new insurance written</b>	<b>\$ 108,600</b>	<b>\$ 78,300</b>	<b>\$ 65,100</b>
<b>Net premiums written</b>			
U.S. mortgage insurance	\$ 486	\$ 529	\$ 592
International mortgage insurance	464	311	205
<b>Total net premiums written</b>	<b>\$ 950</b>	<b>\$ 840</b>	<b>\$ 797</b>

**Net premiums earned**

U.S. mortgage insurance	\$ 501	\$ 550	\$ 600
International mortgage insurance	215	127	98
Total net premiums earned	\$ 716	\$ 677	\$ 698

**Total revenues, net of reinsurance**

U.S. mortgage insurance	\$ 665	\$ 750	\$ 812
International mortgage insurance	317	196	153
Total revenues, net of reinsurance	\$ 982	\$ 946	\$ 965

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**Losses and expenses**

U.S. mortgage insurance	\$ 358	\$ 254	\$ 316
International mortgage insurance	93	64	65
Total losses and expenses	\$ 451	\$ 318	\$ 381

**Segment net earnings**

U.S. mortgage insurance	\$ 225	\$ 366	\$ 366
International mortgage insurance	144	85	62
Total segment net earnings	\$ 369	\$ 451	\$ 428

**Loss ratio(2)**

U.S. mortgage insurance	20%	6%	21%
International mortgage insurance	7%	9%	24%
Total loss ratio	16%	7%	21%

**Expense ratio(3)**

U.S. mortgage insurance	53%	41%	32%
International mortgage insurance	17%	17%	20%
Total expense ratio	35%	32%	29%

- (1) Our businesses in Australia, New Zealand and Canada currently provide 100% coverage on the majority of the loans we insure in those markets. For the purpose of representing our risk in-force, we have computed an "Effective Risk in Force" amount, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in-force has been calculated by applying to insurance in-force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our businesses in Australia, New Zealand and Canada. As of December 31, 2003 this factor was 35% in each of Australia, New Zealand and Canada.
- (2) The ratio of incurred losses and loss adjustment expense to net premiums earned.
- (3) 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 aggregate, in the first six months of 2003, Fannie Mae purchased approximately 42% of all the mortgage loans originated in the U.S., and Freddie Mac purchased approximately 22%, according to information published by *Inside the GSEs*. Mortgages guaranteed by Fannie Mae or Freddie Mac totaled more than \$3.35 trillion as of December 31, 2003, or approximately 45% of the total outstanding mortgage debt in the U.S. In connection with these activities, Fannie Mae and Freddie Mac also have established mortgage loan origination, documentation, servicing and selling requirements and standards for the loans they

purchase. Fannie Mae and Freddie Mac are "government sponsored enterprises," and we refer to them in this prospectus as the "GSEs."

The GSEs may purchase mortgages with unpaid principal amounts up to a specified maximum. The maximum single-family principal balance loan limit eligible for purchase by the GSEs is called the "conforming loan limit." It is currently \$333,700 and subject to annual adjustment. Each GSE's Congressional charter generally prohibits it from purchasing a mortgage where the loan-to-value ratio exceeds 80% of home value unless the portion of the unpaid principal balance of the mortgage which is in excess of 80% of the value of the property securing the mortgage is insured against default by lender recourse, participation or by a qualified insurer. As a result, high loan-to-value mortgages purchased by Fannie Mae or Freddie Mac generally are insured with private mortgage insurance. Fannie Mae and Freddie Mac purchased approximately 68% of the loans we insured as of December 31, 2003.

The aggregate value of non-FHA and non-VA mortgage loans originated below the conforming loan limit and with loan-to-value ratios above 80% was \$694 billion, \$460 billion and \$340 billion for the years ended December 2003, 2002 and 2001, respectively, according to *Inside Mortgage Finance* and *Marketrac*.

The majority of our U.S. mortgage insurance policies provide default loss protection on a portion (typically 10-40%) of the balance of an individual mortgage loan. Most of our primary mortgage insurance policies are "flow" insurance policies, which cover individual loans at the time the loan is originated. We also enter into "bulk" transactions with lenders and investors in selected instances, under which we insure a portfolio of loans for a negotiated price. Bulk insurance constituted less than 2% of our new risk written for the years ended December 31, 2003 and 2002.

In addition to flow and bulk primary mortgage insurance business, we have previously written mortgage insurance on a pool basis. Under pool insurance, the mortgage insurer provides coverage on a group of specified loans, typically for 100% of all losses on every loan in the portfolio, subject to an agreed aggregate loss limit. We ceased writing pool insurance in 1993, with the exception of a limited amount of insurance we wrote for state housing finance agencies and have routinely reinsured.

The following table sets forth new risk written and risk in force in our U.S. mortgage insurance business, by product type, as of and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
<b>New risk written</b>			
Flow insurance	\$ 12,612	\$ 10,547	\$ 9,843
Bulk insurance	189	53	998
Pool insurance(1)	34	—	—
<b>Total</b>	<b>\$ 12,835</b>	<b>\$ 10,600</b>	<b>\$ 10,841</b>
<b>Risk in force</b>			
Flow insurance	\$ 25,396	\$ 27,573	\$ 28,620
Bulk insurance	410	431	652
Pool insurance	1,046	1,638	2,824
<b>Total</b>	<b>\$ 26,852</b>	<b>\$ 29,642</b>	<b>\$ 32,096</b>

(1) We do not offer traditional pool insurance, which generally is characterized as providing 100% per loan coverage (except for a limited

amount written for state housing finance agencies and which we have routinely reinsured). However, a small portion of our new business is classified as pool insurance under MICA reporting rules. We generally do not reinsure this business.

## ***Products and services***

### ***Primary mortgage insurance***

***Flow insurance.*** Flow insurance is primary mortgage insurance placed on an individual loan when the loan is originated. Our primary mortgage insurance covers default risk on first mortgage loans generally secured by one- to four-unit residential properties, and can be used to protect mortgage lenders and investors from default on any type of residential mortgage loan instrument that we have approved. Our insurance covers a specified coverage percentage of a "claim amount" consisting of unpaid loan principal, delinquent interest and certain expenses associated with the default and subsequent foreclosure. As the insurer, we generally are required to pay the coverage percentage of a claim amount specified in the primary policy, but we also have the option to pay the lender an amount equal to the unpaid loan principal, delinquent interest and certain expenses incurred with the default and foreclosure, and acquire title to the property. In addition, the claim amount may be reduced or eliminated if the loss on the defaulted loan is reduced as a result of the lender's disposition of the property. The lender selects the coverage percentage at the time the loan is originated, often to comply with investor requirements to reduce the loss exposure on loans purchased by the investor.

For a 30-year fixed-rate mortgage, the most common mortgage product in the U.S., the GSEs generally require coverage percentages of 30% for loan-to-value ratios, determined at loan origination, of 90.01-95.00%, 25% for loan-to-value ratios of 85.01-90.00% and 12% for loan-to-value ratios of 80.01-85.00%. However, the GSEs may alter their coverage requirements and propose different product structures, and we also offer a range of other mortgage insurance products that provide greater or lesser coverage amounts.

The borrower's mortgage loan instrument generally requires the borrower to pay the mortgage insurance premium. In other cases, no insurance requirement is imposed upon the borrower, in which case the lender pays the premium and recovers those payments through the interest rate charged on the mortgage. Our mortgage insurance premiums for flow insurance typically are paid monthly, but premiums also may be paid annually or in a single, lump-sum payment. During each of the last three years, the monthly premium plan represented more than 98% of our flow new insurance written, with the annual premium plan and the single premium plan representing the balance of our new insurance written.

We are not permitted to terminate our mortgage insurance coverage in force, except for non-payment of premium or material breach of policy conditions. The insurance remains renewable at the option of the policyholder, usually at the renewal rate fixed when the loan was initially insured. As a result, we are not able to raise prices on existing policies to respond to unanticipated default patterns. In addition, our policyholders may cancel their insurance at any time at their option, including when a mortgage is repaid, which may be accelerated by mortgage refinancings in times of falling interest rates. Cancellations are generally driven primarily by the prevailing interest rate environment and the cancellation policies of the GSEs and other investors.

Under the U.S. Homeowners Protection Act, or the HPA, a borrower generally has the right to terminate private mortgage insurance coverage on loans closed after July 28, 1999 that are secured by a single-dwelling property that is the borrower's primary residence when certain loan-to-value ratio thresholds are met. In general, a borrower may stop making mortgage insurance payments when the loan-to-value ratio is scheduled to reach 80% (based upon the loan's amortization schedule established at loan origination) if the borrower so requests and if certain requirements relating to the borrower's payment history and the property's value since origination are satisfied. In addition, a borrower's obligation to make payments for private mortgage insurance generally terminates regardless of whether a borrower so requests when the loan-to-value ratio reaches 78% of the unpaid principal balance of the mortgage. Some states require mortgage servicers to notify borrowers periodically of the circumstances in which they may request a mortgage servicer to cancel private mortgage insurance. Some states allow

the borrower to request that the mortgage servicer cancel private mortgage insurance or require the mortgage servicer to cancel such insurance automatically when the circumstances permitting cancellation occur.

Refinancings due to declining interest rates, coupled with strong appreciation of housing values, resulted in relatively high policy cancellation rates of 54% for the year ended December 31, 2003, compared to 43% and 36% for the years ended December 31, 2002 and 2001, respectively. However, the relatively high cancellation rates during these periods were partially offset by relatively high volumes of new insurance written. Our flow new risk written was 20% higher in 2003 than in 2002, 7% higher in 2002 than in 2001, and 59% higher in 2001 than in 2000. The significant increase in 2001 was due primarily to the significant refinancing activity that began that year.

***Bulk insurance.*** Under our primary bulk insurance, we insure a portfolio of loans in a single, bulk transaction. Generally, in our bulk

insurance, the individual loans in the insured portfolio are insured to specified levels of coverage, and there is an aggregate loss limit applicable to all of the insured loans. We base the premium on our bulk insurance upon our evaluation of the overall risk of the insured loans included in a transaction, and we negotiate the premium directly with the securitizer or other owner of the loans. Most of our bulk insurance business relates to loans financed by lenders who participate in the mortgage programs sponsored by the Federal Home Loan Banks. Premiums for bulk transactions generally are paid monthly by lenders or a securitization vehicle in connection with a securitization transaction or the sale of a loan portfolio.

The loans we insure in bulk transactions typically consist of prime credit-quality loans with loan-to-value ratios of 50% to 95%. Because of the relatively high credit quality of these borrowers, some of these loans are made based upon less documentation of borrower income or assets than is typically required by GSEs and other investors. We generally have avoided the riskier portions of the sub-prime segments of the market, because we believe market pricing for mortgage insurance on sub-prime bulk transactions has not been adequate and we have had concerns regarding the volatility of this segment. However, we may consider insuring such loans where we believe our return and risk criteria are met. Loans that we insure in bulk transactions with loan-to-value ratios above 80% typically have primary mortgage insurance on a flow basis, written either by us or another private mortgage insurer. Our mortgage insurance coverage levels in bulk transactions typically range from 10% to 40%.

#### *Pool insurance*

In addition to our flow and bulk primary mortgage insurance, we previously have written mortgage insurance on a pool basis. Pool insurance generally is used as an additional credit enhancement for secondary market mortgage transactions. We ceased writing pool insurance in 1993 (with the exception of a limited amount of insurance that we wrote for state housing finance agencies and that we have routinely reinsured) because of relatively high losses on pool policies, resulting primarily from inadequate pricing, loss severity and risk concentration in certain parts of the country. In the current competitive environment, we continue to believe the pricing for pool insurance is inadequate for us to achieve targeted 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 that we insured in pool insurance with loan-to-value ratios above 80% typically are covered by flow mortgage insurance, written either by us or another private mortgage insurer.

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#### *Contract underwriting services*

We perform fee-based contract underwriting services for mortgage lenders. Historically, lenders and mortgage insurers each maintained underwriting staffs and performed separate, and in many ways duplicative, underwriting activities with respect to each mortgage loan. Over time, lenders and mortgage insurers have developed a number of arrangements designed to eliminate those inefficiencies. The provision of underwriting services by mortgage insurers serves this purpose and speeds the approval process.

The principal contract underwriting service we provide is determining whether the data relating to a borrower and a proposed loan contained in a mortgage loan application file complies with the lender's loan underwriting guidelines or the investor's loan purchase requirements. In connection with that service, we also compile the application data and submit it to the automated underwriting systems of Fannie Mae and Freddie Mac, which independently analyze the data to determine if the proposed loan complies with their investor requirements. If the loan being reviewed requires mortgage insurance under the applicable lender or investor criteria, we also underwrite the loan to our mortgage insurance guidelines and issue the appropriate mortgage insurance coverage. We believe our contract underwriting services appeal to mortgage lenders because they enable lenders to reduce their costs and improve their operating efficiencies.

Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining whether loans processed by our contract underwriters meet specified underwriting or purchase criteria.

New risk written by our contract underwriters represented 23% of our new risk written for the year ended December 31, 2003, compared to 26% and 21% for the years ended December 31, 2002 and 2001, respectively.

#### *Risk mitigation arrangements*

*Preferred Partner Program.* We have established a Preferred Partner Program, pursuant to which we pay lenders fees for services that improve the quality of the loans that they refer to us for primary mortgage insurance. These services include:

- counseling services provided to individual borrowers designed to improve the quality of the loans and thereby reduce the chance that they will default on their loans;

- consumer education programs designed to explain the benefits of private mortgage insurance to consumers generally; and
- technology services that facilitate efficient interaction with lenders, which enables us to process applications more quickly and accurately.

The credit characteristics of the mortgage loans generated through the Preferred Partner Program generally are stronger than the average credit characteristics across our entire loan portfolio, as measured by OmniScore®, our proprietary mortgage scoring model. We believe the benefits and cost savings we derive through the enhanced credit characteristics of these loans exceed our costs of maintaining the Preferred Partner Program.

*Secondary market coverage.* We have entered into secondary market coverage, or SMC, arrangements with Fannie Mae and Freddie Mac under which the existing primary insurance coverage on an identified portfolio of eligible loans purchased by a GSE is restructured to reallocate risk of loss between the insurer and the insured. The restructured loans are eligible loans purchased in a given year by the GSE from identified originating lenders. The restructuring involves our reducing primary

coverage on each loan in the portfolio to the minimum level permitted under the GSEs' charters, and adding supplemental coverage that is subject to a "stop-loss" which, if reached, results in the GSE suffering greater losses than they would suffer if the primary coverage were not reduced. In addition, the GSEs provide us with a variety of services under these agreements, including providing various periodic reports, property marketing services, and information on product and market trends.

*Captive reinsurance.* Captive reinsurance is a reinsurance program in which we share portions of our U.S. mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies, or captive reinsurers, affiliated with these lenders. In return, we cede to the captive reinsurers an agreed portion of our gross premiums on flow insurance written. New insurance written through the bulk channel generally is not subject to these arrangements.

The following table sets forth selected financial information regarding our captive reinsurance arrangements, as of and for the periods indicated:

	Historical		
	As of or for the years ended December 31,		
	2003	2002	2001
Primary new risk written subject to captive reinsurance arrangements, as a percentage of total primary new risk written	75%	77%	61%
Primary risk in force subject to captive reinsurance arrangements, as a percentage of total primary risk in force	64%	55%	42%
Gross written premiums ceded pursuant to captive reinsurance arrangements, as a percentage of total gross written premiums	23%	18%	12%

We believe that the increases in the percentages of primary new risk written and primary risk in force subject to captive reinsurance agreements were driven by a higher percentage of new insurance written generated by lenders having captive reinsurance programs during a period of high refinancing activity. Many large mortgage lenders have developed captive reinsurance affiliates, and the recent consolidation among large mortgage lenders has resulted in an increased percentage of mortgage loans originated by lenders with captive reinsurance programs. The recent low-interest-rate environment has generated significant refinancing activity in recent years, which has resulted in increased concentration of mortgage loans with larger lenders that tend to use captive reinsurance arrangements.

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

As of December 31, 2003, other than reinsurance under captive arrangements, we reinsured less than 1% of our mortgage insurance in force.

### *Customers*

Our principal mortgage insurance customers are originators of residential mortgage loans, such as mortgage banks, savings institutions, commercial banks, mortgage brokers, credit unions and other lenders, who typically determine which mortgage insurer or insurers they will use for the placement of mortgage insurance written on loans they originate. To obtain primary insurance written on a flow basis, a mortgage lender

must first apply for and receive from us a mortgage guaranty master policy. In recent years, there has been significant consolidation among the largest lenders, which now underwrite a substantial portion of all the mortgages written in the U.S. The top ten lenders accounted for 48% of

our flow new insurance written for the year ended December 31, 2003, compared to 40% for the year ended December 31, 1998.

We are focused on expanding our presence throughout the mortgage loan market by providing superior customer sales support, product offerings designed to meet the specific needs of our customers, and technology products designed to enable customers to reduce costs and expand revenues. In addition, as discussed under "—Operations and Technology," we have developed web based technology services that enable our customers to interact more efficiently with us.

### *Underwriting and pricing*

Loan applications for all loans we insure are reviewed to evaluate each individual borrower's ability to repay the proposed mortgage loan, the characteristics of the loan and the value of the underlying property. This analysis generally includes reviewing the following criteria:

- the borrower's credit strength and history, as reported by credit reporting agencies;
- the borrower's debt-to-income ratios;
- the loan-to-value ratio;
- the type of mortgage instrument;
- the purpose of the loan;
- the type of property; and
- appraisals to confirm the property market value is fairly stated.

Loan applications for primary mortgage insurance are reviewed by our employees directly as part of our traditional underwriting process or by our contract underwriters as we process mortgage loan applications that require mortgage insurance. Some mortgage lenders also underwrite loan applications for mortgage insurance under a delegated underwriting program, in which we permit approved lenders to commit us to insure loans using underwriting guidelines that we have previously approved. Before granting a lender delegated underwriting authority, our risk management personnel review the lender's underwriting experience and processes, loan quality and specific loan programs to be included in the delegated program. In addition, we conduct audits on a sample of the delegated loans we insure to confirm that lenders with delegated authority adhere to approved underwriting guidelines and procedures.

The majority of mortgage loans we insure today are underwritten using Fannie Mae's and Freddie Mac's automated underwriting systems, or AUS, which lenders have widely adopted due to the GSEs' requirements and the efficiencies that AUS provide. We have evaluated loans approved by Fannie Mae's and Freddie Mac's AUS and, like other mortgage insurers, we generally have agreed to insure loans approved by these systems. Under the delegated underwriting program, lenders may use their own AUS provided that we have reviewed and approved their system. AUS have automated many of the underwriting steps that were previously performed by underwriters on a manual basis and use sophisticated mortgage scoring methodologies to evaluate borrower default risk. Although we review AUS before allowing their use under our delegated program, under which lenders have the responsibility to determine whether the loans comply with our approved underwriting guidelines, a potential risk to us of using AUS is that factors that we might otherwise evaluate in making an underwriting decision are not considered if not required by the AUS.

Loans insured under our delegated underwriting program accounted for approximately 59% of our total risk in force as of December 31, 2003, compared to 56% and 52% as of December 31, 2002 and

2001, respectively. The percentage of new risk written by delegated underwriters was 62% for the year ended December 31, 2003, compared to 61% for the year ended December 31, 2002 and 60% for the year ended December 31, 2001.

In pricing mortgage insurance policies, we generally target substantially similar returns on capital regardless of the loan-to-value ratio, product type and depth of coverage. We establish premium rates principally on the basis of long-term claims experience in the industry, reflecting periods of lower and higher losses and various regional economic downturns. We believe that over the long term each region of the

U.S. will be subject to similar factors affecting risk of loss on insurance written, and therefore we generally use a nationally based premium rate policy, rather than a regional, local or lender-based policy. Our premium rates vary with the coverage percentage and the perceived risk of a claim on the insured loan, which takes into account the loan-to-value ratio, the type of mortgage and the term of the mortgage. Our premium rates also reflect our expectations, based upon our analysis of historical data, of the persistency of the policies in our book of business.

Our premium rates also consider the location of the borrower's credit score within a range of credit scores. In accordance with industry practice, we use the "FICO" score as one indicator of a borrower's credit quality. Fair Isaac and Company, or FICO, developed the "FICO" credit scoring model to calculate a FICO score based upon a borrower's credit history. The higher the credit score, the lower the likelihood that a borrower will default on a loan. FICO credit scores range up to 850, with a score of 620 or more generally viewed as a "prime" loan and a score below 620 generally viewed as a "sub-prime" loan. "A minus" loans generally are loans where the borrowers have FICO credit scores between 575 and 660, and where the borrower has a blemished credit history. As of December 31, 2003, on a risk in force basis, approximately 92% of our flow insurance loans had FICO credit scores of at least 620, approximately 6% had FICO credit scores between 575 and 619, and approximately 2% had FICO scores of 574 or less.

As of December 31, 2003, on a risk in force basis, approximately 87% of our bulk insurance loans had FICO credit scores of at least 620, approximately 7% had FICO credit scores between 575 and 619, and approximately 6% had FICO scores of 574 or less. The majority of loans we currently insure in bulk transactions meet the conforming loan limit and have FICO credit scores of at least 620. After 2001, we significantly reduced writing insurance of loans in bulk transactions that included non-conforming and lesser-quality loans, such as "A minus" loans and "sub-prime" loans, because we believe market pricing was inadequate to compensate us for the risk.

***Loan portfolio***

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

	Historical		
	December 31,		
	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Primary risk-in-force lender concentration (by original applicant)	\$ 25,805	\$ 28,004	\$ 29,272
Top 10 lenders	12,047	12,538	11,979
Top 20 lenders	14,392	15,360	15,118
Loan-to-value ratio			
95.01% and above	3,431	2,538	1,909
90.01% to 95.00%	10,759	12,313	13,129
80.01% to 90.00%	10,868	11,681	12,582
80.00% and below	747	1,472	1,652
Total	\$ 25,805	\$ 28,004	\$ 29,272
Loan grade			
Prime	\$ 23,408	\$ 26,025	\$ 27,687
A minus and sub-prime	2,397	1,979	1,585
Total	\$ 25,805	\$ 28,004	\$ 29,272
Loan type			
Fixed rate mortgage	\$ 24,354	\$ 26,619	\$ 27,798
Adjustable rate mortgage	1,451	1,385	1,474
Total	\$ 25,805	\$ 28,004	\$ 29,272
Mortgage term			
15 years and under	\$ 1,489	\$ 1,214	\$ 940
More than 15 years	24,316	26,790	28,332

Total	\$ 25,805	\$ 28,004	\$ 29,272
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### Loans in default and claims

Our claim process begins with notification by the loan servicer of a default on an insured loan. "Default" is defined in our master policies as the borrower's failure to pay when due an amount equal to the scheduled monthly mortgage payment under the terms of the mortgage. Generally, the master policies require an insured to notify us of a default no later than 10 days after the borrower has been in default by three monthly payments. In most cases, however, defaults are reported earlier. We generally consider a loan to be in default and establish reserves if the borrower has failed to make a required mortgage payment for two consecutive months. Borrowers default for a variety of reasons, including a reduction of income, unemployment, divorce, illness, inability to manage credit and interest rate levels. Borrowers may cure defaults by making all of the delinquent loan payments or by selling the property in full satisfaction of all amounts due under the mortgage. In most cases, defaults that are not cured result in a claim under our policy.

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The following table sets forth the number of loans insured, the number of loans in default and the default rate for our U.S. mortgage insurance portfolio:

	Historical		
	December 31,		
	2003	2002	2001
<b>Primary Insurance</b>			
Insured loans in force	949,129	993,906	1,064,880
Loans in default	32,062	33,278	33,387
Percentage of loans in default (default rate)	3.4%	3.3%	3.1%
Flow loans in force	839,891	948,224	1,018,895
Flow loans in default	29,787	30,194	30,906
Percentage of flow loans in default (default rate)	3.5%	3.2%	3.0%
Bulk loans in force	109,238	45,682	45,985
Bulk loans in default	2,275	3,084	2,481
Percentage of bulk loans in default (default rate)	2.1%	6.8%	5.4%
A minus and sub-prime loans in force	75,584	63,646	52,934
A minus and sub-prime loans in default	6,881	5,547	4,271
Percentage of A minus and sub-prime loans in default (default rate)	9.1%	8.7%	8.1%
<b>Pool Insurance</b>			
Insured loans in force	37,702	55,195	88,987
Loans in default	855	1,505	2,135
Percentage of loans in default (default rate)	2.3%	2.7%	2.4%

Primary insurance default rates differ from region to region in the U.S. at any one time depending upon economic conditions and cyclical growth patterns. The two tables below set forth our primary default rates for the various regions of the U.S. and the ten largest states by our risk in force as of December 31, 2003. Default rates are shown by region based upon location of the underlying property, rather than the location of the lender.

U.S. Regions	Percent of primary risk in force as of December 31,	Default rate		
		December 31,		
		2003	2002	2001
Southeast(1)	22%	3.59%	3.51%	3.36%

South Central(2)	16%	3.65%	3.45%	3.06%
Northeast(3)	13%	3.88%	3.87%	3.85%
Pacific(4)	13%	2.54%	2.94%	2.90%
North Central(5)	12%	2.71%	2.94%	2.84%
Great Lakes(6)	9%	4.33%	4.08%	3.47%
Plains(7)	6%	2.54%	2.43%	2.23%
Mid-Atlantic(8)	5%	2.94%	3.25%	3.26%
New England(9)	4%	2.79%	2.82%	2.48%
<b>Total</b>	<b>100%</b>	<b>3.38%</b>	<b>3.34%</b>	<b>3.14%</b>

- (1) Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, South Carolina and Tennessee.
- (2) Arizona, Colorado, Louisiana, New Mexico, Oklahoma, Texas and Utah.
- (3) New Jersey, New York and Pennsylvania.
- (4) Alaska, California, Hawaii, Nevada, Oregon and Washington.
- (5) Illinois, Minnesota, Missouri and Wisconsin.
- (6) Indiana, Kentucky, Michigan and Ohio.
- (7) Idaho, Iowa, Kansas, Montana, Nebraska, North Dakota, South Dakota and Wyoming.
- (8) Delaware, Maryland, Virginia, Washington, D.C. and West Virginia.
- (9) Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

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	Percent of primary risk in force as of December 31,	Default rate		
		December 31,		
		2003	2002	2001
Florida	7.79%	2.75%	3.08%	3.39%
California	7.14%	1.91%	2.45%	2.69%
Texas	6.73%	4.15%	3.80%	3.41%
New York	5.61%	3.47%	3.46%	3.70%
Illinois	5.31%	3.23%	3.66%	3.76%
Pennsylvania	3.82%	4.38%	4.49%	4.34%
North Carolina	3.82%	4.12%	3.68%	3.27%
Georgia	3.57%	4.68%	4.40%	3.95%
Ohio	3.52%	4.64%	4.20%	3.67%
Arizona	3.52%	3.18%	3.52%	2.92%

Claim activity is not spread evenly throughout the coverage period of a primary insurance book of business. Based upon our experience, the majority of claims on primary mortgage insurance loans occur in the third through seventh years after loan origination, and relatively few claims are paid during the first two years after loan origination. Primary insurance written from the period from January 1, 1998 through December 31, 2001 represented 20% of our primary insurance in force as of December 31, 2003. This portion of our loan portfolio is in its expected peak claim period with respect to traditional primary loans. We believe our "A minus" and "sub-prime" loans will have earlier incidences of default than our prime loans. "A minus" loans represented 2.7% of our primary insurance in force as of December 31, 2003 and 1.5% as of December 31, 2002, and "sub-prime" loans represented 5.1% of our primary insurance in force as of December 31, 2003 and 5.1% as of December 31, 2002.

The following table sets forth the dispersion of our primary insurance in force and risk in force as of December 31, 2003, by year of policy origination and average annual mortgage interest rate since we began operations in 1981:

Policy Year	Average rate	Primary insurance in force	Percent of total	Primary risk in force	Percent of total
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1981-92	9.20%	\$	2,163	1.77%	\$	480	1.86%
1993	7.41%		1,585	1.30%		329	1.28%
1994	7.66%		1,803	1.47%		391	1.52%
1995	8.21%		1,294	1.06%		347	1.34%
1996	7.90%		1,499	1.23%		402	1.56%
1997	7.82%		1,375	1.12%		367	1.42%
1998	7.11%		3,846	3.15%		973	3.77%
1999	7.26%		4,915	4.02%		1,198	4.64%
2000	8.06%		3,404	2.78%		808	3.13%
2001	7.44%		12,076	9.88%		2,819	10.93%
2002	6.51%		25,776	21.09%		5,861	22.71%
2003	5.63%		62,491	51.13%		11,830	45.84%
Total portfolio	6.37%	\$	122,227	100.00%	\$	25,805	100.00%

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Primary mortgage insurance claims paid for the year ended December 31, 2003 were \$99 million, compared to \$80 million and \$81 million for the years ended December 31, 2002 and 2001, respectively. Pool insurance claims paid for the year ended December 31, 2003 were \$1 million, compared to \$2.8 million and \$4.0 million for the years ended December 31, 2002 and 2001, respectively.

The frequency of defaults may not correlate directly with the number of claims received because the rate at which defaults are cured is influenced by borrowers' financial resources and circumstances and regional economic differences. Whether an uncured default leads to a claim principally depends upon the borrower's equity at the time of default and the borrower's or the insured's ability to sell the home for an amount sufficient to satisfy all amounts due under the mortgage loan. When we receive notice of a default, we use a proprietary model to determine whether a delinquent loan is a candidate for work-out. When the model identifies such a candidate, our loan workout specialists prioritize cases for loss mitigation based upon the likelihood that the loan will result in a claim. Loss mitigation actions include loan modification, extension of credit to bring a loan current, foreclosure forbearance, pre-foreclosure sale, and deed-in-lieu. We believe these loss mitigation efforts often are an effective way to reduce our claim exposure and ultimate payouts.

Our policies require the insured to file a claim with us, specifying the claim amount (unpaid principal, interest and expenses), no later than 60 days after it has acquired title to the underlying property, usually through foreclosure. The claim amount is subject to our review and possible adjustment. Depending upon the applicable state foreclosure law, an average of approximately 16 months elapse from the date of default to the filing of a claim on an uncured default. Our master policies exclude coverage for physical damage whether caused by fire, earthquake or other hazard where the borrower's default was caused by an uninsured casualty.

We have the right to rescind coverage and refuse to pay a claim if it is determined that the insured or its agents misrepresented material information in the insurance application. In addition, where loans are underwritten by lenders through our delegated underwriting program, we have the right to rescind coverage if the loan was not underwritten in compliance with our approved guidelines.

Within 60 days after a claim and supporting documentation have been filed, we have the option:

- to pay the claim amount, multiplied by coverage percentage specified in the certificate of insurance;
- in the event the property is sold pursuant to an agreement made prior to payment of the claim, which we refer to as a pre-arranged sale, to pay the lesser of 100% of the claim amount less the proceeds of sale of the property, or the claim amount multiplied by the coverage percentage; or
- to pay the lender an amount equal to the unpaid loan principal, delinquent interest and certain expenses incurred with the default and foreclosure, and acquire title to the property. We bear the risk of any loss in connection with the acquisition and sale of the property.

For the year ended December 31, 2003, we settled a majority of the primary insurance claims processed for payment on the basis of a pre-arranged sale.

Titles to the properties that we purchased have been sold to, and will continue to be held by, GE Mortgage Services, an affiliate of GE. As of December 31, 2003, GE Mortgage Services owned approximately \$5 million of residential properties from claim settlements. In addition, GE Mortgage Services held \$11 million in residential loans as of December 31, 2003 relating to loss mitigation activities, for which we have indemnified it against loss.

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The ratio of the claim paid to the unpaid principal amount multiplied by the coverage percentage is referred to as "claim severity." The main determinants of claim severity are the age of the mortgage loan, the value of the underlying property, accrued interest on the loan, expenses advanced by the insured and foreclosure expenses. These amounts depend partly upon the time required to complete foreclosure, which varies depending upon state laws. Pre-foreclosure sales, acquisitions and other early workout efforts help to reduce overall claim severity. Our average primary mortgage insurance claim severity was 93%, 93% and 97% for the years 2003, 2002 and 2001, respectively.

### **Competition**

We compete primarily with U.S. and state government agencies, other private mortgage insurers, mortgage lenders and other investors, the GSEs and, potentially, the Federal Home Loan Banks. We also compete, indirectly, with structured transactions in the capital markets and with other financial instruments designed to mitigate credit risk.

*U.S. and state government agencies.* We and other private mortgage insurers compete for flow business directly with U.S. federal and state governmental and quasi-governmental agencies, principally the FHA and, to a lesser degree, the VA. The following table sets forth the relative mortgage insurance market share of FHA/VA and private mortgage insurers over the past five years:

	U.S. federal government and private mortgage insurance market share				
	December 31,				
	2003	2002	2001	2000	1999
FHA/VA	36.4%	35.6%	37.3%	41.4%	47.6%
Private mortgage insurance	63.6%	64.4%	62.7%	58.6%	52.4%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Source: *MICA 2002 Factbook (1999-2002), IMF (2003)*

Loans insured by the FHA cannot exceed maximum principal amounts that are determined by a percentage of the conforming loan limit. For 2004, the maximum FHA loan amount for homes with one dwelling unit in "high cost" areas is \$290,319. Although the VA does not specify a maximum loan limit, VA loans are generally \$240,000 or less. We and other private mortgage insurers are not limited as to maximum individual loan amounts that we can insure.

In January 2001, the FHA reduced the up-front mortgage insurance premium it charges on loans from 2.25% to 1.5% of the original loan amounts. The FHA has also streamlined its down-payment formula, making FHA insurance more competitive with private mortgage insurance in areas with higher home prices. These and other legislative and regulatory changes could cause future demand for private mortgage insurance to decrease.

In addition to competition from the FHA and the VA, we and other private mortgage insurers face competition from state-supported mortgage insurance funds in several states, including California, Illinois and New York. From time to time, other state legislatures and agencies consider expansions of the authority of their state governments to insure residential mortgages.

Government entities with which we compete typically do not have the same capital requirements and do not have the same profit objectives as we do. Although private companies establish pricing terms for their products to achieve targeted returns, these government entities may offer products on terms designed to accomplish social or political objectives or reflect other non-economic goals.

*Private mortgage insurers.* The private mortgage insurance industry is highly competitive. The private mortgage insurance industry currently consists of seven mortgage insurers plus our company.

The other companies are Mortgage Guaranty Insurance Corporation; PMI Mortgage Insurance Company; CMG Mortgage Insurance Company, a joint venture in which PMI is one of the partners; Radian Guaranty Inc.; Republic Mortgage Insurance Co., an affiliate of Old Republic International; Triad Guaranty Insurance Corp.; and United Guaranty Residential Insurance Company, an affiliate of American International Group, Inc.

*Mortgage lenders and other investors.* We and other mortgage insurers compete with transactions structured by mortgage lenders to

avoid mortgage insurance on low-down-payment mortgage loans. These transactions include self-insuring and simultaneous second loans, which separate a mortgage with a loan-to-value ratio of more than 80%, which generally would require mortgage insurance, into two loans, a first mortgage with a loan-to-value-ratio of 80% and a simultaneous second mortgage for the excess portion of the loan. Simultaneous second loans are also often known as "80-10-10 loans," because they often comprise a first mortgage with an 80% loan-to-value ratio, a second mortgage with a 10% loan-to-value ratio and the remaining 10% paid in cash by the buyer, rather than a first mortgage with a 90% loan-to-value ratio. However, simultaneous seconds also can be structured as 80-15-5 loans or 80-20-0 loans, as well as other configurations.

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

- the lower cost of simultaneous second loans compared to the cost of mortgage insurance, due to the current low-interest-rate environment and the emerging popularity of 15- and 30-year amortizing simultaneous seconds;
- the fact that second mortgage interest is generally tax-deductible, whereas mortgage insurance payments are not tax-deductible; and
- adverse consumer, broker and realtor perceptions of private mortgage insurance.

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

We also compete with structured transactions in the capital markets and with other financial instruments designed to mitigate the risk of mortgage defaults, such as credit default swaps and credit linked notes, with lenders who forego mortgage insurance (self-insure) on loans held in their portfolios, and with mortgage lenders who maintain captive mortgage insurance and reinsurance programs.

*The GSEs—Fannie Mae and Freddie Mac.* As the predominant purchasers of conventional mortgage loans in the U.S., Fannie Mae and Freddie Mac provide a direct link between mortgage origination and capital markets. As discussed above under "—Primary mortgage insurance," most high loan-to-value mortgages purchased by Fannie Mae or Freddie Mac are insured with private mortgage insurance issued by an insurer deemed qualified by the GSEs. Our mortgage insurance company is a qualified insurer with both GSEs.

Private mortgage insurers may be subject to competition from Fannie Mae and Freddie Mac to the extent the GSEs are compensated for assuming default risk that would otherwise be insured by the private mortgage insurance industry. Fannie Mae and Freddie Mac each have programs under which an up-front delivery fee may be paid to the GSE so that primary mortgage insurance coverage may be substantially reduced compared to the coverage requirements that would apply in the absence of the fee payment. Moreover, in October 1998, Freddie Mac's charter was amended to give Freddie Mac

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flexibility to use credit enhancements other than private mortgage insurance for low-down-payment mortgages. Although this amendment was repealed, if the legislation is reintroduced and adopted, and the GSEs permitted to purchase low-down-payment loans that are not insured by private mortgage insurance, it is likely that the size of the market for private mortgage insurance would contract significantly.

The GSEs are currently subject to oversight by the Department of Housing and Urban Development, or HUD. In October 2000, HUD announced new GSE mortgage purchase requirements, known as affordable housing goals. Under these goals, which became effective in 2001, at least 50% of all loans purchased by the GSEs must support low- and moderate-income homebuyers, and 31% of such loans must be on properties in underserved areas. We believe that the GSEs' goals to expand purchases of affordable housing loans have increased the size of the mortgage insurance market. The GSEs also have expanded programs to include commitments to purchase certain volumes of loans with loan-to-value ratios greater than 95%.

Private mortgage insurers must satisfy requirements set by the GSEs to be eligible to insure loans sold to the GSEs, and the GSEs have the ability to implement new eligibility requirements for mortgage insurers. They also have the authority to change the pricing arrangements for purchasing retained-participation mortgages as compared to insured mortgages, increase or reduce required mortgage insurance coverage percentages, and alter or liberalize underwriting standards on low-down-payment mortgages they purchase.

*Federal Home Loan Banks.* In October 1999, the Federal Housing Finance Board, or FHF Board, adopted resolutions that authorize each Federal Home Loan Bank, or FHLB, to offer Mortgage Partnership Finance Programs, or MPF Programs, to purchase single-family conforming mortgage loans originated by participating member institutions. In July 2000, the FHF Board gave permanent authority to each FHLB to purchase these loans from member institutions without any volume cap. Purchases of loans under the MPF Program have steadily increased in the past several years.

The MPF Program is similar to the purchase of mortgage loans by the GSEs. Although not required to do so, the FHLBs currently use mortgage insurance on substantially all mortgage loans with a loan-to-value ratio above 80% and have become a source of increasing new business for us. However, to the extent that the FHLBs purchased uninsured mortgage loans or used other credit-enhancement products, the MPF Program could result in a decrease in the size of the market for private mortgage insurance.

### **International mortgage insurance**

We have significant mortgage insurance operations in Australia and Canada, two of the largest markets for mortgage insurance products outside the U.S., as well as in the smaller New Zealand market and the developing European market. The net premiums written in our international mortgage insurance business have increased by a compound annual growth rate of 46% for the three years ended December 31, 2003. Insurance in-force for our international mortgage insurance business contributed 54% of our total insurance in-force as of December 31, 2003, compared to 42% as of December 31, 2002.

The mortgage loan markets in the U.S., Canada, Australia and New Zealand are well developed. Although mortgage insurance plays an important role in each of these markets, the nature of the mortgage insurance industry in each of those markets varies significantly and is 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 markets in these countries:

- A desire by lenders to offer low-down-payment mortgage loans to facilitate the expansion of their business;

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- The recognition of the higher default risk inherent in low-down-payment lending and the need for specialized underwriting expertise to conduct this business prudently;
  - Government housing policies that support increased homeownership;
  - Government policies that support the use of securitization and secondary market mortgage sales, in which third-party credit enhancement is often used, as a source of funding and liquidity for mortgage lending; and
  - Bank regulatory capital policies that provide incentives to lenders to transfer some or all of the increased credit risk on low-down-payment mortgages to third parties, such as mortgage insurers.

We believe a number of these factors are becoming evident in certain markets throughout Europe and Asia and provide attractive opportunities for us to expand our mortgage insurance business in those markets.

Based upon our experience in the mature mortgage insurance 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 purchase mortgage insurance to protect against default risk or obtain capital relief. As a result, we have advocated that governmental and policymaking agencies throughout our markets adopt legislative and regulatory policies that support increased homeownership and capital relief for lenders and mortgage investors that insure their loan portfolios with private mortgage insurance. Although the products we offer in each of our international markets differ, they represent substantially similar risk propositions and involve similar business practices. We have developed significant expertise in mature mortgage insurance markets, and we intend to leverage this experience in developing markets as we continue to encourage regulatory authorities to implement incentives for private mortgage insurance as an effective risk management strategy.

We believe the proposed revisions to a set of regulatory rules and procedures governing global bank capital standards that were introduced by the Basel Committee of the Bank for International Settlements, known as Basel II, also may encourage further growth of the international mortgage insurance industry. Basel II, which is expected to become effective in 2006, has been designed to reward banks that have developed effective risk management systems by allowing them to hold less capital than banks with less effective systems. For example, Basel II may reward a lender that transfers some risk of mortgage default to a third-party insurer by reducing the amount of capital that the lender must hold to back a mortgage. However, the details of the regulatory capital requirements in Basel II remain under discussion, and therefore we cannot predict the benefits that ultimately will be provided to lenders, or how any such benefits may affect the opportunities for the growth of the mortgage insurance market.

We also intend to expand into Asian countries that have high demand for mortgage loan financing and underserved housing needs. We believe lenders in these countries will seek to expand their consumer mortgage loan portfolios, while maintaining strong risk and capital management routines. With the expected implementation of the new Basel II standards, we believe we will be well positioned to assist lenders in these markets in meeting those goals and in complying with the anticipated complexity of the risk-based capital and operating standards.

### ***Canada***

We entered the Canadian mortgage insurance market in 1995 with our acquisition of certain assets and employees from the Mortgage Insurance Corporation of Canada, and we now operate in every province and territory. We are the only private mortgage insurer in the Canadian

market. Our mortgage insurance operations in Canada accounted for approximately 55% of our total international mortgage insurance revenues for the year ended December 31, 2003.

### *Products*

We offer two products in Canada: primary flow insurance and portfolio credit enhancement insurance. As of December 31, 2003, primary flow insurance represented 77% and portfolio credit enhancement represented 23% of our mortgage insurance in force. Our principal product is primary flow insurance, which is similar to the primary flow insurance we offer in the U.S. Regulations in Canada require the use of mortgage insurance for all mortgage loans extended by banks, trust companies and insurers, where the loan-to-value ratio exceeds 75%. Mortgage insurance in Canada is typically single premium and provides 100% coverage, in contrast to the U.S., where monthly premiums and lower coverage levels are typical. Under the single-premium plan, lenders usually collect the single premium from prospective borrowers at the time the loan proceeds are advanced and remit the amount to us as the mortgage insurer. We in turn allocate most of the proceeds to unearned premium reserves, invest those proceeds and recognize the premium revenues over time according to an actuarially determined multi-year schedule.

We also provide portfolio credit enhancement insurance to lenders that have originated loans with loan-to-value ratios of less than 75%. These policies provide lenders with immediate capital relief from applicable bank regulatory capital requirements and facilitate the securitization of mortgages in the Canadian market. In both primary flow insurance and portfolio policies, our mortgage insurance in Canada provides insurance coverage for the entire unpaid loan balance, including interest, selling costs and expenses, following the sale of the underlying property.

The leading mortgage product in the Canadian market is a mortgage with the interest rate fixed for the first five years of the loan. After the fifth year, the loan becomes due and payable and the borrower must negotiate its renewal, at which time the borrower may choose to have the interest rate float or have it fixed for an additional period. Lenders typically charge a mortgage pre-payment penalty that serves as a disincentive for borrowers to refinance their mortgages. Changes in interest rates, adverse economic conditions and high levels of borrowing affect the frequency of defaults and claims with respect to these loans, which may adversely affect our loss experience.

### *Government guarantee*

We have an agreement with the Canadian government pursuant to which it guarantees 90% of our Canadian mortgage insurance obligations if we fail to make payments under our mortgage insurance policies because of insolvency. We pay the Canadian government a risk premium for this guarantee. By virtue of the sovereign guarantee, lenders purchasing our mortgage insurance can reduce their regulatory capital charges for credit risks on mortgages by 90%, since banks are not required to maintain any regulatory capital on an asset backed by a sovereign guarantee. Because of this guarantee, our mortgage insurance provides lenders with 90% capital relief from applicable bank regulatory requirements.

Our guarantee from the Canadian government for our Canadian mortgage insurance obligation 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%. GE has informed us that it expects to reduce its equity ownership of us to below 50% within two years of the completion of this offering. That disposition would permit the Canadian government to review the terms of its guarantee. 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 could have a material adverse effect on our ability to continue offering mortgage insurance products in Canada.

### *Customers*

The nine largest mortgage originators in Canada, consisting of banks, trust companies, and credit unions, collectively provide more than 80% of the financing for Canada's residential mortgage financing. These nine originators provided us with 85% of our new insurance written for the year ended December 31, 2003, compared with 86% for the year ended December 31, 2002 and 89% for the year ended December 31, 2001. Other market participants include regional banks, trust companies, and credit unions.

### *Competitors*

As in other markets, we compete in Canada with other products and financial structures, such as credit default swaps and captive insurers owned by lenders, that are designed to transfer credit default risk on mortgage loans. However, 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. We compete with CMHC primarily based upon our reputation for high-quality customer service, quick decision-making on

insurance applications, strong underwriting expertise and flexibility in terms of product development. In July 2003 the CMHC announced a 15% reduction in rates, which we have matched. This rate reduction, as well as any further similar actions taken by the CMHC, may cause our future revenue in our Canadian mortgage insurance business to decline.

### *Australia and New Zealand*

We entered the Australian mortgage insurance market in 1997 with our acquisition of the operating assets of the Housing Loans Insurance Corporation, or HLIC, from the Australian government. We entered the New Zealand mortgage insurance market in 1999 as an expansion of our Australian operations. Our mortgage insurance operations in Australia and New Zealand accounted for approximately 36% of our total international mortgage insurance revenues for the year ended December 31, 2003.

#### *Products*

In Australia and New Zealand, we offer primary flow insurance, known as "lenders mortgage insurance," or LMI, and portfolio credit enhancement policies. As of December 31, 2003, LMI represented 89% and portfolio credit enhancement represented 11% of our mortgage insurance in force in Australia and New Zealand. Our principal product is LMI, which is similar to the primary flow insurance we offer in Canada, with single premiums and 100% coverage. Lenders usually collect the single premium from prospective borrowers at the time the loan proceeds are advanced and remit the amount to us as the mortgage insurer. We in turn allocate most of the proceeds to unearned premium reserves, invest those proceeds and recognize the premium revenues over time according to an actuarially determined multi-year schedule.

We provide LMI on a flow basis to two types of customers: banks, building societies and credit unions; and non-bank mortgage originators, called mortgage managers. Banks, building societies and credit unions generally acquire LMI only for residential mortgage loans with loan-to-value ratios above 80%, because reduced capital requirements apply to high loan-to-value residential mortgages only if they have been insured by an "A" rated, or equivalently rated, mortgage insurance company that is regulated by the Australian Prudential Regulation Authority, or APRA. Our insurance subsidiary that serves the Australian and New Zealand markets has financial-strength ratings of "AA" from S&P and Fitch and a rating of "Aa2" from Moody's. There is no comparable capital incentive to purchase mortgage insurance for mortgages with loan-to-value ratios below 80%.

Mortgage managers fund their operations primarily through the issuance of mortgage-backed securities. Because they are not regulated by APRA, they do not have the same capital incentives as banks for acquiring LMI. However, they use LMI as the principal form of credit enhancement for these securities and generally purchase insurance for every loan they originate, without regard to the loan-to-value ratio.

We also provide portfolio credit enhancement policies to APRA-regulated lenders that have originated loans for securitization in the Australian market. Portfolio mortgage insurance serves as an important source of credit enhancement for the Australian securitization market, and our portfolio credit enhancement coverage generally is purchased for low loan-to-value, seasoned loans written by APRA-regulated institutions. To date, a market for these portfolio credit enhancement policies has not developed in New Zealand to the same extent as in Australia.

In both primary LMI and portfolio credit enhancement policies, our mortgage insurance provides insurance coverage for the entire unpaid loan balance, including selling costs and expenses, following the sale of the security property. Most of the loans we insure in Australia and New Zealand are variable rate mortgages with loan terms of between 20 and 30 years.

In connection with our acquisition of the operating assets of HLIC in 1997, we agreed to service a mortgage insurance portfolio that was retained by the Australian government. We receive a small amount of management fees for handling claims and providing loss mitigation and related services, but we did not acquire HLIC's originated insurance policies and do not bear any risk on those policies.

#### *Customers*

The ten largest mortgage originators in Australia, consisting of seven banks and three mortgage managers, collectively provide more than 80% of Australia's and New Zealand's residential mortgage financing. These ten originators provided us with 78% of our new insurance written for the year ended December 31, 2003, compared with 77% and 74% for the years ended December 31, 2002 and 2001, respectively. Other market participants in Australian and New Zealand mortgage lending include regional banks, building societies and credit unions.

#### *Competitors*

The Australian and New Zealand mortgage insurance markets are served by one other independent LMI company, PMI, as well as various lender-affiliated captive mortgage insurance companies. We compete with PMI primarily based upon our reputation for high-quality customer service, quick decision making on insurance applications, strong underwriting expertise and flexibility in terms of product development. As in Canada, we also compete in Australia and New Zealand with other products and financial structures that are designed to transfer credit default risk on mortgage loans.

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

### *Europe*

We began our European operations in 1994 in the U.K., which is Europe's largest market for mortgage loan originations. We expanded into five additional countries between 1999 and 2003, and we continue to explore opportunities in other European countries. Mortgage insurance originating in the U.K. accounted for approximately 87% of our European mortgage insurance in force as of

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December 31, 2003. This large concentration in the U.K. is attributable primarily to the fact that we have been operating in that country considerably longer than in any other European country. Our mortgage insurance operations in Europe accounted for approximately 9% of our total international mortgage insurance revenues for the year ended December 31, 2003.

### *Products*

Our European business currently consists principally of primary flow insurance on adjustable-rate mortgages. As is the case in our other non-U.S. markets, most primary flow insurance policies written in Europe are structured with single premium payments. Our primary flow insurance generally provides first-loss coverage in the event of default on a portion (typically 10-20%) of the balance of an individual mortgage loan. We believe that, over time, there is an opportunity to provide additional products with higher coverage percentages to reduce the risks to lenders of low-down-payment lending to levels similar to those in more mature mortgage insurance markets. We also recently began offering portfolio credit enhancement policies to lenders that have originated loans for securitization in select European markets.

### *Customers*

As a result of our strategy to expand organically into new markets in Europe with attractive growth potential, our portfolio of international mortgage insurance in force in Europe is concentrated in the countries where we have been active for the longest period of time and with customers with whom we have been doing business for the longest period of time. Our customers are primarily banks and mortgage investors, and our largest customer in Europe, which is a bank in the U.K., accounted for 66% of our new insurance written in the European markets for the year ended December 31, 2003, compared with 84% and 97% for the years ended December 31, 2002 and 2001, respectively.

### *Competitors*

Our European business faces competition from both traditional mortgage insurance companies as well as providers of alternative credit enhancement products. Our competitors are both public and private entities. Public mortgage guarantee facilities exist in The Netherlands, Sweden, Finland, some of the Baltic states, and, on a limited regional basis, in Italy, which provide (except in The Netherlands) first-loss coverage at premium rates and coverage levels similar to ours. We also face competition from affiliates of other U.S. private mortgage insurers, such as PMI, Radian and United Guaranty Residential Insurance Company, as well as multi-line insurers primarily in the U.K. and the Republic of Ireland, such as Norwich Union, Legal & General and Royal & SunAlliance. In October 2003, PMI agreed to purchase Royal & SunAlliance's mortgage insurance business in the U.K.

We also face competition from alternative credit enhancement products, such as personal guarantees on high loan-to-value loans, second mortgages and bank guarantees, and captive insurance companies organized by lenders. Lenders also have sought other forms of risk transfer, such as the use of capital market solutions through credit derivatives. In addition, some European lenders have chosen to price for and retain the additional credit risk, effectively self-insuring their low-down-payment loans. We believe that our global expertise, coverage flexibility, and strong ratings provide a unique competitive offering compared with competitors and alternative products.

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### *Loan portfolio*

The following table sets forth selected financial information regarding the effective risk in force of our international mortgage insurance loan portfolio as of the dates indicated:

Historical

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December 31,

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Loan-to-value ratio			
95.01% and above	\$ 132	\$ 12	\$ 11
90.01% to 95.00%	11,549	6,884	4,486
80.01% to 90.00%	15,762	8,718	5,563
80.00% and below	15,926	10,091	6,651
<b>Total</b>	<b>\$ 43,369</b>	<b>\$ 25,705</b>	<b>\$ 16,711</b>
Loan type			
Fixed rate mortgage	\$ —	\$ —	\$ —
Adjustable rate mortgage	43,369	25,705	16,711
<b>Total</b>	<b>\$ 43,369</b>	<b>\$ 25,705</b>	<b>\$ 16,711</b>
Mortgage term			
15 years and under	\$ 17,493	\$ 11,813	\$ 8,694
More than 15 years	25,876	13,892	8,017
<b>Total</b>	<b>\$ 43,369</b>	<b>\$ 25,705</b>	<b>\$ 16,711</b>

Our businesses in Australia, New Zealand and Canada currently provide 100% coverage on the majority of the loans we insure in those markets. The table above presents effective risk in force, which recognizes that the loss on any particular loan will be reduced by the net proceeds received upon sale of the property. Effective risk in force has been calculated by applying to insurance in force a factor that represents our highest expected average per-claim payment for any one underwriting year over the life of our businesses in Australia, New Zealand and Canada. As of December 31, 2003 this factor was 35% in each of Australia, New Zealand and Canada.

### *Loans in default and claims*

The claim process in our international mortgage insurance business is similar to the process we follow in our U.S. mortgage insurance business. "See—Mortgage Insurance—U.S. mortgage insurance—Loans in default and claims." The following table sets forth the number of loans insured, the number of loans in default and the default rate for our international mortgage insurance portfolio:

	Historical		
	December 31,		
	2003	2002	2001
<b>Primary insurance</b>			
Insured loans in force	1,282,731	1,054,703	790,294
Loans in default	4,926	3,641	3,471
Percentage of loans in default (default rate)	0.4%	0.4%	0.4%
Flow loans in force	1,044,131	753,314	549,039
Flow loans in default	4,679	3,268	3,262
Percentage of flow loans in default (default rate)	0.5%	0.4%	0.6%
Portfolio credit enhancement loans in force	238,600	301,389	241,255
Portfolio credit enhancement loans in default	247	373	209
Percentage of portfolio credit enhancement loans in default (default rate)	0.1%	0.1%	0.1%

## Corporate and Other

Our Corporate and Other segment consists of net realized investment gains (losses), and unallocated corporate income and expenses (including amounts accrued in settlement of class action lawsuits), interest, and other financing expenses that are incurred at our holding company level. This segment also includes the results of Viking Insurance Company, GE Seguros and a few other small, non-core businesses that are managed outside our operating segments.

Our subsidiary, Viking Insurance Company, is a Bermuda-based reinsurer primarily of leased equipment insurance and consumer credit insurance underwritten by American Bankers Insurance Company, or ABIC. GE's Vendor Financial Services business purchases property and casualty insurance from ABIC on behalf of certain of its lessees to cover leased equipment. ABIC then reinsures those policies with Viking. GE's Card Services business develops and markets credit insurance through credit card issuers, retailers and banks. These credit insurance policies also are underwritten by ABIC and then reinsured with Viking.

Viking also has an in-force block of reinsurance of U.S. and Canadian consumer auto warranties and property and casualty gap insurance that protects consumers from the risk of loss on any difference between the value of an automobile and any loans secured by it. We do not intend to enter into any new warranty or gap insurance reinsurance treaties, and we intend to place the existing treaties in run-off, with the remaining program expiring over the next four years.

GE has informed us that Vendor Financial Services intends to cease purchasing new insurance coverage on behalf of lessees through ABIC, as of March 1, 2004, and Card Services intends to phase out marketing credit insurance over the next several years. GE Capital has agreed to take all commercially reasonable efforts to maintain the relevant existing insurance and reinsurance relationships, but we expect Viking's reinsurance programs with GE's Card Services business and Vendor Financial Services to decline steadily over the next several years and, ultimately, be discontinued. With respect to Card Services' credit insurance, GE Capital may decide to encourage a switch of existing coverages to another program. In that event, GE Capital has agreed to pay Viking an amount equal to the net underwriting income that Viking is projected to receive as reinsurer from the date of discontinuation of any credit insurance program through December 31, 2008. See "Agreements Between GE and our Company—Relationship with GE—Agreement Regarding Continued Reinsurance by Viking."

Our subsidiary, GE Seguros, is a small Mexican-domiciled multi-line insurer. We acquired this business in 1995 and currently hold 99.6% of its outstanding shares. GE Seguros is licensed to sell property and casualty, life and health insurance in Mexico.

GE Seguros currently writes primarily motor vehicle coverage for personal and commercial domestic vehicles and personal coverage for tourist vehicles. It also writes a small amount of homeowners', commercial property, transport and life insurance. GE Seguros distributes its products through independent agents in Mexico and, for the tourist auto business, it also distributes its products through agents located in key U.S. border locations. GE Seguros maintains agency relationships through its branch offices in ten major Mexican cities.

Viking, GE Seguros and other small, non-core businesses had aggregate net earnings of \$28 million, \$42 million and \$47 million for the years ended December 31, 2003, 2002 and 2001.

## Distribution

We distribute our products through an extensive and diversified distribution network that is balanced between independent sales intermediaries, including financial intermediaries and independent producers, and dedicated sales specialists. We believe this access to a variety of distribution channels enables us to respond effectively to changing consumer needs and distribution trends. We have strategically positioned our multi-channel distribution network to capture a broad share of the

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distributor and consumer markets and to accommodate different consumer preferences in how to purchase insurance and financial services products.

### *Protection and Retirement Income and Investments segments*

Our Protection and Retirement Income and Investments segments both distribute their products through the following channels:

- Financial intermediaries, including banks, securities brokerage firms, and independent broker/dealers;
- Independent producers, including brokerage general agencies, affluent market producer groups and specialized brokers; and
- Dedicated sales specialists, including long-term care sales agents and affiliated networks of both accountants and personal financial advisers.

The following tables set forth our annualized first-year premiums and deposits for the products in our Protection and Retirement Income

and Investments segments, categorized by each of our distribution channels:

	Historical				
	Year ended December 31, 2003				
	Annuities and other investment products	Life insurance	Long-term care insurance	Group life and health insurance	European payment protection insurance
<i>(Dollar amounts in millions)</i>					
Financial intermediaries	\$ 3,294	\$ 10	\$ 53	\$ —	\$ 1,348
Independent producers	3,529	145	51	144	267
Dedicated sales specialists	175	8	136	—	—
<b>Total production</b>	<b>\$ 6,998</b>	<b>\$ 163</b>	<b>\$ 240</b>	<b>\$ 144</b>	<b>\$ 1,615</b>

#### *Financial intermediaries*

We have selling agreements with approximately 900 financial intermediaries, including banks, securities brokerage firms and independent broker/dealers. We use financial intermediaries to distribute a significant portion of our fixed, variable and income annuities and other investment products, long-term care insurance and European payment protection insurance. They also distribute a small portion of our life insurance policies to their individual clients. We have 95 wholesalers in the U.S. who are our employees and who work to develop sales relationships with new financial intermediaries and to expand sales through existing financial intermediaries.

#### *Independent producers*

*Brokerage general agencies.* We distribute most of our products, including life insurance, annuities and long-term care insurance through approximately 500 independent brokerage general agencies, or BGAs, located throughout the U.S. Approximately 270 of these BGAs distribute our life insurance, annuities and long-term care insurance products, and approximately 230 of them are long-term care insurance specialists and generally distribute only our long-term care insurance products. These BGAs market our products, and those of other insurance companies, through a network of approximately 234,000 independent brokers who are licensed and appointed to sell our products.

*Affluent market producer groups.* We have preferred carrier relationships with several industry leading affluent market producer groups. Through these relationships, we have access to approximately 4,700 producers who are licensed and appointed to sell our products. These groups target

high-net-worth individuals, which we define to include households with at least \$1 million of liquid assets, as well as small to medium-size businesses, which we define as those with fewer than 1,000 employees. We distribute life insurance, long-term care insurance and annuity products through these groups.

*Specialized brokers.* We distribute many of our products through brokers that specialize in a particular insurance or investment product and deliver customized service and support to their clients. We use a network of approximately 350 specialized independent brokers to distribute income annuities and structured settlements. We believe we have one of the oldest and largest distribution systems for structured settlements, and our relationships with many of these specialized brokers date back more than 20 years. We distribute our group life and health insurance products and services through an independent network of approximately 5,000 licensed group life and health brokers and agents that are supported by our nationwide sales force of approximately 100 employees. These group brokers and agents typically specialize in providing employee benefit and retirement solution services to employers. We also distribute GICs and funding agreements through a group of approximately 35 specialized brokers and investment managers.

#### *Dedicated sales specialists*

*Long-term care agents.* We have approximately 1,800 sales agents who specialize in selling our long-term care insurance products, 70 of which are product specialists who assist our independent sales intermediaries in selling our long-term care insurance products. They also sell our Medicare supplement insurance product and the products of other insurers on a select basis. We employ the individuals who manage and support the dedicated sales specialists. We compensate our long-term care agents primarily on a commission basis. To support lead generation for this channel, we have a comprehensive direct mail and marketing program, including mass marketing and affinity strategies that target members of various organizations, such as travel, social and professional organizations. We also identify prospective customers through educational seminars, policyholder referrals and targeted promotions linked to our national advertising campaigns.

*Accountants and personal financial advisers.* We have approximately 1,400 affiliated personal financial advisers, of whom approximately 1,200 are accountants, who sell our annuity and insurance products including variable products, third-party mutual funds and other investment products through our wholly-owned broker/dealers. In the past several years, accountants have been increasingly responsible for assisting their clients with long-term financial planning, as well as traditional accounting and tax-related services. As a result, we believe accountants provide us with an opportunity for growth as a distribution channel. We distribute primarily annuities and other investment products through this distribution channel.

### ***Mortgage Insurance***

We distribute our mortgage insurance products through our dedicated sales force of more than 100 employees located throughout the U.S. This sales force primarily markets to financial institutions and mortgage originators, which in turn offer mortgage insurance products to borrowers. In addition to our field sales force, we also distribute our products through a telephone sales force serving our small lender and broker customer segments, as well as through our "Action Center" which provides live phone and web chat based support for all our customer segments.

We also maintain a dedicated sales force that markets our mortgage insurance products to lenders in Canada, Australia, New Zealand, and Europe. As in the U.S. market, our sales force markets to financial institutions and mortgage originators, who in turn offer mortgage insurance products to borrowers.

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## **Marketing**

In addition to the breadth and variety of our distribution channels, we have differentiated our approach to the market through product breadth, technology services, specialized support for our distributors and innovative marketing programs tailored to particular consumer groups. We also have developed a comprehensive strategy to promote our new corporate brand after the completion of this offering and our separation from GE.

We offer a breadth of products that meet the needs of consumers throughout the various stages of their lives. We refer to our approach to product diversity as "smart" breadth because we are selective in the products we offer and strive to maintain appropriate return and risk thresholds when we expand the scope of our product offerings. We believe our reputation for innovation and our smart breadth of products enable us to sustain strong relationships with our distributors and position us to benefit from the current trend among distributors to reduce the number of insurers with whom they maintain relationships, while at the same time they continue to be able to access a broad range of products. We also have developed sophisticated technological tools that enhance performance by automating key processes and reducing response times and process variations. These tools also make it easier for our customers and distributors to do business with us.

We maintain strong relationships with leading distributors by providing a high level of specialized and differentiated distribution support, such as product training, advanced marketing and sales solutions, financial product design for affluent customers and technology solutions that support the distributors' sales efforts and by pursuing joint business improvement efforts. We also sponsor various advisory councils with independent sales intermediaries and dedicated sales specialists to gather their feedback on industry trends, new product suggestions and ways to enhance our relationships. For the past several years, we have offered programs to share our Six Sigma process quality methods with our distributors. To this end, we have participated in a joint business improvement initiative (originally developed by GE), called "At the Customer For the Customer," or ACFC, through which we help our independent sales intermediaries increase sales and realize greater efficiencies in their businesses. We believe ACFC has been favorably received by our distributors and has helped to differentiate us from our competitors. During 2003, our independent sales intermediaries initiated more than 200 projects through the ACFC program.

We have designed innovative marketing programs that target different consumer groups. For example, we sponsor the GE Center for Financial Learning, which provides a web site to promote financial literacy. The site has won more than 35 Internet and industry awards and contains detailed information about various insurance and investment products and financial decisions facing consumers. The site was developed with the help of leading academic experts and financial professionals who also serve on the GE Center for Financial Learning's Advisory Board. This website is devoted solely to financial education and does not sell or promote any products. However, we believe the web site contributes to the recognition of our products and services and generates loyalty among independent sales intermediaries and consumers.

We also have been actively marketing our products to U.S. Latino customers, who we believe are substantially underserved by insurance and investment products, despite being the largest minority group in the U.S. As part of this campaign, we recruit Spanish-speaking agents, translate various marketing materials into Spanish, advertise our services on Telemundo Spanish television, participate in Latin American street fairs, and, as part of the GE Center for Financial Learning, operate a Spanish-language web site devoted to financial education for U.S. Latinos.

Our other innovative marketing programs include our two mobile marketing units that visit more than 50 communities each year to generate publicity and sales opportunities for our products, our coordination of the national Long-Term Care Awareness Day, and our sponsorship of the Alzheimer Association's annual Memory Walk across the U.S.

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Branding has been, and will continue to be, an important aspect of our total marketing program. We currently use the GE brand name and logo in nearly all our marketing and distribution activities, including product names, product brochures, web sites, stationery, signage, advertising and promotions. In addition, many of our insurance subsidiaries incorporate "GE," "General Electric" or "GE Capital" in their corporate names. Pursuant to a transitional trademark license agreement, GE will grant us the right to use the "GE" mark and the "GE" monogram for up to five years in connection with our products and services. GE also will grant us the right to use "GE," "General Electric" and "GE Capital" in the corporate names of our subsidiaries until the earlier of twelve months after the date on which GE owns less than 20% of our outstanding common stock and five years from the date of the trademark license agreement. In addition, insurance regulators in the U.S. and the other countries where we do business could require us to accelerate the transition to our independent brand. See "Arrangements Between GE and Our Company—Relationship with GE—Intellectual Property Arrangements—Transitional Trademark License Agreement."

Our branding strategy is to establish our new Genworth brand expeditiously while we continue to use the GE brand name and logo with customers. We are planning a phased brand rollout. Our first phase will emphasize the relationship between Genworth and the GE brand with continued references to GE and the GE brand in selective marketing materials. Within 12 months of the completion of this offering, we intend to re-brand most standard communications materials with the Genworth logo, name and corporate identity, including the references to GE. During 2004 and 2005, we also intend to promote the Genworth brand through various communications, such as advertising, promotions, print media, the Internet, public relations efforts, and special events for distributors and consumers. We intend to customize our brand transition strategy for each of our distribution channels.

We expect to incur aggregate incremental expenses of approximately \$35 million in each of 2004 and 2005 for marketing, advertising and legal entity transition expenses, reflecting primarily the additional costs of establishing our new brand throughout our business, including with consumers and sales intermediaries.

## **Risk Management**

### *Overview*

Risk management is a critical part of our business, and we have adopted rigorous risk management processes in virtually every aspect of our operations, including product development, underwriting, investment management, asset-liability management, and technology development projects. The primary objective of these risk management processes is to reduce the variations we experience from our expected results. We have an experienced group of more than 130 professionals, including actuaries, statisticians and other specialists, dedicated exclusively to our risk management process. We believe we have benefited from the sophisticated risk management techniques that GE applies throughout its businesses, and we have emphasized our adherence to those techniques as a competitive advantage in marketing and managing our products. We intend to maintain a prudent and highly disciplined risk management strategy as an independent company after this offering.

### *New product introductions*

Our risk management process begins with the development and introduction of new products and services. We have established a rigorous product development process that specifies a series of required analyses, reviews and approvals for any new product. This process includes a review of the market opportunity and competitive landscape for each proposed product, major pricing assumptions and methodologies, return expectations, reinsurance strategies, underwriting criteria and business risks and potential mitigating factors. Before we introduce a new product in the market, we establish a monitoring program with specific performance targets and leading indicators, which we monitor frequently to identify any deviations from expected performance so that when necessary, we can take

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prompt corrective action. All new products require approval by our senior management team. We use a similarly rigorous process to introduce variations to existing products and to introduce existing products through new distribution channels.

### *Product performance reviews*

The Risk Committee for our Protection and Retirement Income and Investments segments includes our President and Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, Head of Product Management, Chief Investment Officer and Chief Actuary. The Risk Committee reviews each of our products on a regular cycle, typically approximately twice per year. These reviews include an analysis of the major drivers of profitability, underwriting performance, variations from expected results, regulatory and competitive environment and other factors affecting product performance. In addition, we initiate special reviews when a product's performance fails to meet any of the indicators we established during that product's introductory review process. If a product does not meet our performance criteria, we consider adjustments in pricing, design and marketing or ultimately discontinuing sales of that product. We review our underwriting, pricing and risk selection strategies on a regular basis to ensure that our products remain progressive, competitive and consistent with our marketing and profitability objectives. We are also subject to periodic external audits by our reinsurers, which provide us with valuable insights into other innovative risk management practices.

In managing the risks of our Mortgage Insurance segment, we carefully monitor portfolio trends and product performance, including credit quality, product concentrations and claims development. We evaluate trends in our portfolio through various means, including comparison of results to pre-established targets and to our historical experience, analysis of borrower credit scores, and use of our own proprietary mortgage scoring model, OmniScore®. We obtain borrower FICO scores and other credit data directly from credit bureaus when available, thereby enabling us to independently evaluate the credit quality of loans submitted to us. We also regularly evaluate the profitability of our products in light of market conditions and forecasts developed during the product development process. As in our other segments, if a mortgage insurance product's performance fails to meet any of the indicators we established during that product's introductory review process or otherwise shows negative trends, we consider changes to our product guidelines, price adjustments, limiting our exposure or discontinuing the offering of that product. We also assess portfolio quality and loan performance at the lender account level using OmniScore®, FICO scores and other credit data and our historical claims experience. Our risk management team conducts portfolio quality and loan performance reviews with lenders as required, during which we consider and address any significant trends and performance issues. We also review the profitability of lender accounts on a quarterly basis to ensure that our business with these lenders is achieving anticipated performance levels and to identify trends requiring remedial action. Corrective actions may include changes to our underwriting guidelines, product mix or other programs with lenders.

### *Asset-liability management*

We maintain segmented investment portfolios for the majority of our product lines. This enables us to perform an ongoing analysis of the interest rate risks associated with each major product line, in addition to the interest rate risk for our overall enterprise. We analyze the behavior of our liability cash flows across a wide variety of future interest rate scenarios, reflecting policy features and expected policyholder behavior. We also analyze the behavior of our asset portfolio across the same scenarios. We believe this analysis shows the sensitivity of both our assets and liabilities to large and small changes in interest rates and enables us to manage our assets and liabilities more effectively.

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### *Portfolio diversification*

We use strict limits to avoid concentrations of risk in our investment portfolio. The techniques we use to manage our exposure to credit risk, interest rate risk and market valuation risk are discussed in further detail below under "—Investments."

In managing our mortgage insurance risk exposure, we carefully monitor geographic concentrations in our portfolio and the condition of housing markets in each country in which we operate. We monitor our concentration of risk in force at the regional, state and major metropolitan area levels on a quarterly basis. In the U.S., we evaluate the condition of housing markets in major metropolitan areas with our proprietary OmniMarket<sup>SM</sup> model, which rates housing markets based on variables such as economic activity, unemployment, mortgage delinquencies, home sales trends and home price changes. We also regularly monitor factors that affect home prices and their affordability by region and major metropolitan area.

### *Actuarial databases and information systems*

Our extensive actuarial databases and innovative information systems technology are important tools in our risk management programs. We believe we have the largest actuarial database for long-term care insurance claims with almost 30 years of experience in offering those products. We also have substantial experience in offering individual life insurance products, and we have developed a large database of claims experience, particularly in preferred risk classes, which provides significant predictive experience for mortality.

We use advanced and, in some cases, proprietary technology to manage variations in our underwriting process. For example, our GENIUS® new business processing system uses digital underwriting technology that is designed to reduce policy issue times, lower our operating costs and increase the consistency and accuracy of our underwriting process by reducing decision-making variation. In our mortgage insurance business we use borrower credit scores, our proprietary mortgage scoring model, OmniScore®, and our extensive database of mortgage insurance experience to evaluate new products and portfolio performance. OmniScore® uses the borrower's credit score and additional data concerning the borrower, the loan and the property, including loan-to-value ratio, loan type, loan amount, property type, occupancy status and borrower employment to predict the likelihood of having to pay a claim. In the U.S., OmniScore® also incorporates our assessment of the housing market in which a property is located, as evaluated with our OmniMarket<sup>SM</sup> model. We believe this additional mortgage data and housing market assessment significantly enhances OmniScore's® predictive power over the life of the loan. We perform portfolio analysis on an ongoing basis to determine if modifications are required to our product offerings, underwriting guidelines or premium rates.

### *Compliance*

We take a disciplined approach to legal and regulatory compliance practices and throughout our company instill a strong commitment to integrity in business dealings and compliance with applicable laws and regulations. In recognition of this commitment, we have received the American Council of Life Insurers' Integrity First Award in both 2001 and 2002. We have approximately 140 employees dedicated to compliance matters.

### **Operations and Technology**

## *Service and support*

We have a dedicated team of approximately 5,000 service and support personnel (including our operations through an arrangement with a GE subsidiary in India) who assist our sales intermediaries and customers with their service needs. We use advanced and, in some cases, proprietary, patent-pending technology to provide customer service and support, and we operate service centers that leverage technology, integrated processes, and Six Sigma process management techniques.

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In our Protection and Retirement Income and Investments segments, we interact directly and cost-effectively with our independent sales intermediaries and dedicated sales specialists through secure websites, which have enabled them to transact business with us electronically, obtain information about our products, submit applications, check application and account status and view commission information. We also provide our independent sales intermediaries and dedicated sales specialists with account information to disseminate to their customers through the use of industry-standard XML communications. Our technology teams actively participate in the development of industry standards and have received early adopter awards from industry organizations such as the Association for Cooperative Operations Research and Development, or ACORD.

We also have introduced technologically advanced services to customers in our Mortgage Insurance segment. Historically, lenders submitted applications for mortgage insurance via mail, courier or fax. If we approved the loan, we would issue a certificate of insurance to the lender. Advances in technology now enable us to accept applications through electronic submission and to issue electronic insurance commitments and certificates. Our AU Central® Internet platform provides lenders real-time access to multiple automated underwriting systems at the point of sale, helping them to originate loans more easily and efficiently. For the year ended December 31, 2003, we issued approximately 82% of our U.S. mortgage insurance commitments electronically, compared to 78% for the year ended December 31, 2002 and 55% for the year ended December 31, 2001. Through our Internet-enabled information systems, lenders can receive information about their loans in our database, as well as make corrections, file notices and claims, report settlement amounts, verify loan information and access payment histories. We also assist in workouts through LMO Fast-Track, which we believe is the mortgage insurance industry's first on-line workout approval system, allowing lenders to request and obtain authorization from us for them to provide workout solutions to their borrowers.

## *Operating centers*

We have centralized our operations and have established scalable, low-cost operating centers in Virginia, North Carolina, India and Ireland. We expect to realize additional efficiencies from further facility rationalization, which includes centralizing additional U.S. operations and consolidating mailrooms and print centers. Through an arrangement with GE, we have a substantial team of professionals in India who provide a variety of services to us, including customer service, transaction processing, and functional support including finance, investment research, actuarial, risk and marketing resources to our insurance operations. Most of the personnel in India have college degrees, and many have graduate degrees. See "Arrangements Between GE and Our Company—Relationship with GE—Arrangements regarding our operations in India" for a description of this arrangement.

## *Technology capabilities*

We employ approximately 560 information technology professionals throughout our organization. These include approximately 30 project managers, all of whom have been certified by the Project Management Institute to design and develop new technological capabilities.

We rely on proprietary processes for project approval, execution, risk management and benefit verification as part of our approach to technology investment. We hold, or have applied for, more than 120 patents. Our technology team is experienced in large-scale project delivery, including many insurance administration system consolidations and the development of Internet-based servicing capabilities. We continually manage technology costs by standardizing our technology infrastructure, consolidating application systems, reducing servers and storage devices, and managing project execution risks.

We work with associates from GE's Global Research Center to develop new technologies that help deliver competitive advantages to our company. After our separation from GE, we will complete our existing projects with the GE Global Research Center under their current terms. We also may work on

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new projects with the GE Global Research Center in the future. All new projects will be pursuant to individual agreements that will be negotiated on mutually agreeable terms. See "Arrangements Between GE and Our Company—Relationship with GE—Transition Services Agreement."

## *Six Sigma*

We believe we have greatly enhanced our operating efficiency and generated significant cost savings by using a highly disciplined quality management and process optimization methodology known as Six Sigma, which relies on the rigorous use of statistical techniques to assess process variations and defects. Six Sigma is a quality program consisting of a combination of GE proprietary and licensed materials, concepts, methodologies and software tools. The program uses a disciplined methodology to define, measure, analyze, improve and control the features and performance of a company's products and processes. Six Sigma creates a rigorous process analysis supported by data to measure defect levels in a given process or product. By measuring defects and identifying their root causes, processes and products can be improved to deliver and sustain higher levels of performance as measured by timeliness, accuracy, cost and customer satisfaction.

We have a team of approximately 300 employees who have received extensive training and certification in Six Sigma, an additional 1,400 employees have received standard Six Sigma certification, and nearly all our employees have attained a basic level of competence in the Six Sigma methodology.

Pursuant to the transition services agreement that we will enter into with GE prior to the completion of this offering, GE will ensure that we will be able to continue to use our Six Sigma program in a manner consistent with our use prior to the completion of this offering.

## **Reserves**

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

### ***Protection***

We establish reserves for life insurance policies based generally upon actuarially recognized methods. We use mortality tables in general use in the U.S. and Europe, modified to reflect our expected claims. Persistency, expense and interest rate assumptions are based upon relevant experience and expectations for the future. We establish reserves at amounts we expect to satisfy our policy obligations, including assumptions for the receipt of additional premiums and of interest to be earned on the reserves. The liability for policy benefits for universal life insurance policies and interest-sensitive whole life policies is equal to the balance that accrues to the benefit of policyholders, including credited interest, plus any amount needed to provide for additional benefits. We also establish reserves for amounts that we have deducted from the policyholder's balance to compensate us for services to be performed in future periods, and we release these reserves as those future obligations are extinguished.

We establish reserves for long-term care insurance policies based upon a variety of factors including claim likelihood, continuance, severity, persistency, and plan of coverage. Long-term care insurance policies are long-duration products, and therefore our future claims experience may be

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different from what we expected when we issued the policies. Moreover, long-term care insurance does not have the claims experience history of life insurance, and as a result, our ability to forecast claims for long-term care insurance products is more limited than for life products.

Our liability for unpaid group life and health insurance claims, including our medical and non-medical lines, is an estimate of the ultimate net cost of both reported and unreported losses not yet settled. Our liability is based upon an evaluation of historical claim run-out patterns and includes a provision for adverse claim development. Reserves for long-term disability insurance represent the actuarial present value of benefits for current claimants. Claim benefit payments on long-term disability insurance policies consist of payments made monthly, in accordance with the contractual terms of the policy. Reserves for incurred but not reported claims in our group life and health insurance business are based upon historic incidence rates.

We establish reserves for our European payment protection insurance using a number of actuarial models. Claims reserves are calculated separately for disability, life and unemployment business. Reserves are established at three different stages of a claim: incurred but not reported, reported but not paid and in the course of payment.

### ***Retirement Income and Investments***

For our investment contracts, including annuities, GICs, and funding agreements, contractholder liabilities are equal to the accumulated contract account values, which generally consist of an accumulation of deposit payments plus credited interest or investment earnings, less expense and mortality charges, as applicable, withdrawals and other amounts assessed through the end of the period. We also maintain a separate

reserve for expected future payments above the account value due to the death of a contractholder. Liabilities for future policy benefits on our immediate fixed annuity contracts are calculated based upon a set of actuarial assumptions that we establish and maintain throughout the lives of the contracts.

### *Mortgage Insurance*

In our mortgage insurance businesses, a significant period of time may elapse between the occurrence of the borrower's default on a mortgage payment, which is the event triggering a potential future claim payment, the reporting of such default and our eventual payment of the claim. Consistent with U.S. GAAP and industry accounting practices, we establish reserves for loans that are in default, including loans that are in default but have not yet been reported, by forecasting the percentage of loans in default on which we will ultimately pay claims and the average claim that will be paid. We generally consider a loan to be in default if the borrower has failed to make a required mortgage payment for two consecutive months. In addition to our reserves for known loans in default, we establish reserves for "loss adjustment expenses" to provide for the estimated costs of settling claims, including legal and other fees, and general expenses of administering the claims settlement process.

We estimate ultimate claims and associated costs based upon our historical loss experience, adjusted for the anticipated effect of current economic conditions and projected economic trends. Consistent with U.S. GAAP and industry accounting practices, we do not establish loss reserves for future claims on insured loans that are not currently in default.

To improve the reserve estimation process, we segregate our mortgage loan portfolio based upon a variety of factors, and we analyze each segment of the portfolio in light of our default experience to produce our reserve estimate. We review these factors on a periodic basis and adjust our loss reserves accordingly. Although inflation is implicitly included in the estimates, the impact of inflation is not explicitly isolated from other factors influencing the reserve estimates. We do not discount our loss reserves for financial reporting purposes.

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We also establish liabilities related to contract underwriting indemnification. Under the terms of our contract underwriting agreements, we agree to indemnify the lender against losses incurred in the event that we make material errors in determining that loans processed by our contract underwriters meet specified underwriting or purchase criteria. We revise our estimates of these liabilities from time to time to reflect our recent experience.

### **Reinsurance**

We follow the industry practice of reinsuring portions of our insurance risks with reinsurance companies. We use reinsurance both to diversify our risks and to manage loss exposures and capital effectively. The use of reinsurance permits us to write policies in amounts larger than the risk we are willing to retain, and also to write a larger volume of new business.

We cede insurance primarily on a treaty basis, under which risks are ceded to a reinsurer on specific blocks of business where the underlying risks meet certain predetermined criteria. To a lesser extent, we cede insurance risks on a facultative basis, under which the reinsurer's prior approval is required on each risk reinsured. Use of reinsurance does not discharge us, as the insurer, from liability on the insurance ceded. We, as the insurer, are required to pay the full amount of our insurance obligations even in circumstances where we are entitled or able to receive payments from our reinsurer. The principal reinsurers to which we cede risks have A.M. Best financial strength ratings ranging from "A++" to "A-." Historically, we have not had significant concentrations of reinsurance risk with any one reinsurer. However, prior to the completion of this offering, we will enter into reinsurance transactions with UFLIC, which will result in a significant concentration of reinsurance risk with UFLIC, as discussed under "Arrangements Between GE and Our Company—Reinsurance Transactions."

The following table sets forth, on an actual and pro forma basis, our exposure to our principal reinsurers, along with the reinsurance recoverable as of December 31, 2003, and the A.M. Best ratings of those reinsurers as of that date:

	Reinsurance recoverable	Pro forma reinsurance recoverable	A.M. Best rating
<b>(Dollar amounts in millions)</b>			
UFLIC(1)	\$ 0	\$ 16,345	A+
IDS Life Insurance Company(2)	758	758	A+
Phoenix Life Insurance Company(3)	667	667	A
Swiss Re Life & Health America Inc.	157	157	A++
Munich American Reassurance Company	120	120	A+
ERC(4)	107	107	A-
Revios Reinsurance	84	84	A-

(1) See "Arrangements Between GE and Our Company—Reinsurance Transactions."

- (2) Our reinsurance arrangement with IDS covers a run-off block of single-premium life insurance policies.
- (3) Our reinsurance arrangement with Phoenix covers a run-off block of corporate-owned life insurance policies. Both of these arrangements originated from acquisitions.
- (4) ERC refers to Employers Reassurance Corporation and ERC Life Reinsurance Corporation, both indirect subsidiaries of GE.

As discussed above under "—Mortgage Insurance—Products and Services—Risk mitigation arrangements—Captive reinsurance," we have entered into a number of reinsurance agreements in which we share portions of our mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies, or captive reinsurers, affiliated with these lenders. In

return, we cede an agreed portion of our gross premiums on insurance written to the captive reinsurers. Substantially all of our captive mortgage reinsurance arrangements are structured on an excess-of-loss basis.

As of December 31, 2003 our total risk reinsured to all captive reinsurers was \$2.6 billion, and the total capital held in trust for our benefit by all captive reinsurers was \$410 million. These captive reinsurers are not rated, and their claims-paying obligations to us are limited to the amount of capital held in trust. We believe the capital held in trust by these captive reinsurers is sufficient to meet their anticipated obligations to us. However, we cannot ensure that each captive with which we do business can or will meet all its obligations to us.

### Financial Strength Ratings

Ratings with respect to financial strength are an important factor in establishing the competitive position of insurance companies. Ratings are important to maintaining public confidence in us and our ability to market our products. Rating organizations review the financial performance and condition of most insurers and provide opinions regarding financial strength, operating performance and ability to meet obligations to policyholders.

Upon the completion of this offering, we expect our principal life insurance subsidiaries to be rated by A.M. Best, S&P and Moody's as follows:

Company	A.M. Best rating	S&P rating	Moody's rating
American Mayflower Life Insurance Company of New York	A+ (superior)	AA- (very strong)	Aa3 (excellent)
Federal Home Life Insurance Company	A+ (superior)	Not rated	Aa3 (excellent)
First Colony Life Insurance Company	A+ (superior)	AA- (very strong)	Aa3 (excellent)
GE Capital Life Assurance Company of NY	A+ (superior)	AA- (very strong)	Aa3 (excellent)
GE Life and Annuity Assurance Company	A+ (superior)	AA- (very strong)	Aa3 (excellent)
GE Group Life Assurance Company	A (excellent)	AA- (very strong)	Not Rated
General Electric Capital Assurance Company	A+ (superior)	AA- (very strong)	Aa3 (excellent)

Upon the completion of this offering, we expect our mortgage insurance subsidiaries to be rated by S&P, Moody's and Fitch as follows:

Company(1)	S&P rating	Moody's rating	Fitch rating
General Electric Mortgage Insurance Corporation	AA (very strong)	Aa2 (excellent)	AA (very strong)
GE Mortgage Insurance Company Pty. Limited	AA (very strong)	Aa2 (excellent)	AA (very strong)
GE Mortgage Insurance Limited	AA (very strong)	Aa2 (excellent)	AA (very strong)

- (1) Our Canadian mortgage insurance company is not rated by any of the rating agencies shown above.

The A.M. Best, S&P, Moody's and Fitch ratings included in this prospectus are not designed to be, and do not serve as, measures of protection or valuation offered to investors in this offering. 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++" (superior) to "F" (in liquidation).

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.

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.

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.

A.M. Best, S&P, Moody's and Fitch review their ratings periodically and we cannot assure you that we will maintain our current ratings in the future. Other agencies may also rate our company or our insurance subsidiaries on a solicited or an unsolicited basis.

## Investments

As of December 31, 2003, on a pro forma basis, we had total cash and invested assets of \$60.5 billion and an additional \$8.2 billion held in our separate accounts, for which we do not bear investment risk. We manage our assets to meet diversification, credit quality, yield and liquidity requirements of our policy and contract liabilities by investing primarily in fixed-maturities, including government, municipal and corporate bonds, mortgage-backed and other asset-backed securities and mortgage loans on commercial real estate. We also invest in short-term securities and other investments, including a small position in equity securities. In all cases, investments for our particular insurance company subsidiaries are required to comply with restrictions imposed by applicable laws and insurance regulatory authorities.

Our primary investment objective is to meet our obligations to policyholders and contractholders while increasing value to our stockholders by investing in a diversified portfolio of high-quality, income-producing securities and other assets. Our investment strategy will optimize investment income without relying on realized investment gains. In an effort to achieve this objective, we intend to pursue a prudent investment strategy focusing primarily on:

- minimizing interest rate risk through rigorous management of asset durations relative to policyholder and contractholder obligations;
- selecting assets based on fundamental, research-driven strategies;
- emphasizing fixed-interest, low-volatility assets;
- maintaining sufficient liquidity to meet unexpected financial obligations;
- continuously evaluating our asset class mix and pursuing additional investment classes; and
- rigorous, continuous monitoring of asset quality.

We are exposed to two primary sources of investment risk:

- credit risk, relating to the uncertainty associated with the continued ability of a given issuer to make timely payments of principal and interest; and

- interest rate risk, relating to the market price and cash flow variability associated with changes in market interest rates.

We manage credit risk by analyzing issuers, transaction structures and real estate properties. We use sophisticated analytic techniques to monitor credit risk. For example, we continually measure the probability of credit default and estimated loss in the event of such a default, which provides us with early notification of worsening credits. If an issuer downgrade causes our holdings of that issuer to exceed our risk thresholds,

we automatically undertake a detailed review of the issuer's credit. We also manage credit risk through industry and issuer diversification and asset allocation practices. For commercial real estate loans, we manage credit risk through geographic, property type and product type diversification and asset allocation. We routinely review different issuers and sectors and conduct more formal quarterly portfolio reviews with our Investment Committee.

We mitigate interest rate risk through rigorous management of the relationship between the duration of our assets and the duration of our liabilities, seeking to minimize risk of loss in both rising and falling interest rate environments. For further information on our management of interest rate risk, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Quantitative and Qualitative Disclosures About Market Risk."

The tables below present our investment positions and results on an historical and a pro forma basis. The pro forma data in these tables give effect to the reinsurance transactions with UFLIC described under "Arrangements Between GE and Our Company—Reinsurance Transactions." The pro forma information has been determined based upon a proportional allocation of investment assets and investment income from the investment assets historically identified as supporting the blocks reinsured. Under our existing investment management strategies, multiple product lines with similar characteristics can be supported by a single portfolio of investment securities, known as "multiple product portfolios." Where the reinsurance transactions with UFLIC relate to products supported by multiple product portfolios, the pro forma asset, net investment income and net realized investment gains (losses) attributable to the reinsured liabilities were determined using an allocation approach, applying the ratio of reinsured liabilities to the total liabilities supported by the multiple product portfolio to the portfolio's total assets, net investment income and net realized investment gains (losses), respectively. The actual investment assets that will be transferred in the reinsurance transactions will be determined on an asset-by-asset basis prior to the completion of the reinsurance transactions. As a result, the pro forma information does not represent the results we would have achieved had those reinsurance transactions been consummated at the beginning of the periods presented, and the information presented may not be a reliable indicator of our future results.

The following table sets forth, on an historical and pro forma basis, our cash and invested assets as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
<b>(Dollar amounts in millions)</b>						
Fixed-maturities, available-for-sale						
Public	\$ 51,336	64%	\$ 48,964	67%	\$ 37,537	62%
Private	14,149	18%	11,833	16%	10,216	17%
Mortgage loans	6,114	8%	5,302	7%	5,050	8%
Equity securities and other investments	4,389	6%	4,165	6%	4,153	7%
Policy loans	1,105	1%	983	1%	1,096	2%
Cash, cash equivalents and short-term investments	2,513	3%	2,402	3%	2,399	4%
<b>Total cash and invested assets</b>	<b>\$ 79,606</b>	<b>100%</b>	<b>\$ 73,649</b>	<b>100%</b>	<b>\$ 60,451</b>	<b>100%</b>

## Organization

Historically, GEAM has provided investment management services for portions of the investment portfolios of the U.S. and Canadian companies in our Mortgage Insurance segment pursuant to various investment management agreements. Prior to May 2002, we managed the investment portfolios of the U.S. companies in our Protection and Retirement Income and Investments segments through our subsidiary, General Electric Capital Assurance Company, or GECA, one of our life insurance companies. In May 2002, we and GE determined that it would be mutually beneficial for us to consolidate our investment management operations with GEAM. As a result, in May 2002, we consolidated GECA's investment operations with GEAM, and our U.S. insurance subsidiaries entered into investment management and services agreements with GEAM. GEAM has provided investment management services for our domestic operations' investment portfolios pursuant to these agreements and investment guidelines approved by the boards of directors of our respective companies. This consolidation strengthened GE's existing services to its insurance subsidiaries by centralizing investment management and credit analysis expertise, attracting superior professional talent due to improved career opportunities and establishing common research and trading teams on a unified technology platform. We incurred expenses for investment management and related administrative services provided by GEAM of \$61 million, \$39 million and \$2 million for the years ended December 31, 2003, 2002 and 2001, respectively. GEAM is a registered investment adviser that, prior to the

consolidation, provided a full range of investment management services, primarily to the GE Pension Trust, the funding vehicle for GE's defined benefit pension plan, as well as a wide range of affiliated and non-affiliated institutional clients, including certain other GE-affiliated insurance entities.

Prior to the completion of this offering, GEAM managed nearly all the investment operations for the benefit of our insurance subsidiaries and other GE-affiliated insurance companies. After the completion of this offering, we will establish our own investment department, led by our Chief Investment Officer, who will preside over our Investment Committee, which will report to our Board of Directors and the boards of directors of our insurance company subsidiaries. Our investment department will include portfolio management, risk management, finance and accounting functions. Our investment department, under the direction of the Investment Committee, will be responsible for establishing investment policies and strategies, reviewing asset-liability management and performing asset allocation. In addition, we will manage certain asset classes for our domestic insurance operations that are currently managed by GEAM, including commercial mortgage loans, privately placed debt securities and derivatives.

Our agreements with GEAM will be amended in connection with this offering. See "Arrangements Between GE and Our Company—Relationship with GE—Investment Agreements."

Management of investments for our non-U.S. operations will be overseen by the managing director and boards of directors of the applicable non-U.S. legal entities in consultation with our Chief Investment Officer. Substantially all the assets of our European payment protection and mortgage insurance businesses will be managed by GEAML, pursuant to agreements that are substantially similar to our agreements with GEAM in the U.S. The majority of the assets of our Canadian, Australian and New Zealand mortgage insurance businesses will continue to be managed by unaffiliated investment managers located in their respective countries.

### *Investment results*

The annualized yield on general account cash and invested assets, excluding net realized investment gains (losses), was 5.2% and 5.8% for the years ended December 31, 2003 and 2002, respectively.

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The following table sets forth, on an historical and pro forma basis, information about our investment income, net realized investment gains (losses) and ending assets for components of our investment portfolio as of the dates and for the periods. The table also sets forth, on an historical basis, the yields based upon our average assets for the period presented. We have not presented investment yields on a pro forma basis because we have not prepared information about our average assets, on a pro forma basis as of December 31, 2002, to permit the calculation of investment yields for the year ended December 31, 2003 on a comparable basis to the historical yields presented below.

	Historical						Pro forma
	As of and for the years ended December 31,						As of and for the year ended December 31,
	2003		2002		2001		2003
Yield	Amount	Yield	Amount	Yield	Amount	Amount	
<b>(Dollar amounts in millions)</b>							
<b>Fixed maturities—taxable</b>							
Investment income	5.6%	\$ 3,354	6.2%	\$ 3,333	6.9%	\$ 3,232	\$ 2,353
Net realized investment gains (losses)		(25)		152		123	(2)
Total		3,329		3,485		3,355	2,351
Ending assets		62,132		57,490		50,147	44,403
<b>Fixed maturities—non-taxable</b>							
Investment income	3.8%	128	4.7%	158	5.0%	159	127
Net realized investment gains		41		157		22	41
Total		169		315		181	168
Ending assets		3,353		3,307		3,348	3,350
<b>Mortgage and other loans</b>							
Investment income	7.2%	410	7.4%	361	7.8%	348	333

Net realized investment gains (losses)		(1)		13		(10)		(1)
Total		409		374		338		332
Ending assets		6,114		5,302		4,499		5,050
<b>Equity securities</b>								
Investment income	2.8%	27	2.5%	39	2.0%	36		26
Net realized investment gains (losses)		(45)		(169)		(59)		(47)
Total		(18)		(130)		(23)		(21)
Ending assets		600		1,295		1,835		520
<b>Other investments, including policy loans</b>								
Investment income	2.4%	105	3.2%	112	5.3%	141		103
Net realized investment gains		40		51		125		47
Total		145		163		266		150
Ending assets		4,894		3,853		3,044		4,729
<b>Cash, cash equivalents and short-term investments</b>								
Investment income	2.4%	58	2.2%	37	3.1%	34		56
Ending assets		2,513		2,402		985		2,399
<b>Total cash and invested assets</b>								
Investment income before expenses and fees	5.3%	4,082	5.9%	4,040	6.6%	3,950		2,998
Investment expenses and fees		(67)		(61)		(55)		(63)
Net investment income	5.2%	4,015	5.8%	3,979	6.5%	3,895		2,935
Net realized investment gains (losses)		10		204		201		38
Total		\$ 4,025		\$ 4,183		\$ 4,096		\$ 2,973

### ***Fixed maturities***

Fixed maturities, including tax-exempt bonds, consist principally of publicly traded and privately placed debt securities, and represented 82% and 83% of total cash and invested assets as of December 31, 2003 and 2002, respectively, and 79% on a pro forma basis as of December 31, 2003.

Based upon estimated fair value, public fixed maturities represented 78% and 81% of total fixed maturities as of December 31, 2003 and 2002, respectively, and 79% of total fixed maturities on a pro forma basis as of December 31, 2003. Private fixed maturities represented 22% and 19% of total fixed maturities as of December 31, 2003 and 2002, respectively, and 21% of total fixed maturities on a pro forma basis as of December 31, 2003. We invest in privately placed fixed maturities in an attempt to enhance the overall value of the portfolio, increase diversification and obtain higher yields than can ordinarily be obtained with comparable public market securities. Generally, private placements provide us with protective covenants, call protection features and, where applicable, a higher level of collateral. However, our private placements are not freely transferable because of restrictions imposed by federal and state securities laws, the terms of the securities, and illiquid trading markets. In addition to privately placed fixed maturities, a portion of our public securities are infrequently traded in the marketplace. These securities had an estimated fair value of \$1.1 billion as of December 31, 2003, which represents 2% of our fixed maturities.

The Securities Valuation Office of the NAIC evaluates bond investments of U.S. insurers for regulatory reporting purposes and assigns securities to one of six investment categories called "NAIC designations." The NAIC designations parallel the credit ratings of the Nationally Recognized Statistical Rating Organizations for marketable bonds. NAIC designations 1 and 2 include bonds considered investment grade (rated "Baa3" or higher by Moody's, or rated "BBB-" or higher by S&P) by such rating organizations. NAIC designations 3 through 6 include bonds considered below investment grade (rated "Ba1" or lower by Moody's, or rated "BB+" or lower by S&P).

The following tables present, on an historical and pro forma basis, our public, private and aggregate fixed maturities by NAIC and/or

equivalent ratings of the Nationally Recognized Statistical Rating Organizations, as well as the percentage, based upon estimated fair value, that each designation comprises. Our non-U.S. fixed maturities generally are not rated by the NAIC and are shown based upon their equivalent rating of the Nationally Recognized Statistical Rating Organizations. Similarly, certain privately placed fixed maturities that are not rated by the Nationally Recognized Statistical Rating Organizations are shown based upon their NAIC designation. Certain securities, primarily non-U.S. securities, are not rated by the NAIC or the Nationally Recognized Statistical Rating Organizations and are so designated.

		Historical						Pro forma		
		December 31,						December 31,		
Public fixed maturities		2003			2002			2003		
NAIC rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>										
1	Aaa/Aa/A	\$ 32,095	\$ 33,212	64%	\$ 30,904	\$ 31,899	65%	\$ 24,634	\$ 25,310	67%
2	Baa	13,866	14,778	29%	13,752	14,032	29%	9,378	9,924	27%
3	Ba	1,829	1,896	4%	1,970	1,758	4%	1,329	1,387	4%
4	B	1,023	979	2%	839	681	1%	630	613	2%
5	Caa and lower	295	272	1%	370	255	1%	166	154	0%
6	In or near default	96	104	0%	158	129	0%	53	55	0%
Not rated		92	95	0%	170	210	0%	92	94	0%
Total public fixed maturities		\$ 49,296	\$ 51,336	100%	\$ 48,163	\$ 48,964	100%	\$ 36,282	\$ 37,537	100%

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		Historical						Pro forma		
		December 31,						December 31,		
Private fixed maturities		2003			2002			2003		
NAIC Rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>										
1	Aaa/Aa/A	\$ 7,029	\$ 7,388	52%	\$ 5,845	\$ 6,208	53%	\$ 5,082	\$ 5,266	52%
2	Baa	5,182	5,442	38%	4,194	4,412	37%	3,785	3,951	38%
3	Ba	691	728	5%	626	636	5%	525	551	5%
4	B	234	228	2%	124	108	1%	175	170	2%
5	Caa and lower	192	177	1%	132	97	1%	147	136	1%
6	In or near default	93	86	1%	60	52	0%	59	52	1%
Not rated		99	100	1%	317	320	3%	89	90	1%
Total private fixed maturities		\$ 13,520	\$ 14,149	100%	\$ 11,298	\$ 11,833	100%	\$ 9,862	\$ 10,216	100%

		Historical						Pro forma		
		December 31,						December 31,		
Total fixed maturities		2003			2002			2003		
NAIC rating	Rating agency equivalent designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>										
1	Aaa/Aa/A	\$ 39,124	\$ 40,600	62%	\$ 36,749	\$ 38,107	63%	\$ 29,716	\$ 30,576	64%
2	Baa	19,048	20,220	31%	17,946	18,444	30%	13,163	13,875	29%
3	Ba	2,520	2,624	4%	2,596	2,394	4%	1,854	1,938	4%
4	B	1,257	1,207	2%	963	789	1%	805	783	2%
5	Caa and lower	487	449	1%	502	352	1%	313	290	1%
6	In or near default	189	190	0%	218	181	0%	112	107	0%
Not rated		191	195	0%	487	530	1%	181	184	0%
Total fixed maturities		\$ 62,816	\$ 65,485	100%	\$ 59,461	\$ 60,797	100%	\$ 46,144	\$ 47,753	100%

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

Maturity	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value	Amortized cost	Estimated fair value
<b>(Dollar amounts in millions)</b>						
Due in one year or less	\$ 1,747	\$ 1,761	\$ 567	\$ 562	\$ 1,573	\$ 1,584
Due after one year through five years	11,400	11,817	10,080	10,189	10,195	10,560
Due after five years through ten years	13,318	13,901	11,135	11,423	10,396	10,773
Due after ten years	24,288	25,756	25,784	26,354	14,254	14,956
Subtotal	50,753	53,235	47,566	48,528	36,418	37,873
Mortgage-backed and asset-backed	12,063	12,250	11,895	12,269	9,726	9,880
Total fixed maturities	\$ 62,816	\$ 65,485	\$ 59,461	\$ 60,797	\$ 46,144	\$ 47,753

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We diversify our fixed maturities by security sector. The following table sets forth, on an historical and pro forma basis, the estimated fair value of our fixed maturities by sector, as well as the percentage of the total fixed maturities holdings that each security sector comprised as of the dates indicated:

Security Sector	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Estimated fair value	% of total	Estimated fair value	% of total	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>						
U.S. government and agencies	\$ 1,055	2%	\$ 1,167	2%	\$ 573	1%
State and municipal	3,350	5%	3,307	5%	3,126	6%
Government—Non-U.S.	1,551	2%	1,001	2%	1,399	3%
U.S. corporate	33,025	50%	31,027	51%	22,571	47%
Corporate—Non-U.S.	7,949	12%	5,247	9%	6,077	13%
Mortgage-backed	7,848	12%	8,293	14%	6,154	13%
Asset-backed	4,404	7%	3,976	6%	3,726	8%
Public utilities	6,303	10%	6,779	11%	4,127	9%
Total fixed maturities	\$ 65,485	100%	\$ 60,797	100%	\$ 47,753	100%

The following table sets forth, on an historical and pro forma basis, the major industry types that comprise our corporate bond holdings, based primarily on industry codes established by Lehman Brothers, as well as the percentage of the total corporate bond holdings that each industry comprised as of the dates indicated:

Industry	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Estimated fair value	% of total	Estimated fair value	% of total	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>						
Finance and insurance	\$ 13,069	28%	\$ 10,435	24%	\$ 9,659	30%
Utilities and energy	10,345	22%	10,534	24%	6,713	21%
Consumer—non cyclical	6,036	13%	4,822	11%	4,201	13%
Consumer—cyclical	4,356	9%	3,656	9%	3,004	9%
Capital goods	2,928	6%	3,408	8%	2,051	6%
Industrial	3,340	7%	3,307	8%	2,387	7%
Technology and communications	2,972	6%	2,519	6%	1,942	6%
Transportation	1,970	4%	2,251	5%	1,111	3%
Other	2,258	5%	2,121	5%	1,706	5%
Total	\$ 47,274	100%	\$ 43,053	100%	\$ 32,774	100%

We diversify our corporate bond holdings by industry and issuer. The portfolio does not have significant exposure to any single issuer. As of December 31, 2003, on an historical basis, our combined holdings in the ten issuers to which we had the greatest exposure was \$2,714 million, which was approximately 3% of our total cash and invested assets as of such dates. The exposure to the largest single issuer of corporate bonds we held as of December 31, 2003, on an historical basis, was \$315 million which was approximately 0.4% of our total cash and invested assets as of such date.

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We do not have a material unhedged exposure to foreign currency risk in our invested assets. In our non-U.S. insurance operations, both our assets and liabilities are generally denominated in local currencies. Foreign currency denominated securities supporting U.S. dollar liabilities generally are swapped into U.S. dollars using derivative instruments.

#### *Mortgage-backed securities*

The following table sets forth, on an historical and pro forma basis, the types of mortgage-backed securities we held as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Estimated fair value	% of total	Estimated fair value	% of total	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>						
Commercial mortgage-backed securities	\$ 5,348	68%	\$ 5,302	64%	\$ 4,204	68%
Collateralized mortgage obligations	799	10%	1,474	18%	697	11%
Pass-through securities	32	0%	192	2%	27	0%
Sequential pay class bonds	922	12%	763	9%	700	12%
Planned amortization class bonds	265	4%	407	5%	97	2%
Other	481	6%	155	2%	429	7%
Total	\$ 7,847	100%	\$ 8,293	100%	\$ 6,154	100%

We purchase mortgage-backed securities to diversify our portfolio risk characteristics from primarily corporate credit risk to a mix of credit risk and cash flow risk. The principal risks inherent in holding mortgage-backed securities are prepayment and extension risks, which will affect the timing of when cash flow will be received. The majority of the mortgage-backed securities in our investment portfolio have relatively low cash flow variability. We believe our active monitoring and analysis of this portfolio, focus on stable types of securities, and limits on our holdings of more volatile types of securities reduces the effects of interest rate fluctuations on this portfolio.

Commercial mortgage-backed securities, or CMBs, which represent our largest class of mortgage-backed securities, are securities backed by a diversified pool of first mortgage loans on commercial properties ranging in size, property type and geographic location. The primary risk associated with CMBs is default risk. Prepayment risk on CMBs is generally low because of prepayment restrictions contained in the underlying collateral.

The majority of our collateralized mortgage obligations, or CMOs, are guaranteed or otherwise supported by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or Government National Mortgage Association. CMOs separate mortgage pools into different maturity classes called tranches, which generally provides for greater cash flow stability than other mortgage-backed securities.

Pass-through securities are the most liquid assets in the mortgage-backed sector. Pass-through securities distribute, on a pro rata basis to their holders, the monthly cash flows of principal and interest, both scheduled and prepayments, generated by the underlying mortgages.

Sequential pay class bonds receive principal payments in a prescribed sequence without a pre-determined prepayment schedule. Planned amortization class bonds are bonds structured to provide more certain cash flows to the investor and therefore are subject to less prepayment and extension risk than other mortgage-backed securities.

*Asset-backed securities*

The following table sets forth, on an historical and pro forma basis, the types of asset-backed securities we held as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Estimated fair value	% of total	Estimated fair value	% of total	Estimated fair value	% of total
<b>(Dollar amounts in millions)</b>						
Automobile receivables	\$ 1,425	32%	\$ 1,741	44%	\$ 1,314	35%
Home equity loans	1,043	24%	815	20%	974	26%
Credit card receivables	1,131	26%	918	23%	1,022	28%
Other	804	18%	502	13%	416	11%
Total	\$ 4,403	100%	\$ 3,976	100%	\$ 3,726	100%

We purchase asset-backed securities both to diversify the overall risks of our fixed maturities portfolio and to provide attractive returns. Our asset-backed securities are diversified by type of asset, issuer and servicer. As of December 31, 2003, on an historical and pro forma basis, approximately \$3,488 million and \$3,019 million, respectively, or 79% and 81%, respectively, of the total amount of our asset-backed security investments were rated "Aaa/AAA" by Moody's or S&P.

The principal risks in holding asset-backed securities are structural, credit and capital market risks. Structural risks include the security's priority in the issuer's capital structure, the adequacy of and ability to realize proceeds from the collateral and the potential for prepayments. Credit risks include consumer or corporate credits such as credit card holders, equipment lessees, and corporate obligors. Capital market risks include the general level of interest rates and the liquidity for these securities in the marketplace.

*Mortgage loans*

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

We diversify our commercial mortgage loans by both geographic region and property type. The following table sets forth, on an historical and pro forma basis, the distribution across geographic regions and property types for commercial mortgage loans as of the dates indicated:

	Historical		Pro forma	
	December 31,		December 31,	
	2003	2002	2003	

	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
<b>(Dollar amounts in millions)</b>						
Office	\$ 2,024	33%	\$ 1,610	30%	\$ 1,755	35%
Industrial	1,812	30%	1,546	29%	1,488	30%
Retail	1,500	25%	1,476	28%	1,183	23%
Apartments	573	9%	520	10%	471	9%
Mixed use/other	205	3%	150	3%	153	3%
<b>Total</b>	<b>\$ 6,114</b>	<b>100%</b>	<b>\$ 5,302</b>	<b>100%</b>	<b>\$ 5,050</b>	<b>100%</b>

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<b>Region</b>	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total
Pacific	\$ 1,867	31%	\$ 1,606	30%	\$ 1,589	32%
South Atlantic	1,194	20%	1,174	22%	930	18%
Middle Atlantic	932	15%	729	14%	771	15%
East North Central	771	12%	519	10%	663	13%
Mountain	478	8%	454	9%	402	8%
West South Central	288	5%	241	4%	234	5%
West North Central	271	4%	267	5%	219	4%
East South Central	226	4%	222	4%	169	3%
New England	87	1%	90	2%	73	2%
<b>Total</b>	<b>\$ 6,114</b>	<b>100%</b>	<b>\$ 5,302</b>	<b>100%</b>	<b>\$ 5,050</b>	<b>100%</b>

The following table sets forth, on an historical and pro forma basis, the distribution of our commercial mortgage loans by loan size as of the dates indicated:

	Historical						Pro forma		
	December 31,						December 31,		
	2003			2002			2003		
	Number of loans	Principal balance	% of total	Number of loans	Principal balance	% of total	Number of loans	Principal balance	% of total
<b>(Dollar amounts in millions)</b>									
Under \$5 million	1,627	\$ 3,153	51%	1,693	\$ 3,149	59%	1,282	\$ 2,740	54%
\$5 million but less than \$10 million	207	1,394	23%	183	1,232	23%	172	1,080	21%
\$10 million but less than \$20 million	67	948	15%	53	708	13%	58	736	15%
\$20 million but less than \$30 million	13	309	5%	7	177	3%	13	225	4%
More than \$30 million	8	358	6%	2	80	2%	8	309	6%
<b>Total</b>	<b>1,922</b>	<b>\$ 6,162</b>	<b>100%</b>	<b>1,938</b>	<b>\$ 5,346</b>	<b>100%</b>	<b>1,533</b>	<b>\$ 5,090</b>	<b>100%</b>

The following table sets forth, on an historical and pro forma basis, the scheduled maturities for our commercial mortgage loans as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total

(Dollar amounts in millions)

Due in 1 year or less	\$	68	1%	\$	72	1%	\$	52	1%
Due after 1 year through 2 years		60	1%		99	2%		60	1%
Due after 2 year through 3 years		122	2%		81	2%		117	2%
Due after 3 year through 4 years		64	1%		126	2%		57	1%
Due after 4 year through 5 years		389	6%		79	2%		371	8%
Due after 5 years		5,411	89%		4,845	91%		4,393	87%
Total	\$	6,114	100%	\$	5,302	100%	\$	5,050	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.

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The following table sets forth, on an historical and pro forma basis, the changes in allowance for losses on mortgage loans as of the dates indicated:

	Historical			Pro forma				
	As of or for the years ended December 31,			As of or for the years ended December 31,				
	2003	2002	2001	2003				
Balance, beginning of period	\$	45	\$	58	\$	47	\$	37
Additions		8		10		9		7
Deductions for writedowns and dispositions		(3)		(23)		2		(3)
Balance, end of period	\$	50	\$	45	\$	58	\$	41

(Dollar amounts in millions)

### *Equity securities and other investments*

The following table sets forth, on an historical and pro forma basis, the carrying values of our investments in equity securities and other investments as of the dates indicated:

	Historical				Pro forma				
	December 31,				December 31,				
	2003		2002		2003				
	Carrying value	% of total	Carrying value	% of total	Carrying value	% of total			
Equity securities	\$	600	14%	\$	1,295	31%	\$	520	13%
Securities lending		3,026	68%		2,195	53%		3,026	73%
Limited partnerships		253	6%		202	5%		216	5%
Real estate		120	3%		127	3%		1	0%
Other investments		390	9%		346	8%		390	9%
Total	\$	4,389	100%	\$	4,165	100%	\$	4,153	100%

(Dollar amounts in millions)

Our equity securities primarily consist of investments in publicly traded common stocks and some preferred stock of U.S. and non-U.S. companies. We also participate in a securities lending program, whereby blocks of securities included in our investments are loaned primarily to major brokerage firms. We require a minimum of 102% of the fair value of the loaned securities to be separately maintained as collateral for the loans. The limited partnerships primarily represent interests in pooled investment funds that make private equity investments in U.S. and non-U.S. companies. We classify our investments in common stocks as available-for-sale. Real estate consists of ownership of real property, primarily commercial property. Other investments are primarily amounts on deposit with foreign governments, options and strategic equity investments.

### *Derivative financial instruments*

We use derivative financial instruments, such as interest rate and currency swaps, currency forwards and option-based financial instruments, as part of our risk management strategy. We use these derivatives to mitigate interest rate and currency risk by:

- reducing the risk between the timing of the receipt of cash and its investment in the market;
- matching the currency of invested assets with the liabilities they support;
- converting the asset duration to match the duration of the liabilities; and
- protecting against the early termination of an asset or liability.

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As a matter of policy, we have not and will not engage in derivative market-making, speculative derivative trading or other speculative derivatives activities.

The following table sets forth, on an historical and pro forma basis, our positions in derivative financial instruments, other than equity options, as of the dates indicated:

	Historical				Pro forma	
	December 31,				December 31,	
	2003		2002		2003	
	Notional value	% of total	Notional value	% of total	Notional value	% of total
<b>(Dollar amounts in millions)</b>						
Interest rate swaps	\$ 9,960	90%	\$ 9,233	90%	\$ 7,786	92%
Foreign currency swaps	697	6%	225	2%	514	6%
Swaptions	474	4%	814	8%	193	2%
Foreign exchange contracts	30	0%	30	0%	30	0%
Total	\$ 11,161	100%	\$ 10,302	100%	\$ 8,523	100%

### **Employees**

As of December 31, 2003, we had approximately 5,850 full-time and 100 part-time employees. We believe our employee relations are satisfactory. To the best of our knowledge, none of our employees are subject to collective bargaining agreements. Some of our employees in Europe may be members of trade unions, but local data privacy laws prohibit us from asking them about their membership in trade unions, and they are not required to inform us.

### **Facilities**

We own our headquarters facility in Richmond, Virginia, which consists of approximately 461,000 square feet in four buildings, as well as several facilities with approximately 462,000 square feet in Lynchburg, Virginia. In addition, we lease approximately 1,348,000 square feet of office space in 98 locations throughout the U.S. We also own one building outside the U.S., with approximately 2,600 square feet, and we lease approximately 421,000 square feet in various locations outside the U.S.

Most of our leases in the U.S. and other countries have lease terms of three to five years, although some leases have terms of up to eight

years. Our aggregate annual rental expense under all these leases was \$30 million during the year ended December 31, 2003.

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

## Legal Proceedings

We are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we operate. In our insurance operations, we are or may become subject to class actions and individual suits alleging, among other things, issues relating to sales or underwriting practices, claims payment and procedures, product design, disclosure, administration, additional premium charges for premiums paid on a periodic basis, denial or delay of benefits and breaches of fiduciary duties to customers. In our investment-related operations, we are or may become subject to litigation involving commercial disputes with counterparties or others and class action and other litigation alleging, among other things, that we made improper or inadequate disclosures in connection with the sale of assets and annuity and investment products or charged excessive or impermissible fees on these products, recommended unsuitable products to customers or breached fiduciary or other duties to customers. We are also subject to litigation arising out of our general business activities such as our contractual and

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employment relationships. Further, state insurance regulatory authorities and other authorities regularly make inquiries and conduct investigations concerning our compliance with applicable insurance, investment and other laws and regulations.

Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages. Given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in certain matters in addition to those described below could have a material adverse effect on our financial condition or results of operations.

One of our insurance subsidiaries is named as a defendant in a lawsuit, *McBride v. Life Insurance Co. of Virginia dba GE Life and Annuity Assurance Co.*, related to the sale of universal life insurance policies. The complaint was filed on November 1, 2000, in Georgia state court as a class action on behalf of all persons who purchased certain universal life insurance policies from that subsidiary and alleges improper practices in connection with the sale and administration of universal life policies. The plaintiffs sought unspecified compensatory and punitive damages. On December 1, 2000, we removed the case to the U.S. District Court for the Middle District of Georgia. No class has been certified. We have vigorously denied liability with respect to the plaintiff's allegations. Nevertheless, to avoid the risks and costs associated with protracted litigation and to resolve our differences with policyholders, we agreed in principle on October 8, 2003 to settle the case on a nationwide class action basis with respect to the insurance subsidiary named in the lawsuit. The settlement provides benefits to the class, and allows us to continue to serve our customers' needs undistracted by disruptions caused by litigation. The settlement documents have not been finalized, nor has any proposed settlement been submitted to the proposed class or for court approval, and a final settlement is not certain. In the third quarter of 2003, we accrued \$50 million in reserves relating to this litigation, which represents our best estimate of bringing this matter to conclusion. The precise amount of payments in this matter cannot be estimated because they are dependent upon court approval of the class and related settlement, the number of individuals who ultimately will seek relief in the claim form process of any approved class settlement, the identity of such claimants and whether they are entitled to relief under the settlement terms and the nature of the relief to which they are entitled.

One of our mortgage insurance subsidiaries is named as a defendant in a lawsuit, *William Portis et al. v. GE Mortgage Insurance Corp.* The complaint was filed on January 15, 2004 in the U.S. District Court for the Northern District of Illinois. The 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. The action alleges that the FCRA requires an "adverse action" notice to such borrowers and that we violated the FCRA by failing to give such notice. The plaintiffs 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. Similar cases are pending against five other mortgage insurers. We intend to vigorously defend against this action but we cannot predict its 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 \$8 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

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mortgage insurance-related claim in connection with any loan transaction closed on or before December 31, 2003. The class members gave a

general release to our mortgage insurance subsidiary, lenders and the GSEs for all claims on insurance commitments issued December 17, 1997 through December 31, 2003, including claims under RESPA and related state law claims. In accordance with the terms of the injunction, we provide contract underwriting services pursuant to written agreements with lenders at fees that cover our marginal costs of providing these services.

It is not clear whether the expiration of the injunction will lead to new litigation under RESPA and related state law against mortgage insurers, including us. Any future claims made against us could allege either that we violated the terms of the injunction or that our pricing structures and business practices violate RESPA after the expiration of the injunction. We cannot predict whether any change in our pricing structure or business practices, whether in response to any changes by our competitors in their pricing structure or business practices or otherwise, or whether any services we or they may provide to mortgage lenders, could be found to violate RESPA or any future injunction that might be issued.

We also are 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 an arbitration against us after we rescinded policy coverage for a number of mortgage loans underwritten by that lender. We rescinded coverage because we believe those loans were not underwritten in compliance with applicable program standards and underwriting guidelines. However, the lender claims that we improperly rescinded coverage. We believe our maximum exposure in the arbitration, based upon the risk in force on the rescinded coverage on loans that are delinquent, is approximately \$20 million. However, this exposure may increase in the event additional rescinded policies are included in the arbitration. The arbitration currently is in the discovery phase. We believe we had valid reasons to rescind coverage on the disputed loans and therefore believe we have meritorious defenses in the arbitration. We intend to contest vigorously all the claims in this arbitration.

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## Regulation

Our businesses are subject to extensive regulation and supervision.

### General

Our insurance operations are subject to a wide variety of laws and regulations. State insurance laws regulate most aspects of our U.S. insurance businesses, and our insurance subsidiaries are regulated by the insurance departments of the states in which they are domiciled and licensed. Our non-U.S. insurance operations are principally regulated by insurance regulatory authorities in the jurisdictions in which they are domiciled. Our insurance products and thus our businesses also are affected by U.S. federal, state and local tax laws, and the tax laws of non-U.S. jurisdictions. Insurance products that constitute "securities," such as variable annuities and variable life insurance, also are subject to U.S. federal and state and non-U.S. securities laws and regulations. The Securities and Exchange Commission, or SEC, the National Association of Securities Dealers, or NASD, state securities authorities and non-U.S. authorities regulate and supervise these products.

Our securities operations are subject to U.S. federal and state and non-U.S. securities and related laws. The SEC, state securities authorities, the NASD and similar non-U.S. authorities are the principal regulators of these operations.

The purpose of the laws and regulations affecting our insurance and securities businesses is primarily to protect our customers and not our stockholders. Many of the laws and regulations to which we are subject are regularly re-examined, and existing or future laws and regulations may become more restrictive or otherwise adversely affect our operations.

In addition, insurance and securities regulatory authorities (including state law enforcement agencies and attorneys general or their non-U.S. equivalents) from time to time make inquiries regarding compliance by us and our subsidiaries with insurance, securities and other laws and regulations regarding the conduct of our insurance and securities businesses. We cooperate with such inquiries and take corrective action when warranted.

### U.S. Insurance Regulation

Our U.S. insurance subsidiaries are licensed and regulated in all jurisdictions in which they conduct insurance business. The extent of this regulation varies, but most jurisdictions have laws and regulations governing the financial condition of insurers, including standards of solvency, types and concentration of investments, establishment and maintenance of reserves, credit for reinsurance and requirements of capital adequacy, and the business conduct of insurers, including marketing and sales practices and claims handling. In addition, statutes and regulations usually require the licensing of insurers and their agents, the approval of policy forms and related materials and the approval of rates for certain lines of insurance.

The types of U.S. insurance laws and regulations applicable to us or our U.S. insurance subsidiaries are described below. Our U.S. mortgage insurance subsidiaries are subject to additional insurance laws and regulations applicable specifically to mortgage insurers discussed below under "—Mortgage Insurance."

## ***Insurance holding company regulation***

All U.S. jurisdictions in which our U.S. insurance subsidiaries conduct insurance business have enacted legislation that requires each U.S. insurance company in a holding company system, except captive insurance companies, to register with the insurance regulatory authority of its jurisdiction of domicile and to furnish that regulatory authority financial and other information concerning the operations of, and the interrelationships and transactions among, companies within its holding company

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system that may materially affect the operations, management or financial condition of the insurers within the system. These laws and regulations also regulate transactions between insurance companies and their parents and affiliates. Generally, these laws and regulations require that all transactions within a holding company system between an insurer and its affiliates be fair and reasonable and that the insurer's statutory surplus following any transaction with an affiliate be both reasonable in relation to its outstanding liabilities and adequate to its needs. Statutory surplus is the excess of admitted assets over the sum of statutory liabilities and capital. For certain types of agreements and transactions between an insurer and its affiliates, these laws and regulations require prior notification to, and non-disapproval or approval by, the insurance regulatory authority of the insurer's jurisdiction of domicile.

### ***Policy forms***

Our U.S. insurance subsidiaries' policy forms are subject to regulation in every U.S. jurisdiction in which they are licensed to transact insurance business. In most U.S. jurisdictions, policy forms must be filed prior to their use. In some U.S. jurisdictions, forms must also be approved prior to use.

### ***Dividend limitations***

As a holding company with no significant business operations of our own, we will depend on dividends or other distributions from our subsidiaries as the principal source of cash to meet our obligations, including the payment of interest on, and repayment of, principal of any debt obligations. The payment of dividends or other distributions to us by our U.S. insurance subsidiaries is regulated by the insurance laws and regulations of their respective states of domicile. In general, these subsidiaries may not pay an "extraordinary" dividend or distribution until 30 days after the applicable insurance regulator has received notice of the intended payment and has not objected in such period or has approved the payment within the 30-day period. In general, an "extraordinary" dividend or distribution is defined by these laws and regulations as a dividend or distribution that, together with other dividends and distributions made within the preceding 12 months exceeds the greater (and, in some jurisdictions, the lesser) of:

- 10% of the insurer's statutory surplus as of the immediately prior year end; or
- the statutory net gain from the insurer's operations (if a life insurer) or the statutory net income (if not a life insurer) during the prior calendar year.

The laws and regulations of some of these jurisdictions also prohibit an insurer from declaring or paying a dividend except out of its earned surplus or require the insurer to obtain regulatory approval before it may do so.

### ***Market conduct regulation***

The laws and regulations of U.S. jurisdictions include numerous provisions governing the marketplace activities of insurers, including provisions governing the form and content of disclosure to consumers, product illustrations, advertising, product replacement, sales and underwriting practices, complaint handling and claims handling. The regulatory authorities in U.S. jurisdictions generally enforce these provisions through periodic market conduct examinations.

### ***Statutory examinations***

As part of their regulatory oversight process, insurance departments in U.S. jurisdictions conduct periodic detailed examinations of the books, records, accounts and business practices of insurers domiciled in their jurisdiction. These examinations generally are conducted in cooperation with the insurance departments of two or three other states or jurisdictions, representing each of the NAIC

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zones, under guidelines promulgated by the NAIC. In the three-year period ended December 31, 2003, we have not received any material adverse findings resulting from any insurance department examinations of our U.S. insurance subsidiaries.

## ***Guaranty associations and similar arrangements***

Most of the jurisdictions in which our U.S. insurance subsidiaries are licensed to transact business require life insurers doing business within the jurisdiction to participate in guaranty associations, which are organized to pay contractual benefits owed pursuant to insurance policies of insurers who become impaired or insolvent. These associations levy assessments, up to prescribed limits, on all member insurers in a particular jurisdiction on the basis of the proportionate share of the premiums written by member insurers in the lines of business in which the impaired, insolvent or failed insurer is engaged. Some jurisdictions permit member insurers to recover assessments paid through full or partial premium tax offsets.

Aggregate assessments levied against our U.S. subsidiaries totaled \$0.2 million, \$0.2 million and \$0.5 million for the years ended December 31, 2003, 2002 and 2001, respectively. Although the amount and timing of future assessments are not predictable, we have established liabilities for guaranty fund assessments that we consider adequate for assessments with respect to insurers that currently are subject to insolvency proceedings.

### ***Change of control***

The laws and regulations of the jurisdictions in which our U.S. insurance subsidiaries are domiciled require that a person obtain the approval of the insurance commissioner of the insurance company's jurisdiction of domicile prior to acquiring control of the insurer. Generally, statutes provide that control over an insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the insurer. In considering an application to acquire control of an insurer, the insurance commissioner generally will consider such factors as experience, competence, the financial strength of the applicant, the integrity of the applicant's board of directors and executive officers, the acquirer's plans for the management and operation of the insurer, and any anti-competitive results that may arise from the acquisition. In addition, a person seeking to acquire control of an insurance company is required in some states to make filings prior to completing an acquisition if the acquiror and the target insurance company and their affiliates have sufficiently large market shares in particular lines of insurance in those states. Approval of an acquisition is not required in these states, but the state insurance departments could take action to impose conditions on an acquisition that could delay or prevent its consummation. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control involving us, including through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

### ***Policy and contract reserve sufficiency analysis***

Under the laws and regulations of their jurisdictions of domicile, our U.S. life insurance subsidiaries are required to conduct annual analyses of the sufficiency of their life and health insurance and annuity statutory reserves. In addition, other jurisdictions in which these subsidiaries are licensed may have certain reserve requirements that differ from those of their domiciliary jurisdictions. In each case, a qualified actuary must submit an opinion that states that the aggregate statutory reserves, when considered in light of the assets held with respect to such reserves, make good and sufficient provision for the associated contractual obligations and related expenses of the insurer. If such an opinion cannot be provided, the affected insurer must set up additional reserves by moving funds from surplus. Our U.S. life insurance subsidiaries most recently submitted these opinions without qualification as of

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December 31, 2003 to applicable insurance regulatory authorities. Different reserve requirements exist for our U.S. mortgage insurance subsidiaries. See "—Reserves—Mortgage Insurance."

### ***Surplus and capital requirements***

Insurance regulators have the discretionary authority, in connection with the ongoing licensing of our U.S. insurance subsidiaries, to limit or prohibit the ability of an insurer to issue new policies if, in the regulators' judgment, the insurer is not maintaining a minimum amount of surplus or is in hazardous financial condition. Insurance regulators may also limit the ability of an insurer to issue new life insurance policies and annuity contracts above an amount based upon the face amount and premiums of policies of a similar type issued in the prior year. We do not believe that the current or anticipated levels of statutory surplus of our U.S. insurance subsidiaries present a material risk that any such regulator would limit the amount of new policies that our U.S. insurance subsidiaries may issue.

### ***Risk-based capital***

The NAIC has established risk-based capital standards for U.S. life insurance companies as well as a model act with the intention that these standards be applied at the state level. The model act provides that life insurance companies must submit an annual risk-based capital report to state regulators reporting their risk-based capital based upon four categories of risk: asset risk, insurance risk, interest rate risk and business risk. For each category, the capital requirement is determined by applying factors to various asset, premium and reserve items, with the factor being higher for those items with greater underlying risk and lower for less risky items. The formula is intended to be used by insurance regulators as an early warning tool to identify possible weakly capitalized companies for purposes of initiating further regulatory action.

If an insurer's risk-based capital falls below specified levels, the insurer would be subject to different degrees of regulatory action depending upon the level. These actions range from requiring the insurer to propose actions to correct the capital deficiency to placing the insurer under regulatory control. As of December 31, 2003, the risk-based capital of each of our U.S. life insurance subsidiaries exceeded the level of risk-based capital that would require any of them to take any corrective action.

### ***Statutory accounting principles***

Statutory accounting principles, or SAP, is a basis of accounting developed by U.S. insurance regulators to monitor and regulate the solvency of insurance companies. In developing SAP, insurance regulators were primarily concerned with assuring an insurer's ability to pay all its current and future obligations to policyholders. As a result, statutory accounting focuses on conservatively valuing the assets and liabilities of insurers, generally in accordance with standards specified by the insurer's domiciliary jurisdiction. Uniform statutory accounting practices are established by the NAIC and generally adopted by regulators in the various U.S. jurisdictions. These accounting principles and related regulations determine, among other things, the amounts our insurance subsidiaries may pay to us as dividends.

U.S. GAAP is designed to measure a business on a going-concern basis. It gives consideration to matching of revenue and expenses and, as a result, certain expenses are capitalized when incurred and then amortized over the life of the associated policies. The valuation of assets and liabilities under U.S. GAAP is based in part upon best estimate assumptions made by the insurer. Stockholder's equity represents both amounts currently available and amounts expected to emerge over the life of the business. As a result, the values for assets, liabilities and equity reflected in financial statements prepared in accordance with U.S. GAAP may be different from those reflected in financial statements prepared under SAP.

### ***Regulation of investments***

Each of our U.S. insurance subsidiaries is subject to laws and regulations that require diversification of its investment portfolio and limit the amount of investments in certain asset categories, such as below investment grade fixed income securities, equity real estate, other equity investments and derivatives. Failure to comply with these laws and regulations would cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring surplus, and, in some instances, would require divestiture of such non-complying investments. We believe the investments made by our U.S. insurance subsidiaries comply with these laws and regulations.

### ***Federal regulation***

Our variable life insurance and variable annuity products generally are "securities" within the meaning of federal and state securities laws. As a result, they are registered under the Securities Act of 1933 and are subject to regulation by the SEC, the NASD and state securities authorities. Federal and state securities regulation similar to that discussed below under "—Securities Regulation" affect investment advice and sales and related activities with respect to these products. In addition, although the federal government does not comprehensively regulate the business of insurance, federal legislation and administrative policies in several other areas, including taxation, financial services regulation and pension and welfare benefits regulation, can also significantly affect the insurance industry.

### ***Federal initiatives***

Although the federal government generally does not directly regulate the insurance business, federal initiatives often and increasingly have an impact on the business in a variety of ways. From time to time, federal measures are proposed which may significantly affect the insurance business, including limitations on antitrust immunity, the creation of more flexible tax-advantaged or tax-exempt savings accounts with higher contribution limits, and the replacement of certain traditional retirement annuities with a more general employer retirement savings account. In addition, a bill, "The Federal Insurance Consumer Protection Act of 2003" (S.1373), has been introduced in the U.S. Senate which, if enacted, would establish comprehensive and exclusive federal regulation over all "interstate insurers," including all life insurers selling in more than one state, with no option for such insurers to remain regulated by the states. This legislation would repeal the McCarran-Ferguson antitrust exemption for the business of insurance. It would also establish a Federal Insurance Regulatory Commission within the Department of Commerce that would have exclusive regulatory jurisdiction over life and property and casualty insurers that do business in more than one U.S. jurisdiction. The legislation would establish comprehensive federal regulatory oversight over such insurers, including licensing, solvency supervision, accounting and auditing practices, form and rate approval, and market conduct examination. In particular, the legislation would provide for price regulation of life insurance products, which is not now a feature of state regulation of life insurance and could affect the profitability of this business. The legislation also would establish a National Insurance Guaranty Fund which may be empowered to collect pre-funded assessments that are different from, and potentially greater than, current state guaranty fund assessment levels. We cannot predict whether these or other proposals will be adopted, or what impact, if any, such proposals may have on our business, financial condition or results of operation.

### ***Legislative developments***

On June 7, 2001, President George Bush signed into law the Economic Growth and Taxpayer Relief Reconciliation Act, which includes the repeal of the federal estate tax over a ten-year period. We believe that the repeal of the federal estate tax has resulted in reduced sales, and could

policies. We do not expect the repeal of the federal estate tax to have a material adverse impact on our overall business, however.

On May 28, 2003, President Bush signed into law the Jobs and Growth Tax Relief Reconciliation Act, which reduces federal income tax rates that investors are required to pay on capital gains and on certain dividends paid on stock. This reduction may provide an incentive for certain of our customers and potential customers to shift assets into mutual funds and away from our products, including annuities, designed to defer taxes payable on investment returns.

We cannot predict what other proposals may be made, what legislation may be introduced or enacted or the impact of any such legislation on our business, results of operations and financial condition.

## **U.K. Insurance Regulation**

### ***General***

Insurance and reinsurance businesses in the U.K. are subject to close regulation by the Financial Services Authority, or FSA. We have U.K. subsidiaries that have received authorization from the FSA to effect and carry out contracts of insurance in the U.K. An authorized insurer in the U.K. is able to operate throughout the European Union, subject to certain regulatory requirements of the FSA and in some cases, certain local regulatory requirements. Certain of our U.K. subsidiaries operate in other member states of the European Union through the establishment of branch offices.

### ***Supervision***

The FSA has adopted a risk-based approach to the supervision of insurance companies. Under this approach the FSA periodically performs a formal risk assessment of insurance companies or groups carrying on business in the U.K. After each risk assessment, the FSA will inform the insurer of its views on the insurer's risk profile. This will include details of any remedial action that the FSA requires and the likely consequences if this action is not taken.

The FSA also supervises the management of insurance companies through the approved persons regime, by which any appointment of persons to perform certain specified "controlled functions" within a regulated entity, must be approved by the FSA.

### ***Solvency requirements***

Under FSA rules, insurance companies must maintain a margin of solvency at all times, the calculation of which in any particular case depends on the type and amount of insurance business a company writes. Failure to maintain the required solvency margin is one of the grounds on which wide powers of intervention conferred upon the FSA may be exercised. In addition, an insurer (other than a pure reinsurer) that is part of a group, is required to perform and submit to the FSA a solvency margin calculation return in respect of its ultimate parent company, in accordance with the FSA's rules. Although there is no requirement for the parent company solvency calculation to show a positive result, the FSA is required to take action where it considers that the solvency of the insurance company is or may be jeopardized due to the group solvency position. As of December 31, 2003, the solvency calculation for our group's parent company in the U.K. showed a surplus.

In addition, the FSA has published proposals for the implementation of the European Union's Financial Conglomerates Directive which include a requirement for insurance groups to hold an amount of capital indicated in the calculation of the parent company's solvency margin at the European Economic Area parent level for the financial years beginning in 2005. The purpose of these proposals is to prevent the leveraging of capital by companies involved in multiple insurance groups. The FSA has stated that it will phase in these proposals.

### ***Restrictions on dividend payments***

English company law prohibits our U.K. subsidiaries from declaring a dividend to their shareholders unless they have "profits available for distribution." The determination of whether a company has profits available for distribution is based on its accumulated realized profits less its accumulated realized losses.

### ***Change of control***

The acquisition of "control" of any U.K. insurance company will require FSA approval. For these purposes, a party that "controls" a U.K. insurance company includes any company or individual that (together with its or his associates) directly or indirectly acquires 10% or more of the shares in a U.K. authorized insurance company or its parent company, or is entitled to exercise or control the exercise of 10% or more of the voting power in such authorized insurance company or its parent company. In considering whether to approve an application for approval, the FSA must be satisfied that both the acquirer is a fit and proper person to have such "control" and that the interests of consumers would not be threatened by such acquisition of "control." Failure to make the relevant prior application could result in action being taken against our U.K. subsidiaries by the FSA. These requirements could delay, deter or prevent the acquisition of control of our U.K. insurance subsidiaries.

### ***Intervention and enforcement***

The FSA has extensive powers to intervene in the affairs of an insurance company or authorized person and has the power, among other things, to enforce, and take disciplinary measures in respect of, breaches of its rules.

## **Mortgage Insurance**

### ***State regulation***

#### ***General***

Mortgage insurers generally are restricted by state insurance laws and regulations to writing mortgage insurance business only. This restriction prohibits our mortgage insurance subsidiaries from directly writing other types of insurance. Mortgage insurers are not subject to the NAIC's risk-based capital requirements, but are subject to other capital requirements placed directly on mortgage insurers. Generally, mortgage insurers are required by certain states and other regulators to maintain a risk in-force to capital ratio not to exceed 25:1. As of December 31, 2003, none of our mortgage insurance subsidiaries had a risk in-force to capital ratio in excess of 25:1.

#### ***Reserves***

Our U.S. mortgage insurance subsidiaries are required under state insurance laws to establish a special statutory contingency reserve in their statutory financial statements to provide for losses in the event of significant economic declines. Annual additions to the statutory contingency reserve must equal at least 50% of premiums earned, and these reserves cannot be withdrawn for a period of 10 years, except under certain limited circumstances. The contingency reserve essentially restricts dividends and other distributions by mortgage insurance companies. The statutory contingency reserve as of December 31, 2003 for our mortgage insurance subsidiaries was approximately \$3.0 billion. This reserve serves to reduce the mortgage insurance subsidiaries' ability to pay dividends because it is a direct reduction of policyholders' surplus.

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### ***Federal regulation***

In addition to federal laws that directly affect mortgage insurers, private mortgage insurers are affected indirectly by federal legislation and regulation affecting mortgage originators and lenders, by purchasers of mortgage loans such as Freddie Mac and Fannie Mae, and by governmental insurers such as the FHA and VA. For example, changes in federal housing legislation and other laws and regulations that affect the demand for private mortgage insurance may have a material effect on private mortgage insurers. Legislation or regulation that increases the number of people eligible for FHA or VA mortgages could have a materially adverse effect on our ability to compete with the FHA or VA.

The Homeowners Protection Act provides for the automatic termination, or cancellation upon a borrower's request, of private mortgage insurance upon satisfaction of certain conditions. The Homeowners Protection Act applies to owner-occupied residential mortgage loans regardless of lien priority and to borrower-paid mortgage insurance closed after July 29, 1999. FHA loans are not covered by the Homeowners Protection Act. Under the Homeowners Protection Act, automatic termination of mortgage insurance would generally occur once the loan-to-value ratio reaches 78%. A borrower generally may request cancellation of mortgage insurance once the loan-to-value reaches 80% of the home's original value or when actual payments reduce the loan balance to 80% of the home's original value, whichever occurs earlier. For borrower-initiated cancellation of mortgage insurance, the borrower must have a "good payment history" as defined by the Homeowners Protection Act.

The Real Estate Settlement and Procedures Act of 1974, or RESPA, applies to most residential mortgages insured by private mortgage insurers. Mortgage insurance has been considered in some cases to be a "settlement service" for purposes of loans subject to RESPA. Subject to limited exceptions, RESPA prohibits persons from accepting anything of value for referring real estate settlement services to any provider of such services. Although many states prohibit mortgage insurers from giving rebates, RESPA has been interpreted to cover many non-fee services as well. Both mortgage insurers and their customers are subject to the possible sanctions of this law, which is enforced by HUD and also provides for private rights of action.

In July 2002, HUD proposed a rule under RESPA entitled "Simplifying and Improving the Process of Obtaining Mortgages to Reduce Settlement Costs to Consumers." Under this proposed rule, lenders and other packagers of loans are given the choice of offering a "Guaranteed Mortgage Package" or providing a "Good Faith Estimate" where the estimated fees are subject to a 10% tolerance. Qualifying packages would

be entitled to a "safe harbor" from RESPA's anti-kickback rules. Mortgage insurance is included in the package "to the extent an upfront premium is charged." It is unclear in what form, if any, HUD's proposed rule will be implemented or what impact it may have on the mortgage insurance industry.

Most originators of mortgage loans are required to collect and report data relating to a mortgage loan applicant's race, nationality, gender, marital status and census tract to HUD or the Federal Reserve under the Home Mortgage Disclosure Act of 1975, or HMDA. The purpose of HMDA is to detect possible discrimination in home lending and, through disclosure, to discourage such discrimination. Mortgage insurers are not required to report HMDA data although, under the laws of several states, mortgage insurers currently are prohibited from discriminating on the basis of certain classifications. Mortgage insurers have, through MICA, entered voluntarily into an agreement with the Federal Financial Institutions Examinations Council to report the same data on loans submitted for insurance as is required for most mortgage lenders under HMDA.

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## ***International regulation***

### ***Canada***

The Office of the Superintendent of Financial Institutions, or OSFI, provides oversight to all federally incorporated financial institutions, including our Canadian mortgage insurance company. The Federal Bank Act, Insurance Companies Act and Trust and Loan Companies Act prohibits Canadian banks, trust companies and insurers from extending mortgage loans where the loan value exceeds 75% of the property's value, unless mortgage insurance is obtained in connection with the loan. As a result, all mortgages issued by these financial institutions with loan-to-value ratio exceeding 75% must be insured by a qualified insurer or the CMHC. We currently are the only qualified private insurer. The legislative requirement in Canada to obtain mortgage insurance on high loan-to-value mortgages and the favorable capital treatment given to financial institutions because of our 90% sovereign guarantee effectively precludes these financial institutions from issuing simultaneous second mortgage products similar to those offered in the U.S.

### ***Australia***

APRA regulates all financial institutions in Australia, including general, life and mortgage insurance companies. Effective July 1, 2002, APRA provided new regulatory standards for all general insurers, including mortgage insurance companies. APRA's license conditions currently require Australian mortgage insurance companies, including us, to be mono-line insurers, which are insurance companies that offer just one type of insurance product. However, in November 2003, APRA announced that it is considering, and has sought comment on, a proposal to eliminate the requirement that mortgage insurance companies be mono-line insurers, which APRA believes could facilitate the entry of new competitors.

APRA also sets authorized capital levels and regulates corporate governance requirements, including our risk management strategy. In this regard, APRA reviews our management, controls, processes, reporting and methods by which all risks are managed, including a periodic review of outstanding insurance liabilities by an approved actuary, and a reinsurance management strategy, which outlines our use of reinsurance in Australia.

In addition, APRA determines the capital requirements for depository institutions and provides for reduced capital requirements for depository institutions that insure residential mortgages with loan-to-value ratios above 80% with an "A" rated, or equivalently rated, mortgage insurance company that is regulated by APRA. Our insurance subsidiaries that serve the Australian and New Zealand markets have financial-strength ratings of "AA" from S&P and Fitch and a rating of "Aa2" from Moody's.

### ***United Kingdom and Continental Europe***

The U.K. is a member of the European Union and applies the harmonized system of regulation set out in the European Union directives. Our authorization to provide mortgage insurance in the U.K. enables us to offer our products in all the European Union member states, subject to certain regulatory requirements of the FSA and, in some cases, local regulatory requirements. We can provide mortgage insurance only in the classes for which we have authorization under applicable regulations and must maintain required risk capital reserves. We are also subject to the oversight of other regulatory agencies in other countries where we do business throughout Europe. For more information about U.K. insurance regulation that affects our mortgage subsidiaries that operate in the U.K., see "—U.K. Insurance Regulation."

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## **Other Non-U.S. Insurance Regulation**

We operate in a number of countries around the world in addition to the U.S., the U.K., Canada and Australia. These countries include France, Mexico, Spain and a number of other countries in Europe. Generally, our subsidiaries (and in some cases our branches) conducting

business in these countries must obtain licenses from local regulatory authorities and satisfy local regulatory requirements, including those relating to rates, forms, capital, reserves and financial reporting.

## **Other Laws and Regulations**

### *Securities regulation*

Certain of our U.S. subsidiaries and certain policies and contracts offered by them, are subject to various levels of regulation under the federal securities laws administered by the SEC. Certain of our U.S. subsidiaries are investment advisers registered under the Investment Advisers Act of 1940. Certain of their respective employees are licensed as investment advisory representatives in the states where those employees have clients. Our U.S. investment adviser subsidiaries also manage investment companies that are registered with the SEC under the Investment Company Act of 1940. In addition, some of our insurance company separate accounts are registered under the Investment Company Act of 1940. Some annuity contracts and insurance policies issued by some of our U.S. subsidiaries are funded by separate accounts, the interests in which are registered under the Securities Act of 1933. Certain of our subsidiaries are registered and regulated as broker/dealers under the Securities Exchange Act of 1934 and are members of, and subject to regulation by, the NASD, as well as by various state and local regulators. The registered representatives of our broker/dealers are also regulated by the SEC and NASD and are further subject to applicable state and local laws.

These laws and regulations are primarily intended to protect investors in the securities markets and generally grant supervisory agencies broad administrative powers, including the power to limit or restrict the conduct of business for failure to comply with such laws and regulations. In such event, the possible sanctions that may be imposed include suspension of individual employees, limitations on the activities in which the investment adviser or broker/dealer may engage, suspension or revocation of the investment adviser or broker/dealer registration, censure or fines. We may also be subject to similar laws and regulations in the states and other countries in which we provide investment advisory services, offer the products described above or conduct other securities-related activities.

Certain of our U.S. subsidiaries also sponsor and manage investment vehicles that rely on certain exemptions from registration under the Investment Company Act of 1940 and the Securities Act of 1933. Nevertheless, provisions of the Investment Company Act of 1940 and the Securities Act of 1933 apply to these investment vehicles and the securities issued by such vehicles. The Investment Company Act of 1940 and the Securities Act of 1933, including the rules promulgated thereunder, are subject to change which may affect our U.S. subsidiaries that sponsor and manage such investment vehicles.

### *Environmental considerations*

As an owner and operator of real property, we are subject to extensive U.S. federal and state and non-U.S. environmental laws and regulations. Potential environmental liabilities and costs in connection with any required remediation of such properties also is an inherent risk in property ownership and operation. In addition, we hold equity interests in companies and have made loans secured by properties that could potentially be subject to environmental liabilities. We routinely have environmental assessments performed with respect to real estate being acquired for investment and real property to be acquired through foreclosure. We cannot provide assurance that unexpected environmental liabilities will not arise. However, based upon information currently available to us, we believe that any costs associated with compliance with environmental laws and regulations or any

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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 of 1986, as amended. 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 Internal Revenue Service and the Pension Benefit Guaranty Corporation.

### *USA Patriot Act*

The USA Patriot Act of 2001, or the Patriot Act, enacted in response to the terrorist attacks on September 11, 2001, contains anti-money laundering and financial transparency laws and mandates the implementation of various new regulations applicable to broker/dealers and other financial services companies including insurance companies. The Patriot Act seeks to promote cooperation among financial institutions, regulators and law enforcement entities in identifying parties that may be involved in terrorism or money laundering. Anti-money laundering laws outside of the U.S. contain similar provisions. The increased obligations of financial institutions to identify their customers, watch for and report suspicious transactions, respond to requests for information by regulatory authorities and law enforcement agencies, and share information

with other financial institutions, require the implementation and maintenance of internal practices, procedures and controls. We believe that we have implemented, and that we maintain, appropriate internal practices, procedures and controls to enable us to comply with the provisions of the Patriot Act.

### *Privacy of consumer information*

U.S. federal and state laws and regulations require financial institutions, including insurance companies, to protect the security and confidentiality of consumer financial information and to notify consumers about their policies and practices relating to their collection and disclosure of consumer information and their policies relating to protecting the security and confidentiality of that information. Similarly, federal and state laws and regulations also govern the disclosure and security of consumer health information. In particular, regulations promulgated by the U.S. Department of Health and Human Services regulate the disclosure and use of protected health information by health insurers and others, the physical and procedural safeguards employed to protect the security of that information and the electronic transmission of such information. Congress and state legislatures are expected to consider additional legislation relating to privacy and other aspects of consumer information.

In Europe, the collection and use of personal information is subject to strict regulation. The European Union's Data Protection Directive establishes a series of privacy requirements that EU member states are obliged to enact in their national legislation. European countries that are not EU member states have similar privacy requirements in their national laws. These requirements generally apply to all businesses, including insurance companies. In general, companies may process personal information only if consent has been obtained from the persons concerned or if certain other conditions are met. These other requirements include the provision of notice to customers and other persons concerning how their personal information is used and disclosed, limitations on the transfer of personal information to countries outside the European Union, registration with the national privacy authorities, where applicable, and the use of appropriate information security measures against the access or use of personal information by unauthorized persons.

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## **Management**

### **Directors and Executive Officers**

The following table sets forth certain information concerning our directors and executive officers as of the completion of this offering:

<b>Name</b>	<b>Age</b>	<b>Positions</b>
Michael D. Fraizer	45	Chairman, President and Chief Executive Officer
Thomas H. Mann	53	President and Chief Executive Officer—Mortgage Insurance
Pamela S. Schutz	49	President and Chief Executive Officer—Retirement Income and Investments
George R. Zippel	44	President and Chief Executive Officer—Protection
K. Rone Baldwin	45	Senior Vice President—Strategic Development
Mark W. Griffin	45	Senior Vice President—Chief Risk Officer
Debora M. Horvath	49	Senior Vice President—Chief Information Officer
Michael S. Laming	52	Senior Vice President—Human Resources
Scott McKay	42	Senior Vice President—Operations & Quality
Richard P. McKenney	35	Senior Vice President—Chief Financial Officer
Victor C. Moses	56	Senior Vice President—Chief Actuary
Leon E. Roday	50	Senior Vice President, General Counsel and Secretary
William R. Wright, Jr.	51	Senior Vice President—Chief Investment Officer
Elizabeth J. Comstock	43	Director

Pamela Daley	51	Director
Dennis D. Dammerman	58	Director
David R. Nissen	52	Director
James A. Parke	58	Director

### Executive Officers and Directors

The following sets forth certain biographical information with respect to our executive officers and directors listed above.

Michael D. Fraizer will be our Chairman, President and Chief Executive Officer upon the completion of this offering and has been a Vice President of GE since December 1995 and a Senior Vice President of GE since June 2000. Since November 1996, Mr. Fraizer has been Chairman of the Board and, since April 1997, President and Chief Executive Officer, of GEFAHI. Mr. Fraizer also has been a director of GE Capital and General Electric Capital Services, Inc. Mr. Fraizer led the Consumer Savings and Insurance Group, a predecessor of GEFAHI, from February 1996 until the formation of GEFAHI in October 1996. Prior to that time, Mr. Fraizer was President and Chief Executive Officer of GE Capital Commercial Real Estate, an affiliate of our company, from July 1993 to December 1996, leading both the GE Consumer Savings and Insurance Group and GE Capital Commercial Real Estate from February to December of 1996. From July 1991 to June of 1993, he was Vice President—Portfolio Acquisitions and Ventures of GE Capital Commercial Real Estate. From December 1989 to June 1991, Mr. Fraizer was President and Managing Director, GE Japan, an affiliate

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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 GE's Corporate Business Development after joining GE in its Financial Management Program. Mr. Fraizer received a B.A. in Political Science from Carleton College in 1980. He is a member of the board of the American Council of Life Insurers.

Thomas H. Mann will be our President and Chief Executive Officer—Mortgage Insurance upon the completion of this offering and has been President, Chief Executive Officer and a Director of General Electric Mortgage Insurance Corporation, or GE Mortgage, a subsidiary of our company, since May 1996 and a Vice President of GE since April 1996. From March 1990 to April 1996, Mr. Mann served as Vice President of GE Capital and General Manager of GE Capital Vendor Financial Services. Prior to that time, he served as Executive Vice President—Operations with GE Mortgage from August 1986 to March 1990. From November 1984 to August 1986, Mr. Mann served as Manager—Finance Operations at GE Capital Commercial Real Estate, and from August 1976 to November 1984, he served in various capacities as a member of GE's Corporate Audit Staff. Mr. Mann received a B.S. in Business Administration from the University of North Carolina at Chapel Hill in 1973. He is a member of the Housing Policy Council Executive Committee, part of the Financial Services Roundtable.

Pamela S. Schutz will be our President and Chief Executive Officer—Retirement Income and Investments upon completion of this offering and has been President and Chief Executive Officer of GE Life and Annuity Assurance Company, a subsidiary of our company, since June 1998 and a Vice President of GE since October 2000. From May 1997 to July 1998, Ms. Schutz served as President of The Harvest Life Insurance Company, then an affiliate of our company. Prior to that time, Ms. Schutz served in various capacities with GE Capital Commercial Real Estate from February 1978 to May 1997, attaining the position of President, GE Capital Realty Group in May 1994. Ms. Schutz received a B.A. in Urban Planning from Briarcliff College in 1976 and an M.S. in Business from American University in 1978. She is a member of the boards of the National Association of Variable Annuities and the Medical Information Bureau.

George R. Zippel will be our President and Chief Executive Officer—Protection upon completion of this offering and has been the President and Chief Executive Officer of Independent Brokerage Group, a business unit of our company, since September 1999 and a Vice President of GE since July 2001. From July 1997 to September 1999, he was President at GE Lighting Systems, a division of GE. Prior to that time, Mr. Zippel served in various capacities with GE Industrial Systems from July 1991 to July 1997. Prior thereto, he was a Manager of Corporate Initiatives from September 1989 to July 1991. From September 1984 to September 1989, he held various positions on GE's Corporate Audit Staff. Prior thereto, Mr. Zippel participated in GE's Financial Management Program, and upon graduating from the program, worked as a Financial Analyst for GE Semiconductor. Mr. Zippel received a B.A. in Economics from Hamilton College in 1981.

K. Rone Baldwin will be our Senior Vice President—Strategic Development upon completion of this offering and has been Senior Vice President—Strategic Development at GE Insurance, a business unit of GE Capital, since September 2002 and a Vice President of GE since July 2000. From September 1998 to September 2002, he was the President and CEO of GE Edison Life Insurance Company, then an affiliate of our company. Prior to that time, Mr. Baldwin was President of GE Capital Japan from March 1997 to September 1998 and Vice President—Business Development at GE Capital from December 1994 to March 1997. From September 1989 to December 1994, Mr. Baldwin was Senior Vice President at Mutual of New York. Prior thereto, Mr. Baldwin held positions with Goldman, Sachs & Co. and Booz Allen & Hamilton. Mr. Baldwin received a B.A. in Physics from Amherst College in 1980 and an M.B.A. from Harvard Business School in 1982.

Mark W. Griffin will be our Senior Vice President—Chief Risk Officer upon completion of this offering and has been the Chief Risk Manager of GE Insurance, a business unit of GE Capital, since August 2002. From January 2000 to August 2002, Mr. Griffin was Chief Risk

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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.

Debra M. Horvath will be our Senior Vice President—Chief Information Officer upon completion of this offering and has been a Senior Vice President, the Chief Information Officer and the Chief Technology Officer of GEFAHI since March 1997. From May 1993 to March 1997, she was Chief Information Officer of GNA Corporation, or GNA. Prior thereto, Ms. Horvath served in various capacities with GE Aircraft Engines and GE Lighting from April 1979 to May 1993. She is also a graduate of GE's Financial Management Program. Ms. Horvath received a B.A. in Business from Baldwin Wallace College in 1984. She is a member of the board of the Greater Richmond Technology Council, and is a member of Women in Technology International.

Michael S. Laming will be our Senior Vice President—Human Resources upon completion of this offering and has been a Senior Vice President of GE Insurance, a business unit of GE Capital, since August 2001 and a Vice President of GE since April 2003. From July 1996 to August 2001, Mr. Laming was a Senior Vice President at GEFAHI and its predecessor companies. Prior thereto, he held a broad range of human resource positions in operating units of GE and at GE corporate headquarters. He graduated from the GE Manufacturing Management Program in 1978. Mr. Laming received both a B.S. in Business Administration in 1974 and a Masters of Organization Development in 1983 from Bowling Green State University.

Scott McKay will be our Senior Vice President—Operations & Quality upon completion of this offering and has been the Senior Vice President, Operations & Quality of GEFAHI since December 2002. From July 1993 to December 2002, Mr. McKay served in various information technology related positions at GEFAHI's subsidiaries, including Chief Technology Officer, and Chief Information Officer of Federal Home Life Assurance Company. Prior thereto, he was Officer and Director of Applications for United Pacific Life Insurance Company from July 1992 to July 1993, and an IT consultant for Sycomm Systems and Data Executives, Inc. from January 1985 to July 1992. Mr. McKay received a B.S. in Computer Science from West Chester University of Pennsylvania in 1983.

Richard P. McKenney will be our Senior Vice President—Chief Financial Officer upon the completion of this offering and has been, since December 2002, a Senior Vice President and the Chief Financial Officer of GEFAHI. From May 2000 to October 2002, he was Vice President of Business Planning and Analysis of GEFAHI. Prior thereto, Mr. McKenney was Manager of Financial Planning from October 1996 to April 1998 and Chief Financial Officer from April 1998 to May 2000 at GE Life & Annuity Assurance Company, an affiliate of our company. From July 1993 to October 1996, he held various positions on GE's Corporate Audit Staff. Prior thereto, Mr. McKenney was in the GE Manufacturing Management Program from June 1991 to July 1993. Mr. McKenney received a B.S. in Mechanical Engineering from Tufts University in 1991.

Victor C. Moses will be our Senior Vice President—Chief Actuary upon completion of this offering and has been Senior Vice President—Actuarial/Capital Management of GEFAHI since January 2000. From 1971 to 1983 Mr. Moses worked in various positions at SAFECO Life Insurance Company and from 1983 to 1993 he served in various capacities with GNA, ultimately serving as both Chief Actuary and Chief Financial Officer. In 1993, GNA was acquired by GE Capital, and from then until December 1999, Mr. Moses was Senior Vice President—Business Development at GEFAHI and its

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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.

Leon E. Roday will be our Senior Vice President, General Counsel and Secretary upon the completion of this offering and has been Senior Vice President, General Counsel, Secretary and a Director of GEFAHI and its predecessor companies since May 1996 and a Vice President of GE since November 2002. From October 1982 through May 1996, Mr. Roday was at the law firm of LeBoeuf, Lamb, Greene & MacRae, LLP, and he was a partner at that firm from 1991 to 1996. Mr. Roday received a B.A. in Political Science from the University of California at Santa Barbara in 1977 and a J.D. from Brooklyn Law School in 1982. Mr. Roday is a member of the New York Bar Association.

William R. Wright, Jr. will be our Senior Vice President—Chief Investment Officer upon completion of the offering, and has been Executive Vice President and CIO of Fixed Income—Insurance at GEAM, since April 2003. From March 2000 to March 2003, he was the Managing Director and Chief Investment Officer of GE Edison Life Insurance Company, in Tokyo, Japan. From January 1996 to March 2000 he was the Managing Director of GEAM's first non-U.S. subsidiary in London. Before this, Mr. Wright was the Vice President/Portfolio Manager

of International Fixed Income for GE Investments Corporation from May 1993 to January 1996. Prior to joining GE, he was a global fixed income portfolio manager at Continental Asset Management, a subsidiary of Continental Corporation, from 1985 to 1993. From 1980 to 1985 he held various positions with Bankers Trust Company. Mr. Wright received an MBA in Finance from New York University Stern School of Business Administration in 1987, a Diploma in Chinese Mandarin from Defense Language Institute, and a B.A. in Political Science and East Asian Studies from Wittenberg University in 1975. He is a member of both the New York Society of Security Analysts and the Association of Investment Management and Research.

Elizabeth J. Comstock will be a member of our board of directors upon completion of this offering. Ms. Comstock has been Vice President and Chief Marketing Officer of GE since July 2003. From 1998 to 2003 Ms. Comstock was Vice President of Corporate Communications at GE. From 1996 to 1998 Ms. Comstock was Senior Vice President of NBC Communications and from 1993 to 1996 was Vice President of NBC News Communications. Prior thereto, Ms. Comstock served as an entertainment media director at CBS Television from 1992 to 1993 and as the New York-based head of communications for Turner Broadcasting from 1990 to 1992. Prior thereto, from 1986 to 1990 she held various positions at NBC News. Ms. Comstock received a B.S. degree in Biology from the College of William and Mary in 1982. Ms. Comstock was designated to our board of directors by GE.

Pamela Daley will be a member of our board of directors upon completion of this offering. Ms. Daley has been Vice President and Senior Counsel for Transactions at GE since 1991, was Senior Counsel for Transactions at GE from 1990 to 1991 and was Tax and Finance Counsel at GE from 1989 to 1990. Prior thereto, Ms. Daley was a partner at Morgan, Lewis & Bockius LLP, from 1986 to 1989 and an associate at that firm from 1979 to 1986. Ms. Daley received an A.B. in Romance Languages and Literatures from Princeton University in 1974 and a J.D. from the University of Pennsylvania in 1979. Ms. Daley was designated to our board of directors by GE.

Dennis D. Dammerman will be a member of our board of directors upon completion of this offering. Mr. Dammerman has been a Vice Chairman and Executive Officer of GE and the CEO of GE Capital Services, Inc. since 1998. Mr. Dammerman has also been a Director of GE since 1994. From 1984 to 1998 he was Senior Vice President—Finance and Chief Financial Officer at GE, and from 1981 to 1984 he was Vice President and General Manager of GE Capital's Real Estate Financial Services Division. Prior thereto, from 1967 to 1981 he had various financial assignments in several GE businesses. Mr. Dammerman received a B.A. from the University of Dubuque in 1967. Mr. Dammerman was designated to our board of directors by GE.

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David R. Nissen will be a member of our board of directors upon completion of this offering. Mr. Nissen has been President and CEO of Global Consumer Finance at GE since 1993 and a Senior Vice President at GE since 2001. From 1990 to 1993, Mr. Nissen was General Manager of U.S. Consumer Financial Services at Monogram Bank, an affiliate of GE. Prior thereto, from 1980 to 1990 he held various management positions in several GE businesses. Mr. Nissen received a B.A. in Economics from Northwestern University in 1973 and an M.B.A. from the University of Chicago in 1975. Mr. Nissen was designated to our board of directors by GE.

James A. Parke will be a member of our board of directors upon completion of this offering. Mr. Parke has been Vice Chairman and Chief Financial Officer of GE Capital and a Senior Vice President at GE since 2002. From 1989 to 2002 he was Senior Vice President and Chief Financial Officer at GE Capital and a Vice President of GE. Prior thereto, from 1981 to 1989 he held various management positions in several GE businesses. Mr. Parke received a B.A. in History, Political Science and Economics from Concordia College in Minnesota in 1968. Mr. Parke was designated to our board of directors by GE.

### **Composition of the Board of Directors**

Upon completion of this offering, and until the first date on which GE owns 50% or less of our outstanding common stock, our board of directors will consist of nine persons, each of whom will serve a one-year term. When GE owns at least 10% but not more than 50% of our outstanding common stock, our board of directors will consist of eleven persons. Beginning on the first date on which GE owns less than 10% of our outstanding common stock, the number of persons constituting our board of directors may be fixed from time to time by resolution of our board of directors, but under our certificate of incorporation, cannot be less than one nor more than fifteen. So long as GE owns more than 50% of our outstanding common stock, the board of directors will consist of nine members, and GE, in its capacity as the holder of our Class B Common Stock, will have the right to elect five members, and holders of our Class A Common Stock will have the right to elect four members. The size of our board of directors and the election rights of the holders of each class of our common stock will change as GE's percentage ownership of our common stock decreases and are subject to the rights of the holders of any outstanding series of our preferred stock to elect directors under certain limited circumstances. For a detailed description of these election rights, see "Description of Capital Stock—Common Stock—Voting Rights."

### **Committees of the Board of Directors**

Upon completion of this offering, the standing committees of our board of directors will include the Audit Committee, the Nominating and Corporate Governance Committee, and the Management Development and Compensation Committee. These committees are described below. Our board of directors may also establish various other committees to assist it in its responsibilities. However, our certificate of incorporation provides that until the first date on which GE owns less than 20% of our outstanding common stock, our board of directors will not establish an executive committee or any other committee having authority typically reserved for an executive committee.

*Audit Committee.* This committee will be primarily concerned with the accuracy and effectiveness of the audits of our financial statements by our internal audit staff and by our independent auditors. Its duties will include:

- selecting independent auditors;
- reviewing the scope of the audit to be conducted by them, as well as the results of their audit;
- approving non-audit services provided to us by the independent auditor;
- reviewing the organization and scope of our internal system of audit, financial and disclosure controls;

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- appraising our financial reporting activities, including our annual report, and the accounting standards and principles followed; and
  - conducting other reviews relating to compliance by our employees with our policies and applicable laws.

The Audit Committee will be comprised of three "independent" directors as defined under the applicable rules of The New York Stock Exchange. We intend to appoint these directors to serve on our board and the Audit Committee as soon as practicable following completion of this offering, but in any event within the time period prescribed by the listing rules.

*Nominating and Corporate Governance Committee.* This committee's responsibilities will include the selection of potential candidates for our board of directors and the development and annual review of our governance principles. So long as GE owns more than 50% of our outstanding common stock, this committee will make recommendations of candidates for election to our board of directors directly to our stockholders. When GE owns 50% or less of our outstanding common stock, this committee will make recommendations of candidates for election to our board of directors directly to our board of directors, and our board of directors will make recommendations directly to our stockholders. This committee will not make recommendations regarding directors designated by GE. This committee will also annually review director compensation and benefits, and oversee the annual self-evaluations of our board and its committees. It will also make recommendations to our board of directors concerning the structure and membership of the other board committees. So long as GE beneficially owns more than 50% of our outstanding common stock, the Nominating and Corporate Governance Committee will be comprised of five directors, one of which will be designated by GE, one of which will be our chief executive officer and three of which will be "independent" under the applicable rules of The New York Stock Exchange. When GE beneficially owns 50% or less of our outstanding common stock, the Nominating and Corporate Governance Committee will be comprised of three directors, each of whom will be "independent" under the applicable rules of The New York Stock Exchange.

*Management Development and Compensation Committee.* This committee will have two primary responsibilities: (i) to monitor our management resources, structure, succession planning, development and selection process as well as the performance of key executives; and (ii) to review and approve executive compensation and broad-based and incentive compensation plans. So long as GE beneficially owns more than 50% of our outstanding common stock, the Management Development and Compensation Committee will be comprised of three directors, one of which will be designated by GE and two of which will be "independent" under the applicable rules of The New York Stock Exchange. When GE beneficially owns 50% or less of our outstanding common stock, the Management Development and Compensation Committee will be comprised of three directors, each of whom will be "independent" under the applicable rules of The New York Stock Exchange.

## **Director Compensation**

Each independent director will be paid an annual fee of \$160,000 in quarterly installments, following the end of each quarter of service. Of this amount, 40% (or \$64,000) of the annual fee will be paid in cash and 60% (or \$96,000) will be paid in deferred stock units, or DSUs. The board has elected not to adopt a policy of meeting fees because attendance is expected at all scheduled board and committee meetings, absent exceptional cause. Each DSU will be equal in value to a share of our stock, but will not have voting rights. DSUs will accumulate regular quarterly dividends which will be reinvested in additional DSUs. The DSUs will be paid out in cash beginning one year after the director leaves the board. Directors may elect to take their DSU payments as a lump sum or in equal payments spread out for up to ten years.

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## **Executive Compensation**

The following table sets forth the compensation paid or awarded to our chief executive officer and to each of the persons who were the four other most highly compensated executive officers in 2003 who will be continuing as executive officers following the completion of this offering. We refer to these individuals as our "named executive officers."

## SUMMARY COMPENSATION

Name and principal position	Year	Annual compensation			Long-term compensation			
		Salary (\$)	Bonus (\$)	Other annual compensation(1) (\$)	Awards		Payouts	
					Restricted stock units(2) (\$)	Securities under- lying options/ SARs (#)(3)	LTIP payouts(4) (\$)	All other compensation(5)(6)(7) (\$)
Michael D. Fraizer(8) President, Chief Executive Officer and Director	2003	962,500	1,525,000	—	1,366,321	195,000	—	94,390
	2002	900,000	1,375,000	—	—	300,000	2,881,300	113,629
	2001	750,000	1,250,000	—	1,574,000	300,000	—	106,626
Thomas H. Mann President and Chief Executive Officer— Mortgage Insurance	2003	500,000	1,150,000	—	940,360	54,000	—	67,388
	2002	460,000	1,050,000	—	—	90,000	1,232,400	59,317
	2001	410,000	930,000	—	—	112,500	—	57,327
Pamela S. Schutz President and Chief Executive Officer— Retirement Income and Investments	2003	392,500	560,000	—	721,763	22,800	—	35,712
	2002	365,000	510,000	—	—	38,000	197,200	32,407
	2001	320,000	485,000	53,872	983,750	42,000	—	49,281
K. Rone Baldwin(9) Senior Vice President— Strategic Development	2003	450,000	490,000	—	751,180	27,000	—	51,692
	2002	430,000	415,000	—	—	45,000	256,000	50,100
	2001	378,333	375,000	—	—	52,500	—	46,741
Leon E. Roday Senior Vice President, General Counsel and Secretary	2003	425,000	360,000	73,224	658,703	13,800	—	40,999
	2002	388,584	310,000	—	270,500	20,000	—	28,037
	2001	341,981	280,000	—	—	22,500	—	23,923

- (1) Includes the aggregate incremental cost of providing perquisites and personal benefits to our named executive officers for each of the last three years. The amounts reported in this column for Ms. Schutz and Mr. Roday, which represent at least 25% of the total amounts reported for a particular year, are \$27,879 for financial counseling and \$25,993 for the use of a company vehicle and \$40,045 for financial counseling and \$23,681 for the use of a company vehicle, respectively. No other named executive officer received perquisites or other personal benefits in an aggregate amount exceeding \$50,000 in any of the periods included in this column.
- (2) Shows the market value of GE restricted stock unit awards, or RSUs, on the date of grant. The aggregate holdings and market value of RSUs held on December 31, 2003, by the individuals reported in this column are: Mr. Fraizer, 297,084 units/\$9,203,662; Mr. Mann, 134,500 units/\$4,166,810; Ms. Schutz, 77,567 units/\$2,403,026; Mr. Baldwin, 94,750 units/\$2,935,355; and Mr. Roday, 49,317 units/\$1,527,841. The restrictions on most of these units lapse on a scheduled basis over the executive officer's career, or upon death, with the restrictions on 25% of the units generally scheduled to lapse three and seven years after the date of grant, and the restrictions on the remaining 50% scheduled to lapse at retirement. The restrictions on RSUs granted in February 2003 will lapse in two 50% increments, the first increment upon the completion of this offering and the second increment one year following the completion of this offering. Regular quarterly dividend equivalents are paid on the RSUs held by these individuals.

- (3) All amounts, except amounts for Mr. Fraizer, are denominated in shares of GE stock. Amounts shown for Mr. Fraizer are denominated in GE SARs. SARs refer to stock appreciation rights.
- (4) Represents the dollar value of payouts pursuant to the GE contingent long-term performance incentive awards granted in 2000.
- (5) Includes payments made pursuant to GE employee savings plans. These amounts are: Mr. Fraizer (\$62,850 in 2003, \$53,400 in 2002 and \$43,750 in 2001); Mr. Mann (\$35,620 in 2003, \$32,400 in 2002 and \$27,950 in 2001); Ms. Schutz (\$21,300 in 2003, \$21,300 in 2002 and \$18,250 in 2001); Mr. Baldwin (\$21,600 in 2003, \$21,600 in 2002 and \$18,450 in 2001); and Mr. Roday (\$22,070 in 2003, \$18,500 in 2002 and \$16,150 in 2001).

- (6) This column includes the estimated dollar value of GE's portion of insurance premium payments for supplemental split-dollar life insurance provided to GE officers prior to the effective date of the Sarbanes-Oxley Act on July 30, 2002. GE will recover all split-dollar premiums paid by it from the policies. The estimated value is calculated, in accordance with SEC rules, as if the 2002 premiums were advanced to the named executive officers without interest until the time GE expects to recover its premium payments. This column also includes taxable payments made to executives to cover premiums for a universal life insurance policy owned by the executive, which is provided to more than 4,400 of GE's executives, including the named executives. These amounts are: Mr. Fraizer (\$9,500 in 2003, \$44,430 in 2002 and \$48,777 in 2001); Mr. Mann (\$24,716 in 2003, \$21,938 in 2002 and \$24,932 in 2001); Ms. Schutz (\$7,045 in 2003, \$4,514 in 2002 and \$25,132 in 2001); Mr. Baldwin (\$21,775 in 2003, \$21,074 in 2002 and \$21,661 in 2001); and Mr. Roday (\$10,762 in 2003, \$3,891 in 2002 and \$2,732 in 2001).
- (7) Includes the difference between market interest rates determined pursuant to SEC rules and the 9.5% to 14% interest contingently credited by GE on salary deferred by the executive officers under various salary deferral plans. Under all such plans, the executive officers generally must remain employed by GE and its affiliates for at least four years following the deferrals, or retire or transfer to a successor employer (in this case, including Genworth when GE ceases to own 50% or more of our outstanding common stock) after a year of deferral, in order to obtain the stated interest rate. These amounts are: Mr. Fraizer (\$22,040 in 2003, \$15,799 in 2002 and \$14,099 in 2001); Mr. Mann (\$7,052 in 2003, \$4,979 in 2002 and \$4,445 in 2001); Ms. Schutz (\$7,367 in 2003, \$6,593 in 2002 and \$5,899 in 2001); Mr. Baldwin (\$8,317 in 2003, \$7,426 in 2002 and \$6,630 in 2001); and Mr. Roday (\$8,167 in 2003, \$5,646 in 2002 and \$5,041 in 2001).
- (8) Does not include a special one-time incentive bonus of \$2 million (net of applicable taxes) to be paid by GE to Mr. Fraizer in his capacity as an officer of GE for executing GE's overall insurance strategy of selling or repositioning various GE insurance businesses and completing this offering. This bonus will be paid by GE upon completion of this offering.
- (9) Excludes certain cost of living allowances and tax gross-up payments paid by GE in connection with Mr. Baldwin's overseas assignment from July 2000 to August 2002. These amounts were \$98,530 in 2003, \$195,699 in 2002 and \$333,193 in 2001.

### Executive Officer Stock Ownership Guidelines

In order to help demonstrate the alignment of the personal interests of our executive officers with the interests of our stockholders, we have established the following stock ownership requirements, as multiples of the executive officer's base salary, that must be held by our executive officers:

Position	Multiple
Genworth Chief Executive Officer	5x
Presidents and Senior Vice Presidents	2x

The number of shares of our stock that must be held is determined by multiplying the executive officer's annual base salary in 2003 by the applicable multiple shown above, and dividing the result by the average closing price of our stock during the immediately preceding 12 months. In order to meet this stock ownership requirement, an executive officer may count all shares of our stock owned by the executive officer, including stock held in our 401(k) plan and any company RSUs, including RSUs issued to the executive officer upon conversion of GE RSUs in connection with this offering, but excluding any RSUs that lapse upon retirement. Each executive officer must attain ownership of the required stock ownership level within five years after GE ceases to own more than 50% of our outstanding stock (or if later, within five years of becoming an executive officer) and maintain ownership of at least such amount of our stock while they hold office.

In order to assist any particular executive officer in obtaining the required level of stock ownership, each executive officer will be given the option, exercisable at any time during the five year period above, to elect to receive a portion of his or her annual incentive compensation, including LTIPs, in our common stock. In the event that an executive officer fails to reach a required level of stock ownership during the five year period above, we will require the executive officer to be paid, in lieu of any annual incentive payments, in common stock until the applicable required level of stock ownership is obtained.

### Benefit Plans—Transition from GE to Genworth Plans

Prior to this offering, our employees have been covered under GE benefit plans. These GE benefit plans include the GE 1990 Long-Term Incentive Plan providing stock options, stock appreciation rights, or SARs, restricted stock unit awards, or RSUs, and long-term contingent performance incentive awards; GE Incentive Compensation Plan; retirement programs providing pension, 401(k), health and life insurance benefits; medical, dental and vision benefits for active employees; disability and life insurance protection; and severance. We have reimbursed GE for benefits it has provided to our employees under these benefit plans.

After the completion of this offering and for so long as GE owns more than 50% of our outstanding common stock, we will be part of the

GE group, and our employees generally will continue to be eligible to participate in the GE benefit plans, except as noted below. When GE ceases to own more than 50% of our outstanding common stock, we anticipate that these employees will be covered by the benefit plans that we expect to establish. However, to the extent these employees are non-U.S. employees, benefit transition may be delayed, by mutual agreement between GE and us, for up to six months following the date that GE ceases to own more than 50% of our outstanding common stock (such date, whether delayed or not, is referred to as the "International Benefit Transition Date").

Prior to this offering, some of the employees of our business received certain awards under the GE 1990 Long-Term Incentive Plan. The treatment of these outstanding awards in connection with this offering are described below under "—GE 1990 Long-Term Incentive Plan." Following the completion of this offering, our employees will no longer be eligible to participate in the GE 1990 Long-Term Incentive Plan.

Effective as of the completion of this offering, we will establish, adopt and maintain plans for our selected employees providing for cash or other bonus awards, stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards. However, certain of our employees will continue to participate in the GE Incentive Compensation Plan based on our company- and individual-specific performance measures, and our corresponding plan providing for annual cash or other bonus awards will not become effective until the date that GE ceases to own more than 50% of our outstanding common stock. See "—Omnibus Incentive Plan" and "—Incentive Compensation Program" for information concerning these plans.

From the completion of this offering until GE ceases to own more than 50% of our outstanding common stock or, in the case of our applicable non-U.S. employees, the International Benefit Transition Date, we will reimburse GE for the costs incurred by GE and its affiliates for continuing coverage of our employees in the GE benefit plans. We will also reimburse GE for the reasonable costs incurred by GE and its affiliates for cooperating in the operation and administration of our benefit plans, including our plans providing for stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards and, to some extent, for the tax benefits we realize in connection with these compensation and benefit plans and arrangements. See "Arrangements between GE and Our Company—Employee Matters Agreement" for information concerning our benefit plans, our reimbursement obligations to GE, and other employment matters after the

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completion of this offering, and see "Arrangements Between GE and Our Company—Tax Matters Agreement."

### Stock Option Grants and SARs

Stock options and SARs were granted to our named executive officers in 2003 by GE. Each stock option permits the named executive officer, generally for a period of ten years, to purchase one share of GE stock at the market price of GE stock on the date of grant. Each SAR expires ten years after the date of grant and permits the executive officer to receive an amount equal to the difference between the SAR exercise price and the fair market value of one share of GE stock on the date the SAR is exercised. The amount of such difference, multiplied by the number of SARs exercised, is payable and delivered in GE stock. The following tables provide information on stock options and SARs granted in 2003, and on previously granted stock options exercised by the named executive officers during 2003, as well as information on their stock option and SARs holdings at the end of 2003. See "—GE 1990 Long-Term Incentive Plan" for a description of the treatment of these options and SARs following this offering.

#### STOCK OPTION/SAR GRANTS IN 2003

Name	Individual grants(1)				
	Number of options/SARs granted (#)	Percent of total GE options/SARs granted	Exercise or base price (\$/Sh)	Expiration date	Grant date present value\$(2)
Michael D. Fraizer	195,000	1.6359%	31.53	9/12/13	1,834,642
Thomas H. Mann	54,000	0.4530%	31.53	9/12/13	508,055
Pamela S. Schutz	22,800	0.1913%	31.53	9/12/13	214,512
K. Rone Baldwin	27,000	0.2265%	31.53	9/12/13	254,027
Leon E. Roday	13,800	0.1158%	31.53	9/12/13	129,836

(1) Options are denominated in shares of GE stock. SARs are denominated in GE SARs

(2) These estimated hypothetical values are based on a Black-Scholes option pricing model in accordance with SEC rules. We used the following assumptions in estimating these values: potential option term, 6 years; risk free rate of return, 3.5%; expected volatility, 34.7%; and expected dividend yield, 2.5%.

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**AGGREGATED STOCK OPTIONS/SARs EXERCISED IN 2003,  
AND DECEMBER 31, 2003 OPTION/SAR VALUES(1)**

Name	Options/SARs exercised (#)	Value realized (\$)	Number of unexercised options/SARs at December 31, 2003 (#)		Value of unexercised in-the-money options/SARs at December 31, 2003 \$(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Michael D. Fraizer	36,000	733,680	719,000	765,000	5,845,116	943,200
Thomas H. Mann	72,000	1,654,790	413,500	271,000	3,749,245	282,960
Pamela S. Schutz	9,000	142,451	101,100	102,200	962,325	119,472
K. Rone Baldwin	—	—	177,000	125,500	1,764,729	141,480
Leon E. Roday	—	—	34,500	55,800	57,100	62,880

- (1) Options are denominated in shares of GE stock. SARs are denominated in GE SARs
- (2) Stock option and SAR values are based upon the difference between the grant prices of all outstanding options and SARs awarded in 2003 and prior years and the December 31, 2003 closing price for GE's stock of \$30.98 per share.

**Retirement Plans**

We anticipate that our U.S. employees will be covered by the GE retirement plans for so long as GE owns more than 50% of our outstanding common stock. Thereafter, we anticipate that our U.S. employees will be covered by the retirement plans that we expect to establish. See "Arrangements between GE and Our Company—Employee Matters Agreement" for information concerning our retirement plans after the completion of this offering. The summary below relates to the GE retirement plans.

Under the GE retirement plans, employees are generally eligible to retire with unreduced benefits under such plans at age 60 or later, and with social security benefits at age 62 or later. The estimated total annual retirement benefits provided under the GE retirement plans and social security for our employees in higher salary classifications retiring directly from GE and its affiliates at age 62 or later are as follows.

Earnings credited for retirement benefits	Years of service at retirement				
	20	25	30	35	40
\$ 500,000	\$ 186,957	\$ 229,511	\$ 272,066	\$ 300,000	\$ 300,000
750,000	274,457	338,886	403,316	450,000	450,000
1,000,000	361,957	448,261	534,566	600,000	600,000
1,500,000	536,957	667,011	797,066	900,000	900,000
2,000,000	711,957	885,761	1,059,566	1,200,000	1,200,000
2,500,000	886,957	1,104,511	1,322,066	1,500,000	1,500,000
3,000,000	1,061,957	1,323,261	1,584,566	1,800,000	1,800,000

Note: The amounts shown above are applicable to employees retiring in 2003 at age 62.

Amounts shown as "earnings credited for retirement benefits" in this table represent the average annual covered compensation paid for the highest 36 consecutive months out of the last 120 months prior to retirement. For 2003, covered compensation for the individuals named in the Summary Compensation table (see "—Executive Compensation") is the same as the total of their salary and bonus amounts shown in that table. As of December 31, 2003, our named executive officers had the following years of credited service with the company: Mr. Fraizer, 23 years; Mr. Baldwin, 9 years; Mr. Mann, 30 years; Mr. Roday, 7 years; and Ms. Schutz, 25 years. The approximate annual retirement

benefits provided under the GE retirement plans are payable in fixed monthly payments for life, with a guaranteed minimum term of five years.

**GE 1990 Long-Term Incentive Plan**

Prior to this offering, some of our executive employees received stock options, SARs, RSUs and long-term contingent performance incentive awards under the GE 1990 Long-Term Incentive Plan. The following is a description of the treatment of those awards in connection with this offering.

*Vested GE stock options.* As of the completion of this offering, all GE stock options that are vested and held by our employees (other than Mr. Fraizer's vested GE stock options) will remain exercisable in accordance with their terms and the GE 1990 Long-Term Incentive Plan. Each such GE stock option permits the holder, generally for a period of ten years from the date of grant or, if earlier, five years from the date that GE ceases to own 50% or more of our outstanding common stock, to purchase one share of GE stock from GE at the market price of GE stock on the date of grant. GE will remain responsible for the GE stock options of our employees that are vested on the date of the completion of this offering (other than Mr. Fraizer's vested GE stock options). We will have no obligations with respect to those options.

*Vested GE stock options of Mr. Fraizer, unvested GE stock options, SARs and RSUs.* Upon the completion of this offering, all of Mr. Fraizer's GE stock options (whether or not vested) and all other GE stock options that are unvested and held by our employees as of the completion of this offering will be canceled and converted into options to purchase our Class A Common Stock based on a ratio equal to the initial offering price of our Class A Common Stock divided by the weighted-average stock price of GE common stock for the trading day immediately prior to the completion of this offering (the "Conversion Ratio"). These converted options, if unvested, generally will continue to vest in accordance with the terms of their original grants and the GE 1990 Long-Term Incentive Plan (generally in five equal annual installments from the first anniversary of the date of grant for options granted in 2002 and thereafter, or in two installments on the third and fifth anniversaries of the date of grant for options granted before 2002) and generally will remain exercisable for a period of ten years from the date of grant. Following cancellation of such GE stock options, GE will have no further liability with respect to these options, and we will be responsible for the converted options.

Mr. Fraizer is the only named executive officer who holds GE SARs that are exercisable for GE stock. These rights, which were granted in 2003, will be canceled and converted into our SARs upon the completion of this offering based upon the Conversion Ratio. These converted SARs will continue to vest in accordance with the terms of their original grant and the GE 1990 Long-Term Incentive Plan (in five equal annual installments from the first anniversary of the date of grant) and will remain exercisable for a period of ten years from the date of grant.

Upon the completion of this offering, all GE RSUs held by our employees as of the completion of this offering (other than GE RSUs with restrictions that lapse as of the completion of this offering, as described in this paragraph) will be canceled and converted into our RSUs based upon the Conversion Ratio and will generally have the same terms as their original grant and the GE 1990 Long-Term Incentive Plan. Such RSUs will entitle the holder to receive regular quarterly payments from us equal to the quarterly dividend on our stock. Also, provided the holder is still employed by us when the restrictions lapse, the holder will receive one share of our Class A Common Stock from us in exchange for each RSU. The restrictions on the converted RSUs granted in September 2003 will lapse in 50% increments after three and five years from the date of grant. The restrictions on the GE RSUs granted in February 2003 to 21 senior executives will lapse in 50% increments, the first increment of GE RSUs upon the completion of this offering and the remaining increment of converted RSUs one year following the completion of this offering. The restrictions on most of the converted RSUs granted in 2002 will lapse in 25% increments after three, five and ten years from the date of grant, with the final

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25% lapsing at retirement. The restrictions on most of the converted RSUs granted before 2002 will lapse in 25% increments after three and seven years from the date of grant, with the final 50% lapsing at retirement. Any converted RSUs as to which restrictions have not lapsed will be forfeited if the executive leaves our company prior to the lapse of the restrictions.

GE will have no further liability with respect to the GE SARs and GE RSUs that are canceled and converted into Genworth SARs and RSUs, respectively, and we will be responsible for the converted awards.

*GE long-term contingent performance awards.* In March 2003, the management development and compensation committee of GE's board of directors granted long-term contingent performance incentive awards to select GE executives for the 2003 to 2005 period to provide a continued emphasis on specified financial performance goals that the committee considered to be important contributors to GE's long-term shareowner value. The awards will only be payable if GE achieves, on an overall basis for the three-year 2003 to 2005 period, specified goals for one or more of the following four measurements, all as adjusted by the committee to remove the effects of unusual events and the effect of pensions on income: average earnings per share growth rate; average revenue growth rate; cumulative return on total capital; and cumulative cash generated. GE expects the awards to be payable in 2006 if the performance goals are met. The awards are subject to forfeiture if the executive's employment terminates for any reason other than disability, death, or retirement before December 31, 2005.

For purposes of determining eligibility for long-term contingent performance incentive awards granted to our executives in March 2003, employment with us will be deemed to be continued employment with GE (or an applicable GE affiliate). A prorated award (equal to one-third of the amount otherwise payable) will be paid by GE in 2006 when such awards are otherwise payable under the plan, provided the executives otherwise satisfy the conditions of the original award. We will not be liable for any such payments. The following table shows the multiple of our named executives' salary rate in effect and the annual bonus awarded in February 2003 that would be payable in 2006 under these awards if GE precisely attained the threshold, target, or maximum goals set by the committee for all applicable performance measurements and before taking into account the proration as described above:

	Performance period	Threshold payment	Target payment	Maximum payment
Michael D. Fraizer	1/03-12/05	1x	2x	2.5x
Thomas H. Mann	1/03-12/05	0.5x	1x	2x
Pamela S. Schutz	1/03-12/05	0.25x	0.5x	1x
K. Rone Baldwin	1/03-12/05	0.25x	0.5x	1x
Leon E. Roday	1/03-12/05	0.25x	0.5x	1x

Prior to the one-third proration described above, each measurement is weighted equally, and payments will be made for achieving any of the three goals (threshold, target or maximum) for any of the four measurements. For example, the executives in the table above would receive only one-quarter of the threshold payment if GE met at the end of the three-year period only a single threshold goal for a single measurement. Also, payments will be further prorated for performance that falls between goals.

### Omnibus Incentive Plan

Upon the completion of this offering, subject to stockholder and board of director approval, we intend to establish the 2004 Genworth Financial, Inc. Omnibus Incentive Plan, which we refer to as the Genworth Omnibus Plan, pursuant to which we will administer the stock options, SARs and RSUs issued under the GE 1990 Long-Term Incentive Plan and converted into our awards (see "—GE 1990

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Long-Term Incentive Plan"). The Genworth Omnibus Plan will also permit us to issue stock-based and stock-denominated awards to officers, salaried employees and other individuals providing services to Genworth and our participating subsidiaries on and after the completion of this offering. Available awards under the Genworth Omnibus Plan will include:

- stock options (but not incentive stock options under Section 422 of the Internal Revenue Code of 1986),
- SARs,
- restricted stock and RSUs,
- performance awards,
- dividend equivalents, and
- other awards valued in whole or in part by reference to or otherwise based on our common stock (other stock-based awards).

The following is a description of the Genworth Omnibus Plan and the treatment of those awards to be made following this offering.

*Awards in connection with this offering.* In connection with this offering, we anticipate granting to some or all of our employees nonqualified stock options to purchase an aggregate of \_\_\_\_\_ shares of our Class A Common Stock, of which the named executive officers will be granted nonqualified stock options to purchase shares of our Class A Common Stock as follows: Mr. Fraizer, \_\_\_\_\_ shares; Mr. Baldwin, \_\_\_\_\_ shares; Mr. Mann, \_\_\_\_\_ shares; Mr. Roday, \_\_\_\_\_ shares; Ms. Schutz, \_\_\_\_\_ shares; and remaining executive officers, an aggregate of \_\_\_\_\_ shares. The exercise price of these options will be equal to the initial offering price. We expect that these options will vest in 25% annual increments commencing on the second anniversary of the date of grant. We anticipate that after the initial grant in connection with this offering, we will issue annual grants to our executives and periodic grants to our other employees under the Genworth Omnibus Plan subject to the approval of our Management Development and Compensation Committee.

In addition, under the Genworth Omnibus Plan, we anticipate granting long-term performance awards to our executive officers for the 2004 to 2006 period. The awards will only be payable if we achieve, on an overall basis for such period, specified goals for one or more of the following two measurements, all as adjusted by our Management Development and Compensation Committee to remove the effects of unusual events and the effect of pensions on income: return on equity growth and operating earnings growth. We expect to pay these awards in the first quarter of 2007 if the performance goals are met. The awards will be subject to forfeiture if the executive's employment terminates for any reason other than disability, death, or retirement before December 31, 2006.

The following table shows the multiple of the named executives' salary rate in effect and the most recent annual bonus awarded by GE prior to the completion of this offering that would be payable in 2007 under these awards if we precisely attained the threshold, target, or maximum goals set by our Management Development and Compensation Committee for all applicable performance measurements:

	Performance period	Threshold payment	Target payment	Maximum payment
Michael D. Fraizer	01/04-12/06	1x	2x	2.5x

K. Rone Baldwin	01/04-12/06	0.5x	1x	2x
Thomas H. Mann	01/04-12/06	0.5x	1x	2x
Leon E. Roday	01/04-12/06	0.25x	0.5x	1x
Pamela S. Schutz	01/04-12/06	0.5x	1x	2x

Each measurement is weighted equally, and payments will be made for achieving any of the three goals (threshold, target or maximum) for any of the two measurements. For example, the executives in the table above would receive only one-half of the threshold payment if we met at the end of the three-year period only a single threshold goal for a single measurement. Also, payments will be prorated for performance that falls between goals.

*Effective date and term.* The Genworth Omnibus Plan will become effective on the completion of this offering, subject to shareholder and board of director approval, and will authorize the granting of awards for a term of up to 10 years.

*Administration.* The Genworth Omnibus Plan will be administered by our Management Development and Compensation Committee. The Management Development and Compensation Committee will be able to select eligible participants to whom awards are granted; determine the types of awards to be granted and the number of shares covered by such awards, set the terms and conditions of such awards (including any terms and conditions relating to a change of control of our company), and cancel, suspend, and amend awards. The Management Development and Compensation Committee's determinations and interpretations under the Genworth Omnibus Plan will be binding on all interested parties. The Management Development and Compensation Committee will be empowered to delegate to one or more of its members, to one or more officers of our company or its subsidiaries, or to one or more agents or advisors such administrative duties or powers it may deem advisable. In addition, subject to certain restrictions, the Management Development and Compensation Committee may, by resolution, authorize one or more officers of our company to (i) designate employees and other individuals providing services to Genworth and our participating subsidiaries to receive awards and (ii) determine the size of such awards.

*Eligibility.* Awards under the Genworth Omnibus Plan may be granted to officers, salaried employees and other individuals providing services to Genworth and our participating subsidiaries.

*Number of shares available for issuance.* Subject to adjustment as described below, \_\_\_\_\_ issued shares of our Class A Common Stock (including treasury shares) will be available for granting awards under the Genworth Omnibus Plan. The GE awards (including Mr. Fraizer's GE stock options (whether or not vested) and all other GE stock options that are unvested, GE SARs and GE RSUs) converted into our awards at the completion of this offering will be deemed granted under the Genworth Omnibus Plan. We anticipate the number of shares of our Class A Common Stock subject to such converted stock options, SARs and RSUs will be \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, respectively. If any shares subject to any award under the Genworth Omnibus Plan are forfeited, or if any such award terminates without the delivery of shares or other consideration, the shares previously used or reserved for such awards will be available for future awards under the Genworth Omnibus Plan.

*Adjustments.* In the event of a stock split, stock dividend, or other extraordinary corporate event, the Management Development and Compensation Committee will be able to adjust the number and type of shares which may be made the subject of new awards or are then subject to outstanding awards and other award terms, or provide for a cash payment to a participant relating to an outstanding award. The Management Development and Compensation Committee will also be authorized, for similar purposes, to make adjustments in performance award criteria or in the terms and conditions of other awards in recognition of unusual or nonrecurring events affecting our company or our financial statements or of changes in applicable laws, regulations, or accounting principles. The awards that may be granted under the Genworth Omnibus Plan after the effective date of the Genworth Omnibus Plan cannot presently be determined. In addition, nothing contained in the Genworth Omnibus Plan will prevent us or any affiliate from adopting or continuing in effect other or additional compensation arrangements.

*Awards.* Awards generally will be granted for no cash consideration. We intend that, under the Genworth Omnibus Plan, awards may provide that upon exercise the participant will receive cash, stock, other securities, other awards, other property, or any combination thereof, as the Management Development and Compensation Committee will determine. Except in the case of GE awards converted to Genworth awards, the exercise price per share of Class A Common Stock purchasable under any stock option, the grant price of any SAR, and the purchase price of any security which may be purchased under any other stock-based award will be not less than 100% of the fair market value of the stock or other security on the date of the grant of such option, SAR, or right, or, if the Management Development and Compensation Committee so determines, in the case of certain awards retroactively granted in tandem with or in substitution for other awards under the Genworth Omnibus Plan or for any outstanding awards granted under any other plan of Genworth, on the date of grant of such other awards. It is intended that, under the Genworth Omnibus Plan, any exercise or purchase price may be paid in cash or, if permitted by the Management Development and Compensation Committee, by surrender of shares.

*Annual award limits.* The awards which may be granted under the Genworth Omnibus Plan are generally subject to the following limits (each, an "Annual Award Limit"). The maximum aggregate number of our shares of Class A Common Stock which may be granted in a calendar

year in the form of stock options to any one participant is \_\_\_\_\_, plus the amount of the participant's unused applicable Annual Award Limit as of the close of the previous calendar year. The maximum aggregate number of our shares of Class A Common Stock which may be granted in a calendar year in the form of SARs is \_\_\_\_\_, plus the amount of the participant's unused applicable Annual Award Limit as of the close of the previous calendar year. The maximum aggregate number of our shares of Class A Common Stock or units which may be granted in a calendar year in the form of restricted stock or RSUs, respectively, to any one participant is \_\_\_\_\_, plus the amount of the participant's unused applicable Annual Award Limit as of the close of the previous calendar year. The maximum aggregate number of performance units or performance shares that a participant may receive in a calendar year may not exceed the greater of \_\_\_\_\_ of our shares of Class A Common Stock or the value of \_\_\_\_\_ of our shares of Class A Common Stock determined as of the date of payout, plus the amount of the participant's unused applicable Annual Award Limit as of the close of the previous calendar year. The maximum aggregate amount awarded or credited with respect to cash-based awards to any one participant in a calendar year may not exceed the greater of \$ \_\_\_\_\_ or the value of \_\_\_\_\_ of our shares of Class A Common Stock determined as of the date of payout, plus the amount of the participant's unused applicable Annual Award Limit as of the close of the previous calendar year. The maximum aggregate number of our shares of Class A Common Stock which may be granted in a calendar year in the form of other stock-based awards to any one participant is \_\_\_\_\_, plus the amount of the participant's unused applicable Annual Award Limit as of the close of the previous calendar year. These provisions are designed so that compensation resulting from awards can qualify as tax deductible performance-based compensation under Section 162(m) of the Internal Revenue Code.

*Stock options.* A participant granted an option will be entitled to purchase a specified number of shares of Class A Common Stock during a specified term at a fixed price, affording the participant an opportunity to benefit from the appreciation in the market price of our stock from the date of grant. Unless otherwise determined by the Management Development and Compensation Committee, options (other than options converted from GE options or options granted in connection with the completion of this offering) will vest in 20% increments over 5 years from the first anniversary of the date of grant.

*SARs.* A participant granted a SAR will be entitled to receive the excess of the fair market value (calculated as of the exercise date) of a share of our Class A Common Stock over the grant price of the SAR in cash, our shares of Class A Common Stock, a combination thereof, or any other manner approved by the Management Development and Compensation Committee in its sole discretion. The

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terms and conditions of any SARs will be determined by the Management Development and Compensation Committee at the time of grant.

*Restricted stock and RSUs.* Restricted stock and RSUs are awards that will be non-transferable and subject to a risk of forfeiture upon certain kinds of employment terminations, as determined by the Management Development and Compensation Committee, during a restricted period specified by the Management Development and Compensation Committee. Restricted stock will provide a participant with all of the rights of a share owner of our company, including the right to vote the shares and to receive dividends, at the end of a specified period. An RSU will represent a right to receive a share of Class A Common Stock, or an equivalent cash payment as the Management Development and Compensation Committee may determine, together with dividend equivalent payments in cash or as additional shares if specified by the Management Development and Compensation Committee, at the end of a specified period. After lapse of these restrictions, settlement of RSUs may be further deferred. Restricted stock and RSUs will be awarded based upon achievement of a pre-established performance goal as described below. The Management Development and Compensation Committee will have discretion to vary the forfeiture conditions of restricted stock and RSUs granted upon achievement of the performance goal, although RSUs (other than RSUs converted from GE RSUs) will generally provide for forfeiture if the executive officer is terminated by us or voluntarily leaves us before retirement, with this risk of forfeiture lapsing as to 50% of RSUs three years after grant, and as to the remaining 50% five years after grant. Stock units will be settled in cash or shares, as determined by the Management Development and Compensation Committee.

*Performance awards.* Performance awards (including performance units and performance shares) generally will represent rights valued as determined by the Management Development and Compensation Committee and payable to a participant upon achievement of specified performance goals during a specified performance period of greater than one year established by the Management Development and Compensation Committee. For example, the three-year contingent long-term performance award which we intend to grant as described above under "—Omnibus Incentive Plan—Awards in Connection with this Offering" will represent a contingent right to receive a payment, the amount of which would be a multiple of the salary rate in effect at and the most recent annual bonus awarded by GE prior to the completion of this offering. The percentage, if any, of such compensation to be used to determine the amount payable under the performance award will be contingent upon the extent of achievement of the pre-established performance goals during the three-year period. Under a long-term performance award, the Management Development and Compensation Committee will determine, after the end of the performance period, whether a participant has become entitled to a settlement of his or her performance award, and whether that settlement will be paid in cash, a distribution of shares of Class A Common Stock, or crediting of stock units, provided that the Management Development and Compensation Committee may permit the participant to elect the form of settlement for all or a portion of the award.

*Dividend equivalents.* Dividend equivalents granted to participants will represent a right to receive payments equivalent to dividends or interest with respect to a specified number of shares.

*Other stock-based awards.* Other stock-based awards are awards for which the Management Development and Compensation Committee will establish virtually all terms and conditions.

*Deferrals.* The Management Development and Compensation Committee also will be able to require or permit award payments to be deferred and may authorize crediting of dividends or interest or their equivalents in connection with any such deferral.

*Performance goals.* The performance goals to be established by the Management Development and Compensation Committee may be based on any or all of the following measures applicable to our company or any of our business units: earnings before or after interest, taxes, depreciation and amortization; cash flow (including but not limited to operating cash flow, free cash flow, cash flow return on capital and statutory cash measurements); gross, operating or other margins; operating margin rate; net sales; net sales growth; pre-tax earnings before allocation of corporate overhead and bonus; budget; earnings per share; net earnings; earnings growth; division working capital turnover; working capital targets; inventory or receivable turnover; group or corporate financial goals; return measures (including but not limited to return on assets, capital, equity and sales); share price (including but not limited to growth measures and total stockholder return); attainment of strategic or operational initiatives; appreciation in or maintenance of the price of our common stock or any of our other publicly-traded securities; market share; gross profits; net operating profit; cumulated cash generated; revenue growth; asset management performance; productivity ratios; expense targets; operating ratio and efficiency; economic value-added models; comparisons with various stock market indices; increase in number of customers; customer satisfaction; and reductions in cost.

*Transferability.* Awards generally will be non-transferable except upon the death of a participant, although the Management Development and Compensation Committee may permit a participant to transfer awards subject to such conditions as the Management Development and Compensation Committee may establish.

### ***Tax consequences***

The following is a summary of the principal U.S. federal income tax consequences of transactions under the Genworth Omnibus Plan, based on current U.S. federal income tax laws. This summary is not intended to be exhaustive, does not constitute tax advice and, among other things, does not describe state, local or foreign tax consequences.

*Nonqualified options.* No taxable income is realized by a participant upon the grant of an option. Upon the exercise of an option, the participant will recognize ordinary compensation income in an amount equal to the excess, if any, of the fair market value of the shares of Class A Common Stock exercised over the aggregate option exercise price (the spread), even though that common stock may be subject to a restriction on transferability or may be subsequently forfeited, in limited circumstances. Income and payroll taxes are required to be withheld by the participant's employer on the amount of ordinary income resulting to the participant from the exercise of an option. The spread is generally deductible by the participant's employer for federal income tax purposes, subject to the possible limitations on deductibility of compensation paid to some executives under Section 162(m) of the Internal Revenue Code. The participant's tax basis in shares of common stock acquired by exercise of an option will be equal to the exercise price plus the amount taxable as ordinary income to the participant.

Upon a sale of the shares of Class A Common Stock received by the participant upon exercise of the option, any gain or loss will generally be treated for federal income tax purposes as long-term or short-term capital gain or loss, depending upon the holding period of that stock. The participant's holding period for shares acquired after the exercise of an option begins on the date of exercise of that option.

If the participant pays the exercise price in full or in part by using shares of previously acquired Class A Common Stock, the exercise will not affect the tax treatment described above and no gain or loss generally will be recognized to the participant with respect to the previously acquired shares. The shares received upon exercise which are equal in number to the previously acquired shares used will have the same tax basis as the previously acquired shares surrendered to us, and will have a holding period for determining capital gain or loss that includes the holding period of the shares used. The value of the remaining shares received by the participant will be taxable to the participant as compensation, even though those shares may be subject to sale restrictions. The remaining shares will

have a tax basis equal to the fair market value recognized by the participant as compensation income and the holding period will commence on the exercise date. Shares used to pay applicable income and payroll taxes arising from that exercise will generate taxable income or loss equal to the difference between the tax basis of those shares and the amount of income and payroll taxes satisfied with those shares. The income or loss will be treated as long-term or short-term capital gain or loss depending on the holding period of the shares used. Where the shares used to pay applicable income and payroll taxes arising from that exercise generate a loss equal to the difference between the tax basis of those shares and the amount of income and payroll taxes satisfied with those shares, that loss may not be currently recognizable if, within a period beginning 30 days before the exercise date and ending 30 days after that date, the participant acquires or enters into a contract or option to acquire additional common stock.

*SARs.* The grant of a SAR will create no tax consequences for the participant or us. Upon the exercise of a SAR, the participant will recognize compensation income, in an amount equal to the cash or the fair market value of the Class A Common Stock received from the exercise. The participant's tax basis in the shares of Class A Common Stock received in the exercise of the SAR will be equal to the

compensation income recognized with respect to the Class A Common Stock. The participant's holding period for shares acquired after the exercise of a SAR begins on the exercise date. Income and payroll taxes are required to be withheld on the amount of compensation attributable to the exercise of the SAR, whether the income is paid in cash or shares. Upon the exercise of a SAR, we generally will be entitled to a deduction in the amount of the compensation income recognized by the participant.

*Other awards.* Other awards under the Genworth Omnibus Plan, including restricted stock, RSUs and performance awards, generally will result in ordinary income to the participant at the later of the time of delivery of cash, shares or other property, or (in the absence of an appropriate election) the time that either the risk of forfeiture or restriction on transferability lapses on previously delivered cash, shares or other property. We generally would be entitled to a tax deduction equal to the amount recognized as ordinary income by the participant in connection with an award.

*Certain limitations on deductibility of executive compensation.* With some exceptions, Section 162(m) of the Internal Revenue Code limits our deduction to us for compensation paid to employees in excess of \$1 million per executive per taxable year. However, compensation paid to employees will not be subject to that deduction limit if it is considered "qualified performance-based compensation" within the meaning of Section 162(m) of the Internal Revenue Code. Compensation to be paid to employees under the Genworth Omnibus Plan is generally intended to be qualified performance-based compensation.

*Termination and amendment.* The Genworth Omnibus Plan may be amended or terminated by the Management Development and Compensation Committee at any time, without the approval of shareholders or participants, provided that no action may, without a participant's written consent, adversely affect any previously granted award, and no amendment that would require shareholder approval under applicable law may become effective without shareholder approval.

### **Incentive Compensation Program**

We anticipate that our key employees (including officers) will be covered by the GE Incentive Compensation Plan (the "GE IC Plan") until the date that GE ceases to own more than 50% of our outstanding common stock, although the performance measures will be specifically based on our company-specific and individual-specific performance measures subject to the approval of the management development and compensation committee of GE's board of directors. However, upon the completion of this offering, we intend to establish, subject to shareholder and board of director approval, an incentive compensation program (the "Genworth IC Program"), which may be part of the Genworth Omnibus Plan, with provisions that are substantially similar to those of the GE IC Plan, and provide our key employees (including officers) with the opportunity to earn annual incentives based on

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company-wide, business unit and individual performance measures, although the Genworth IC Program will not become effective until the date that GE ceases to own more than 50% of our outstanding common stock. Until the date that GE ceases to own more than 50% of our outstanding common stock, GE will pay incentive compensation awards to our employees under the GE IC Plan, and we will reimburse GE for its cost of such awards.

Under the Genworth IC Program, the annual incentive compensation payment in any calendar year will be based on a percentage of an incentive pool equal to the greater of (i) 3% of our company's net income for such calendar year, and (ii) 3% of our company's consolidated operating earnings for the calendar year. In addition, under the Genworth IC Program, (i) the incentive pool percentage allocated to any applicable employee subject to Section 162(m) of the Internal Revenue Code (a "Covered Employee") may not exceed 33.33% of the total pool and (ii) the sum of incentive pool percentages allocated for all Covered Employees may not exceed 100% of the total pool. The summary below relates to the GE IC Plan.

*Reserve.* The GE IC Plan authorizes its board of directors to appropriate to an Incentive Compensation Reserve (the "Reserve") each year an amount based on the consolidated net earnings of the company. The maximum amount that may be appropriated for this Reserve in any year is 10% of the amount by which consolidated net earnings exceed 5% of average capital investment, each as defined in the GE IC Plan. Any amounts in the Reserve appropriated but not awarded in any year may be carried forward and used for future awards.

*Administration.* The management development and compensation committee of GE's board of directors determines eligibility for participation in the GE IC Plan, the aggregate amount to be awarded from the Reserve in any year, and the specific amount to be awarded to any executive officer upon the achievement of performance goal or goals.

*Eligibility.* Incentive compensation allotments are granted to key employees (including officers) of GE and its affiliates.

*Payment of allotments.* Incentive compensation allotments under the GE IC Plan are paid as soon as practicable following award, except that participants may elect to defer all or part of their allotment. The management development and compensation committee of GE's board of directors may determine that portions of deferred allotments are forfeitable for activity deemed to be harmful to the interests of GE or its affiliates occurring either during employment or after termination.

*Method of accounting for deferred allotments.* Participants may elect to have deferred allotments (including deferred allotments after termination of employment) accounted for as (i) GE stock units, (ii) the Standard and Poor's 500 Stock Index (S&P Index) units or (iii) cash units. The value of a GE stock unit will be equal to the average of the closing price of GE common stock as reported on the consolidated tape of New York Stock Exchange Listed Securities for the twenty trading days immediately preceding the date of allotment. The value of an S&P Index unit is equal to the average value of such unit as reported by Standard and Poor's for the twenty trading days immediately preceding the date of allotment. Deferred allotments, to the extent accounted for as GE stock units or S&P Index units, are credited with dividend equivalents applicable to such accounting media, and deferred allotments accounted for as cash units are credited with interest equivalents.

*Switching.* A participant may elect up to four times a year to change the method or methods of accounting for all deferred allotments.

*Method of payment.* The portion if any of an allotment not made on a deferred payment basis may, in the discretion of the management development and compensation committee of GE's board of directors, be made wholly or partly in cash, GE common stock, other securities, or any combination thereof. The deferred allotment is paid following the termination of a participant's employment with GE and its affiliates, subject to the terms and conditions, and in accordance with the procedures, of the

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GE IC Plan. The management development and compensation committee of GE's board of directors has discretionary authority to pay any installment of any deferred allotment entirely in cash or in such other manner as it may specify.

*Termination and amendment.* The GE IC Plan may be amended or terminated by GE's board of directors at any time, without the approval of shareholders or participants, provided that no action may, without a participant's consent, apply to the payment to the participant of any allotment made to such participant prior to the effective date of such action and no amendment may be made which will increase the amount which may be appropriated to the Reserve under the GE IC Plan without stockholder approval.

*Section 162(m).* Compensation to be paid to the applicable employees under the GE IC Plan is intended to be qualified performance-based compensation within the meaning of Section 162(m) of the Internal Revenue Code.

### **Executive Deferred Salary Plan**

Our named executive officers, other executives and top managers currently participate in various GE executive deferred salary plans in effect between 1991 and 2003. Under all these plans, salary deferrals are contingently credited by GE with 9.5% to 14% interest. The participants generally must remain employed by GE and its affiliates for at least four years following the deferral, or retire or transfer to a successor employer (in this case, including Genworth when GE ceases to own 50% or more of our outstanding common stock) after a year of deferral, in order to obtain the stated interest rate on salary deferrals, otherwise the applicable interest rate on salary deferrals will be 0% to 3% interest. We are deemed an affiliate of GE for so long as GE owns 50% or more of our outstanding common stock. The Summary Compensation table (see "—Executive Compensation") includes the difference between market interest rates determined pursuant to SEC regulations and the contingently credited interest on such salary deferrals.

### **Other Potential Arrangements**

Management has an understanding with GE that, shortly after the completion of this offering, management intends to ask our Management Development and Compensation Committee and our board of directors to consider implementing arrangements which will protect or otherwise compensate management in the event of a change in control of our company.

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## **Arrangements Between GE and Our Company**

### **Relationship with GE**

Historically, GE has provided a variety of products and services to us, and we have provided various products and services to GE. These arrangements are described below under "—Historical Related-Party Transactions."

Prior to the completion of this offering, we will enter into a master agreement and a number of other agreements with GE for the purpose of accomplishing our separation from GE, transferring the businesses described in this prospectus to us and setting forth various matters governing our relationship with GE while GE remains a significant stockholder in our company. These agreements will govern the relationship between GE and us after this offering and will provide for the allocation of employee benefit, tax and other liabilities and obligations attributable or related to

periods or events prior to and in connection with the completion of this offering. In addition, a number of the existing agreements between us and our subsidiaries and GE and its subsidiaries relating to various aspects of our business will remain in effect following this offering. The agreements summarized below have been filed as exhibits to the registration statement of which this prospectus forms a part. The summaries of these agreements are qualified in their entirety by reference to the full text of the agreements.

### *Master Agreement*

We will enter into a master agreement with GE prior to the completion of this offering. We refer to this agreement in this prospectus as the Master Agreement. The Master Agreement will set forth our agreements with GE regarding the principal transactions required to effect the transfer of assets and the assumption of liabilities necessary to separate our company from GE. It also will set forth other agreements governing our relationship after the separation.

### *The separation*

To effect the separation, GE will, and will cause its affiliates to, transfer to us the assets related to our businesses as described in this prospectus. We or our subsidiaries will assume and agree to perform, discharge and fulfill the liabilities related to our businesses (which, in the case of tax liabilities, will be governed by the Tax Matters Agreement) in accordance with their terms. Most of these transfers will be effected by a transfer of stock held by GE's subsidiaries to us. If any governmental approval or other consent required to transfer any assets to us or for us to assume any liabilities is not obtained prior to the completion of this offering, we will agree with GE that such transfer or assumption will be deferred until the necessary approvals or consents are obtained. GE will continue to hold the assets and be responsible for the liabilities for our benefit and at our expense until the necessary approvals or consents are obtained. For a discussion of certain assets and liabilities, the transfer and assumption of which are expected to be deferred until after completion of this offering, see "—Reinsurance Transactions—European payment protection insurance business we will acquire from GE affiliates."

In consideration for the assets that we will acquire and the liabilities that we will assume in connection with our corporate reorganization, we will issue to GEFAHI million shares of our Class B Common Stock, \$600 million of our Equity Units, \$100 million of our Series A Preferred Stock, the \$2.4 billion Short-term Intercompany Note and the \$550 million Contingent Note.

Except as expressly set forth in the Master Agreement or in any other transaction document, neither we nor GE will make any representation or warranty as to:

- the assets, businesses or liabilities transferred or assumed as part of the separation;
- any consents or approvals required in connection with the transfers;

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- the value, or freedom from any security interests, of, or any other matter concerning, any assets transferred;
  - the absence of any defenses or right of set-off or freedom from counterclaim with respect to any claim of either us or GE; or
  - the legal sufficiency of any document or instrument delivered to convey title to any asset transferred.

Except as expressly set forth in any transaction document, all assets will be transferred on an "as is," "where is" basis, and we and our subsidiaries will agree to bear the economic and legal risks that any conveyance was insufficient to vest in us good title, free and clear of any security interest, and that any necessary consents or approvals are not obtained or that any requirements of laws or judgments are not complied with.

### *Financial information*

We will agree that, for so long as GE owns shares of our common stock, we will provide GE with quarterly and annual historical financial information needed by GE to issue its own earnings releases and public filings. We also will agree that for so long as GE owns at least 5% of our common stock, we will provide GE with certain financial projections. We further agree that, for so long as GE is required to account for its investment in us on a consolidated basis or under the equity method of accounting, we will provide GE with information requested by GE in connection with its press releases and public filings and advance notice of all meetings to be held by us with financial analysts. We will also agree during this time to issue our quarterly and annual earnings releases and file our quarterly and annual reports with the SEC immediately following the time that GE issues its quarterly and annual earnings releases and files its quarterly and annual reports with the SEC. For so long as GE is required to account for its investment in us on a consolidated basis, in addition to the items described above, we will agree to provide GE with access to our books and records so that it may conduct audits of our financial statements, notice of any proposed material changes in our accounting estimates or discretionary accounting principles, a quarterly representation of our chief executive officer and our chief financial or accounting officer as to the accuracy and completeness of our financial and accounting records and copies of correspondence with and reports submitted by our accountants.

We also will agree, for so long as GE owns more than 50% of our common stock, to conduct our strategic and operational review process on the same schedule on which GE conducts its strategic and operational review process. GE has agreed that it will conduct its strategic and operational reviews of our business through the involvement in such process of the members of our board of directors who are elected by GE in its capacity as the beneficial holder of the Class B Common Stock, as well as others invited at GE's request.

#### *Exchange of other information*

The Master Agreement will also provide for other arrangements with respect to the mutual sharing of information between us and GE in order to comply with reporting, filing, audit or tax requirements, for use in judicial proceedings, and in order to comply with our respective obligations following the completion of this offering. We will also agree to provide mutual access to historical records relating to businesses that may be in our possession.

#### *Releases and indemnification*

Except for each party's obligations under the Master Agreement, the other transaction documents and certain other specified liabilities, we and GE will release and discharge each other and each of our affiliates from all liabilities existing or arising between us on or before the separation, including in

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connection with the separation and this offering. The release will not extend to obligations or liabilities under any agreements between us and GE that remain in effect following the separation.

We will indemnify, hold harmless and defend GE, each of its affiliates and each of their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure by us or any of our affiliates or any other person or entity to pay, perform or otherwise promptly discharge any liabilities or contractual obligations associated with our businesses, whether arising before or after the separation;
- the operations, liabilities and obligations of our business;
- any guarantee, indemnification obligation, surety bond or other credit support arrangement by GE or any of its affiliates for our benefit;
- any breach by us or any of our affiliates of the Master Agreement, certain of the other transaction documents or our certificate of incorporation or by-laws;
- any untrue statement of, or omission to state, a material fact in GE's public filings to the extent it was as a result of information that we furnished to GE or which GE incorporated by reference from our public filings, if that statement or omission was made or occurred after the separation; and
- any untrue statement of, or omission to state, a material fact in any registration statement or prospectus related to this offering, the Equity Units offering, the Series A Preferred Stock offering or the senior notes offering, except to the extent the statement was made or omitted in reliance upon information provided to us by GE expressly for use in any such registration statement or prospectus or information relating to and provided by any underwriter expressly for use in any such registration statement or prospectus.

GE will indemnify, hold harmless and defend us, each of our affiliates and each of our and their respective directors, officers and employees, on an after-tax basis, from and against all liabilities relating to, arising out of or resulting from:

- the failure of GE or any affiliate of GE or any other person or entity to pay, perform or otherwise promptly discharge any liabilities of GE or its affiliates other than liabilities associated with our businesses, whether arising before or after the separation;
- the liabilities of GE and its affiliates' businesses other than liabilities associated with our businesses;
- any breach by GE or any of its affiliates of the Master Agreement or certain of the other transaction documents;
- any untrue statement of, or omission to state, a material fact in our public filings to the extent it was as a result of information that GE furnished to us or which we incorporated by reference from GE's public filings (other than any registration statement or prospectus related to this offering, the Equity Units offering, the Series A Preferred Stock offering or the senior notes offering); and
- any untrue statement of, or omission to state, a material fact contained in any registration statement or prospectus related to this

offering, the Equity Units offering, the Series A Preferred Stock offering or the senior notes offering, but only to the extent the untrue statement or omission was made or omitted in reliance upon information provided by GE expressly for use in any such registration statement or prospectus.

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The Master Agreement will also specify procedures with respect to claims subject to indemnification and related matters and provide for contribution in the event that indemnification is not available to an indemnified party.

*Expenses of the separation and this offering*

GE will pay or reimburse us for all out-of-pocket fees, costs and expenses incurred prior to the completion of this offering in connection with the separation and this offering, including all legal, accounting and printing expenses.

*GE's use of restricted marks and certain other commercial arrangements*

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

*Dispute resolution procedures*

We will agree with GE that neither party will commence any court action to resolve any dispute or claim arising out of or relating to the Master Agreement. Instead, any dispute that is not resolved in the normal course of business will be submitted to senior executives of each business entity involved in the dispute for resolution. If the dispute is not resolved by negotiation within 45 days, either party may submit the dispute to mediation. If the dispute is not resolved by mediation within 30 days of the selection of a mediator, either party may submit the dispute to binding arbitration before a panel of three arbitrators. The arbitrators will determine the dispute in accordance with New York law. Most of the other agreements between us and GE have similar dispute resolution provisions.

These dispute resolution procedures will not apply to any dispute or claim related to GE's rights as a holder of our Class B Common Stock, including its approval rights over certain corporate actions by us that are set forth in our certificate of incorporation, and both parties will submit to the exclusive jurisdiction of the Delaware courts for resolution of any such dispute. In addition, both parties will be permitted to seek injunctive or interim relief in the event of any actual or threatened breach of the provisions of the Master Agreement relating to confidentiality, use of restricted marks and composition of certain of our board committees, and any of the provisions of the Employee Matters Agreement, Registration Rights Agreement, Intellectual Property Cross-License or the Transitional Trademark License Agreement. If an arbitral tribunal has not been appointed, both parties may seek injunctive or interim relief from any court with jurisdiction over the matter.

*Other provisions*

The Master Agreement also will contain covenants between us and GE with respect to:

- confidentiality of our and GE's information;
- our right to continue coverage under GE's insurance policies for so long as GE owns more than 50% of our outstanding common stock;
- restrictions on our ability to take any action or enter into any agreement that would cause GE to violate any law, agreement or judgment;

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- restrictions on our ability to take any action that limits GE's ability to freely sell, transfer, pledge or otherwise dispose of our stock;
  - restrictions on our ability to enter into any agreement that binds or purports to bind GE;

- litigation and settlement cooperation between us and GE;
- GE's right to appoint one member of our Management Development and Compensation Committee and one member of our Nominating and Corporate Governance Committee for so long as GE owns more than 50% of our outstanding common stock; and
- proposed intercompany transactions, including material amendments to the agreements accomplishing our separation from GE, all of which must be approved by a majority of our independent directors.

### *Transition Services Agreement*

We will enter into a transition services agreement with GE prior to the completion of this offering to provide each other, on a transitional basis, certain administrative and support services in the U.S. consistent with the services provided before the separation. To comply with European regulatory requirements, we will enter into a separate transition services agreement relating to transition services in Europe with respect to our payment protection insurance business. The types of services to be provided under the European transition services agreement will be substantially similar to the services to be provided under the U.S. transition services agreement, and we refer to these agreements in this prospectus collectively as the Transition Services Agreement.

Pursuant to the Transition Services Agreement, we will provide GE various services related to the businesses not transferred to us that had received services from GEFAHI prior to the separation, including information systems and network services, legal services and sourcing support. GE will provide services to us, including:

- treasury, payroll and other financial related services;
- human resources and employee benefits;
- legal and related services;
- information systems, network and related services;
- investment services;
- corporate services; and
- procurement and sourcing support.

We also will provide each other, on a transitional basis, additional services that we and GE may identify during the term of the agreement. The charges for the transitional services generally are intended to allow the providing company to fully recover the allocated direct costs of providing the services, plus all out-of-pocket costs and expenses, generally without profit. The agreement also will specify certain one-time costs associated with enabling us to provide the services to ourselves or to receive them directly from a third party, and will provide that those costs, up to an agreed upon cap, will be borne by GE. GE will also agree to bear the costs, up to an agreed upon cap, of obtaining specified software, licenses, consents, approvals, notices, registrations, recordings, filings and other actions that need to be obtained in connection with this offering and the separation of our business from GE.

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Under the Transition Services Agreement, we and GE will each have the right to purchase goods or services, use intellectual property licensed from third parties and realize other benefits and rights under the other party's agreements with third-party vendors to the extent allowed by such vendor agreements. With respect to GE's Six Sigma program, GE will ensure that we will be able to continue to use our Six Sigma program in a manner consistent with our use prior to the completion of this offering. The Transition Services Agreement also will provide for the lease or sublease of certain facilities used in the operation of our respective businesses and for access to each other's computing and telecommunications systems to the extent necessary to perform or receive the transition services. In addition, GE's Global Research Center will continue to provide research and development services and related consulting services to us for certain existing projects under their current terms. The Transition Services Agreement will also provide that we may work on new projects with the GE Global Research Center in the future. All new projects will be pursuant to individual agreements that will be negotiated on an arms' length basis.

We will also provide management consulting services to GE for a period of five years. These services will include delivering training, providing consultation and strategic advice with respect to historical and emerging issues, planning and participating in meetings with rating agencies and regulators, participating in government relations activities and various other activities. In consideration for these services, GE will pay us a fee of \$1 million per month during the first four years following the offering and \$500,000 per month during the fifth year. GE cannot terminate this arrangement before the expiration of the five-year term.

The services provided under the Transition Services Agreement will terminate at various times specified in the agreement (generally ranging from 3 months to 60 months after the completion of this offering), but the receiving party may terminate any service by giving at least

60 days' prior written notice to the provider of the service. However, GE may not terminate the receipt of any service without cause prior to the expiration of two years from the date of this offering. Under the terms of the Transition Services Agreement, a provider of services will not be liable to a receiving party for or in connection with any services rendered pursuant to the Transition Services Agreement or for any actions or inactions taken by a provider in connection with the provision of services. However, a provider of services will be liable for, and will indemnify a receiving party for, liabilities resulting from its gross negligence, willful misconduct, improper use or disclosure of customer information or violations of law subject to a cap on GE's liability of \$15 million and a cap on our liability of \$10 million. Additionally, a receiving party will indemnify a provider for any losses arising from the provision of services, except to the extent the liabilities are caused by the provider's negligence or breach of the agreement, and except to the extent that the provider has indemnified the receiving party for the liabilities under the terms of the agreement.

The services to be provided under the European transition services agreement are similar to the services to be provided under the U.S. transition services agreement. The European transition services agreement will be governed by English law and differs from the U.S. transition services agreement only where dictated by specific regulation, law, practice or local business requirements. In particular, under the European transition services agreement, GE will not be restricted from terminating the agreement during the two years from the date of the completion of this offering, and the European transition services agreement provides for a marginal profit for the service provider. In addition, each of GE's and our liability as provider of services under the agreement is limited to £5 million.

### ***Registration Rights Agreement***

We will enter into a registration rights agreement with GE prior to the completion of this offering to provide GE with registration rights relating to shares of our common stock held by GE after this offering. We refer to this agreement in this prospectus as the Registration Rights Agreement. GE may assign its rights under the Registration Rights Agreement to any person that acquires shares of our

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common stock subject to the agreement and agrees to be bound by the terms of the agreement. GE and its permitted transferees may require us to register under the Securities Act of 1933 all or any portion of these shares, a so-called "demand request." The demand registration rights are subject to certain limitations. We are not obligated to effect:

- a demand registration within 60 days after the effective date of a previous demand registration, other than a shelf registration pursuant to Rule 415 under the Securities Act of 1933;
- a demand registration within 180 days after the effective date of the registration statement of which this prospectus is a part;
- a demand registration unless the demand request is for a number of shares with a market value that is equal to at least \$150 million; and
- more than two demand registrations during the first 12 months after completion of this offering or more than three demand registrations during any 12-month period thereafter.

We may defer the filing of a registration statement after a demand request has been made if (i) at the time of such request we are engaged in confidential business activities, which would be required to be disclosed in the registration statement, and our board of directors determines that such disclosure would be materially detrimental to us and our stockholders, or (ii) prior to receiving such request, our board of directors had determined to effect a registered public offering of our securities for our account and we have taken substantial steps to effect such offering. However, with respect to two demand requests only, if GE or any of its affiliates makes a demand request during the two-year period following the completion of this offering, we will not have the right to defer such demand registration or to not file such registration statement during that period.

In addition, GE and its permitted transferees have so-called "piggyback" registration rights, which means that GE and its permitted transferees may include their respective shares in any future registrations of our equity securities, whether or not that registration relates to a primary offering by us or a secondary offering by or on behalf of any of our stockholders. The demand registration rights and piggyback registrations are each subject to market cut-back exceptions.

GE or its permitted transferees will pay all costs and expenses in connection with any demand registration. We will pay all costs and expenses in connection with any "piggyback" registration, except underwriting discounts, commissions or fees attributable to the shares of common stock sold by our stockholders. In addition, we are required to bear the fees and expenses of one firm of counsel for the selling stockholders in any "piggyback" registration. The Registration Rights Agreement will set forth customary registration procedures, including an agreement by us to make our management available for road show presentations in connection with any underwritten offerings. We will also agree to indemnify GE and its permitted transferees with respect to liabilities resulting from untrue statements or omissions in any registration statement used in any such registration, other than untrue statements or omissions resulting from information furnished to us for use in the registration statement by GE or any permitted transferee.

The rights of GE and its permitted transferees under the Registration Rights Agreement will remain in effect with respect to the shares

covered by the agreement until those shares:

- have been sold pursuant to an effective registration statement under the Securities Act of 1933;
- have been sold to the public pursuant to Rule 144 under the Securities Act of 1933;
- have been transferred in a transaction where subsequent public distribution of the shares would not require registration under the Securities Act of 1933; or
- are no longer outstanding.

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In addition, the registration rights under the agreement will cease to apply to a holder other than GE or its affiliates when such holder holds less than 3% of the then outstanding shares covered by the agreement and such shares are eligible for sale pursuant to Rule 144(k) under the Securities Act of 1933.

### ***Investment agreements***

Our U.S., Canadian and Bermudan insurance subsidiaries are parties to investment management and services agreements with GEAM, a GE-owned provider of investment management services. The agreement with our Canadian insurance subsidiary will terminate in connection with this offering. The agreements with our U.S. and Bermudan insurance subsidiaries will be amended in connection with this offering. GEAM will provide investment management services for our U.S. and Bermudan investment portfolios pursuant to these amended agreements and investment guidelines approved by the boards of directors of our respective companies. These services include, but are not limited to:

- researching and identifying investment opportunities;
- investing the account assets;
- selling and disposing of investments as appropriate;
- assisting in developing an overall investment strategy for the account assets;
- assisting with cash management and cash flow forecasting;
- assisting with developing reinvestment strategies and establishing hedging strategies; and
- providing other investment management services as we and GEAM may agree.

We will pay GEAM a management fee for these services on a quarterly basis, which will be equal to a percentage of the value of the assets under management and will be paid quarterly in arrears. The percentage will be established annually by agreement between GEAM and us and is intended to reflect the cost to GEAM of providing its services.

The initial term of our amended agreements with GEAM will be three years. We will have the option to extend the initial term for up to two additional one-year terms. We also will have the right to terminate the amended agreements upon one year's prior notice to GEAM or immediately upon a change of control of our company. In addition, we will have the right to terminate the agreements immediately for cause, which is defined as GEAM's fraud or willful misconduct, material breach of the agreement, material or repeated non-compliance with our investment guidelines and objectives or materially deficient investment performance for our accounts. Our amended agreements with GEAM will be non-exclusive, and we will be permitted to engage unaffiliated investment advisers. However, if we withdraw more than 15% of our total assets managed by GEAM during the initial three-year term of our agreements for the purpose of having the assets managed by another investment adviser or by us internally, we have agreed to negotiate in good faith with GEAM to reset the management fee for the remainder of the calendar year in which the withdrawal is made in order that GEAM will be able to recover its costs of providing services to us. GEAM also will have the ability to terminate the agreements at any point if the SEC suspends or withdraws GEAM's investment adviser registration or if a change in applicable law would materially and adversely affect GEAM's ability to provide services under the agreements. If GEAM were to terminate the agreements upon the occurrence of either event, GEAM would be required to use its best efforts to extend the termination date for the agreements to the maximum date consistent with the requirements of the termination event. After expiration of the initial three-year term, GEAM may terminate the agreements upon the occurrence of certain other specified events.

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Substantially all the assets of our European payment protection and mortgage insurance businesses will be managed by GE Asset

Management Limited, GEAM's affiliate in the U.K., pursuant to agreements that are substantially similar to our agreements with GEAM in the U.S. However, the management fee in our European investment agreements includes an agreed margin of 5% and will be reset if our European companies withdraw more than one-third of their assets in the first year of the agreements or more than two-thirds of their assets in the second year of the agreements. In addition, we will have the right to terminate the European agreements upon six months' prior notice, rather than one year's notice, in the case of the U.S. agreements.

### ***Derivatives Management Services Agreement***

In 2002, GE Capital, GEFAHI, GEAM and certain of our insurance company subsidiaries that use derivative instruments entered into a derivatives management services agreement and a related administrative services agreement which set forth the parties' responsibilities with respect to derivatives transactions. Pursuant to this agreement, GE Capital agreed to execute, manage and administer derivatives transactions on behalf of our insurance company subsidiaries and to delegate authority to perform these services to GEAM, as investment adviser to those subsidiaries. GEFAHI agreed, as necessary, to provide guarantees on behalf of the insurance company subsidiaries for the benefit of derivative counterparties.

In connection with this offering, we, GE Capital, and our insurance company subsidiaries that use derivative instruments will enter into a new derivatives management services agreement on substantially the same terms as the prior agreement, except that GE Capital may delegate authority to execute, manage and administer derivatives transactions to us, rather than to GEAM, which will no longer manage our derivatives. In addition, we, rather than GEFAHI, will be responsible for providing any required guarantees to derivative counterparties unless otherwise agreed by GE Capital and us. The existing administrative services agreement will remain in effect and GE Capital will continue to provide certain administrative services, including providing legal services related to the negotiation of master swap arrangements and serving as paying agent on behalf of our subsidiaries that enter into derivatives contracts. We do not expect to pay any compensation to GE Capital under the derivatives management services agreement, other than reimbursement of GE Capital's expenses, if any. The initial term of the derivatives management services agreement will end on December 31, 2004 and will automatically renew on January 1 of each year for successive terms of one year. The derivatives management services agreement will be able to be terminated by either GE Capital or us during the initial term or any renewal term upon 60 days' prior written notice. Both agreements will automatically terminate when GE ceases to beneficially own at least 50% of our outstanding common stock.

### ***Asset Management Services Agreement***

Prior to the completion of this offering, we offered a broad range of institutional asset management services to third parties. GEAM provided the portfolio management services for this business, and we provided marketing, sales and support services. We will not acquire the institutional asset management services business from GEFAHI, but pursuant to an agreement among GEAM, GEFAHI and us, we will continue to provide services to GEAM and GEFAHI related to this asset management business, including client introduction services, client retention services and compliance support. GEFAHI will pay us a fee of up to \$10 million per year for four years to provide these services. The fee will be determined based upon the level of historical sales and 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.

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### ***Liability and Portfolio Management Agreements***

We will enter into three liability and portfolio management agreements with affiliates of GE prior to the completion of this offering. We refer to these agreements in this prospectus as the Liability and Portfolio Management Agreements. Pursuant to two of the Liability and Portfolio Management Agreements we will agree to manage a pool of municipal guaranteed investment contracts issued by Trinity Plus Funding Company, LLC and Trinity Funding Company, LLC, which we refer to collectively as Trinity. Pursuant to these agreements, we will originate GIC liabilities, advise Trinity as to the investment of the assets that support these liabilities and administer these assets.

Under each of the Trinity Liability and Portfolio Management Agreements, we will be entitled to receive an administration fee at a rate equal to 0.165% per annum of the maximum program size for those GE affiliates, which was an aggregate of \$15.0 billion as of December 31, 2003. We also will receive reimbursement of our operating expenses under each of these agreements.

Trinity can terminate each Liability and Portfolio Management Agreement in the event that Trinity exercises its option to replace substantially all of its portfolio with GE Capital debt, upon the payment of a break-up fee equal to 0.165% per annum of the program size, multiplied by the percentage derived by dividing the number of days remaining in the initial three-year term of each agreement by 365.

Prior to the completion of this offering, we also will enter into a third Liability and Portfolio Management Agreement with GE Capital and with FGIC Capital Market Services, Inc., a GE affiliate, which we refer to as FCMS. Pursuant to this agreement, we will agree to provide liability management and other services relating to FCMS's origination and issuance of guaranteed investment contracts or similar liabilities. Under this Liability Management and Portfolio Agreement, we will receive a management fee of 0.10% per annum of the book value of the investment contracts or similar securities issued by FCMS, which was \$3.04 billion as of December 31, 2003. We also will receive reimbursement of our operating expenses.

The initial term of each Liability and Portfolio Management Agreement will expire December 31, 2006, and unless terminated at the option of either party, each agreement automatically will renew on January 1 of each year for successive terms of one year.

### ***Agreement regarding continued reinsurance by Viking***

Prior to the completion of this offering, Viking Insurance Company and GE Capital will enter into an agreement relating to the continued engagement of Viking as reinsurer of credit insurance covering the credit card accounts of certain customers of GE Capital's GE Consumer Finance—Americas unit, or GECFA, and as reinsurer of collateral protection insurance purchased by GE's Vendor Financial Services unit, or VFS. This agreement will provide that GE Capital will cause GECFA to take all commercially reasonable efforts to maintain the existing relationship with the relevant insurer and to retain Viking as the reinsurer of the credit insurance provided or offered by GECFA. To the extent that GE terminates or replaces this credit insurance program, GE Capital will be obligated to pay Viking an amount equal to the net underwriting income that Viking was projected to receive as the reinsurer of such terminated or replaced credit insurance from the time of such termination or replacement through December 31, 2008. The agreement will further provide that GE Capital will, through March 1, 2004, cause VFS to continue to use American Bankers Insurance Group as direct insurer and Viking as the reinsurer of collateral protection insurance that VFS may place. This agreement will terminate no later than December 31, 2008. If, however, Viking continues to reinsure GECFA credit insurance or VFS collateral protection insurance beyond December 31, 2008, Viking will be obligated to pay to GE Capital 90% of Viking's net underwriting income on such reinsured business, and GE Capital will be obligated to pay to Viking 110% of Viking's net underwriting loss on such reinsured business.

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### ***Mortgage Services Agreement***

We will enter into a mortgage services agreement with GE Mortgage Services, an affiliate of GE. We refer to this agreement in this prospectus as the Mortgage Services Agreement. Under this agreement, we will provide a variety of management services to GE Mortgage Services until December 31, 2005, for which GE Mortgage Services will reimburse us for our actual personnel and other expenses incurred. In addition, GE Mortgage Services will manage and service any residential loans that it agrees to purchase from us from time to time in connection with the loss mitigation activities of our U.S. mortgage insurance business, for which we have agreed to reimburse GE Mortgage Services for its out of pocket expenses incurred in connection with the acquisition and disposition of those loans and to indemnify it for any losses relating to those loans. We also have agreed to purchase from GE Mortgage Services at fair market value any residential loans (or real estate resulting from foreclosure thereon) that it still holds at the termination of the Mortgage Services Agreement.

### ***Arrangements regarding our operations in India***

We will enter into an outsourcing services separation agreement with GE Capital International Services, or GECIS, an affiliate of GE, prior to the completion of this offering. We refer to this agreement in this prospectus as the Outsourcing Services Separation Agreement. The Outsourcing Services Separation Agreement will provide for the continuity of services currently provided by GECIS to certain of our subsidiaries. Our arrangement with GECIS provides us with a substantial team of professionals in India who provide a variety of services to us, including customer service, transaction processing, and functional support including finance, investment research, actuarial, risk and marketing resources to our insurance operations. This team was established in 1998 and is managed as a dedicated operations center apart from other GECIS operations. The Outsourcing Services Separation Agreement also will provide us with an option to cause GECIS to transfer to us some of the resources GECIS uses to provide these services, including hardware and equipment, software, employees of GECIS and third-party agreements. The consideration for this transfer is based upon a formula specified in the Outsourcing Services Separation Agreement. If we exercise that option, GECIS also would be required to assist us in obtaining comparable facilities and substitute software licenses and other third-party agreements that are not transferable to us by GECIS. This option will be exercisable upon:

- a change of control of GECIS or a transfer of some of its operations used to provide services to us;
- the expiration of the master outsourcing agreements, which are described below;
- certain breaches of the master outsourcing agreements or project-specific agreements by GECIS; or
- certain circumstances in which GECIS's liabilities to us exceed the caps described below.

Our arrangements with GECIS currently are governed by a series of master outsourcing agreements and related project-specific agreements, which, subject to regulatory approvals, will be amended pursuant to the Outsourcing Services Separation Agreement. Each of the amended master outsourcing agreements will have an initial term that will expire three years from the date on which GE ceases to own at least 50% of our common stock. We also will have the right, in our sole option, to renew all, but not less than all, of the amended master outsourcing agreements for an additional two-year period upon expiration of the initial term. We also will have the right to terminate any project-specific agreement in whole or in part for cause upon the occurrence of certain specified events and the right to terminate any project-specific agreement in whole or in part at any time without cause upon at least 90 days' written notice to GECIS. Under the new fee and cost structure, GECIS will

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provide its services to us at current pricing, subject to agreed discounts and to adjustment for changes in GECIS' cost of providing the services and in the volume of services provided by GECIS. Increases in unit costs (excluding the costs of foreign currency hedges) are limited to 5% per year. If we renew the initial term of the master outsourcing agreements for an additional two-year period, we and GECIS will agree upon revised charges and other terms applicable to the services provided to us during the renewal term.

The amended master outsourcing agreements also will provide, subject to regulatory approval, that upon the change of control of our company to any third party (other than GE and its affiliates), GECIS will have the right, unless we otherwise agree during a 120-day negotiation period following the change of control, to terminate all, but not fewer than all, master outsourcing agreements upon the later of (i) the end of the 18-month period after the change of control and (ii) the expiration of the initial term of the master outsourcing agreements. GECIS's liability to us, and our liability to GECIS, for certain specified breaches of the master outsourcing agreements or negligence in the performance of services is limited to 50% of all direct damages incurred in excess of \$25,000 for each matter, subject to a cap of \$5 million in the aggregate over the initial term of the agreement. Our respective liability to one another for other more significant matters, including gross negligence and willful misconduct, improper use of information, violation of law and voluntary withholding of services, is limited to direct damages of \$25 million in the aggregate. GECIS also has agreed that until the date following this offering on which either the annualized aggregate payments from us to GECIS are less than 50% of the annualized aggregate payments from us to GECIS as of the completion of this offering or the annualized resources used by GECIS to perform its services are less than 50% of the amount of such resources as of the completion of this offering, it will not market, sell or provide similar services to any third party (other than GE and its affiliates) that competes with us in certain of our businesses.

### *Tax Matters Agreement*

We will enter into the Tax Matters Agreement with GE prior to the completion of this offering. The Tax Matters Agreement, among other things, will govern our continuing tax sharing arrangements with GE relating to pre-separation periods, and also will allocate responsibility and benefits associated with the elections to be made in connection with the separation as described below. The Tax Matters Agreement also will allocate rights, obligations and responsibilities in connection with certain administrative matters relating to taxes.

### *Tax elections*

In connection with our separation from GE, GE will make, and we will join GE in making, tax elections under section 338 of the Internal Revenue Code that will treat (for tax purposes) many of the companies in our group as having sold all their assets in fully taxable sales. Under the Tax Matters Agreement, GE will control the making of these elections and related determinations. GE will be responsible for all current taxes resulting from the making of these tax elections.

### *Tax benefit payments*

As a result of the section 338 tax elections, we will become entitled to certain tax benefits that are expected to be realized by us in the future in the ordinary course of our business and otherwise would not have been available to us, which we refer to as the Noncontingent Benefits. These benefits are generally attributable to increased tax deductions for amortization of intangibles and to increased tax basis in nonamortizable investment assets. Under the Tax Matters Agreement, we will be required to make payments to GE calculated with reference to the amount of tax we are projected to save for each tax period as a result of these increased tax benefits. We estimate that these payments will aggregate approximately \$446 million. The estimated present value of the projected payments is approximately \$360 million.

The actual amount and timing of our projected payments under the Tax Matters Agreement will vary depending upon a number of factors, including the actual value of our company and its individual assets at the time of our separation from GE. GE will control the preparation and filing of our tax returns on which the section 338 elections, reflecting these factors, are reported. The amount of our obligation under the Tax Matters Agreement will generally be reduced (or increased) if and to the extent that the expected tax savings are reduced (or increased) as a result of certain intervening events, such as a change in the tax returns on which the section 338 sales are reported. However, if, and to the extent, the actual tax savings are less than the projected tax savings because we fail to generate sufficient taxable income of the appropriate character, we will remain obligated to pay the full projected tax savings (as opposed to the actual tax savings) to GE. We also will remain obligated to pay the projected tax savings (as opposed to the actual tax savings) to GE if our actual tax savings are reduced because the applicable tax rates are reduced, but we will be entitled to retain the excess of our actual tax savings over projected tax savings if the applicable tax rates are increased. In any event, the maximum amount we will pay to GE (except for Contingent Amounts and interest on deferred payments, as described in the following paragraphs) under the Tax Matters Agreement for these Noncontingent Benefits will be \$600 million.

The timing of our payments to GE under the Tax Matters Agreement will be determined with reference to when we actually realize the projected tax savings. This timing will depend upon, among other things, the amount of our taxable income and the rate at which certain assets in our investment portfolio are sold or mature. If, as a result of these factors, payments to GE are accelerated or deferred relative to the schedule of payments projected under the Tax Matters Agreement, the Tax Matters Agreement provides for the accrual of interest to be paid to us, or by us, to account for the acceleration or deferral of our payments relative to the projected schedule of payments. Interest on deferred or accelerated payments will be paid in 2029, unless we exercise our right to accelerate the payment of deferred obligations or accrued interest or both. The

payments in respect of the Noncontingent Benefits are subordinated in right of payment to all of our debt and other obligations.

In addition to Noncontingent Benefits under the Tax Matters Agreement, we have agreed to share equally with GE certain benefits or detriments, which we refer to as the Contingent Amounts, that generally will not be realized absent an intervening event we do not specifically foresee, such as the sale of a subsidiary. Contingent Amounts will also include tax benefits resulting from deductions attributable to compensation amounts funded by GE for our employees, which includes the exercise by our employees of GE stock options as well as amounts under GE-sponsored deferred compensation arrangements. In connection with these GE-funded compensation amounts, we anticipate that the Noncontingent Benefits we subsequently realize will be reduced without a corresponding reduction in the amount we owe to GE in respect of Noncontingent Benefits. Payments by us in respect of the Contingent Amounts are not subject to the \$600 million limit on Noncontingent Benefits under the Tax Matters Agreement.

Under our Tax Matters Agreement with GE, if any person or group of persons other than GE or its affiliates gains the power to direct the management and policies of our company, we will be obligated immediately to pay to GE the total present value of all tax benefit payments due to GE under the agreement from the time of the change in control until the end of the 25-year term of the agreement. Similarly, if any person or group of persons other than us or our affiliates gains effective control of one of our subsidiaries, we will be obligated to pay to GE the total present value of all such payments due to GE allocable to that subsidiary, unless the subsidiary assumes the obligation to pay these future amounts under the Tax Matters Agreement and certain conditions are met.

#### *Tax sharing arrangements*

We currently are a party to a number of tax sharing arrangements, both formal and informal, with the GE group. Under these arrangements, the companies in our group share financial and

administrative responsibilities with GE for U.S. federal, state, local and foreign taxes for the periods during which we are affiliated. In certain respects, the Tax Matters Agreement will govern our continuing tax sharing arrangements with GE relating to pre-separation periods and will provide that tax sharing between us and GE not governed by any existing written agreements will be governed by existing tax sharing practices within GE, as determined in GE's reasonable discretion.

Under these arrangements, we generally will remain responsible for all taxes arising in pre-separation periods attributable to our companies (excluding any tax resulting from the section 338 elections and certain other transactions done in connection with the separation). GE will generally control both the return preparation and audits and contests relating to pre-separation periods and taxes for which we are responsible, although we will not be liable for tax resulting from returns filed or matters settled by GE without our consent if the return or settlement position is found to be unreasonable, taking into account the liability that we incur as well as any non-Genworth tax benefit.

From 2000 until a time immediately prior to the pre-separation period, UFLIC was a member of our life insurance consolidated group for federal tax return purposes. Although UFLIC will be owned by GE after the completion of this offering, UFLIC will, under our tax allocation arrangements with GE, remain responsible for all of its taxes with respect to the time when it was a member of our life insurance consolidated group, including its share of any favorable or unfavorable adjustments by the IRS with respect to such taxes.

We have agreed that, if GE so elects, our life insurance group will join the GE consolidated tax group for the period during 2004 in which we are owned by GE. Under the Tax Matters Agreement, GE has agreed to reimburse us if this results in any additional cost to us, and we will pay to GE any benefit we may realize as a result of any such tax consolidation.

#### *Tax indemnities*

Under the Tax Matters Agreement, GE will indemnify us against liability for any tax relating to a pre-separation period not attributable to our group, as well as certain taxes attributable to our group, including any tax resulting from the section 338 elections and the various transactions implemented in connection with the separation (other than the reinsurance transactions with UFLIC). We will indemnify GE against any liability for all other tax attributable to our group.

#### *International tax matters agreements*

We will enter into tax matters agreements with GE prior to the completion of this offering that will cover certain non-U.S. operations which are not part of the Tax Matters Agreement described above. These agreements will vary according to the jurisdiction involved but generally will govern our continuing tax sharing arrangements with GE relating to pre-separation periods, as necessary, and will also allocate certain rights, obligations and responsibilities in connection with certain administrative matters relating to taxes.

Under the Canadian tax matters agreement, GE has the right to direct our Canadian mortgage insurance subsidiary to accelerate and pay approximately CDN\$72 million of deferred taxes. The subsidiary will recover accelerated taxes in the form of future tax savings over a period expected not to exceed two years. If we pay the accelerated tax out of our own funds, GE will compensate us for the investment income we

forego as a result. Similarly, if we require additional funds to pay the tax, GE will either provide those funds at no cost to us or will reimburse us for the cost we incur in obtaining those funds from an unrelated party.

Under the Australian tax matters agreement, we will assume from GE the liability for taxes in pre-closing periods of the company through which we formerly conducted our Australian mortgage insurance business.

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### *Employee Matters Agreement*

We will enter into an agreement with GE immediately before the completion of this offering relating to certain employee, compensation and benefits matters. We refer to this agreement in this prospectus as the Employee Matters Agreement. Under the Employee Matters Agreement, we will generally assume or retain, and agree to pay, perform, fulfill and discharge, in accordance with their respective terms, obligations and liabilities relating to the employment or services, or termination of employment or services, of any person with respect to our business before or after the completion of this offering. We will only be responsible for liabilities under the GE plans related to our business to the extent described in the Employee Matters Agreement.

*Employment.* Effective upon the completion of this offering, we will continue to employ the employees of our business. In addition, for those employees assigned to our business but employed by a GE business prior to the completion of our offering, effective upon the completion of this offering, GE will transfer, and we will employ, such employees. We will also assume the obligations of any works council agreement covering the employees of our business outside of the U.S.

*Continuation on GE payroll and in GE plans.* Prior to this offering, some of the employees of our business have been paid through GE's payroll system. In addition, these employees have been covered under the GE plans. These employees generally will continue to be paid through GE's payroll system and be eligible to participate in the GE plans for so long as GE owns more than 50% of our outstanding common stock. GE plans include retirement programs providing pension, 401(k), health and life insurance benefits; medical, dental and vision benefits for active employees; disability and life insurance protection; and severance. For our applicable non-U.S. employees, benefit transition may be delayed, by mutual agreement between GE and us, for up to six months following the date that GE ceases to own more than 50% of our outstanding common stock (such date, whether delayed or not, is referred to as the "International Benefit Transition Date").

*Compensation.* From the completion of this offering until at least one year after the date that GE ceases to own more than 50% of our outstanding common stock, our employees will receive at least the same (on an aggregate basis) salary, wages, bonus opportunities and, in the case of our non-U.S. employees, other compensation, as were provided to such employees immediately prior to this offering.

*Equity/long-term performance award and incentive compensation plans.* As described under "Management—Omnibus Incentive Plan" and "Management—Incentive Compensation Program," we will establish, adopt and maintain plans for our selected employees providing for cash or other bonus awards, stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards effective as of the completion of this offering. However, certain of our employees will continue to participate in the GE Incentive Compensation Plan based on our company- and individual-specific performance measures, and our corresponding plan providing for annual cash or other bonus awards will not become effective until the date that GE ceases to own more than 50% of our outstanding common stock.

*Reimbursement to GE.* We will reimburse GE for the costs, including expenses, incurred by GE and its affiliates for maintaining our employees on the GE payroll and in the GE plans consistent with practices and procedures established and uniformly applied to GE businesses. In no event will we be billed more for the services relating to maintaining our U.S. employees in the GE plans than the cost we would have incurred if we had established mirror plans for our U.S. employees from the completion of this offering until the date that GE ceases to own more than 50% of our outstanding common stock. We will also reimburse GE for the reasonable costs incurred by GE and its affiliates for cooperating in the operation and administration of our plans, including our plans providing for stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards, consistent with

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practices and procedures established for such plans in effect immediately prior to the completion of this offering, or, in the event of a new plan, on a cost liquidation basis.

*Transition to our benefit plans.* Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, our applicable U.S. employees will cease to participate in the GE plans and will participate in employee benefit plans established and maintained by us. For at least the year following the date that GE ceases to own more than 50% of our outstanding common stock, we will maintain plans that will provide our employees with benefits that are at least substantially comparable in the aggregate to the value of those benefits provided by the GE plans immediately prior to the date that GE ceases to own more than 50% of our outstanding common stock. Our plans will include retirement programs providing pension, 401(k), health and life insurance benefits; medical, dental and vision benefits for active employees;

disability and life insurance protection; and severance. We will recognize prior GE service for all purposes (except benefit accrual under our pension plan) under our new plans and programs to the same extent such service is recognized under corresponding GE plans.

Following completion of this offering, we will assume or continue benefit plans for our non-U.S. employees. If applicable, effective as of the International Benefit Transition Date, we will establish new benefit plans for our non-U.S. employees with provisions that are identical to the highest degree possible to the provisions in effect immediately prior to the International Benefit Transition Date under the corresponding GE plans. We will maintain these existing or new plans for our non-U.S. employees for a period of at least one year following the date that GE ceases to own more than 50% of our outstanding common stock (or such longer period required by applicable law or practice).

To the extent any defined benefit or defined contribution pension plan sponsored by GE and covering both our non-U.S. employees and GE's non-U.S. employees is funded (other than the Canadian General Electric Pension Plan), there will be a transfer of assets and liabilities from the trust for such GE plan to the corresponding trust for the benefit plan we establish for our non-U.S. employees. GE will determine a proportionate amount of the trust assets corresponding to, and not to exceed the liabilities under, such GE plan that is attributable to our non-U.S. employees. In the case of a defined benefit pension plan, the amount to be transferred will be determined by the plan sponsor subject to mutual agreement by GE and us and based upon generally accepted country- and plan-specific actuarial assumptions and the accrued benefit obligation method. It is anticipated that consistent treatment will be provided with respect to any funded defined benefit or defined contribution pension plan sponsored by us and covering both our non-U.S. employees and GE's non-U.S. employees.

*Treatment of our U.S. employees under certain GE plans.* Effective as of the date that GE ceases to own more than 50% of our outstanding common stock, (i) our employees will cease to accrue any benefits under the GE retirement plans and (ii) our employees will fully vest in the GE retirement plans. However, with respect to the GE Supplementary Pension Plan, only those employees who have at least ten years of qualified pension service as of the date that GE ceases to own more than 50% of our outstanding common stock will vest in such plan. GE will be responsible for paying directly to our eligible employees (including their surviving spouses and beneficiaries) any vested benefits to which they are entitled under the GE retirement plans when eligible under the terms of such plans to receive such payments.

GE generally will remain obligated to provide post-retirement welfare benefits under the GE Life, Disability and Medical Plan, consistent with the terms of the plan as in effect from time to time, to our employees and their eligible dependents who, as of the date GE ceases to own more than 50% of our outstanding common stock, are participants in such plan and either (i) have completed 25 years of continuous service or pension qualified service with us, our affiliates and their respective predecessors or (ii) have attained at least 60 years of age and have completed at least ten years of continuous service, in either case upon such employee's election to participate in the GE Life, Disability and

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Medical Plan. Participation by our employees will be under circumstances and at the applicable contribution levels entitling them to receive such benefits pursuant to the terms of the GE Life, Disability and Medical Plan. GE will be responsible for paying directly to our eligible employees and their eligible dependents any post-retirement welfare benefits pursuant to such coverage. We will have certain reimbursement obligations to GE.

GE generally will retain responsibility under the GE plans that are welfare benefit plans in which our employees participate with respect to all amounts that are payable by reason of, or in connection with, any and all welfare benefit claims made by such employees and their eligible dependents to the extent the claims were incurred prior to the date that GE ceases to own more than 50% of our outstanding common stock.

We will have certain obligations for reimbursing GE for any payments of welfare benefits made by GE or its affiliates on or after the date that GE ceases to own more than 50% of our outstanding common stock to our eligible employees and their eligible dependents pursuant to any self-insured GE plans with respect to claims incurred up to the day before the date that GE ceases to own more than 50% of our outstanding common stock, or any payments of welfare benefits made by GE or its affiliates on or after the date that GE ceases to own more than 50% of our outstanding common stock to our eligible employees who are inactive as of the date that GE ceases to own more than 50% of our outstanding common stock and their eligible dependents pursuant to any self-insured GE plans with respect to claims incurred the day before such employees' return to active employment with us. In addition, we will have certain obligations for reimbursing GE for any payments of premiums made by GE or its affiliates on behalf of our eligible employees who are inactive as of the date that GE ceases to own more than 50% of our outstanding common stock and their eligible dependents pursuant to any insured GE plans with respect to coverage ending the day before such employees' return to active employment with us. We will otherwise be responsible for welfare benefit claims made by our employees and their eligible dependents to the extent such claims were incurred on or after the date that GE ceases to own more than 50% of our outstanding common stock.

*Agreements not to solicit or hire GE's or our employees.* We will agree with GE that for so long as GE owns more than 50% of our outstanding common stock, neither of us will, directly or indirectly, solicit or hire for employment each other's employees. In addition, we will agree that for a period of one year from the date that GE ceases to own more than 50% of our outstanding common stock, we will not, directly or indirectly, solicit for employment certain individuals employed by GE. Finally, we will agree that for a period of two years from the date that GE ceases to own more than 50% of our outstanding common stock, we will not, directly or indirectly, solicit for employment any officer of GE.

GE will agree that for a period of one year from the date that it ceases to own more than 50% of our outstanding common stock, it will not, directly or indirectly, solicit for employment certain individuals employed by us. For a period of two years from the date that GE ceases to own

more than 50% of our outstanding common stock, GE will agree that it will not, directly or indirectly, solicit for employment any person employed by us who was an officer of GE prior to the completion of this offering.

The foregoing restrictions will not prohibit GE or us from soliciting or hiring any employee subject to such restrictions after the termination of the employee's employment by the applicable employer. We and GE will also not be prohibited from placing public advertisements or conducting any other form of general solicitation for employees so long as it is not specifically targeted towards each other's employees that are subject to such restrictions.

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### *Intellectual Property Arrangements*

We will enter into the following two intellectual property license agreements with GE prior to the completion of this offering:

- A Transitional Trademark License Agreement; and
- An Intellectual Property Cross-License.

#### *Transitional Trademark License Agreement*

Pursuant to the Transitional Trademark License Agreement, GE will grant us a limited, non-exclusive, royalty-free, non-transferable license (with no right to sublicense) to use the "GE" mark and monogram for up to five years throughout the world and in any medium in connection with our commercialized products and services and in the general promotion of our business. These products and services include both those currently sold or rendered in the current conduct of our business, and products and services sold or rendered by us in the future that are the same as or similar to those we currently sell or render.

We have agreed not to use the "GE" mark and monogram in the underwriting or marketing of primary life insurance in the U.K. (other than credit life insurance underwriting) or asset management services or products (other than asset management services or products sold on behalf of GE or otherwise currently being marketed or offered by us). GE also will grant us the right to use "GE", "General Electric" or "GE Capital" in the corporate names of our subsidiaries until the earlier of twelve months after the date on which GE owns less than 20% of our outstanding common stock and five years from the date of the agreement.

The Transitional Trademark License Agreement automatically terminates in the event of our merger or consolidation with, or sale of substantially all of our assets to, an unrelated third person, or our change of control whereby an unrelated third person acquires control over us. GE also retains the right to terminate the Transitional Trademark License Agreement in the event we materially breach its provisions. In addition, GE may terminate the Transitional Trademark License Agreement in the event of our bankruptcy, insolvency, liquidation, dissolution or similar event. The Transitional Trademark License Agreement also automatically terminates with respect to any of our subsidiaries in the event of its merger or consolidation with, or sale of substantially all of its assets to, an unrelated third person, or its change of control whereby an unrelated third person acquires control over it, or upon our subsidiary's bankruptcy, insolvency, liquidation, dissolution or similar event.

#### *Intellectual Property Cross-License*

Pursuant to the Intellectual Property Cross-License, we and GE will grant each other a non-exclusive, irrevocable, royalty-free, fully paid-up, worldwide, perpetual license under certain intellectual property rights that we each own or license. The intellectual property rights being licensed under the Intellectual Property Cross-License are patents, patent applications, statutory invention registrations, copyrights, mask work rights, trade secrets and other intellectual property rights arising from or in respect of technology (but not including trademarks, service marks, trade dress or logos). The intellectual property rights being licensed under the Intellectual Property Cross-License also must be those that we and GE have the right to license and that are used, held for use or contemplated to be used by the other person generally prior to the completion of this offering.

In addition, with respect to any third-party intellectual property licensed under the Intellectual Property Cross-License, we and GE will only grant each other sublicenses under such third-party intellectual property licenses that each party controls.

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The license allows us and GE to make, have made, use, sell, have sold, import and otherwise commercialize products and services, and to use and practice the licensed intellectual property rights for internal purposes. Each party will only be able to sublicense its license rights to acquirors of its businesses, operations or assets, and only assign its license rights to an acquiror of all or substantially of its assets or equity or the surviving entity in its merger, consolidation, equity exchange or reorganization. Each party may permit its customers and suppliers in the

ordinary course of business to use any training and productivity-enhancing software and documentation that is subject to the license granted by the other person and is for general use by customers and suppliers. Each person will own any modifications, derivative works and improvements it creates.

The Intellectual Property Cross-License will be perpetual and may not be terminated, even upon material breach, except upon mutual written agreement by us and GE.

## **Reinsurance Transactions**

### *General*

Prior to the completion of this offering, we will enter into several significant reinsurance transactions. We refer to these transactions in this prospectus as the Reinsurance Transactions. In these transactions, we will cede to UFLIC, an indirect subsidiary of GE, in-force blocks of structured settlements, substantially all of our in-force blocks of variable annuities and a block of long-term care insurance policies that we reinsured in 2000 from Travelers. In the aggregate, these blocks of business do not meet our target return thresholds, and although we remain liable under these contracts and policies as the ceding insurer, the reinsurance transactions will have the effect of transferring the financial results of the reinsured blocks to UFLIC. As part of the Reinsurance Transactions, we will assume from UFLIC a small in-force block of Medicare supplement insurance.

We are continuing new sales of structured settlements, variable annuities and long-term care insurance products, and we expect to achieve our targeted returns on these new sales. We intend to write structured settlements on a limited, opportunistic basis at appropriate returns, capitalizing on our experience and relationships with respect to this product. We also intend to write new variable annuity contracts that we believe will provide us with more attractive returns than we were able to realize on the contracts we wrote during the extremely competitive market conditions of the late 1990s. We are retaining 88% of the earned premiums on our in-force block of long-term care insurance, based on our results for the year ended December 31, 2003. We intend to continue writing long-term care insurance after this offering. In addition, we will continue to service these blocks of business, which will preserve our operating scale and enable us to service and grow our new sales of these products.

### *Business we will cede to UFLIC*

In the Reinsurance Transactions, we will cede to UFLIC the following business:

- All of our liabilities under the in-force structured settlement annuities reflected as policyholder reserves on our U.S. GAAP statement of financial position on December 31, 2003, or reinsured by us under reinsurance agreements in effect prior to January 1, 2004. This business had aggregate reserves of \$12.0 billion as of December 31, 2003.
- All of our liabilities under the in-force variable annuity contracts reflected as policyholder reserves on our U.S. GAAP statement of financial position on December 31, 2003, other than our GERA™ product and a limited number of variable annuity products that we no longer offer. UFLIC will also assume any benefit or expense resulting from third party reinsurance that we have on this business. This business had aggregate reserves of \$2.8 billion as of December 31, 2003.

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- All of our liabilities under the in-force long-term care insurance policies issued by Travelers prior to January 1, 2004 and reinsured by us. This business had aggregate reserves of \$1.5 billion as of December 31, 2003.

For each of these ceded blocks of business, we will pay UFLIC an initial reinsurance premium, and UFLIC will pay us a ceding commission. With respect to the structured settlement and long-term care blocks, the initial reinsurance premium will equal our statutory reserves with respect to the ceded business. With respect to the variable annuity business, the initial reinsurance premium will equal only those statutory reserves that are attributable to the general account portion of the variable annuity business. We will retain the assets that are attributable to the separate account portion of the variable annuity business and make any payments with respect to that separate account portion directly from these assets.

The ceding commission for each of the blocks will be the sum of the following (in each case excluding, where applicable, any related mark-to-market adjustments for SFAS 115 requirements):

- an amount (which may be negative) equal to the excess of (i) our statutory reserves with respect to the ceded block as of the close of business on December 31, 2003 over (ii) our U.S. GAAP reserves with respect to the ceded block of business as of such date;
- an amount equal to our unamortized PVFP intangible asset balance with respect to the ceded block as of the close of business on December 31, 2003, determined in accordance with U.S. GAAP;

- an amount equal to our unamortized DAC with respect to the ceded block as of the close of business on December 31, 2003, determined in accordance with U.S. GAAP;
- an amount (which may be negative) equal to the excess of the U.S. GAAP book value of the assets transferred to UFLIC in payment of the initial reinsurance premium with respect to the ceded block over the statutory book value of those assets measured as of the close of business on December 31, 2003; and
- with respect to the long-term care block only, an amount equal to the balance, as of the close of business on December 31, 2003, of the Loss Carry Forward Amount under our reinsurance agreement with Travelers, determined in accordance with U.S. GAAP.

The ceding commission will be netted against the initial reinsurance premium and we will transfer to UFLIC investment assets (including interest thereon) with a statutory book value equal to the amount by which the reinsurance premium exceeds the ceding commission, together with an amount equal to the cash flows on such investment assets between January 1, 2004 and the date of transfer of such invested assets. As of December 31, 2003, the fair value of the transferred assets would have been \$15.8 billion.

We will continue to be responsible for the administration of these three blocks of businesses, including paying claims and benefits in accordance with our current policy administration practices. To fund the payment of claims under the structured settlement and long-term care business, UFLIC will establish and periodically fund claims paying accounts from which we will be entitled to withdraw funds. To reimburse us for claims under the variable annuity business, UFLIC will establish a settlement account by which we and UFLIC will settle contractholder amounts due each other on a daily basis. UFLIC will pay us an expense allowance once every month to reimburse us for our expenses in administering this business. The expense allowance will be a specified amount per policy that will be subject to subsequent adjustments in accordance with methodologies and procedures agreed to by us and UFLIC. The expense allowance with respect to the long-term care business will be based on a per policy fee, as well as on the level of pending or open claims. UFLIC will be entitled to assume responsibility for administration of the structured settlement and variable annuity blocks and

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the long-term care policies that are novated to us, as described below, if (i) a voluntary or involuntary bankruptcy, insolvency or rehabilitation proceeding is commenced in any jurisdiction by or against us, (ii) there is a material breach by us that is not cured or (iii) we are unable to perform the administration for a prescribed period of time. In such cases, the expense allowances described above payable to us will terminate. In addition, 15 years after the effective date of the Reinsurance Transactions, UFLIC will be entitled to assume administration of this business at its own expense.

To secure the payment of its obligations to us under these reinsurance agreements, UFLIC has agreed to establish trust accounts and to maintain in these trust accounts an aggregate amount of assets with a statutory book value at least equal to the statutory reserves attributable to the reinsured business less an amount equal to the amounts required to be held in the claims paying accounts described above. A trustee will administer the trust accounts solely for our benefit. We will be permitted to withdraw from the trust accounts any amount due to us pursuant to the terms of the applicable reinsurance agreements and not otherwise paid by UFLIC. Quarterly, UFLIC will be required to contribute assets to the trust accounts if the statutory book value of the assets held in the trust accounts is less than the statutory reserves attributable to the reinsured business (less amounts in the claims paying accounts) or we will be required to withdraw from the trust accounts and pay to UFLIC any amounts held in the trust accounts that exceed the statutory reserves attributable to the reinsured business (less amounts in the claims paying accounts). UFLIC may direct the trustee to substitute assets of equal statutory book value for assets held in the trust, but will not otherwise be permitted to directly withdraw or substitute assets in the trust without our prior written consent. There are limits on the types of assets UFLIC will be permitted to place in the trust account. All interest, dividends and other income earned on the assets in the trust account will be the property of UFLIC and will be deposited in a bank account maintained by UFLIC outside of the trust.

#### ***Novation of Travelers long-term care block***

The long-term care insurance we are ceding to UFLIC originally was written by Travelers, and Travelers retains direct liability for these policies. In connection with the transaction pursuant to which we reinsured Travelers liability for this business, we agreed to use our reasonable best efforts to "novate" these policies not later than July 31, 2008. The effect of this novation will be to substitute us for Travelers as the insurer with direct liability for any policy for which the owner thereof consents (or is deemed under applicable insurance law to consent) to the novation. The novated policies will continue to be reinsured with UFLIC.

#### ***Experience refund***

In addition to the ceding commission we will receive on the long-term care block described above, UFLIC may be required to pay us experience refunds based on the profitability of the long-term care business with respect to the period beginning on the effective date of the long-term care reinsurance agreements and ending on December 31, 2018. Specifically, unless the reinsurer assumes the administration of the long-term care insurance block pursuant to the long-term care reinsurance agreement, for so long as we continue to administer all of the long-term care business, including those long-term care policies that are novated as described above, we will be entitled to receive a specified percentage of the excess (if any) of actual statutory basis pre-tax income earned on the long-term care business over projected statutory basis pre-tax income earned on that business.

## ***Business Services Agreement***

We will enter into a Business Services Agreement with UFLIC pursuant to which we will agree to continue to perform various management and support services with respect to the structured settlements business, the variable annuity business and the long-term care insurance business that we will cede to UFLIC pursuant to the Reinsurance Transactions. In consideration for our performance of

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these services, we will be reimbursed for expenses incurred in performing such services. These expenses will be subject to annual and tri-annual adjustment. The Business Services Agreement may be terminated by UFLIC if (i) we are unable to perform the services for any reason for thirty 30 consecutive days, other than as a result of a force majeure, or (ii) a voluntary or involuntary bankruptcy, insolvency or rehabilitation proceeding is commenced in any jurisdiction by or against us or our subsidiaries and affiliates, but only if the services performed by the subject of such proceeding are not assumed or performed by us or our subsidiaries or affiliates that are not the subject of such proceeding, or (iii) there is a willful, material breach by us of our obligations under the agreement, which breach is not cured within a specified period of time. In addition, the Business Services Agreement will terminate with respect to the portion of any business reinsured in the Reinsurance Transactions as to which UFLIC becomes entitled to assume administration as described above under "Business we will cede to UFLIC."

### ***Recapitalization of UFLIC***

At the time of the closing of the Reinsurance Transactions, GEFAHI will make a capital contribution of \$1.7 billion to UFLIC to provide it with the capital needed to support its reinsurance obligations. GEFAHI will obtain the funds to make this contribution from various sources, including dividends and surplus note redemption payments from several of our subsidiaries, some of which are ceding business to UFLIC in the Reinsurance Transactions.

### ***Capital Maintenance Agreement with GE Capital***

Pursuant to a Capital Maintenance Agreement entered into in connection with the Reinsurance Transactions, GE Capital has agreed to maintain sufficient capital in UFLIC to maintain UFLIC's risk-based capital at not less than 150% of its company action level, as defined from time to time by the NAIC. GE Capital may not assign or amend the Capital Maintenance Agreement without the consent of the ceding companies and their domestic insurance regulators (which consent, in the case of the ceding companies, may not be unreasonably withheld). The Capital Maintenance Agreement terminates at such time as UFLIC's obligations to us under the reinsurance agreements terminate, or on such other date as may be agreed by UFLIC and GE Capital with the consent of the domestic regulators and us.

### ***Business we will assume from UFLIC***

UFLIC will cede to us all its liabilities under substantially all in-force Medicare supplement insurance policies it issued or reinsured prior to January 1, 2004, including renewals of these policies. This business had aggregate reserves of \$19 million as of December 31, 2003.

We will assume responsibility for the administration of the Medicare supplement business we reinsure, including claims administration.

## **European Payment Protection Insurance Business We Will Acquire From GE Affiliates**

Our European payment protection insurance business is carried on through six insurance companies, two located in the U.K., two located in France and two located in Spain. The U.K. companies carry on their business in the U.K. and through branches in a number of other European jurisdictions.

Prior to the completion of the offering, we will acquire one of the French insurance companies. We are planning to acquire the European payment protection business of the other insurance companies pursuant to insurance business transfer arrangements carried out under U.K. and French law. These transfer arrangements require regulatory and, in the case of the U.K., court approval. We expect to receive the necessary approvals required to implement the transfer arrangements prior to December 31, 2004 but not prior to the completion of this offering.

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Pending implementation of these transfers and prior to the completion of the offering, we will enter into reinsurance arrangements with the U.K. and French insurance companies that we will not then own, which will effectively transfer to us all of the economic benefits, obligations and risks of the European payment protection businesses effective as of January 1, 2004. Under these arrangements, these companies will cede to us as of January 1, 2004 all of their in-force payment protection insurance policies. These arrangements also provide for the automatic ceding to us of payment protection insurance policies that these companies issue after that date. The European payment protection business of these companies had aggregate reserves of \$2.4 billion as of December 31, 2003.

The ceding insurance companies will retain ownership of the assets constituting the reserves supporting the European payment protection business, from which claims under the reinsured policies will be paid. We also will be entitled to receive from the ceding insurance companies interest based upon a calculated rate of return, but the ceding companies will otherwise retain any loss or credit risk relating to those assets or any income generated by those assets in excess of such rate of return. We will continue to administer the business of the U.K. insurance companies and their branches through a service company we will acquire from GE prior to the completion of this offering that employs the sales force and other personnel and owns the systems used by the U.K. insurance companies and their branches.

If, for any reason, the U.K. business transfer scheme is not implemented by December 31, 2004, GE has agreed to transfer the stock of the U.K. and Spanish insurance companies to us. If the French business transfer arrangements are not implemented, we still would receive the benefits and be subject to the obligations and risks with respect to the European payment protection business pursuant to the reinsurance agreement. These reinsurance agreements may only be terminated in limited circumstances, including such time as the ceding company and the reinsurer are both under our control and such time as the relevant insurance business transfer plan or stock transfer has become effective.

We have accounted for the transfer of the service companies and the reinsurance arrangements as a business combination between entities under common control in our historical combined financial statements.

## **Historical Related-Party Transactions**

### *Support services provided by GE*

GE historically has provided a variety of support services for our businesses, and we have reimbursed GE for the costs of providing these services to us. Our total expenses for these services were \$87 million, \$74 million and \$52 million for the years ended December 31, 2003, 2002 and 2001, respectively. The services we have received from GE include:

- Customer service, transaction processing and a variety of functional support services provided by GECIS, for which we incurred expenses of \$37 million, \$26 million and \$13 million for the years ended December 31, 2003, 2002 and 2001, respectively.
- Employee benefit processing and payroll administration, including relocation, travel, credit card processing, and related services, for which we incurred expenses of \$10 million, \$10 million and \$9 million for the years ended December 31, 2003, 2002 and 2001, respectively.
- Employee training programs, including access to GE training courses and payment for employees in management development programs, for which we incurred expenses of \$4 million, \$10 million and \$6 million for the years ended December 31, 2003, 2002 and 2001, respectively.
- Insurance coverage under the GE insurance program, for which we incurred expenses of \$17 million, \$10 million and \$9 million for the years ended December 31, 2003, 2002 and 2001, respectively.
- Information systems, network and related services, for which we incurred expenses of \$9 million, \$8 million and \$9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

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- Leases for vehicles, equipment and facilities, for which we incurred expenses of \$3 million for the year ended December 31, 2003 and \$2 million for each of the years ended December 31, 2002 and 2001.
  - Other financial and advisory services such as tax consulting, capital markets services, research and development activities, and trademark licenses, for which we incurred expenses of \$7 million, \$8 million and \$4 million for the years ended December 31, 2003, 2002 and 2001, respectively.

GE will continue to provide us with many of the support services described above on a transitional basis after the completion of this offering, and we will arrange to procure other services pursuant to arrangements with third parties or through our own employees. See "—Relationship with GE" above. In the case of support services provided by GECIS, we will continue to receive these services pursuant to agreements that will be amended prior to the completion of this offering. See "—Relationship with GE—Arrangements regarding our operations in India" above.

### *Allocation of corporate overhead expenses*

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

### ***Investment management services***

We receive investment management and related administrative services provided by GEAM, for which we incurred expenses of \$61 million, \$39 million and \$2 million for the years ended December 31, 2003, 2002 and 2001, respectively. We will continue to receive these services pursuant to agreements that will be amended prior to the completion of this offering. See "—Relationship with GE—Investment Agreements."

### ***Employee benefit plans***

We have reimbursed GE for benefits it provides to our employees under various employee benefit plans.

Our employees participate in GE's retirement plan and retiree health and life insurance benefit plans. Some of our employees also participate in GE's Supplementary Pension Plan and other retiree benefit plans. Other retiree plans are not significant individually or in the aggregate. We incurred expenses associated with these plans of \$52 million, \$52 million and \$44 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Our employees participate in GE's defined contribution savings plan that allows the employees to contribute a portion of their pay to the plan on a pre-tax basis. GE matches 50% of these contributions up to 7% of the employee's pay. We incurred expenses associated with these plans of \$13 million, \$15 million and \$16 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We also provide life and health insurance benefits to our employees through the GE benefit program, as well as through plans sponsored by other affiliates. We incurred expenses associated with these plans of \$41 million, \$45 million and \$43 million for the years ended December 31, 2003, 2002 and 2001, respectively.

In addition to the employee benefit expenses for which we have reimbursed GE, we have incurred expenses of \$9 million, \$6 million and \$4 million for certain GE stock option and restricted stock unit grants for the years ended December 31, 2003, 2002 and 2001, respectively. As in the case of the

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allocation of corporate overhead, these amounts will not be paid to GE and have been recorded as a capital contribution.

See notes 12 and 18 to our audited historical combined financial statements and "Management" and "Arrangements Between GE and Our Company—Relationship with GE—Employee Matters Agreement" for information concerning the participation of our employees in GE employee benefit plans prior to and following completion of this offering.

### ***Reinsurance transactions***

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

### ***Credit arrangements and other amounts due from or owed to GE***

As of December 31, 2003 and 2002, we had several notes receivable from various GE affiliates in the aggregate amount of \$209 million and \$367 million, respectively. These notes mature at various dates through 2017 and bear interest at rates between 5.46% and 6.63%.

As of December 31, 2002, our Japanese life insurance business had ¥62.8 billion (\$530 million) of long-term borrowings from various GE affiliates. This debt was scheduled to mature at various dates through 2008 and bore interest at rates between 2.25% and 2.64%. This debt has been recorded in liabilities associated with discontinued operations.

As of December 31, 2003 and 2002, we had approximately €2 million (\$2 million) and £5 million (\$9 million), respectively, of notes payable to various GE affiliates. These notes mature in 2011 and 2007 and bear interest at the six-month Euro Interbank Offered Rate ("EURIBOR") and 8.80%, respectively.

As of December 31, 2003 and 2002, we had certain operating receivables of \$254 million and \$0 million, respectively, and payables of \$673 million and \$763 million, respectively, with certain affiliated companies.

As of December 31, 2003 and 2002, we had a line of credit with GE that had an aggregate borrowing limit of \$2.5 billion. There was an outstanding balance of \$548 million as of December 31, 2003 and no outstanding balance as of December 31, 2002. Outstanding borrowings under this line of credit bear interest at the three-month US\$ London Interbank Offered Rate ("LIBOR") plus 25 basis points. Interest is accrued and settled quarterly, in arrears. We incurred interest expense under this line of credit of \$0.5 million, \$8 million and \$11 million for the years ended December 31, 2003, 2002 and 2001, respectively. We also had a line of credit with an affiliate of GE Capital with an aggregate borrowing limit of £10 million. There was no outstanding balance as of December 31, 2003, 2002 or 2001, and we did not incur any interest expense under this line of credit.

We, along with GE Capital, are participants in a revolving credit agreement that involves an international cash pooling arrangement on behalf of a number of GE subsidiaries in Europe, including some of our European subsidiaries. In these roles, either participant may make short-term loans to the other as part of the cash pooling arrangement. Each such borrowing is repayable upon demand, but not later than 364 days after borrowed. This unsecured line of credit bears interest at a rate equal to GE Capital's cost of funds for the currency in which such borrowing is denominated. This credit facility has

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an annual term, but is automatically extended for successive terms of one year each, unless terminated in accordance with the terms of the agreement. We had a net receivable of \$9 million and \$85 million under this credit facility as of December 31, 2003 and 2002, respectively.

In connection with this offering, we intend to replace the lines of credit and revolving credit agreement described above with revolving credit and other debt facilities entered into with unaffiliated third-parties. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources" and "Description of Certain Indebtedness—New Credit Facilities."

#### ***Sale of securities to affiliate***

During 2002, we sold certain available-for-sale fixed maturities to a subsidiary of GE Capital that is not consolidated in our financial statements at fair value, which resulted in net realized investment gains of \$114 million.

#### ***Real estate and loan transactions***

We sell to GE Mortgage Services, an affiliate of GE, properties acquired through claim settlement in our U.S. mortgage insurance business at a price equal to the product of the property's fair value and an agreed-upon price factor. Under these arrangements, we received from GE Mortgage Services \$9 million, \$13 million and \$11 million for the years ended December 31, 2003, 2002 and 2001, respectively. Following completion of this offering, we expect to phase out over time the arrangements under which we sell properties to GE Mortgage Services, as we take on the role ourselves of holding and disposing of these properties. During 2003, we also arranged for the sale to GE Mortgage Services of some residential loans acquired in connection with loss mitigation activities in our U.S. mortgage insurance business and agreed to indemnify GE Mortgage Services for any loss relating to those loans. Following completion of this offering, we will enter into new arrangements relating to residential loans that GE Mortgage Services may purchase from us from time to time in the future. See "Business—Mortgage Insurance—U.S. Mortgage Insurance—Loans in default and claims" and "Arrangements Between GE and Our Company—Relationship with GE—Mortgage Services Agreement" relating to our arrangements with GE Mortgage Services.

#### ***Guarantees provided by GE***

GE Capital from time to time has provided guarantees or other support arrangements on our behalf, including performance guarantees and support agreements relating to securitizations and comfort letters provided to government agencies. We have not incurred charges or reimbursed GE under any of these arrangements. Following the completion of this offering, many of the guarantees currently in place will continue as provided under their existing terms, and we will not be required to incur any charges for the provision of these guarantees or other support arrangements, other than pursuant to our obligations under the Master Agreement to indemnify GE for losses arising out of these arrangements.

#### ***GE agreements with third parties***

Historically, we have received services provided by third parties pursuant to various agreements that GE has entered into for the benefit of its affiliates. We pay the third parties directly for the services they provide to us or reimburse GE for our share of the actual costs incurred under the agreements. Following completion of this offering, we intend to continue to procure some of these third-party services through GE to the extent we are permitted (and elect to) or required to do so.

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#### ***Products and services provided to GE***

We have provided various products and services to GE on terms comparable to those we provide to third parties. Except as described below, we expect to continue to provide these services following completion of the offering. These products and services include the following:

- We distribute our European payment protection insurance in part through arrangements with GE Consumer Finance, for which we have received gross written premiums of \$244 million, \$244 million and \$198 million for the years ended December 31, 2003, 2002 and 2001, respectively. See "Business—Protection—European payment protection insurance."
- We reinsure lease obligation insurance and credit insurance marketed by GE Capital, for which we received premiums of \$94 million, \$105 million and \$92 million for the years ended December 31, 2003, 2002 and 2001, respectively. See "Business—Corporate and Other—Viking Insurance Company" and "Arrangements Between GE and Our Company—Relationship with GE—Agreement Regarding Continued Reinsurance by Viking."
- We provide long-term care insurance to certain GE employees, for which we have received premiums of \$24 million, \$20 million and \$20 million for the years ended

December 31, 2003, 2002 and 2001. See "Business—Protection—Long-term care insurance."

- We distribute GE mutual funds through our wholly-owned broker-dealers, and provide administrative support for our variable annuity customers that have GE mutual funds within their contracts, for which we received \$4 million for each of the years ended December 31, 2003, 2002 and 2001 from the mutual funds and GEAM, the asset manager of these funds.
- We historically have marketed a mortgage unemployment credit insurance product underwritten by a GEFAHI subsidiary that will not be part of our company following the completion of this offering. We received no revenues in connection with this arrangement, but were reimbursed for actual costs. Following the offering, we intend to continue scheduled marketing campaigns under this arrangement but expect thereafter to market and underwrite this product using a third-party provider.

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### Ownership of Common Stock

Prior to the completion of this offering, all shares of our common stock were owned by GEFAHI, an indirect subsidiary of GE. GEFAHI's principal executive offices are located at 6620 West Broad Street, Richmond, Virginia 23230. GE's principal executive offices are located at 3135 Easton Turnpike, Fairfield, Connecticut 06828. Upon the completion of this offering, GE will beneficially own approximately % of our outstanding common stock, consisting of 100% of our outstanding shares of Class B Common Stock and no shares of Class A Common Stock, assuming the underwriters' over-allotment option is not exercised, and %, if it is exercised in full.

Except for GEFAHI, we believe no persons will beneficially own more than 5% of our outstanding common stock upon completion of this offering. Our directors and officers, as a group, beneficially own less than 1% of the outstanding common stock of GE, and upon the completion of this offering, they will beneficially own less than 1% of our outstanding common stock.

This offering is the first step in GE's plan to dispose of more than 50% by value of its interest in us. GE's transfer of assets to us has been structured to qualify for the election under section 338 of the Internal Revenue Code, and GE has received a ruling from the U.S. Internal Revenue Service that the transfer will qualify for that election provided that certain conditions are met. Among those conditions is that GE must complete its disposition of more than 50% by value of its interest in our company within two years after the completion of this offering. GE has informed us that its failure to satisfy this condition and to qualify for the tax election would result both in significant additional tax liability for GE and in elimination of the section 338 benefit (and our associated liability) that is the subject of the Tax Matters Agreement, as discussed under "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement." Accordingly, GE has informed us that it fully intends to and expects to meet this condition and has adopted a Plan of Divestiture under which it will effect the divestiture of more than 50% of our stock. Although GE currently expects this divestiture to be effected through one or more additional public offerings of our common stock after this offering, if for any reason those additional public offerings are not completed or are not expected to satisfy the divestiture condition of the tax ruling and as called for in the Plan of Divestiture or if GE for any other reason decides to pursue an alternative method of disposition, GE has informed us that it intends to implement alternative methods to divest of our stock in order to carry out the Plan of Divestiture and satisfy the condition.

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### Description of Capital Stock

We were incorporated in Delaware on October 23, 2003. The following information reflects our amended and restated certificate of

incorporation and amended and restated bylaws as these documents will be in effect upon the completion of this offering. The following descriptions are summaries of the material terms of these documents and relevant sections of the General Corporation Law of the State of Delaware, referred to as the DGCL. Our amended and restated certificate of incorporation and amended and restated bylaws have been filed as exhibits to the registration statement of which this prospectus forms a part, and we refer to them in this prospectus as the certificate of incorporation and bylaws, respectively. The summaries of these documents are qualified in their entirety by reference to the full text of the documents.

## General

Our authorized capital stock consists of \_\_\_\_\_ shares of Class A Common Stock, par value \$0.001 per share, \_\_\_\_\_ shares of Class B Common Stock, par value \$0.001 per share, and \_\_\_\_\_ shares of preferred stock, par value \$0.001 per share. Before this offering, there were no shares of Class A Common Stock and \_\_\_\_\_ shares of Class B Common Stock outstanding, all of which were held by GEFAHI. Immediately following completion of this offering, \_\_\_\_\_ shares of Class A Common Stock and \_\_\_\_\_ shares of Class B Common Stock will be outstanding, assuming the over-allotment option is not exercised. \_\_\_\_\_ shares of our Series A Preferred Stock will also be outstanding immediately following completion of this offering.

## Common Stock

### *Conversion*

The Class B Common Stock may only be owned by GE and its affiliates. Upon any sale or other disposition by GE of shares of Class B Common Stock to any person other than GE or an affiliate of GE, such shares of Class B Common Stock will automatically be converted into shares of Class A Common Stock. In addition, on the first date on which GE no longer beneficially owns at least 10% of our outstanding common stock, all outstanding shares of Class B Common Stock will automatically be converted into shares of Class A Common Stock, and we will no longer be authorized to issue Class B Common Stock.

### *Voting Rights*

Except for the approval rights of the holders of the Class B Common Stock over certain corporate actions and except with respect to the election and removal of directors, the holders of Class A Common Stock and Class B Common Stock have identical rights and will be entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of common stock are entitled to vote. However, except as required by applicable law, holders of common stock will not be entitled to vote on any matter that solely relates to the terms of any outstanding series of preferred stock or the number of shares of such series and does not affect the number of authorized shares of preferred stock or the powers, privileges and rights pertaining to the common stock.

Subject to the rights of the holders of any outstanding series of our preferred stock, our certificate of incorporation provides that until the first date on which GE owns 50% or less of the outstanding shares of our common stock, the number of authorized directors of our company will be 9. Beginning on the first date on which GE owns 50% or less but at least 10% of the outstanding shares of our common stock, the number of authorized directors of our company will be 11. Beginning on the first date on which GE owns less than 10% of the outstanding shares of our common stock, the number of authorized directors of our company will be fixed from time to time by a resolution adopted by our board of directors, but will not be less than 1 nor more than 15. Our certificate of incorporation also

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provides that until the first date on which GE owns less than 20% of our outstanding common stock, our board of directors will not establish an executive committee or any other committee having authority typically reserved for an executive committee.

At each election of members of our board of directors:

- when GE owns more than 50% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect five directors and the holders of the Class A Common Stock will be entitled to elect four directors;
- when GE owns at least 33% and no more than 50% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect four directors, the holders of the Class A Common Stock will be entitled to elect five directors, and the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, will be entitled to elect all remaining directors entitled to be elected by the holders of our common stock;
- when GE owns at least 20% but less than 33% of our outstanding common stock, GE as the holder of the Class B Common Stock will be entitled to elect three directors, the holders of the Class A Common Stock will be entitled to elect five directors, and the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, will be entitled to elect all remaining directors entitled to be elected by the holders of our common stock;
- when GE owns at least 10% but less than 20% of our outstanding common stock, GE as the holder of the Class B Common Stock

will be entitled to elect one director, the holders of the Class A Common Stock will be entitled to elect five directors and the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, will be entitled to elect all remaining directors entitled to be elected by the holders of our common stock; and

- when GE owns less than 10% of our common stock, all shares of Class B Common Stock held by GE will automatically convert into Class A Common Stock, and the holders of the Class A Common Stock will be entitled to elect all directors entitled to be elected by the holders of our common stock.

Each director elected by the holders of the common stock will serve until the earlier of his or her death, resignation, disqualification, removal or until his successor is elected and qualified. The common stock will not have cumulative voting rights in the election of directors.

### ***Rights to Dividends and on Liquidation, Dissolution and Winding Up***

Subject to the prior rights of holders of preferred stock, if any, holders of Class A Common Stock and holders of Class B Common Stock are entitled to receive such dividends as may be lawfully declared from time to time by our board of directors. Upon any liquidation, dissolution or winding up of our company, whether voluntary or involuntary, holders of common stock will be entitled to receive such assets as are available for distribution to stockholders after there will have been paid or set apart for payment the full amounts necessary to satisfy any preferential or participating rights to which the holders of each outstanding series of preferred stock are entitled by the express terms of such series.

### ***Other Rights***

The Class A Common Stock sold in this offering will not have any preemptive, subscription, redemption or conversion rights. The outstanding shares of our common stock are, and the shares of Class A Common Stock being offered hereby will be, upon payment for such shares, validly issued, fully paid and non-assessable. Subject to the approval rights of the holders of the Class B Common Stock, additional shares of authorized common stock may be issued, as determined by our board of directors

from time to time, without stockholder approval, except as may be required by applicable stock exchange requirements.

### ***Listing***

We intend to apply to list the Class A Common Stock on The New York Stock Exchange under the symbol "GNW."

### **Approval Rights of Holders of Class B Common Stock**

In addition to any other vote required by law or by our certificate of incorporation, until the first date on which GE owns less than 15% of our outstanding common stock, the prior affirmative vote or written consent of GE as the holder of the Class B Common Stock is required to authorize us to adopt or implement any stockholder rights plan or similar takeover defense measure. Also, in addition to any other vote required by law or by our certificate of incorporation, until the first date on which GE owns less than 20% of our outstanding common stock, the prior affirmative vote or written consent of GE as the holder of the Class B Common Stock is required for the following actions (subject in each case to certain agreed exceptions):

- a merger involving us or any of our subsidiaries (other than mergers involving our subsidiaries to effect acquisitions permitted under the certificate of incorporation);
- acquisitions by us or our subsidiaries of the stock or assets of another business for a price (including assumed debt) in excess of \$700 million;
- dispositions by us or our subsidiaries of assets in a single transaction or a series of related transactions for a price (including assumed debt) in excess of \$700 million;
- incurrence or guarantee of debt by us or our subsidiaries in excess of \$700 million outstanding at any one time or that would reasonably be expected to result in a negative change in any of our credit ratings, excluding our debt (including the debt we intend to incur concurrently with, and shortly after, the completion of this offering) described in this prospectus, intercompany debt (within Genworth), debt incurred in connection with permitted securitization transactions and debt determined to constitute operating leverage by a nationally recognized statistical rating organization;
- issuance by us or our subsidiaries of capital stock or other securities convertible into capital stock;
- dissolution, liquidation or winding up of our company; and
- alteration, amendment, termination or repeal of or adoption of any provision inconsistent with, the provisions of our certificate of

incorporation or our bylaws relating to our authorized capital stock, the role of our Nominating and Corporate Governance Committee, the establishment of an executive committee of our board of directors (or any committee having authority typically reserved for an executive committee), the rights granted to the holders of the Class B Common Stock, amendments to our bylaws, stockholder action by written consent, stockholder proposals and meetings, limitation of liability of and indemnification of our officers and directors, the rights of holders of our Class A Common Stock and Class B Common Stock to elect directors, the size of our board of directors, corporate opportunities and conflicts of interest between our company and GE, and Section 203 of the DGCL.

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## Preferred Stock

Our certificate of incorporation authorizes our board of directors to establish one or more series of our preferred stock and to determine, with respect to any series of our preferred stock, the terms and rights of such series, including:

- the designation of the series;
- the number of shares of each series, which number our board of directors may thereafter, except where otherwise provided in the applicable certificate of designation, increase or decrease, but not below the number of shares thereof then outstanding;
- the rights in respect of any dividends or method of determining such dividends payable to the holders of the shares of such series, any conditions upon which such dividends will be paid and the dates or method of determining the dates upon which such dividends will be payable;
- whether dividends, if any, will be cumulative or noncumulative;
- the terms of redemption, if any, for shares of the series;
- the amount payable to holders of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of our affairs;
- whether the shares of the series will be convertible or exchangeable into shares of any other class or series, or any other security, of our company or any other corporation, and, if so, the terms of such conversion or exchange;
- restrictions on the issuance of shares of the same series or of any other class or series;
- the voting rights, if any, of the holders of the shares of the series; and
- any other relative rights, preferences and limitations of the series.

Our board of directors has authorized the issuance of our Series A Preferred Stock, the terms of which are generally described below. We believe that the ability of our board of directors to issue one or more additional series of our preferred stock will provide us with flexibility in structuring possible future financings and acquisitions, and in meeting other corporate needs which might arise. Subject to the approval rights of the holders of the Class B Common Stock, the authorized shares of our preferred stock, as well as shares of our common stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. The New York Stock Exchange currently requires stockholder approval in several instances as a prerequisite to listing shares, including where the present or potential issuance of shares could result in an increase in the number of shares of common stock, or in the amount of voting securities outstanding, of at least 20%. If the approval of our stockholders is not required for the issuance of shares of our preferred stock or our common stock, our board of directors may determine not to seek stockholder approval.

Although our board of directors has no intention at the present time of doing so, it could issue a series of our preferred stock that could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Our board of directors will make any determination to issue such shares based on its judgment as to the best interests of us and our stockholders. Our board of directors, in so acting, could issue our preferred stock having terms that could discourage an acquisition attempt through which an acquiror may be able to change the composition of our board of directors, including a tender offer or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of such stock.

As part of our corporate reorganization, we will issue \$100 million of Series A Preferred Stock to GEFAHI. GEFAHI will offer the Series A Preferred Stock by means of a separate prospectus concurrently with this offering.

### *General*

The Series A Preferred Stock initially will be limited in aggregate amount to \$100 million. This amount is the sum of the aggregate liquidation amount per share of the Series A Preferred Stock. When issued and sold, the Series A Preferred Stock will have a liquidation preference per share equal to \$50 per share, plus unpaid dividends received to the date of liquidation and will be fully paid and non-assessable. The Series A Preferred Stock will rank junior to all of our indebtedness and other liabilities and will rank senior to our common stock. The Series A Preferred Stock will not be convertible into shares of common stock or any other securities of Genworth and will have no preemptive rights.

### *Dividends*

Dividends on the Series A Preferred Stock will be fixed at an annual rate equal to % of the liquidation value of \$50 per share. Dividends will be payable quarterly in arrears on , , and of each year, beginning , 2004. Dividends not paid when due will accumulate additional dividends, compounded quarterly, at the annual rate of % on the amount of unpaid distributions. The term "dividends" includes any of these additional dividends.

Dividends taxable as dividends to corporate holders of the Series A Preferred Stock may be eligible for the "dividends received deduction" as specified in Section 243(a)(1) of the Internal Revenue Code of 1986, subject to various limitations. In the event the percentage of the dividends received deduction is changed, certain adjustments will be made with respect to dividends on the Series A Preferred Stock.

### *Redemption*

We are required to redeem the Series A Preferred Stock on , 2011 in whole at a price of \$50.00 per share, plus unpaid distributions accrued to the date of redemption. There are no provisions for early redemption.

### *Voting rights*

*No voting rights.* Except as described below or otherwise required by applicable law, the holders of the Series A Preferred Stock will have no voting rights.

*Right to elect two additional directors during default period.* During any period, which we refer to in this section as the default period, in which accumulated distributions (whether or not earned or declared, and whether or not funds are then legally available in an amount sufficient therefor) have not been paid for six quarters (whether or not consecutive) or if we fail to perform our mandatory redemption obligation on , 2011, the number of directors constituting our board of directors will automatically be increased by two and the holders of record of the Series A Preferred Stock, together with holders of every other series of preferred stock that we may issue from time to time subsequent to this offering with the same voting rights that are then exercisable resulting from the failure to pay dividends or the failure to redeem, will possess full voting powers (to the exclusion of the holders of all other series and classes of our capital stock), voting together as a single class, to elect two directors to fill such newly created directorships.

A default period will continue unless and until all accumulated and unpaid distributions on all shares of the Series A Preferred Stock then outstanding have been paid at which time the voting rights described in the preceding paragraph will cease, subject always, however, to the revesting of such voting

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power in the holders of the Series A Preferred Stock upon the commencement of an additional default period.

*Rights under applicable law.* Under current provisions of the DGCL, the holders of issued and outstanding preferred stock are entitled to vote as a class, with the consent of the majority of the class being required, upon a proposed amendment to restate our certificate of incorporation which would increase or decrease the aggregate number of authorized shares of preferred stock, increase or decrease the par value of shares of preferred stock, or alter or change the powers, preferences of special rights of the preferred stock so as to affect them adversely, including, but not limited to, the right to vote on the creation, authorization or issuance of additional preferred stock or any senior stock.

### *Liquidation rights*

In the event of any voluntary or involuntary liquidation, dissolution or winding up of our company, the holders of each share of the Series A Preferred Stock then outstanding will be entitled to receive and to be paid, out of our assets available for distribution to our shareholders after satisfying claims of creditors but before any payment or dissolution of assets is made to holders of our common stock or any other shares of our

company of any class ranking junior to the Series A Preferred Stock upon such a liquidation, dissolution or winding up, liquidating distributions in an amount per share of \$50.00, plus an amount equal to accumulated and unpaid dividends (whether or not earned or declared) to and including the date of final dissolution. If, upon any such voluntary or involuntary liquidation, dissolution or winding up of the our company, the amounts payable with respect to the Series A Preferred Stock and any parity stock are not paid in full, the holders of such preferred stock will share ratably in any such distribution of assets of our company in proportion to the full respective amounts to which they are entitled.

### *Listing*

We intend to apply to list the Series A Preferred Stock on The New York Stock Exchange under the symbol " ."

### *Condition on the offering of Series A Preferred Stock*

The offering of Series A Preferred Stock is contingent upon the completion of this offering and the offering of our Equity Units, and this offering is contingent upon the completion of the offerings of the Series A Preferred Stock and our Equity Units.

## **Anti-Takeover Effects of Provisions of Our Certificate of Incorporation and Bylaws**

### ***Board of Directors***

A director of our company may be removed for cause by the affirmative vote of the holders of at least a majority of the voting power of our outstanding Class A and Class B Common Stock (and any series of preferred stock entitled to vote in the election of directors), voting together as a single class. A director elected by the holders of the Class B Common Stock may be removed from office at any time, without cause, solely by the affirmative vote of the holders of the Class B Common Stock, voting as a separate class. A director elected by the vote of the holders of our Class A Common Stock, voting together as a single class, may be removed from office at any time, without cause, by the affirmative vote of the holders of a majority of our outstanding Class A Common Stock, voting together as a single class. A director elected by the vote of the holders of our Class A and Class B Common Stock, voting together as a single class, may be removed from office at any time, without cause, by the affirmative vote of the holders of a majority of our outstanding Class A and Class B Common Stock, voting together as a single class.

For so long as GE beneficially owns at least 10% of our outstanding common stock, vacancies in our board of directors resulting from an increase in the size of our board of directors from 9 to 11

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when GE ceases to own more than 50% of our outstanding common stock (as provided by our certificate of incorporation) will be filled in the following manner:

- the first such vacancy will be filled by the vote of a majority of the directors elected by the holders of the Class A Common Stock; and
- the second such vacancy will be filled by the vote of a majority of the directors elected by the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class.

For so long as GE owns at least 10% of our outstanding common stock, vacancies among the directors elected by the holders of the Class B Common Stock may be filled only by the vote of a majority of the Class B Common Stock directors remaining in office or, if there are none, by the holders of the Class B Common Stock. Vacancies among the directors elected by the holders of the Class A Common Stock may be filled only by the vote of a majority of the Class A Common Stock directors remaining in office or, if there are none, by the holders of the Class A Common Stock. Vacancies among the directors elected by the holders of the Class A and Class B Common Stock voting together as a single class may be filled only by the vote of a majority of the directors elected by the holders of the Class A and Class B Common Stock remaining in office or, if there are none, by the holders of the Class A and Class B Common Stock voting together as a single class.

### ***Stockholder action by written consent; special meetings***

Our certificate of incorporation provides that except for actions taken by written consent by the holders of the Class B Common Stock with respect to matters subject to the approval only of the holders of the Class B Common Stock, any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Until the first date on which GE owns less than 20% of our outstanding common stock, except as required by law and subject to the rights of the holders of any of our preferred stock, special meetings of our stockholders for any purpose or purposes may only be called by a majority of the whole board of directors or by GE as the holder of the Class B Common Stock. When GE owns less than 20% of our outstanding common stock, except as required by law and subject to the rights of the holders of any of our preferred stock, special meetings of our stockholders for any purpose or purposes may only be called by a majority of the whole board of directors or upon the written request of the holders of at least 40% of our outstanding common stock. No business other than that stated in the notice will be transacted at any special meeting. These provisions may have the effect of delaying consideration of a stockholder proposal until the next annual meeting unless a special

meeting is called by our board, GE or our stockholders as described above.

### ***Advance notice requirements for nominations***

Except with respect to candidates nominated for election by holders of our Class B Common Stock, our bylaws contain advance notice procedures with regard to stockholder proposals related to the nomination of candidates for election as directors. These procedures provide that notice of stockholder proposals related to stockholder nominations for the election of directors must be received by our corporate secretary, in the case of an annual meeting, no later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the anniversary date of the immediately preceding annual meeting of stockholders. However, if the annual meeting is called for a date that is more than 30 days before or more than 70 days after that anniversary date, notice by the stockholder in order to be timely must be received not earlier than the close of business on the 120th day prior to such annual meeting or not later than the close of business on the later of the 90th day prior to such annual meeting or the tenth day following the day on which public announcement is first made by us of the date of such meeting. If the number of directors to be elected to our board of directors at an annual meeting is increased and there is no public announcement by us naming the nominees for the additional directorships at least 100 days prior to the first anniversary of the

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preceding year's annual meeting, a stockholder's notice will be considered timely, but only with respect to nominees for the additional directorships, if it is delivered to our corporate secretary not later than the close of business on the tenth day following the day on which such public announcement is first made by us.

Stockholder nominations for the election of directors at a special meeting must be received by our corporate secretary no earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of such special meeting and of the nominees proposed by our board of directors to be elected at such meeting.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth information related to the stockholder giving the notice and the beneficial owner (if any) on whose behalf the nomination is made, including:

- the name and record address of the stockholder and the beneficial owner;
- the class and number of shares of our capital stock which are owned beneficially and of record by the stockholder and the beneficial owner;
- a representation that the stockholder is a holder of record of our stock entitled to vote at that meeting and that the stockholder intends to appear in person or by proxy at the meeting to bring the nomination before the meeting; and
- a representation whether the stockholder or the beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to elect the nominee, or otherwise to solicit proxies from stockholders in support of such nomination.

As to each person whom the stockholder proposes to nominate for election as a director:

- all information relating to the person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to the Securities Exchange Act of 1934; and
- the nominee's written consent to being named in the proxy statement as a nominee and to serving as a director if elected.

### ***Advance notice requirements for stockholder proposals***

Our bylaws contain advance notice procedures with regard to stockholder proposals not related to director nominations. These notice procedures, in the case of an annual meeting of stockholders, are the same as the notice requirements for stockholder proposals related to director nominations discussed above insofar as they relate to the timing of receipt of notice by our corporate secretary.

A stockholder's notice to our corporate secretary must be in proper written form and must set forth, as to each matter the stockholder and the beneficial owner (if any) proposes to bring before the meeting:

- a description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and if such business includes a proposal to amend our bylaws, the language of the proposed amendment), the reasons for conducting the business at the meeting and any material interest in such business of such stockholder and beneficial owner on whose behalf the proposal is made;

- the name and record address of the stockholder and beneficial owner;
- the class and number of shares of our capital stock which are owned beneficially and of record by the stockholder and the beneficial owner;

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- a representation that the stockholder is a holder of record of our stock entitled to vote at the meeting and that the stockholder intends to appear in person or by proxy at the meeting to propose such business; and
- a representation as to whether the stockholder or the beneficial owner intends or is part of a group which intends to deliver a proxy statement or form of proxy to holders of at least the percentage of our outstanding capital stock required to approve or adopt the business proposal, or otherwise to solicit proxies from stockholders in support of such proposal.

### ***Amendments***

Subject to the right of the holders of our Class B Common Stock to withhold its consent to the amendment of the provisions of our certificate of incorporation relating to our authorized capital stock, the rights granted to the holders of the Class B Common Stock, the establishment of an executive committee of our board of directors (or any committee having authority typically reserved for an executive committee), amendments to our bylaws, stockholder action by written consent, the calling of stockholder meetings, limitation of liability of and indemnification of our officers and directors, the rights of holders of our Class A and Class B Common Stock to elect directors, the size of our board of directors, corporate opportunities and conflicts of interest between our company and GE, and Section 203 of the DGCL, the provisions of our certificate of incorporation may be amended by the affirmative vote of the holders of a majority of our outstanding common stock.

Subject to the right of the holders of our Class B Common Stock to withhold its consent to the amendment of the provisions of our bylaws relating to the role of our Nominating and Corporate Governance Committee in meetings of our stockholders, advance notice requirements for stockholder proposals related to directors' nominations and other proposed business, and our board of directors, the provisions of our bylaws may be amended by the affirmative vote of the holders of a majority of our outstanding common stock or by the affirmative vote of a majority of our entire board of directors.

### **Provisions of Our Certificate of Incorporation Relating to Related-Party Transactions and Corporate Opportunities**

In order to address potential conflicts of interest between us and GE, our certificate of incorporation contains provisions regulating and defining the conduct of our affairs as they may involve GE and its officers and directors, and our powers, rights, duties and liabilities and those of our officers, directors and shareholders in connection with our relationship with GE. In general, these provisions recognize that we and GE may engage in the same or similar business activities and lines of business, have an interest in the same areas of corporate opportunities and will continue to have contractual and business relations with each other, including officers and directors of GE serving as our directors.

Our certificate of incorporation provides that, subject to any written agreement to the contrary, GE will have no duty to refrain from:

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

Our certificate of incorporation provides that if GE acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both us and GE, such corporate opportunity will belong to GE unless the corporate opportunity was expressly offered to GE in its capacity as a stockholder of Genworth. GE will to the fullest extent permitted by law have satisfied its fiduciary duty with respect to such a corporate opportunity and will not be liable to us or our stockholders for breach of any fiduciary duty as our stockholder by reason of the fact that GE acquires or seeks the corporate opportunity for itself, directs that corporate opportunity to another person or does not present that corporate opportunity to us.

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If one of our directors or officers who is also a director or officer of GE learns of a potential transaction or matter that may be a corporate opportunity for both us and GE, our certificate of incorporation provides that the director or officer will have satisfied his or her fiduciary duties to us and our stockholders with respect to the corporate opportunity, and we will have renounced our interest in the corporate opportunity if the director or officer acts in good faith in a manner consistent with the following policy:

- a corporate opportunity offered to any of our directors who is not one of our officers and who is also a director or officer of GE

will belong to us only if that opportunity is expressly offered to that person solely in his or her capacity as our director, and otherwise will belong to GE; and

- a corporate opportunity offered to any of our officers who is also an officer of GE will belong to us, unless that opportunity is expressly offered to that person solely in his or her capacity as an officer of GE, in which case that opportunity will belong to GE.

If one of our officers or directors, who also serves as a director or officer of GE, learns of a potential transaction or matter that may be a corporate opportunity for both us and GE in any manner not addressed in the foregoing descriptions, our certificate of incorporation provides that the director or officer will have no duty to communicate or present that corporate opportunity to us and will not be liable to us or our stockholders for breach of fiduciary duty by reason of GE's actions with respect to that corporate opportunity.

For purposes of our certificate of incorporation, "corporate opportunities" include, but are not limited to, business opportunities that we are financially able to undertake, that are, from their nature, in our line of business, are of practical advantage to us and are ones in which we have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of GE or its officers or directors will be brought into conflict with our self-interest.

By becoming a stockholder in our company, you will be deemed to have notice of and have consented to the provisions of our certificate of incorporation related to corporate opportunities that are described above.

### **Limitation of Liability and Indemnification Matters**

Section 145 of the DGCL provides that a corporation may indemnify directors and officers as well as other employees and individuals against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, that are incurred in connection with various actions, suits or proceedings, whether civil, criminal, administrative or investigative other than an action by or in the right of the corporation, known as a derivative action, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, if they had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification only extends to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such actions, and the statute requires court approval before there can be any indemnification if the person seeking indemnification has been found liable to the corporation. The statute provides that it is not excluding other indemnification that may be granted by a corporation's bylaws, disinterested director vote, stockholder vote, agreement or otherwise.

Our certificate of incorporation provides that each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of us or, while a director or officer of us, is or was serving at our request as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, whether the basis of such proceeding is the alleged action of such person in an official capacity as a director, officer, employee or agent or in any other capacity

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while serving as a director, officer, employee or agent, will be indemnified and held harmless by us to the fullest extent authorized by the DGCL against all expense, liability and loss reasonably incurred or suffered by such person in connection therewith. Our certificate of incorporation also provides that we will pay the expenses incurred in defending any such proceeding in advance of its final disposition, subject to the provisions of the DGCL. These rights are not exclusive of any other right that any person may have or acquire under any statute, provision of our certificate of incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of these provisions will in any way diminish or adversely affect the rights of any director, officer, employee or agent of us under our certificate of incorporation in respect of any occurrence or matter arising prior to any such repeal or modification. Our certificate of incorporation also specifically authorizes us to maintain insurance and to grant similar indemnification rights to our employees or agents.

Our certificate of incorporation provides that none of our directors will be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except, to the extent required by the DGCL, for liability:

- for any breach of the director's duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- for payments of unlawful dividends or unlawful stock purchases or redemptions under Section 174 of the DGCL; or
- for any transaction from which the director derived an improper personal benefit.

Neither the amendment nor repeal of this provision will eliminate or reduce the effect of the provision in respect of any matter occurring, or any cause of action, suit or claim that, but for the provision, would accrue or arise, prior to the amendment or repeal.

The Master Agreement also provides for indemnification by us of GE and its directors, officers and employees for specified liabilities, including liabilities under the Securities Act of 1933.

### **Delaware Business Combination Statute**

Our certificate of incorporation contains a provision by which we expressly elect not to be governed by Section 203 of the DGCL, which is described below, until the moment in time, if ever, immediately following the time at which both of the following conditions exist: (a) Section 203 by its terms would, but for the terms of our certificate of incorporation, apply to us and (b) there occurs a transaction in which GE no longer owns at least 15% of our outstanding common stock. Accordingly, we are not currently subject to Section 203. Any person that acquires 15% or more of our outstanding common stock in the same transaction in which GE ceases to own at least 15% of our outstanding common stock will not be an interested stockholder under Section 203 as a result of that transaction.

Section 203 of the DGCL provides that, subject to exceptions set forth therein, an interested stockholder of a Delaware corporation shall not engage in any business combination, including mergers or consolidations or acquisitions of additional shares of the corporation, with the corporation for a three-year period following the time that such stockholder became an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an "interested stockholder," the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, other than statutorily excluded shares; or

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- at or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders by the affirmative vote of at least  $66\frac{2}{3}\%$  of the outstanding voting stock which is not owned by the interested stockholder.

Except as otherwise set forth in Section 203, an interested stockholder is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and
- the affiliates and associates of any such person.

Our election to not be subject to Section 203 may have positive or negative consequences, depending on the circumstances. Being subject to Section 203 may make it more difficult for a person who would be an interested stockholder to effect various business combinations with us for a three-year period. Section 203 also may have the effect of preventing changes in our management. Section 203 also could make it more difficult to accomplish transactions which our stockholders may otherwise deem to be in their best interests. If the provisions of Section 203 were applicable, they may cause persons interested in acquiring us to negotiate in advance with our board of directors. In addition, because we did not elect to be subject to Section 203, GE, as a controlling stockholder, may find it easier to sell its controlling interest to a third party because Section 203 would not apply to such third party. The restrictions on business combinations set forth in Section 203 would not have been applicable to GE so long as GE continued to hold 15% or more of our common stock.

### **Insurance Regulations Concerning Change of Control**

The insurance holding company laws of many states regulate changes of control of insurance holding companies, such as our company. Generally, these laws provide that control over an insurer is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10% or more of the voting securities of the insurer. Control also may be found to exist through contractual or other arrangements notwithstanding stock ownership. The Delaware, New York, North Carolina and Virginia insurance holding company laws, and similar laws in the U.K. and other jurisdictions in which we operate, require filings in connection with proposed acquisitions of control of domestic insurance companies. These laws may discourage potential acquisition proposals and may delay, deter or prevent a change of control involving us, including through transactions, and in particular unsolicited transactions, that some or all of our stockholders might consider to be desirable.

### **Transfer Agent and Registrar**

The transfer agent and registrar for our Class A Common Stock and our Series A Preferred Stock will be The Bank of New York.

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## Description of Equity Units

In this description, the words "we," "us" and "our" refer only to Genworth and not to any of its subsidiaries.

### Summary

As part of our corporate reorganization, we will issue \$600 million of our Equity Units to GEFAHI, and GEFAHI will offer these Equity Units by means of a separate prospectus concurrently with this offering. The Equity Units initially will be issued in the form of Corporate Units. Each Corporate Unit will initially consist 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 % senior notes due 2009, which we refer to as the notes.

The stock purchase contract underlying an Equity Unit requires the holder to purchase, and us to sell, for \$25, on , 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 a settlement rate based on the average trading price of our Class A Common Stock at that time. We will also pay quarterly contract adjustment payments on each stock purchase contract at an annual rate of % of the stated amount of \$25 per Equity Unit.

As described below, the notes will be remarketed to new purchasers immediately prior to the purchase contract settlement date to generate the cash necessary for the holders of Corporate Units to satisfy their obligations to purchase our Class A Common Stock pursuant to the stock purchase contract. The interest rate on the notes will be reset in the remarketing to whatever interest rate is necessary to induce purchasers to purchase all the notes remarketed at 100% of their principal amount. If the notes are not successfully remarketed prior to the purchase contract settlement date, all holders of notes will have the right to require us to purchase their notes on the purchase contract settlement date at a price equal to 100% of their principal amount, plus accrued interest.

### The Stock Purchase Contracts

Each stock purchase contract that is a component of an Equity Unit obligates the holder of the stock purchase contract to purchase, and obligates us to sell, on , 2007, for \$25 in cash, a number of newly issued shares of our Class A Common Stock equal to the settlement rate. The settlement rate, subject to anti-dilution adjustments, will be calculated as described below:

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

Accordingly, if the market value for the Class A Common Stock increases between the date of this prospectus and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of Class A Common Stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock. If the applicable market value is the same as the threshold appreciation price, the aggregate market value of the shares issued upon settlement will be equal to the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock.

- if the applicable market value of our Class A Common Stock is less than the threshold appreciation price but greater than \$ , which we refer to as the reference price, the

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settlement rate will be a number of shares of our Class A Common Stock equal to the stated amount of \$25 divided by the applicable market value.

Accordingly, if the market value for the Class A Common Stock increases between the date of this prospectus and the period during which the applicable market value is measured, but the applicable market value does not exceed the threshold appreciation price, the aggregate market value of the shares of Class A Common Stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock.

- if the applicable market value is less than or equal to the reference price of \$ , the settlement rate will be shares of

our Class A Common Stock.

Accordingly, if the market value for the Class A Common Stock decreases between the date of this prospectus and the period during which the applicable market value is measured and the applicable market value is less than the reference price, the aggregate market value of the shares of Class A Common Stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market price on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock. If the applicable market value is the same as the reference price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market price of the Class A Common Stock on the purchase contract settlement date is the same as the applicable market value of the Class A Common Stock.

By applicable market value we mean the average of the closing price per share of our Class A Common Stock on The New York Stock Exchange on each of the twenty consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date. The reference price is equal to the initial public offering price of our Class A Common Stock in this offering.

We will pay holders of Equity Units quarterly contract adjustment payments on each stock purchase contract at a rate of % per year of the stated amount of \$25 per Equity Unit, or \$ per year.

On the purchase contract settlement date, an Equity Unit holder may satisfy its obligations under the stock purchase contracts by:

- in the case of the Corporate Units, (i) through the automatic application of the proceeds of the remarketing or if the Treasury portfolio has replaced the notes as a component of the Corporate Units as a result of a special event redemption, as defined below, through the automatic application of the proceeds of the Treasury portfolio, (ii) by exercising its right to require us to purchase its notes if the remarketing of the notes is not successful, or (iii) by delivering \$25 in cash; or
- in the case of the Treasury Units, as defined below, through the automatic application of the proceeds of the Treasury securities.

The ownership interest in notes that is a component of each Corporate Unit will be pledged to us to secure the holder's obligations to purchase our Class A Common Stock from us under the stock purchase contract.

The stock purchase contracts and the obligations of both us and the holders of the Equity Units under the stock purchase contracts automatically terminate without any further action upon our bankruptcy, insolvency or reorganization.

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## Early Settlement of Stock Purchase Contracts

Holders of Equity Units may elect to settle the stock purchase contracts early by delivering \$25 in cash at any time following , 2005 (the date 12 calendar months following the completion of this offering) through the seventh business day immediately preceding the purchase contract settlement date in the case of Corporate Units or any time through the second business day immediately preceding the purchase contract settlement date using cash in the case of Treasury Units, in which case shares of our Class A Common Stock will be issued pursuant to each stock purchase contract. We refer to this as optional early settlement. Optional early settlement of the stock purchase contracts results in the issuance of a number of shares of our Class A Common Stock equal to the minimum settlement rate, which is the same number that would be issued on the purchase contract settlement date if the applicable market value was equal to or greater than the threshold appreciation price of \$ , regardless of the actual market value of our Class A Common Stock at the time of the optional early settlement.

If we are involved in a merger in which at least 30% of the consideration for our Class A Common Stock consists of cash or cash equivalents, then each holder of an Equity Unit will have the right to settle the component stock purchase contract at the settlement rate in effect immediately before the closing of the cash merger, based on the applicable market value of our Class A Common Stock as if the closing date of the merger was the purchase contract settlement date, by delivering \$25 in cash. We refer to this as cash merger early settlement. If a holder elects cash merger early settlement, we will deliver to such holder on the cash merger early settlement date the kind and amount of securities, cash or other property that such holder would have been entitled to receive in the cash merger if it had settled the stock purchase contract immediately before the cash merger.

Following either optional early settlement or cash merger early settlement, the Equity Units of which the settled stock purchase contracts were a component will be cancelled and the related note or Treasury Security will be released to the holder and then will be separately transferable.

Both optional early settlement and cash merger early settlement are subject to the condition that if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect and a prospectus available covering the Class A Common Stock or other securities deliverable upon settlement of a stock purchase contract. We will agree to use our commercially reasonable efforts to have a registration statement in effect and to provide a prospectus covering such Class A Common Stock or other securities if so required by the U.S.

federal securities laws.

## Remarketing

Remarketing allows holders of Corporate Units to satisfy their obligations under the related stock purchase contracts by reselling the notes through the remarketing agent and using the proceeds of the remarketing to pay the purchase price under the related stock purchase contracts. Holders of notes that are separate from the Corporate Units also may elect to participate in the remarketing. Unless one of the conditions to remarketing, which include the effectiveness of a registration statement under the Securities Act of 1933, if required by the U.S. federal securities laws, is not satisfied, the notes that underlie each outstanding Corporate Unit (other than Corporate Units for which the holder has elected to settle the related stock purchase contracts with separate cash on the purchase contract settlement date) as well as any other notes the holders of which have decided to have included in the remarketing will be remarketed on the fifth business day immediately preceding the purchase contract settlement date. If such remarketing is not successful, remarketings will also be attempted on the fourth business day immediately preceding the purchase contract settlement date, and, if necessary, the third business day immediately preceding the purchase contract settlement date.

Upon a successful remarketing, the portion of the proceeds equal to the aggregate principal amount of the notes remarketed that underlie the Corporate Units will automatically be applied to

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satisfy in full the Corporate Units holders' obligations to purchase our Class A Common Stock under the related stock purchase contracts. If any proceeds remain after satisfying such obligations, the remarketing agent will remit such remaining proceeds to the purchase contract agent for the benefit of the holders. We will pay a separate fee to the remarketing agent for its services, and holders of notes will not in any way be responsible for paying any fee to the remarketing agent.

If the notes have not been successfully remarketed on or prior to the third business day immediately prior to the purchase contract settlement date, either because the remarketing agent cannot obtain a price of at least 100% of the total principal amount of the notes remarketed or because one of the conditions to the remarketing has not been satisfied, holders of all notes will have the right to require us to purchase their notes for an amount equal to the principal amount of their notes, plus accrued and unpaid interest, on the purchase contract settlement date. A holder of Corporate Units will be deemed to have automatically exercised this right with respect to the notes underlying such Corporate Units, unless such holder has settled the related stock purchase contracts with separate cash on or prior to the purchase contract settlement date, and will be deemed to have elected to apply the amount of the proceeds equal to the principal amount of the notes against such holder's obligations to us under the related stock purchase contracts, thereby satisfying such obligations in full. Upon the application of such proceeds, we will deliver to such holder our Class A Common Stock pursuant to the related stock purchase contracts.

## Creation of Treasury Units

At any time on or prior to the seventh business day preceding the purchase contract settlement date, holders of Corporate Units will have the right to substitute a zero coupon U.S. Treasury security with a principal amount equal to that of the notes that mature on , 2007, thereby creating Treasury Units. The Treasury security that underlies the Treasury Units will be pledged to us to secure the holder's obligations under the stock purchase contract. Holders of Treasury Units may recreate Corporate Units at any time on or prior to the seventh business day preceding the purchase contract settlement date by substituting notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made.

The components of the Corporate Units and the Treasury Units are not separately transferable while a part of the unit. Stock purchase contracts are never transferable except as part of a Corporate Unit or Treasury Unit. Notes are not transferable except as part of a Corporate Unit unless they are separated from the Corporate Unit, either through collateral substitution and creation of a Treasury Unit or following settlement of the stock purchase contracts. Treasury securities that are a component of a Treasury Unit are not transferable except as part of such Treasury Unit.

## Notes

Initially, interest on the notes will be payable quarterly at the annual rate of % of the principal amount of the notes, to, but excluding , 2007, the purchase contract settlement date. Holders of Corporate Units will receive their pro rata share of interest payments on the notes underlying their Corporate Units.

Upon a successful remarketing, the reset rate will be the rate determined by the remarketing agent as the interest rate the notes should bear in order for the notes remarketed to have an aggregate market value on the remarketing date of at least 100% of the aggregate principal amount of the notes remarketed. The reset rate may not exceed the maximum rate, if any, permitted by applicable law. Following a reset of the interest rate, the interest rate on the notes will equal the reset rate from, and including, the purchase contract settlement date, to but excluding , 2009, the maturity date of the notes. The interest rate on the notes will not be reset if there is not a successful remarketing and interest will continue to be payable at the initial rate from and including the purchase contract settlement date to but excluding the maturity date of the notes. Following the purchase

contract settlement date, interest will be paid semi-annually, commencing \_\_\_\_\_, 2007, whether or not there has been a successful remarketing.

Prior to the earlier of a successful remarketing and the purchase contract settlement date, the notes are redeemable at our option, in whole but not in part, upon the occurrence and continuance of certain tax events or accounting events. If any such redemption, which we refer to as a special event redemption, occurs, the redemption price for the notes that underlie the Corporate Units will be paid to the collateral agent holding the notes as security for the obligations of the holders under the purchase contracts, who will apply such redemption price to purchase a portfolio of United States Treasury securities. Thereafter, the applicable ownership interests in such Treasury portfolio will replace the notes as a component of the Corporate Units and will be pledged to us. Holders of notes that do not underlie the Corporate Units will receive the redemption price in the special event redemption.

The notes will rank equally and ratably with all of our other unsecured and unsubordinated obligations.

### **Listing**

We intend to apply to list the Corporate Units on The New York Stock Exchange under the symbol "\_\_\_\_\_". Neither the Treasury Units nor the notes will initially be listed, but if they are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we will endeavor to cause the Treasury Units and the notes to be listed on the exchange on which the Corporate Units are listed.

### **Condition on the Offering of the Equity Units**

The offering of the Equity Units is conditioned upon the completion of this offering and the concurrent offering of our Series A Preferred Stock and this offering is conditioned upon the completion of the offering of the Equity Units and the concurrent offering of our Series A Preferred Stock.

### **Accounting Treatment**

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

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

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

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## **Description of Certain Indebtedness**

In this description, the words "we," "us" and "our" refer only to Genworth and not to any of its subsidiaries.

### **Short-term Intercompany Note**

As part of the consideration for the assets to be transferred to us in connection with our corporate reorganization, we will issue to GEFAHI the \$2.4 billion Short-term Intercompany Note that matures on \_\_\_\_\_, 2004.

### **Contingent Note**

As part of the consideration for the assets to be transferred to us in connection with our corporate reorganization, we will issue to GEFAHI the \$550 million Contingent Note, which is a non-interest-bearing note that matures on the first anniversary of the completion of this offering. The Contingent Note will be a general unsecured obligation of our company and will be subordinated in right of payment to all of our existing and future senior indebtedness. The note will be repaid solely to the extent that statutory contingency reserves from our U.S. mortgage insurance business in excess of \$150 million are released and paid to us as a dividend by the first anniversary of the completion of this offering. The release of these reserves and payment of the dividend by our U.S. mortgage insurance business to us are subject to statutory limitations, regulatory approval and the absence of any impact on our financial ratings, including both insurance subsidiary financial strength ratings and our credit ratings. We will be required to use reasonable best efforts to obtain all regulatory approvals that are required for our principal U.S. mortgage insurance subsidiary to release statutory contingency reserves and declare and pay a dividend to us to satisfy the repayment of the Contingent Note. Once we have obtained the required regulatory approvals and rating agency affirmations, GEFAHI has the right to require repayment of the note prior to the maturity date. If regulatory approval has been obtained by the anniversary date, but our financial ratings have not been affirmed, the Contingent Note may be extended at GEFAHI's option for a period up to 12 months from the anniversary date, if necessary, to obtain rating agency affirmation. If rating agency affirmation of our financial ratings is not obtained during this extended period, the Contingent Note will be canceled. Any portion of the Contingent Note that is not repaid by the first anniversary of the completion of this offering or the extended term, if applicable, will be canceled. We will record any portion of the Contingent Note that is canceled as a capital contribution.

### **Short-term Revolving Credit Facility**

Concurrently with the completion of this offering, we will enter into a \$2.4 billion short-term revolving credit facility with a syndicate of banks. We will borrow the entire amount available under that facility prior to the completion of this offering to repay the \$2.4 billion Short-term Intercompany Note. We intend to repay the lenders under the short-term revolving credit facility with proceeds from the issuance of senior notes and commercial paper, both of which we intend to complete shortly after the completion of this offering.

### **New Senior Notes**

Shortly after the completion of this offering, we intend to offer an aggregate principal amount of approximately \$1.9 billion of senior notes in a public offering. The senior notes offering will be made pursuant to a separate prospectus. We will issue the senior notes in multiple series of varying maturities.

The senior notes will be unsecured obligations of Genworth, equal in right of payment with all other existing and future unsecured and unsubordinated indebtedness of Genworth and senior in right

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of payment to any future subordinated indebtedness of Genworth. The senior notes will not be convertible into any other security or be entitled to the benefit of any sinking fund.

The senior notes will not be redeemable prior to maturity except that the senior notes will be redeemable as a result of certain changes in the tax laws of the United States.

The senior notes indenture will contain covenants that, among other things, will restrict our ability to engage in mergers, consolidations and transfers of substantially all of our assets. The senior notes indenture will also include various events of default customary for such type of agreements, such as failure to pay principal and interest when due on the senior notes, cross defaults on other indebtedness and certain events of bankruptcy, insolvency and reorganization.

We intend to apply to list the senior notes on The New York Stock Exchange under the symbol " ."

We intend to apply the net proceeds from the offering of senior notes to the repayment of the short-term revolving credit facility.

### **Commercial Paper Facility**

Shortly after the completion of this offering, we intend to establish a \$1 billion commercial paper program and to issue approximately \$500 million in commercial paper from that program. We intend to apply the net proceeds from the issuance of commercial paper to the repayment of the short-term revolving credit facility. Issuance of commercial paper in excess of \$500 million outstanding at any one time 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. See "Description of Capital Stock—Approval Rights of Holders of Class B Common Stock."

### **New Credit Facilities**

We intend to enter into revolving lines of credit with unaffiliated banks after the completion of this offering. We currently expect these to consist of a \$1 billion short-term facility and a \$1 billion medium-term facility. Our ability to borrow under these facilities 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. See "Description of Capital Stock—Approval Rights of Holders of Class B Common Stock."

## Yen Notes

In June 2001, GEFAHI sold ¥60 billion of 1.6% notes due June 20, 2011 in a public offering. These notes were issued under an indenture dated June 26, 2001 between GEFAHI and The Chase Manhattan Bank, as Trustee. Pursuant to the terms of the indenture, we will assume all obligations under the indenture and these notes in connection with our corporate reorganization and the transfer of substantially all of GEFAHI's assets to us. GEFAHI will be released from all its obligations under the indenture and the notes.

These existing senior notes constitute unsecured senior indebtedness and are senior in right of payment to all our existing and future subordinated indebtedness and will be *pari passu* with the new senior notes. The notes are not subject to redemption prior to maturity or to any sinking fund, except that the notes are redeemable as a result of certain changes in the tax laws of the U.S. The indenture contains covenants that, among other things, will restrict our ability to engage in mergers, consolidations and transfers of substantially all of our assets.

We have entered into arrangements with Morgan Stanley Derivative Products Inc. to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of \$491 million and bearing interest at a rate of 4.84% per annum.

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## Shares Eligible for Future Sale

Sales of substantial amounts of our common stock in the public market after the offering or the perception that such sales could occur could adversely affect the market price of our common stock and our ability to raise equity capital in the future on terms favorable to us. We can make no prediction as to the effect, if any, that market sales of shares of common stock or the availability of shares of common stock for sale will have on the market price prevailing from time to time. We intend to list our Class A Common Stock on The New York Stock Exchange under the symbol "GNW." The Class B Common Stock will not be listed on any stock exchange.

## Sale of Restricted Shares

Upon completion of this offering, we will have outstanding            million shares of Class A Common Stock and            million shares of Class B Common Stock (assuming the underwriters' over-allotment option is not exercised). All the shares of Class A Common Stock sold in the offering will be freely tradable without restriction or further registration under the Securities Act of 1933, except for any shares purchased by or owned by our "affiliates," as that term is defined in Rule 144 under the Securities Act of 1933. As defined in Rule 144, an affiliate of an issuer is a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the issuer. Shares held by affiliates may not be resold in the absence of registration under the Securities Act of 1933 or pursuant to an exemption from registration, including, among others, the exemption provided by Rule 144 under the Securities Act of 1933. Approximately    of our shares of Class A Common Stock will be beneficially owned by our officers, directors and other affiliates immediately after the completion of this offering.

Upon completion of this offering, GE will beneficially own approximately    % of our outstanding common stock (consisting of 100% of our outstanding shares of Class B Common Stock and no shares of Class A Common Stock), if the underwriters' over-allotment option is not exercised. This offering is the first step in GE's plan to dispose of more than 50% by value of its interest in us. GE's transfer of assets to us has been structured to qualify for the election under section 338 of the Internal Revenue Code, and GE has received a ruling from the U.S. Internal Revenue Service that the transfer will qualify for that election provided that certain conditions are met. Among those conditions is that GE must complete its disposition of more than 50% by value of its interest in Genworth within two years after the completion of this offering. GE has informed us that its failure to satisfy this condition and to qualify for the tax election would result both in significant additional tax liability for GE and in elimination of the section 338 benefit (and our associated liability) that is the subject of the Tax Matters Agreement, as discussed under "Arrangements Between GE and Our Company—Relationship with GE—Tax Matters Agreement." Accordingly, GE has informed us that it fully intends to and expects to meet this condition and has adopted a Plan of Divestiture under which it will effect the divestiture of more than 50% of our stock. Although GE currently expects this divestiture to be effected through one or more additional public offerings of our common stock after this offering, if for any reason those additional public offerings are not completed or are not expected to satisfy the divestiture condition of the tax ruling and as called for in the Plan of Divestiture or if GE for any other reason decides to pursue an alternative method of disposition, GE has informed us that it intends to implement alternative methods to divest of our common stock in order to carry out the Plan of Divestiture and satisfy the condition.

We are unable to predict whether significant numbers of shares will be sold in the open market or otherwise in anticipation of or following any sales of our shares by GE.

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## Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned for at least one year shares of common stock that are restricted securities would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- 1% of the number of shares of common stock then outstanding or approximately \_\_\_\_\_ shares of common stock immediately after this offering; or
- the average weekly trading volume of the common stock on The New York Stock Exchange during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales under Rule 144 are also subject to certain restrictions on the manner of sale, certain notice requirements, and the availability of current public information about us.

Under Rule 144(k), a person who has not been one of our affiliates at any time during the three months before a sale, and who has beneficially owned the restricted shares for at least two years, is entitled to sell the shares immediately after the date of this prospectus without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

## Lock-up Agreements

We, our executive officers and directors and GEFAHI have agreed with the underwriters pursuant to lock-up agreements that, subject to limited exceptions described in "Underwriters," for a period of 180 days after the date of this prospectus, we and they will not directly or indirectly, offer, pledge, sell, contract to sell, sell any option or contract to purchase or otherwise dispose of any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, or in any manner transfer all or a portion of the economic consequences associated with the ownership of shares of common stock, or cause a registration statement covering any shares of common stock to be filed, without the prior written consent of Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. The underwriters do not have any present intention or arrangement to release any shares of common stock subject to lock-up agreements prior to the expiration of the lock-up period.

## Registration Rights

As described in "Arrangements Between GE and Our Company—Relationship with GE—Registration Rights Agreement," we will enter into a registration rights agreement with GE. We do not have any other contractual obligations to register our common stock.

## Certain United States Federal Tax Consequences for Non-U.S. Holders of Common Stock

This section summarizes certain material U.S. federal income and, to a limited extent, certain U.S. federal estate tax consequences to Non-U.S. Holders of the purchase, ownership and disposition of our common stock. A "Non-U.S. Holder" is a beneficial owner of our common stock that holds such stock as a capital asset and is generally an individual, corporation, estate or trust other than:

- an individual who is a citizen or resident of the U.S.;
- a corporation (or an entity taxed as a corporation for U.S. federal income tax purposes) created or organized in the U.S. or under the laws of the U.S. or of any subdivision thereof;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; and
- a trust if a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If a partnership holds common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Special rules may apply if a Non-U.S. holder is a "controlled foreign corporation," "passive foreign investment company" or "foreign personal holding company," as defined under the Code, and to certain expatriates or former long-term residents of the United States. If you fall within any of the foregoing categories, you should consult your own tax advisor to determine the United States federal, state, local and foreign tax consequences that may be relevant to you.

This summary does not describe all of the U.S. federal income tax consequences that may be relevant to the purchase, ownership and disposition of our common stock by a prospective Non-U.S. Holder in light of that investor's particular circumstances. In addition, this summary does not address alternative minimum taxes or state, local or foreign taxes.

This section is based upon the Internal Revenue Code of 1986, as amended (the "Code"), judicial decisions, final, temporary and proposed Treasury regulations, published rulings and other administrative pronouncements, changes to any of which subsequent to the date of this prospectus may affect the tax consequences described herein, possibly with retroactive effect.

**Please consult your own tax adviser as to the tax consequences of purchasing, holding and disposing of our common stock in your particular circumstances under the Code and the laws of any other taxing jurisdiction.**

## **U.S. Trade or Business Income**

For purposes of the discussion below, dividends and gains on the sale, exchange or other disposition of our common stock will be considered to be "U.S. trade or business income" if such income or gain is:

- effectively connected with the Non-U.S. Holder's conduct of a U.S. trade or business; or
- in the case of a treaty resident, attributable to a U.S. permanent establishment (or, in the case of an individual, a fixed base) maintained by the Non-U.S. Holder in the U.S.

Generally, U.S. trade or business income is subject to U.S. federal income tax on a net income basis at regular graduated U.S. federal income tax rates. Any U.S. trade or business income received by a Non-U.S. Holder that is a corporation also may, under specific circumstances, be subject to an

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additional "branch profits tax" at a 30% rate (or a lower rate that may be specified by an applicable tax treaty).

## **Dividends**

Dividends, if any, that are paid to a Non-U.S. Holder of our common stock generally will be subject to withholding of U.S. federal income tax at a 30% rate (or a lower rate that may be specified by an applicable tax treaty). However, dividends that are U.S. trade or business income are not subject to the withholding tax. To claim an exemption from withholding in the case of U.S. trade or business income, or to claim the benefits of an applicable tax treaty, a Non-U.S. Holder must provide us or our paying agent with a properly executed IRS Form W-8ECI (in the case of U.S. trade or business income) or IRS Form W-8BEN (in the case of a treaty), or any successor form that the Internal Revenue Service designates, as applicable, prior to the payment of the dividends. The information provided in these IRS forms must be periodically updated. In certain circumstances, a Non-U.S. Holder who is claiming the benefits of an applicable tax treaty may be required (a) to obtain and to provide a U.S. taxpayer identification number or (b) to provide certain documentary evidence issued by governmental authorities of a foreign country to prove the Non-U.S. Holder's residence in that country. Also, Treasury regulations provide special procedures for payments of dividends through qualified intermediaries.

## **Sale or Exchange of Our Common Stock**

Except as described below and subject to the discussion below concerning backup withholding, any gain realized by a Non-U.S. Holder on the sale or exchange of our common stock generally will not be subject to U.S. federal income or withholding tax, unless:

- the gain is U.S. trade or business income;
- subject to certain exceptions, the Non-U.S. Holder is an individual who is present in the U.S. for 183 days or more in the taxable year of the disposition and meets certain other requirements; or
- we are or have been a "U.S. real property holding corporation" (a "USRPHC") for U.S. federal income tax purposes at any time during the shorter of the five-year period ending on the date of disposition of our common stock and the Non-U.S. Holder's holding period for our common stock.

The tax relating to stock in a USRPHC does not apply to a Non-U.S. Holder whose holdings, actual and constructive, amount to 5% or less of our common stock at all times during the applicable period, provided that our common stock is regularly traded on an established securities market. As of the date of this offering, our common stock will be traded on an established securities market.

Generally, a corporation is a USRPHC if the fair market value of its "U.S. real property interests" equals 50% or more of the sum of the fair market values of (a) its worldwide real property interests and (b) its other assets used or held for use in a trade or business. We believe that we

have not been and are not currently a USRPHC for U.S. federal income tax purposes, nor do we anticipate becoming a USRPHC in the future. However, no assurance can be given that we will not become a USRPHC. Non-U.S. Holders are urged to consult their tax advisers to determine the application of these rules to their disposition of our common stock.

## Federal Estate Taxes

Common stock owned or treated as owned by an individual who is a Non-U.S. Holder (as specifically defined for U.S. federal estate tax purposes) at the time of death will be included in the individual's gross estate for U.S. federal estate tax purposes and may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

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## Information Reporting Requirements and Backup Withholding

We must report annually to the Internal Revenue Service and to each Non-U.S. Holder any dividend that is paid to the Non-U.S. Holder. Copies of these information returns also may be made available under the provisions of a treaty or other agreement to the tax authorities of the country in which a Non-U.S. Holder resides. Treasury regulations provide that the backup withholding tax on such dividends (currently at a rate of 28%), as well as certain information reporting requirements, will not apply to dividends paid on our common stock if (a) the Non-U.S. Holder, prior to payment, provides a properly executed IRS Form W-8BEN certifying that the Non-U.S. Holder is not a U.S. person, or otherwise establishes an exemption, and (b) neither we nor our paying agent have actual knowledge, or reason to know, that the Non-U.S. Holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied.

The payment of the gross proceeds from the sale, exchange or other disposition of our common stock to or through the U.S. office of any broker, U.S. or foreign, will be subject to information reporting and possible backup withholding unless (a) the Non-U.S. Holder, prior to payment, certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption, and (b) the broker does not have actual knowledge, or reason to know, that the Non-U.S. Holder is a U.S. person or that the conditions of any other exemption are not, in fact, satisfied. The payment of the gross proceeds from the sale, exchange or other disposition of our common stock to or through a non-U.S. office of a non-U.S. broker will not be subject to information reporting or backup withholding unless the non-U.S. broker has certain types of relationships with the U.S. that render the broker a "U.S.-related person." In the case of the payment of the gross proceeds from the sale, exchange or other disposition of our common stock to or through a non-U.S. office of a broker that is either a U.S. person or a U.S.-related person, Treasury regulations require information reporting (but not backup withholding) on the payment unless (a) the broker, prior to payment, has documentary evidence in its files that the owner is a Non-U.S. Holder, and (b) the broker has no knowledge, or reason to know, to the contrary.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against the Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is provided to the Internal Revenue Service.

**The preceding discussion of certain material U.S. federal income and estate tax consequences is general information only and is not tax advice. Accordingly, each Non-U.S. Holder should consult that Non-U.S. Holder's own tax adviser as to the particular tax consequences to it of purchasing, holding or disposing of our common stock, including the applicability and effect of any state, local or Non-U.S. tax laws, and of any changes or proposed changes in applicable law.**

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## Underwriters

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. are acting as representatives, have severally agreed to purchase, and GEFAHI, the selling stockholder, has agreed to sell to them, severally, the number of shares of Class A Common Stock indicated below:

Name	Number of Shares
Morgan Stanley & Co. Incorporated Goldman, Sachs & Co.	

Total

Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co. are the joint book-running managers of this offering.

The underwriters are offering the shares of Class A Common Stock subject to their acceptance of the shares from the selling stockholder and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of Class A Common Stock offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. These conditions include a condition that the offerings of our Equity Units and Series A Preferred Stock be consummated concurrently with this offering. The underwriters are obligated to take and pay for all of the shares of Class A Common Stock offered by this prospectus if any such shares are taken. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the shares of Class A Common Stock directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of \$ \_\_\_\_\_ a share under the public offering price. Any underwriter may allow, and such dealers may reallow, a concession not in excess of \$ \_\_\_\_\_ a share to other underwriters or to certain dealers. After the initial offering of the shares of Class A Common Stock, the offering price and other selling terms may from time to time be varied by the representatives.

The selling stockholder has granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of \_\_\_\_\_ additional shares of Class A Common Stock at the public offering price set forth on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the shares of Class A Common Stock offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional shares of Class A Common Stock as the number listed next to the underwriter's name in the preceding table bears to the total number of shares of Class A Common Stock listed next to the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be \$ \_\_\_\_\_, the total underwriters' discounts and commissions would be \$ \_\_\_\_\_ and total proceeds to the selling stockholder would be \$ \_\_\_\_\_.

The underwriting discounts and commissions will be determined by negotiations among the selling stockholder and the representatives and are a percentage of the offering price to the public. Among the

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factors to be considered in determining the discounts and commissions will be the size of the offering, the nature of the security to be offered and the discounts and commissions charged in comparable transactions. The estimated offering expenses are approximately \$ \_\_\_\_\_, which includes legal, accounting and printing costs and various other fees associated with registering and listing the Class A Common Stock. All offering expenses will be payable by GE.

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed five percent of the total number of shares of Class A Common Stock offered by them.

Prior to this offering, there has been no public market for our Class A Common Stock. We intend to apply to list the Class A Common Stock on The New York Stock Exchange under the symbol "GNW."

A prospectus in electronic format may be made available on web sites maintained by one or more underwriters. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the joint book-running managers to underwriters that may make Internet distributions on the same basis as other allocations.

Each of Genworth, the selling stockholder, and the directors and executive officers of our company has agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated and Goldman, Sachs & Co., on behalf of the underwriters, it will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock;
- file or cause to be filed any registration statement with the SEC relating to the offering of any shares of common stock or any securities convertible into or exercisable or exchangeable for common stock; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock;

whether any such transaction described above is to be settled by delivery of common stock or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of shares of Class A Common Stock to the underwriters;
- the sale of Equity Units to the underwriters of the concurrent offering or the issuance by us of Class A Common Stock pursuant to the conversion of the Equity Units;
- the grant by us of stock options, restricted stock or other awards pursuant to our benefit plans as described in this prospectus, provided that such options, restricted stock or awards do not become exercisable or vest during such 180-day period;
- the issuance by us of shares of Class A Common Stock in connection with the acquisition of another corporation or entity or the acquisition of assets or properties of any such corporation or entity, so long as the aggregate amount of such issuances does not exceed \$500 million and each of the recipients of the Class A Common Stock agrees in writing to be bound by the restrictions described in this paragraph for the remainder of such 180-day period;
- the private transfer by the selling stockholder of restricted shares of common stock, so long as the recipient of such common stock agrees in writing to be bound by the restrictions described in this paragraph for the remainder of such 180-day period;

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- the issuance by us of shares of common stock upon the exercise of an option or a warrant or the conversion of a security outstanding upon completion of this offering and which is described in this prospectus of which the underwriters have been advised in writing (including, without limitation, the conversion of GE stock options and restricted stock into our restricted stock units as described in this prospectus);
  - transactions by any person other than us relating to shares of common stock or other securities acquired in open market transactions after the closing of the offering of the shares; or
  - the filing of a registration statement on Form S-8 relating to the issuance of stock options, restricted stock and other awards pursuant to our benefit plans as described in this prospectus.

The 180-day restricted period described above is subject to extension such that, in the event that either (1) during the last 17 days of the 180-day restricted period, we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day period, the "lock-up" restrictions described above subject to limited exceptions, will continue to apply until the expiration of the 18-day period beginning on the earnings release or the occurrence of the material news or material event.

In order to facilitate the offering of the Class A Common Stock, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Class A Common Stock. Specifically, the underwriters may sell more shares than they are obligated to purchase under the underwriting agreement, creating a short position. A short sale or position may be either "covered" or "naked." A short sale is covered if the aggregate short position is no greater than the number of shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing shares in the open market. In determining the source of shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of shares compared to the price available under the over-allotment option. The underwriters may also sell shares in excess of the over-allotment option, creating a naked short position to the extent of the excess. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A Common Stock in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, shares of Class A Common Stock in the open market to stabilize the price of the Class A Common Stock. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the Class A Common Stock in the offering, if the syndicate repurchases previously distributed Class A Common Stock to cover syndicate short positions or to stabilize the price of the Class A Common Stock. These activities may raise or maintain the market price of the Class A Common Stock above independent market levels or prevent or retard a decline in the market price of the Class A Common Stock. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

Each underwriter has represented, warranted and agreed that: (i) it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any shares of Class A Common Stock to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA"))

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received by it in connection with the issue or sale of any shares in circumstances in which section 21(1) of the FSMA does not apply to the issuer; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares of Class A Common Stock in, from or otherwise involving the United Kingdom.

Neither we nor the selling stockholder has authorized any offer of the Class A Common Stock to the public in Belgium. The offering is exclusively conducted under applicable private placement exemptions and, therefore, it has not been notified to, and the prospectus or any other offering material relating to the Class A Common Stock has not been approved by, the Belgium Banking and Finance Commission (Commission Bancaire et Financière/Commissie voor het Bank- en Financiewezen). Accordingly, the offering may not be advertised and no offers, sales, resales, transfers or deliveries of the Class A Common Stock or any distributions of the prospectus or any other offering material relating to the Class A Common Stock may be made directly or indirectly, to any individual or legal entity in Belgium other than: (i) investors required to invest a minimum of €250,000 (per investor and per transaction); (ii) institutional investors as defined in Article 3, 2°, of Belgian Royal Decree of 7 July 1999 on the public character of financial transactions, acting for their own account; and (iii) persons for which the acquisition of the Class A Common Stock subject to the offering is necessary to enable them to exercise their professional activity.

The shares of Class A Common Stock may not be offered or sold by means of any document other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong, and no advertisement, invitation or document relating to the shares of Class A Common Stock may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Each underwriter has acknowledged and agreed that the securities have not been registered under the Securities and Exchange Law of Japan and are not being offered or sold and may not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan, except: (i) pursuant to an exemption from the registration requirements of the Securities and Exchange Law of Japan and (ii) in compliance with any other applicable requirements of Japanese law.

The shares of Class A Common Stock may not be offered, transferred or sold in the Netherlands to any person other than to natural or legal persons who trade or invest in securities in the conduct of their profession or trade within the meaning of section 2 of the Exemption Regulation pursuant to The Netherlands Securities Market Supervision Act 1995 ( *Vrijstellingsregeling Wet toezicht effectenverkeer 1995* ), which includes banks, securities intermediaries (including dealers and brokers), insurance companies, central governments, large international and supranational institutions, pension funds, other institutional investors and commercial enterprises which, as an ancillary activity, regularly invest in securities in the conduct of a business or a profession.

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than under circumstances in which such offer, sale or invitation does not constitute an offer or sale, or invitation for subscription or purchase, of the shares to the public in Singapore.

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From time to time, the underwriters or their affiliates have provided, and continue to provide, investment banking and other financial services to GE, us and other GE affiliates in the ordinary course of business.

We, the selling stockholder and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act of 1933.

### **Pricing of the Offering**

Prior to this offering, there has been no public market for the shares of Class A Common Stock. The initial public offering price will be determined by negotiations among Genworth, the selling stockholder and the representative of the underwriters. Among the factors to be considered in determining the initial public offering price will be the future prospects of our company and our industry in general, sales, earnings and certain other financial operating information of our company in recent periods, and the price-earnings ratios, price-to-book-value ratios, market prices of comparable companies and certain financial and operating information of companies engaged in activities similar to those of our company. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

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## Legal Matters

The validity of the shares of Class A Common Stock offered hereby will be passed upon for us by Weil, Gotshal & Manges LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Davis Polk & Wardwell, New York, New York.

## Experts

The combined financial statements and schedule for Genworth Financial, Inc. as of December 31, 2003 and 2002, and for each of the years in the three-year period ended December 31, 2003 have been included herein in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing. The audit report refers to a change in accounting for variable interest entities in 2003, goodwill and other intangible assets in 2002, and derivative instruments and hedging activities in 2001.

The statement of financial position of Genworth Financial, Inc. as of December 31, 2003 has been included herein in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

## Additional Information

We have filed with the SEC a registration statement on Form S-1 with respect to the Class A Common Stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all the information set forth in the registration statement or the exhibits and schedules that are part of the registration statement. For further information with respect to us and our Class A Common Stock, reference is made to the registration statement and exhibits and schedules thereto. You may read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>.

Upon completion of this offering, we will become subject to the information and periodic reporting requirements of the Securities Exchange Act of 1934 and file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information are available for inspection and copying at the SEC's public reference rooms and the website of the SEC referred to above.

You should rely only on the information contained in this prospectus. Neither we, nor the selling stockholder, nor the underwriters, have authorized anyone to provide you with information different from that contained in this prospectus. The selling stockholder is offering to sell and seeking offers to buy shares of Class A Common Stock only in jurisdictions where offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of the sale of Class A Common Stock.

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WHEN THE TRANSACTIONS REFERRED TO IN NOTE 1 OF THE NOTES TO THE COMBINED FINANCIAL STATEMENTS HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING REPORT.

/s/ KPMG LLP

### Independent Auditors' Report

The Board of Directors  
Genworth Financial, Inc.:

We have audited the accompanying combined statement of financial position of Genworth Financial, Inc. (the "Company") as of December 31, 2003 and 2002, and the related combined statements of earnings, stockholder's interest, and cash flows for each of the years in the three-year period ended December 31, 2003. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Genworth Financial, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 to the combined financial statements, the Company changed its method of accounting for variable interest entities in 2003, its method of accounting for goodwill and other intangible assets in 2002, and its method of accounting for derivative instruments and hedging activities in 2001.

Richmond, Virginia  
February 6, 2004, except as to  
note 1, which is as of \_\_\_\_\_, 2004

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### Genworth Financial, Inc.

### Combined Statement of Earnings

(Dollar amounts in millions)

	Years Ended December 31,		
	2003	2002	2001
Revenues:			
Premiums	\$ 6,703	\$ 6,107	\$ 6,012
Net investment income	4,015	3,979	3,895
Net realized investment gains	10	204	201
Policy fees and other income	943	939	993
	<u>11,671</u>	<u>11,229</u>	<u>11,101</u>
Total revenues			
Benefits and expenses:			
Benefits and other changes in policy reserves	5,232	4,640	4,474
Interest credited	1,624	1,645	1,620
Underwriting, acquisition, and insurance expenses, net of deferrals	1,942	1,808	1,823

Amortization of deferred acquisition costs and intangibles	1,351	1,221	1,237
Interest expense	140	124	126
	<u>          </u>	<u>          </u>	<u>          </u>
Total benefits and expenses	10,289	9,438	9,280
	<u>          </u>	<u>          </u>	<u>          </u>
Earnings from continuing operations before income taxes and accounting changes	1,382	1,791	1,821
Provision for income taxes	413	411	590
	<u>          </u>	<u>          </u>	<u>          </u>
Net earnings from continuing operations before accounting changes	969	1,380	1,231
Net earnings (loss) from discontinued operations	186	(206)	180
Loss on sale of discontinued operations	(74)	—	—
	<u>          </u>	<u>          </u>	<u>          </u>
Net earnings before accounting changes	1,081	1,174	1,411
Cumulative effect of accounting changes, net of taxes	—	—	(15)
	<u>          </u>	<u>          </u>	<u>          </u>
Net earnings	\$ 1,081	\$ 1,174	\$ 1,396
	<u>          </u>	<u>          </u>	<u>          </u>
Pro forma earnings per share:			
Basic	<u>          </u>	<u>          </u>	<u>          </u>
Diluted	<u>          </u>	<u>          </u>	<u>          </u>

See Notes to Combined Financial Statements

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**Genworth Financial, Inc.**

**Combined Statement of Financial Position**

**(Dollar amounts in millions)**

	December 31,	
	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Investments:		
Fixed maturities available-for-sale, at fair value	\$ 65,485	\$ 60,797
Equity securities available-for-sale, at fair value	600	1,295
Mortgage and other loans, net of valuation allowance of \$50 and \$45	6,114	5,302
Policy loans	1,105	983
Short-term investments	531	833
Other invested assets	3,789	2,870
	<u>          </u>	<u>          </u>
Total investments	77,624	72,080
Cash and cash equivalents	1,982	1,569
Accrued investment income	1,247	1,245
Deferred acquisition costs	5,788	5,332
Intangible assets	1,346	1,592
Goodwill	1,728	1,702
Reinsurance recoverable	2,334	2,202
Other assets	2,004	2,073
Consolidated, liquidating securitization entities	1,134	—
Separate account assets	8,244	7,484
Assets associated with discontinued operations	—	22,078

Total assets	\$ 103,431	\$ 117,357
<b>Liabilities and Stockholder's Interest</b>		
Liabilities:		
Future annuity and contract benefits	\$ 59,257	\$ 56,538
Liability for policy and contract claims	3,207	3,014
Unearned premiums	3,616	3,007
Other policyholder liabilities	465	636
Other liabilities	6,992	6,504
Non-recourse funding obligations	600	—
Short-term borrowings	2,239	1,850
Long-term borrowings	529	472
Deferred income taxes	1,405	1,088
Consolidated, liquidating securitization entities	1,077	—
Separate account liabilities	8,244	7,484
Liabilities associated with discontinued operations	—	20,012
Total liabilities	87,631	100,605
Commitments and contingencies		
Stockholder's interest:		
Paid-in capital	8,377	8,079
Accumulated nonowner changes in stockholder's interest		
Net unrealized investment gains	1,518	1,218
Derivatives qualifying as hedges	(5)	(98)
Foreign currency translation adjustments	159	(285)
Total accumulated nonowner changes in stockholder's interest	1,672	835
Retained earnings	5,751	7,838
Total stockholder's interest	15,800	16,752
Total liabilities and stockholder's interest	\$ 103,431	\$ 117,357

See Notes to Combined Financial Statements

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**Genworth Financial, Inc.**

**Combined Statement of Stockholder's Interest**

**(Dollar amounts in millions)**

	Paid-in capital	Accumulated nonowner changes in stockholder's interest	Retained earnings	Total stockholder's interest
Balances at January 1, 2001	\$ 7,941	\$ (424)	\$ 5,470	\$ 12,987
Changes other than transactions with stockholder:				

Net earnings	—	—	1,396	1,396
Net unrealized gains (losses) on investment securities	—	(55)	—	(55)
Cumulative effect on adoption of SFAS 133	—	(351)	—	(351)
Derivatives qualifying as hedges	—	183	—	183
Foreign currency translation adjustments	—	(17)	—	(17)
Total changes other than transactions with stockholder	—	—	—	1,156
Contributed capital	53	—	—	53
Dividends declared	—	—	(31)	(31)
Balances at December 31, 2001	7,994	(664)	6,835	14,165
Changes other than transactions with stockholder:				
Net earnings	—	—	1,174	1,174
Net unrealized gains (losses) on investment securities	—	1,514	—	1,514
Derivatives qualifying as hedges	—	70	—	70
Foreign currency translation adjustments	—	(85)	—	(85)
Total changes other than transactions with stockholder	—	—	—	2,673
Contributed capital	85	—	—	85
Dividends declared	—	—	(171)	(171)
Balances at December 31, 2002	8,079	835	7,838	16,752
Changes other than transactions with stockholder:				
Net earnings	—	—	1,081	1,081
Net unrealized gains (losses) on investment securities	—	300	—	300
Derivatives qualifying as hedges	—	93	—	93
Foreign currency translation adjustments	—	444	—	444
Total changes other than transactions with stockholder	—	—	—	1,918
Contributed capital	298	—	—	298
Dividends declared	—	—	(3,168)	(3,168)
Balances at December 31, 2003	\$ 8,377	\$ 1,672	\$ 5,751	\$ 15,800

See Notes to Combined Financial Statements

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**Genworth Financial, Inc.**

**Combined Statement of Cash Flows**

**(Dollar amounts in millions)**

	Years Ended December 31,		
	2003	2002	2001
Cash flows from operating activities:			
Net earnings	\$ 1,081	\$ 1,174	\$ 1,396
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Accretion (amortization) of investment discounts and premiums	18	(5)	(70)
Net realized investment gains	(10)	(204)	(201)
Charges assessed to policyholders	(295)	(198)	(312)
Acquisition costs deferred	(1,758)	(1,906)	(1,721)
Amortization of deferred acquisition costs and intangibles	1,351	1,221	1,237

Deferred income taxes	(63)	(55)	307
Corporate overhead allocation	36	31	27
Cumulative effect of accounting changes, net of taxes	—	—	15
Net (earnings) loss from discontinued operations	(186)	206	(180)
Net loss from sale of discontinued operations	74	—	—
Change in certain assets and liabilities:			
Accrued investment income and other assets	(136)	(223)	33
Insurance reserves	3,105	3,218	2,403
Other liabilities and other policy-related balances	499	1,624	(705)
	<u>3,716</u>	<u>4,883</u>	<u>2,229</u>
Cash provided by operating activities			
Cash flows from investing activities:			
Proceeds from maturities and repayments of investments:			
Fixed maturities	8,198	5,999	4,827
Mortgage, policy and other loans	1,711	533	979
Other invested assets	73	9	4
Proceeds from sales and securitizations of investments:			
Fixed maturities and equity securities	16,253	22,266	18,428
Other invested assets	110	74	158
Purchases and originations of investments:			
Fixed maturities and equity securities	(26,597)	(33,004)	(30,133)
Mortgage, policy and other loans	(2,653)	(1,438)	(1,100)
Other invested assets	(248)	(236)	(202)
Dividends received from discontinued operations	495	62	—
Payments for businesses purchased, net of cash acquired	44	(61)	(90)
Proceeds from sale of discontinued operations	1,631	—	—
Short-term investment activity, net	302	(729)	61
	<u>(681)</u>	<u>(6,525)</u>	<u>(7,068)</u>
Cash used in investing activities			
Cash flows from financing activities:			
Proceeds from issuance of investment contracts	8,262	9,749	10,507
Redemption and benefit payments on investment contracts	(8,994)	(7,279)	(5,882)
Proceeds from short-term borrowings	1,300	2,747	2,834
Payments on short-term borrowings	(927)	(3,036)	(2,794)
Proceeds from non-recourse funding obligations	600	—	—
Proceeds from long-term borrowings	—	—	488
Net commercial paper borrowings (repayments)	16	212	(551)
Dividend paid to stockholder	(3,232)	(132)	(6)
Capital contribution received from stockholder	261	32	31
	<u>(2,714)</u>	<u>2,293</u>	<u>4,627</u>
Cash (used in) provided by financing activities			
Effect of exchange rate changes on cash and cash equivalents	92	37	26
	<u>413</u>	<u>688</u>	<u>(186)</u>
Net increase (decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	1,569	881	1,067
	<u>\$ 1,982</u>	<u>\$ 1,569</u>	<u>\$ 881</u>
Cash and cash equivalents at end of year			

See Notes to Combined Financial Statements

# Genworth Financial, Inc.

## Notes to Combined Financial Statements

Years Ended December 31, 2003, 2002 and 2001

### (1) Formation of Genworth and Basis of Presentation

Genworth Financial, Inc. ("Genworth") was incorporated in Delaware on October 23, 2003, with 1,000 shares of common stock \$0.01 par value, authorized and issued, in preparation for the corporate reorganization of certain insurance and related subsidiaries of General Electric Company ("GE") and a public offering of Genworth common stock. Genworth is a wholly-owned subsidiary of GE Financial Assurance Holdings, Inc. ("GEFAHI"). GEFAHI is an indirect subsidiary of General Electric Capital Corporation ("GE Capital"), which in turn is an indirect subsidiary of GE. GEFAHI is a holding company for a group of companies that provide life insurance, long-term care insurance, group life and health insurance, annuities and other investment products and U.S. mortgage insurance. Immediately prior to the completion of the offering, Genworth acquired substantially all of the assets and liabilities of GEFAHI. At the same time, Genworth also acquired certain other insurance businesses currently owned by other GE subsidiaries. These businesses include international mortgage insurance, European payment protection insurance, a Bermuda reinsurer, and mortgage contract underwriting.

In consideration for the assets and liabilities Genworth acquired in connection with the corporate reorganization, Genworth issued to GEFAHI shares of its Class B Common Stock, \$600 million of its % Equity Units, \$100 million of its Series A cumulative preferred stock, which is mandatorily redeemable, a \$2.4 billion short-term note, and a \$550 million contingent non-interest-bearing note that matures on the first anniversary of the completion of the offering and will be repaid solely to the extent that statutory contingency reserves from Genworth's mortgage insurance business in excess of \$150 million are released and paid to Genworth as a dividend after the date of the offering. The liabilities Genworth assumed included ¥60 billion aggregate principal amount of 1.6% notes due 2011 issued by GEFAHI. Shares of Class B Common Stock convert automatically into shares of Class A Common Stock when they are held by any person other than GE or an affiliate of GE or when GE no longer beneficially owns at least 10% of our outstanding common stock. As a result, all the shares of common stock offered in Genworth's contemplated initial public offering consist of Class A Common Stock. Genworth's capital structure immediately following the completion of its corporate reorganization will consist of the securities described above, together with the non-recourse funding obligations described in note 14 and the borrowings associated with the consolidated, liquidating securitization entities described in note 2.

The accompanying combined financial statements include the accounts of certain indirect subsidiaries and businesses of GE that represent the predecessor of Genworth. The companies and business included in the predecessor combined financial statements are GEFAHI, Financial Insurance Group Ltd., FIG Ireland Ltd., WorldCover Direct Ltd., RD Plus S.A., CFI Administrators Ltd., Financial Assurance Company Ltd., Financial Insurance Group Services Ltd., Consolidated Insurance Group Ltd., Viking Insurance Co., Ltd., GE Mortgage Insurance Ltd., GE Mortgage Insurance Pty Ltd., GE Mortgage Insurance (Guernsey) Ltd., GE Capital Mortgage Insurance Company Canada, GE Capital Mortgage Insurance Corp. (Australia) Pty Ltd., The Terra Financial Companies, Ltd., GE Capital Insurance Agency, Inc. and GE Residential Connections Corp., and the consumer protection insurance business of Vie Plus S.A. All of the combined companies and Vie Plus S.A. are indirect subsidiaries of GE. We refer to the combined predecessor companies and business as the "Company", "we", "us", or "our" unless the context otherwise requires.

Following completion of the corporate reorganization, as described above, Genworth has million shares of common stock outstanding. Basic and diluted pro forma earnings per share were calculated by dividing net earnings for the year ended December 31, 2003 by million pro forma

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basic shares outstanding and by million pro forma diluted shares outstanding, respectively. Pro forma shares outstanding used in our calculation of pro forma diluted earnings per share increased by shares over the pro forma basic shares outstanding, resulting from million shares of Class A Common Stock available under stock options, based on the treasury stock method.

### (2) Summary of Significant Accounting Policies

Our combined financial statements have been prepared on the basis of accounting principles generally accepted in the United States of America ("U.S. GAAP"). Preparing financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. All significant intercompany accounts and transactions have been eliminated in combination.

#### *a) Nature of Business*

Directly and indirectly through our subsidiaries we sell a variety of insurance and investment-related products in the U.S. and internationally. We have five segments: (i) Protection, (ii) Retirement Income and Investments, (iii) Mortgage Insurance, (iv) Affinity, and (v) Corporate and Other. During 2003, we sold our Japanese life and domestic auto and homeowners' insurance businesses, which are shown as

discontinued operations.

Protection includes life insurance, long-term care insurance and, for companies with fewer than 1,000 employees, group life and health insurance. Protection also includes European consumer payment protection insurance, which helps consumers meet their payment obligations in the event of illness, involuntary unemployment, disability or death.

Retirement Income and Investments includes fixed, variable and income annuities, variable life insurance, asset management and specialized products, including guaranteed investment contracts ("GICs"), funding agreements and structured settlements.

Mortgage Insurance includes mortgage insurance products offered in the U.S., Canada, Australia, and Europe that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages.

Affinity includes life and health insurance and other financial products and services offered directly to consumers through affinity marketing arrangements with a variety of organizations, an institutional asset management business and several other small businesses that are not part of our core ongoing business.

Corporate and Other includes net realized investment gains (losses), interest and other debt financing expenses that are incurred at our holding company level, unallocated corporate income and expenses (including amounts accrued in settlement of class action lawsuits), and the results of several small, non-core businesses that are managed outside our operating segments.

#### *b) Premiums*

For traditional long-duration insurance contracts (including guaranteed renewable term life, life contingent structured settlements and immediate annuities and long term care insurance), we report premiums as earned when due.

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For short-duration insurance contracts (including payment protection insurance), we report premiums as revenue over the terms of the related insurance policies on a pro-rata basis or in proportion to expected claims.

For mortgage insurance contracts, we report premiums over the policy life in accordance with the expiration of risk.

Premiums received under annuity contracts without significant mortality risk and premiums received on investment and universal life products are not reported as revenues but rather as deposits and are included in liabilities for future annuity and contract benefits.

#### *c) Net Investment Income and Net Realized Investment Gains and Losses*

Investment income is recorded when earned. Realized investment gains and losses are calculated on the basis of specific identification. Investment income on mortgage-backed and asset-backed securities is initially based upon yield, cash flow, and prepayment assumptions at the date of purchase. Subsequent revisions in those assumptions are recorded using the retrospective method, whereby the amortized cost of the securities 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.

#### *d) Policy Fees and Other Income*

Policy fees and other income consists primarily of insurance charges assessed on universal life contracts, fees assessed against policyholder account values and commission income. Charges to policyholder accounts for universal life cost of insurance is recognized as revenue when due. Variable product fees are charged to variable annuity and variable life policyholders based upon the daily net assets of the policyholder's account values and are recognized as revenue when charged. Policy surrender fees are recognized as income when the policy is surrendered. Consumer protection package dues are recognized as income over the membership period.

#### *e) Investment Securities*

We have designated all of our investment securities as available-for-sale and report them in our Combined Statement of Financial Position at fair value. We obtain values for actively traded securities from external pricing services. For infrequently traded securities, we obtain quotes from brokers, or we estimate values using internally developed pricing models. These models are based upon common valuation techniques and require us to make assumptions regarding credit quality, liquidity and other factors that affect estimated values. Changes in the fair value of available-for-sale investments, net of the effect on deferred acquisition costs ("DAC"), present value of future profits ("PVFP") and deferred income taxes, are reflected as unrealized investment gains or losses in a separate component of accumulated nonowner changes in stockholder's interest and, accordingly, have no effect on net income.

We regularly review investment securities for impairment in accordance with our policy, which includes both quantitative and qualitative criteria. Quantitative measures include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the

financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. We actively perform comprehensive market research, monitor market conditions and segment our investments by credit risk in order to minimize impairment risks. The risks inherent in reviewing the impairment of any investment security include the risk that market results may differ from expectations; facts and circumstances may change in the future and differ from estimates and assumptions; or we may later decide to sell an investment security before it recovers in value as a result of changed circumstances. If we change our estimate to conclude that a decline in the value of an investment security is other than temporary, we will reflect a charge for the impairment in the period our estimate changes.

*f) Mortgage, Policy and Other Loans*

Mortgage, policy and other loans are stated at the unpaid principal balance of such loans, net of allowances for estimated uncollectible amounts. The allowance for losses is determined on the basis of management's best estimate of probable losses, including specific allowances for known troubled loans, if any.

*g) Cash and Cash Equivalents*

Certificates of deposit, money market funds, and other time deposits with original maturities of less than 90 days are considered cash equivalents in the Combined Statement of Financial Position and Combined Statement of Cash Flows. Items with maturities greater than 90 days but less than one year at the time of acquisition are included in short-term investments.

*h) Securities Lending Activity*

We engage in certain securities lending transactions, which require the borrower to provide collateral, primarily consisting of cash and government securities, on a daily basis, in amounts equal to or exceeding 102% of the fair value of the applicable securities loaned. We maintain effective control over all loaned securities and, therefore, continue to report such securities as fixed maturities in the Combined Statement of Financial Position.

Cash collateral received on securities lending transactions is invested in other invested assets with an offsetting liability recognized in other liabilities for the obligation to return the collateral. Non-cash collateral, such as a security received by us, is not reflected in our assets in the Combined Statement of Financial Position as we have no right to sell or repledge the collateral. The fair value of collateral held and included in other invested assets was \$3.0 billion and \$2.2 billion at December 31, 2003 and 2002, respectively. We had no non-cash collateral at December 31, 2003 and 2002.

*i) Deferred Acquisition Costs (DAC)*

Acquisition costs include costs that vary with and are primarily related to the acquisition of insurance and investment contracts and consumer protection packages. Such costs are deferred and amortized as follows:

*Long-Duration Contracts* — Acquisition costs include commissions in excess of ultimate renewal commissions, solicitation and printing costs, sales material and some support costs, such as underwriting and contract and policy issuance expenses. Amortization for traditional long-duration insurance

products is determined as a level proportion of premium based on commonly accepted actuarial methods and reasonable assumptions established when the contract or policy is issued about mortality, morbidity, lapse rates, expenses and future yield on related investments. Amortization for annuity contracts without significant mortality risk and investment and universal life products is based on estimated gross profits and is adjusted as those estimates are revised.

*Short-Duration Contracts* — Acquisition costs consist primarily of commissions and premium taxes and are amortized ratably over the terms of the underlying policies.

*Consumer Protection Packages* — Acquisition costs, consisting of incremental direct, third party costs, as well as payroll and related costs for the portion of employees who are directly associated with direct-response advertising, are deferred when (1) the purpose of the advertising is

to elicit sales to customers who can be shown to have responded specifically to the advertising, and (2) it is probable that future primary revenues from customers obtained through direct-response advertising will exceed the amount capitalized. Amortization of costs deferred is in proportion to the anticipated revenue to be recognized from club memberships specific to the deferrals, over the expected life of the applicable customer relationship.

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

#### *j) Intangible Assets*

*Present Value of Future Profits*— In conjunction with the acquisition of a block of insurance policies or investment contracts, a portion of the purchase price is assigned to the right to receive future gross profits arising from existing insurance and investment contracts. This intangible asset, called PVFP, represents the actuarially estimated present value of future cash flows from the acquired policies. PVFP is amortized, net of accreted interest, in a manner similar to the amortization of DAC.

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

*Other Intangible Assets*— We amortize the costs of other intangibles over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment at least annually based on undiscounted cash flows, which requires the use of estimates and judgment, and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested at least annually for impairment and written down to fair value as required .

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#### *k) Goodwill*

As of January 1, 2002, we adopted Statement of Financial Accounting Standard (SFAS) 142, *Goodwill and Other Intangible Assets* . Under SFAS 142, goodwill is no longer amortized but is tested for impairment at least annually using a fair value approach, which requires the use of estimates and judgment, at the "reporting unit" level. A reporting unit is the operating segment, or a business one level below that operating segment (the " component" level) if discrete financial information is prepared and regularly reviewed by management at the component level. We recognize an impairment charge for any amount by which the carrying amount of a reporting unit's goodwill exceeds its fair value. We use discounted cash flows to establish fair values. When available and as appropriate, we use comparative market multiples to corroborate discounted cash flow results. When a business within a reporting unit is disposed of, goodwill is allocated to the business using the relative fair value methodology to measure the gain or loss on disposal.

Before January 1, 2002, we amortized goodwill over our estimated period of benefit on a straight-line basis; we amortized other intangible assets on appropriate bases over their estimated lives. No amortization period exceeded 40 years. When an intangible asset's carrying value exceeded associated expected operating cash flows, we considered it to be impaired and wrote it down to fair value, which we determined based on either discounted future cash flows or appraised values.

#### *l) Reinsurance*

Premium revenue, benefits, underwriting, acquisition and insurance expenses are reported net of the amounts relating to reinsurance ceded to other companies. Amounts due from reinsurers for incurred and estimated future claims are reflected in the reinsurance recoverable asset. The cost of reinsurance is accounted for over the terms of the related treaties using assumptions consistent with those used to account for the underlying reinsured policies.

#### *m) Separate Accounts*

The separate account assets represent funds for which the investment income and investment gains and losses accrue directly to the variable annuity contract holders and variable life policyholders. We assess mortality risk fees and administration charges on the variable mutual fund portfolios. The separate account assets are carried at fair value and are equal to the liabilities that represent the policyholders' equity in those assets.

#### *n) Future Annuity and Contract Benefits*

Future annuity and contract benefits consist of the liability for investment contracts, insurance contracts and accident and health contracts. Investment contract liabilities are generally equal to the policyholder's current account value. The liability for life insurance and accident and health contracts is calculated based upon actuarial assumptions as to mortality, morbidity, interest, expense and withdrawals, with experience adjustments for adverse deviation where appropriate.

*o) Liability for Policy and Contract Claims*

The liability for policy and contract claims represents the amount needed to provide for the estimated ultimate cost of settling claims relating to insured events that have occurred on or before the

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end of the respective reporting period. The estimated liability includes requirements for future payments of (a) claims that have been reported to the insurer, (b) claims related to insured events that have occurred but that have not been reported to the insurer as of the date the liability is estimated, and (c) claim adjustment expenses. Claim adjustment expenses include costs incurred in the claim settlement process such as legal fees and costs to record, process, and adjust claims.

For our mortgage insurance policies, reserves are established for loans that are delinquent (including loans that are delinquent but have not yet been reported) by forecasting the percentage of delinquent loans where we will ultimately pay claims and the average claim that will be paid based on our historical experience.

Management considers the liability for policy and contract claims provided to be satisfactory to cover the losses that have occurred. Management monitors actual experience, and where circumstances warrant, will revise its assumptions. The methods of determining such estimates and establishing the reserves are reviewed continuously and any adjustments are reflected in operations in the period in which they become known. Future developments may result in losses and loss expenses greater or less than the liability for policy and contract claims provided.

*p) Income Taxes*

Our non-life insurance entities are included in the consolidated federal income tax return of GE. These entities are subject to a tax-sharing arrangement that allocates tax on a separate company basis, but provides benefit for current utilization of losses and credits. Our U.S. life insurance entities file a consolidated life insurance federal income tax return and are subject to a separate tax-sharing agreement, as approved by state insurance regulators, which also allocates taxes on a separate company basis but provides benefit for current utilization of losses and credits. Intercompany balances are settled at least annually.

Deferred federal and foreign taxes are provided for temporary differences between the carrying amounts of assets and liabilities and their tax bases and are stated at enacted tax rates expected to be in effect when taxes are actually paid or recovered.

With the exception of our Canadian subsidiary, we have not established any U.S. deferred income taxes on temporary differences related to the financial statement carrying amounts and tax bases of investments in foreign subsidiaries. We have elected to permanently reinvest the earnings of our material foreign subsidiaries.

*q) Foreign Currency Translation*

The local currency is the functional currency of our foreign operations. The determination of the functional currency is made based on the appropriate economic and management indicators. The assets and liabilities of foreign operations are translated into U.S. dollars at the exchange rates in effect at the Combined Statement of Financial Position date. Revenue and expenses of the foreign operations are translated into U.S. dollars at the average rates of exchange prevailing during the year. Translation adjustments are included, net of tax, as a separate component of accumulated nonowner changes in stockholder's interest. Gains and losses arising from transactions denominated in a foreign currency are included in earnings.

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*r) Accounting Changes*

We adopted FASB Interpretation 46 ("FIN 46"), *Consolidation of Variable Interest Entities* on July 1, 2003. Upon adoption, GE Capital was required to consolidate the funding conduit it sponsored. As a result, assets of certain off-balance-sheet entities were required to be included in our financial statements because the funding conduit, as the primary beneficial interest holder in the entities, no longer qualified as a third party. We therefore included approximately \$1.2 billion of securitized assets and approximately \$1.1 billion for liabilities in July 2003. Our

financial statements distinguish these assets and liabilities in separate lines in our Combined Statement of Financial Position, called "Consolidated, liquidating securitization entities," because we do not control these assets and liabilities. These balances will decrease as the assets mature because we will not sell any additional assets to these consolidated entities.

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 included in the caption "Consolidated, liquidating securitization entities" 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 under the caption "Consolidated, liquidating securitization entities" are not our legal obligations but will be repaid with cash flows generated by the related assets. As we no longer sell or securitize assets into these entities, the carrying amounts of assets and liabilities will decrease over time. Our July 1, 2003 consolidation of FIN 46 entities had no effect on previously reported earnings.

We included in the Combined Statement of Earnings for the year ended December 31, 2003 \$36 million of revenue, \$2 million of general expenses and \$27 million of interest expense associated with our newly consolidated entities.

The following table summarizes the assets and liabilities associated with these newly consolidated entities, which are included in our Corporate and Other segment for reporting purposes, at December 31, 2003:

(Dollar amounts in millions)

<b>Assets</b>	
Cash	\$ 29
Investment securities	639
Mortgage loans	430
Other assets	36
	<hr/>
Total <sup>(a)</sup>	\$ 1,134
	<hr/>
<b>Liabilities</b>	
Borrowings	\$ 1,018
Other liabilities	59
	<hr/>
Total	\$ 1,077
	<hr/>

(a) Includes \$51 million of former retained interests in securitized assets now consolidated.

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Assets in entities that were either sponsored by GE Capital or to which GE Capital provided financial support were \$1.9 billion at December 31, 2003 and 2002. Of the total, \$1.1 billion was held by entities that were consolidated and included in the balance sheet under the caption "Consolidated, liquidating securitization entities" and \$0.8 billion remained off balance sheet. New disclosure requirements related to off-balance sheet arrangements that became effective this year encompass a broader array of arrangements than those at risk for consolidation. These arrangements include transactions with term securitization entities, as well as transactions with conduits that are sponsored by third parties. At December 31, 2003 assets in these entities, which are QSPEs, were \$1.6 billion as compared to \$1.9 billion at December 31, 2002. The most meaningful analysis of securitization activity before FIN 46 adoption (primarily conducted through sponsored and supported entities) and activity subsequent to that adoption, is a comparison of total "securitized assets", as follows:

(Dollar amounts in millions)	December 31, 2003	December 31, 2002
	<hr/>	<hr/>
Receivables secured by:		
Commercial mortgage loans	\$ 1,246	\$ 428
Fixed maturities	639	679
Other receivables	865	825
	<hr/>	<hr/>
Total securitized assets	\$ 2,750	\$ 1,932
	<hr/>	<hr/>
Consolidated, liquidating securitization entities	\$ 1,134	\$ —
Off-balance sheet:		

Sponsored and supported	800	1,932
Other	816	—
	<hr/>	<hr/>
Total securitized assets	\$ 2,750	\$ 1,932
	<hr/>	<hr/>

In April 2003, the FASB issued SFAS 133 Implementation Issue B36, *Modified Coinsurance Arrangements with Debt Instruments that Incorporate Credit Risk Exposures that are Unrelated or Only Partially Related to the Creditworthiness of the Obligor under those Instruments* (B36), which was effective for us on October 1, 2003. B36 provides that modified coinsurance arrangements, where the ceding insurer withholds funds, may include an embedded derivative that must be bifurcated from the host instrument. The adoption of B36 did not have a material impact on our results of operations or financial condition.

We adopted SFAS 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, as of July 1, 2003. SFAS 150 requires certain financial instruments previously classified as either entirely equity or between the liabilities section and the equity section of the Combined Statement of Financial Position be classified as liabilities. SFAS 150 requires issuers to classify as liabilities the following three types of freestanding financial instruments: mandatory redeemable financial instruments, obligations to repurchase the issuers equity shares by transferring assets and certain obligations to issue a variable number of shares. The adoption of SFAS 150 did not have a material impact on our results of operations or financial condition.

We adopted SFAS 142, *Goodwill and Other Intangible Assets*, effective January 1, 2002. Under SFAS 142, goodwill is no longer amortized but is tested for impairment using a fair value methodology. We discontinued amortization of goodwill effective January 1, 2002. Goodwill amortization was \$84 million in 2001, excluding goodwill amortization included in discontinued operations. Had we not

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been amortizing goodwill in the year ended December 31, 2001, net earnings from continuing operations would have been \$1.3 billion.

Under SFAS 142, we were required to test all existing goodwill for impairment as of January 1, 2002, on a reporting unit basis, and recorded a non-cash charge of \$376 million, net of tax, which relates to the domestic auto and homeowners' insurance business, primarily as a result of heightened price competition in the auto insurance industry. This is reflected in net earnings (loss) from discontinued operations in the combined financial statements. No impairment charge had been required under our previous goodwill impairment policy, which was based on undiscounted cash flows. Further information about goodwill is provided in note 8.

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

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>(Dollar amounts in millions)</b>			
Net earnings, as reported	\$ 1,081	\$ 1,174	\$ 1,396
Stock option expense included in net earnings	2	1	—
Total stock option expense <sup>(a)</sup>	(8)	(10)	(9)
	<hr/>	<hr/>	<hr/>
Net earnings, on proforma basis	\$ 1,075	\$ 1,165	\$ 1,387
	<hr/>	<hr/>	<hr/>

(a) As if we had applied SFAS 123 to expense stock options in all periods. Includes \$2 million and \$1 million actually recognized in net earnings for the years ended December 31, 2003 and 2002, respectively.

In June 2002, the FASB issued SFAS 146, *Accounting for Costs Associated with Exit or Disposal Activities*. Previous guidance required expenses for exit or disposal activities to be accrued when the exit or disposal plan was approved by management and the liability was probable and quantifiable regardless of when the expense would be incurred. This standard requires that liabilities or costs associated with such activities be recognized when incurred. This standard also requires that any such liability be recognized initially at fair value. The provisions of this standard are effective for exit or disposal activities initiated after December 31, 2002. The adoption of this standard did not have an impact on our results of operations or financial condition.

At January 1, 2001, we adopted SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. Under SFAS 133, all derivative instruments (including certain derivative instruments embedded in other contracts) are recognized in the Combined Statement of Financial Position at their fair values and changes in fair value are recognized immediately in earnings, unless the derivatives qualify as hedges of future cash flows, in which case the effective portion of changes in fair value is recorded temporarily in stockholder's interest, then recognized

in earnings along with the related effects of the hedged items. Any ineffective portion of hedges is reported in earnings as it occurs. Further information about derivatives and hedging is provided in note 19.

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The cumulative effect of adopting this accounting change at January 1, 2001, was as follows:

(Dollar amounts in millions)	Earnings <sup>(a)</sup>	Stockholder's interest
	_____	_____
Adjustment to fair value of derivatives	\$ (23)	\$ (555)
Income tax effects	8	204
	_____	_____
Total	\$ (15)	\$ (351)
	_____	_____

(a) For earnings effect, amount shown is net of adjustment to hedged items.

The cumulative effect on both earnings and stockholder's interest of adopting SFAS 133 was primarily attributable to marking to market currency swap contracts used to hedge non-functional currency investments and swap contracts used to hedge variable-rate borrowings. Decreases in the fair values of these instruments were attributable to declines in interest rates since inception of the hedging arrangements.

As a matter of policy, we ensure that funding, including the effect of derivatives, of our investment and other financial asset positions are substantially matched in character (e.g., fixed vs. floating) and duration. As a result, declines in the fair values of these effective derivatives are offset by unrecognized gains on the related financing assets and hedged items, and future net earnings will not be subject to volatility arising from interest rate changes.

In October 2001, the Financial Accounting Standards Board (FASB) issued SFAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. SFAS 144 addresses accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*. Effective January 1, 2002, we adopted SFAS 144 for impairments of long-lived assets and for long-lived assets to be disposed of on or after January 1, 2002. See note 4 for a description of our discontinued operations.

#### *s) Accounting Pronouncements Not Yet Adopted*

In July 2003, the American Institute of Certified Public Accountants issued Statement of Position (SOP) 03-1, *Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts*, which we will adopt on January 1, 2004. This statement provides guidance on separate account presentation and valuation, the accounting for sales inducements and the classification and valuation of long-duration contract liabilities. We do not expect the adoption of SOP 03-1 to have a material impact on our results of operations or financial condition.

### **(3) Acquisitions**

Each of the following acquisitions has been accounted for using the purchase method of accounting and, accordingly, the accompanying combined financial statements reflect the corresponding results of operations from the respective dates of acquisition (or date of the transfer as described below).

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In May 2003, we acquired Spread Eagle Insurance Company Limited, renamed GE Mortgage Insurance (Guernsey) Limited, for approximately \$54 million, including identifiable intangible assets of approximately \$20 million.

In April 2002, GE Edison Life Insurance Company ("GE Edison") acquired Saison Life Insurance Company Limited ("Saison Life") from Credit Saison Co., Ltd., Saison Group, Ltd. and its other shareholders for ¥7.8 billion, or approximately \$61 million, representing ¥12.8 billion of payments to shareholders less ¥5.0 billion of contingent debt. On the date of acquisition, Saison Life had approximately \$4.3 billion of assets, including \$2.4 billion of cash and \$1.9 billion of other assets, and \$4.3 billion of liabilities and equity, including \$82 million of perpetual subordinated debt. Goodwill of \$307 million was recorded as a result of the acquisition at December 31, 2002. This business has been accounted

for as discontinued operations in the accompanying combined financial statements (for further discussion see note 4).

In December 2001, we acquired Centurion Capital Group ("Centurion"), renamed GE Private Asset Management, for approximately \$92 million, including goodwill of \$94 million. Centurion is a West Coast-based asset management company.

#### (4) Discontinued Operations

Upon completion of the reorganization described in note 1, we no longer have continuing involvement with the Japanese life insurance and domestic auto and homeowners' insurance businesses (together "Japan/Auto") and accordingly, those operations have been accounted for as discontinued operations. Therefore, the results of operations of these businesses are reflected as discontinued operations and removed from the Combined Statement of Cash Flows for all periods presented in the combined financial statements.

On August 29, 2003, we completed the sale of our Japan/Auto businesses to American International Group, Inc. for aggregate cash proceeds of approximately \$2.1 billion, consisting of \$1.6 billion paid to us and \$0.5 billion paid to other GE affiliates, plus pre-closing dividends of \$495 million. The sale resulted in a loss of \$74 million (net of taxes of \$158 million).

Summary operating results of discontinued operations for the years ended December 31, are as follows:

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>(Dollar amounts in millions)</b>			
Revenues	\$ 1,985	\$ 2,622	\$ 2,706
Earnings before income taxes and accounting changes	\$ 284	\$ 229	\$ 279
Provision for income taxes	98	59	99
Earnings before accounting changes	186	170	180
Cumulative effect of accounting changes, net of taxes	—	(376)	—
Net earnings (loss) from discontinued operations	\$ 186	\$ (206)	\$ 180

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

The assets and liabilities associated with discontinued operations prior to the sale have been segregated in the Combined Statement of Financial Position. The major asset and liability categories at December 31, 2002 are as follows:

	<u>2002</u>
<b>(Dollar amounts in millions)</b>	
Investments	\$ 17,906
Cash and cash equivalents	1,135
Deferred acquisition costs	646
Intangible assets and goodwill	1,409
Other assets	982
Assets associated with discontinued operations	\$ 22,078
Future annuity and contract benefits	\$ 16,733
Liability for policy and contract claims	781
Unearned premiums	259
Short-term borrowings	—
Long-term borrowings	530
Other liabilities	1,709
Liabilities associated with discontinued operations	\$ 20,012

## (5) Investments

### (a) Net Investment Income

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

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Fixed maturities	\$ 3,482	\$ 3,491	\$ 3,391
Equity securities	27	39	36
Mortgage and other loans	410	361	348
Policy loans	88	71	64
Other	75	78	111
	<u>4,082</u>	<u>4,040</u>	<u>3,950</u>
Gross investment income			
Investment expenses	(67)	(61)	(55)
	<u>4,015</u>	<u>3,979</u>	<u>3,895</u>
Net investment income	\$ 4,015	\$ 3,979	\$ 3,895

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### (b) Fixed Maturities and Equity Securities

For the years ended December 31, gross realized investment gains and losses resulting from the sales of investment securities classified as available for sale were as follows:

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Gross realized investment:			
Gains	\$ 473	\$ 790	\$ 814
Losses, including impairments <sup>(a)</sup>	(463)	(586)	(613)
	<u>10</u>	<u>204</u>	<u>201</u>
Net realized investment gains	\$ 10	\$ 204	\$ 201

(a) Impairments were \$224 million, \$343 million and \$289 million in 2003, 2002 and 2001, respectively.

Net unrealized gains and losses on investment securities classified as available for sale are reduced by deferred income taxes and adjustments to PVFP and DAC that would have resulted had such gains and losses been realized. Net unrealized gains and losses on available-for-sale investment securities reflected as a separate component of accumulated nonowner changes in stockholder's interest at December 31, are summarized as follows:

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Net unrealized gains (losses) on available-for-sale investment securities:			
Fixed maturities	\$ 2,669	\$ 1,336	\$ (508)
Equity securities	52	(208)	(206)
	<u>2,721</u>	<u>1,128</u>	<u>(714)</u>
Subtotal			
Adjustments to present value of future profits and deferred acquisition costs	(388)	(74)	60
Deferred income taxes, net	(815)	(372)	230
	<u>1,518</u>	<u>682</u>	<u>(424)</u>
Subtotal	1,518	682	(424)

Net unrealized gains on investment securities included in assets associated with discontinued operations, net of deferred taxes of \$0, \$(295) and \$(66)	—	536	128
Net unrealized gains (losses) on available-for-sale investment securities	\$ 1,518	\$ 1,218	\$ (296)

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

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Net unrealized gains (losses) on investment securities at January 1	\$ 1,218	\$ (296)	\$ (241)
Unrealized gains on investment arising during the period:			
Unrealized gain on investment securities	1,569	2,046	212
Adjustment to deferred acquisition costs	(231)	(75)	(17)
Adjustment to present value of future profits	(83)	(59)	8
Provision for deferred income taxes	(434)	(677)	(46)
Unrealized gains on investment securities	821	1,235	157
Reclassification adjustments to net realized investment gains (losses) net of deferred taxes of \$9, \$(75) and \$(72)	15	(129)	(129)
Unrealized gains (losses) on investment securities included in assets associated with discontinued operations arising during the period, net of deferred taxes	(532)	511	(49)
Reclassification adjustment to net earnings from discontinued operations, net of deferred taxes of \$(2), \$(55) and \$(18)	(4)	(103)	(34)
Net unrealized gains (losses) on investment securities at December 31	\$ 1,518	\$ 1,218	\$ (296)

At December 31, the amortized cost or cost, gross unrealized gains and losses, and estimated fair value of our fixed maturities and equity securities classified as available for sale were as follows:

2003	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
<b>(Dollar amounts in millions)</b>				
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

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2002	Amortized cost or cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
(Dollar amounts in millions)				
Fixed maturities:				
U.S. government and agencies	\$ 1,131	\$ 54	\$ 18	\$ 1,167
State and municipal	3,203	117	13	3,307
Government—non U.S.	957	47	3	1,001
U.S. corporate	30,359	1,401	733	31,027
Corporate—non U.S.	5,131	219	103	5,247
Public utilities	6,785	239	245	6,779
Mortgage and asset-backed	11,895	428	54	12,269
Total fixed maturities	59,461	2,505	1,169	60,797
Equity securities	1,503	54	262	1,295
Total available-for-sale securities	\$ 60,964	\$ 2,559	\$ 1,431	\$ 62,092

We regularly review investment securities for impairment in accordance with our impairment policy, which includes both quantitative and qualitative criteria. Quantitative measures include length of time and amount that each security position is in an unrealized loss position, and for fixed maturities, whether the issuer is in compliance with terms and covenants of the security. Our qualitative criteria include the financial strength and specific prospects for the issuer as well as our intent to hold the security until recovery. Our impairment reviews involve our finance and risk teams as well as the portfolio management and research capabilities of GE Asset Management ("GEAM"). Our qualitative review attempts to identify those issuers with a greater than 50% chance of default in the coming twelve months. These securities are characterized as "at-risk" of impairment. As of December 31, 2003, securities "at risk" of impairment had aggregate unrealized losses of \$40 million.

For fixed maturities, we recognize an impairment charge to earnings in the period in which we determine that we do not expect to either collect principal and interest in accordance with the contractual terms of the instruments or to recover based on underlying collateral values and 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 measure impairment charges based on the difference between the book value of the security and its fair value. Fair value is based on 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.

During 2003, 2002 and 2001, we recognized impairment losses of \$224 million, \$343 million and \$289 million, respectively. We generally intend to hold securities in unrealized loss positions until they recover. However, from time to time, we sell securities in the normal course of managing our portfolio to meet diversification, credit quality, yield and liquidity requirements.

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The following table presents 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, at December 31, 2003:

(Dollar amounts in millions)	Less Than 12 Months			12 Months or More		
	Estimated fair value	Gross unrealized losses	# of securities	Estimated fair value	Gross unrealized losses	# of securities
Fixed maturities:						
U.S. government and agencies	\$ 210	\$ (18)	11	\$ —	\$ —	—
State and municipal	118	(1)	31	1	—	1
Government—non U.S.	493	(8)	142	12	—	6
U.S. corporate (including public utilities)	5,738	(210)	458	975	(109)	134
Corporate—non U.S.	1,530	(43)	198	148	(10)	30
Asset-backed	900	(14)	95	110	(1)	9
Mortgage-backed	2,001	(64)	247	171	(1)	19

Total fixed maturities	10,990	(358)	1,182	1,417	(121)	199
Equity securities	51	(2)	58	43	(6)	47
<hr/>						
Total temporarily impaired securities	\$ 11,041	\$ (360)	1,240	\$ 1,460	\$ (127)	246
<hr/>						
Investment grade	\$ 10,185	\$ (286)	1,032	\$ 691	\$ (27)	90
Below investment grade	739	(71)	141	726	(94)	109
Not rated—fixed maturities	66	(1)	9	—	—	—
Not rated—equities	51	(2)	58	43	(6)	47

The investment securities in an unrealized loss position for less than twelve months, account for \$360 million or 74% of the total unrealized losses. Of the securities in this category, there were five securities with an unrealized loss in excess of \$5 million. These five securities had aggregate unrealized losses totaling \$30 million. The amount of the unrealized loss on these securities is driven primarily by the relative size of the holdings, the par values of which range from \$40 million to \$75 million.

The investment securities in an unrealized loss position for twelve months or more, account for \$127 million or 26% of the total unrealized losses. There are sixty-eight securities in three industry groups that account for \$78 million or 61% of the unrealized losses in this category.

Forty-one of these 68 securities are in the transportation sector and are related to the airline industry. Ninety-nine percent of our airline securities are collateralized by commercial aircraft associated with five domestic airlines. The collateral underlying these structures is comprised of commercial jet aircraft. These security holdings are in a loss position as a result of ongoing negative market reaction to commercial airline industry difficulties. In accordance with our impairment policy described above, we have recognized an aggregate \$57 million in other-than-temporary impairments during 2002 and 2003 associated with the airline industry either due to bankruptcies or restructurings.

Eighteen of these 68 securities are in the industrial sector and are primarily in the chemical and paper and timber products industries. Within this sector, there are two issuers, comprising five of the eighteen securities, which represent \$17 million of the unrealized losses in this sector. The remainder of the securities in this sector each have unrealized losses less than \$3 million. These two issuers, one of which is in the chemical industry and one of which is in the timber products industry are current on all

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terms, show improving trends with regards to liquidity and security price, and are not considered at risk of impairment. Our other holdings issued by the chemical company are in unrealized gain positions, while the holdings issued by the timber products company are collateralized by assets, which provide greater than 100% coverage of the outstanding obligations based on the most recent valuations performed.

The remaining nine of these 68 securities are in the consumer-non cyclical sector and are primarily in the consumer products and retail industries. Within this sector, there is one issuer, comprising two of the nine securities, which represents \$13 million of the unrealized losses in this sector. The remainder of the securities in this sector each have unrealized losses less than \$1 million. This one issuer, a national retail chain, is current on all terms, shows improving trends with regard to liquidity and security price, and is not considered at risk of impairment. Other holdings issued by this company are in unrealized gain positions.

Of the remaining industry sectors, no single issuer has an aggregate unrealized loss greater than \$5 million.

The equity securities in an unrealized loss position more than twelve months are preferred stocks with fixed maturity-like characteristics and mutual fund investments, no single security has unrealized losses greater than \$5 million.

The scheduled maturity distribution of fixed maturities at December 31, 2003 follows. 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.

	Amortized cost or cost	Estimated fair value
	<hr/>	<hr/>
(Dollar amounts in millions)		
Due 2004	\$ 1,747	\$ 1,761
Due 2005—2008	11,400	11,817
Due 2009—2013	13,318	13,901
Due 2014 and later	24,288	25,756
	<hr/>	<hr/>
Subtotal	50,753	53,235
Mortgage and asset-backed	12,063	12,250

Total	\$	62,816	\$	65,485
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At December 31, 2003, \$7,998 million of our investments (excluding mortgage and asset-backed securities) were subject to certain call provisions.

At December 31, 2003, securities issued by finance and insurance, utilities and energy and consumer—non cyclical industry groups represented approximately 28%, 22% and 13% of our domestic and foreign corporate fixed maturities portfolio, respectively. No other industry group comprises more than 10% of our investment portfolio. This portfolio is widely diversified among various geographic regions in the U.S. and internationally, and is not dependent on the economic stability of one particular region.

At December 31, 2003, we did not hold any fixed maturities in any single issuer, other than securities issued or guaranteed by the U.S. government, which exceeded 10% of stockholder's interest.

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At December 31, 2003 and 2002, \$203 million and \$174 million, respectively, of securities were on deposit with various state or foreign government insurance departments in order to comply with relevant insurance regulations.

The Securities Valuation Office of the National Association of Insurance Commissioners (NAIC) evaluates bond investments of U.S. insurers for regulatory reporting purposes and assigns securities to one of six investment categories called "NAIC designations." The NAIC designations parallel the credit ratings of the Nationally Recognized Statistical Rating Organizations for marketable bonds. NAIC designations 1 and 2 include bonds considered investment grade (rated "Baa3" or higher by Moody's, or rated "BBB-" or higher by S&P) by such rating organizations. NAIC designations 3 through 6 include bonds considered below investment grade (rated "Ba1" or lower by Moody's, or rated "BB+" or lower by S&P).

The following table presents our fixed maturities by NAIC and/or equivalent ratings of the Nationally Recognized Statistical Rating Organizations, as well as the percentage, based upon estimated fair value, that each designation comprises. Our non-U.S. fixed maturities generally are not rated by the NAIC and are shown based upon the equivalent rating of the Nationally Recognized Statistical Rating Organizations. Similarly, certain privately placed fixed maturities that are not rated by the Nationally Recognized Statistical Rating Organizations are shown based upon their NAIC designation. Certain fixed maturities, primarily non-U.S. fixed maturities, are not rated by the NAIC or the Nationally Recognized Statistical Rating Organizations and are so designated.

		As of December 31,					
		2003			2002		
NAIC Rating	Rating Agency Equivalent Designation	Amortized cost	Estimated fair value	% of total	Amortized cost	Estimated fair value	% of total
<i>(Dollar amounts in millions)</i>							
1	Aaa/Aa/A	\$ 39,124	\$ 40,600	62%	\$ 36,749	\$ 38,107	63%
2	Baa	19,048	20,220	31%	17,946	18,444	30%
3	Ba	2,520	2,624	4%	2,596	2,394	4%
4	B	1,257	1,207	2%	963	789	1%
5	Caa and lower	487	449	1%	502	352	1%
6	In or near default	189	190	0%	218	181	0%
Not rated	Not rated	191	195	0%	487	530	1%
	Total fixed maturities	\$ 62,816	\$ 65,485	100%	\$ 59,461	\$ 60,797	100%

(c) *Mortgage Loans*

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

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

	As of December 31,			
	2003		2002	
	Carrying value	% of total	Carrying value	% of total
<b>(Dollar amounts in millions)</b>				
<b>Property Type</b>				
Office	\$ 2,024	33%	\$ 1,610	30%
Industrial	1,812	30%	1,546	29%
Retail	1,500	25%	1,476	28%
Apartments	573	9%	520	10%
Mixed use/other	205	3%	150	3%
<b>Total</b>	<b>\$ 6,114</b>	<b>100%</b>	<b>\$ 5,302</b>	<b>100%</b>
<b>Region</b>				
Pacific	\$ 1,867	31%	\$ 1,606	30%
South Atlantic	1,194	20%	1,174	22%
Middle Atlantic	932	15%	729	14%
East North Central	771	12%	519	10%
Mountain	478	8%	454	9%
West South Central	288	5%	241	4%
West North Central	271	4%	267	5%
East South Central	226	4%	222	4%
New England	87	1%	90	2%
<b>Total</b>	<b>\$ 6,114</b>	<b>100%</b>	<b>\$ 5,302</b>	<b>100%</b>

We were committed to fund \$56 million and \$163 million at December 31, 2003 and 2002, respectively, in U.S. mortgage loans.

"Impaired" loans are defined by U.S. GAAP as loans for which it is probable that the lender will be unable to collect all amounts due according to original contractual terms of the loan agreement. That definition excludes, among other things, leases, or large groups of smaller-balance homogeneous loans, and therefore applies principally to our commercial loans.

Under these principles, we may have two types of "impaired" loans: loans requiring specific allowances for losses (none as of December 31, 2003 and 2002) and loans expected to be fully recoverable because the carrying amount has been reduced previously through charge-offs or deferral of income recognition (\$5 million and \$4 million, as of December 31, 2003 and 2002, respectively). Average investment in impaired loans during 2003, 2002 and 2001 was \$5 million, \$7 million and \$12 million, respectively, and interest income recognized on these loans while they were considered impaired was \$1 million in each of the three years.

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

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Balance at January 1	\$ 45	\$ 58	\$ 47
Provision charged to operations	8	10	9
Amounts written off, net of recoveries	(3)	(23)	2
<b>Balance at December 31</b>	<b>\$ 50</b>	<b>\$ 45</b>	<b>\$ 58</b>

## (6) Deferred Acquisition Costs

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

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Unamortized balance at January 1	\$ 5,386	\$ 4,452	\$ 3,665
Impact of foreign currency translation	111	88	(1)
Costs deferred	1,758	1,906	1,721
Amortization	(1,182)	(1,060)	(933)
Unamortized balance at December 31	6,073	5,386	4,452
Accumulated effect of net unrealized investment (gains) losses	(285)	(54)	21
Balance at December 31	\$ 5,788	\$ 5,332	\$ 4,473

## (7) Intangible Assets

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

	2003		2002	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
<b>(Dollar amounts in millions)</b>				
Present value of future profits ("PVFP")	\$ 2,744	\$ (1,593)	\$ 2,810	\$ (1,481)
Capitalized software	235	(141)	249	(107)
Other	372	(271)	369	(248)
Total	\$ 3,351	\$ (2,005)	\$ 3,428	\$ (1,836)

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### *Present Value of Future Profits*

The method we use to value PVFP in connection with acquisitions of life insurance entities is summarized as follows: (1) identify the future gross profits attributable to certain lines of business, (2) identify the risks inherent in realizing those gross profits, and (3) discount those gross profits at the rate of return that we must earn in order to accept the inherent risks.

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

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Unamortized balance at January 1	\$ 1,349	\$ 1,460	\$ 1,709
Acquisitions	16	(20)	(91)
Impact of foreign currency translation	1	—	—
Interest accreted at 4.1%, 4.1%, 3.9%, respectively	51	57	63
Amortization	(163)	(148)	(221)

Unamortized balance at December 31	1,254	1,349	1,460
Accumulated effect of net unrealized investment (gains) losses	(103)	(20)	39
Balance at December 31	\$ 1,151	\$ 1,329	\$ 1,499

The estimated percentage of the December 31, 2003 balance, before the effect of unrealized investment gains or losses, to be amortized over each of the next five years is as follows:

2004	9.5%
2005	8.8%
2006	8.0%
2007	7.2%
2008	6.5%

Amortization expenses for PVFP in future periods will be affected by acquisitions, dispositions, realized capital gains/losses or other factors affecting the ultimate amount of gross profits realized from certain lines of business. Similarly, future amortization expenses for other intangibles will depend on future acquisitions, dispositions and other business transactions.

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## (8) Goodwill

Our goodwill balance by segment and activity during the year follows:

	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Total
<b>(Dollar amounts in millions)</b>					
Balance, December 31, 2001	\$ 1,037	\$ 307	\$ 37	\$ 205	\$ 1,586
Acquisitions	—	25	—	—	25
Other <sup>(a)</sup>	15	—	(3)	79	91
Balance, December 31, 2002	1,052	332	34	284	1,702
Acquisitions	6	5	—	—	11
Other <sup>(a)</sup>	13	—	2	—	15
Balance, December 31, 2003	\$ 1,071	\$ 337	\$ 36	\$ 284	\$ 1,728

<sup>(a)</sup> Other adjustments include reclassifications of certain intangible assets into goodwill upon the adoption of SFAS 142 in 2002 and the impact of foreign exchange translation adjustments.

Goodwill associated with our Japanese life insurance and domestic auto and homeowners' insurance business is included in assets associated with discontinued operations for 2002.

## (9) Reinsurance

Certain policy risks are reinsured with other insurance companies to limit the amount of loss exposure. Reinsurance contracts do not relieve us from our obligations to policyholders. In the event that the reinsurers are unable to meet their obligations, we remain liable for the reinsured claims. We monitor both the financial condition of individual reinsurers and risk concentrations arising from similar geographic regions, activities and economic characteristics of reinsurers to lessen the risk of default by such reinsurers. We do not have significant concentrations of reinsurance with any one reinsurer that could have a material impact on our results of operations.

The maximum amount of individual ordinary life insurance normally retained by us on any one life policy is \$1 million. Net domestic life insurance in force as of December 31, is summarized as follows:

2003

2002

2001

(Dollar amounts in millions)

Direct life insurance in force	\$ 553,690	\$ 520,008	\$ 534,369
Amounts assumed from other companies	23,749	31,965	39,578
Amounts ceded to other companies	(170,961)	(157,898)	(111,989)
Net life insurance in force	\$ 406,478	\$ 394,075	\$ 461,958
Percentage of amount assumed to net	6%	8%	9%

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The effects of reinsurance on premiums written and earned for the years ended December 31, were as follows:

	Written			Earned		
	2003	2002	2001	2003	2002	2001
(Dollar amounts in millions)						
Direct:						
Life insurance	\$ 2,262	\$ 2,654	\$ 2,583	\$ 2,279	\$ 2,414	\$ 2,413
Accident and health insurance	3,212	2,583	2,166	3,311	2,547	2,301
Property and casualty insurance	160	109	94	156	105	94
Mortgage insurance	1,093	954	875	857	795	779
Total Direct	6,727	6,300	5,718	6,603	5,861	5,587
Assumed:						
Life insurance	507	535	344	505	502	319
Accident and health insurance	541	519	671	543	529	666
Property and casualty insurance	57	40	46	27	51	47
Mortgage insurance	6	12	8	5	4	4
Total Assumed	1,111	1,106	1,069	1,080	1,086	1,036
Ceded						
Life insurance	(713)	(660)	(393)	(693)	(591)	(402)
Accident and health insurance	(155)	(118)	(110)	(128)	(118)	(112)
Property and casualty insurance	(11)	(9)	(11)	(13)	(9)	(11)
Mortgage insurance	(149)	(127)	(86)	(146)	(122)	(86)
Total Ceded	(1,028)	(914)	(600)	(980)	(840)	(611)
Net premiums	\$ 6,810	\$ 6,492	\$ 6,187	\$ 6,703	\$ 6,107	\$ 6,012
Percentage of amount assumed to net				16%	18%	17%

Reinsurance recoveries recognized as a reduction of benefit expenses amounted to \$809 million, \$682 million and \$486 million during 2003, 2002 and 2001, respectively.

## (10) Future Annuity and Contract Benefits

### Investment Contracts

Investment contracts are broadly defined to include contracts without significant mortality or morbidity risk. Payments received from sales of investment contracts are recognized by providing a liability equal to the current account value of the policyholder's contracts. Interest rates credited to investment contracts are guaranteed for the initial policy term with renewal rates determined as necessary by management.

### Insurance Contracts

Insurance contracts are broadly defined to include contracts with significant mortality and/or morbidity risk. The liability for future benefits of insurance contracts is the present value of such benefits less the present value of future net premiums based on mortality, morbidity, and other assumptions, which were appropriate at the time the policies were issued or acquired. These assumptions are periodically evaluated for potential reserve deficiencies. Reserves for cancelable accident and health insurance are based upon unearned premiums, claims incurred but not reported, and claims in the process of settlement. This estimate is based on our historical experience and that of the insurance industry, adjusted for current trends. Any changes in the estimated liability are reflected in earnings as the estimates are revised.

The following chart summarizes the major assumptions underlying our recorded liabilities for future annuity and contract benefits at December 31:

	Withdrawal assumption	Mortality/ morbidity assumption	Interest rate assumption	Future annuity and contract benefit liabilities	
				2003	2002
<b>(Dollar amounts in millions)</b>					
Investment contracts	N/A	N/A	N/A	\$ 31,206	\$ 30,962
Limited-payment contracts	None	(a)	3.3%–12.0%	12,655	11,873
Traditional life insurance contracts	Company Experience	(b)	5.5%–7.5%	2,537	3,576
Universal life-type contracts	N/A	N/A	N/A	5,867	4,183
Accident and health	Company Experience	(c)	7.5% grading to 4.75%	131	121
Long-term care	Company Experience	(d)	4.5%–7.0%	6,861	5,823
<b>Total future annuity and contract benefits</b>				<b>\$ 59,257</b>	<b>\$ 56,538</b>

- (a) Either the U.S Population Table, 1983 Group Annuitant Mortality Table or 1983 Individual Annuitant Mortality Table.
- (b) Principally modifications of the 1965-70 or 1975-80 Select and Ultimate Tables, 1958 and 1980 Commissioner's Standard Ordinary Tables and (IA) Standard Table 1996 (modified).
- (c) The 1958 and 1980 Commissioner's Standard Ordinary Tables, 1964 modified and 1987 Commissioner's Disability Tables and Company experience.
- (d) The 1983 Individual Annuitant Mortality Table or 1980 Commissioner's Standard Ordinary Table and the 1985 National Nursing Home Study and Company experience.

### (11) Liability for Policy and Contract Claims

Changes in the liability for policy and contract claims for the years ended December 31:

	2003	2002	2001
<b>(Dollar amounts in millions)</b>			
Balance at January 1	\$ 3,014	\$ 2,713	\$ 2,083
Less reinsurance recoverables	(406)	(275)	(157)

Net balance at January 1	2,608	2,438	1,926
Incurring related to insured events of:			
Current year	2,200	2,401	2,583
Prior years	(73)	(193)	(173)
Total incurred	2,127	2,208	2,410
Paid related to insured events of:			
Current year	(1,236)	(1,208)	(1,010)
Prior years	(807)	(851)	(877)
Total paid	(2,043)	(2,059)	(1,887)
Foreign currency translation	43	21	(11)
Net balance at December 31	2,735	2,608	2,438
Add reinsurance recoverables	472	406	275
Balance at December 31	\$ 3,207	\$ 3,014	\$ 2,713

For each of the three years presented above, the change in prior years incurred liabilities primarily relates to positive development in claims incurred but not reported for our mortgage insurance and certain accident and health insurance businesses. In general, our insurance contracts are not subject to premiums experience adjustments as a result of prior-year effects.

## (12) Benefit Plans

Essentially all of our employees participate in GE's retirement plan ("GE Pension Plan") and retiree health and life insurance benefit plans ("GE Retiree Benefit Plans"). The GE Pension Plan provides benefits to certain U.S. employees based on the greater of a formula recognizing career earnings or a formula recognizing length of service and final average earnings. Benefit provisions are subject to collective bargaining. The GE Retiree Benefit Plans provide health and life insurance benefits to employees who retire under the GE Pension Plan with 10 or more years of service. Retirees share in the cost of healthcare benefits. The GE Pension Plan currently is in an overfunded position. Therefore, we have not been required to contribute to this plan for the three years ended December 31, 2003. Certain company employees also participate in GE's Supplementary Pension Plan ("GE Supplementary Plan") and other retiree benefit plans. The GE Supplementary Plan is a pay-as-you-go plan providing supplementary retirement benefits primarily to higher-level, longer-service U.S. employees. Other retiree plans are not significant individually or in the aggregate. Our costs associated with these plans were \$52 million, \$52 million and \$44 million for the years ended December 31, 2003, 2002 and 2001, respectively.

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Our employees participate in GE's defined contribution savings plan that allows the employees to contribute a portion of their pay to the plan on a pre-tax basis. GE matches 50% of these contributions up to 7% of the employee's pay. Our costs associated with these plans were \$13 million, \$15 million and \$16 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We also provide health and life insurance benefits to our employees through the GE Company's benefit program, as well as through plans sponsored by other affiliates. Our costs associated with these plans were \$41 million, \$45 million and \$43 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We reimburse GE monthly for our share of the plan costs.

## (13) Borrowings

### (a) Short-Term Borrowings

Total short-term borrowings at December 31:

	2003	2002
(Dollar amounts in millions)		

Commercial paper	\$	1,691	\$	1,675
Current portion of long-term borrowings		—		175
Short-term line of credit with GE Capital		548		—
		<u>          </u>		<u>          </u>
Total	\$	2,239	\$	1,850
		<u>          </u>		<u>          </u>

The weighted average interest rate on commercial paper outstanding at December 31, 2003 and 2002 was 1.1% and 1.4%, respectively.

The weighted average interest rate on the current portion of long-term borrowings at December 31, 2002 was 6.6%.

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

(b) *Long-Term Borrowings*

Total long-term borrowings at December 31:

	<u>2003</u>		<u>2002</u>	
<b>(Dollar amounts in millions)</b>				
1.6% Notes (Japanese Yen), due 2011	\$	529	\$	472
6.625% First Colony Life Insurance Company Senior Note, due 2003		—		175
Less current portion of long-term borrowings		—		(175)
		<u>          </u>		<u>          </u>
Total	\$	529	\$	472
		<u>          </u>		<u>          </u>

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In June 2001, GEFAHI issued ¥60.0 billion of notes through a public offering at a price of ¥59.9 billion. ¥3.0 billion of the notes were purchased by GE Edison following the original issuance. These notes were subsequently purchased by GEFAHI and were held by GEFAHI as of December 31, 2003. We have entered into arrangements to swap our obligations under these notes to a U.S. dollar obligation with a principal amount of \$491 million and bearing interest at a rate of 4.84% per annum. The notes are unsecured and mature at par in 2011.

There are no scheduled maturities in the years 2004-2008.

(c) *Liquidity*

Our liquidity requirements are principally met through dividends from our insurance subsidiaries, the Commercial Paper program and the credit line with GE Capital. At December 31, 2003, we have an unused credit capacity within our line of credit with GE Capital of \$1.95 billion.

(d) *Interest Rate Risk*

A variety of instruments, including interest rate and currency swaps and currency forwards (for further discussion see note 19), are employed to achieve management's interest rate objectives. Effective interest rates are lower under these "synthetic" positions than could have been achieved by issuing debt directly. At December 31, 2003, swap maturities ranged from 2007 to 2017. The following table shows our borrowing positions at December 31, considering the effects of swaps:

	<u>2003</u>		<u>2002</u>			
	<u>Amount</u>	<u>Average Rate <sup>(c)</sup></u>	<u>Amount</u>	<u>Average Rate <sup>(c)</sup></u>		
<b>(Dollar amounts in millions)</b>						
Short-term <sup>(a)</sup>	\$	1,137	1.2%	\$	748	2.7%
Long-term <sup>(b)</sup>		1,631	6.1%		1,574	5.2%
		<u>          </u>			<u>          </u>	
Total	\$	2,768		\$	2,322	
		<u>          </u>			<u>          </u>	

- (a) Includes the unhedged portion of commercial paper and other short-term debt.
- (b) Includes fixed rate borrowings and \$1.1 billion (in 2003 and 2002) notional long-term interest rate swaps that effectively convert the floating-rate nature of short-term borrowings into fixed rate borrowings.
- (c) Based on year-end balances and year-end currency rates.

#### (14) Non-recourse Funding Obligations

On July 28, 2003 and December 16, 2003, River Lake Insurance Company, a wholly owned captive reinsurance subsidiary of our company, issued \$300 million and \$300 million, respectively, of non-recourse funding obligations, which bear a floating rate of interest and mature in 2033. As of December 31, 2003, \$600 million of obligations were outstanding. The weighted average yield at December 31, 2003 is 1.2%.

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#### (15) Income Taxes

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

	2003	2002	2001
	<u>          </u>	<u>          </u>	<u>          </u>
<b>(Dollar amounts in millions)</b>			
Current federal income taxes	\$ 444	\$ 441	\$ 233
Deferred federal income taxes	(103)	(76)	323
	<u>341</u>	<u>365</u>	<u>556</u>
Total federal income taxes	341	365	556
Current state income taxes	(16)	(26)	(12)
Deferred state income taxes	(11)	21	3
	<u>(27)</u>	<u>(5)</u>	<u>(9)</u>
Total state income taxes	(27)	(5)	(9)
Current foreign income taxes	48	51	62
Deferred foreign income taxes	51	—	(19)
	<u>99</u>	<u>51</u>	<u>43</u>
Total foreign income taxes	99	51	43
Total provision for income taxes	<u>\$ 413</u>	<u>\$ 411</u>	<u>\$ 590</u>

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

	2003	2002	2001
	<u>          </u>	<u>          </u>	<u>          </u>
Statutory U.S. federal income tax rate	35.0%	35.0%	35.0%
Increase (reduction) in rate resulting from:			
State income tax, net of federal income tax effect	(0.6)	(0.3)	(0.5)
Non-deductible goodwill amortization	—	—	1.0
IRS settlement <sup>(a)</sup>	—	(8.5)	—
Tax exempt income	(2.8)	(2.7)	(2.8)
Other, net	(1.7)	(0.6)	(0.3)
	<u>29.9%</u>	<u>22.9%</u>	<u>32.4%</u>
Effective rate	29.9%	22.9%	32.4%

- (a) In 2002, we reached a favorable settlement with the Internal Revenue Service regarding the treatment of certain reserves for obligations to policyholders on life insurance contracts resulting in a benefit of \$152 million. The benefits associated with the settlement are non-recurring.

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

	2003	2002
<b>(Dollar amounts in millions)</b>		
<b>Assets:</b>		
Investments	\$ 129	\$ —
Future annuity and contract benefits	1,394	1,028
Net unrealized losses on derivatives	33	18
Other	126	8
	1,682	1,054
<b>Liabilities:</b>		
Net unrealized gains on investment securities	815	372
Investments	—	63
Present value of future profits	526	501
Deferred acquisition costs	1,631	928
Statutory contingency reserve	2	248
Other	113	30
	3,087	2,142
<b>Total deferred income tax liabilities</b>	<b>3,087</b>	<b>2,142</b>
<b>Net deferred income tax liability</b>	<b>\$ 1,405</b>	<b>\$ 1,088</b>

Based on an analysis of our tax position, management believes it is more likely than not that the results of future operations and implementation of tax planning strategies will generate sufficient taxable income to enable us to realize all of our deferred tax assets. Accordingly, no valuation allowance for deferred tax assets has been established.

Federal income tax law allows mortgage guaranty insurance companies to deduct from current taxable income amounts added to statutory contingency loss reserves required by state law or regulation, subject to certain limitations. This federal tax deduction is permitted only to the extent that U.S. Mortgage Guaranty Insurance Company Tax and Loss Bonds ("Tax and Loss Bonds") are purchased in the amount of the tax benefit attributable to the deduction. Tax and Loss Bonds are non-interest bearing and mature ten years from the designated issue date. Unrecaptured amounts previously deducted for statutory contingency loss reserves must be included in federal taxable income in the tenth subsequent tax year. Tax and Loss Bond redemptions in December 2003 reduced the deferred tax liability for statutory contingency reserves by \$246 million.

Our current income tax liability was \$222 million and \$507 million, at December 31, 2003 and 2002, respectively.

#### **(16) Supplemental Cash Flow Information**

Net taxes paid were \$798 million, \$291 million and \$20 million and interest paid was \$95 million, \$73 million and \$151 million for the years ended December 31, 2003, 2002 and 2001, respectively. At the date we acquired Saison Life in 2002, its assets included \$2.4 billion of cash which is not included in our Combined Statement of Cash Flows because this amount is presented with assets associated with discontinued operations.

#### **(17) Stock Compensation**

Certain Company employees have been granted GE stock options and restricted stock units ("RSUs") under GE's 1990 Long-Term Incentive Plan. RSUs give the recipients the right to receive shares of GE stock upon the lapse of their related restrictions. In the past, restrictions on most RSUs lapsed for 25% of the total shares awarded after three years, 25% after seven years, and 50% at retirement. Beginning in 2002, GE changed the vesting schedule for RSUs granted so that 25% of the restrictions lapse after three, five and ten years, with the final 25% lapsing at

retirement. At December 31, 2003, our employees had 1,170,972 RSUs outstanding. Each RSU is convertible into one share of GE stock. We have recorded stock based compensation expense in the amount of \$9 million, \$6 million and \$4 million for 2003, 2002 and 2001, respectively, related to the cost of the RSUs and stock options.

Stock options expire 10 years from the date they are granted. Options vest over service periods that range from one to five years.

GE employees have routinely transferred employment between various GE subsidiaries, including to/from Genworth and our subsidiaries. GE stock options held by these employees have been reflected as transfers in and out in the following table. Our combined financial statements include compensation expense related to these awards, if any, for the portion of an employee's vesting period that accrued during Genworth employment. After our reorganization, employment transfers will no longer occur between Genworth and other GE subsidiaries. The following table summarizes stock option activity related to our employees for the three years ended December 31, 2003:

(Shares in thousands)	Shares Subject to Option	Average per Share	
		Exercise Price	Market Price
<b>Balance at December 31, 2000</b>	7,270	\$ 23.89	\$ 47.94
Options granted	2,266	41.01	41.01
Options transferred in	726	26.78	—
Options exercised	(524)	9.21	44.03
Options transferred out	(251)	26.69	—
Options terminated	(194)	39.22	—
<b>Balance at December 31, 2001</b>	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	—
<b>Balance at December 31, 2002</b>	9,836	29.47	24.35
Options granted	258	31.53	31.53
Options transferred in	331	26.89	—
Options exercised	(906)	9.50	27.84
Options transferred out	(1,249)	31.02	—
Options terminated	(341)	37.69	—
<b>Balance at December 31, 2003</b>	7,929	\$ 31.13	\$ 30.98

Outstanding options expire on various dates through 2013.

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The following table summarizes information about stock options related to our employees outstanding at December 31, 2003:

Exercise price range	Outstanding			Exercisable	
	Shares in thousands	Average life <sup>(a)</sup>	Average exercise price	Shares in thousands	Average exercise price
\$8.16 — 14.73	1,479	1.7	\$ 11.20	1,479	\$ 11.20
22.08 — 26.42	877	4.2	24.58	877	24.57
27.05 — 30.45	1,512	8.6	27.08	323	27.20
31.53 — 40.19	1,830	6.8	36.24	729	37.20
42.33 — 57.31	2,231	7.0	45.45	1,203	45.31
<b>Total</b>	<b>7,929</b>	<b>6.0</b>	<b>\$ 31.13</b>	<b>4,611</b>	<b>\$ 27.88</b>

(a) Average contractual life remaining in years.

At year-end 2002, options with an average exercise price of \$21.14 were exercisable on 4,579 thousand shares; at year-end 2001, options with an average exercise price of \$15.66 were exercisable on 4,323 thousand shares.

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

	2003	2002	2001
Fair value per option <sup>(a)</sup>	\$ 9.55	\$ 7.68	\$ 13.53
Valuation assumptions			
Expected option term (years)	6.0	6.0	6.0
Expected volatility	34.7%	33.7%	30.5%
Expected dividend yield	2.5%	2.7%	1.6%
Risk-free interest rate	3.5%	3.5%	4.9%

(a) Weighted averages of option grants during each period.

## (18) Related Party Transactions

GE provides a variety of products and services to us, and we provide a variety of products and services to GE. The services we receive from GE included:

- customer service, transaction processing and a variety of functional support services provided by GE Capital International Services, or GECIS;
- employee benefit processing and payroll administration, (see notes 12 and 17);
- employee training programs, including access to GE training courses;
- insurance coverage under the GE insurance program;
- information systems, network and related services;

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- leases for vehicles, equipment and facilities; and
- other financial advisory services such as tax consulting, capital markets services, research and development activities, and trademark licenses.

Our total expenses for these services were \$87 million, \$74 million and \$52 million for the years ended December 31, 2003, 2002 and 2001, respectively. We also receive investment management and related administrative services provided by GEAM, for which we incurred expenses of \$61 million, \$39 million and \$2 million for the years ended December 31, 2003, 2002 and 2001, respectively.

In addition, we have recorded our allocated share of GE's corporate overhead for certain services provided to us, which are not specifically billed to us, including public relations, investor relations, treasury, and internal audit services in the amount of \$50 million, \$49 million and \$43 million for the years ended December 31, 2003, 2002 and 2001, respectively. We have also recorded expenses associated with GE stock option and restricted stock unit grants in the amount of \$9 million, \$6 million and \$4 million for the years ended December 31, 2003, 2002 and 2001, respectively, as described in note 17. These amounts will not be paid to GE and have been recorded as a capital contribution in each year.

We have entered into certain insurance transactions with affiliates of GE. During each of 2003, 2002 and 2001 we collected \$24 million, \$20 million and \$20 million, respectively, of premiums from various GE affiliates for long-term care insurance provided to employees of such affiliates. We have also reinsured some of the risks of our insurance policies with an affiliate, and paid premiums of \$56 million, \$60 million and \$58 million to ERC Life Reinsurance Company, and \$100 million, \$94 million and \$0 million to GE Pension Limited in 2003, 2002 and 2001, respectively.

We distribute some of our products through affiliates. We distribute our European payment protection insurance, in part, through arrangements with GE Consumer Finance, for which we have received premiums of \$244 million, \$244 million and \$198 million during 2003, 2002 and 2001, respectively. We have also reinsured lease obligation insurance and credit insurance marketed by GE Consumer Finance, for which we received premiums of \$94 million, \$105 million and \$92 million during 2003, 2002 and 2001.

We sell to GE Mortgage Services, an affiliate of GE, properties acquired through claim settlement in our U.S. mortgage insurance business at a price equal to the product of the property's fair value and an agreed upon price factor. Under these arrangements, we received proceeds of \$9 million, \$13 million and \$11 million for the years ended December 31, 2003, 2002 and 2001, respectively.

During 2002, we sold certain available-for-sale fixed maturities to a subsidiary of GE Capital that is not consolidated in our financial statements at fair value, which resulted in net realized investment gains of \$114 million.

As of December 31, 2003 and 2002, we had several notes receivable from various GE affiliates in the amount of \$209 million and \$367 million, respectively. These notes mature at various dates through 2017 and bear interest at rates between 5.46% and 6.63%.

As of December 31, 2003 and 2002, we had approximately €2 million (\$2 million) and £5 million (\$9 million), respectively, of notes payable to various GE affiliates. These notes mature in 2011 and

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2007 and bear interest at the six-month Euro Interbank Offered Rate ("EURIBOR") and 8.80%, respectively.

As of December 31, 2002, our Japanese life insurance business had ¥62.8 billion of long-term borrowings from various GE affiliates, which were carried at the translated amount of \$530 million. As described in note 4, we sold our Japanese life insurance and domestic auto and homeowners' insurance businesses to American International Group, Inc. in 2003.

As of December 31, 2003 and 2002, we had certain operating receivables of \$254 million and \$0 million, respectively, and payables of \$673 million and \$763 million, respectively, with certain affiliated companies.

As of December 31, 2003, we held \$47 million of commercial paper issued by GE Capital.

As of December 31, 2003 and 2002, we had a line of credit with GE that had an aggregate borrowing limit of \$2.5 billion. There was an outstanding balance of \$548 million as of December 31, 2003 and no outstanding balance as of December 31, 2002. Outstanding borrowings under this line of credit bear interest at the three-month U.S.\$ London Interbank Offered Rate ("LIBOR") plus 25 basis points. Interest is accrued and settled quarterly, in arrears. We incurred interest expense under this line of credit of \$0.5 million, \$8 million and \$11 million for the years ended December 31, 2003, 2002, and 2001, respectively. We also had a line of credit with an affiliate of GE Capital with an aggregate borrowing line of £10 million. There was no outstanding balance as of December 31, 2003 or 2002.

We, along with GE Capital, are participants in a revolving credit agreement that involves an international cash pooling arrangement on behalf of a number of GE subsidiaries in Europe, including some of our European subsidiaries. In these roles, either participant may make short-term loans to the other as part of the cash pooling arrangement. Each such borrowing shall be repayable upon demand, but not to exceed 364 days. This unsecured line of credit has an interest rate per annum equal to GE Capital Services' cost of funds for the currency in which such borrowing is denominated. This credit facility has an annual term, but is automatically extended for successive terms of one year each, unless terminated in accordance with the terms of the agreement. We had a net receivable of \$9 million and \$85 million under this credit facility as of December 31, 2003 and 2002, respectively.

GE Capital from time to time has provided guarantees and other support arrangements on our behalf, including performance guarantees and support agreements relating to securitization and comfort letters provided to government agencies. We have not incurred any charges for the provision of these guarantees and other support arrangements.

## **(19) Fair Value of Financial Instruments**

Assets and liabilities that are reflected in the accompanying combined financial statements at fair value are not included in the following disclosure of fair value; such items include cash and cash equivalents, investment securities, separate accounts and derivative financial instruments. Other financial assets and liabilities—those not carried at fair value—are discussed below. Apart from certain of our borrowings and certain marketable securities, few of the instruments discussed below are actively traded and their fair values must often be determined using models. The fair value estimates are made at a specific point in time, based upon available market information and judgments about the financial instruments, including estimates of the timing and amount of expected future cash flows and the credit

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standing of counterparties. Such estimates do not reflect any premium or discount that could result from offering for sale at one time our entire holdings of a particular financial instrument, nor do they consider the tax impact of the realization of unrealized gains or losses. In many cases, the fair value estimates cannot be substantiated by comparison to independent markets, nor can the disclosed value be realized in immediate

settlement of the financial instrument.

The bases on which we estimate fair values are as follows:

*Mortgage loans.* Based on quoted market prices, recent transactions and/or discounted future cash flows, using rates at which similar loans would have been made to similar borrowers.

*Other financial instruments.* Based on comparable market transactions, discounted future cash flows, quoted market prices, and/or estimates of the cost to terminate or otherwise settle obligations.

*Borrowings.* Based on market quotes or comparables.

*Investment contract benefits.* Based on expected future cash flows, discounted at currently offered discount rates for immediate annuity contracts or cash surrender values for single premium deferred annuities.

*Insurance—credit life.* Based on future cash flows, considering expected renewal premiums, claims, refunds and servicing costs, discounted at a current market rate.

*Insurance—mortgage.* Based on carrying value which approximates fair value.

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

	2003			2002		
	Notional amount	Carrying amount	Estimated fair value	Notional amount	Carrying amount	Estimated fair value
<b>(Dollar amounts in millions)</b>						
<b>Assets:</b>						
Mortgage loans	\$ (a)	\$ 6,114	\$ 6,414	\$ (a)	\$ 5,302	\$ 5,684
Other financial instruments	(a)	34	34	(a)	44	44
<b>Liabilities:</b>						
<b>Borrowing and related instruments:</b>						
Borrowings <sup>(b) (c)</sup>	(a)	2,768	2,754	(a)	2,322	2,322
Investment contract benefits	(a)	31,206	31,013	(a)	30,962	32,238
Insurance — credit life	11,321	2,249	2,249	12,365	2,070	2,070
Performance guarantees, principally letters of credit	119	—	—	119	—	—
Insurance — mortgage	70,300	1,556	1,556	55,300	1,077	1,077
<b>Other firm commitments:</b>						
Ordinary course of business lending commitments	56	—	—	163	—	—
Commitments to fund limited partnerships	41	—	—	88	—	—

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

(b) See note 13.

(c) Includes effects of interest rate and currency swaps.

On January 1, 2001, we adopted SFAS 133, *Accounting for Derivative Instruments and Hedging Activities*, as discussed in note 2. The paragraphs that follow provide additional information about derivatives and hedging relationships in accordance with SFAS 133.

The nature of our business activities necessarily involves the management of various financial and market risks, including those related to changes in interest rates. As discussed more fully in note 2 of the combined financial statements, we use derivative financial instruments to mitigate or eliminate certain of those risks. The January 1, 2001, accounting change previously described affected only the pattern and timing of non-cash accounting recognition.

A reconciliation of current period changes for the years ended December 31, 2003 and 2002, net of applicable income taxes in the separate component of stockholder's interest labeled "derivatives qualifying as hedges", follows:

	2003	2002
<b>(Dollar amounts in millions)</b>		
Derivatives qualifying as hedges as of January 1	\$ (98)	\$ (168)
Current period (decreases) increases in fair value, net	37	21
Reclassification to earnings, net	20	49
Reclassification adjustment from discontinued operations, net	36	—
	<hr/>	<hr/>
Balance at December 31	\$ (5)	\$ (98)
	<hr/>	<hr/>

*Derivatives and Hedging.* Our business activities routinely deal with fluctuations in interest rates in currency exchange rates and other asset prices. We follow strict policies for managing each of these risks, including prohibition on derivatives market-making, speculative derivatives trading or other speculative derivatives activities. These policies require the use of derivative instruments in concert with other techniques to reduce or eliminate these risks.

*Cash flow hedges.* Under SFAS 133, cash flow hedges are hedges that use simple derivatives to offset the variability of expected future cash flows. Variability can appear in floating rate assets, floating rate liabilities or from certain types of forecasted transactions, and can arise from changes in interest rates or currency exchange rates. For example, we may borrow funds at a variable rate of interest. If we need these funds to make a floating rate loan, there is no exposure to interest rate changes, and no hedge is necessary. However, if a fixed rate loan is made, we may contractually commit to pay a fixed rate of interest to a counterparty who will pay us a variable rate of interest (an "interest rate swap"). This swap will then be designated as a cash flow hedge of the associated variable rate borrowing. If, as would be expected, the derivative is highly effective in offsetting variable rates in the borrowing, changes in its fair value are recorded in a separate component of accumulated nonowner changes in stockholder's interest and released to earnings contemporaneously with the earnings effects of the hedged item. Further information about hedge effectiveness is provided below.

We use currency forwards and interest rate and currency swaps, to optimize investment returns and borrowing costs. For example, currency swaps and non-functional currency borrowings together provide lower funding costs than could be achieved by issuing debt directly in a given currency.

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At December 31, 2003, amounts related to derivatives qualifying as cash flow hedges resulted in an increase of stockholder's interest of \$93 million, of which \$8 million was expected to be transferred to earnings in 2004, along with the earnings effects of the related forecasted transactions in 2003.

*Fair value hedges.* Under SFAS 133, fair value hedges are hedges that eliminate the risk of changes in the fair values of assets, liabilities and certain types of firm commitments. For example, we often purchase assets which pay a fixed rate of interest. If these assets were purchased to support fixed rate liabilities, there is consistency in the interest rate exposure of both, and no hedge is necessary. However, if the assets were purchased to offset floating rate liabilities, we will contractually commit to pay a fixed rate of interest to a counterparty who will pay us a floating rate of interest (an "interest rate swap"). This swap will then be designated as a fair value hedge of the asset purchased. Changes in fair value of derivatives designated and effective as fair value hedges are recorded in earnings and are offset by corresponding changes in the fair value of the hedged item.

We use interest rate swaps, currency swaps and interest rate and currency forwards to hedge the effect of interest rate and currency exchange rate changes on local and non functional currency denominated fixed rate borrowings and certain types of fixed rate assets. Equity options are used to hedge price changes in equity indexed annuity liabilities.

*Net investment hedges.* The net investment hedge designation under SFAS 133 refers to the use of derivative contracts or cash instruments to hedge the foreign currency exposure of a net investment in a foreign operation. Currency exposures that result from net investments in affiliates are managed principally by funding assets denominated in local currency with liabilities denominated in that same currency.

*Derivatives not designated as hedges.* SFAS 133 specifies criteria that must be met in order to apply any of the three forms of hedge accounting. For example, hedge accounting is not permitted for hedged items that are marked to market through earnings. We use derivatives to hedge exposures when it makes economic sense to do so, including circumstances in which the hedging relationship does not qualify for hedge accounting as described in the following paragraph. We will also occasionally receive derivatives in the ordinary course of business. Under SFAS 133, derivatives that do not qualify for hedge accounting are marked to market through earnings.

We use option contracts, including floors, as an economic hedge of changes in interest rates, currency exchange rates and equity prices on certain types of liabilities. Although these instruments are considered to be derivatives under SFAS 133, our economic risk is similar to, and managed on the same basis as other equity instruments we hold.

*Earnings effects of derivatives.* The table that follows provides additional information about the earnings effects of derivatives. In the context of hedging relationships, "effectiveness" refers to the degree to which fair value changes in the hedging instrument offset corresponding fair value changes in the hedged item. Certain elements of hedge positions cannot qualify for hedge accounting under SFAS 133 whether effective or not, and must therefore be marked to market through earnings. Time value of purchased options is the most common example of such elements in instruments we use. Pre-tax earnings effects of such items for the year ended December 31, 2003 are shown in the following table as "Amounts excluded from the measure of effectiveness."

(Dollar amounts in millions)	Cash flow hedges	Fair value hedges
Ineffectiveness	\$ 1	\$ 5
Amounts excluded from the measure of effectiveness	—	—

At December 31, 2003, the fair value of derivatives in a gain position and recorded in Other assets was \$252 million and the fair value of derivatives in a loss position and recorded in Other liabilities was \$281 million.

*Counterparty credit risk.* The risk that counterparties to derivative contracts will be financially unable to make payments to us according to the terms of the agreements is counterparty credit risk. We manage counterparty credit risk on an individual counterparty basis, which means that we net gains and losses for each counterparty to determine the amount at risk. When a counterparty exceeds credit exposure limits in terms of amounts they owe us, typically as a result of changes in market conditions (see table below), no additional transactions are permitted to be executed until the exposure with that counterparty is reduced to an amount that is within the established limit. All swaps are required to be executed under master swap agreements containing mutual credit downgrade provisions that provide the ability to require assignment or termination in the event either party is downgraded below A3 or A-. If the downgrade provisions had been triggered at December 31, 2003, we could have been required to disburse up to \$190 million and could have claimed \$161 million from counterparties—the net fair value losses and gains. At December 31, 2003 and 2002, gross fair value gains were \$252 million and \$278 million, respectively. At December 31, 2003 and 2002, gross fair value losses were \$281 million and \$275 million, respectively.

Except for such positions, all other swaps, purchased options and forwards with contractual maturities longer than one year are conducted within the credit policy constraints provided in the table below. We may, however, enter into derivative transactions for durations of five years or longer with lower rated counterparties (Moody's Aa3 and S&P's AA-) if the agreements governing such transactions require both us and the counterparties to provide collateral in certain circumstances. Foreign exchange forwards with contractual maturities shorter than one year must be executed with counterparties having an A-1/ P-1 credit rating and the credit limit for these transactions is \$150 million.

#### *Counterparty credit criteria*

	Credit Rating	
	Moody's	Standard & Poor's
Term of transaction		
Up to five years	Aa3	AA-
Greater than five years	Aaa	AAA
Credit exposure limit		
Up to \$50 million	Aa3	AA-
Up to \$75 million	Aaa	AAA

#### **(20) Non-Controlled Entities**

One of the most common forms of off-balance sheet arrangements is asset securitization. We use GE Capital-sponsored and third party entities to facilitate asset securitizations. As part of this strategy, management considers the relative risks and returns of our alternatives and predominately uses GE Capital-sponsored entities. Management believes these transactions could be readily executed through third party entities at insignificant incremental cost.

The following table summarizes the current balance of assets sold to Qualified Special Purposes Entities (QSPE's) at December 31:

	2003	2002
<b>(Dollar amounts in millions)</b>		
Assets—collateralized by:		
Commercial mortgage loans	\$ 816	\$ 428
Fixed maturities	—	679
Other receivables	800	825
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,616</u>	<u>\$ 1,932</u>

We evaluate the economic, liquidity and credit risk related to the above QSPEs and believe that the likelihood is remote that any such arrangements could have a significant adverse effect on our financial position, results of operations, or liquidity. Financial support for certain SPE's is provided under credit support agreements, in which we provide limited recourse for a maximum of \$119 million of credit losses in qualifying entities. Assets with credit support are funded by demand notes that are further enhanced with support provided by GE Capital. We record liabilities for such guarantees based on our best estimate of probable losses. To date, we have not been required to make any payments under any of the credit support agreements. These agreements will remain in place throughout the life of the related entities.

Sales of securitized assets to SPEs result in a gain or loss amounting to the net of sales proceeds, the carrying amount of net assets sold, the fair value of servicing rights and retained interests and an

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allowance for losses. Amounts recognized in our combined financial statements related to sales to sponsored or supported SPEs at December 31 are as follows:

	2003		2002	
	Cost	Fair value	Cost	Fair value
<b>(Dollar amounts in millions)</b>				
Retained interests—assets	\$ 143	\$ 171	\$ 76	\$ 103
Servicing asset	—	—	—	—
Recourse liability	—	—	—	—
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u>\$ 143</u>	<u>\$ 171</u>	<u>\$ 76</u>	<u>\$ 103</u>

**Retained interests.** In certain securitization transactions, we retain an interest in transferred assets. Those interests take various forms and may be subject to credit prepayment and interest rate risks.

**Servicing assets.** Following a securitization transaction, we retain the responsibility for servicing the receivables, and, as such, are entitled to receive an ongoing fee based on the outstanding principal balances of the receivables. There are no servicing assets nor liabilities recorded as the benefits of servicing the assets are adequate to compensate an independent servicer for its servicing responsibilities.

**Recourse liability.** As described previously, under credit support agreements we provide recourse for credit losses in special purpose entities. We provide for expected credit losses under these agreements and such amounts approximate fair value.

## (21) Restrictions on Dividends

Our insurance companies are restricted by state and foreign insurance departments as to the aggregate amount of dividends they may pay to their parent without regulatory approval, the purpose of which is to protect affected insurance policyholders, depositors or investors. Dividends in excess of regulatory prescribed limits are deemed "extraordinary" and require formal insurance department approval. Based on statutory results as of December 31, 2003, our subsidiaries could pay dividends of \$1,121 million to us in 2004 without obtaining regulatory approval.

We received from our insurance subsidiaries dividends of \$1,472 (\$1,400 million of which were deemed "extraordinary") million, \$840 million (\$375 million of which were deemed "extraordinary") and \$410 million, during 2003, 2002 and 2001, respectively. During 2003, we also received dividends from insurance subsidiaries related to discontinued operations of \$495 million. We declared and paid dividends of \$3,168 to our parent during 2003. We declared dividends of \$171 million during 2002 of which \$107 million was paid in 2002 and \$64 million was paid in 2003. We declared dividends of \$31 million in 2001 of which \$6 million was paid in 2001 and \$25 million was paid in 2002.

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## (22) Supplementary Financial Data

Our U.S. domiciled insurance subsidiaries file financial statements with state insurance regulatory authorities and the "NAIC" that are prepared on an accounting basis prescribed or permitted by such authorities (statutory basis). Statutory accounting practices differ from U.S. GAAP in several respects, causing differences in reported net earnings and stockholder's interest. Permitted statutory accounting practices encompass all accounting practices not so prescribed but that have been specifically allowed by state insurance authorities. Our insurance subsidiaries have no significant permitted accounting practices.

Combined statutory net income for our U.S. domiciled insurance subsidiaries for the years ended December 31, 2003, 2002 and 2001 was \$389 million, \$26 million and \$648 million, respectively. The combined statutory capital and surplus as of December 31, 2003 and 2002 was 7.0 billion and 7.2 billion, respectively.

The NAIC has adopted Risk-Based Capital (RBC) requirements to evaluate the adequacy of statutory capital and surplus in relation to risks associated with: (i) asset risk, (ii) insurance risk, (iii) interest rate risk, and (iv) business risk. The RBC formula is designated as an early warning tool for the states to identify possible undercapitalized companies for the purpose of initiating regulatory action. In the course of operations, we periodically monitor the RBC level of each of our insurance subsidiaries. At December 31, 2002 and 2001, each of our insurance subsidiaries exceeded the minimum required RBC levels.

For statutory purposes, our mortgage insurance subsidiaries are required to maintain a statutory contingency reserve. Annual additions to the statutory contingency reserve equal 50% of earned premiums and are maintained for ten years.

## (23) Operating and Geographic Segments

### (a) Operating Segment Information

We conduct our operations through five business segments: (1) Protection, which includes our life insurance, long-term care insurance, group life and health insurance and European payment protection insurance; (2) Retirement Income and Investments, which includes our fixed, variable and income annuities, variable life insurance, asset management and specialized products, including GICs, funding agreements and structured settlements; (3) Mortgage Insurance, which includes our mortgage insurance products that facilitate homeownership by enabling borrowers to buy homes with low-down-payment mortgages; (4) Affinity, which includes life and health insurance and other financial products and services offered directly to consumers through affinity marketing arrangements with a variety of organizations, an institutional asset management business and several other small businesses that are not part of our core ongoing business; and (5) Corporate and Other, which includes net realized investment gains (losses), interest and other debt financing expenses and unallocated corporate income and expenses, as well as the results of several small, non-core businesses that are managed outside our operating segments.

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The following is a summary of segment activity for 2003, 2002 and 2001:

2003—Segment Data	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Combined
<i>(Dollar amounts in millions)</i>						
Premiums	\$ 4,588	\$ 1,045	\$ 716	\$ 244	\$ 110	\$ 6,703
Net investment income	1,199	2,511	218	62	25	4,015
Net realized investment gains	—	—	—	—	10	10
Policy fees and other income	366	225	48	260	44	943

Total revenues	6,153	3,781	982	566	189	11,671
Benefits and other changes in policy reserves	2,997	1,871	115	196	53	5,232
Interest credited	365	1,259	—	—	—	1,624
Underwriting acquisition and insurance expenses, net of deferrals	1,029	232	299	239	143	1,942
Amortization of deferred acquisition costs and intangibles	1,001	190	37	110	13	1,351
Interest expense	3	—	—	—	137	140
Total benefits and expenses	5,395	3,552	451	545	346	10,289
Earnings (loss) from continuing operations before income taxes	758	229	531	21	(157)	1,382
Provision (benefit) for income taxes	271	78	162	5	(103)	413
Net earnings (loss) from continuing operations	\$ 487	\$ 151	\$ 369	\$ 16	\$ (54)	\$ 969
Total assets	\$ 29,254	\$ 55,614	\$ 6,110	\$ 2,315	\$ 10,138	\$ 103,431

2002—Segment Data	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Combined
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(Dollar amounts in millions)

Premiums	\$ 4,088	\$ 991	\$ 677	\$ 247	\$ 104	\$ 6,107
Net investment income	1,136	2,522	231	70	20	3,979
Net realized investment gains	—	—	—	—	204	204
Policy fees and other income	381	243	38	271	6	939
Total revenues	5,605	3,756	946	588	334	11,229
Benefits and other changes in policy reserves	2,630	1,769	46	180	15	4,640
Interest credited	362	1,283	—	—	—	1,645
Underwriting acquisition and insurance expenses, net of deferrals	930	221	233	312	112	1,808
Amortization of deferred acquisition costs and intangibles	846	210	39	116	10	1,221
Interest expense	—	—	—	—	124	124
Total benefits and expenses	4,768	3,483	318	608	261	9,438
Earnings (loss) from continuing operations before income taxes	837	273	628	(20)	73	1,791
Provision (benefit) for income taxes	283	87	177	(17)	(119)	411
Net earnings (loss) from continuing operations	\$ 554	\$ 186	\$ 451	\$ (3)	\$ 192	\$ 1,380
Total assets	\$ 27,104	\$ 53,624	\$ 6,066	\$ 2,317	\$ 28,246	\$ 117,357

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2001—Segment Data	Protection	Retirement Income and Investments	Mortgage Insurance	Affinity	Corporate and Other	Combined
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(Dollar amounts in millions)

Premiums	\$ 3,915	\$ 1,023	\$ 698	\$ 286	\$ 90	\$ 6,012
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Net investment income (losses)	1,119	2,482	227	74	(7)	3,895
Net realized investment gains	—	—	—	—	201	201
Policy fees and other income	409	216	40	327	1	993
<b>Total revenues</b>	<b>5,443</b>	<b>3,721</b>	<b>965</b>	<b>687</b>	<b>285</b>	<b>11,101</b>
Benefits and other changes in policy reserves	2,380	1,736	150	188	20	4,474
Interest credited	342	1,278	—	—	—	1,620
Underwriting acquisition and insurance expenses, net of deferrals	1,043	187	180	320	93	1,823
Amortization of deferred acquisition costs and intangibles	839	181	51	156	10	1,237
Interest expense	—	—	—	—	126	126
<b>Total benefits and expenses</b>	<b>4,604</b>	<b>3,382</b>	<b>381</b>	<b>664</b>	<b>249</b>	<b>9,280</b>
Earnings from continuing operations before income taxes	839	339	584	23	36	1,821
Provision (benefit) for income taxes	301	124	156	(1)	10	590
<b>Net earnings from continuing operations</b>	<b>\$ 538</b>	<b>\$ 215</b>	<b>\$ 428</b>	<b>\$ 24</b>	<b>\$ 26</b>	<b>\$ 1,231</b>
<b>Total assets</b>	<b>\$ 24,647</b>	<b>\$ 50,512</b>	<b>\$ 5,830</b>	<b>\$ 2,211</b>	<b>\$ 20,798</b>	<b>\$ 103,998</b>

(b) Revenues of Major Product Groups

(Dollar amounts in millions)

	2003	2002	2001
Long-term care insurance	\$ 2,417	\$ 2,087	\$ 1,921
European payment protection insurance	1,615	1,372	1,303
Life insurance	1,444	1,432	1,511
Group life and health insurance	677	714	708
<b>Total Protection segment revenues</b>	<b>6,153</b>	<b>5,605</b>	<b>5,443</b>
Spread-based products	3,457	3,447	3,456
Fee-based products	324	309	265
<b>Total Retirement Income and Investments segment revenues</b>	<b>3,781</b>	<b>3,756</b>	<b>3,721</b>
U.S. mortgage insurance	665	750	812
International mortgage insurance	317	196	153
<b>Total Mortgage Insurance segment revenues</b>	<b>982</b>	<b>946</b>	<b>965</b>
Affinity segment revenues	566	588	687
Corporate and Other segment revenues	189	334	285
<b>Total revenues</b>	<b>\$ 11,671</b>	<b>\$ 11,229</b>	<b>\$ 11,101</b>

(c) *Geographic Segment Information*

We conduct our operations in two geographic regions: (1) United States and (2) International.

The following is a summary of geographic region activity as of and for the years ended December 31, 2003, 2002 and 2001.

2003	United States	International	Combined
<hr/> <b>(Dollar amounts in millions)</b>			
Total revenues	\$ 9,620	\$ 2,051	\$ 11,671
Net earnings from continuing operations	\$ 717	\$ 252	\$ 969
Total assets	\$ 96,452	\$ 6,979	\$ 103,431
<hr/>			
2002			
Total revenues	\$ 9,622	\$ 1,607	\$ 11,229
Net earnings from continuing operations	\$ 1,217	\$ 163	\$ 1,380
Total assets	\$ 111,739	\$ 5,618	\$ 117,357
<hr/>			
2001			
Total revenues	\$ 9,577	\$ 1,524	\$ 11,101
Net earnings from continuing operations	\$ 1,094	\$ 137	\$ 1,231
Total assets	\$ 98,569	\$ 5,429	\$ 103,998

**(24) Litigation**

We are subject to legal and regulatory actions in the ordinary course of our businesses, including class actions. Our pending legal and regulatory actions include proceedings specific to us and others generally applicable to business practices in the industries in which we are operating. Plaintiffs in class action and other lawsuits against us may seek very large or indeterminate amounts, including punitive and treble damages. Given the large or indeterminate amounts sought in certain of these matters and the inherent unpredictability of litigation, it is possible that an adverse outcome in some of our matters could have a material adverse effect on our combined financial condition or results of operations.

One of our insurance subsidiaries is named as a defendant in a lawsuit in Georgia (*McBride v. Life Insurance Co. of Virginia dba GE Life and Annuity Assurance Co.* ("GE Life")) related to the sale of universal life insurance policies. The complaint was filed on November 1, 2000 as a class action on behalf of all persons who purchased certain universal life insurance policies from that subsidiary and alleges improper practices in connection with the sale and administration of universal life policies. We have vigorously denied liability with respect to the plaintiff's allegations. Nevertheless, to avoid the risks and costs associated with protracted litigation and to resolve its differences with policyholders, GE Life agreed in principle on October 8, 2003, to settle the case on a nationwide class action basis. The

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settlement documents have not been finalized, nor has any proposed settlement been submitted to the proposed class and the U.S. District Court for approval, and a final settlement is not certain. In the third quarter of 2003, we accrued \$50 million in reserves relating to this litigation, which represents our best estimate of bringing this matter to conclusion. The precise amount of payments in this matter cannot be estimated because they are dependent upon court approval of the class and related settlement, the number of individuals who ultimately will seek relief in the claim form process of any approved class settlement, the identity of such claimants and whether they are entitled to relief under the settlement terms and the nature of the relief to which they are entitled.

One of our mortgage insurance subsidiaries is named as a defendant in a lawsuit, *William Portis et al. v. GE Mortgage Insurance Corp.* The complaint was filed on January 15, 2004 in the U.S. District Court for the Northern District of Illinois. The 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. The action alleges that the Federal Fair Credit Reporting Act (the "FCRA") requires an "adverse action" notice to such borrowers and that we violated the FCRA by failing to give such notice. The plaintiffs 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. Similar cases are pending against five other mortgage insurers. We intend to vigorously defend against this action but we cannot predict its outcome.

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### Independent Auditors' Report

The Board of Directors  
Genworth Financial inc.:

We have audited the accompanying statement of financial position of Genworth Financial, Inc. (the "Company") as of December 31, 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of financial position is free of material misstatement. An audit of a statement of financial position includes examining, on a test basis, evidence supporting the amounts and disclosures in that statement. An audit of a statement of financial position also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit of the statement of financial position provides a reasonable basis for our opinion.

In our opinion, the statement of financial position referred to above presents fairly, in all material respects, the financial position of Genworth Financial, Inc. as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP  
Richmond, Virginia  
February 6, 2004

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### Genworth Financial, Inc. Statement of Financial Position December 31, 2003

<b>Assets</b>	
Cash	\$ 1,000
	<hr/>
<b>Total Assets</b>	<b>\$ 1,000</b>
	<hr/>
<b>Stockholder's Interest</b>	
Common stock, \$0.01 par value; 1,000 shares authorized, issued and outstanding	\$ 10
Capital in excess of par value	990
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<b>Total Stockholder's Interest</b>	<b>\$ 1,000</b>
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### Note to Statement of Financial Position

#### 1. Organization and Purpose

Genworth Financial, Inc. ("Genworth") was incorporated in Delaware on October 23, 2003. In connection with its formation, Genworth issued 1,000 shares of common stock for \$1,000 to GE Financial Assurance Holdings, Inc. ("GEFAHI"), an indirect subsidiary of General

Genworth was formed in preparation for the corporate reorganization of certain insurance and related subsidiaries of GE and an initial public offering of Genworth common stock. Genworth will acquire substantially all of the assets and liabilities of GEFAHI, a holding company for a group of companies that provide annuities and other investment products, life insurance, long-term care insurance, group life and health insurance and mortgage insurance. Genworth will also acquire certain other insurance businesses currently owned by other GE subsidiaries and enter into several significant reinsurance transactions with an affiliate of GE.

Other than the receipt and deposit of its initial capital and the filing of a Registration Statement with the Securities and Exchange Commission in connection with the planned initial public offering of its common stock, Genworth has not undertaken commercial activities.

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### Glossary of Selected Insurance Terms

The following Glossary includes definitions of certain insurance, reinsurance, investment and other terms.

A.M. Best	A.M. Best Company, a rating agency.
Account value	The amount of investment products held for the benefit of a policyholder or contract holder. For mutual funds, account value is equal to fair market value.
Accumulation period	The period during which an individual makes regular contributions to a deferred annuity or retirement plan. The period ends when the income payments begin.
Annualized first-year premiums	Premium payments related only to new sales and calculated as if they were consistently paid for the full year of the sale even if they were actually paid for only a portion of the year of the sale.
Annuity	A contract that provides for periodic payments to an annuitant for a specified period, often until the annuitant's death.
Assets under management	Assets we manage directly in our proprietary products, such as our mutual funds and variable annuities, in our separate accounts and in our general account, and assets invested in investment options included in our products that are managed by third-party sub-managers.
Bulk insurance	Primary mortgage insurance whereby a portfolio of loans is insured in a single, bulk transaction.
Captive reinsurance	In the mortgage insurance industry, a reinsurance program in which the mortgage insurer shares portions of the mortgage insurance risk written on loans originated or purchased by lenders with captive reinsurance companies affiliated with these lenders.
Captive reinsurer	In the mortgage insurance industry, any reinsurance company that is wholly-owned by another organization (generally the lender or an affiliate of the lender), the main purpose of which is to insure the risks of the parent organization.
Cash value	The amount of cash available to a policyholder on the surrender of or withdrawal from a life insurance policy or annuity contract.
Cede	Reinsuring with another insurance company all or a portion of the risk we insure.
Credit ratings	The opinions of rating agencies regarding an entity's ability to repay its indebtedness.

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The purpose of Moody's credit ratings is to provide investors with a simple system of gradation by which relative creditworthiness of securities may be noted. Moody's long-term obligation ratings currently range from "Aaa" (highest quality) to "C" (lowest rated). Moody's long-term obligation ratings grade debt according to its investment quality. Moody's considers "Aa2" and "A3" rated long-term obligations to be upper-medium grade obligations and subject to low risk. Moody's short-term credit ratings range from "P-1" (superior) to "NP" (not prime).

S&P's credit ratings range from "AAA" (highest rating) to "D" (payment default). S&P publications indicate that an "A+" rated issue is somewhat more susceptible to the adverse effects of changes in circumstances and economic condition than obligations in higher rated categories; however, the obligor's capacity to meet its financial commitment to the obligation is still strong. S&P short-term ratings range from "A-1" (highest category) to "D" (payment default). Within the A-1 category some obligations are designated with a plus sign (+) indicating that the obligor's capacity to meet its financial commitment to the obligation is extremely strong.

Crediting rate	The interest rate credited on a life insurance policy or annuity contract, which may be a guaranteed fixed rate, a variable rate or some combination of both.
Deferred acquisition costs (DAC)	Commissions and other selling and issuance expenses that vary with and are primarily related to the production of business and that are deferred and amortized over the estimated life of the related insurance policies in conformity with U.S. GAAP. These costs include commissions in excess of ultimate renewal commissions, direct mail and printing costs, sales material and some support costs, such as underwriting and policy and contract issuance expenses.
Deferred annuities	Annuity contracts that delay income payments until the holder chooses to receive them.
Defined benefit pension plan	A pension plan that promises to pay a specified amount to each eligible plan member who retires.
Defined contribution plan	A plan established under Section 401(a), 401(k), 403(b) or 457(b) of the Internal Revenue Code, under which the benefits to a participant depend on contributions made to, and the investment return on, the participant's account.
Earned premiums	The portion of a premium, net of any amount ceded, that represents coverage already provided or that belongs to the insurer based on the part of the policy period that has passed.
Financial strength ratings	The opinions of rating agencies regarding the financial ability of an insurance company to meet its obligations under its insurance policies.

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A.M. Best's financial strength ratings for insurance companies currently range from "A++" (superior) to "F" (in liquidation). A.M. Best's ratings reflect its opinion of an insurance company's financial strength, operating performance and ability to meet its obligations to policyholders. A.M. Best considers "A" and "A-" rated companies to have an excellent ability to meet their ongoing obligations to policyholders and "B++" companies to have a good ability to meet their ongoing obligations to policyholders. Fitch's financial strength ratings currently range from "AAA" (exceptionally strong) to "D" (distressed). These ratings provide an assessment of the financial strength of an insurance organization and its capacity to meet senior obligations to policyholders and contract holders on a timely basis. According to Fitch's publications, "AA" (very strong) rated insurance companies are viewed as possessing very strong capacity to meet policyholder and contract obligations. Risk factors are modest, and the impact of any adverse business and economic factors is expected to be very small. The symbol (+) or (-) may be appended to a rating to indicate the relative position of a credit within a rating category. Such suffixes are not added to ratings in the "AAA" category or to ratings below the "CCC" category.

Moody's financial strength ratings currently range from "Aaa" (exceptional) to "C" (lowest rated). Moody's ratings reflect the ability of insurance companies to repay punctually senior policy-holder claims and obligations. Moody's indicates that "A1" rated insurance companies offer good financial security, but elements may be present which suggest a susceptibility to impairment sometime in the future. The symbol "1" following "A" shows a company's relative standing within the "A" rating category. S&P's financial strength ratings currently range from "AAA" (extremely strong) to "R" (regulatory action). These ratings reflect S&P's opinion of an operating insurance company's financial capacity to meet the obligations of its insurance policies and contracts in accordance with their terms. According to S&P's publications, "A+" rated insurance companies have strong financial security characteristics, but are somewhat more likely to be affected by adverse business conditions than insurers with higher ratings. The symbol (+) following "A" shows a company's relative standing within the "A" rating category.

First-year premiums	The amount of premiums received during the first year on insurance policies sold plus the amount of deposits on variable and universal life policies sold or additional premiums or deposits from conversions received over the specified period. This figure does not reflect policies that lapse in their first year.
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Fitch Fixed annuities	Fitch Ratings Ltd. and its subsidiaries, a rating agency. An annuity under which the interest rate credited on the annuity during the accumulation phase is a fixed rate, which may change periodically, until it matures.
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Flow insurance	Primary mortgage insurance placed on an individual loan when the loan is originated.
Funding agreements	A contract that guarantees a minimum rate of return, which may be fixed or floating, on the amount invested.
General account	All of the assets of our insurance companies recognized for statutory accounting purposes other than those specifically allocated to a separate account. We bear the risk of our investments held in our general account.
Gross written premiums	Total premiums for insurance written and reinsurance assumed during a given period.
Group insurance	Insurance which is issued to a group, such as an employer, credit union, or trade association, and which provides coverage for individuals and sometimes their dependents.
Guaranteed investment contract (GIC)	A contract, usually purchased by ERISA qualified plans, that guarantees a minimum rate of return, which may be fixed or floating, on the amount invested.
Immediate annuities	Annuity contracts under which the benefits payable to the annuitant begin to be paid within one year of contract issuance.
Income annuities	Annuity contracts that provide for a single premium at the time of issue and guarantee a series of payments beginning within one year of the issue date and continuing over a period of years.
In-force	Policies and contracts reflected on our applicable records that have not expired or been terminated as of a given date.
Insurance in force	The value of mortgage insurance policies, based on the original principal amount of mortgages covered by mortgage insurance policies that remain in effect.
LIMRA International	Life Insurance Marketing and Research Association, an association of life insurance and other financial services companies.
Loan-to-value	The ratio of the original principal balance of a mortgage loan to the property's fair market value or appraised value at the time of the loan.
Long-term care insurance	Insurance that protects the insured from certain costs of care at home or in an outside facility.
Loss adjustment expense	The expense involved in settling a loss, excluding the actual value of the loss.

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Medical stop loss insurance	Insurance that provides protection against catastrophic or unpredictable losses. It is purchased by employers who have decided to self-fund their employee benefit plans, but do not want to assume 100% of the liability for losses arising from the plans. Under a medical stop loss policy, the insurance company becomes liable for losses that exceed certain limits called deductibles.
Medicare supplement insurance	Insurance that provides coverage for Medicare-qualified expenses that are not covered by Medicare because of applicable deductibles or maximum limits.
Moody's	Moody's Investors Service, Inc., a rating agency.
Morbidity	The incidence of disease or disability in a specific population over a specific period of time.
Mortality	The number of deaths in a specific population over a specific period of time.
New insurance written	The original principal balance of mortgages covered by newly issued primary mortgage insurance.
New risk written	The original principal balance of mortgage loans covered by newly issued primary mortgage insurance, multiplied by the applicable coverage percentage.
Non-admitted assets	Certain assets or portions thereof that are not permitted to be reported as admitted assets in an insurer's statutory financial statement. As a result, certain assets which normally would be accorded value in the financial statements of non-insurance corporations are accorded no value and thus reduce the reported statutory policyholder surplus of the insurer.
Payment protection insurance	Insurance that helps consumers meet their payment obligations on outstanding financial commitments, such as mortgage, personal loans or credit cards, in the event of a misfortune, such as accident, illness, involuntary unemployment, temporary incapacity, permanent disability or death.
Persistency	Measurement by premiums of the percentage of insurance policies or annuity contracts remaining in force between specified measurement dates.
Policy loans	Loans from an insurer secured by the cash surrender value of a life insurance policy.
Pool insurance	In the U.S., mortgage insurance coverage on portfolios of loans, typically with an aggregate coverage limit, which is used as a credit enhancement in connection with the securitization of the related portfolio.
Portfolio credit enhancement	In our international mortgage insurance businesses, a form of primary mortgage insurance purchased by lenders on loans in a portfolio to reduce capital requirements or as a credit enhancement in anticipation of securitization.

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Premiums	Payments and other consideration received on insurance policies issued or reinsured by an insurance company, which are earned in accordance with U.S. GAAP over the terms of the related insurance policies or in proportion to expected claims or expiration of risk, depending on the nature of the policy. Under U.S. GAAP, premiums on investment-type contracts are not accounted for as revenues.
Present value of future profits (PVFP)	An intangible asset that represents the actuarially estimated present value of future cash flows from an acquired block of insurance policies or investment contracts and that is amortized over the estimated life of the related insurance policies or contracts in conformity with U.S. GAAP.
Primary mortgage insurance	Mortgage insurance, including flow and bulk but excluding pool, that protects mortgage lenders and investors from default-related losses on mortgage loans.
Primary mortgage insurance in force	Primary mortgage insurance, as determined by the value of mortgage insurance policies that remain in effect, based on the original principal amount of mortgages covered by such policies.
Private mortgage insurance	Mortgage insurance provided by nongovernmental insurers that protects a lender or investor against loss if the borrower defaults.
Qualified insurer	A mortgage guaranty insurer that is approved by each of Fannie Mae and Freddie Mac, pursuant to their respective charters, as meeting their requirements for insuring against credit losses on high loan-to-value loans.
Reinsurance	The ceding by one insurance company to another company of all or a portion of a risk for a premium. The ceding of risk, other than in the case of assumption reinsurance, does not relieve the original insurer of its liability to the insured.
Reserves	Liabilities established by insurers and reinsurers to reflect the estimated costs of claim payments and the related expenses that the insurer or reinsurer will ultimately be required to pay in respect of insurance or reinsurance it has written. Reserves are established losses, future benefits, claims, loss expenses and unearned premiums. With respect to mortgage insurance, a statutory contingency reserve is also required to be established by applicable law to protect against catastrophic losses.
Risk in force	The original principal amount of mortgage loans, multiplied by the coverage percentage under the mortgage insurance policies that remain in effect.
S&P	Standard & Poor's Ratings Group, a rating agency.

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Separate accounts	Assets of our insurance companies allocated under certain policies and contracts that are segregated from the general account and other separate accounts. The policyholder or contractholder bears the risk of investments held in a separate account.
Statutory accounting principles (SAP)	Accounting practices prescribed or permitted by an insurer's domiciliary state insurance regulator for purposes of financial reporting to regulators.
Statutory reserves	Monetary amounts established by state insurance law that an insurer must have available to provide for future obligations with respect to all policies. Statutory reserves are liabilities on the balance sheet of financial statements prepared in conformity with statutory accounting practices.
Statutory surplus	The excess of admitted assets over statutory liabilities as shown on an insurer's statutory financial statements.
Structured settlements	Customized annuities used to provide to a claimant ongoing periodic payments instead of a lump-sum payment. Structured settlements provide an alternative to a lump-sum settlement generally in a personal injury lawsuit and typically are purchased by property and casualty insurance companies for the benefit of an injured claimant with benefits scheduled to be paid throughout a fixed period or for the life of the claimant.
Surrender charge	An amount specified in an insurance policy or annuity contract that is charged to a policyholder or contractholder for early cancellations of, or withdrawal under, that policy or contract.
Surrenders and withdrawals	Amounts taken from life insurance policies and annuity contracts representing the full or partial values of these policies or contracts.
Term life insurance	Life insurance written for a specified period and under which no cash value is generally available on surrender.
Traditional flow mortgage insurance	Primary mortgage insurance placed on individual loans at or shortly after loan origination. Coverage is generally limited to 50% or less of the original loan balance.
Underwriting	The process of examining, accepting or rejecting insurance risks and classifying those risks that are accepted, in order to charge policyholders an appropriate premium.
Unearned premiums	The portion of a premium, net of any amount ceded, that represents coverage that has

Universal life insurance

not yet been provided or that will belong to the insurer based on the part of the policy period to elapse in the future.

Interest sensitive life insurance under which separately identified interest, and mortality and expense charges are made to the policy fund, typically with flexible premiums.

U.S. GAAP

Generally accepted accounting principles in the U.S.

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Variable annuity

An annuity contract under which values during the accumulation phase fluctuate according to the investment performance of a separate account or accounts supporting such contract that are designated by the contractholder.

Variable life insurance

A life insurance policy under which the benefits payable to the beneficiary upon the death of the insured or the surrender of the policy will vary to reflect the investment performance of a separate account or accounts supporting such policy that are designated by the contractholder.

Whole life insurance

A life insurance policy for an insured's entire life that offers the beneficiary benefits in the event of the insured's death, provided premiums have been paid when due; it also allows for the buildup of cash value but has no investment feature.

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## Shares



**Genworth**  
Financial

*Built on GE Heritage*

## Class A Common Stock

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## Prospectus

, 2004

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Through and including \_\_\_\_\_, 2004 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

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## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

#### Item 13. Other Expenses of Issuance and Distribution

The expenses, other than underwriting commissions, expected to be incurred by Genworth Financial, Inc. (the "Registrant") in connection with the issuance and distribution of the securities being registered under this Registration Statement are estimated to be as follows:

Securities and Exchange Commission Registration Fee	\$ 40,450
National Association of Securities Dealers, Inc. Filing Fee	\$ 30,500
New York Stock Exchange Listing Fee	\$ *
Printing and Engraving	\$ *
Legal Fees and Expenses	\$ *
Accounting Fees and Expenses	\$ *
Miscellaneous	\$ *
	<hr/>
Total	\$ <hr/>

\* To be completed by amendment

All offering expenses will be payable by the selling stockholder.

#### Item 14. Indemnification of Directors and Officers

Section 145 of the Delaware General Corporation Law provides that a corporation may indemnify directors and officers, as well as other employees and individuals, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any threatened, pending or completed actions, suits or proceedings in which such person is made a party by reason of such person being or having been a director, officer, employee or agent to the Registrant. The Delaware General Corporation Law provides that Section 145 is not excluding other rights to which those seeking indemnification may be entitled under any certificate of incorporation, bylaws, agreement, vote of stockholders or disinterested directors or otherwise. The Registrant's certificate of incorporation provides for indemnification by the Registrant of its directors, officers and employees to the fullest extent permitted by the Delaware General Corporation Law.

Section 102(b)(7) of the Delaware General Corporation Law permits a corporation to provide in its certificate of incorporation that a director of the corporation shall not be personally liable to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) for unlawful payments of dividends or unlawful stock repurchases, redemptions or other distributions, or (iv) for any transactions from which the director derived an improper personal benefit. The Registrant's certificate of incorporation provides for such limitation of liability.

The Registrant maintains standard policies of insurance under which coverage is provided (i) to its directors and officers against loss arising from claims made by reason of breach of duty or other wrongful act, and (ii) to the Registrant with respect to payments which may be made by the Registrant to such directors and officers pursuant to the above indemnification provision or otherwise as a matter of law.

#### Item 15. Recent Sales of Unregistered Securities

The Registrant was incorporated on October 23, 2003 under the laws of the State of Delaware. In connection with its formation, the Registrant issued 1,000 shares of common stock for \$1,000 to GE Financial Assurance Holdings, Inc., an indirect subsidiary of General Electric Company, pursuant to the exemption provided by Section 4(2) of the Securities Act of 1933.

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#### Item 16. Exhibits and Financial Statement Schedules

(a) Exhibits

Number	Description
1.1*	Form of Underwriting Agreement
3.1***	Amended and Restated Certificate of Incorporation of Genworth Financial, Inc.
3.2***	Amended and Restated Bylaws of Genworth Financial, Inc.

- 4.1\* Specimen Class A Common Stock certificate
- 4.2\*\*\* Indenture, dated as of June 26, 2001, between GE Financial Assurance Holdings, Inc. and The Chase Manhattan Bank, as Trustee
- 4.3\*\*\* First Supplemental Indenture, dated as of June 26, 2001, among GE Financial Assurance Holdings, Inc., The Chase Manhattan Bank, as Trustee, Paying Agent and Exchange Rate Agent, and The Chase Manhattan Bank, Luxembourg, S.A., as Paying Agent
- 4.4\* Second Supplemental Indenture among Genworth Financial, Inc. and The Chase Manhattan Bank, as Trustee
- 4.5\*\*\* ISDA Master Agreement, dated as of March 2, 2000, between Morgan Stanley Derivative Products Inc. and GE Financial Assurance Holdings Inc.
- 4.6\*\*\* Confirmation Letter, dated as of September 29, 2003, from Morgan Stanley Derivative Products Inc. to GE Financial Assurance Holdings Inc.
- 5.1\* Opinion of Weil, Gotshal & Manges LLP
- 10.1\*\*\* Master Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc.
- 10.2\*\*\* Registration Rights Agreement between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc.
- 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.
- 10.4\*\*\*† Liability and Portfolio Management Agreement between [Subsidiary] and Genworth Financial Asset Management, LLC
- 10.5\*\*\*† Form of Liability and Portfolio Management Agreement among FGIC Capital Market Services, Inc., Genworth Financial Asset Management, LLC and General Electric Capital Corporation
- 10.6\*\*\*† Outsourcing Services Separation Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation and GE Capital International Services, Inc.
- 10.7\* Tax Matters Agreement between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc.
- 10.8\*\*\* Employee Matters Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc.

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- 10.9\*\*\* Transitional Trademark License Agreement between Genworth Financial, Inc. and GE Capital Registry, Inc.
  - 10.10\*\*\* Intellectual Property Cross-License between Genworth Financial, Inc. and General Electric Company
  - 10.11\* Coinsurance Agreement by and between GE Life and Annuity Assurance Company and Union Fidelity Life Insurance Company
  - 10.12\* Coinsurance Agreement by and between Federal Home Life Insurance Company and Union Fidelity Life Insurance Company
  - 10.13\* Coinsurance Agreement by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company
  - 10.14\* Coinsurance Agreement by and between GE Capital Life Assurance Company and Union Fidelity Life Insurance Company
  - 10.15\* Coinsurance Agreement by and between American Mayflower Life Insurance Company and Union Fidelity Life Insurance Company
  - 10.16\* Retrocession Agreement by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company
  - 10.17\* Retrocession Agreement by and between GE Capital Life Assurance Company of New York and Union Fidelity Life

Insurance Company

- 10.18\* Reinsurance Agreement by and between GE Life and Annuity Assurance Company and Union Fidelity Life Insurance Company
- 10.19\* Reinsurance Agreement by and between GE Capital Life Assurance Company of New York and Union Fidelity Life Insurance Company
- 10.20\* Coinsurance Agreement by and between Union Fidelity Life Insurance Company and Federal Home Life Insurance Company
- 10.21\* Capital Maintenance Agreement by and between Union Fidelity Life Insurance Company and General Electric Capital Corporation
- 10.22\*\*\* Reinsurance Agreement by and between Financial Insurance Company Limited and Viking Insurance Company, Limited
- 10.23\*\*\* Reinsurance Agreement by and between Financial Assurance Company Limited and Viking Insurance Company, Limited
- 10.24\*\*\* Reinsurance Agreement by and between RD Plus S.A. and Vie Plus S.A.
- 10.25\*\*\* Mortgage Services Agreement by and among GE Mortgage Services, LLC, General Electric Mortgage Holdings LLC, GE Mortgage Contract Services Inc. and Genworth Financial, Inc.
- 10.26\*\*\*† Framework Agreement between GEFA International Holdings, Inc. and GE Capital Corporation
- 10.27\*\*\*† Business Services Agreement between GNA Corporation and Union Fidelity Life Insurance Company

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- 10.28\*\*\* Derivatives Management Services Agreement among GE Life and Annuity Assurance Company, Federal Home Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company, and Genworth Financial, Inc. and GNA Corporation and General Electric Capital Corporation
  - 10.29\*\*\* Agreement Regarding Continued Reinsurance of Insurance Products by and between General Electric Capital Company and Viking Insurance Company Ltd.
  - 10.30\*\*\* Transitional Services Agreement between Financial Insurance Group Services Limited and GE Life Services Limited
  - 10.31\*\*\*† Form of Amended and Restated Investment Management and Services Agreement between [Subsidiary] and GE Asset Management Incorporated
  - 10.32\*\*\*† Form of Investment Management Agreement between [Subsidiary] and GE Asset Management Limited
  - 10.33\*\*\* Asset Management Services Agreement by and among Genworth Financial, Inc., General Electric Financial Assurance Holdings, Inc. and GE Asset Management Incorporated
  - 21.1\*\*\* Subsidiaries of the registrant
  - 23.1\*\*\* Consent of KPMG LLP
  - 23.2\* Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1)
  - 24.1\*\* Powers of Attorney

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\* To be filed by amendment.

\*\* Previously filed.

\*\*\* Filed herewith

† The registrant has applied for Confidential Treatment with respect to portions of this Exhibit. An unredacted version of this Exhibit has been filed separately with the Securities and Exchange Commission.

(b) Financial Statement Schedule

Number	Description
Schedule III	Supplementary Insurance Information

**Item 17. Undertakings**

The undersigned hereby undertakes as follows:

(a) To provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such

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director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(c) (1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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**SIGNATURES**

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment No. 1 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Richmond, Virginia, on this 3rd day of March, 2004.

GENWORTH FINANCIAL, INC.

By: /s/ RICHARD P. MCKENNEY

Name: Richard P. McKenney  
Title: Senior Vice President—  
Chief Financial Officer

Pursuant to the requirements of the Securities Act of 1933 this Amendment No. 1 to the Registration Statement has been signed by the following persons in the capacities indicated on the 3rd day of March, 2004.

Signature

Title

\*

Chairman of the Board of Directors, President and Chief Executive Officer

Michael D. Fraizer	(Principal Executive Officer)
/s/ RICHARD P. MCKENNEY	
Richard P. McKenney	Senior Vice President—Chief Financial Officer (Principal Financial Officer)
*	
Jamie S. Miller	Vice President and Controller (Principal Accounting Officer)
*	
Elizabeth J. Comstock	Director
*	
Pamela Daley	Director
*	
Dennis D. Dammerman	Director
*	
David R. Nissen	Director
*	
James A. Parke	Director

\*By: /s/ RICHARD P. MCKENNEY

Richard P. McKenney  
*Attorney-in-fact*

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WHEN THE TRANSACTIONS REFERRED TO IN NOTE 1 TO THE AUDITED COMBINED FINANCIAL STATEMENTS ON PAGE F-7 HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING REPORT.

/s/ KPMG LLP

### Independent Auditors' Report

The Board of Directors  
Genworth Financial, Inc.:

Under date of February 6, 2004, except as to note 1 which is as of \_\_\_\_\_, 2004, we reported on the combined statement of financial position of Genworth Financial, Inc. (the "Company") as of December 31, 2003 and 2002, and the related combined statements of earnings, stockholder's interest, and cash flows for each of the years in the three-year period ended December 31, 2003, which are included in the prospectus. In connection with our audits of the aforementioned combined financial statements, we also audited the related combined financial statement schedule in the registration statement. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic combined financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in note 2 to the combined financial statements, the Company changed its method of accounting for variable interest entities in 2003, its method of accounting for goodwill and other intangible assets in 2002, and its method of accounting for derivative instruments and hedging activities in 2001.

Richmond, Virginia  
February 6, 2004, except as to  
note 1 of the combined financial statements,  
which is as of , 2004

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**Schedule III**

**Genworth Financial, Inc.**  
**Supplemental Insurance Information**  
(Dollar amounts in millions)

Segment	Deferred Acquisition Costs	Future Annuity and Contract Benefits & Liability for Policy and Contract Claims	Unearned Premiums	Other Policyholder Liabilities	Premium Revenue
December 31, 2003					
Protection	\$ 4,155	\$ 17,871	\$ 2,314	\$ 63	\$ 4,588
Retirement Income and Investments	1,249	43,744	—	351	1,045
Mortgage Insurance	89	340	1,216	44	716
Affinity	198	493	19	7	244
Corporate and Other	97	16	67	—	110
Total	\$ 5,788	\$ 62,464	\$ 3,616	\$ 465	\$ 6,703
December 31, 2002					
Protection	\$ 3,677	\$ 16,274	\$ 2,203	\$ 31	\$ 4,088
Retirement Income and Investments	1,373	42,473	—	561	991
Mortgage Insurance	68	345	732	40	677
Affinity	208	450	34	5	247
Corporate and Other	6	10	38	(1)	104
Total	\$ 5,332	\$ 59,552	\$ 3,007	\$ 636	\$ 6,107
December 31, 2001					
Protection				\$	\$ 3,915
Retirement Income and Investments					1,023
Mortgage Insurance					698
Affinity					286
Corporate and Other					90
Total				\$	\$ 6,012
Segment	Net Investment Income	Interest Credited & Benefits and Other Changes in Policy Reserves	Amortization of Deferred Acquisition Costs	Other Operating Expenses	Premiums Written
December 31, 2003					
Protection	\$ 1,199	\$ 3,362	\$ 889	\$ 1,144	\$ 4,454
Retirement Income and Investments	2,511	3,130	166	256	1,046
Mortgage Insurance	218	115	33	303	950
Affinity	62	196	89	260	236
Corporate and Other	25	53	5	288	124
Total	\$ 4,015	\$ 6,856	\$ 1,182	\$ 2,251	\$ 6,810

December 31, 2002										
Protection	\$	1,136	\$	2,992	\$	769	\$	1,007	\$	4,397
Retirement Income and Investments		2,522		3,052		168		263		989
Mortgage Insurance		231		46		37		235		840
Affinity		70		180		84		344		226
Corporate and Other		20		15		2		244		40
<b>Total</b>	<b>\$</b>	<b>3,979</b>	<b>\$</b>	<b>6,285</b>	<b>\$</b>	<b>1,060</b>	<b>\$</b>	<b>2,093</b>	<b>\$</b>	<b>6,492</b>
December 31, 2001										
Protection	\$	1,119	\$	2,722	\$	682	\$	1,200	\$	4,073
Retirement Income and Investments		2,482		3,014		121		247		1,023
Mortgage Insurance		227		150		45		186		797
Affinity		74		188		82		394		248
Corporate and Other		(7)		20		3		226		46
<b>Total</b>	<b>\$</b>	<b>3,895</b>	<b>\$</b>	<b>6,094</b>	<b>\$</b>	<b>933</b>	<b>\$</b>	<b>2,253</b>	<b>\$</b>	<b>6,187</b>

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## INDEX TO EXHIBITS

Number	Description
1.1*	Form of Underwriting Agreement
3.1***	Amended and Restated Certificate of Incorporation of Genworth Financial, Inc.
3.2***	Amended and Restated Bylaws of Genworth Financial, Inc.
4.1*	Specimen Class A Common Stock certificate
4.2***	Indenture, dated as of June 26, 2001, between GE Financial Assurance Holdings, Inc. and The Chase Manhattan Bank, as Trustee.
4.3***	First Supplemental Indenture, dated as of June 26, 2001, among GE Financial Assurance Holdings, Inc., The Chase Manhattan Bank, as Trustee, Paying Agent and Exchange Rate Agent, and The Chase Manhattan Bank, Luxembourg, S.A., as Paying Agent
4.4*	Second Supplemental Indenture among Genworth Financial, Inc. and The Chase Manhattan Bank, as Trustee
4.5***	ISDA Master Agreement, dated as of March 2, 2000, between Morgan Stanley Derivative Products Inc. and GE Financial Assurance Holdings Inc.
4.6***	Confirmation Letter, dated as of September 29, 2003, from Morgan Stanley Derivative Products Inc. to GE Financial Assurance Holdings Inc.
5.1*	Opinion of Weil, Gotshal & Manges LLP
10.1***	Master Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc.
10.2***	Registration Rights Agreement between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc.
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.
10.4***†	Liability and Portfolio Management Agreement between [Subsidiary] and Genworth Financial Asset Management, LLC
10.5***†	Form of Liability and Portfolio Management Agreement among FGIC Capital Market Services, Inc., Genworth Financial Asset Management, LLC and General Electric Capital Corporation
10.6***†	Outsourcing Services Separation Agreement among Genworth Financial, Inc., General Electric Company, General Electric Capital Corporation and GE Capital International Services, Inc.
10.7*	Tax Matters Agreement between Genworth Financial, Inc. and GE Financial Assurance Holdings, Inc.
10.8***	Employee Matters Agreement among Genworth Financial, Inc., General Electric Company,

- 10.9\*\*\* General Electric Capital Corporation, GEI, Inc. and GE Financial Assurance Holdings, Inc. Transitional Trademark License Agreement between Genworth Financial, Inc. and GE Capital Registry, Inc.
- 10.10\*\*\* Intellectual Property Cross-License between Genworth Financial, Inc. and General Electric Company.
- 10.11\* Coinsurance Agreement by and between GE Life and Annuity Assurance Company and Union Fidelity Life Insurance Company

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- 10.12\* Coinsurance Agreement by and between Federal Home Life Insurance Company and Union Fidelity Life Insurance Company
- 10.13\* Coinsurance Agreement by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company
- 10.14\* Coinsurance Agreement by and between GE Capital Life Assurance Company and Union Fidelity Life Insurance Company
- 10.15\* Coinsurance Agreement by and between American Mayflower Life Insurance Company and Union Fidelity Life Insurance Company
- 10.16\* Retrocession Agreement by and between General Electric Capital Assurance Company and Union Fidelity Life Insurance Company
- 10.17\* Retrocession Agreement by and between GE Capital Life Assurance Company of New York and Union Fidelity Life Insurance Company
- 10.18\* Reinsurance Agreement by and between GE Life and Annuity Assurance Company and Union Fidelity Life Insurance Company
- 10.19\* Reinsurance Agreement by and between GE Capital Life Assurance Company of New York and Union Fidelity Life Insurance Company
- 10.20\* Coinsurance Agreement by and between Union Fidelity Life Insurance Company and Federal Home Life Insurance Company
- 10.21\* Capital Maintenance Agreement by and between Union Fidelity Life Insurance Company and General Electric Capital Corporation
- 10.22\*\*\* Reinsurance Agreement by and between Financial Insurance Company Limited and Viking Insurance Company, Limited
- 10.23\*\*\* Reinsurance Agreement by and between Financial Assurance Company Limited and Viking Insurance Company, Limited
- 10.24\*\*\* Reinsurance Agreement by and between RD Plus S.A. and Vie Plus S.A.
- 10.25\*\*\* Mortgage Services Agreement by and among GE Mortgage Services, LLC, General Electric Mortgage Holdings LLC, GE Mortgage Contract Services Inc. and Genworth Financial, Inc.
- 10.26\*\*\*† Framework Agreement between GEFA International Holdings, Inc. and GE Capital Corporation
- 10.27\*\*\*† Business Services Agreement between GNA Corporation and Union Fidelity Life Insurance Company
- 10.28\*\*\* Derivatives Management Services Agreement among GE Life and Annuity Assurance Company, Federal Home Life Insurance Company, First Colony Life Insurance Company, General Electric Capital Assurance Company, and Genworth Financial, Inc. and GNA Corporation and General Electric Capital Corporation
- 10.29\*\*\* Agreement Regarding Continued Reinsurance of Insurance Products by and between General Electric Capital Company and Viking Insurance Company Ltd.
- 10.30\*\*\* Transitional Services Agreement between Financial Insurance Group Services Limited and GE Life Services Limited
- 10.31\*\*\*† Form of Amended and Restated Investment Management and Services Agreement between [Subsidiary] and GE Asset Management Incorporated
- 10.32\*\*\*† Form of Investment Management Agreement between [Subsidiary] and GE Asset Management Limited
- 10.33\*\*\* Asset Management Services Agreement by and among Genworth Financial, Inc., General Electric Financial Assurance Holdings, Inc. and GE Asset Management Incorporated

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- 21.1\*\*\* Subsidiaries of the registrant
- 23.1\*\*\* Consent of KPMG LLP
- 23.2\* Consent of Weil, Gotshal & Manges LLP (included in Exhibit 5.1)
- 24.1\*\* Powers of Attorney

\* To be filed by amendment.

\*\* Previously filed.

\*\*\* Filed herewith

† The registrant has applied for Confidential Treatment with respect to portions of this Exhibit. An unredacted version of this Exhibit has

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**AMENDED AND RESTATED CERTIFICATE OF INCORPORATION  
OF  
GENWORTH FINANCIAL, INC.**

The present name of the corporation is Genworth Financial, Inc. The corporation was incorporated under the name Sub XXV, Inc. by the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware on October 23, 2003. This Amended and Restated Certificate of Incorporation of the corporation, which both restates and further amends the provisions of the corporation's Certificate of Incorporation, was duly adopted in accordance with the provisions of Sections 242 and 245 of the General Corporation Law of the State of Delaware and by the written consent of its sole stockholder in accordance with Section 228 of the General Corporation Law of the State of Delaware. The Certificate of Incorporation of the corporation is hereby amended and restated to read in its entirety as follows:

**ARTICLE I**

**Name**

The name of the corporation (hereinafter referred to as the "Corporation") is Genworth Financial, Inc.

**ARTICLE II**

**Registered Office and Agent**

The address of the Corporation's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, City of Wilmington, County of New Castle, Delaware 19808. The name of the Corporation's registered agent at such address is Corporation Service Company.

**ARTICLE III**

**Purpose**

The purpose of the Corporation shall be to engage in any lawful act or activity for which corporations may be incorporated under the General Corporation Law of the State of Delaware, as from time to time in effect (the "DGCL").

**ARTICLE IV**

**Capital Stock**

**Section 1.**        Authorized Capital Stock.

(a)        The total number of shares of stock that the Corporation shall have authority to issue is (            ) shares, consisting of: (1)            (            ) shares of Class A Common Stock, par value \$.001 per share (the "Class A Common Stock"); (2)            (            ) shares of Class B Common Stock, par value \$.001 per share

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(the "Class B Common Stock" and together with the Class A Common Stock, the "Common Stock"); and (3) ( ) shares of Preferred Stock, par value \$.001 per share (the "Preferred Stock"), issuable in one or more series as hereinafter provided.

(b) Immediately upon the filing of this Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware (this "Certificate of Incorporation"), all outstanding shares of capital stock of the Corporation held by GE Financial Assurance Holdings, Inc. ("GEFAHI") shall automatically, without any further act by this Corporation or any other person, be converted into shares of Class B Common Stock on a share-for-share basis.

(c) The holders of the Class A Common Stock and the holders of the Class B Common Stock shall be entitled to vote on all matters upon which the holders of the Class A Common Stock and Class B Common Stock, respectively, are entitled to vote under law or under this Certificate of Incorporation. The holders of Class A Common Stock and Class B Common Stock shall be entitled to one (1) vote for each share of Class A Common Stock and Class B Common Stock held by such stockholder. Except as otherwise provided in this Certificate of Incorporation or as required by law, the holders of the Class A Common Stock and the holders of Class B Common Stock shall vote together as a single class.

**Section 2.** Designation of Preferred Stock Terms. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized to provide for the issuance of shares of Preferred Stock in series and, by filing a certificate pursuant to the DGCL (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, privileges, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof. The authority of the Board of Directors with respect to each series shall include, but not be limited to, determination of the following:

(a) the designation of the series, which may be by distinguishing number, letter or title;

(b) the number of shares of the series, which number the Board of Directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding) in the manner permitted by law;

(c) the rights in respect of any dividends (or method of determining the dividends), if any, payable to the holders of the shares of such series, any conditions upon which such dividends shall be paid and the date or dates or the method for determining the date or dates upon which such dividends shall be payable;

(d) whether dividends, if any, shall be cumulative or noncumulative, and, in the case of shares of any series having cumulative dividend rights, the date or dates or method of determining the date or dates from which dividends on the shares of such series shall cumulate;

(e) if the shares of such series may be redeemed by the Corporation, the price or prices (or method of determining such price or prices) at which, the form of payment of such price or prices (which may be cash, property or rights, including securities of the Corporation or of another corporation or other entity) for which, the period or periods within which and the other terms and conditions upon which the shares of such series may be redeemed, in whole or in part, at the option of the Corporation or at the option of the holder or holders thereof or upon the happening of a specified event or events, if any, including the obligation, if any, of the Corporation to purchase or redeem shares of such series pursuant to a sinking fund or otherwise;

(f) the amount, if any, payable out of the assets of the Corporation to the holders of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation;

(g) provisions, if any, for the conversion or exchange of the shares of such series, at any time or times, at the option of the holder or holders thereof or at the option of the Corporation or upon the happening of a specified event or events, into shares of any other class or classes or any other series of the same class of capital stock of the Corporation or into any other security of the Corporation, or into the stock or other securities of any other corporation or other entity, and the price or prices or rate or rates of conversion or exchange and any adjustments applicable thereto, and all other terms and conditions upon which such conversion or exchange may be made;

(h) restrictions on the issuance of shares of the same series or of any other class or series of capital stock of the Corporation, if any;

(i) the voting rights and powers, if any, of the holders of shares of the series; and

(j) such other powers, privileges, preferences and rights, and qualifications, limitations and restrictions thereof, as the Board of Directors shall determine.

**Section 3.** Rights of Class B Common Stock.

(a) The holder or holders of the Class B Common Stock shall have such voting powers as are set forth herein and as are permitted by the DGCL.

(b) In addition to any other vote required by law or by this Certificate of Incorporation, until the first date on which GE beneficially owns less than fifteen percent (15%) of the outstanding shares of Common Stock, the prior affirmative vote or written consent of the holders of a majority of the outstanding shares of the Class B Common Stock, voting or consenting separately as a class, shall be required to authorize the Corporation to adopt or implement any stockholder rights plan or similar takeover defense measure.

(c) Once GE's beneficial ownership interest in the Corporation is reduced to less than ten percent (10%) of the outstanding shares of Common Stock, all outstanding shares of Class B Common Stock shall automatically, without any further act or

deed on the part of this Corporation or any other person, be converted into shares of Class A Common Stock on a share-for-share basis. In the event of any automatic conversion of Class B Common Stock pursuant to this Article IV, Section 3(c), certificates formerly representing outstanding shares of Class B Common Stock will thereafter be deemed to represent a like number of shares of Class A Common Stock.

(i) Upon any conversion of shares of Class B Common Stock into shares of Class A Common Stock pursuant to this Article IV, Section 3(c) or Article IV, Section 3(d), no adjustment with respect to dividends shall be made; only those dividends shall be payable on the shares so converted as have been declared and are payable to holders of record of shares of Class B Common Stock as of a record date prior to the conversion date with respect to the shares so converted; and only those dividends shall be payable on shares of Class A Common Stock issued upon such conversion as have been declared and are payable to holders of record of shares of Class A Common Stock as of a record date after such conversion date.

(ii) Shares of the Class B Common Stock converted into shares of Class A Common Stock pursuant to this Article IV, Section 3(c) or Article IV, Section 3(d) shall be retired and the Corporation shall not be authorized to reissue such shares of Class B Common Stock.

(iii) Such number of shares of Class A Common Stock as may from time to time be required for such purpose shall be reserved for issuance upon conversion of outstanding shares of Class B Common Stock pursuant to this Article IV, Section 3(c) or Article IV, Section 3(d).

(d) The Class B Common Stock shall be beneficially owned only by GE and any purported sale, pledge, transfer, assignment or disposition of shares of Class B Common Stock to any Person other than GE shall result in the automatic conversion of such transferred shares of Class B Common Stock into shares of Class A Common Stock, effective immediately upon any such purported sale, pledge, transfer, assignment or disposition of shares of Class B Common Stock, provided that a pledge of shares of Class B Common Stock, prior to default thereunder, which does not grant to the pledgee the power to vote or direct the vote of the pledged securities or the power to vote or direct the disposition of the pledged securities prior to a default, without any foreclosure or transfer of ownership shall not trigger the conversion of such Class B Common Stock.

(e) As promptly as practicable after the presentation and surrender for conversion, during usual business hours at any office or agency of the Corporation, of any certificate representing shares of Class B Common Stock that have been converted into shares of Class A Common Stock pursuant to Article IV, Section 3(c) or Article IV, Section 3(d) hereof, the Corporation shall issue and deliver at such office or agency, to or upon the written order of the holder thereof, a certificate for the number of shares of Class A Common Stock issuable upon such conversion. The issuance of certificates for shares of Class A Common Stock issuable upon the conversion of shares of Class B Common Stock by the registered holder thereof shall be made without charge to the converting holder for any tax imposed on the Corporation in respect to the issue thereof. The Corporation shall not, however, be required to pay any tax which may

be payable with respect to any transfer involved in the issue and delivery of any certificate in a name other than that of the registered holder of the shares being converted, and the Corporation shall not be required to issue or deliver any such certificate unless and until the person requesting the issue thereof shall have paid to the Corporation the amount of such tax or has established to the satisfaction of the Corporation that such tax has been paid.

(f) In addition to any other vote required by law or by this Certificate of Incorporation, prior to the Operative Date, the prior affirmative vote or written consent of the holders of a majority of the outstanding shares of the Class B Common Stock, voting or consenting separately as a class, shall be required to authorize the Corporation to (and (in the case of clauses (ii), (iii), (iv), (v) and (vi) below) authorize or permit any Subsidiary to):

(i) consolidate or merge with or into any Person;

(ii) permit any Subsidiary to consolidate or merge with or into any Person (other than (1) a consolidation or merger of a Wholly Owned Subsidiary with or into a Wholly Owned Subsidiary or (2) in connection with a Permitted Acquisition);

(iii) directly or indirectly acquire Stock, Stock Equivalents or assets (including, without limitation, any business or operating unit) of any Person, in each case in a single transaction, or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including Indebtedness assumed by the Corporation or any of its Subsidiaries and Indebtedness of any entity so acquired) paid or delivered by the Corporation and its Subsidiaries in excess of \$700 million (other than acquisitions of securities pursuant to portfolio investment decisions in the ordinary course of business and transactions to which the Corporation and one or more Wholly Owned Subsidiaries are the only parties);

(iv) directly or indirectly sell, convey, transfer, lease, pledge, grant a security interest in, or otherwise dispose of any of their respective assets (including Stock and Stock Equivalents) or any interest therein to any Person, or permit or suffer any other Person to acquire any interest in any of their respective assets (including Stock and Stock Equivalents or through reinsurance transactions), in each case in a single transaction, or series of related transactions, involving consideration (whether in cash, securities, assets or otherwise, and including Indebtedness assumed by any other Person and Indebtedness of any entity acquired by such other Person) paid to or received by the Corporation and its Subsidiaries in excess of \$700 million (other than dispositions and transfers of securities pursuant to portfolio investment decisions in the ordinary course of business and transactions to which the Corporation and one or more Wholly Owned Subsidiaries are the only parties);

(v) directly or indirectly create, incur, assume, guarantee or otherwise be or become liable with respect to Indebtedness (including Indebtedness of any entity acquired by the Corporation or any of its Subsidiaries, whether or not such Indebtedness is expressly assumed or guaranteed by the Corporation or any of its Subsidiaries) (a) in excess of \$700 million outstanding at any one time or (b) that would reasonably be expected to result in a Ratings Event, except in the case of each of clauses (a) and (b) (1) Indebtedness determined to constitute "operating leverage" by any "nationally recognized statistical rating organization" (as

such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933), (2) guarantees given to states or insurance regulatory authorities thereof in connection with the licensing of the business of the Corporation or any Subsidiary in such jurisdiction, (3) the Existing Indebtedness, and (4) Indebtedness (other than any Permitted Securitization Guaranty) between the Corporation and any Wholly Owned Subsidiary or between any two Wholly Owned Subsidiaries (but only to the extent such Indebtedness does not increase the consolidated Indebtedness of the Corporation and its Subsidiaries in accordance with United States generally accepted accounting principles);

(vi) issue any Stock or any Stock Equivalents, except (a) the issuance of shares of Stock of a Wholly Owned Subsidiary of the Corporation to the Corporation or another Wholly Owned Subsidiary of the Corporation, (b) pursuant to the Transactions, (c) the issuance of shares of Class A Common Stock or options to purchase Class A Common Stock pursuant to employee benefit plans or dividend reinvestment plans approved by the Board of Directors, and (d) by a Securitization Subsidiary in a Securitization Transaction;

(vii) dissolve, liquidate or wind up the Corporation; or

(viii) alter, amend, terminate or repeal, or adopt any provision inconsistent with, in each case whether directly or indirectly, or by merger, consolidation or otherwise, Articles IV, V, VI, VII, VIII, IX and X of this Certificate of Incorporation or Articles II, III and IV of the Corporation's Bylaws.

**Section 4.**        Dividends.

(a) Subject to provisions of law and the preferences of any series of Preferred Stock and of any other stock ranking prior to the Class A Common Stock or the Class B Common Stock as to the payment of dividends, the holders of the Class A Common Stock and the Class B Common Stock shall be entitled to receive dividends at such time and in such amounts as may be determined by the Board and declared out of any funds lawfully available therefor, and shares of Preferred Stock of any series shall not be entitled to share therein except as otherwise expressly provided in the resolution or resolutions of the Board providing for the issue of such series.

(b) If and when dividends on the Class A Common Stock and the Class B Common Stock are declared payable from time to time by the Board as provided in this Article IV, Section 4, whether payable in cash, in property or in shares of stock of the Corporation, the holders of Class A Common Stock and the holders of the Class B Common Stock shall be entitled to share equally, on a per share basis, in such dividends, subject to the limitations described below. Except for dividends permitted by Article IV, Section 4(c), if dividends are declared that are payable in shares of Class A Common Stock or Class B Common Stock, such dividends shall be payable at the same rate on all series of Common Stock and the dividends payable in shares of Class A Common Stock shall be payable only to holders of Class A Common Stock and the dividends payable in shares of Class B Common Stock shall be payable only to holders of Class B Common Stock. If the Corporation shall in any manner subdivide or combine the outstanding shares of Class A Common Stock or Class B Common

Stock, the outstanding shares of the other such class of Common Stock shall be proportionally subdivided or combined in the same manner and on the same basis as the outstanding shares of Class A Common Stock or Class B Common Stock, as the case may be, which have been subdivided or combined.

(c) Except with respect to the Class B Common Stock, if no shares of a particular class of Common Stock are outstanding, the Board may declare and distribute a stock dividend payable in shares of that class to the holders of any other class or series of stock then outstanding.

**Section 5.** For purposes of this Article IV and Articles VI, VII, IX and X:

(a) “beneficially own” shall have the meaning set forth in Rule 13d-3 of the Securities Exchange Act of 1934, as amended through the date hereof, but shall not include shares of Common Stock beneficially owned by GE but not for its own account, including (in such exclusion) shares of Common Stock owned by the GE Pension Trust and beneficial ownership which arises by virtue of some entity that is an affiliate of GE being a sponsor or advisor of a mutual or similar fund that beneficially owns shares of Common Stock;

(b) “Existing Indebtedness” means Indebtedness under (1) Yen 60 billion aggregate amount of 1.6% notes due 2011 being assumed by the Corporation in the Reorganization, (2) the Short-term Intercompany Note, dated , 2004 (the “Intercompany Note”), from the Corporation to GEFAHI in the aggregate principal amount of \$2.4 billion, and under any Permitted Refinancing (as hereinafter defined), (3) the Subordinated Contingent Promissory Note, dated , 2004, from the Corporation to GEFAHI in the aggregate principal of \$550 million, (4) the commercial paper program to be established by the Corporation after completion of the Initial Public Offering (the principal amount of Indebtedness under this clause (4) not to exceed \$500 million outstanding at any one time) and (5) the % senior notes due 2009 included in the % Equity Units to be issued by the Corporation as part of the Transactions (the principal amount of such senior notes not to exceed \$600 million). “Permitted Refinancing” means (x) with respect to the Intercompany Note, Indebtedness under the [\$2.4 billion short-term revolving credit facility to be entered into by the Corporation with a syndicate of banks] (the “Credit Facility”), to the extent the proceeds thereof are used to repay the Intercompany Note and (y) with respect to the Credit Facility, Indebtedness of up to \$1.9 billion in senior notes pursuant to an offering to be made following completion of the Initial Public Offering, to the extent the proceeds thereof are used to repay the Credit Facility.

(c) “GE” means General Electric Company, a New York corporation, all successors to General Electric Company by way of merger, consolidation or sale of all or substantially all of its assets, and all corporations, limited liability companies, joint ventures, partnerships, trusts, associations and other entities in which General Electric Company: (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, but shall not include the Corporation or any Subsidiary of the Corporation;

(d) “Indebtedness” means, with respect to any Person, any liability of such Person in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments and shall also include (a) any liability of such Person under any agreement related to the fixing of interest rates on any Indebtedness, (b) any capitalized lease obligations of such Person (if and to the extent the same would appear on a balance sheet of such Person prepared in accordance with United States generally accepted accounting principles), and (c) any liability (contingent or otherwise) of such Person under any Permitted Securitization Guaranty, but excluding the aggregate net amount of Indebtedness of (i) the Corporation or any Subsidiary pursuant to Standard Securitization Undertakings and (ii) any Securitization Subsidiary in a Securitization Transaction, in either case, relating to the sale, contribution or other conveyance of financial assets pursuant to a Securitization Transaction, regardless whether such transaction is effected in a manner that would not be reflected as indebtedness on a balance sheet in accordance with United States generally accepted accounting principles;

(e) “Initial Public Offering” means the initial public offering of Class A Common Stock as contemplated by the Corporation’s Registration Statement on Form S-1 (No. 333- );

(f) “Operative Date” means the first date following the Initial Public Offering on which GE ceases to beneficially own twenty percent (20%) or more of the outstanding shares of Common Stock;

(g) “Person” means any individual, corporation, partnership, joint venture, limited liability company, association or other business entity and any trust, unincorporated organization or government or any agency or political subdivision thereof;

(h) “Permitted Acquisition” means any acquisition by the Corporation or any of its Subsidiaries of Stock, Stock Equivalents or assets of any Person not requiring the prior affirmative vote or written consent of the holders of the Class B Common Stock pursuant to Section 3, clause (f)(iii) above;

(i) “Permitted Securitization Guaranty” means an obligation (other than pursuant to Standard Securitization Undertakings), contingent or otherwise, of any Person to assure in any manner (a) any Securitization Subsidiary, any investor in securities issued in a Securitization Transaction, or any credit support provider for any Securitization Transaction against loss in connection with such Securitization Transaction or (b) the performance or collection of any Securitization Assets;

(j) “Ratings Event” means a downgrading, suspension or withdrawal of, or notice being given of any potential or intended downgrading, suspension or withdrawal of, or any review for a possible negative change in, any rating of the Corporation or any Subsidiary, any Indebtedness of the Corporation or any Subsidiary or any securities of the Corporation or any Subsidiary (including, without limitation, the placing of any of the foregoing ratings on

credit watch with negative or developing implications or under review with an uncertain direction) by any “nationally recognized statistical rating organization” (as such term is defined for purposes of Rule 436(g)(2) under the Securities Act of 1933);

(k) “Reorganization” means the restructuring transactions of the Corporation entered into at or prior to the Initial Public Offering between the Corporation and its Subsidiaries, on the one hand, and GE (other than the Corporation and its Subsidiaries), on the other hand, as contemplated by the Master Agreement, dated \_\_\_\_\_, 2004, by and among General Electric Company, General Electric Capital Corporation, GEI, Inc., GEFAHI and the Corporation, as amended from time to time;

(l) “Securitization Assets” has the meaning specified in the definition of “Securitization Transaction;”

(m) “Securitization Subsidiary” means any Subsidiary that engages in no activities other than those reasonably related to or in connection with the entering into of Securitization Transactions and that is designated by the Board of Directors of the Corporation as a Securitization Subsidiary;

(n) “Securitization Transaction” means any transaction or series of transactions that have been or may be entered into by the Corporation or any of its Subsidiaries pursuant to which such entity may sell, convey, grant a security interest or otherwise transfer to (x) a Securitization Subsidiary (in the case of a transfer by the Corporation or any Subsidiary) or (y) to any Person (in the case of a transfer by a Securitization Subsidiary) any financial assets, whether then existing or arising in the future (the “Securitization Assets”), and any assets related thereto, including without limitation, all security interests in merchandise or services financed thereby, the proceeds of such Securitization Assets, and other assets which are customarily sold or in respect of which security interests are customarily granted in connection with securitization transactions involving such assets; provided that (i) in connection with such transaction, the Corporation (and each other transferring Subsidiary) shall have received a legal opinion of outside counsel that (x) the conveyance of the Securitization Assets from the Corporation (and/or the applicable Subsidiary) to the Securitization Subsidiary shall be treated as a true sale or true conveyance of such Securitization Assets and not as the granting of a security interest or pledge in respect of the Securitization Assets as collateral for a loan and (y) such Securitization Subsidiary would not be substantively consolidated into the bankruptcy of the Corporation or any Subsidiary of the Corporation involved in the transaction; (ii) no portion of the debt or other obligations in respect of such transaction shall be recourse to, or guaranteed by, the Corporation or any Subsidiary (other than a Securitization Subsidiary) in any way other than pursuant to Standard Securitization Undertakings and any Permitted Securitization Guaranty, and (iii) the entering into and performance of such transaction would not reasonably be expected to result in a Ratings Event;

(o) “Standard Securitization Undertakings” means representations, warranties, covenants and indemnities provided by the Corporation or any Subsidiary in connection with a Securitization Transaction which are reasonably customary in similar securitization transactions;

(p) “Stock” means shares of capital stock (whether denominated as common stock or preferred stock), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or business trust, whether voting or non-voting;

(q) “Stock Equivalents” means all securities convertible into or exchangeable for Stock and all warrants, options or other rights to purchase or subscribe for any Stock, whether or not presently convertible, exchangeable or exercisable, and all voting debt;

(r) “Subsidiary” means, with respect to the Corporation, any corporation, limited liability company, joint venture or partnership of which the Corporation (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 of such entity, 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;

(s) “Transactions” means (1) the Reorganization, (2) the Initial Public Offering, (3) the issuance by the Corporation of \$600 million aggregate amount of the Corporation’s % Equity Units and the issuance and sale by the Corporation of shares of Common Stock in accordance with the terms of such Equity Units and (4) the issuance by the Corporation of \$100 million of its % Series A Cumulative Preferred Stock; and

(t) “Wholly Owned Subsidiary” means each Subsidiary in which the Corporation owns (directly or indirectly) all of the outstanding voting Stock, voting power, partnership interests or similar ownership interests, except for director’s qualifying shares in nominal amount.

## ARTICLE V

### Bylaws

Bylaws for the Corporation may be adopted, amended, altered or repealed consistent with law and subject to the provisions of this Certificate of Incorporation (including any Preferred Stock Designation), and, once adopted, any Bylaw may be altered and repealed: (i) by the affirmative vote of the holders of a majority of the voting power of the capital stock issued and outstanding and entitled to vote thereon; or (ii) by the affirmative vote of a majority of the total number of directors which the Corporation would have if there were no vacancies on the Board of Directors (the “Whole Board”); provided, however, that any adoption, amendment, alteration or repeal of the Bylaws by action of the Board of Directors shall require the affirmative vote of a greater number of the directors if so provided by the Bylaws.

## ARTICLE VI

### Stockholder Action

**Section 1.** Action by Consent In Lieu of a Meeting. Except for actions taken by written consent by the holders of the Class B Common Stock consenting separately as a class or as otherwise provided pursuant to provisions of this Certificate of Incorporation (including any Preferred Stock Designation) fixing the powers, privileges or rights of any class or series of stock other than the Common Stock, any action required or permitted to be taken by the stockholders of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

**Section 2.** Special Meetings. Prior to the Operative Date, except as required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to the payment of dividends or distributions upon liquidation, special meetings of stockholders of the Corporation of any class or series for any purpose or purposes may be called only (i) by the Board of Directors pursuant to a resolution stating the purpose or purposes thereof approved by a majority of the Whole Board or (ii) upon the written request of the holders of a majority of the Class B Common Stock filed with the Secretary of the Corporation. Effective upon and commencing as of the Operative Date, except as required by law and subject to the rights of the holders of any class or series of stock having a preference over the Common Stock as to the payment of dividends or distributions upon liquidation, special meetings of stockholders of the Corporation of any class or series for any purpose or purposes may be called only (x) by the Board of Directors pursuant to a resolution stating the purpose or purposes thereof approved by a majority of the Whole Board or (y) upon the written request of the holders of at least forty percent (40%) of the outstanding shares of Common Stock filed with the Secretary of the Corporation.

**Section 3.** Stockholder Nomination of Director Candidates and Other Stockholder Proposals. Advance notice of stockholder nominations for the election of directors and of the proposal by stockholders of any other action to be taken by the stockholders shall be given in such manner as shall be provided in the Bylaws of the Corporation.

## ARTICLE VII

### Board of Directors

**Section 1.** Number of Directors. Until the first date on which GE shall beneficially own fifty percent (50%) or less of the outstanding shares of Common Stock, the number of directors authorized to be elected by the holders of the Common Stock of the Corporation shall be nine (9). Beginning on the first date on which GE shall beneficially own fifty percent (50%) or less but at least ten percent (10%) of the outstanding shares of Common Stock, the number of directors authorized to be elected by the holders of Common Stock of the Corporation shall be eleven (11). Beginning on the first date on which GE shall beneficially own less than ten percent (10%) of the outstanding shares of Common Stock, the number of directors of the Corporation authorized to be elected by the holders of Common Stock of the Corporation

shall be not less than one (1) nor more than fifteen (15). The exact number of directors constituting the entire Board of Directors shall be fixed, subject to the provisions of this Certificate of Incorporation, from time to time by resolution of the Board of Directors or by a nominating committee appointed by the Board of Directors.

**Section 2.** Election of Members to the Board. Except as provided in Article VII, Section 7, the right to elect persons to the Board of Directors shall be allocated as follows:

(a) At any time when GE shall beneficially own more than fifty percent (50%) of the outstanding shares of Common Stock, at any election of members of the Board of Directors: (i) the holders of the Class B Common Stock, voting separately as a class, shall be entitled to elect five (5) directors; and (ii) the holders of the Class A Common Stock, voting separately as a class, shall be entitled to elect four (4) directors;

(b) At any time when GE shall beneficially own at least thirty-three percent (33%) but not more than fifty percent (50%) of the outstanding shares of Common Stock, at any election of members of the Board of Directors: (i) the holders of the Class B Common Stock, voting separately as a class, shall be entitled to elect four (4) directors; (ii) the holders of the Class A Common Stock, voting separately as a class, shall be entitled to elect five (5) directors; and (iii) the holders of the Class B Common Stock and the holders of the Class A Common Stock, voting together as a single class, shall be entitled to elect the remaining number of directors to be elected at such election by the holders of Common Stock;

(c) At any time when GE shall beneficially own at least twenty percent (20%) but less than thirty-three percent (33%) of the outstanding shares of Common Stock, at any election of members of the Board of Directors: (i) the holders of the Class B Common Stock, voting separately as a class, shall be entitled to elect three (3) directors; (ii) the holders of the Class A Common Stock, voting separately as a class, shall be entitled to elect five (5) directors; and (iii) the holders of the Class B Common Stock and the holders of the Class A Common Stock, voting together as a single class, shall be entitled to elect the remaining number of directors to be elected at such election by the holders of Common Stock;

(d) At any time when GE shall beneficially own at least ten percent (10%) and less than twenty percent (20%) of the outstanding shares of Common Stock, at any election of members of the Board of Directors: (i) the holders of the Class B Common Stock, voting separately as a class, shall be entitled to elect one (1) director; (ii) the holders of the Class A Common Stock, voting separately as a class, shall be entitled to elect five (5) directors; and (iii) the holders of the Class B Common Stock and the holders of the Class A Common Stock, voting together as a single class, shall be entitled to elect the remaining number of directors to be elected at such election by the holders of Common Stock; and

(e) At any time when GE shall beneficially own less than ten percent (10%) of the outstanding shares of Common Stock, the holders of the Class A Common Stock shall be entitled to elect all of the directors to be elected at such election by the holders of Common Stock. Concurrently with any conversion of all of the outstanding shares of Class B Common Stock into shares of Class A Common Stock in accordance with Article IV, Sections

3(c) and 3(d) of this Certificate of Incorporation, the former holders of the Class B Common Stock shall cease to have the absolute right to designate or cause the election or maintenance of any directors of the Corporation.

**Section 3.** Annual Meetings . Elections of members of the Board of Directors shall be held annually at the annual meeting of stockholders and each member of the Board of Directors shall hold office until such director's successor is elected and qualified, subject to such director's earlier death, resignation, disqualification or removal.

**Section 4.** Written Ballot Not Required . Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

**Section 5.** Resignation; Removal . Any director may resign at any time upon written notice or notice by electronic transmission to the attention of the Secretary of the Corporation.

(a) Removal for Cause . Any director may be removed from office for cause by the affirmative vote of a majority of the outstanding shares of Common Stock (and any series of Preferred Stock then entitled to vote at an election of directors), voting together as a single class.

(b) Class B Common Stock Director Removal Without Cause . Any director elected by the vote of the holders of the Class B Common Stock voting separately as a class may be removed from office at any time, without cause, solely by the affirmative vote of the holders of a majority of the outstanding shares of the Class B Common Stock, voting as a separate class.

(c) Class A Common Stock Director Removal Without Cause . Any director elected by the vote of the holders of the Class A Common Stock voting together as a single class, may be removed from office at any time, without cause, solely by the affirmative vote of a majority of the outstanding shares of Class A Common Stock, voting together as a single class.

(d) Common Stock Removal Without Cause . Any director elected by the vote of the holders of the Class A Common Stock and Class B Common Stock voting together as a single class, may be removed from office at any time, without cause, solely by the affirmative vote of a majority of the outstanding shares of Class A Common Stock and Class B Common Stock, voting together as a single class.

**Section 6.** Vacancies .

(a) At any time when GE shall beneficially own at least ten percent (10%) of the outstanding shares of Common Stock, vacancies in the Board of Directors resulting from an enlargement of the Board of Directors from nine (9) directors to eleven (11) directors pursuant to Article VII, Section 1, shall be filled in the following manner:

(i) the first such vacancy shall be filled only by the vote of a majority of the directors elected by the holders of the Class A Common Stock, and the director elected to fill such vacancy shall be deemed to have been elected by the holders of the Class A Common Stock; and

(ii) the second such vacancy shall be filled only by the vote of a majority of the directors elected by the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, and the director elected to fill such vacancy shall be deemed to have been elected by the holders of the Class A Common Stock and the Class B Common Stock voting together as a single class;

provided, however, that any vacancy in the Board of Directors existing prior to the enlargement of the Board of Directors pursuant to Article VII, Section 1 shall be filled prior to the filling of the vacancies resulting from the enlargement of the Board of Directors.

(b) At any time when GE shall beneficially own at least ten percent (10%) of the outstanding shares of Common Stock, any vacancy in the Board of Directors of a director elected by the holders of Class B Common Stock, voting as a separate class, pursuant to Section 2 of this Article VII, shall be filled only by the vote of a majority of the remaining directors so elected by the Class B Common Stock or, if there are none, by a vote of the holders of Class B Common Stock, voting as a separate class. Any vacancy in the Board of Directors of a director elected by the holders of the Class A Common Stock, voting as a separate class, pursuant to Section 2 of this Article VII, shall be filled only by the vote of the remaining directors elected by the holders of the Class A Common Stock, or if there are none, by a vote of the holders of the Class A Common Stock, voting as a separate class. Any vacancy in the Board of Directors of a director elected by the holders of the Class A Common Stock and the Class B Common Stock, voting together as a single class, pursuant to Section 2 of this Article VII, shall be filled only by the vote of the remaining directors so elected by the holders of the Class A Common Stock and the Class B Common Stock voting together as a single class, or if there are none, by a vote of the holders of the Class A Common Stock and the Class B Common Stock voting together as a single class. Subject to Article VII, Section 6(a) of this Certificate of Incorporation, any other vacancy in the Board of Directors, including a vacancy resulting from an enlargement of the Board of Directors, shall be filled only by a vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

**Section 7. Preferred Stock.** Subject to the provisions of this Certificate of Incorporation, during any period when the holders of any series of Preferred Stock have the right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof, then upon commencement and for the duration of the period during which such right continues: (i) the then otherwise total authorized number of directors of the Corporation shall automatically be increased by such specified number of directors, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions, (ii) each such additional director shall serve until such director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal and (iii) any vacancies in such directorships shall

be filled in accordance with the applicable Preferred Stock Designation. Except as otherwise provided by the Board in the resolution or resolutions establishing such series, whenever the holders of any series of Preferred Stock having such right to elect additional directors are divested of such right pursuant to the provisions of such stock, the terms of office of all such additional directors elected by the holders of such stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate and the total and authorized number of directors of the Corporation shall be reduced accordingly.

**Section 8.** Executive Committee. Prior to the Operative Date, the Board of Directors shall not have the power to establish an executive committee or any other committee having authority typically reserved for an executive committee.

## ARTICLE VIII

### Limitations on Liability of and Indemnification of Directors and Officers

**Section 1.** Limited Liability. A director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. Any repeal or modification of the foregoing paragraph shall not adversely affect any right or protection of a director of the Corporation existing hereunder with respect to any act or omission occurring prior to such repeal or modification.

**Section 2.** Right to Indemnification. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person (a "Covered Person") who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding"), by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss suffered and expenses (including attorneys' fees) reasonably incurred by such Covered Person. Notwithstanding the preceding sentence, except as otherwise provided in Section 4 of this Article VIII, the Corporation shall be required to indemnify a Covered Person in connection with a proceeding (or part thereof) commenced by such Covered Person only if the commencement of such proceeding (or part thereof) by the Covered Person was authorized in the specific case by the Board of Directors.

**Section 3.** Prepayment of Expenses. The Corporation shall to the fullest extent not prohibited by applicable law pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any proceeding in advance of its final disposition, provided, however, that, to the extent required by law, such payment of expenses in advance of the final

disposition of the proceeding shall be made only upon receipt of an undertaking by the Covered Person to repay all amounts advanced if it should be ultimately determined that the Covered Person is not entitled to be indemnified under this Article VIII or otherwise.

**Section 4.** Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article VIII is not paid in full within thirty days after a written claim therefor by the Covered Person has been received by the Corporation, the Covered Person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the Covered Person is not entitled to the requested indemnification or advancement of expenses under applicable law.

**Section 5.** Nonexclusivity of Rights. The rights conferred on any Covered Person by this Article VIII shall not be exclusive of any other rights which such Covered Person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, the Bylaws of the Corporation, agreement, vote of stockholders or disinterested directors or otherwise.

**Section 6.** Other Sources. The Corporation's obligation, if any, to indemnify or to advance expenses to any Covered Person who was or is serving at its request as a director, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust, enterprise or nonprofit entity shall be reduced by any amount such Covered Person is entitled to collect and is collectible as indemnification or advancement of expenses from such other corporation, limited liability company, partnership, joint venture, trust, enterprise or non-profit enterprise.

**Section 7.** Amendment or Repeal. Any repeal or modification of the foregoing provisions of this Article VIII shall not adversely affect any right or protection hereunder of any Covered Person in respect of any act or omission occurring prior to the time of such repeal or modification.

**Section 8.** Other Indemnification and Prepayment of Expenses. This Article VIII shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to persons other than Covered Persons when and as authorized by appropriate corporate action.

## ARTICLE IX

### Corporate Opportunities and Conflicts of Interest

**Section 1.** General. In recognition and anticipation (i) that the Corporation will not be a wholly owned subsidiary of GE and that GE will be a significant stockholder of the Corporation, (ii) that directors, officers and/or employees of GE may serve as directors and/or officers of the Corporation, (iii) that GE may engage and are expected to continue to engage in the same, similar or related lines of business as those in which the Corporation, directly or

indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, (iv) that GE may have an interest in the same areas of corporate opportunity as the Corporation and Affiliated Companies thereof, and (v) that, as a consequence of the foregoing, it is in the best interests of the Corporation that the respective rights and duties of the Corporation and of GE, and the duties of any directors or officers of the Corporation who are also directors, officers or employees of GE, be determined and delineated in respect of any transactions between, or opportunities that may be suitable for both, the Corporation and Affiliated Companies thereof, on the one hand, and GE, on the other hand, the provisions of this Article IX shall to the fullest extent permitted by law regulate and define the conduct of certain of the business and affairs of the Corporation in relation to GE and the conduct of certain affairs of the Corporation as they may involve GE and its officers and directors, and the power, rights, duties and liabilities of the Corporation and its officers, directors and stockholders in connection therewith. Any person purchasing or otherwise acquiring any shares of capital stock of the Corporation, or any interest therein, shall be deemed to have notice of and to have consented to the provisions of this Article IX.

**Section 2.** Certain Agreements and Transactions Permitted. The Corporation may from time to time enter into and perform, and cause or permit any Affiliated Company of the Corporation to enter into and perform, one or more agreements (or modifications or supplements to pre-existing agreements) with GE pursuant to which the Corporation or an Affiliated Company thereof, on the one hand, and GE, on the other hand, agree to engage in transactions of any kind or nature with each other or with Affiliated Companies thereof and/or agree to compete, or to refrain from competing or to limit or restrict their competition, with each other, including to allocate and to cause their respective directors, officers and employees (including any who are directors, officers or employees of both) to allocate opportunities between or to refer opportunities to each other. Subject to Article IX, Section 4, no such agreement, or the performance thereof by the Corporation or GE, or any Affiliated Company of either, shall, to the fullest extent permitted by law, be considered contrary to (i) any fiduciary duty that GE may owe to the Corporation or any Affiliated Company thereof or to any stockholder or other owner of an equity interest in the Corporation or an Affiliated Company thereof by reason of GE being a controlling or significant stockholder of the Corporation or of any Affiliated Company thereof or participating in the control of the Corporation or of any Affiliated Company thereof or (ii) any fiduciary duty of any director or officer of the Corporation or any Affiliated Company thereof who is also a director, officer or employee of GE to the Corporation or such Affiliated Company, or to any stockholder thereof. Subject to Article IX, Section 4, to the fullest extent permitted by law, neither GE nor any Affiliated Company thereof, as a stockholder of the Corporation or any Affiliated Company thereof, or participant in control of the Corporation or any Affiliated Company thereof, shall have or be under any fiduciary duty to refrain from entering into any agreement or participating in any transaction referred to above and no director, officer or employee of the Corporation who is also a director, officer or employee of GE shall have or be under any fiduciary duty to the Corporation or any Affiliated Company thereof, to refrain from acting on behalf of the Corporation or any Affiliated Company thereof or of GE in respect of any such agreement or transaction or performing any such agreement in accordance with its terms.

**Section 3.** Business Activities. Except as otherwise agreed in writing between the Corporation and GE, GE shall to the fullest extent permitted by law have no duty to refrain from (i) engaging in the same or similar activities or lines of business as the Corporation or (ii) doing business with any client, customer or vendor of the Corporation, and (except as provided in Article IX, Section 4 below) neither GE nor any officer, director or employee thereof shall, to the fullest extent permitted by law, be deemed to have breached its fiduciary duties, if any, to the Corporation solely by reason of GE's engaging in any such activity. In the event that GE acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both the Corporation and GE, GE shall to the fullest extent permitted by law have fully satisfied and fulfilled its fiduciary duty with respect to such corporate opportunity, and the Corporation to the fullest extent permitted by law renounces any interest or expectancy in such business opportunity and waives any claim that such business opportunity constituted a corporate opportunity that should have been presented to the Corporation or any Affiliated Company thereof, if GE acts in a manner consistent with the following policy: if GE acquires knowledge of a potential transaction or matter which is a corporate opportunity, such corporate opportunity shall belong to GE unless such opportunity was expressly offered to GE in its capacity as a stockholder of the Corporation. In the case of any corporate opportunity in which the Corporation has renounced its interest and expectancy in the previous sentence, GE shall to the fullest extent permitted by law not be liable to the Corporation or its stockholders for breach of any fiduciary duty as a stockholder of the Corporation by reason of the fact that GE acquires or seeks such corporate opportunity for itself, directs such corporate opportunity to another person or entity, or otherwise does not communicate information regarding such corporate opportunity to the Corporation.

**Section 4.** Corporate Opportunities. (a) In the event that a director or officer of the Corporation who is also a director or officer of GE acquires knowledge of a potential transaction or matter which may be a corporate opportunity for both the Corporation and GE, such director or officer shall to the fullest extent permitted by law have fully satisfied and fulfilled his fiduciary duty with respect to such corporate opportunity, and the Corporation to the fullest extent permitted by law renounces any interest or expectancy in such business opportunity and waives any claim that such business opportunity constituted a corporate opportunity that should have been presented to the Corporation or any Affiliated Company thereof, if such director or officer acts in a manner consistent with the following policy:

(i) a corporate opportunity offered to any person who is a director but not an officer of the Corporation and who is also a director or officer of GE shall belong to the Corporation only if such opportunity is expressly offered to such person solely in his or her capacity as a director of the Corporation and otherwise shall belong to GE; and

(ii) a corporate opportunity offered to any person who is an officer of both the Corporation and GE shall belong to the Corporation unless such opportunity is expressly offered to such person solely in his or her capacity as an officer of GE, in which case such opportunity shall belong to GE.

(b) If an officer or director of the Corporation, who also serves as an officer or director of GE, acquires knowledge of a potential transaction or matter which may be a

corporate opportunity for both the Corporation and GE in any manner not addressed by Article IX, Sections 4(a)(i) or 4(a)(ii), such officer or director shall have no duty to communicate or present such corporate opportunity to the Corporation and shall to the fullest extent permitted by law not be liable to the Corporation or its shareholders for breach of fiduciary duty as an officer or director of the Corporation by reason of the fact that GE pursues or acquires such corporate opportunity for itself, directs such corporate opportunity to another person or entity or does not present such corporate opportunity to the Corporation, and the Corporation to the fullest extent permitted by law renounces any interest or expectancy in such business opportunity and waives any claim that such business opportunity constituted a corporate opportunity that should be presented to the Corporation.

**Section 5.** Certain Definitions. For purposes of this Article IX, (a) “Affiliated Company” in respect of the Corporation shall mean any entity controlled by the Corporation, and (b) “corporate opportunities” shall include, but not be limited to, business opportunities which the Corporation is financially able to undertake, which are, from their nature, in the line of the Corporation’s business, are of practical advantage to it and are ones in which the Corporation, but for the provisions of Sections 3 and 4 of this Article IV, would have an interest or a reasonable expectancy, and in which, by embracing the opportunities, the self-interest of GE or its officers or directors will be brought into conflict with that of the Corporation.

## **ARTICLE X**

### **Section 203 of the General Corporation Law**

The Corporation shall not be governed by Section 203 of the DGCL (“Section 203”), and the restrictions contained in Section 203 shall not apply to the Corporation, until the moment in time immediately following the time at which both of the following conditions exist (if ever): (a) Section 203 by its terms would, but for the provisions of this Article X, apply to the Corporation; and (b) there occurs a transaction in which GE’s beneficial ownership interest in the Corporation is reduced to less than fifteen percent (15%) of the outstanding shares of Common Stock, and the Corporation shall thereafter be governed by Section 203 if and for so long as Section 203 by its terms shall apply to the Corporation.

## **ARTICLE XI**

### **Amendment of Certificate of Incorporation**

The Corporation reserves the right at any time and from time to time to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, as from time to time in effect, and to add thereto any other provision authorized by the law of the State of Delaware at the time in force, and, except as may otherwise be explicitly provided by any provision of this Certificate of Incorporation, all rights, preferences and privileges of whatsoever nature conferred upon stockholders, directors or officers of the Corporation or any other person whomsoever by and pursuant to this Certificate of Incorporation in its present form, or as hereafter amended, are granted subject to the right reserved in this Article XI.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated Certificate of Incorporation this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_

Name:

Title:

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**AMENDED AND RESTATED BYLAWS**  
**OF**  
**GENWORTH FINANCIAL, INC.**

**Article I.**

**Office**

Section 1.1      Office. The principal executive office of this corporation shall be in the county of Henrico in the Commonwealth of Virginia.

**Article II.**

**Meetings of Stockholders**

Section 2.1      Annual Meetings. If required by applicable law, an annual meeting of stockholders shall be held for the election of directors at such date, time and place, if any, either within or without the State of Delaware, as may be designated by resolution of the Board of Directors from time to time. Any other proper business may be transacted at the annual meeting.

Section 2.2      Special Meetings. Special meetings of stockholders may be called in the manner set forth in the Amended and Restated Certificate of Incorporation.

Section 2.3      Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, a notice of the meeting shall be given that shall state the place, if any, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by law, the Amended and Restated Certificate of Incorporation or these bylaws, the notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation.

Section 2.4      Adjournments. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and, subject to the second succeeding sentence, notice need not be given of any such adjourned meeting if the time, date and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the

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adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 2.5 Quorum. Except as otherwise provided by law, the Amended and Restated Certificate of Incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. In the absence of a quorum, the stockholders so present may, by a majority in voting power thereof, adjourn the meeting from time to time in the manner provided in Section 2.4 of these bylaws until a quorum shall attend. Shares of its own stock belonging to the corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes; provided, however, that the foregoing shall not limit the right of the corporation or any subsidiary of the corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 2.6 Organization. Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in his or her absence by the Vice Chairman of the Board, if any, or in his or her absence by the President, or in his or her absence by a Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board of Directors, or in the absence of such designation, by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 2.7 Voting; Proxies. Except as otherwise provided by or pursuant to the provisions of the Amended and Restated Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question. Each stockholder entitled to vote at a meeting of stockholders or to express consent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the corporation a revocation of the proxy or a new proxy bearing a later date. Voting at meetings of stockholders need not be by written ballot. At all meetings of stockholders for the election of directors at which a quorum is present a plurality of the votes cast shall be sufficient to elect. All other elections and questions presented to the stockholders at a meeting at which a quorum is present shall, unless otherwise provided by the Amended and Restated Certificate of Incorporation, these bylaws, the rules or regulations of any stock exchange applicable to the corporation, or applicable law or pursuant to any regulation applicable to the corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the corporation which are present in person or by proxy and entitled to vote thereon.

Section 2.8 Fixing Date for Determination of Stockholders of Record. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting; (2) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten (10) days from the date upon which the resolution fixing the record date is adopted by the Board of Directors; and (3) in the case of any other action, shall not be more than sixty (60) days prior to such other action. If no record date is fixed: (1) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held; (2) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting, when no prior action of the Board of Directors is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation in accordance with applicable law, or, if prior action by the Board of Directors is required by law, shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action; and (3) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 2.9 List of Stockholders Entitled to Vote. The officer who has charge of the stock ledger shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting or (ii) during ordinary business hours at the principal place of business of the corporation. The list of stockholders must also be open to examination at the meeting as required by applicable law.

Section 2.10 Action By Written Consent of Stockholders. Except as otherwise restricted by the Amended and Restated Certificate of Incorporation, any action required or permitted to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than

the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the corporation having custody of the book in which minutes of proceedings of stockholders are recorded. Delivery made to the corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall, to the extent required by law, be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the corporation.

Section 2.11 Inspectors of Election. The corporation may, and shall if required by law, in advance of any meeting of stockholders, appoint one or more inspectors of election, who may (unless otherwise required by applicable law) be employees of the corporation, to act at the meeting or any adjournment thereof and to make a written report thereof. The corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath to execute faithfully the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification and report shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

Section 2.12 Conduct of Meetings. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at the meeting by the person presiding over the meeting. The Board of Directors may adopt by resolution such rules and regulations for the conduct of the meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the person presiding over any meeting of stockholders shall have the right and authority to convene the meeting, to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding person, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the presiding person of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the

meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders of record of the corporation, their duly authorized and constituted proxies or such other persons as the presiding person of the meeting shall determine; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. The presiding person at any meeting of stockholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered. Unless and to the extent determined by the Board of Directors or the person presiding over the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

Section 2.13      Notice of Stockholder Business and Nominations.

(a)      Annual Meetings of Stockholders. (1) Except for nominations or elections of persons for election to the Board of Directors made by the holder of the Class B Common Stock pursuant to Article VII of the Amended and Restated Certificate of Incorporation and as may otherwise be required by applicable law, nominations of persons for election to the Board of Directors of the corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders only (A) pursuant to the corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors or (C) by any stockholder of the corporation who was a stockholder of record of the corporation at the time the notice provided for in this Section 2.13 is delivered to the Secretary of the corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.13.

(2)      For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of paragraph (a)(1) of this Section 2.13, the stockholder must have given timely notice thereof in writing to the Secretary of the corporation and any such proposed business other than the nominations of persons for election to the Board of Directors must constitute a proper matter for stockholder action. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the ninetieth day nor earlier than the close of business on the one hundred twentieth day prior to the first anniversary of the preceding year's annual meeting (provided, however, that in the event that the date of the annual meeting is more than thirty days before or more than seventy days after such anniversary date, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth day prior to such annual meeting and not later than the close of business on the later of the ninetieth day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made by the corporation). In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (A) as to each person whom the stockholder proposes to nominate for election as a director (i) all information relating to such person that is

required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and (ii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the bylaws of the corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (ii) the class and number of shares of capital stock of the corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination, and (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee or (b) otherwise to solicit proxies from stockholders in support of such proposal or nomination. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the corporation of his or her intention to present a proposal at an annual meeting in compliance with Rule 14a-8 (or any successor thereof) promulgated under the Exchange Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the corporation to solicit proxies for such annual meeting. The corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.13 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the corporation at an annual meeting is increased and there is no public announcement by the corporation naming the nominees for the additional directorships at least one hundred days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.13 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) provided that the Board of Directors has determined that directors shall be

elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time the notice provided for in this Section 2.13 is delivered to the Secretary of the corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 2.13. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this Section 2.13 shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the close of business on the one hundred twentieth day prior to such special meeting and not later than the close of business on the later of the ninetieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General. (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.13 or the Amended and Restated Certificate of Incorporation shall be eligible to be elected at an annual or special meeting of stockholders of the corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.13. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (a) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.13 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(2)(C)(iv) of this Section 2.13) and (b) if any proposed nomination or business was not made or proposed in compliance with this Section 2.13, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.13, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the corporation to present a nomination or business, such nomination shall be disregarded and such proposed business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the corporation.

(2) For purposes of this Section 2.13, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.13, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.13. Nothing in

this Section 2.13 shall be deemed to affect any rights (a) of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (b) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Amended and Restated Certificate of Incorporation.

### **Article III.**

#### **Board of Directors**

Section 3.1        Number; Qualifications. The Board of Directors shall consist of not less than one nor more than fifteen members, the number thereof to be determined from time to time subject to the provisions of, and in the manner specified in, the Amended and Restated Certificate of Incorporation. Directors need not be stockholders.

Section 3.2        Election; Resignation; Vacancies. The Board of Directors shall initially consist of the persons named as directors in the certificate of incorporation or elected by the incorporator of the corporation, and each director so elected shall hold office until the first annual meeting of stockholders or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. At the first annual meeting of stockholders and at each annual meeting thereafter, members of the Board of Directors shall be elected in the manner set forth in the Amended and Restated Certificate of Incorporation, each of whom shall hold office until the next annual meeting of stockholders or until his or her successor is duly elected and qualified, subject to such director's earlier death, resignation, disqualification or removal. Any director may resign at any time upon notice to the corporation. Unless otherwise provided by law, any newly created directorship or any vacancy occurring in the Board of Directors for any cause shall be filled in the manner set forth in the Amended and Restated Certificate of Incorporation, and each director so elected shall hold office until the expiration of the term of office of the director whom he or she has replaced or until his or her successor is elected and qualified.

Section 3.3        Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without the State of Delaware and at such times as the Board of Directors may from time to time determine.

Section 3.4        Special Meetings. Special meetings of the Board of Directors may be held at any time or place within or without the State of Delaware whenever called by the President, any Vice President, the Secretary, or by any member of the Board of Directors. Notice of a special meeting of the Board of Directors shall be given, in accordance with Section 9.3 hereof, by the person or persons calling the meeting at least twenty-four hours before the special meeting.

Section 3.5        Telephonic Meetings Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this by-law shall constitute presence in person at such meeting.

Section 3.6 Quorum: Vote Required for Action. Subject to the Amended and Restated Certificate of Incorporation, at all meetings of the Board of Directors the directors entitled to cast a majority of the votes of the whole Board of Directors shall constitute a quorum for the transaction of business. Except in cases in which the Amended and Restated Certificate of Incorporation, these bylaws or applicable law otherwise provides, a majority of the votes entitled to be cast by the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.7 Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board, if any, or in his or her absence by the Vice Chairman of the Board, if any, or in his or her absence by the President, or in their absence by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

Section 3.8 Action by Unanimous Consent of Directors. Unless otherwise restricted by the Amended and Restated Certificate of Incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or of any committee thereof, may be taken without a meeting if all members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the board or committee.

## **Article IV.**

### **Committees**

Section 4.1 Committees. The Board of Directors may, subject to the provisions of the Amended and Restated Certificate of Incorporation, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of the committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. Any such committee, to the extent permitted by law and to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it.

Section 4.2 Nominating Committee. At any time when GE shall beneficially own more than fifty percent (50%) of the outstanding shares of common stock of the corporation, the nominating committee shall present nominations for election to the Board of Directors directly to the stockholders. At any time when GE shall beneficially own fifty percent (50%) or less of the outstanding shares of common stock of the corporation, the nominating committee shall propose nominees directly to the Board of Directors. "GE" means General Electric

Company, a New York corporation, all successors to General Electric Company by way of merger, consolidation or sale of all or substantially all of its assets, and all corporations, limited liability companies, joint ventures, partnerships, trusts, associations and other entities in which General Electric Company (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, but shall not include the corporation or any of its subsidiaries.

Section 4.3 Committee Rules. Unless the Board of Directors otherwise provides, each committee designated by the Board of Directors may make, alter and repeal rules for the conduct of its business. In the absence of such rules each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article III of these bylaws.

## **Article V.**

### **Officers**

Section 5.1 Officers. As determined by the Board of Directors, the officers of this corporation shall include the officers set forth in this Article V.

Section 5.2 Chairman. A Chairman of the Board, who shall be chosen by the Directors from their own number. The Chairman of the Board shall be the Chief Executive Officer of the corporation and in that capacity shall have general management, subject to the control of the Board of Directors, of the business of the corporation, including the appointment of all officers and employees of the corporation for whose election or appointment no other provisions is made in these bylaws; he shall also have the power, at any time, to discharge or remove any officer or employee of the corporation, subject to the action thereon of the Board of Directors, and shall perform all other duties appropriate to this office. The Chairman of the Board shall preside at all meetings of Directors, and he may at any time call any meeting of the Board of Directors; he may also at his discretion call or attend any meeting of any committee of the Board, whether or not a member of such committee.

Section 5.3 President. A President of the corporation, who shall be chosen by the Directors from their own number. The office of President will normally be vested in the Chairman of the Board, provided, however, that in the discretion of the Board of Directors, the position of President may be established independent of, but accountable to, the Chairman during transition periods.

Section 5.4 Vice President. Two or more Vice Presidents, one or more of whom may also be designated Executive Vice Presidents or Senior Vice Presidents accountable to the Chief Executive Officer.

Section 5.5 Chief Financial Officer. A Chief Financial Officer, who shall be the principal financial officer of the corporation, and who shall have such duties as the Board of

Directors, by resolution, shall determine. In the absence or disability of the Chief Financial Officer, the Chairman of the Board may designate a person to exercise the powers of such office.

Section 5.6        Controller and Treasurer . A Controller and a Treasurer who shall be officers of the corporation. The Treasurer and Controller shall perform such duties as may be assigned by the Chief Financial Officer. In the absence or disability of the Controller or Treasurer, the Chairman of the Board may designate a person to execute the powers of such office.

Section 5.7        Secretary . A Secretary, who shall record in proper books to be kept for that purpose and have custody of the minutes of the meetings of the shareholders of the corporation and of meetings of the Board of Directors and of committees of the Board of Directors (other than the Compensation Committee) and who shall be responsible for the custody and care of the seal of the corporation. He shall attend to the giving and serving of all notices of the corporation and perform such other duties as may be imposed upon him by the Board of Directors.

Section 5.8        Assistant Secretary and Attesting Secretaries . The Secretary may appoint an Assistant Secretary and Attesting Secretaries, each of whom shall have the power to affix and attest the corporate seal of the corporation, and to attest the execution of documents on behalf of the corporation and who shall perform such other duties as may be assigned by the Secretary; and in the absence or disability of the Secretary, the Assistant Secretary may be designated by the Chairman to exercise the powers of the Secretary.

Section 5.9        Other Officers . Such other officers as the Board of Directors may from time to time appoint. One person may hold two or more offices, except that no person shall simultaneously hold the offices of President and Secretary.

Section 5.10       Election . All officers shall be elected by the Board of Directors for an initial term which shall continue until the first meeting of the Board of Directors following the next annual statutory meeting of shareholders, and thereafter all officers shall be elected for one-year terms; provided, however, that all officers shall serve at the pleasure of the Board of Directors. Officers shall exercise such powers and perform such duties as the Chief Executive Officer may from time to time direct, provided that these powers and duties are not inconsistent with any outstanding resolutions of the Board of Directors.

Section 5.11       Incapacity . In the event of the absence, incapacity, illness or the death of the Chairman of the Board, the President, if then a separate officer, shall assume the duties of the Chairman of the Board pending action by the Board of Directors; provided, however, that if there is not a separate President in office, the duties of the Chairman of the Board, pending action by the Board of Directors, shall be assumed by that Vice Chairman who is senior to the others in length of corporation service.

## Article VI.

### Removal of Officers and Employees

Section 6.1 Removal. Except as otherwise provided in the Amended and Restated Certificate of Incorporation, any officer or employee of the corporation may, at any time, be removed by the affirmative vote of at least a majority of the Board of Directors. In case of such removal the officer so removed shall forthwith deliver all the property of the corporation in his possession, or under his control, to some person to be designated by the Board of Directors. Nothing herein contained shall limit the power of any officer to discharge any subordinate.

Section 6.2 Temporary Delegation. The Board of Directors may at any time, in the transaction of business, temporarily delegate any of the duties of any officer to any other officer or person selected by it.

Section 6.3 Vacancies. Any vacancy occurring in any office, may be filled for the unexpired term by the Board of Directors.

## Article VII.

### Stock

Section 7.1 Certificates. Every holder of stock shall be entitled to have a certificate signed by or in the name of the corporation by the Chairman or Vice Chairman of the Board of Directors, if any, or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary, of the corporation certifying the number of shares owned by such holder in the corporation. Any of or all the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent, or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if such person were such officer, transfer agent, or registrar at the date of issue.

Section 7.2 Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The corporation may issue a new certificate of stock in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

## **Article VIII.**

### **Miscellaneous**

Section 8.1 Fiscal Year. The fiscal year of the corporation shall be determined by resolution of the Board of Directors.

Section 8.2 Seal. The corporate seal shall have the name of the corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors.

Section 8.3 Manner of Notice. Except as otherwise provided herein or permitted by applicable law, notices to directors and stockholders shall be in writing and delivered personally or mailed to the directors or stockholders at their addresses appearing on the books of the corporation. Notice to directors may be given by telecopier, telephone or other means of electronic transmission.

Section 8.4 Waiver of Notice of Meetings of Stockholders, Directors and Committees. Any waiver of notice, given by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at nor the purpose of any regular or special meeting of the stockholders, directors, or members of a committee of directors need be specified in a waiver of notice.

Section 8.5 Form of Records. Any records maintained by the corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or by means of, or be in the form of, any information storage device or method, provided that the records so kept can be converted into clearly legible paper form within a reasonable time.

Section 8.6 Amendment of By-Laws. These bylaws may be altered, amended or repealed, at any time, in the manner provided in the Amended and Restated Certificate of Incorporation of this corporation.

## **Article IX.**

### **Emergency By-law**

Section 9.1 Effective Time. This Emergency By-law shall become effective if a state of national emergency is declared by the government of the United States and shall cease to be effective when the government of the United States shall declare that the state of national emergency no longer exists. This Emergency By-law may also become effective in the manner outlined in Section 9.5 of this Article.

Section 9.2 Management. In the event this Emergency By-law shall become effective, the business of the corporation shall continue to be managed by those members of the Board of Directors in office at the time the emergency arises who are available to act during the emergency. If less than three such Directors are available to act, additional Directors, in whatever number is necessary to constitute a Board of three Directors, shall be selected automatically from the first available officers or employees in the order provided in the emergency succession list established by the Board of Directors and in effect at the time an emergency arises.

Section 9.3 Unavailability of Directors. For the purposes of Sections 9.2 and 9.4(c) of this Article, a Director shall be deemed unavailable to act if he shall fail to attend a Directors meeting called in the manner provided in Section 9.4(a) of this Article. This section, however, shall not affect in any way the right of a Director in office at the time an emergency arises to continue as a Director.

Section 9.4 Procedures. The Board of Directors shall be governed by the following basic procedures and shall have the following specific powers in addition to all other powers which it would otherwise have.

(a) Meetings of the Board of Directors may be called by any Director, or by the first available officer or employee in the order provided in the emergency succession list referred to in Section 9.2 of this Article, notice of any meeting of the Board of Directors during such an emergency may be given only to such of the Directors as it may be feasible to reach at the time and by such means as may be feasible at the time, including publication or radio.

(b) Three Directors shall constitute a quorum which may in all cases act by majority vote.

(c) If the number of Directors who are available to act shall drop below three, additional Directors, in whatever number is necessary to constitute a Board of three Directors, shall be selected automatically from the first available officers or employees in the order provided in the emergency succession list referred to in Section 9.2 of this Article.

(d) Additional Directors, beyond the minimum number of three Directors, but not more than three additional Directors, may be elected from any officers or employees on the emergency succession list referred to in Section 9.2 of this Article.

(e) The Board of Directors may establish any additional procedures and may amend any of the provisions of this Article concerning the interim management of the affairs of the corporation in an emergency if it considers it to be in the best interests of the corporation to do so, except that it may not change Sections 9.3 or 9.4(e) of this Article in any manner which excludes from participation any person who was a Director in office at the time an emergency arises.

(f) To the extent that it considers it practical to do so, the Board of Directors shall manage the business of the corporation during an emergency in a manner which

is consistent with the Amended and Restated Certificate of Incorporation and bylaws. It is recognized, however, that in an emergency it may not always be practical to act in this manner and this Emergency By-law is intended to and hereby empowers the Board of Directors with the maximum authority possible under the General Corporation Law of the State of Delaware, and all other applicable law, to conduct the interim management of the affairs of the corporation in an emergency in what it considers to be in the best interests of the corporation.

Section 9.5 Obvious Emergency. If an obvious defense emergency exists because of an enemy attack and, if by reason of the emergency, the government of the United States is itself unable to declare a state of national emergency as contemplated by Section 9.1 of this Article, then:

(a) A quorum of the Board of Directors pursuant to Article III of these bylaws may order the effectiveness of this Emergency By-law; or

(b) If a quorum of the Board of Directors pursuant to Article III of these bylaws is not present at the first Board of Directors meeting called, in the manner provided in Section 9.4(a) of this Article, after an emergency arises, then the provisions of this Emergency By-law shall automatically become effective and shall remain in effect until it is practical for a normally constituted Board of Directors to resume management of the business of the corporation.

GE FINANCIAL ASSURANCE HOLDINGS, INC.

THE CHASE MANHATTAN BANK, Trustee

Indenture

Dated as of June 26, 2001

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THIS INDENTURE, dated as of June 26, 2001 between GE Financial Assurance Holdings, Inc., a Delaware corporation (the “Company”), and The Chase Manhattan 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 ONE

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” means any Person authorized by the Trustee pursuant to Section 7.14 to act on behalf of the Trustee to authenticate Securities.

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.

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Company :

The term “Company” shall mean GE Financial Assurance Holdings, 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.

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.

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 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 Section.

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.

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 TWO

DESCRIPTION, EXECUTION, REGISTRATION AND  
EXCHANGE OF SECURITIES.

Section 2.01. Forms. (a) The Securities of each series shall be in substantially such form as shall be established by or pursuant to a resolution of the Board of Directors or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such legends or endorsements placed thereon as the officers executing the same may approve (execution thereof to be conclusive evidence of such approval) and as are not inconsistent with the provisions of this Indenture, or as may be required to comply with any law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange on which the Securities of such series may be listed, or to conform to usage.

(b) The resolutions adopted by the Board of Directors establishing the form and terms of the Securities of any series pursuant to Sections 2.01 and 2.02, respectively, of this Indenture, may provide for issuance of the Securities in global form. If Securities of a series are so authorized to be issued in global form, 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 Security in global form to reflect the amount, or any increase or decrease in the amount or changes in the rights of holders of Securities represented thereby, shall be made in such manner and by such person or persons as shall be specified therein.

(c) The Trustee's Certificate of Authentication on all Securities shall be in substantially the following form:

"This is one of the Securities of the series designated therein described in the within-mentioned Indenture.

The Chase Manhattan 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 Section 2.06, 2.07, 2.08, 3.03, 3.06 or 10.04);
- (3) the date or dates on which the principal and premium, if any, of the Securities of the series is payable;
- (4) the rate or rates, or the method of determination thereof, at which the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the interest payment dates on which such interest shall be payable and, if other than as set forth in Section 2.04, the record dates for the determination of holders to whom interest is payable;
- (5) in addition to the office or agency of the Company in the Borough of Manhattan, The City of New York required to be maintained pursuant to Section 4.02, any other place or places where the principal of, and premium, if any, and any interest on Securities of the series shall be payable;
- (6) the Specified Currency of the Securities of the series;
- (7) the currency or currencies in which payments on the Securities of the series are payable, if other than the Specified Currency;
- (8) the price or prices at which, the period or periods within which and the terms and conditions upon which Securities of the series may be redeemed, in whole or in part, at the option of the Company, pursuant to any sinking fund or otherwise;
- (9) the obligation, if any, of the Company to redeem, purchase or repay Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a holder thereof and the price at which or process by which and the period or periods within which and the terms and conditions upon which Securities of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligation;
- (10) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Securities of the series shall be issuable;
- (11) if other than the principal amount thereof, the portion of the principal amount of Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.01;
- (12) if the principal of or interest on the Securities of the series are to be payable, at the election of the Company or a holder thereof, in a coin or currency other than the Specified Currency, the period or periods within which, and the terms and conditions upon which, such election may be made;
- (13) if the amount of payments of principal of and interest on the Securities of the series may be determined with reference to an index based on a coin or currency other than the Specified Currency, the manner in which such amounts shall be determined;

- (14) any Events of Default with respect to the Securities of the series, if not set forth herein;
- (15) if other than the rate of interest stated in the title of the Securities of the series, the applicable Overdue Rate;
- (16) in the case of any series of non-interest bearing Securities, the applicable dates for purposes of clause (a) of Section 5.01;
- (17) if other than The Chase Manhattan 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) 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
- (20) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Securities of any one series shall be substantially identical except as to denomination and except as may otherwise be provided in or pursuant to such resolution of the Board of Directors or in any such indenture supplemental hereto.

Section 2.03. Authentication . At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication. Except as otherwise provided in this Article Two, the Trustee shall thereupon authenticate and deliver said Securities to or upon the written order of the Company, signed by its President, its Chairman or any Vice Chairman of the Board or one of its Vice Presidents and by its Treasurer, its Controller or its Secretary. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive and (subject to Section 7.01) shall be fully protected in relying upon:

- (1) a copy of any resolution or resolutions of the Board of Directors relating thereto and, if applicable, an appropriate record of any action taken pursuant to such resolution, in each case certified by the Secretary or an Assistant Secretary of the Company;
- (2) an executed supplemental indenture, if any, relating thereto;
- (3) an Officers' Certificate prepared in accordance with Section 14.05 which shall also state to the best knowledge of the signers of such Certificate that no Event of Default with respect to any series of Securities shall have occurred and be continuing; and
- (4) an Opinion of Counsel prepared in accordance with Section 14.05 which shall also state

(a) that the form of such Securities has been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.01 in conformity with the provisions of this Indenture;

(b) that the terms of such Securities have been established by or pursuant to a resolution of the Board of Directors or by a supplemental indenture as permitted by Section 2.02 in conformity with the provisions of this Indenture;

(c) that such Securities, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute legal, valid and binding obligations of the Company, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles;

(d) that the Company has the corporate power to issue such Securities, and has duly taken all necessary corporate action with respect to such issuance;

(e) that the issuance of such Securities will not contravene the organizational certificate or by-laws of the Company or result in any violation of any of the terms or provisions of any law or regulation or of any indenture, mortgage or other agreement known to such Counsel by which the Company or any of its Subsidiaries is bound; and

(f) that all laws and requirements in respect of the execution and delivery by the Company of such Securities and the related supplemental indenture, if any, have been complied with and that authentication and delivery of such Securities and the execution and delivery of the related supplemental indenture, if any, by the Trustee will not violate the terms of this Indenture.

The Trustee shall have the right to decline to authenticate and deliver or cause to be authenticated and delivered any Securities under this Section 2.03 if the Trustee, being advised by counsel, determines that such action may not lawfully be taken or if the Trustee in good faith by its board of directors or trustees, executive committee, or a trust committee of directors or trustees and/or vice presidents shall determine that such action would expose the Trustee to personal liability to existing Securityholders.

Section 2.04. Date and Denomination of Securities. The Securities of each series shall be issuable in registered form without coupons in such denominations as shall be specified as contemplated by Section 2.02. In the absence of any such specification with respect to the Securities of any series, the Securities of such series shall be issuable in denominations of \$1,000 and any multiple of \$1,000. Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the officers of the Company executing the same may determine with the approval of the Trustee.

Every Security shall be dated the date of its authentication.

The person in whose name any Security of a particular series is registered at the close of business on any record date (as hereinafter defined) with respect to any interest payment date for such series shall be entitled to receive the interest payable on such interest payment date

notwithstanding the cancellation of such Security upon any registration of transfer or exchange subsequent to the record date and prior to such interest payment date; provided, however, that if and to the extent that the Company shall default in the payment of the interest due on such interest payment date, such defaulted interest shall be paid to the persons in whose names Outstanding Securities of such series are registered on a subsequent record date established by notice given by mail by or on behalf of the Company to the holders of such Securities not less than 15 days preceding such subsequent record date, such record date to be not less than five days preceding the date of payment of such defaulted interest. Except as otherwise specified as contemplated by Section 2.02 for Securities of a particular series, the term "record date" as used in this Section 2.04 with respect to any regular interest payment date, shall mean, the last day of the calendar month preceding such interest payment date if such interest payment date is the fifteenth day of such calendar month, and shall mean the fifteenth day of the calendar month preceding such interest payment date if such interest payment date is the first day of a calendar month, whether or not such day shall be a day on which banking institutions in The City of New York are authorized or required by law or executive order to close or remain closed.

Interest on the Securities may at the option of the Company be paid by check mailed to the persons entitled thereto at their respective addresses as such appear on the registry books of the Company.

Section 2.05. Execution of Securities. The Securities shall be signed in the name and on behalf of the Company by the manual or facsimile signature of its President, its Chairman of the Board or Chief Financial Officer and its Treasurer or Assistant Treasurer, its Secretary or Assistant Secretary, under its corporate seal (which may be printed, engraved or otherwise reproduced thereon, by facsimile or otherwise). Only such Securities as shall bear thereon a certificate of authentication substantially in the form herein recited, executed by the Trustee by the manual signature of an authorized officer, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder and that the holder is entitled to the benefits of this Indenture.

In case any officer of the Company who shall have signed any of the Securities shall cease to be such officer before the Securities so signed shall have been authenticated and delivered by the Trustee, or disposed of by the Company, such Securities nevertheless may be authenticated and delivered or disposed of as though the person who signed such Securities had not ceased to be such officer of the Company; and any Security may be signed on behalf of the Company by such persons as, at the actual date of the execution of such Security, shall be the proper officers of the Company, although at the date of the execution of this Indenture any such person was not such an officer.

Section 2.06. Exchange and Registration of Transfer of Securities. Securities of any series may be exchanged for a like aggregate principal amount of Securities of the same series of other authorized denominations. Securities to be exchanged shall be surrendered, at the option of the holders thereof, either at the office or agency designated and maintained by the Company for such purpose in the Borough of Manhattan, The City of New York, in accordance with the provisions of Section 4.02 or at any of such other offices or agencies as may be designated and maintained by the Company for such purpose in accordance with the provisions of Section 4.02, and the Company shall execute and register and the Trustee shall authenticate and deliver in

exchange therefor the Security or Securities which the Securityholder making the exchange shall be entitled to receive. Each person designated by the Company pursuant to the provisions of Section 4.02 as a person authorized to register and register transfer of the Securities is sometimes herein referred to as a "Security registrar",

The Company shall keep, at each such office or agency, a register for each series of Securities issued hereunder (the registers of all Security registrars being herein sometimes collectively referred to as the "Security register" or the "registry books of the Company") in which, subject to such reasonable regulations as it may prescribe, the Company shall register Securities and shall register the transfer of Securities as in this Article Two provided. The Security register shall be in written form or in any other form capable of being converted into written form within a reasonable time. At all reasonable times the Security registrar shall be open for inspection by the Trustee and any Security registrar other than the Trustee. Upon due presentment for registration or registration of transfer of any Security of any series at any designated office or agency, the Company shall execute and register and the Trustee shall authenticate and deliver in the name of the transferee or transferees a new Security or Securities of the same series for an equal aggregate principal amount. Registration or registration of transfer of any Security by any Security registrar in the registry books of the Company maintained by such Security registrar, and delivery of such Security, duly authenticated, shall be deemed to complete the registration or registration of transfer of such Security.

The Company will at all times designate one person (who may be the Company and who need not be a Security registrar) to act as repository of a master list of names and addresses of the holders of the Securities. The Company shall act as such repository unless and until some other person is, by written notice from the Company to the Trustee and each Security registrar, designated by the Company to act as such. The Company shall cause each Security registrar to furnish to such repository, on a current basis, such information as to all registrations of transfer and exchanges effected by such registrar, as may be necessary to enable such repository to maintain such master list on as current a basis as is practicable.

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.

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.

### ARTICLE THREE

#### 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 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 semi-annual 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 less 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 FOUR

### 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 450 West 33<sup>rd</sup> Street, New York, New York 10001 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. The Company designates the office of the Company located at 6604 West Broad Street, Richmond, Virginia 23230 as repository pursuant to Section 2.06 for the master list of the names and addresses of the holders of the Securities of each series.

Section 4.03. Appointments 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 June 1, in each year (beginning with the first June 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 stating that in the course of the performance by the signer of his duties as an officer of the Company he would normally have knowledge of any default or non-compliance by the Company in the performance of any terms, covenants or conditions of this Indenture, stating whether or not he has knowledge of any such default or non-compliance (without regard to any period of grace or

requirement of notice provided hereunder) and, if so, specifying each such default or non-compliance of which the signer has knowledge and the nature thereof.

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 FIVE

### SECURITYHOLDER LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE

Section 5.01. Securityholder Lists . If and so long as the Trustee shall not be the Security registrar for the Securities of any series, the Company and any other obligor on the Securities will furnish or cause to be furnished to the Trustee a list in such form as the Trustee may reasonably require of the names and addresses of the holders of the Securities of such series pursuant to Section 312 of the Trust Indenture Act of 1939 (a) semi-annually not more than 15 days after each record date for the payment of interest on such Securities, as hereinabove specified, as of such record date, and on dates to be determined pursuant to Section 2.02 for non-interest bearing Securities in each year, and (b) at such other times as the Trustee may request in writing, within thirty days after receipt by the Company of any such request as of a date not more than 15 days prior to the time such information is furnished.

Section 5.02. Reports by the Company. The Company covenants to file with the Trustee, within 15 days after the Company is required to file the same with the Securities and Exchange Commission, copies of the annual reports and of the information, documents and other reports that the Company may be required to file with the Securities and Exchange Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 or pursuant to Section 314 of the Trust Indenture Act of 1939.

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, 2002, 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 SIX

### 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 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

(i) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Company under the 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 of all or substantially all of its property, or for the winding up or liquidation of its affairs, 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 shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under the 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 its inability to pay its debts generally as they become due; or

(h) any other Event of Default provided in the applicable resolution of the Board of Directors or in the supplemental indenture under which such series of Securities is issued, as the case may be, as contemplated by Section 2.02.

If an Event of Default 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 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 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 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 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 such holder previously shall have given to the Trustee written notice of default with respect to Securities of such series and of the continuance thereof, as hereinbefore provided, and unless also the holders of not less than twenty-five percent in aggregate principal amount of the Securities of such series then Outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity, shall 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 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 before the giving of such notice (the term “defaults” for the purpose of this Section 6.08 being hereby defined to be the events specified in Section 6.01 or established with respect to such Securities as contemplated by Section 2.02, not including the periods of grace, if any, provided for therein or established with respect to such Securities as

contemplated by Section 2.02 and irrespective of the giving of the notices specified in clauses (d) and (e) of Section 6.01 or established with respect to such Securities as contemplated by Section 2.02); provided, however, that except in the case of default in the payment of the principal of, premium, if any, or interest, if any, on any of the Securities of such series or in the making of any sinking fund installment or analogous obligation with respect to such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee, or a trust committee of directors and/or Responsible Officers of the Trustee in good faith determines that the withholding of such notice is in the interest of the holders of Securities of such series.

Section 6.09. Undertaking to Pay Costs. All parties to this Indenture agree, and each holder of any Security by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, omitted or suffered by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.09 shall not apply to any suit instituted by the Trustee, to any suit instituted by any holder of Securities of any series or group of such holders, holding in the aggregate more than ten percent in principal amount of the Outstanding Securities of such series or to any suit instituted by any Securityholder for the enforcement of the payment of the principal of, premium, if any, or interest, if any, on any Security on or after the due date expressed in such Security, on or after the date fixed for redemption or repayment or after such Security shall have become due by declaration.

## ARTICLE SEVEN

### 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 wilful 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 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.

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 corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor to the Trustee hereunder, provided such corporation shall be qualified under Section 310(b) of the Trust Indenture Act of 1939 and eligible under the provisions of Section 7.09, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In case at the time such successor to the Trustee shall succeed to the trust created by this Indenture with respect to one or more series of Securities, any of such Securities shall have been authenticated but not delivered, any such successor to the Trustee by merger, conversion or consolidation may adopt the certificate of authentication of any predecessor trustee, and deliver such Security so authenticated; and in case at that time any of such Securities shall not have been authenticated, any successor to the Trustee may authenticate such Securities either in the name of such successor to the Trustee or, if such successor to the Trustee is a successor by merger, conversion or consolidation the name of any predecessor hereunder; and in all such cases such certificate shall have the full force which it is anywhere in such Securities or in this Indenture provided that the certificate of the Trustee shall have.

Section 7.13. Other Matters Concerning the Trustee. The principal corporate trust office of the Trustee at the date of this Indenture is located at 450 West 33<sup>rd</sup> Street, New York, New York 10001, 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.

The Chase Manhattan Bank,  
As Trustee

By: \_\_\_\_\_  
As Authenticating Agent

By: \_\_\_\_\_  
Authorized Signatory

## ARTICLE EIGHT

### CONCERNING THE SECURITYHOLDERS

Section 8.01 . Action by 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 Section 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 or by a certificate of the person designated by the Company to act as repository in accordance with the provisions of Section 2.06.

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 holder of a beneficial interest in any Security in global form held on its behalf by a depositary shall have any rights under this Indenture with respect to such Security in global form, and such depositary may be treated by the Company, the Trustee, and any agent of the Company or the Trustee as the owner of such Security for all purposes whatsoever. None of the Company, the Trustee or any agent of the Company or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Security in global form 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 NINE

### 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 one vote for each \$1,000 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 Section 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 TEN

### SUPPLEMENTAL INDENTURES

Section 10.01 . Supplemental Indentures without Consent of Securityholders . The Company, when authorized by resolution of the Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto for one or more of the following purposes:

- (a) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Eleven hereof;

(b) to add to the covenants of the Company such further covenants, restrictions or conditions for the protection of the holders of all or any series of Securities (and if such covenants are to be for the benefit of less than all series of Securities, stating that such covenants are expressly being included for the benefit of such series) as the Board of Directors of the Company and the Trustee shall consider to be for the protection of the holders of such Securities, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default;

(c) to provide for the issuance under this Indenture of Securities in coupon form (including Securities registrable as to principal only) and to provide for exchangeability of such Securities with the Securities of the same series issued hereunder in fully registered form and to make all appropriate changes for such purpose;

(d) to establish the forms or terms of Securities of any series or of the Coupons appertaining to such Securities as permitted by Sections 2.01 and 2.02;

(e) to 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; and

(f) to evidence and provide for the acceptance of appointment hereunder by a successor 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 Section 8.01 and 8.02) of the holders of a majority in the aggregate principal amount of the Securities of each series (each series voting as a class) affected by such supplemental indenture at the time Outstanding, the Company and the Trustee may from

time to time and at any time enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or any supplemental indenture or of modifying in any manner the rights of the holders of the Securities or each such series; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of any Security, or reduce the rate or extend the time of payment of interest, if any, thereon, or reduce the principal amount or premium, if any, thereof, or make the principal thereof or premium, if any, or interest, if any, thereon payable in any coin or currency other than that provided in any Security, or impair the right of any holder of a Security to institute suit for any such payment, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 6.01 or adversely affect the right of repayment, if any, at the option of the holder, or extend the time, or reduce the amount of any payment to any sinking fund or analogous obligation relating to any Security, (ii) reduce the percentage in principal amount of Securities of any series, the holders of which are required to consent to any such supplemental indenture or any waiver of any past default or Event of Default pursuant to Section 6.07(b), or (iii) modify any provision of Section 6.07(b) or 10.02 (except to increase any such percentage or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Security so affected), without, in the case of each of the foregoing clauses (i), (ii) and (iii), 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 ELEVEN

### 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 and such corporation or limited liability company shall expressly assume the due and punctual payment of the principal of, and premium, if any, and interest, if any, on all the Securities according to their tenor, and the due and punctual performance and observance of all of the covenants and conditions of this Indenture to be performed by the Company by supplemental indenture satisfactory to the Trustee, executed and delivered to the Trustee by such corporation, and (ii) the Company or such successor corporation or limited liability company, as the case may be, shall not, immediately after such merger or consolidation, or such sale, conveyance, transfer or other disposition, be in default in the performance of any such covenant or condition. In the event of any such sale, conveyance (other than by way of lease), transfer or other disposition, the predecessor company may be dissolved, wound up and liquidated at any time thereafter.

Section 11.02 . Successor Corporation or Limited Liability Company to be Substituted . In case of any such consolidation, merger, sale, conveyance (other than by way of lease), transfer or other disposition, and upon any such assumption by the successor corporation, such successor corporation or limited liability company shall succeed to and be substituted for the Company, with the same effect as if it had been named herein as the Company, and the Company shall be relieved of any further obligation under this Indenture and under the Securities. Such successor corporation or limited liability company thereupon may cause to be signed, and may issue either in its own name or in the name of GE Financial Assurance Holdings, Inc., any or all of the Securities issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee; and, upon the order of such successor corporation or limited liability company, instead of the Company, and subject to all the terms, conditions and limitations in this Indenture prescribed, the Trustee shall authenticate and shall deliver any Securities which

previously shall have been signed and delivered by the officers of the Company to the Trustee for authentication, and any Securities which such successor corporation or limited liability company thereafter shall cause to be signed and delivered to the Trustee for that purpose. All the Securities so issued shall in all respects have the same legal rank and benefit under this Indenture as the Securities theretofore or thereafter issued in accordance with the terms of this Indenture as though all of such Securities had been issued at the date of the execution hereof.

In case of any such consolidation, merger, sale, conveyance, transfer or other disposition, such changes in phraseology and form (but not in substance) may be made in the Securities thereafter to be issued as may be appropriate.

Section 11.03 . Documents to be Given Trustee . The Trustee, subject to the provisions of Sections 7.01 and 7.02, may receive an Officers' Certificate and an Opinion of Counsel as conclusive evidence that any such consolidation, merger, sale, conveyance, transfer or other disposition, and any such assumption, comply with the provisions of this Article Eleven.

## ARTICLE TWELVE

### 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 a nationally recognized firm of independent public accountants expressed in a written certificate thereof delivered to the Trustee, without consideration of any reinvestment, to pay principal of and premium, interest if any, on the Securities of such series to maturity or redemption, as the case may be, provided that any redemption before maturity has been irrevocably provided for under arrangements satisfactory to the Trustee.

(b) The deposit will not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which the Company is a party or by which it is bound.

(c) The Company has delivered to the Trustee either (x) a ruling received from the Internal Revenue Service to the effect that the holders of the Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case or (y) an Opinion of Counsel, based on a change in law after the date of the Indenture, to the same effect as the ruling described in clause (x).

(d) The Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, in each case stating that all conditions precedent provided for herein relating to the defeasance have been complied with.

Prior to the end of the 91 -day period, none of the Company's obligations under the Indenture with respect to the Securities of such series will be discharged. Thereafter, the Trustee, upon the request and at the cost and expense of the Company, will acknowledge in writing the discharge of the Company's obligations under the Securities of such series and the Indenture with respect to such series except for the surviving obligations specified above.

As used herein, "U.S. Government Obligation" means (x) any security which is (i) a direct obligation of the United States of America for the payment of which its full faith and credit is pledged or (ii) an obligation of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the payment of which is

unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case (i) or (ii), is not callable or redeemable at the option of the issuer thereof, and (y) any depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act of 1933) as custodian with respect to any U.S. Government Obligation which is specified in clause (x) above and held by such bank for the account of the holder of such depositary receipt, or with respect to any specific payment of principal of or interest on any U.S. Government Obligation which is so specified and held, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of principal or interest evidenced by such depositary receipt.

Section 12.03. Covenant Defeasance. After the 91st day following the deposit referred to in clause (a) with respect to the Securities of a series, the Company's obligations set forth in the covenant or covenants for such series of Securities established as contemplated by Section 2.02(19) will terminate, and clauses (d) (to the extent relating to such covenant or covenants), (e) and (h) of Section 6.01 will no longer constitute Events of Default with respect to the Securities of a series, provided the following conditions have been satisfied:

(a) the Company has complied with clauses (a), (b) and (d) of Section 12.02; and

(b) the Company has delivered to the Trustee an Opinion of Counsel to the effect that the holders of the Securities of such series will not recognize income, gain or loss for federal income tax purposes as a result of the defeasance and will be subject to federal income tax on the same amount and in the same manner and at the same times as would otherwise have been the case.

Except as specifically stated above, none of the Company's obligations under the Indenture will be discharged.

Section 12.04. Deposited Moneys to be Held in Trust by Trustee; Miscellaneous Provisions. All moneys and U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee pursuant to the provisions of Section 12.01, 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 it 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 THIRTEEN

### 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 FOURTEEN

### 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 GE Financial Assurance Holdings, Inc., 6604 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 Jaw for all purposes and irrevocably binding upon the Company and all Securityholders.

Section 14.08 . Trust Indenture Act to Control. If and to the extent that any provision of this Indenture limits, qualifies or conflicts with the duties imposed by, or with another provision (an “incorporated provision”) included in this Indenture by operation of, Sections 310 to 318, inclusive, of the Trust Indenture Act of 1939, such imposed duties or incorporated provision shall control.

Section 14.09 . Table of Contents, Headings, etc. The table of contents and the titles and headings of the articles and sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part hereof, and shall in no way modify or restrict any of the terms or provisions hereof.

Section 14.10 . Execution in Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

Section 14.11 . Separability; Benefits. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Nothing in this Indenture or in the Securities, expressed or implied, shall give to any person, other than the parties hereto and their successors hereunder, and the holders of the Securities, any benefit or any legal or equitable right, remedy or claim under this Indenture.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of June 26, 2001.

GE FINANCIAL ASSURANCE HOLDINGS, INC.

By /s/ Thomas W. Casey

[CORPORATE SEAL]

Attest:

By/s/ Ward Bobitz

THE CHASE MANHATTAN BANK

By /s/ James P. Freeman

[CORPORATE SEAL]

Attest:

By/s/ Natalie B. Pesce

GE FINANCIAL ASSURANCE HOLDINGS, INC.

THE CHASE MANHATTAN BANK, as Trustee,  
Paying Agent and Exchange Rate Agent

CHASE MANHATTAN BANK, LUXEMBOURG, S.A.,  
as Paying Agent

First Supplemental Indenture

Dated as of June 26, 2001

(Supplement to Indenture dated as of June 26, 2001)

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THIS FIRST SUPPLEMENTAL INDENTURE, dated as of June 26, 2001 (the "First Supplemental Indenture"), by and among GE Financial Assurance Holdings, Inc., a Delaware corporation (the "Company"), The Chase Manhattan Bank, a banking corporation duly organized and existing under the laws of the State of New York, as trustee (the "Trustee"), paying agent and exchange rate agent, and Chase Manhattan Bank, Luxembourg, S.A., a company organized under the laws of Luxembourg, as paying agent.

WITNESSETH:

WHEREAS, the Company has executed and delivered to the Trustee an Indenture dated as of June 26, 2001 between the Company and the Trustee (the "Indenture"), providing for the issuance by the Company from time to time of its 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 many from time to time be authorized by or pursuant to the authority granted in one or more resolutions of the Board of Directors of the Company; and

WHEREAS, Section 10.01 of the Indenture provides that the Company and the Trustee may enter into a supplemental indenture without the consent of the holders of the Securities in order to establish the form or terms of Securities of any series pursuant to Sections 2.01 and 2.02 of the Indenture and to make such other provisions in regard to matters or questions arising under the Indenture which shall not adversely affect the interests of the holders of the Securities; and

WHEREAS, the Company has determined that this First Supplemental Indenture complies with Section 10.01(d) and Section 10.01(e) and does not require the consent of any holders of Securities;

WHEREAS, on the basis of the foregoing, the Trustee has determined that this First Supplemental Indenture is in form satisfactory to it; and

WHEREAS, all things necessary to make this First Supplemental Indenture a valid agreement according to its terms have been done;

NOW, THEREFORE:

In consideration of the premises contained herein and the purchases of the Securities by the holders thereof, the Company and the Trustee mutually covenant and agree for the proportionate benefit of the respective holders from time to time of the Securities as follows:

1. For all purposes of this First Supplemental Indenture, except as otherwise expressly provided or unless the context otherwise requires, all capitalized terms used and not defined herein that are defined in the Indenture shall have the meanings assigned to them in the Indenture.

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2. Section 1.01 of the Indenture is amended and supplemented by adding the following definitions therein, in the appropriate alphabetical sequence:

Common Depository:

The term “Common Depository” means a common depository of Securities on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”), each in its capacity as Depository, and shall initially be The Chase Manhattan Bank.

Conversion Event:

The term “Conversion Event” means the unavailability of any Foreign Currency or currency unit due to the imposition of exchange controls or other circumstances beyond the Company’s control.

Depository.”

The term “Depository” means with respect to the Securities of any series issuable or issued in the form of a global Security, the clearing agency or other entity designated as Depository by the Company pursuant to Section 2.01 until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Depository” shall mean or include each clearing agency who is then a Depository hereunder, and if at any time there is more than one such clearing agency, “Depository” as used with respect to the Securities of any such series shall mean the Depository with respect to the Securities of that series, provided, that nothing herein shall prevent a series of Securities from having more than one Depository.

DTC Securities:

Securities deposited with, or held by a custodian on behalf of, The Depository Trust Company and registered in the name of The Depository Trust Company or a nominee therefor.

Exchange Rate Agent:

The term “Exchange Rate Agent”, with respect to Securities of any series, means, unless otherwise specified in the Securities of any series, a New York Clearing House bank designated pursuant to Section 2.11 or 2.12.

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Foreign Currency:

The term “Foreign Currency” means any Specified Currency other than Dollars.

Paying Agent:

The term “Paying Agent” means The Chase Manhattan Bank or any other Person authorized by the Company to pay the principal of or interest on any Securities of any series on behalf of the Company.

3. Section 2.01 of the Indenture is amended and supplemented by deleting the word “and” at the end of Section 2.01 (19), inserting the following Section 2.01(20) after Section 2.01(19) and renumbering Section 2.01(20) as Section 2.01(21):

“(20) whether the Securities of the series shall be issued in whole or in part in the form of one or more global Securities and, in such case, the Depositary or Depositaries for such global Security or Securities; and”

2.01: 4. Article Two of the Indenture is amended and supplemented by adding the following Section 2.01 A after Section

“Section 2.01A. Global Securities. If the Company shall establish pursuant to Section 2.01 that the Securities of a series are to be issued in whole or in part in the form of one or more global Securities, then the Company shall execute and the Trustee shall authenticate and deliver one or more global Securities in temporary or permanent form that (i) shall represent and shall be denominated in an amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by one or more global Securities, (ii) shall be registered in the name of the Depositary and/or the Common Depositary for such global Security or Securities or the nominee of such Depositary or Common Depositary, (iii) shall be delivered by the Trustee to such Depositary or Common Depositary or pursuant to such Depositary’s or Common Depositary’s instruction and (iv) shall bear a legend substantially to the effect of: “Unless and until it is exchanged in whole or in part for Securities in definitive form, this global Security may not be transferred except as a whole by the Depositary to a nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary” or “Unless and until it is exchanged in whole or in part for Securities in definitive form, this global Security may not be transferred except

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as a whole by the Common Depositary to a nominee of the Common Depositary or by a nominee of the Common Depositary to the Common Depositary or another nominee of the Common Depositary or by the Common Depositary or any such nominee to a successor Common Depositary or a nominee of such successor Common Depositary.

Notwithstanding any other provision of this Section 2.01 A or Section 2.06 unless and until it is exchanged in whole or in part for Securities in definitive form, a global Security representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary or the Common Depositary for such series to a nominee of such Depositary or Common Depositary or by a nominee of such Depositary or Common Depositary to such Depositary or Common Depositary or another nominee of such Depositary or Common Depositary or by such Depositary or Common Depositary or any such nominee to a successor Depositary or Common Depositary for such series or a nominee of such successor Depositary or Common Depositary.

If at any time the Depositary for the Securities of a series notifies the Company that it is unwilling or unable to continue as Depositary for the Securities of such series or if at any time the Depositary for Securities of a series shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation, the Company shall appoint a successor Depositary with respect to the Securities of such series. If a successor Depositary for the Securities of such series is not appointed by the Corporation within 90 days after the Company receives such notice or becomes aware of such condition, the Company will execute and the Trustee or an Authenticating Agent, upon receipt of a written order from an officer of the Company pursuant to Section 2.03 instructing the Trustee or its Authenticating Agent to authenticate and deliver definitive Securities of such series in exchange for the global Security or Securities therefor, will authenticate and deliver Securities of such series in definitive form in an aggregate principal amount equal to the principal amount of the Security or Securities representing such series in exchange for such global Security or Securities.

In the circumstances described above, an owner of a beneficial interest in the global Securities will be entitled to physical delivery in definitive form of Securities represented by the global Securities equal to its beneficial interest and to have such Securities registered in its name. Securities issued in definitive form will be

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issued as registered Securities in such denominations (and integral multiples thereof) as the Company shall specify pursuant to Section 2.01. Definitive Securities may be transferred upon presentation for registration in accordance with Section 2.06 at the offices or agencies designated by the Company pursuant to Section 4.02.

If specified by the Company pursuant to Section 2.01 with respect to Securities of a series, the Depositary for such series of Securities may surrender a global Security for such series of Securities in exchange, in whole or in part, for Securities of such series in definitive form on such terms as are acceptable to the Company and such Depositary. Thereupon, the Company shall execute and the Trustee or an agent designated by the Trustee, upon receipt of a written order from an officer of the Company pursuant to Section 2.03, shall authenticate and deliver, without charge,

- (i) to each person specified by the Depositary, a new Security or Securities of the same series of any authorized denomination as requested by such person in an aggregate principal amount equal to and in exchange for such person's beneficial interest in the global Security; and
- (ii) to the Depositary or the Common Depositary therefor, if applicable, a new global Security in a denomination equal to the difference, if any, between the principal amount of the surrendered global Security and the aggregate principal amount of Securities delivered to holders thereof.

Upon the exchange of a global Security for Securities in definitive form, such global Security shall be cancelled by the Trustee. Securities issued in exchange for a global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary for such global Security shall instruct the Trustee. The Trustee shall deliver such Securities to the persons in whose names such Securities are so registered.

No holder of a beneficial interest in any global Security held on its behalf by a Depositary shall have any rights under this Indenture with respect to such global Security, and such Depositary, or the Common Depositary, as applicable, may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the owner of such global 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

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of beneficial ownership interests of a global Security or maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished by a Depositary or impair, as between a Depositary and such holders of beneficial interests, the operation of customary practices governing the exercise of the rights of the Depositary (or its nominee) as holder of any Security.”

5. Section 2.02 of the Indenture is amended and supplemented by adding the following paragraph at the end thereof:

“All Securities included in any one series need not be issued by the Company at the same time. Unless otherwise provided, a series may be reopened for issuances of additional securities in such series upon delivery of a 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 and the other documents, certificates and opinions required by Section 2.03(1) through (4).”

6. Article Two of the Indenture is amended and supplemented by adding the following Sections at the end thereof:

“Section 2.11. Exchange of Currencies. Unless otherwise specified in accordance with Section 2.01 with respect to any series of Securities, the following provisions shall apply:

- (a) Except as provided in Section 2.1 l(b) and (d) below, the principal of and interest on the DTC Securities of any series denominated in a Foreign Currency or currency unit will be payable by the Company in Dollars based on the equivalent of that Foreign Currency or currency unit converted into Dollars in the manner described in Section 2.1 l(c) below.
- (b) It may be provided pursuant to Section 2.01 with respect to the DTC Securities of any series denominated in a Foreign Currency or currency unit that holders of beneficial interests in such Securities shall have the option, subject to Section 2.1 l(d) below, to receive payments of principal of and interest on such Securities in such Foreign Currency or currency unit by delivering to the Trustee (or to any duly appointed Paying Agent) for such Securities of that series a written election, to be in form and substance satisfactory to
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such Trustee (or to any such Paying Agent), not later than the close of business on the Election Date immediately preceding the applicable payment date. If a holder so elects to receive such payments in such Foreign Currency or currency unit, such election will remain in effect for such holder until changed by such holder by written notice to the Trustee (or to any such Paying Agent) for the Securities of that series; provided, however, that any such change must be made not later than the close of business on the Election Date immediately preceding the next payment date to be effective for the payment to be made on such payment date; and provided, further, that no such change or election may be made with respect to payments to be made on any Security of such series with respect to which an Event of Default has occurred, the Company has exercised any defeasance, satisfaction or discharge options pursuant to Article Twelve or notice of redemption has been given by the Company pursuant to Article Three. If any holder makes any such election, such election will not be effective as to any transferee of such holder and such transferee shall be paid in Dollars unless such transferee makes an election as specified above. Any holder who shall not have delivered any such election to the Trustee (or to any duly appointed Paying Agent) for the Securities of such series not later than the close of business on the applicable Election Date will be paid the amount due on the applicable payment date in Dollars.

- (c) With respect to any Securities of any series denominated in a Foreign Currency or currency unit and payable in Dollars, the amount of Dollars so payable will be determined by the Exchange Rate Agent after it shall have obtained a quotation from a recognized foreign exchange dealer (which may be the Exchange Rate Agent) selected by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Business Day preceding the applicable payment date. Such foreign exchange dealer shall be requested, in providing its quote, to indicate its willingness to enter into an exchange transaction at the rate so quoted. If no such quotation is available payments shall be made in the Foreign Currency or currency unit. All currency exchange costs associated with any payment in Dollars on any such Securities will be borne by the holder thereof by deductions from such payment.
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- (d) If a Conversion Event occurs with respect to a Foreign Currency or currency unit in which Securities of any series are payable, then with respect to each date for the payment of principal of and interest on the Securities of that series occurring after the last date on which such Foreign Currency or currency unit was used, the Company may make such payment in Dollars. The Dollar amount to be paid by the Company to the Trustee or any Paying Agent for the Securities of such series and by such Trustee or Paying Agent for the Securities of such series to the holders of such Securities with respect to such payment date shall be determined by the Exchange Rate Agent on the basis of the Market Exchange Rate (as defined in Section 14.07 of the Indenture) as of the second Business Day preceding the applicable payment date or, if such Market Exchange Rate is not then available, on the basis of the most recently available Market Exchange Rate, or as otherwise established pursuant to Section 2.01 with respect to such series of Securities; *provided; however*, that if a Conversion Event occurs with respect to a currency unit, the equivalent of the currency unit in Dollars as of any date shall be determined by the Exchange Rate Agent on the following basis: The Component Currencies of the currency unit for this purpose shall be the currency amounts that were components of the currency unit as of the last date on which the currency unit was used in the European Monetary System. The equivalent of the currency unit in Dollars shall be calculated by aggregating the Dollar equivalents of the Component Currencies. The Dollar equivalent of each of the Component Currencies shall be determined by the Paying Agent or the Exchange Rate Agent on the basis of the most recently available Market Exchange Rates for such components. Any payment in respect of such Security made under such circumstances in Dollars will not constitute an Event of Default hereunder.
- (e) For purposes of this Indenture, the following terms shall have the following meanings:
- A “Component Currency” shall mean any currency which is a component currency of any currency unit.
- “Election Date” shall mean the date specified pursuant to Section 2.01(12).
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For the purposes of clauses (c) and (d) of this Section 2.11 “Business Day” shall mean any day, other than a Saturday or Sunday that is neither (i) a legal holiday nor (ii) a day on which banking institutions are authorized or required by law or regulation to close in The City of New York, London or the principal financial center of the country or governmental entity issuing the Foreign Currency.

- (f) Notwithstanding any other provisions of this Section 2.11, the following shall apply: (i) if the official unit of any Component Currency is altered by way of combination or subdivision, the number of units of that currency as a component shall be divided or multiplied in the same proportion, (ii) if two or more Component Currencies are consolidated into a single currency, the amounts of those currencies as components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated Component Currencies expressed in such a single currency, (iii) if any Component Currency is divided into two or more currencies, the amount of that original Component Currency as a component shall be replaced by the amounts of such two or more currencies having an aggregate value on the date of division equal to the amount of the former Component Currency immediately before such division and (iv) in the event of an official redenomination of any currency (including, without limitation, a currency unit), the obligations of the Company to make payments in or with reference to such currency on the Securities of any series shall, in all cases, be deemed immediately following such redenomination to be obligations to make payments in or with reference to that amount of redenominated currency representing the amount of such currency immediately before such redenomination.
  - (g) All determinations referred to in this Section 2.11 made by the Exchange Rate Agent shall be in its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the holders of the applicable Securities. The Exchange Rate Agent for a series of Securities shall promptly give written notice to the Trustee for the Securities of such series of any such decision or determination. The Exchange Rate Agent shall have no liability for any determinations referred to in this Section 2.11 made by it except for loss sustained by reason of its gross negligence, willful misconduct or bad faith.
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- (h) The Trustee for the Securities of a particular series shall be fully justified and protected in relying and acting upon information received by it from the Company and the Exchange Rate Agent with respect to any of the matters addressed in or contemplated by this Section 2.11 and shall not otherwise have any duty or obligation to determine such information independently.

Section 2.12. The Exchange Rate Agent. If and so long as the Securities of any series (i) are denominated in a currency unit or a currency other than Dollars or (ii) may be payable in a currency unit or a currency other than Dollars, or so long as it is required under any other provision of this Indenture, then the Company shall maintain with respect to each such series of Securities, or as so required, an Exchange Rate Agent. The Company shall cause the Exchange Rate Agent to make the necessary foreign exchange determinations at the time and in the manner specified pursuant to Section 2.11 for the purpose of determining the applicable rate of exchange and for the purpose of converting the issued currency or currency unit into the applicable payment currency or currency unit for the payment of principal (and premium, if any) and interest, if any, pursuant to Section 2.10 and the applicable Exchange Rate Agent Agreement, as the case may be.

Except as otherwise provided in the applicable Exchange Rate Agent Agreement, no resignation of the Exchange Rate Agent and no appointment of a successor Exchange Rate Agent shall become effective until the acceptance of appointment by the successor Exchange Rate Agent as evidenced by a written instrument delivered to the Company and the Trustee of the appropriate series of Securities accepting such appointment executed by the successor Exchange Rate Agent.

If the Exchange Rate Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Exchange Rate Agent for any cause, with respect to the Securities of one or more series, the Corporation shall promptly appoint a successor Exchange Rate Agent or Exchange Rate Agents with respect to the Securities of that or those series (it being understood that any such successor Exchange Rate Agent may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall only be one Exchange Rate Agent with respect to the Securities of any particular series).

Section 2.13. Segregation of Currencies; Action by Holders of Securities Denominated in Foreign Currency. Subject to Section

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2.11, each reference to any currency or currency unit in any Security, or in the resolutions of the Board of Directors or supplemental indenture relating thereto, shall mean only the referenced currency or currency unit and no other currency or currency unit.

The Trustee and each Paying Agent shall segregate moneys, funds and accounts held by the Trustee and such Paying Agent in one currency or currency unit from any moneys, funds or accounts held in any other currencies or currency units, notwithstanding any provision herein which would otherwise permit the Trustee or any Paying Agent to commingle such amounts.

Whenever any action or act is to be taken hereunder by the holders of Securities denominated in a Foreign Currency or currency unit, then for purposes of determining the principal amount of Securities held by such holders, the aggregate principal amount of the Securities denominated in a Foreign Currency or currency unit shall be deemed to be that amount of Dollars that could be obtained for such principal amount on the basis of a spot rate of exchange specified to the Trustee for such series in an Officers' Certificate for such Foreign Currency or currency unit into Dollars as of the date the taking of such action or act by the holders of the requisite percentage in principal amount of the Securities is evidenced to such Trustee.”

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7. Section 4.02 of the Indenture is hereby amended by deleting the last paragraph thereof and inserting in lieu thereof the following:

“The Company hereby initially designates the office of the Trustee located at 450 West 33<sup>rd</sup> Street, New York, New York 10001 as the office or agency of the Company in the Borough of Manhattan, The City of New York, where Securities of each series may be presented for payment, for registration of transfer and for exchange as provided in this Indenture and where notices and demands to or upon the Company in respect of each series or of this Indenture may be served. The Company hereby initially designates the office of Chase Manhattan Bank, Luxembourg, S.A., located at 5, Rue Plaetis, L-2338 Luxembourg as the office or agency of the Company outside the Borough of Manhattan, The City of New York where the Securities of such series may be presented for payment and for registration of transfer or for exchange for as long as the Securities of a series are listed on the Luxembourg Stock Exchange. The Company designates the office of the Company located at 6604 West Broad Street, Richmond, Virginia 23230 as repository pursuant to Section 2.06 for the master list of the names and addresses of the holders of the Securities of each series.”

8. Section 4.04 of the Indenture is amended and supplemented by deleting the existing Section 4.04 and inserting in lieu thereof the following:

“(a) The Company agrees, for the benefit of the holders from time to time of the Securities, that, until all of the Securities of the applicable series are no longer Outstanding or until moneys for the payment of all of the principal of, premium, if any, and interest on all Outstanding Securities of such series shall have been made available at the principal office of the Paying Agents and paid to the holders thereof or returned to the Company pursuant to Section 12.06, whichever occurs later, there shall at all times be a Paying Agent hereunder. The Company hereby appoints The Chase Manhattan Bank, with an office located at 450 West 33<sup>rd</sup> Street, New York, New York 10001 as its principal Paying Agent in New York, and, for such time as any Securities of the applicable series are listed on the Luxembourg Stock Exchange, Chase Manhattan Bank, Luxembourg, S.A. with an office located at 5, Rue Plaetis, L-2338 Luxembourg, as Paying Agent in Luxembourg in respect of the Securities. The Paying Agents shall arrange for the payment, from funds furnished by the Company to the Paying Agents of the principal of, premium, if any, and

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interest on each series of Securities on the date such payments become due and payable.

- (b) The Company may also serve as Paying Agent or appoint any of its affiliates to serve as Paying Agent. The Company will give to the Trustee (unless the Trustee is also such Paying Agent) written notice of any change in the office or agency of the Paying Agents hereunder. The Company shall have the right to vary or terminate the appointment of any such office or agency.
  - (c) Each Paying Agent accepts its obligations set forth herein upon the terms and conditions hereof. If a Paying Agent shall change its specified office, it shall give the Company and the Trustee (unless the Trustee is also such Agent) not less than 45 days' prior written notice to that effect giving the address of the new office.
  - (d) 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 Paying Agent will, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by it.
  - (e) If the Company shall act as its own Paying Agent with respect to the Securities of any series, it will, on or before
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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.

- (f) 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.
  - (g) 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.
  - (h) 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.”
9. Article Seven of the Indenture is amended and supplemented by adding the following Section 7.15 at the end thereof:
- “Section 7.15. Trustee Acting as Paving Agent, Authenticating Agent or Security Registrar. In the event that the Trustee is also acting as Paying Agent, Authenticating Agent or Security registrar hereunder, the rights and protections afforded to the Trustee pursuant to this Article Seven shall also be afforded to such Paying Agent, Authenticating Agent or Security registrar.”
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10. This First Supplemental Indenture shall form a part of the Indenture for all purposes and every holder of Securities hereafter authenticated and delivered under the Indenture shall be bound hereby. The Indenture as supplemented by this First Supplemental Indenture is hereby in all respects ratified and confirmed. The provisions of this First Supplemental Indenture shall supersede the provisions of the Indenture to the extent the Indenture is inconsistent herewith,

11. This First Supplemental Indenture 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.

12. This First Supplemental Indenture may be executed in any number of counterparts, each of which shall be an original; but such counterparts shall together constitute but one and the same instrument.

13. The recitals in this First Supplemental Indenture shall be taken as the statements of the Company, and the Trustee and Chase Manhattan Bank, Luxembourg, S.A. assume no responsibility for the correctness of the same.

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IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of this June 26, 2001.

[CORPORATE SEAL]

GE FINANCIAL ASSURANCE  
HOLDINGS, INC.

By: /s/ Thomas W. Casey  
Name:  
Title: Senior Vice President and  
Chief Financial Officer

Attest:

/s/ Ward Bobitz  
Title: Vice President and Asst. Secretary

[CORPORATE SEAL]

THE CHASE MANHATTAN BANK,  
as Trustee, Paying Agent and Exchange  
Rate Agent

By: /s/ James P. Freeman  
Name:  
Title: Vice President

Attest:

/s/ Natalie B. Pesce  
Title: Trust Officer

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[CORPORATE SEAL]

CHASE MANHATTAN BANK,  
LUXEMBOURG, S.A., as Paying Agent

By: /s/ Andrew Dellow  
Name:  
Title: Assistant Treasurer

Attest:

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Title:

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(Multicurrency—Cross Border)

**ISDA ®  
International Swap Dealers Association, Inc.**

**MASTER AGREEMENT**

dated as of MARCH 2, 2000

MORGAN STANLEY DERIVATIVE  
PRODUCTS INC.

GE FINANCIAL ASSURANCE HOLDINGS INC.

and

have entered and/or anticipate entering into one or more transactions (each a “Transaction”) that are or will be governed by this Master Agreement, which includes the schedule (the “Schedule”), and the documents and other confirming evidence (each a “Confirmation”) exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:—

**1. Interpretation**

- (a) **Definitions** . The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency** . In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purpose of the relevant Transaction.
- (c) **Single Agreement** . All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this “Agreement”), and the parties would not otherwise enter into any Transactions.

**2. Obligations**

**(a) General Conditions.**

- (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
- (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.
- (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

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(b) **Change of Account** . Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting** . If on any date amounts would otherwise be payable:—

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax** .

(i) **Gross-Up** . All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:—

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
- (4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) **Liability. If:—**

- (1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);
- (2) X does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(e) **Default Interest; Other Amounts** . Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

### 3. Representations

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement) that:—

(a) **Basic Representations.**

- (i) **Status** . It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;
- (ii) **Powers** . It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;
- (iii) **No Violation or Conflict** . Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) **Consents** . All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) **Obligations Binding** . Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events** . No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation** . There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information** . All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) **Payer Tax Representation** . Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) **Payee Tax Representations** . Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

#### 4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) **Furnish Specified Information** . It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:—

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations** . It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws** . It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) **Tax Agreement** . It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) **Payment of Stamp Tax** . Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated,

organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located (“Stamp Tax Jurisdiction”) and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party’s execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

## 5. Events of Default and Termination Events

(a) **Events of Default** . The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an “Event of Default”) with respect to such party:—

(i) **Failure to Pay or Deliver** . Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement** . Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

### (iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) **Misrepresentation** . A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction** . The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default** . If “Cross Default” is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however

described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy** . The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption** . The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:—

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events** . The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event

Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:—

(i) **Illegality** . Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):—

(1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;

(ii) **Tax Event** . Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iii) **Tax Event Upon Merger** . The party (the “Burdened Party”) on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);

(iv) **Credit Event Upon Merger** . If “Credit Event Upon Merger” is specified in the Schedule as applying to the party, such party (“X”), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or

(v) **Additional Termination Event** . If any “Additional Termination Event” is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) **Event of Default and Illegality** . If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

## 6. Early Termination

(a) **Right to Terminate Following Event of Default** . If at any time an Event of Default with respect to a party (the “Defaulting Party”) has occurred and is then continuing, the other party (the “Non-defaulting Party”) may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, “Automatic Early Termination” is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

### (b) **Right to Terminate Following Termination Event.**

(i) **Notice** . If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) **Transfer to Avoid Termination Event** . If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party’s policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) **Two Affected Parties** . If an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

### (iv) **Right to Terminate. If:—**

(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then

continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) ***Calculations.***

(i) ***Statement*** . On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) ***Payment Date*** . An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) ***Payments on Early Termination*** . If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) ***Events of Default*** . If the Early Termination Date results from an Event of Default:—

(1) ***First Method and Market Quotation***. If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) ***First Method and Loss***. If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) ***Second Method and Market Quotation***. If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the

Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) *Second Method and Loss*. If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) **Termination Events** . If the Early Termination Date results from a Termination Event:—

(1) *One Affected Party*. If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated. Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties*. If there are two Affected Parties:—

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) **Adjustment for Bankruptcy** . In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) **Pre-Estimate** . The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

## 7. Transfer

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—

- (a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and
- (b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6 (e).

Any purported transfer that is not in compliance with this Section will be void.

## 8. Contractual Currency

(a) **Payment in the Contractual Currency** . Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the “Contractual Currency”). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) **Judgments** . To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term “rate of exchange” includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) **Separate Indemnities** . To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) **Evidence of Loss** . For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

## 9. Miscellaneous

- (a) **Entire Agreement** . This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.
- (b) **Amendments** . No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- (c) **Survival of Obligations** . Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.
- (d) **Remedies Cumulative** . Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.
- (e) **Counterparts and Confirmations.**
- (i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
- (ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.
- (f) **No Waiver of Rights** . A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- (g) **Headings** . The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

## 10. Offices; Multibranch Parties

- (a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.
- (b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.
- (c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

## 11. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document

to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

## 12. Notices

(a) **Effectiveness** . Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:—

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) **Change of Addresses** . Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

## 13. Governing Law and Jurisdiction

(a) **Governing Law** . This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) **Jurisdiction** . With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:—

- (i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) **Service of Process**. Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any

reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) **Waiver of Immunities** . Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

#### 14. Definitions

As used in this Agreement:—

“ **Additional Termination Event** ” has the meaning specified in Section 5(b).

“ **Affected Party** ” has the meaning specified in Section 5(b).

“ **Affected Transactions** ” means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

“ **Affiliate** ” means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, “control” of any entity or person means ownership of a majority of the voting power of the entity or person.

“ **Applicable Rate** ” means:—

(a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;

(c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and

(d) in all other cases, the Termination Rate.

“ **Burdened Party** ” has the meaning specified in Section 5(b).

“ **Change in Tax Law** ” means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

“ **consent** ” includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

“ **Credit Event Upon Merger** ” has the meaning specified in Section 5(b).

“ **Credit Support Document** ” means any agreement or instrument that is specified as such in this Agreement.

“ **Credit Support Provider** ” has the meaning specified in the Schedule.

“ **Default Rate** ” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1 % per annum.

“**Defaulting Party**” has the meaning specified in Section 6(a).

“**Early Termination Date**” means the date determined in accordance with Section 6(a) or 6(b)(iv).

“**Event of Default**” has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

“**Illegality**” has the meaning specified in Section 5(b).

“**Indemnifiable Tax**” means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

“**law**” includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and “**lawful**” and “**unlawful**” will be construed accordingly.

“**Local Business Day**” means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

“**Loss**” means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party’s legal fees and out-of-pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

“**Market Quotation**” means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the “Replacement Transaction”) that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have

been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

“ **Non-default Rate** ” means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

“ **Non-defaulting Party** ” has the meaning specified in Section 6(a).

“ **Office** ” means a branch or office of a party, which may be such party’s head or home office.

“ **Potential Event of Default** ” means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

“ **Reference Market-makers** ” means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

“ **Relevant Jurisdiction** ” means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

“ **Scheduled Payment Date** ” means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

“ **Set-off** ” means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

“ **Settlement Amount** ” means, with respect to a party and any Early Termination Date, the sum of:—

(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party’s Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

“ **Specified Entity** ” has the meaning specified in the Schedule.

“ **Specified Indebtedness** ” means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

“ **Specified Transaction** ” means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

“ **Stamp Tax** ” means any stamp, registration, documentation or similar tax.

“ **Tax** ” means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

“ **Tax Event** ” has the meaning specified in Section 5(b).

“ **Tax Event Upon Merger** ” has the meaning specified in Section 5(b).

“ **Terminated Transactions** ” means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if “Automatic Early Termination” applies, immediately before that Early Termination Date).

“ **Termination Currency** ” has the meaning specified in the Schedule.

“ **Termination Currency Equivalent** ” means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the “Other Currency”), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

“ **Termination Event** ” means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

“ **Termination Rate** ” means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

“ **Unpaid Amounts** ” owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market

value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

MORGAN STANLEY DERIVATIVE  
PRODUCTS INC.

GE FINANCIAL ASSURANCE  
HOLDINGS INC.

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(Name of Party)

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(Name of Party)

By: /s/ KEITH AMBURGEY

Name: KEITH AMBURGEY

Title: CHIEF OPERATING OFFICER

MORGAN STANLEY DERIVATIVE PRODUCTS INC.

Date:

By: /s/ ILLEGIBLE

Name:

Title:

Date:

**SCHEDULE**

**to the**

**Master Agreement**

**dated as of March 2, 2000**

**between**

**MORGAN STANLEY DERIVATIVE PRODUCTS INC.  
("Party A")**

**and**

**GE FINANCIAL ASSURANCE HOLDINGS INC.  
("Party B")**

**Part 1 Termination Provisions**

In this Agreement —

- (a) "**Specified Entity**" means in relation to Party A and Party B for the purpose of Sections 5(a)(v), (vi), (vii) and Section 5(b)(iv): Not applicable.
- (b) "**Specified Transaction**" will have the meaning specified in Section 14 of this Agreement.
- (c) The "**Cross Default**" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.
- (d) The "**Credit Event Upon Merger**" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The "**Automatic Early Termination**" provisions of Section 6(a) will not apply to Party A and will apply to Party B.
- (f) **Payments on Early Termination** . For the purpose of Section 6(e) of this Agreement:
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "**Termination Currency**" means United States Dollars.
- (h) **Additional Termination Event** will apply. The following shall constitute Additional Termination Events:

**Credit Event** . With respect to Party B (a) If at any time the rating issued by Standard & Poor's Corporation ("S&P") or Moody's Investors Service, Inc. ("Moody's") with respect to the long-term unsecured, unsubordinated debt securities ("Debt Securities") of Party B (in which case Party B will be the Affected Party) is below A- in the case of S&P or is below A3 in the case of Moody's (a "Credit Event"), then Party A will have the right, (i) by written notice, to request Party B to transfer all its rights and obligations under this Agreement and all Affected Transactions within 30 days to another party acceptable to Party A the financial program or Debt Securities of such party which are rated AA- or above in the case of S&P and Aa3 or above in the case of Moody's, (ii) to terminate this Agreement by giving

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notice of an Early Termination Date in respect of all Affected Transactions or (iii) to take neither of the actions contained in subclauses (i) and (ii) of this paragraph (a), in which event such failure or delay on the part of Party A in exercising any of its rights contained in subclauses (i) and (ii) of this paragraph (a) shall not operate as a waiver thereof nor preclude any further exercise of such rights. In the event a transfer as requested by Party A pursuant to subclause (i) of this paragraph (a) has not been effected with respect to this Agreement and all Affected Transactions within 30 days, then Party A may, provided the Credit Event is still continuing, designate a day not earlier than the day such notice is effective under this Agreement as an Early Termination Date in respect of all Affected Transactions.

(b) If one of the foregoing credit rating agencies ceases to be in the business of rating Debt Securities and such business is not continued by a successor or assign of such agency (the “Discontinued Agency”), Party A and Party B shall jointly (i) select a nationally-recognized credit rating agency in substitution thereof and (ii) agree on the rating level issued by such substitute agency that is equivalent to the ratings specified herein of the Discontinued Agency, whereupon such substitute agency and equivalent rating shall replace the Discontinued Agency and the rating level thereof for the purposes of this Agreement. If at any time all of the agencies specified herein with respect to a party have become Discontinued Agencies and Party A and Party B have not previously agreed in good faith on at least one agency and equivalent rating in substitution for a Discontinued Agency and the applicable rating thereof, the Credit Event provisions of paragraph (a) shall cease to apply to the parties.

**Breach of Warranty.** Any Warranty made or deemed to have been made or repeated by any party or any Credit Support Provider of such party (if applicable) in this Agreement or any Credit Support Document (if applicable) proves to have been incorrect when made or repeated or deemed to have been made or repeated (in which case the party that made or is deemed to have made or repeated such Warranty shall be the Affected Party).

- (i) **Appendix.** The provisions of the attached ISDA Master Agreement Appendix of Party A are incorporated herein by reference.

## Part 2

### Tax Representations

- (a) **Payer Tax Representation.** For the purpose of Section 3(e) of this Agreement, Party A and Party B make the following representation:

It is not required by applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement;
- (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement (as such Section 4(a)(iii) is modified in Part 5(d)(ii) hereof) and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) (as such Section 4(a)(iii) is modified in Part 5(d)(ii) hereof) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement; provided, however, that it shall not be a breach of this representation where

reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) of this Agreement by reason of prejudice to its legal or commercial position.

(b) **Payee Tax Representations** . For the purpose of Section 3(f) of this Agreement, Party A and Party B make the representations specified below, if any:

(i) For the purpose of Section 3(f), Party A makes the following representation:-

It is a corporation duly organized and incorporated under the laws of the State of Delaware and is not a foreign corporation for United States tax purposes.

(ii) For the purpose of Section 3(f), Party B makes the following representation:-

It is corporation duly organized and formed under the laws of the State of New York and is not a foreign partnership for United States tax purposes.

### Part 3

#### Agreement to Deliver Documents

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each Party agrees to deliver the following documents, as applicable:

(a) Tax forms, documents or certificates to be delivered are: Party B agrees to complete, accurately and in a manner reasonably satisfactory to Party A, and to execute and deliver to Party A, a United States Internal Revenue Service Form W-8BEN claiming entitlement to treaty benefits, or any successor form, (i) before the first Scheduled Payment Date with respect to such Transaction, (ii) promptly upon reasonable demand by Party A, and (iii) promptly upon learning that any such form previously provided has become obsolete or incorrect. Not applicable.

(b) Other documents to be delivered are:

<b>Party Required to Deliver Documents</b>	<b>Form/Document/Certificate</b>	<b>Date by which to be delivered</b>	<b>Covered by §(3)(d) Representation</b>
Party A & B	Financial Information described in Part 5(a)	See Part 5	Yes
Party A & B	Evidence of execution and delivery as described in Part 5(b)	See Part 5	Yes

**Part 4**

**Miscellaneous**

- (a) **Addresses for Notices** . For the purpose of Section 12(a) of this Agreement:

Address for notices or communications to Party A:

Morgan Stanley Derivative Products Inc.  
1220 Avenue of the Americas New York, New York 10020

Attention: Chief Operating Officer

Telephone: 212-803-7400

Facsimile: 212-761-0578

Address for notices or communications to Party B:

Address: GE Financial Assurance Holdings Inc.  
c/o General Electric Capital Corporation  
260 Long Ridge Road  
Stamford, CT 06927

Attention: Senior Vice President - Corporate Treasury  
and Global Funding Operation

Telephone: 203-357-4000

Facsimile: 203-357-4975

**Notices** . Section 12(a) is amended by adding in the third line thereof after the phrase “messaging system” and before the “)” the words, “;provided, however, any such notice or other communication may be given by facsimile transmission if telex is unavailable, no telex number is supplied to the party providing notice, or is answer back confirmation is not received within one hour from the party to whom the telex is sent.”

- (b) **Process Agent** . For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable

Party B appoints as its Process Agent: Not applicable

- (c) **Offices** . The provisions of Section 10(a) shall apply to this Agreement.

- (d) **Multibranch Party** . For the purpose of Section 10, Party A is not a Multibranch Party, and Party B is not a Multibranch Party.

- (e) **Calculation Agent** . The Calculation Agent shall be Party A, unless Party A is a Defaulting Party in which case the Calculation Agent will be Party B.

- (f) **Credit Support Document** . Details of any Credit Support Document: None

- (g) **Credit Support Provider** . With respect to Party B: None

- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New York without reference to choice of law doctrine.
- (i) **Netting of Payments.** Section 2(c)(ii) of this Agreement will not apply to any Transactions from the date of this Agreement.
- (j) **"Affiliate"** will have the meaning specified in Section 14; *provided* that Party A does not have any Affiliates for purposes of this Agreement.
- (k) **"Assignment."** Section 7 of the Agreement is amended to add "which consent will not be unreasonably withheld or delayed" after the words "of the other party" in the third line of Section 7.
- (l) **Waiver of Jury Trial.** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any Proceedings relating to this Agreement or any Credit Support Document.

## Part 5

### Other Provisions

- (a) **Provision of Financial Information.** (i) Upon request of the other party and within a reasonable time after public availability, each party agrees to furnish to the other party a copy of the annual report of such party containing audited consolidated financial statements for such fiscal year certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles ("GAAP"), or, in lieu thereof, a copy of such party's Form 10-K as filed with the Securities and Exchange Commission.  
  
(ii) Upon request of the other party and within a reasonable time after public availability, each party agrees, with respect to the first three quarters of its fiscal year, to furnish to the other party a copy of the unaudited consolidated financial statements of such party for its most recent fiscal quarter prepared in accordance with GAAP on a basis consistent with that of the annual financial statements of such party, or, in lieu thereof, a copy of such party's Form 10-Q as filed with the Securities and Exchange Commission.
- (b) **Provision of Evidence of Authority, Execution and Delivery.** The parties agree that, at or promptly following the execution and delivery of this Agreement, and, if a Confirmation so requires, on or before the date set forth therein, each party shall deliver to the other evidence, reasonably satisfactory in form and substance to the receiving party, concerning the due authorization, execution and delivery of this Agreement or such Confirmation.
- (c) **Confirmations.** Notwithstanding anything to the contrary in this Agreement:
  - (i) The parties hereto agree that with respect to each Transaction hereunder, a legally binding agreement shall exist from the moment that the parties hereto agree on the terms of such Transaction, which the parties anticipate will occur orally by telephone or by exchange of electronic messages.

(ii) Party A will deliver to Party B a Confirmation relating to each Transaction. Each Confirmation delivered or returned by Party A to Party B or by Party B to Party A shall include the following legend:

NEITHER MORGAN STANLEY DEAN WITTER & CO., MORGAN STANLEY CAPITAL SERVICES INC., MORGAN STANLEY & CO. INTERNATIONAL LIMITED NOR ANY OTHER SUBSIDIARY OR AFFILIATE OF MORGAN STANLEY DEAN WITTER & CO. (OTHER THAN PARTY A) IS AN OBLIGOR ON THE TRANSACTION THAT IS THE SUBJECT OF THIS CONFIRMATION.

(d) **Additional Tax Provisions.** (i) The definition of “Indemnifiable Tax” in Section 14 of this Agreement is modified by adding the following at the end thereof:

Notwithstanding the foregoing, “Indemnifiable Tax” also means any Tax imposed in respect of a payment under this Agreement by reason of a Change in Tax Law by a government or taxing authority of a Relevant Jurisdiction of the party making such payment, unless the other party is incorporated, organized, managed and controlled or considered to have its seat in such jurisdiction, or is acting for purposes of this Agreement through a branch or office located in such jurisdiction.

(ii) Section 4(a)(iii) of this Agreement is modified by deleting the word “materially” in the sixth line thereof.

(e) **Set-off.** The last sentence of the first paragraph of Section 6(e) and the definition of “Set-off” in Section 14 of this Agreement are deleted. . Notwithstanding any setoff right contained in any other agreement between Party B or any Affiliate or Credit Support Provider of Party B, on the one hand, and Party A or any Affiliate or Credit Support Provider of Party A, on the other, whether now in existence or hereafter entered into unless such agreement shall specifically refer to this paragraph (e), each party agrees that all payments required to be made by it under this Agreement shall be made without setoff or counterclaim for, and that it shall not withhold payment or delivery under this Agreement in respect of, any default by the other party or any Affiliate or Credit Support Provider of the other party under any such other agreement or any amount relating to any such other agreement. Solely for purposes of this paragraph (e) “Affiliate” shall have the meaning specified in Section 14 of this Agreement.

(f) **Settlement Amount.** The definition of “Settlement Amount” in Section 14 of this Agreement is hereby amended by deleting in the third and fourth lines of subparagraph (b) thereof the words “or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result”.

(g) **Jurisdiction.** Section 13(b) of this Agreement is hereby amended by: (i) deleting the word “non-” in the second line of subparagraph (i) thereof; and (ii) deleting the final paragraph thereof.

(h) **Definitions.** Reference is hereby made to the 1991 ISDA Definitions as supplemented by the 1998 Supplement and the 1998 Euro Definitions (as so supplemented, the “Definitions”), as published by the International Swaps and Derivatives Association, Inc. (“ISDA”), and the 1998 ISDA FX and Currency Option Definitions (the “FX Definitions”), as published by ISDA, The Emerging Markets Traders Association and The Foreign Exchange Committee which are hereby incorporated by reference herein. Any terms used and not otherwise defined herein which are contained in the Definitions or the FX Definitions shall have the meaning set forth therein, except that references in the Definitions to a “Swap Transaction” shall be deemed to be references to a “Transaction”.

(i) **Addenda.** Notwithstanding the terms of Sections 5 and 6 of this Agreement, if at any time and so long as one of the parties to this Agreement (“X”) shall have satisfied in full all its payment obligations under Section 2(a)(i) of this Agreement and shall at the time have no future payment obligations, whether absolute or contingent, under such Section, then unless the other party (“Y”) is required pursuant to appropriate proceedings to return to X or otherwise returns to X upon demand of X any

portion of any such payment, (a) the occurrence of an event described in Sections 5(a)(i) to 5(a)(vi) and Section 5(a)(viii) of this Agreement with respect to X, any Credit Support Provider of X or any Specified Entity of X shall not constitute an Event of Default or a Potential Event of Default with respect to X as the Defaulting Party and (b) Y shall be entitled to designate an Early Termination Date pursuant to Section 6 of this Agreement only as a result of the occurrence of an Event of Default set forth in Section 5(a)(vii) of this Agreement with respect to X as the Defaulting Party or as a result of a Termination Event set forth in (i) either Section 5(b)(i) or 5(b)(ii) of this Agreement with respect to Y as the Affected Party or (ii) Section 5(b)(iii) of this Agreement with respect to Y as the Affected Party or (ii) Section 5(b)(iii) of this Agreement with respect to Y as the Burdened Party.

- (j) **Principles and Practices for Wholesale Financial Market Transactions.** The parties to this Agreement hereby agree that the Principles and Practices for Wholesale Financial Market Transactions (the “Principles”), released by the Federal Reserve Bank of New York and ISDA on August 17, 1995, shall not apply to the relationship between the parties, this Agreement or any Transaction entered into hereunder, and that any subsequent version of the Principles (whether or not such version carries the same name) shall not apply to this Agreement unless the parties hereto expressly so agree. However the parties further agree that the non-application of the Principles shall not itself lead to any presumptions regarding the relationship between the parties, this Agreement or any Transaction hereunder.
- (k) **Additional Representations.** Section 3 of this Agreement is hereby amended by adding the following additional subsections:
- (g) **Eligible Swap Participant.** It is an “eligible swap participant” as defined in the Part 35 regulations of the U.S. Commodities Futures Trading Commission and is entering into this Agreement in conjunction with its line of business (including financial intermediation services).
  - (h) **FDICIA/Regulation EE.** In addition to the foregoing representations, Party A represents to Party B either that (1) it is a Financial Institution as defined in Section 402(9) of the Federal Deposit Insurance Corporation Improvement Act of 1991, or (2) (A) it will engage in Financial Contracts (as defined in Section 2 of Regulation EE of the Federal Reserve Board (12 C.F.R. §231.2)) as a counterparty on both sides of one or more Financial Markets (as defined in Section 2 of Regulation EE of the Federal Reserve Board (12 C.F.R. §231.2)), and (B) that, on the date of this Agreement, it meets at least one of the tests set forth in Section 3(a)(1)-(2) of Regulation EE of the Federal Reserve Board (12 C.F.R. §231.3(a)(1)-(2)). The representation contained in clause (1) or clause 2(A) of this paragraph (h), as the case may be, will be deemed to be repeated by Party A on each date on which a Transaction is entered into.
  - (i) **Line of Business.** It has entered into this Agreement (including each Transaction evidenced hereby) in conjunction with its line of business (including financial intermediation services) or the financing of its business.
  - (j) **Principal Basis.** It is entering into this Agreement, any Credit Support Document to which it is a party, each Transaction and any other documentation relating to this Agreement or any Transaction as principal (and not as agent or in any other capacity, fiduciary or otherwise).

(1) **Warranties Regarding Relationship Between Parties .**

- (i) The definition of “**Affected Transactions**” in Section 14 of this Agreement is modified by adding the following immediately preceding the words “an Illegality” in the first line thereof:

a breach of any Warranty made pursuant to this Agreement,

- (ii) Section 14 of this Agreement is modified by adding the following new defined term in its appropriate alphabetical location:

“**Warranty**” has the meaning specified in Part 5(1)(iii) below.

- (iii) **Warranties** . The following warranties (the “Warranties”) are made by one or both of the parties to this Agreement, as specified below, or, if applicable, any Credit Support Provider of any such party or any Specified Entity of any such party, to the other party (which Warranties will be deemed to be repeated by each such party on each date on which a Transaction is entered into):

- (A) **Status of Parties** . Each party warrants to the other party that (1) it is acting for its own account in respect of all Transactions governed by this Agreement, (2) the other party is not acting as a fiduciary for it in respect of any such Transaction, and (3) it is not relying on any communication (whether written or oral) of the other party as investment advice or as a recommendation to enter into any transaction. transaction, it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.
- (B) **Disclosure** . Each party warrants to the other party that it reasonably believes that written information provided to the other party regarding any Transaction governed by this Agreement shall not contain any untrue statement of a material fact.
- (C) **Non-Speculation by Party B** . Party B warrants to Party A that it will enter into any Transaction governed by this Agreement as an end-user and not for purposes of engaging in any derivatives trading, market-making or other speculative activities in the derivatives markets.
- (D) **Assessment and Understanding** . It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

- (m) **EMU Protocol**. The parties agree that the definitions and provisions contained in Annexes 1,2,4,5 and Section 6 of the EMU Protocol published by the International Swaps and Derivatives Association, Inc. on May 6, 1998 are incorporated into and apply to this Agreement. References in those definitions and provisions to any "ISDA Master Agreement" will be deemed to be references to this Agreement.

Please confirm your agreement to the terms of the foregoing Schedule by signing below.

**MORGAN STANLEY DERIVATIVE  
PRODUCTS INC.**

By: /s/ KEITH AMBURGEY \_\_\_\_\_

Name:

KEITH AMBURGEY

Title:

CHIEF OPERATING OFFICER

MORGAN STANLEY DERIVATIVE PRODUCTS INC.

**GE FINANCIAL ASSURANCE  
HOLDINGS INC.**

By: /s/ [ILLEGIBLE] \_\_\_\_\_

Name:

Title:

**ISDA MASTER AGREEMENT  
APPENDIX**

**MORGAN STANLEY DERIVATIVE PRODUCTS INC.**

**ISDA MASTER AGREEMENT  
APPENDIX**

- (a) **Trigger Events.** The occurrence of any of the following events (each, a “Trigger Event”) shall constitute an Additional Termination Event, in each case as of the date such Trigger Event occurs (each, a “Trigger Date”):
- (i) **Party A Downgrade.** The Credit Rating of Party A from any Relevant Rating Agency has been downgraded below Minimum Credit Quality, as of the date of the announcement of such downgrade by such Relevant Rating Agency;
  - (ii) **MSDW or MSCS Bankruptcy .** MSDW or any other entity (if MSDW or such other entity shall then control Party A) or MSCS: (1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained, in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; or (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained in each case within 30 days thereafter;
  - (iii) **Required Capital .** Party A shall fail to maintain Required Capital, as of the fifth New York Banking Day following such capital deficiency;
  - (iv) **Failure to Deliver Collateral .** Any Morgan Stanley Entity shall fail to deliver any Required Collateral to Party A, as of the second New York Banking Day after notice of its obligation to deliver such Required Collateral is given to such Morgan Stanley Entity; or
  - (v) **Default by MSCS .** MSCS shall default in its obligations to Party A under any Mirror Transaction, as of the last day of any cure period with respect to such default.
- (b) **Event of Default or Other Termination Event After Trigger Event .** If a Trigger Event shall have occurred and another event or circumstance that would otherwise constitute or give rise to (i) an Event of Default with Party A as the Defaulting Party (other than an Event of Default pursuant to Section 5(a)(vii) or 5(a)(ix) of this Agreement) or (ii) a Termination Event other than a Trigger Event shall occur simultaneously with or after such Trigger Event, such Trigger Event will prevail
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and such other event or circumstance will not constitute an Event of Default or Termination Event, as the case may be.

- (c) **Effect of Trigger Event.** Notwithstanding anything to the contrary contained in this Agreement, if a Trigger Event occurs, the following provisions shall apply:
- (i) **Notice.** Party A shall, on the Trigger Date or on the next Local Business Day, (A) notify Party B by telex, telephone or facsimile transmission to a Responsible Employee or by courier delivery (the date such notice is transmitted, the “Notice Date”), which notice shall be effective when transmitted (notwithstanding the provisions of Section 12 of this Agreement), and (B) make an announcement over the Reuters and Telerate information wires, in each case specifying the nature of the Trigger Event and designating the Early Termination Date. As promptly after the Notice Date as practicable, Party A shall also publish a notice specifying the nature of the Trigger Event and designating the Early Termination Date in The Wall Street Journal (New York edition), The Financial Times (London edition) and Nihon Keizai Shimbun (Tokyo edition). In addition, Party A shall provide such notice by first class mail to Party B within a reasonable time. The Early Termination Date so designated shall be the second Universal Banking Day following the Trigger Date. The Early Termination Date so designated shall be subject to change as specified in paragraph (c)(iv) of this Appendix.
  - (ii) **Market Quotation .** For the purposes of determining the Settlement Amount pursuant to Section 6(e)(ii)(3) of this Agreement, the “Market Quotation” of a Terminated Transaction (which may be positive or negative) shall be the amount determined by Party A in good faith in accordance with its usual operating procedures and pursuant to industry standards using Market Rates and Volatilities (with all input data and procedures confirmed by the Independent Auditor) to be the mid-market value of the Terminated Transaction as of 11:00 A.M. (New York time) on the Early Termination Date. For purposes of this definition, if the Market Quotation of a Terminated Transaction represents an amount payable to Party A, it shall be expressed as a negative number, and if the Market Quotation represents an amount payable to Party B, it shall be expressed as a positive number. For purposes of determining the Market Quotation, Unpaid Amounts (as determined by Party A) in respect of the Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after the Early Termination Date is to be included. For purposes of Section 6(e)(ii)(3) of this Agreement, the “Termination Currency Equivalent” of any Settlement Amount or Unpaid Amount denominated in a currency other than the Termination Currency shall be the amount determined by Party A in good faith in accordance with its usual operating procedures and pursuant to industry standards using Market Rates and Volatilities (with all input data and procedures confirmed by the Independent Auditor) to be the mid-market value of such Settlement Amount or Unpaid Amount in the Termination Currency as of 11:00 A.M. (New York time) on the Early Termination Date. Party A shall notify Party B by telex, telephone or facsimile transmission of the Market Quotation of each Terminated Transaction and the Settlement Amount by the close of business two New York Banking Days following the Early Termination Date, which notice shall be effective when transmitted (notwithstanding the provisions of Section 12 of this Agreement). In addition, Party A shall provide such notice by first class mail to Party B within a reasonable time.
  - (iii) **Payment Date.** The amount calculated as being due as a result of a Trigger Event pursuant to Section 6(e)(ii)(3) of this Agreement will be payable, in the case of an amount due and owing to Party A, by the fifth New York Banking Day after the Early Termination Date, and in the case of an amount due and owing to Party B, by the tenth New York Banking Day after the Early Termination Date. Party A and Party B agree that the party that is required to pay such amount shall be required to pay interest on such
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amount for the period from (and including) the Early Termination Date to (but excluding) the date payment is required to be made, at the Agreed Interest Rate. If either party fails to pay such amount on the due date, such failure shall constitute a breach of this Agreement, but shall not constitute an Event of Default (including an Event of Default pursuant to Section 5(a)(i) or 5(a)(ii)) for purposes of this Agreement. In the event of any such failure by either party, such party shall be required to pay interest on such overdue amount for the period from (and including) such due date to (but excluding) the date of actual payment, at the Trigger Default Rate. Interest payable under this paragraph will be calculated on the basis of daily compounding and the actual number of days elapsed divided by 360.

(iv) **Effect of Exceptional Market Conditions** . If Exceptional Market Conditions exist on any Early Termination Date designated as a result of the occurrence of a Trigger Event, such date shall not be an Early Termination Date for any Transaction under this Agreement. In such event Party A shall notify Party B, and the earlier to occur of (x) the next succeeding Universal Banking Day on which Exceptional Market Conditions do not exist and (y) the seventh calendar day following the earliest possible Early Termination Date following the Trigger Date, shall be considered the Early Termination Date for all outstanding Transactions and a Settlement Amount shall be obtained for that Early Termination Date in accordance with the terms set forth in this paragraph (c).

(v) **Payments on Early Termination**

(A) **Amendment to Section 6(e)** . This Agreement shall be amended by adding the following new subsection (3) to Section 6(e)(ii) of this Agreement:

(3) *Trigger Event*. If an Early Termination Date results from a Trigger Event, Party A shall determine the Settlement Amount of all Terminated Transactions on such date, and the amount payable will be equal to (A) the sum of the Settlement Amount (as so determined by Party A) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to Party B less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Party A. If that amount is a positive number, Party A will pay it to Party B; if it is a negative number, Party B will pay the absolute value of that amount to Party A. For purposes of determining the Settlement Amount under this subsection, clause (b) of the definition of Settlement Amount shall not apply.

(B) **Deferred Payments** . After the occurrence of a Trigger Event hereunder, neither party hereto shall make any payment under any Transaction (other than a delivery of collateral) except as provided in paragraph (c)(iii) of this Appendix, and any payments that would otherwise have been payable between such Trigger Date and the Early Termination Date relating to such Trigger Event shall constitute Unpaid Amounts. For purposes of determining the amount of such Unpaid Amounts, the Applicable Rate referred to in the definition of Unpaid Amounts shall be the Agreed Interest Rate.

(d) **Additional Event of Default** . This Agreement shall be amended by adding the following new subsection (ix) to Section 5(a):

(ix) **Failure to Take Actions Following Trigger Event** . Notwithstanding anything to the contrary contained in Section 5(a)(ii) of this Agreement, Party A shall fail to (i) notify Party B and designate an Early Termination Date pursuant

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to paragraph (c)(i) of the Appendix to this Agreement, after a director or officer of Party A obtains actual knowledge of the occurrence of a Trigger Event and such default shall continue unremedied for a period of three Local Business Days, (ii) take the actions called for by the last two sentences of Paragraph (c)(ii) of the Appendix to this Agreement, or (iii) carry out the valuation procedures in the manner contemplated by the Appendix to this Agreement.

(e) **No Capital Contribution to Party A.** Party A hereby informs Party B, and Party B hereby acknowledges and agrees, that neither MSDW nor MSCS nor any other Morgan Stanley Entity is under any obligation whatsoever (whether express or implied) to contribute capital to Party A. Party B represents and warrants to Party A that in executing and delivering this Agreement, and performing its obligations hereunder, Party B is relying on the credit of Party A alone, and not on the credit of MSDW, MSCS or any other Morgan Stanley Entity.

(f) **Additional Definitions.** As used in this Appendix, the following terms shall have the following meanings:

**“Agreed Interest Rate”** for any day means the overnight U.S. Dollar LIBOR rate in effect for such day, as set forth opposite the caption “O/N” under the headings “Euro-Dollar Deposits” and “Ask” on Telerate Page 12, as of 3:00 P.M., New York time, on such day, or if not so quoted, the overnight U.S. Dollar LIBOR rate in effect for such day, as set forth opposite the caption “USDR1T” and “Ask” on the “BBC<GO>UNITED STATES<GO>” page of Bloomberg as of 3:00 P.M., New York time, on such day.

**“control”** means, with respect to any entity, the direct or indirect ownership of a majority of the voting power of such entity.

**“Credit Rating”** means, with respect to any person:

- (a) if each Relevant Rating Agency has assigned a counterparty, financial program or similar rating to such person or rates such person’s long-term senior unsecured, uninsured debt or such person’s medium-term notes, or, in the case of a bank, such person’s bank notes, the lowest most recent such rating announced by any Relevant Rating Agency, whether or not such rating is under review with positive or negative implications; and
- (b) if any Relevant Rating Agency has not announced any such rating, a rating determined from time to time in good faith by Party A in accordance with industry practice and with Rating Agency Approval.

**“Dealer Group”** means the following entities and such other entities as may be selected by Party A from time to time: Morgan Guaranty Trust Company of New York, Citibank, N.A., Barclays Bank PLC, Bankers Trust Company, Merrill Lynch Capital Services, Inc., The Chase Manhattan Bank, Deutsche Bank AG, National Westminster Bank PLC, Banque Nationale de Paris, Hong Kong and Shanghai Bank, The Sumitomo Bank Ltd., Bank of Tokyo - Mitsubishi, Limited, Westpac Bank Corp., Goldman, Sachs & Co. and Banque Paribas. Party A shall (x) ensure that there are at least ten members of the Dealer Group at all times and (y) give notice to Party B promptly after the effectiveness of any change in the composition of the Dealer Group.

**“Exceptional Market Conditions”** means any of the following events, the existence of which shall be determined by Party A and the effect of which on financial markets makes it impracticable or inadvisable, in the view of Party A after consultation with the Independent Auditor, to proceed with the determination of the Settlement Amount on the relevant Early Termination Date: (A) any suspension or material limitation of trading (excluding daily settlement limits in the normal course of trading) on the New York Stock Exchange, International Stock Exchange of Great Britain and

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Northern Ireland, Frankfurt Stock Exchange or Tokyo Stock Exchange, (B) the declaration of a banking moratorium by the Ministry of Finance of Japan, the Bank of England, United States federal authorities or Deutsche Bundesbank, or (C) the occurrence of any calamity or crisis or any other similar event that is so severe, as determined by Party A after obtaining the affirmative approval of the majority of at least ten members of the Dealer Group, as to prevent the determination of a Market Quotation in a commercially reasonable manner.

**“Independent Auditor”** means Ernst & Young, or any successor auditor selected by Party A with Rating Agency Approval.

**“Market Rates and Volatilities”** means, in the case of interest rates and volatilities, the interest rates and volatilities obtained from the Telerate and Reuters screens where practicable and from polling the Dealer Group and, in the case of foreign exchange rates and volatilities and other pricing parameters, the foreign exchange rates and volatilities or pricing parameters obtained from polling the Dealer Group. In each case, for all rates, volatilities or other parameters obtained, at least five members of the Dealer Group shall be polled, the highest and lowest of such returns (including, in the case of interest rates and volatilities, the rates and volatilities obtained from the Telerate and Reuters screens, if any) shall be discarded and the simple mathematical average of the remaining values shall be used to perform the applicable determination.

Notwithstanding the definition of Dealer Group, (i) for U.S. dollar and Canadian dollar information, the dealers that may be polled shall be Morgan Guaranty Trust Company of New York, Citibank, N.A., Bankers Trust Company, Merrill Lynch Capital Services, Inc., The Chase Manhattan Bank and Goldman, Sachs & Co.; and (ii) for European currency information, the dealers that may be polled shall be those listed in clause (i) of this paragraph and, in addition, Barclays Bank PLC, Deutsche Bank AG, National Westminster Bank PLC, Banque Nationale de Paris and Banque Paribas.

**“Minimum Credit Quality”** means, in the case of Moody’s, a Credit Rating of at least A3; in the case of S&P, a Credit Rating of at least A-; and in the case of any other Relevant Rating Agency, a Credit Rating of at least similar quality.

**“Mirror Transaction”** shall mean any transaction between MSCS and Party A that hedges the market risk of Party A with respect to any transaction with a counterparty other than MSCS.

**“Moody’s”** means Moody’s Investors Service, Inc.

**“Morgan Stanley Entity”** means each of MSDW and any entity controlled, directly or indirectly, by MSDW, any entity that controls, directly or indirectly, MSDW, or any entity directly or indirectly under common control with MSDW, in each case other than Party A.

**“MSCS”** means Morgan Stanley Capital Services Inc., or any successor thereto.

**“MSDW”** means Morgan Stanley Dean Witter & Co., or any successor thereto.

**“New York Banking Day”** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in New York.

**“Rating Agency Approval”** means, with respect to any document or action, that the Relevant Rating Agencies have not objected to the form, terms and provisions of such document or the taking of such action after having been provided with reasonable prior notice thereof.

**“Relevant Rating Agencies”** means S&P and Moody’s, or such of them as then assigns a Credit Rating to Party A at Party A’s request, or any other nationally recognized rating agency then

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rating Party A at Party A's request (each such agency, a "Relevant Rating Agency"); *provided* that at all times there will be at least two Relevant Rating Agencies.

**"Required Capital"** means the minimum capital required to maintain Party A's then-current Credit Rating, as determined pursuant to guidelines established by Party A with Rating Agency Approval.

**"Required Collateral"** means the collateral that must be delivered to Party A by MSDW (if MSDW shall then control Party A) or any other Morgan Stanley Entity in order to maintain Party A's then-current Credit Rating, as required by the terms of any applicable collateralization agreement as may then be in effect between Party A and MSDW or any such other Morgan Stanley Entity.

**"Responsible Employee"** means the officer of Party B whose name is set forth in Part 4(a) of the Schedule to this Agreement, or another officer designated as such in a notice delivered by Party B to Party A.

**"S&P"** means Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc.

**"Trigger Default Rate"** means the Agreed Interest Rate plus 3% per annum.

**"Universal Banking Day"** means a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in all of Frankfurt, London, New York and Tokyo.

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**GE Financial Assurance Holdings Inc .**

Certificate of the Assistant Secretary

I, Glenn J. Goggins, an Assistant Secretary of GE Financial Assurance Holdings, Inc. a Delaware corporation (“GEFA”), hereby certify the following:

- (a) Jeffrey S. Werner was the duly authorized Senior Vice President and Treasurer for GEFA on the date of this execution of the ISDA Master Agreement dated as of March 2, 2000 (the “Agreement”) between Morgan Stanley Products Inc. and GEFA and at that time was authorized to execute the Agreement and all documents to be delivered thereunder and that the signature of Jeffrey S. Werner on the attached list of authorized signatures is his true and correct signature.

IN WITNESS WHEREOF, the undersigned has hereunto affixed his official signature on this 27th day of March 2000.

/s/ GLENN J. GOGGINS

Glenn J. Goggins  
Assistant Secretary

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*MORGAN STANLEY DEAN WITTER***29 September 2003**

**To:** GE FINANCIAL ASSURANCE HOLDINGS INC.  
 Attn: David Heller  
 E Mail Address: David Heller

**From:** MORGAN STANLEY DERIVATIVE PRODUCTS INC.

**Re:** Transaction Ref. No. CEAGG

**THIS CONFIRMATION AMENDS AND RESTATES IN ITS ENTIRETY THE PREVIOUS CONFIRMATION FOR THIS TRANSACTION.**

Amendment(s): Business Days for JPY/ USD/ Initial and Final Exchange

**Dear Sir or Madam:**

The purpose of this facsimile is to set forth the terms and conditions of the transaction entered into between MORGAN STANLEY DERIVATIVE PRODUCTS INC. and GE FINANCIAL ASSURANCE HOLDINGS INC. on the Trade Date specified below (the "Transaction"). This facsimile constitutes a "Confirmation" as referred to in the Agreement as specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the "Definitions") as published by the International Swaps and Derivatives Association, Inc. ("ISDA") are incorporated into this Confirmation. For these purposes, all references in the Definitions to a "Swap Transaction" shall be deemed to apply to the Transaction referred to herein. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

**Neither Morgan Stanley, Morgan Stanley Capital Services Inc, Morgan Stanley & Co. International Limited nor any other subsidiary or affiliate of Morgan Stanley (other than Party A) is an obligor on the transaction that is the subject of this Confirmation.**

This Confirmation supplements, forms part of, add is subject to the ISDA Master Agreement dated as of 2 March 2000, as amended and supplemented from time to time (the "Agreement"), between MORGAN STANLEY DERIVATIVE PRODUCTS INC. and you. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

**The terms of the particular Transaction to which this Confirmation relates are as follows:**

Party A:	MORGAN STANLEY DERIVATIVE PRODUCTS INC.
Party B:	GE FINANCIAL ASSURANCE HOLDINGS INC.
Trade Date:	18 September 2003
Effective Date:	22 September 2003
Termination Date:	20 June 2011

**Fixed Amounts**

Fixed Rate Payer:	<b>Party A</b>
Fixed Rate payer Currency Amount:	<b>JPY 57,000,000,000</b>

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Fixed Rate Payer Payment Dates: On 20 June and 20 December in each year, from and including 20 December 2003 to and including 20 June 2011, subject to adjustment in accordance with the Following Business Day Convention with No Adjustment to Period End Dates

Fixed Rate: 1.60000 %  
Fixed Rate Day Count Fraction: 30/360

**Fixed Amounts**

Fixed Rate Payer: **Party B**  
Fixed Rate Payer Currency: USD 490,956,07235  
Amount:

Fixed Rate Payer Payment Dates: On 20 June And 20 December in each year, from and including 20 December 2003 to and including 20 June 2011, subject to adjustment in accordance with the Following Business Day Convention with No Adjustment to Period End Dates

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**Fixed Rate:** 4.84000 %  
Fixed Rate Day Count Fraction: 30/360

**Initial Exchanges:**

Initial Exchange Date: 22 September 2003, subject to adjustment in accordance with the Following Business Day Convention.  
Party A Initial Exchange Amount: USD 490,956,072.35  
Party B Initial Exchange Amount: JPY 57,000,000,000

**Final Exchanges:**

Final Exchange Date: 20 June 2011, subject to adjustment in accordance with the Following Business Day Convention.  
Party B Final Exchange Amount: USD 490,956,072.35  
Party A Final Exchange Amount: JPY 57,000,000,000

Business Days for JPY: London, New York And Tokyo  
Business Days for USD: London, New York And Tokyo

Business Days for Initial and Final Exchange: London, New York And Tokyo  
Calculation Agent: Party A, or as specified in the Agreement

**Other Provisions:**

None

**Account Details:**

Account for payments to Party A:  
Account for payments in JPY : UFJ Bank Ltd., Tokyo  
A/C No: 2506-2001/1  
A/C Morgan Stanley Derivative Products  
Account for payments in USD : JPMorgan Chase Bank, New York  
A/C No: 9301034840  
ABA No: 021-000-021  
A/C Morgan Stanley Derivative Products  
Account for payments to Party B:  
Account for payments in JPY : Please supply details  
Account for payments in USD: Please supply details

**Documentation and Operations Contacts:**

Documentation: Telephone Tokyo (813) 5424 7448/7449/4710  
Facsimile Tokyo (813) 5424 4788  
Operations: Telephone Tokyo (813) 5424 4747/4748  
Facsimile Tokyo (813) 5424 7895

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**Confirmation:**

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us, or by sending to us a facsimile substantially similar to this facsimile which sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

We are delighted to have executed this Transaction with you and look forward to working with you again.

**Yours sincerely,**

**By:** \_\_\_\_\_

**Name:**

**Title:**

MORGAN STANLEY DERIVATIVE PRODUCTS INC.

**Confirmed as of the date first written above: GE FINANCIAL ASSURANCE HOLDINGS INC.**

**By:** /s/ DENNIS R. SWEENEY

**Name:** Dennis R. Sweeney

**Title:** Vice President & Assistant Treasurer  
General Electric Capital Corporation

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MASTER AGREEMENT  
AMONG  
GENERAL ELECTRIC COMPANY,  
GENERAL ELECTRIC CAPITAL CORPORATION,  
GEI, INC.,  
GE FINANCIAL ASSURANCE HOLDINGS, INC.  
AND  
GENWORTH FINANCIAL, INC.

Dated \_\_\_\_\_, 2004

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## MASTER AGREEMENT

MASTER AGREEMENT, dated \_\_\_\_\_, 2004 (this “Agreement”), among General Electric Company, a New York corporation (“GE”), General Electric Capital Corporation, a Delaware corporation (“GECC”), GEI, Inc., a Delaware corporation (“GEI”), GE Financial Assurance Holdings, Inc., a Delaware corporation (“GEFAHI”), and collectively with GE, GEI and GECC, the “GE Parties”), and Genworth Financial, Inc., a Delaware corporation (“Genworth”). Certain terms used in this Agreement are defined in Section 1.1.

### WITNESSETH:

WHEREAS, the board[s] of directors of [GE] [and GECC] [has] [have] determined that it is in the best interests of GE[, GECC] and [its] [their respective] stockholders to divest the Genworth Group into a separate business, and the board of directors of GECC has adopted the Plan of Divestiture for the purpose of divesting a controlling interest in the stock of Genworth;

WHEREAS, Genworth has been incorporated solely for these purposes and has not engaged in activities except in preparation for its corporate reorganization and the sale of its stock;

WHEREAS, in furtherance of the foregoing, the board[s] of directors of [GE] [and GECC] and the board of directors of Genworth have determined that it is appropriate and desirable to transfer the Genworth Assets to Genworth and its Subsidiaries and to cause Genworth and certain of its Subsidiaries designated by Genworth to assume the Genworth Liabilities, all as more fully described in this Agreement and the Transaction Documents;

WHEREAS, the board of directors of GECC has further determined that it is appropriate and desirable to divest (i) a portion of its interest in the stock of Genworth through the Initial Public Offering registered under the Securities Act, (ii) all of its interest in the Genworth Equity Units and (iii) all of its interest in the Series A Preferred Stock, concurrently with the closing of the Separation and the other transactions contemplated by this Agreement, and the board of directors of Genworth has further determined that it is appropriate and desirable to facilitate the Initial Public Offering;

WHEREAS, pursuant to the Plan of Divestiture, GECC plans to dispose of additional stock of Genworth so that within two years following the Initial Public Offering GECC will own in the aggregate less than 50% of the outstanding stock of Genworth; and

WHEREAS, it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and certain other agreements that will, following the consummation of the Initial Public Offering and the Concurrent Offerings, govern certain matters relating to the Separation and the Initial Public Offering and the relationship of GE, Genworth and their respective Subsidiaries.

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:

## ARTICLE I

### DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

“Action” means any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, proceeding or investigation by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” (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 Closing Date, no member of the Genworth Group shall be deemed an Affiliate of any member of the GE Group for purposes of this Agreement and the Transaction Documents and no member of the GE Group shall be deemed an Affiliate of any member of the Genworth Group for purposes of this Agreement and the Transaction Documents. 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).

“AML” means American Mayflower Life Insurance Company of New York, a New York insurance company.

“Applicable Accounting Method” means the applicable accounting method by which GE is required, in accordance with GAAP, to account for its investment in Genworth (namely, on a consolidated basis, under the equity method or under the cost method).

“Assets” means, with respect to any Person, the assets, properties and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third parties or elsewhere), whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape or any other form;

- (b) all apparatus, computers and other electronic data processing equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;
- (c) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;
- (d) except for the capital stock referred to in Section 2.2(a)(ii)(B) and Section 2.2(a)(ii)(C), all interests in any capital stock or other equity interests of any Subsidiary or any other Person, all bonds, notes, debentures or other securities issued by any Subsidiary or any other Person, all loans, advances or other extensions of credit or capital contributions to any Subsidiary or any other Person and all other investments in securities of any Person;
- (e) all license agreements, leases of personal property, open purchase orders for supplies, parts or services and other contracts, agreements or commitments;
- (f) all deposits, letters of credit and performance and surety bonds;
- (g) all written technical information, data, specifications, research and development information, engineering drawings, operating and maintenance manuals, and materials and analyses prepared by consultants and other third parties;
- (h) all domestic and foreign intangible personal property, patents, copyrights, trade names, trademarks, service marks and registrations and applications for any of the foregoing, mask works, trade secrets, inventions, designs, ideas, improvements, works of authorship, recordings, other proprietary and confidential information and licenses from third Persons granting the right to use any of the foregoing;
- (i) all computer applications, programs and other software, including operating software, network software firmware, middleware, design software, design tools, systems documentation and instructions;
- (j) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;
- (k) all prepaid expenses, trade accounts and other accounts and notes receivables;
- (l) all rights under contracts or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

- (m) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;
- (n) all licenses, permits, approvals and authorizations which have been issued by any Governmental Authority;
- (o) cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and
- (p) interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

“Bridge Loan” means the short-term loan to be obtained by Genworth in the amount of \$2.4 billion, the proceeds of which will be used to repay the Genworth Promissory Note.

“Brookfield” means Brookfield Life Assurance Company Limited, a Bermuda insurance company.

“Business Day” means a day other than a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by Law to close. Any event the scheduled occurrence of which would fall on a day that is not a Business Day shall be deferred until the next succeeding Business Day.

“Business Services Agreement” means the Business Services Agreement substantially in the form attached hereto as Exhibit BB, by and between UFLIC and GNA.

“Capital Maintenance Agreement” means the Capital Maintenance Agreement in substantially the form attached as Exhibit U, between GE Capital and UFLIC.

“Class A Common Stock” means the Class A common stock, \$0.001 par value per share, of Genworth.

“Class B Common Stock” means the Class B common stock, \$0.001 par value per share, of Genworth.

“Code” means the Internal Revenue Code of 1986, as amended.

“Concurrent Offerings” means the registered public offerings by GEFAHI of Genworth Equity Units and Series A Preferred Stock, each such offering to be made concurrently with the Initial Public Offering.

“Consents” means any consent, waiver or approval from, or notification requirement to, any third parties.

“Corporate Reporting Data” means the Corporate Data Repository (CDR) submissions and data requirements, the Data Request (DR) and Web Reporting Interface (WRI) submissions and data requirements, and the Management’s Discussion and Analysis (MD&A) and Annual Report (A/R) submissions and data requirements, as set forth in detail on Schedules 4.1 and 4.2(a) and (b).

“Debt Registration Statement” means the registration statement on Form S-1 filed under the Securities Act (No. 333- ) pursuant to which the Genworth Senior Notes will be registered.

“Delayed Transfer Assets” means any Genworth Assets that are expressly provided in this Agreement or any Transaction Document to be transferred after the Closing Date.

“Delayed Transfer Legal Entities” means Financial Assurance Company Limited, Financial Insurance Company Limited, Consolidated Insurance Group Limited, GE Financial Assurance Compania de Seguros y Reaseguros de Vida SA and GE Financial Insurance Compania de Seguros y Reaseguros SA.

“Delayed Transfer Liabilities” means any Genworth Liabilities that are expressly provided in this Agreement or any Transaction Document to be assumed after the Closing Date.

“Derivatives Management Services Agreement” means the Derivatives Management Services Agreement in substantially the form attached hereto as Exhibit O, to be entered into by and among GELAAC, FHL, First Colony, GECA, Genworth, GNA and GECC.

“Employee Matters Agreement” means the Employee Matters Agreement in substantially the form attached hereto as Exhibit D, to be entered into by and between GE and Genworth.

“Equity Units Registration Statement” means the registration statement on Form S-1 filed under the Securities Act (No. 333- ) pursuant to which the Genworth Equity Units issued to GEFAHI and sold by GEFAHI will be registered.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“European Creditor Business” means the business of those entities set forth in Schedule 2.9 of this Agreement and the payment protection business of Vie Plus S.A.

“European Tax Matters Agreements” means [ ].

“European Transition Services Agreement” means the Transition Services Agreement in substantially the form attached hereto as Exhibit H, to be entered into by and between Financial Insurance Group Services Limited and .

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the time that reference is made thereto.

“Excluded Employee Liabilities” shall have the meaning set forth in the Employee Matters Agreement.

“FACL” means Financial Assurance Company Limited.

“FACL Reinsurance Agreement” means the Reinsurance Agreement, dated \_\_\_\_\_, 2004, by and between FACL and Viking as attached as Exhibit FF.

“FACL Services Agreement” means the Services Agreement, dated \_\_\_\_\_, 2004, by and between FACL and Financial Insurance Group Services Limited as attached as Exhibit GG.

“FHL” means Federal Home Life Insurance Company, a Virginia insurance company.

“FICL Reinsurance Agreement” means the Reinsurance Agreement, dated \_\_\_\_\_, 2004, by and between Financial Insurance Company Limited and Viking as attached as Exhibit HH.

“FICL Services Agreement” means the Services Agreement, dated \_\_\_\_\_, 2004, by and between Financial Insurance Company Limited and Financial Insurance Group Services Limited as attached hereto as Exhibit II.

“FINCL” means Financial New Life Company Limited.

“Financial Closing Date” means, as to each fiscal quarterly or annual period of any member of the Genworth Group, the last Saturday in such fiscal period.

“Firm Public Offering Shares” means the Class A Common Stock sold in the Initial Public Offering, other than Class A Common Stock sold as a result of exercise of the Over-Allotment Option by the Underwriters, and the Series A Preferred Stock sold in a Concurrent Offering.

“First Colony” means First Colony Life Insurance Company, a Virginia insurance company.

“Force Majeure” means, with respect to a party, an event beyond the 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, and includes, without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources.

“FP&A Reports” means the SRO data requirements, the Session I and Session II data requirements and the Op Plan data requirements, as set forth in detail on Schedule 4.3.

“Framework Agreement” means the Framework Agreement between GEFA International Holdings, Inc. and General Electric Capital Corporation, in substantially the form attached hereto as Exhibit Q.

“French Reinsurance Agreement” means the Reinsurance Agreement, dated \_\_\_\_\_, 2004, by and between Vie Plus S.A. and RD Plus S.A. as attached as Exhibit JJ.

“French Share Transfer Agreement” means the Share Transfer Agreement in substantially the form attached hereto as Exhibit KK, to be entered into by and between GE Capital SNC and \_\_\_\_\_.

“French Transfer Agreement” means the Business Transfer Agreement in substantially the form attached hereto as Exhibit T to be entered into by and between Vie Plus S.A. and [a member of the Genworth Group to be designated by Genworth prior to the Closing Date].

“French Transfer Plan” means the Agreement on Transfer of a Portfolio of Insurance Contracts in substantially the form attached as Exhibit N to be entered into by and between Vie Plus S.A. and FINCL.

“GAAP” means United States generally accepted accounting principles.

“GE Group” means GE and each Person (other than any member of the Genworth Group) that is an Affiliate of GE immediately after the Closing.

“GECA” means General Electric Capital Assurance Company, a Delaware insurance company.

“GECLANY” means GE Capital Life Assurance Company of New York, a New York insurance company.

“GEFA” means the GE Financial Assurance operating unit within GE Capital.

“GELAAC” means GE Life and Annuity Assurance Company, a Virginia insurance company.

“Genworth Balance Sheet” means Genworth’s unaudited Pro Forma Combined Statement of Financial Position as of December 31, 2003 included in the IPO Registration Statement.

“Genworth Business” means: the businesses of (a) the members of the Genworth Group; (b) GEFAHI; (c) the Delayed Transfer Legal Entities and (d) those

terminated, divested or discontinued businesses of the members of Genworth Group, other than those listed on Schedule 1.1.

“Genworth Common Stock” means the Class A Common Stock and the Class B Common Stock.

“Genworth Contingent Note” means the \$550 million Subordinated Contingent Promissory Note payable by Genworth to GEFAHI, in substantially the form attached hereto as Exhibit CC.

“Genworth Contracts” means the following contracts and agreements to which GE or any of its Affiliates is a party or by which GE or any of its Affiliates or any of their respective Assets is bound, whether or not in writing, except for any such contract or agreement that is contemplated to be retained by GE or any member of the GE Group pursuant to any provision of this Agreement or any Transaction Document:

- (a) any supply or vendor contracts or agreements listed or described on Schedule 1.1(a) and any other supply or vendor contracts or agreements entered into after the date hereof and prior to the Closing Date that relate primarily to the Genworth Business;
- (b) any contract or agreement entered into in the name of GEFAHI that is not listed on Schedule 1.1(b);
- (c) any contract or agreement entered into in the name of, or expressly on behalf of, any division, business unit or member of the Genworth Group;
- (d) any contract or agreement, including any joint venture agreement, that relates primarily to the Genworth Business;
- (e) the contracts, agreements and other documents listed or described on Schedule 1.1(e);
- (f) any guarantee, indemnity, representation, warranty or other Liability of any member of the Genworth Group or the GE Group in respect of (i) any other Genworth Contract, (ii) any Genworth Liability or (iii) the Genworth Business; and
- (g) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Transaction Documents to be assigned to Genworth or any member of the Genworth Group.

“Genworth Equity Units” means \$600 million in aggregate amount of Equity Units to be sold by GEFAHI.

“Genworth Group” means Genworth, each Subsidiary of Genworth immediately after the Closing and each other Person that is either controlled directly or indirectly by Genworth immediately after the Closing; provided, that any Delayed Transfer Asset that is transferred to Genworth at any time following the Closing shall, to

the extent applicable, be considered part of the Genworth Group for all purposes of this Agreement.

“Genworth Promissory Note” means the \$2.4 billion Promissory Note payable by Genworth to GEFAHI, in substantially the form attached hereto as Exhibit DD.

“Genworth Senior Notes” means approximately \$1.9 billion aggregate principal amount of senior notes to be issued by Genworth, the proceeds of which will be used to repay approximately \$1.9 billion of the Bridge Loan.

“GNA” means GNA Corporation.

“Governmental Approvals” means any notice, report or other filing to be made with, or any consent, registration, approval, permit or authorization to be obtained from, any Governmental Authority.

“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.

“Group” means the GE Group or the Genworth Group, as the context requires.

“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.

“Initial Public Offering” means the initial public offering of Genworth Common Stock.

“Insurance Policies” means the insurance policies written by insurance carriers, including those affiliated with GE and any self-insurance arrangements, pursuant to which Genworth or one or more of its Subsidiaries (or their respective officers or directors) will be insured parties after the Closing Date.

“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 Cross License Agreement” means the Intellectual Property Cross License Agreement in substantially the form attached hereto as Exhibit F, to be entered into by and between GE and Genworth.

“Investment Management Agreements” means (i) the Amended and Restated Investment Management Agreements in substantially the form attached hereto as Exhibit I, to be entered into by and between GE Asset Management Limited, on the one hand, and certain members of the Genworth Group, on the other hand, (ii) the Investment Management Agreement in substantially the form attached hereto as Exhibit I, to be entered into by and between GE Asset Management Limited and GNA, (iii) the Investment Management and Services Agreements in substantially the form attached hereto as Exhibit I to be entered into by and between GE Asset Management Limited, on the one hand, and \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_, on the other hand; (iv) \_\_\_\_\_; (v) \_\_\_\_\_; and (vi) \_\_\_\_\_.

“IP Application” means any application for the registration, acquisition or perfection of intellectual property rights, including patent applications, copyright applications and trademark applications.

“IPO Registration Statement” means the registration statement on Form S-1 filed under the Securities Act (No. 333-112009) pursuant to which the Genworth Common Stock to be issued to GEFAHI and sold by GEFAHI in the Initial Public Offering will be registered.

“IRS” means the United States Internal Revenue Service.

“JLIC Recapture Agreement” means the Recapture Agreement in substantially the form attached as Exhibit V, to be entered into by and between Jamestown Life Insurance Company and GECA.

“Law” means any federal, state, local or foreign law (including common law), statute, code, ordinance, rule, regulation or other requirement enacted, promulgated, issued or entered by a Governmental Authority.

“Liabilities” means any debt, loss, damage, adverse claim, liability or obligation of any Person (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto.

“Liability and Portfolio Management Agreement” means the Liability and Portfolio Management Agreement in substantially the form attached hereto as Exhibit K

by and between Trinity Plus Funding Company, LLC and Genworth Financial Asset Management, LLC and the related agreements listed in that Exhibit.

“Licensed Marks” shall have the meaning specified in the Transition Trademark Agreement.

“Long-Term Care Retrocession Agreements” means the Retrocession Agreements in substantially the form attached hereto as Exhibit W, to be entered into by and between UFLIC, on the one hand, and each of GECA and GECLANY, on the other hand.

“Medicare Supplement Reinsurance Agreement” means the Coinsurance Agreement in substantially the form attached hereto as Exhibit X, to be entered into by and between UFLIC and FHL.

“Mortgage Services Agreement” means the Mortgage Services Agreement substantially in the form attached hereto as Exhibit R to be entered into by and between GE Mortgage Services, LLC and GE Mortgage Holdings, LLC.

“Outsourcing Services Separation Agreement” means the Outsourcing Services Separation Agreement in substantially the form attached hereto as Exhibit G, to be entered into by and among GE, GECC, GE Capital International Services and Genworth.

“Over-Allotment Option” means the over-allotment option that may be exercised by the underwriters of the Initial Public Offering pursuant to the Underwriting Agreements relating to the Initial Public Offering and the offering of the Series A Preferred Stock.

“Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Plan of Divestiture” means the plan of divestiture adopted by the board of directors of GECC attached hereto as Exhibit EE.

“Pre-Closing Documents” means the FACL Reinsurance Agreement, the FACL Services Agreement, the FICL Reinsurance Agreement, the FICL Services Agreement and the Framework Agreement.

“Prospectus” means the prospectus or prospectuses included in any of the Registration Statements, as amended or supplemented by any prospectus supplement and by all other amendments and supplements to any such prospectus, including post-effective amendments and all material incorporated by reference in such prospectus or prospectuses.

“Registration Rights Agreement” means the Registration Rights Agreement in substantially the form attached hereto as Exhibit B, to be entered into by and between GEFAHI and Genworth.

“Registration Statements” means the IPO Registration Statement, the Equity Units Registration Statement, the Series A Preferred Stock Registration Statement and the Debt Registration Statement, including in each case the Prospectus related thereto, amendments and supplements to any such Registration Statement, including post-effective amendments, all exhibits and all materials incorporated by reference in any such Registration Statement and Prospectus.

“Reinsurance Agreements” means the Long-Term Care Retrocession Agreements, the Structured Settlement Annuity Reinsurance Agreements, the Variable Annuity Reinsurance Agreements, and the Medicare Supplement Reinsurance Agreement.

“Restricted Marks” means the Licensed Marks and the name “General Electric.”

“SEC” means the Securities and Exchange Commission.

“Securities Act” means the Securities Act of 1933, as amended.

“Security Interest” means any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

“Separation” means the transfer of the Genworth Assets to Genworth and its Subsidiaries and the assumption by Genworth and its Subsidiaries of the Genworth Liabilities, and the transfer of certain Excluded Assets to GE and its Subsidiaries and the assumption by GE and its Subsidiaries of certain Excluded Liabilities, all as more fully described in this Agreement and the Transaction Documents.

“Series A Preferred Stock” means the % series A cumulative preferred stock, \$ par value per share, of Genworth.

“Series A Preferred Stock Registration Statement” means the registration statement on Form S-1 filed under the Securities Act (No. 333- ) pursuant to which the Series A Preferred Stock issued to GEFAHI and sold by GEFAHI will be registered.

“Structured Settlement Annuity Reinsurance Agreements” means the Coinsurance Agreements in substantially the form attached as Exhibit Y hereto, to be entered into by and between UFLIC, on the one hand, and each of First Colony, FHL, GELAAC, GECA, GECLANY and AML, on the other hand.

“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.

“Tax” means all federal, state, provincial, territorial, municipal, local or foreign income, profits, franchise, gross receipts, environmental (including taxes under Code Section 59A), customs, duties, net worth, sales, use, goods and services, withholding, value added, *ad valorem*, employment, social security, disability, occupation, pension, real property, personal property (tangible and intangible), stamp, transfer, conveyance, severance, production, excise, premium, retaliatory and other taxes, withholdings, duties, levies, imposts, guarantee fund assessments and other similar charges and assessments (including any and all fines, penalties and additions attributable to or otherwise imposed on or with respect to any such taxes, charges, fees, levies or other assessments, and interest thereon) imposed by or on behalf of any Taxing Authority, in each case whether such Tax arises by Law, contract, agreement or otherwise.

“Tax Returns” means any report, return, declaration, claim for refund, information report or return or statement required to be supplied to a Taxing Authority in connection with Taxes, including any schedule or attachment thereto or amendment thereof.

“Taxing Authority” means any Governmental Authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

“Tax Matters Agreement” means the Tax Matters Agreement, in substantially the form attached hereto as Exhibit C, to be entered into by and among GE, GECC, GEI, GEFAHI and Genworth.

“Transactions” means, collectively, (i) the Separation, (ii) the Initial Public Offering and (iii) all other transactions contemplated by this Agreement or any Transaction Document.

“Transition Matters Agreement” means the Asset Management Transition Services Agreement substantially in the form attached as Exhibit L by and among Genworth, GEFAHI and GE Asset Management Incorporated and the related agreements listed in that Exhibit.

“Transition Services Agreement” means the Transition Services Agreement in substantially the form attached hereto as Exhibit A, to be entered into by and among GE, GECC, GEI, GEFAHI, GNA and Genworth and GE Mortgage Holdings, LLC.

“Transitional Trademark License Agreement” means the Transitional Trademark License Agreement in substantially the form attached hereto as Exhibit E, to be entered into by and between GE and Genworth.

“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.

“Trust Agreements” means the Trust Agreements in substantially the form attached hereto as Exhibit AA, to be entered into by and among UFLIC and The Bank of New York, as trustee, on the one hand, and each of AML, First Colony, FHL, GELAAC, GECA, and GECLANY.

“UFLIC” means Union Fidelity Life Insurance Company, an Illinois insurance company.

“UFLIC ESG Services Agreement” means the Administrative Services Agreement in substantially the form attached as Exhibit S, to be entered into by and between UFLIC and GE Group Life Assurance Company.

“UK Transfer Plan” means the Scheme for the Transfer to Financial New Life Company Limited of the insurance business of Financial Assurance Company Limited in substantially the form attached hereto as Exhibit M.

“Underwriters” means the managing underwriters for the Initial Public Offering.

“Underwriting Agreements” means the Underwriting Agreements to be entered into by and among GEFAHI, Genworth and the Underwriters in connection with the offering of Genworth Common Stock by GEFAHI in the Initial Public Offering and the offering of Series A Preferred Stock and Equity Units by GEFAHI in the Concurrent Offerings.

“Variable Annuity Reinsurance Agreements” means the Reinsurance Agreements in substantially the form attached hereto as Exhibit Z, to be entered into by and between UFLIC, on the one hand, and each of GELAAC and GECLANY, on the other hand.

“Viking” means Viking Insurance Company Ltd., a Bermuda insurance company.

“Viking Agreement” means the Agreement Regarding Continued Reinsurance of Insurance Products in substantially the form attached hereto as Exhibit J, to be entered into between GECC and Viking.

1.2 Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated.

<b>Term</b>	<b>Section</b>
Agreement	Recitals
Closing	3.1
Closing Date	3.1
CPR	7.3
CPR Arbitration Rules	7.4(a)
Dispute	7.1(a)
Excluded Assets	2.2(b)
Excluded Liabilities	2.3(b)
GE	Recitals
GE Annual Statements	4.7
GE Auditors	4.7(a)
GE Confidential Information	6.2(b)
GE Guarantees	2.4(b)(iii)
GE Indemnified Parties	5.2
GE Parties	Recitals
GE Policies	6.15
GE Public Filings	4.6
GECC	Recitals
GEI	Recitals
GEFAHI	Recitals
Genworth	Recitals
Genworth Assets	2.2(a)
Genworth Auditors	4.7(a)
Genworth Confidential Information	6.2(a)
Genworth Indemnified Parties	5.3
Genworth Information	4.5(g)
Genworth Liabilities	2.3(a)
Genworth Public Documents	4.5(e)
Indemnified Party	5.6(a)
Indemnifying Party	5.6(a)
Indemnity Payment	5.6(a)
Initial Notice	7.2
Privilege	4.17
Registration Indemnified Parties	5.4(a)
Reinsurance-Related Documents	3.2(a)
Representatives	6.2(a)
Response	7.2
Third Party Claim	5.7(a)
Transaction Documents	3.2(b)
Transfer Documents	3.4

## ARTICLE II

### THE SEPARATION

#### 2.1 Transfer of Assets ; Assumption of Liabilities; Consideration.

(a) Subject to Section 3.6, immediately following the execution and delivery of the Underwriting Agreements by each of the parties thereto, in accordance with the plan and structure set forth on Schedule 2.1(a):

(i) GE shall, and shall cause its applicable Subsidiaries to, contribute, assign, transfer, convey and deliver to Genworth or certain of its Subsidiaries designated by Genworth, and Genworth or such Subsidiaries shall accept from GE and its applicable Subsidiaries, all of GE's and such Subsidiaries' respective rights, titles and interests in and to all Genworth Assets, other than the Delayed Transfer Assets;

(ii) Genworth and certain of its Subsidiaries designated by Genworth, shall accept, assume and agree faithfully to perform, discharge and fulfill all the Genworth Liabilities, other than the Delayed Transfer Liabilities, in accordance with their respective terms. Genworth and such Subsidiaries shall be responsible for all Genworth Liabilities, regardless of when or where such Genworth Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Closing Date, regardless of where or against whom such Genworth Liabilities are asserted or determined (including any Genworth Liabilities arising out of claims made by GE's or Genworth's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the GE Group or the Genworth Group) or whether asserted or determined prior to the date hereof, and, except as set forth in Section 2.3(b)(v), regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the GE Group or the Genworth Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates; and

(iii) Genworth shall issue to GEFAHI (A) shares of Class B Common Stock, (B) 2,000,000 shares of Series A Preferred Stock, (C) the Genworth Promissory Note, (D) the Genworth Contingent Note and (E) the Genworth Equity Units.

(b) Each of the parties hereto agrees that the Delayed Transfer Assets will be contributed, assigned, transferred, conveyed and delivered, and the Delayed Transfer Liabilities will be accepted and assumed, in accordance with the terms of the applicable Transfer Documents or as otherwise set forth on Schedule 2.1(b). Following such contribution, assignment, transfer, conveyance and delivery of any Delayed Transfer Asset, or the acceptance and assumption of any Delayed Transfer Liability, the applicable Delayed Transfer Asset or Delayed Transfer Liability shall be treated for all purposes of this Agreement and the Transaction Documents as a Genworth Asset or a Genworth Liability, as the case may be.

(c) If at any time or from time to time (whether prior to or after the Closing Date), any party hereto (or any member of such party's respective Group), shall receive or otherwise possess any Asset that is allocated to any other Person pursuant to this Agreement or any Transaction Document, such party shall promptly transfer, or cause to be transferred, such Asset to the Person so entitled thereto. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for any such other Person.

(d) Genworth hereby waives compliance by each member of the GE Group with the requirements and provisions of the "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Genworth Assets to any member of the Genworth Group.

## 2.2 Genworth Assets.

(a) For purposes of this Agreement, "Genworth Assets" shall mean (without duplication):

(i) the Assets listed or described on Schedule 2.2(a)(i) and all other Assets that are expressly provided by this Agreement or any Transaction Document as Assets to be transferred to Genworth or any other member of the Genworth Group;

(ii) (A) all Genworth Contracts, (B) all issued and outstanding capital stock of the Subsidiaries of GE listed on Schedule 2.2(a)(ii)(B), and (C) the shares of capital stock of certain entities held by GE as listed on Schedule 2.2(a)(ii)(C);

(iii) subject to Section 6.4, any rights of any member of the Genworth Group under any of the Insurance Policies, including any rights thereunder arising after the Closing Date in respect of any Insurance Policies;

(iv) all Assets reflected as Assets of Genworth and its Subsidiaries in the Genworth Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Genworth Balance Sheet; and

(v) any and all Assets owned or held immediately prior to the Closing Date by GE or any of its Subsidiaries that are used primarily in the Genworth Business. The intention of this clause (v) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as a Genworth Asset. No Asset shall be deemed to be a Genworth Asset solely as a result of this clause (v) if such Asset is within the category or type of Asset expressly covered by the terms of a Transaction Document unless the party claiming entitlement to such Asset can establish that the omission of the transfer or conveyance of such Asset was inadvertent. In addition, no Asset shall be deemed a Genworth Asset solely as a result of this clause (v) unless a claim with respect thereto is made by Genworth on or prior to the later of (A) the Trigger Date and (B) the first anniversary of the Closing Date.

Notwithstanding the foregoing, the Genworth Assets shall not in any event include the Excluded Assets referred to in Section 2.2(b).

(b) For the purposes of this Agreement, “Excluded Assets” shall mean:

(i) the Assets listed or described on Schedule 2.2(b)(i);

(ii) the contracts and agreements listed or described on Schedule 2.2(b)(ii); and

(iii) any and all Assets that are expressly contemplated by this Agreement or any Transaction Document as Assets to be retained by a GE Party or any other member of the GE Group.

2.3 Genworth Liabilities.

(a) For the purposes of this Agreement, “Genworth Liabilities” shall mean (without duplication):

(i) the Liabilities listed or described on Schedule 2.3(a)(i) and all other Liabilities that are expressly provided by this Agreement or any Transaction Document as Liabilities to be assumed by Genworth or any other member of the Genworth Group, and all agreements, obligations and Liabilities of Genworth or any other member of the Genworth Group under this Agreement or any of the Transaction Documents;

(ii) all Liabilities (other than Taxes, which shall be governed exclusively under the Tax Matters Agreement, tax sharing agreements and arrangements specifically identified therein [and the International Tax Matters Agreements]), including any employee-related Liabilities (other than Excluded Employee Liabilities) relating to, arising out of or resulting from:

(A) the operation of the Genworth Business, as conducted at any time before, on or after the Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority));

(B) the operation of any business conducted by any member of the Genworth Group at any time after the Closing Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any director, officer, employee, agent or representative (whether or not such act or failure to act is or was within such Person’s authority)); or

(C) any Genworth Assets (including any Genworth Contracts and any real property and leasehold interests);

in any such case whether arising before, on or after the Closing Date;

(iii) all Liabilities reflected as liabilities or obligations of Genworth or its Subsidiaries in the Genworth Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Genworth Balance Sheet; and

(iv) all Liabilities arising out of claims made by GE's or Genworth's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the GE Group or the Genworth Group with respect to the Genworth Business.

(b) For the purposes of this Agreement, "Excluded Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Transaction Document as Liabilities to be retained or assumed by GE or any other member of the GE Group (in each case other than Delayed Transfer Liabilities), and all agreements and obligations of any member of the GE Group under this Agreement or any of the Transaction Documents;

(ii) any and all Liabilities of a member of the GE Group relating to, arising out of or resulting from any Excluded Assets;

(iii) the Excluded Employee Liabilities;

(iv) the Liabilities listed on Schedule 2.3(b)(iv); and

(v) any and all liabilities arising from a knowing violation of Law, fraud or misrepresentation by any member of the GE Group (other than, for periods prior to the Closing Date, GEFAHI or any Delayed Transfer Legal Entity) or any of their respective directors, officers, employees or agents (other than any individual who at the time of such act was acting in his or her capacity as a director, officer, employee or agent of any member of the Genworth Group).

(c) Any Liabilities of any member of the GE Group not expressly referenced in Section 2.3(a) above are Excluded Liabilities and all Excluded Liabilities shall not be Genworth Liabilities.

#### 2.4 Termination of Agreements .

(a) Except as set forth in Section 2.4(b), Genworth and each member of the Genworth Group, on the one hand, and GE and each member of the GE Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Genworth or any member of the Genworth Group, on the one hand, and GE or any member of the GE Group, on the other hand, effective as of the Closing

Date. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Closing Date. Each party shall, at the reasonable request of any other party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.4(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof):

(i) this Agreement and the Transaction Documents (and each other agreement or instrument expressly contemplated by this Agreement or any Transaction Document to be entered into or continued by any of the parties hereto or any of the members of their respective Groups);

(ii) the agreements, arrangements, commitments and understandings listed or described on Schedule 2.4(b)(ii);

(iii) the guarantees, indemnification obligations, surety bonds and other credit support agreements, arrangements, commitments or understandings listed or described on Schedule 2.4(b)(iii) (the “GE Guarantees”);

(iv) any agreements, arrangements, commitments or understandings to which any Person other than the parties hereto and their respective Affiliates is a party (it being understood that to the extent that the rights and obligations of the parties and the members of their respective Groups under any such agreements, arrangements, commitments or understandings constitute Genworth Assets or Genworth Liabilities, they shall be assigned pursuant to Section 2.1);

(v) any accounts payable or accounts receivable between a member of the GE Group, on the one hand, and a member of the Genworth Group, on the other hand, accrued as of the Closing Date and reflected in the books and records of the parties or otherwise documented in writing in accordance with past practices; provided, however, that all such amounts must be settled within 90 days after the Closing Date except as otherwise provided for in the Transaction Documents;

(vi) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of GE or Genworth, as the case may be, is a party (it being understood that directors’ qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); and

(vii) any other agreements, arrangements, commitments or understandings that this Agreement or any Transaction Document expressly contemplates will survive the Closing Date.

2.5 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. EACH OF GE (ON BEHALF OF ITSELF AND EACH MEMBER OF THE GE GROUP) AND GENWORTH (ON BEHALF OF ITSELF AND EACH MEMBER OF THE GENWORTH GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY TRANSACTION DOCUMENT, NO

PARTY TO THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY TRANSACTION DOCUMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HERewith OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY TRANSACTION DOCUMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (I) ANY CONVEYANCE SHALL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (II) ANY NECESSARY CONSENTS OR GOVERNMENTAL APPROVALS ARE NOT OBTAINED OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.6 Governmental Approvals and Consents ; Delayed Transfer Assets and Liabilities.

(a) To the extent that the Separation requires any Governmental Approvals or Consents, the parties will use their commercially reasonable efforts to obtain such Governmental Approvals and Consents; provided, however, that neither GE nor Genworth shall be obligated to contribute capital in any form to any entity in order to obtain such Governmental Approvals and Consents.

(b) If and to the extent that the valid, complete and perfected transfer or assignment to the Genworth Group of any Genworth Assets or the assumption by the Genworth Group of any Genworth Liabilities would be a violation of applicable Law or require any Consent or Governmental Approval in connection with the Separation, or the Initial Public Offering, then, unless the parties hereto mutually shall otherwise determine, the transfer or assignment to the Genworth Group of such Genworth Assets or the assumption by the Genworth Group of such Genworth Liabilities shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Consents or Governmental Approvals have been obtained. Any such Liability shall be deemed a Delayed Transfer Liability. Any such Asset shall be deemed (i) a

Delayed Transfer Asset and, (ii) notwithstanding the foregoing, a Genworth Asset for purposes of determining whether any Liability is a Genworth Liability.

(c) If any transfer or assignment of any Genworth Asset intended to be transferred or assigned hereunder or any assumption of any Genworth Liability intended to be assumed by Genworth hereunder is not consummated on the Closing Date, whether as a result of the provisions of Section 2.6(b) or for any other reason, then, insofar as reasonably possible, (i) the Person retaining such Genworth Asset shall thereafter hold such Genworth Asset for the use and benefit of the Person entitled thereto (at the expense of the Person entitled thereto) and (ii) Genworth shall, or shall cause its applicable Subsidiary to, pay or reimburse the Person retaining such Genworth Liability for all amounts paid or incurred in connection with such Genworth Liability. In addition, the Person retaining such Genworth Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the Person to whom such Genworth Asset is to be transferred in order to place such Person in the same position as if such Genworth Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Genworth Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Genworth Asset, is to inure from and after the Closing Date to the Genworth Group.

(d) If and when the Consents and Governmental Approvals, the absence of which caused the deferral of transfer of any Genworth Asset or the deferral of assumption of any Genworth Liability pursuant to Section 2.6(b), are obtained, the transfer of the applicable Genworth Asset or Genworth Liability shall be effected in accordance with the terms of this Agreement and/or the applicable Transaction Document.

(e) The Person retaining an Asset or Liability due to the deferral of the transfer of such Asset or the deferral of the assumption of such Liability shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by the Person entitled to the Asset or the Person intended to be subject to the Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by the Person entitled to such Asset or the Person intended to be subject to the Liability.

## 2.7 Novation of Assumed Genworth Liabilities.

(a) Each of GE and Genworth, at the request of the other, shall use its reasonable best efforts to obtain, or to cause to be obtained, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature whatsoever that constitute Genworth Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Genworth Group, so that, in any such case, Genworth and its Subsidiaries will be solely responsible for such

Liabilities; provided, however, that neither GE nor Genworth shall be obligated to pay any consideration therefor to any third party from whom any such consent, approval, substitution or amendment is requested.

(b) If GE or Genworth is unable to obtain, or to cause to be obtained, any such required consent, approval, release, substitution or amendment, the applicable member of the GE Group shall continue to be bound by such agreement, lease, license or other obligation and, unless not permitted by Law or the terms thereof, Genworth shall, as agent or subcontractor for GE or such other Person, as the case may be, pay, perform and discharge fully all the obligations or other Liabilities of GE or such other Person that constitute Genworth Liabilities, as the case may be, thereunder from and after the Closing Date. Genworth shall indemnify each GE Indemnified Party, and hold each of them harmless against any Liabilities arising in connection therewith; provided that pursuant hereto Genworth shall have no obligation to indemnify any GE Indemnified Party that has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. GE shall, without further consideration, pay and remit, or cause to be paid or remitted, to Genworth, promptly all money, rights and other consideration received by it or any member of its Group in respect of such performance (unless any such consideration is an Excluded Asset). If and when any such consent, approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, GE shall thereafter assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of its Group to Genworth without payment of further consideration and Genworth shall, without the payment of any further consideration, assume such rights and obligations.

## 2.8 Novation of Liabilities other than Genworth Liabilities.

(a) Each of GE and Genworth, at the request of the other, shall use its reasonable best efforts to obtain, or to cause to be obtained, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities for which a member of the GE Group and a member of the Genworth Group are jointly or severally liable and that do not constitute Genworth Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the GE Group, so that, in any such case, the members of the GE Group will be solely responsible for such Liabilities; provided, however, that neither GE nor Genworth shall be obligated to pay any consideration therefor to any third party from whom any such consent, approval, substitution or amendment is requested.

(b) If GE or Genworth is unable to obtain, or to cause to be obtained, any such required consent, approval, release, substitution or amendment, the applicable member of the Genworth Group shall continue to be bound by such agreement, lease, license or other obligation and, unless not permitted by Law or the terms thereof, GE shall cause a member of the GE Group, as agent or subcontractor for such member of the Genworth Group, to pay, perform and discharge fully all the obligations or other

Liabilities of such member of the Genworth Group thereunder from and after the Closing Date. GE shall indemnify each Genworth Indemnified Party and hold each of them harmless against any Liabilities (other than Genworth Liabilities) arising in connection therewith; provided that pursuant hereto GE shall have no obligation to indemnify any Genworth Indemnified Party that has engaged in any knowing violation of Law, fraud or misrepresentation in connection therewith. Genworth shall cause each member of the Genworth Group without further consideration, to pay and remit, or cause to be paid or remitted, to GE or to another member of the GE Group specified by GE, promptly all money, rights and other consideration received by it or any member of the Genworth Group in respect of such performance (unless any such consideration is a Genworth Asset). If and when any such consent, approval, release, substitution or amendment shall be obtained or such agreement, lease, license or other rights or obligations shall otherwise become assignable or able to be novated, Genworth shall promptly assign, or cause to be assigned, all its rights, obligations and other Liabilities thereunder or any rights or obligations of any member of the Genworth Group to GE or to another member of the GE Group specified by GE without payment of further consideration and GE, without the payment of any further consideration shall, or shall cause such other member of the GE Group to, assume such rights and obligations.

2.9 European Creditor B business.

In furtherance of the transactions contemplated by this Agreement and without limiting any other provision hereof, the parties intend that the transfer of the European Creditor Business into the Genworth Group shall be effected by means of the documentation and procedures relating to:

(a) the UK Transfer Plan under which it is proposed that the Assets and Liabilities of FACL be transferred subsequent to the Closing Date to FINCL upon the effectiveness of such plan in accordance with the provisions of Part VII of the Financial Services and Markets Act 2000 and Section 2.1(b) of this Agreement;

(b) the French Transfer Plan and the French Transfer Agreement under which it is proposed that the Assets and Liabilities of the payment protection business of Vie Plus S.A. be transferred subsequent to the Closing Date to a member of the Genworth Group upon the effectiveness of the French Transfer Plan in accordance with the terms of the French Transfer Plan, the French Transfer Agreement and Section 2.1(b) of this Agreement;

(c) the FACL Reinsurance Agreement, FICL Reinsurance Agreement and French Reinsurance Agreement; and

(d) the transfer of the stock of the entities forming a part of the European Creditor Business listed in Schedule 2.9 of this Agreement.

ARTICLE III

INTERCOMPANY TRANSACTIONS AS OF THE CLOSING DATE

3.1 Time and Place of Closing. Subject to the terms and conditions of this Agreement, all transactions contemplated by this Agreement shall be consummated at a closing (the "Closing") to be held at the offices of Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, at 10:00 A.M. EST, on the date on which (and after) the Underwriting Agreements are executed and delivered by each of the parties thereto or at such other place or at such other time or on such other date as GE and Genworth may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date").

3.2 Reinsurance, Reorganization and Transaction Documents. In each case subject to Section 3.6, the appropriate parties hereto shall enter into or effect, as the case may be, and (as necessary) shall cause their respective Subsidiaries to enter into or effect, the agreements and transactions set forth below, in each case in the order set forth below and prior to the Closing:

(a) The appropriate parties hereto shall enter into, and (as necessary) shall cause their respective Subsidiaries to enter into, the agreements set forth below (items (ii) through (vii) below being referred to as the "Reinsurance-Related Documents"):

- (i) the Pre-Closing Documents;
- (ii) the Reinsurance Agreements;
- (iii) the Trust Agreements;
- (iv) the Capital Maintenance Agreement;
- (v) the Business Services Agreement;
- (vi) the UFLIC ESG Services Agreement; and
- (vii) the JLIC Recapture Agreement.

(b) The appropriate parties hereto shall enter into, and (as necessary) shall cause their respective Subsidiaries to enter into, the agreements set forth below (collectively with the Reinsurance-Related Documents, the UK Transfer Plan and the Pre-Closing Documents, the "Transaction Documents"):

- (i) the Transition Services Agreement;
- (ii) the Registration Rights Agreement;
- (iii) the Tax Matters Agreement;

- (iv) the Employee Matters Agreement;
- (v) the Transitional Trademark Agreement;
- (vi) the Intellectual Property Cross License Agreement;
- (vii) the Outsourcing Services Separation Agreement;
- (viii) the European Transition Services Agreement;
- (ix) the Investment Management Agreements;
- (x) the Viking Agreement;
- (xi) the Liability and Portfolio Asset Management Agreement;
- (xii) the Transition Matters Agreement;
- (xiii) the Derivatives Management Services Agreement;
- (xiv) the European Tax Matters Agreements;
- (xv) the Mortgage Services Agreement;
- (xvi) the French Transfer Plan;
- (xvii) the French Transfer Agreement;
- (xviii) the French Share Transfer Agreement;
- (xix) the Genworth Contingent Note;
- (xx) the Genworth Promissory Note; and
- (xxi) the Transfer Documents.

(c) FHL shall transfer by dividend all shares of capital stock of UFLIC held by FHL to GECA, GECA shall transfer by dividend all shares of capital stock of UFLIC then held by GECA (which, together with the shares received from FHL, will constitute 100% thereof) to GNA, and GNA shall transfer by dividend all such shares of UFLIC capital stock to GEFAHI.

(d) JLIC shall pay accrued interest and principal amounts under the JLIC Surplus Notes in the amounts and to the entities outlined in Schedule 3.2(d).

(e) GEFAHI shall purchase all shares of Viking from GELCO pursuant to the Viking Purchase Agreement [Terms have not been determined].

(f) After execution and delivery of the Underwriting Agreements by all parties thereto, the Separation contemplated by Article II shall be effected.

(g) After effectiveness of the IPO Registration Statement, the dividends outlined in Schedule 3.2(g) shall be paid by the entities and in the amounts set forth therein.

(h) GEFAHI shall thereafter contribute \$1.45 billion in cash and/or securities to the capital of UFLIC.

3.3 A mended and Restated Cer tificate of Incorporation and Amended and Restated Bylaws. At or prior to the Closing, GE and Genworth shall each take all necessary action that may be required to provide for the adoption by Genworth of the Amended and Restated Certificate of Incorporation of Genworth in substantially the form attached hereto as Exhibit LL, and the Amended and Restated Bylaws of Genworth in substantially the form attached hereto as Exhibit MM.

3.4 Transfers of Assets and Assu mption of Liabilities.

(a) In furtherance of the assignment, transfer and conveyance of Genworth Assets and the assumption of Genworth Liabilities set forth in Section 2.1(a)(i) and Section 2.1(a)(ii), on the Closing Date (i) GE shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of GE's and its Subsidiaries' (other than Genworth and its Subsidiaries) right, title and interest in and to the Genworth Assets to Genworth and its Subsidiaries, and (ii) Genworth shall execute and deliver such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Genworth Liabilities by Genworth. All of the foregoing documents contemplated by this Section 3.4 shall be referred to collectively herein as the "Transfer Documents."

(b) To the extent any Excluded Asset or Excluded Liability is transferred to a member of the Genworth Group at the Closing or is owned or held by a member of the Genworth Group after the Closing, from and after the Closing:

(i) Genworth shall, and shall cause its applicable Subsidiaries to, promptly contribute, assign, transfer, convey and deliver to GE or certain of its Subsidiaries designated by GE, and GE or such Subsidiaries shall accept from Genworth and its applicable Subsidiaries, all of Genworth's and such Subsidiaries' respective rights, titles and interests in and to such Excluded Assets;

(ii) GE and certain of its Subsidiaries designated by GE, shall promptly accept, assume and agree faithfully to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms; and

(iii) In furtherance of the assignment, transfer and conveyance of Excluded Assets and the assumption of Excluded Liabilities set forth in Section 3.4(b)(i) and Section 3.4(b)(ii): (x) Genworth shall execute and deliver, and shall cause its Subsidiaries to execute and deliver, such bills of sale, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Genworth's and its Subsidiaries' right, title and interest in and to the Excluded Assets to GE and its Subsidiaries, and (y) GE shall execute and deliver such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities by GE.

(iv) To the extent that the transfer of such Excluded Assets and the assumption of such Excluded Liabilities requires any Governmental Approvals or Consents, the parties shall use their commercially reasonable efforts to obtain such Governmental Approvals and Consents; provided however that neither GE nor Genworth shall be obligated to contribute capital in any form to any entity in order to obtain such Governmental Approvals and Consents.

(c) If any transfer or assignment of any Excluded Asset intended to be transferred or assigned hereunder or any assumption of any Excluded Liability intended to be assumed by GE hereunder is not consummated on the Closing Date, whether as a result of the failure to obtain any required Governmental Approvals or Consents under Section 3.4(b)(iv) or for any other reason, then, insofar as reasonably possible, (i) the member of the Genworth Group retaining such Excluded Asset shall thereafter hold such Excluded Asset for the use and benefit of GE (at GE's expense) and (ii) GE shall, or shall cause its applicable Subsidiary to, pay or reimburse the member of the Genworth Group retaining such Excluded Liability for all amounts paid or incurred in connection with such Excluded Liability. In addition, the member of the Genworth Group retaining such Excluded Asset shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Excluded Asset in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by GE in order to place GE in the same position as if such Excluded Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Excluded Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset, is to inure from and after the Closing Date to the GE Group.

(d) If and when the Consents and Governmental Approvals, the absence of which caused the deferral of transfer of any Excluded Asset or the deferral of assumption of any Excluded Liability, are obtained, the transfer of the applicable Excluded Asset or Excluded Liability shall be effected in accordance with the terms of this Agreement and/or the applicable Transaction Document.

(e) Any member of the Genworth Group retaining an Excluded Asset or Excluded Liability due to the deferral of the transfer of such Excluded Asset or the deferral of the assumption of such Excluded Liability shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are

advanced (or otherwise made available) by GE or the member of the GE Group intended to be subject to the Excluded Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by GE or the member of the GE Group entitled to such Excluded Asset or intended to be subject to such Excluded Liability.

3.5 The Initial Public Offering and the Concurrent Offerings. Genworth shall (i) consult with, and cooperate in all respects with, the GE Parties in connection with the pricing of the (x) Class A Common Stock to be offered in the Initial Public Offering and (y) Equity Units and Series A Preferred Stock to be offered in the Concurrent Offerings, (ii) at the direction of any GE Party, execute and deliver the Underwriting Agreements in such form and substance as is reasonably satisfactory to the GE Parties and (iii) at the direction of any GE Party, promptly take any and all actions necessary or desirable to consummate the Initial Public Offering and the Concurrent Offerings as contemplated by the IPO Registration Statement, the Equity Units Registration Statement, the Series A Preferred Stock Registration Statement and the Underwriting Agreements.

3.6 Rescission. Notwithstanding anything to the contrary set forth in this Agreement, if delivery of the Firm Public Offering Shares to the Underwriters against payment therefor is not complete within four (4) Business Days after the Closing Date, all transactions theretofore completed under this Agreement or any of the Transaction Documents shall immediately be rescinded in all respects and this Agreement and all of the Transaction Documents shall terminate and all assets transferred pursuant to the Transaction Documents shall be returned to the entities that transferred such assets, and all assumptions of liabilities hereunder and thereunder shall be rescinded and nullified.

3.7 European Transfers.

(a) GE and Genworth shall cause their relevant respective Subsidiaries to use all commercially reasonable efforts to cause the UK Transfer Plan and the French Transfer Plan to become effective (and to consummate the transactions contemplated thereby and by the French Transfer Agreement) as promptly as practicable.

(b) If the UK Transfer Plan has not taken effect by December 31, 2004, GE and Genworth shall cause all of the outstanding shares of capital stock of FACL promptly thereafter to be transferred to Genworth.

3.8 Additional Tax Matters Agreement.

(a) GE and Genworth have entered into the Tax Matters Agreement contemporaneously with the execution and delivery of this Agreement. All representations, warranties, covenants and agreements between the parties with respect to Tax matters are set forth in the Tax Matters Agreement, except to the extent set forth in Section 3.8(b) of this Agreement.

(b) As soon as reasonably practicable after a determination has been made as to the members of the Genworth Group for which elections will be made under Section 338(h)(10) of the Code, (a) Genworth shall cause GECA and each GECA Subsidiary for which a Section 338(h)(10) election has been made to enter into a tax matters agreement substantially in the form attached hereto as Exhibit , and (b) Genworth shall enter into, and shall cause each of its Subsidiaries (other than life insurance Subsidiaries) for which a Section 338(h)(10) election has been made to enter into, a tax matters agreement substantially in the form attached hereto as Exhibit .

#### ARTICLE IV

#### FINANCIAL AND OTHER INFORMATION

4.1 Annual Financial Information. Genworth agrees that, during any fiscal year in which members of the GE Group beneficially own shares of Genworth Common Stock (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), Genworth shall deliver to GE the Corporate Reporting Data set forth on Schedule 4.1 for such year in respect of the Applicable Accounting Method in effect as of the first day of such fiscal year. Genworth shall deliver the financial data and schedules comprising such Corporate Reporting Data within the time periods specified by GE in writing by no later than fifteen (15) days prior to the end of each fiscal year. All annual consolidated financial statements of Genworth and its Subsidiaries delivered to GE shall set forth in each case in comparative form the consolidated figures for the previous fiscal year prepared in accordance with Article 10 of Regulation S-X and consistent with the level of detail provided in comparable financial statements furnished by GEFA to GE prior to the Closing Date. The Corporate Reporting Data shall include all statistical information necessary for inclusion in any GE Group member's annual earnings press release, along with appropriate supporting documentation. The Corporate Reporting Data shall include (i) a discussion and analysis by management of Genworth's and its Subsidiaries' consolidated financial condition and results of operations for the requisite years, including, without limitation, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(a) of Regulation S-K and (ii) a discussion and analysis of Genworth's and its Subsidiaries' consolidated financial condition and results of operations for the requisite years, including, without limitation, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303(a) of Regulation S-K, prepared for inclusion in the annual report to stockholders of any member of the GE Group. No later than the day prior to the day Genworth publicly files its Annual Report on Form 10-K with the SEC or otherwise, Genworth shall deliver to GE the final form of its Annual Report on Form 10-K, together with all certifications required by applicable Law by each of the chief executive officer and chief financial officer of Genworth and an opinion thereon by Genworth's independent certified public accountants. Genworth shall also deliver to GE all of the information required to be delivered in Schedule 4.1 with respect to each Subsidiary of Genworth which is itself required to file financial

statements with the SEC or otherwise make financial statements publicly available (other than statutory financial statements filed with state insurance regulatory authorities, which are addressed in Section 4.5(c)), with such financial statements to be provided in the same manner and detail and on the same time schedule as those financial statements of Genworth required to be delivered to GE pursuant to Schedule 4.1.

4.2 Quarterly Financial Information. Genworth agrees that, during any fiscal quarter in which members of the GE Group beneficially own shares of Genworth Common Stock (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), Genworth shall deliver to GE the Corporate Reporting Data set forth on (i) Schedule 4.2(a) for the first and second quarter of each year and (ii) Schedule 4.2(b) for the third quarter of each year, in each case, in respect of the Applicable Accounting Method in effect as of the first day of such fiscal quarter. Genworth shall deliver the financial data and schedules comprising such Corporate Reporting Data within the time periods specified by GE in writing by no later than fifteen (15) days prior to the end of each fiscal quarter. All quarterly consolidated financial statements of Genworth and its Subsidiaries delivered to GE shall include financial statements for such quarterly periods and for the period from the beginning of the current fiscal year to the end of such quarter, setting forth in each case in comparative form for each such fiscal quarter of Genworth the consolidated figures for the corresponding quarter and periods of the previous fiscal year prepared in accordance with Article 10 of Regulation S-X and consistent with the level of detail provided in comparable financial statements furnished by GEFA to GE prior to the Closing Date. The Corporate Reporting Data shall include all statistical information necessary for inclusion in any GE Group member's quarterly earnings press release, along with appropriate supporting documentation. The Corporate Reporting Data shall include a discussion and analysis by management of Genworth's and its Subsidiaries' consolidated financial condition and results of operations for the requisite quarters, including, without limitation, an explanation of any material adverse change, all in reasonable detail and prepared in accordance with Item 303 (b) of Regulation S-K. No later than the day prior to the day Genworth publicly files a Quarterly Report on Form 10-Q with the SEC or otherwise, Genworth shall deliver to GE the final form of its Quarterly Report on Form 10-Q, together with all certifications required by applicable Law by each of the chief executive officer and chief financial officer of Genworth. Genworth shall also deliver to GE all of the information required to be delivered in Schedules 4.2(a) and (b) with respect to each Subsidiary of Genworth which is itself required to file financial statements with the SEC or otherwise make financial statements publicly available (other than statutory financial statements filed with state insurance regulatory authorities, which are addressed in Section 4.5(c)), with such financial statements to be provided in the same manner and detail and on the same time schedule as those financial statements of Genworth required to be delivered to GE pursuant to Schedules 4.2(a) and (b).

4.3 GE's Operating Reviews. Genworth agrees that, during any fiscal quarterly or annual period in which members of the GE Group beneficially own, in the

aggregate, (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) at least five percent (5%) of the then outstanding Genworth Common Stock, Genworth shall deliver to GE the FP&A Reports set forth on Schedule 4.3 for such quarterly or annual period in respect of the Applicable Accounting Method in effect as of the first day of such period. Genworth shall deliver the financial data and schedules comprising such FP&A Reports during each fiscal year within the time periods specified by GE in writing by no later than fifteen (15) days prior to the end of the preceding fiscal year, or within any other time periods specified by GE in writing thereafter, but in any event prior to fifteen (15) days before the date such FP&A Report is required to be delivered to GE. Genworth shall provide GE an opportunity to meet with management of Genworth to discuss such FP&A Reports upon reasonable notice during normal business hours.

4.4 General Financial Statement Requirements. All information provided by Genworth or any of its Subsidiaries to GE pursuant to this Article IV shall be consistent in terms of format and detail and otherwise with the procedures and practices in effect prior to the Closing Date with respect to the provision of such financial and other information by GEFA to GE (and where appropriate, as presently presented in financial and other reports delivered to the board of directors of GE), with such changes therein as may be reasonably requested by GE from time to time, and any changes in such procedures or practices that are required in order to comply with the rules and regulations of the SEC, as applicable.

4.5 Twenty Percent Threshold. Genworth agrees that, during any fiscal year in which the members of the GE Group beneficially own, in the aggregate, (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 twenty percent (20%) of the then outstanding Genworth Common Stock, or, notwithstanding such percentage, during any fiscal year in which any member of the GE Group is required, in accordance with GAAP, to account for its investment in Genworth on a consolidated basis or under the equity method of accounting:

(a) Maintenance of Books and Records. Genworth shall, and shall cause each of its consolidated Subsidiaries to, (i) make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of Genworth and such Subsidiaries and (ii) devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (x) transactions are executed in accordance with management's general or specific authorization, (y) transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with GAAP or any other criteria applicable to such statements and (2) to maintain accountability for assets and (z) access

to assets is permitted only in accordance with management's general or specific authorization.

(b) Fiscal Year. Genworth shall, and shall cause each of its consolidated subsidiaries to, maintain a fiscal year which commences on January 1 and ends on December 31 of each calendar year; provided that, if on the Closing Date any consolidated Subsidiary of Genworth has a fiscal year which ends on a date other than December 31, Genworth shall use its commercially reasonable efforts to cause such Subsidiary to change its fiscal year to one which ends on December 31 if such change is reasonably practicable.

(c) Quarterly and Annual Reports Furnished to State Insurance Regulatory Authorities. Promptly following the filing by Genworth or any Subsidiary of Genworth of quarterly or annual reports with any and all state insurance regulatory authorities in each jurisdiction in which such reports are required to be filed, Genworth shall deliver the final forms of such reports to GE.

(d) Other Financial Information. Genworth shall provide to GE upon request such other financial information and analyses of Genworth and its Subsidiaries that may be necessary for any member of the GE Group to (1) comply with applicable financial reporting requirements or its customary financial reporting practices or (2) respond in a timely manner to any reasonable requests for information regarding Genworth and its Subsidiaries received by GE from investors or financial analysts; provided, however, that neither GE nor any member of the GE Group shall disclose any material, non-public information of Genworth except pursuant to policies and procedures mutually agreed upon by GE and Genworth for the disclosure of such information and except as required by applicable Law. In connection therewith, Genworth shall also permit GE, the GE Auditors and other Representatives of GE to discuss the affairs, finances and accounts of any member of the Genworth Group with the officers of Genworth and the Genworth Auditors, all at such times and as often as GE may reasonably request upon reasonable notice during normal business hours.

(e) Public Information and SEC Reports. Genworth and each of its Subsidiaries that files information with the SEC shall cooperate with GE in preparing reports, notices and proxy and information statements to be sent or made available by Genworth or such Subsidiaries to their security holders, all regular, periodic and other reports filed under Sections 13, 14 and 15 of the Exchange Act by Genworth or such Subsidiaries and all registration statements and prospectuses to be filed by Genworth or such Subsidiaries with the SEC or any securities exchange pursuant to the listed company manual (or similar requirements) of such exchange (collectively, "Genworth Public Documents") and deliver to GE (to the attention of its Senior Securities Counsel), no later than the date the same are printed for distribution to its shareholders, sent to its shareholders or filed with the SEC, whichever is earliest, final copies of all Genworth Public Documents. Genworth shall file its Quarterly Reports on Form 10-Q and its Annual Reports on Form 10-K with the SEC immediately (and in no event later than one hour) following GE's filing of its quarterly and annual reports with the SEC for the corresponding period. Genworth shall cooperate with GE in preparing all press releases

and other statements to be made available by Genworth or any of its Subsidiaries to the public, including, without limitation, information concerning material developments in the business, properties, results of operations, financial condition or prospects of Genworth or any of its Subsidiaries. GE shall have the right to review, reasonably in advance of public release or release to financial analysts or investors and in a manner consistent with the procedures and practices in effect prior to the Closing Date with respect to press releases issued by GEFA (1) all press releases and other statements to be made available by Genworth or any of its Subsidiaries to the public and (2) all reports and other information prepared by Genworth or any of its Subsidiaries for release to financial analysts or investors; provided, however, that neither GE nor any member of the GE Group shall disclose any material, non-public information of Genworth except pursuant to policies and procedures mutually agreed upon by GE and Genworth for the disclosure of such information and except as required by applicable Law; provided, further, that at any time when members of the GE Group beneficially own, in the aggregate, (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) fifty percent (50%) or less of the then outstanding Genworth Common Stock, GE shall only have the right to review such press releases, public statements, reports and other information in advance if necessary for any member of the GE Group to (1) comply with applicable financial reporting requirements or its customary financial reporting practices or (2) respond to any reasonable requests for information regarding Genworth and its Subsidiaries received by GE from investors or financial analysts. No press release, report, registration, information or proxy statement, prospectus or other document which refers, or contains information with respect, to any member of the GE Group shall be filed with the SEC or otherwise made public or released to any financial analyst or investor by Genworth or any of its Subsidiaries without the prior written consent of GE with respect to those portions of such document that contain information with respect to any member of the GE Group except as may be required by Law (in such cases Genworth shall use its reasonable best efforts to notify the relevant member of the GE Group and to obtain such member's consent before making such a filing with the SEC or otherwise making any such information public).

(f) Meetings with Financial Analysts. Genworth shall notify GE reasonably in advance of the date of all meetings to be held between Genworth and any financial analyst, and shall consult with GE as to the appropriate timing for all such meetings. With respect to any such meeting to be held at a time when members of the GE Group beneficially own, in the aggregate, (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 then outstanding Genworth Common Stock, Genworth shall not schedule such meeting on any date to which GE objects.

(g) Earnings Releases. GE agrees that, unless required by Law or unless Genworth shall have consented thereto, no member of the GE Group will publicly release any quarterly, annual or other financial information of Genworth or any of its Subsidiaries (“Genworth Information”) delivered to GE pursuant to this Article IV prior to the time that GE publicly releases financial information of GE for the relevant period. GE will consult with Genworth on the timing of their annual and quarterly earnings releases and GE and Genworth will give each other an opportunity to review the information therein relating to Genworth and its Subsidiaries and to comment thereon; provided that GE shall have the sole right to determine the timing of all such releases if GE and Genworth disagree. Genworth shall publicly release its financial results for each annual and quarterly period immediately (and in no event later than one hour) following GE’s release of its financial results for the corresponding period. If any member of the GE Group is required by Law to publicly release such Genworth Information prior to the public release of GE’s financial information, GE will give Genworth notice of such release of Genworth Information as soon as practicable but no later than two days prior to such release of Genworth Information.

4.6 GE Public Filings. Genworth shall cooperate fully, and cause its accountants to cooperate fully, with GE to the extent reasonably requested by GE in the preparation of GE’s press releases, public earnings releases, Quarterly Reports on Form 10-Q, Annual Reports to Shareholders, Annual Reports on Form 10-K, any Current Reports on Form 8-K and any amendments thereto and any other proxy, information and registration statements, reports, notices, prospectuses and any other filings made by GE or any of its Subsidiaries with the SEC, any national securities exchange or otherwise made publicly available (collectively, “GE Public Filings”). Genworth agrees to provide to GE all information that GE reasonably requests in connection with any such GE Public Filings or that, in the judgment of GE’s legal department, is required to be disclosed therein under any Law. Genworth agrees to use reasonable best efforts to provide such information in a timely manner to enable GE to prepare, print and release such GE Public Filings on such date as GE shall determine. If and to the extent reasonably requested by GE, Genworth shall diligently and promptly review all drafts of such GE Public Filings and prepare in a diligent and timely fashion any portion of such GE Public Filing pertaining to Genworth or its Subsidiaries. Prior to any printing or public release of any GE Public Filing, an appropriate executive officer of Genworth, shall, if requested by GE, continue the existing practice of certifying and representing that the information provided by Genworth relating to Genworth, in such GE Public Filing is accurate, true and correct in all material respects. Unless required by Law, without the prior consent of GE, Genworth shall not publicly release any financial or other information which conflicts with the information with respect to Genworth, any Affiliate of Genworth or the Genworth Group that is provided by Genworth for any GE Public Filing.

4.7 GE Annual Statements. In connection with any GE Group member’s preparation of its audited annual financial statements and its Annual Reports to Shareholders (collectively the “GE Annual Statements”), during any fiscal year in which the members of the GE Group own, in the aggregate, (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 twenty percent (20%) of the then outstanding Genworth Common Stock, (or such lesser percentage during any fiscal year that any member of the GE Group is required, in accordance with GAAP, to account for its investment in Genworth on a consolidated basis or under the equity method of accounting), Genworth agrees as follows:

(a) Coordination of Auditors' Opinions. Genworth will use its commercially reasonable efforts to enable its independent certified public accountants (the "Genworth Auditors") to complete their audit such that they will date their opinion on Genworth's audited annual financial statements on the same date that GE independent certified public accountants (the "GE Auditors") date their opinion on the GE Annual Statements, and to enable GE to meet its timetable for the printing, filing and public dissemination of the GE Annual Statements.

(b) Cooperation. Genworth will provide to GE on a timely basis all information that GE or any of its Subsidiaries reasonably requires to meet its schedule for the preparation, printing, filing, and public dissemination of any GE Public Filing. Without limiting the generality of the foregoing, Genworth will provide all required financial information with respect to it and its consolidated Subsidiaries to the GE Auditors and management in a sufficient and reasonable time and in sufficient detail to permit such auditors to take all steps and perform all review necessary to provide sufficient assistance to such auditors with respect to information to be included or contained in the GE Public Filings.

(c) Access to Personnel and Working Papers. Genworth will request the Genworth Auditors to make available to the GE Auditors both the personnel who performed or are performing the annual audit of Genworth and, consistent with customary professional practice and courtesy of such auditors with respect to the furnishing of work papers, work papers related to the annual audit of Genworth, in all cases within a reasonable time after the Genworth Auditors' opinion date, so that the GE Auditors are able to perform the procedures they consider necessary to take responsibility for the work of the Genworth Auditors as it relates to the GE Auditors' report on the GE Annual Statements, all within sufficient time to enable GE to meet its timetable for the printing, filing and public dissemination of the GE Annual Statements.

4.8 Fifty Percent Threshold. Genworth agrees that during any period in which the members of the GE Group beneficially own, in the aggregate (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 then outstanding Genworth Common Stock (or in which, notwithstanding such percentage, any member of the GE Group is required, in accordance with GAAP, to consolidate Genworth's financial statements with its financial statements):

(a) Internal Auditors. Genworth shall provide GE, the GE Auditors or other Representatives of GE reasonable access upon reasonable notice during normal business hours to Genworth's and its Subsidiaries' books and records so that GE may conduct reasonable audits relating to the financial statements provided by Genworth pursuant to this Article IV, as well as to the internal accounting controls and operations of Genworth and its Subsidiaries; provided, however, that any such audits will be conducted in the same manner and using the same procedures as conducted on the date hereof for audits of GEFA including, but not limited to, reporting audit findings to management of the business or unit subject to the audit.

(b) Accounting Estimates and Principles. Genworth will give GE reasonable notice of any proposed material change in accounting estimates or material changes in accounting principles from those in effect with respect to GEFA, its Subsidiaries and the GE Affiliates that comprise the Genworth Group immediately prior to the Closing Date, and will give GE notice immediately following adoption of any such changes that are mandated or required by the SEC, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board. In connection therewith, Genworth will consult with GE and, if requested by GE, Genworth will consult with the GE Auditors with respect thereto. As to material changes in accounting principles that could affect GE, Genworth will not make any such changes without GE's prior written consent, excluding changes that are mandated or required by the SEC, the Financial Accounting Standards Board or the Public Company Accounting Oversight Board, if such a change would be sufficiently material to be required to be disclosed in Genworth's financial statements as filed with the SEC or otherwise publicly disclosed therein. If GE so requests, Genworth will be required to obtain the concurrence of the Genworth Auditors as to such material change prior to its implementation. GE will use its reasonable best efforts to promptly respond to any request by Genworth to make a change in accounting principles and, in any event, in sufficient time to enable Genworth to comply with its obligations under Section 4.1.

(c) Management Certification. Genworth's chief executive officer and Genworth's chief financial or accounting officer shall submit quarterly representations substantially in the form furnished to GE by GEI prior to the Closing Date (with such changes thereto prescribed by GE consistent with representations furnished to GE by other Subsidiaries of GE or as otherwise required by changes to applicable Law or stock exchange requirements) attesting to the accuracy and completeness of the financial and accounting records referred to therein in all material respects.

(d) Monthly and Other Financial Information. As soon as practicable, and within        days after the end of each month, Genworth shall furnish to GE the intercompany information in the form and detail set forth in Schedule 4.8 and furnished by GEFA to GE prior to the Closing Date. With reasonable promptness, Genworth shall deliver to GE such additional financial and other information and data with respect to Genworth and its Subsidiaries and their business, properties, financial position, results of operations and prospects as from time to time may be reasonably requested by GE.

(e) Operating Review Process. Genworth shall conduct its own strategic and operational review process on the same schedule on which GE conducts its strategic and operational review process. GE acknowledges that, as a supplement to the information furnished by Genworth to GE pursuant to Section 4.3, GE shall conduct its strategic and operational reviews of Genworth through participation in meetings or other activities of the Genworth board of directors by the members of Genworth's board of directors that are elected by GE. To facilitate GE's participation in the process in this manner, Genworth shall hold all of its regularly scheduled board meetings at which its strategic and operational reviews are discussed within a time frame consistent with GE's strategic and operational review process. GE shall make a good faith attempt to conduct all other reviews of Genworth's operations, affairs, finances or results (other than those required to comply with applicable financial reporting requirements or its customary financial reporting practices) through participation in meetings or other activities of the Genworth board of directors by the members of Genworth's board of directors that are elected by GE. In connection with strategic, operational or other reviews, relevant GE personnel other than the members of Genworth's board of directors elected by GE may participate at GE's invitation. GE will notify Genworth in advance of any such additional attendees.

4.9 Accountants' Reports. Promptly, but in no event later than five Business Days following the receipt thereof, Genworth shall deliver to GE copies of all reports submitted to Genworth or any of its Subsidiaries by their independent certified public accountants, including, without limitation, each report submitted to Genworth or any of its subsidiaries concerning its accounting practices and systems and any comment letter submitted to management in connection with their annual audit and all responses by management to such reports and letters.

4.10 Agreement for Exchange of Information; Archives.

(a) Each of GE and Genworth, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before or after the Closing Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting party (including under applicable securities or tax Laws) by a Governmental Authority having jurisdiction over the requesting party, (ii) for use in any other judicial, regulatory, administrative, tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, tax or other similar requirements, in each case other than claims or allegations that one party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any Transaction Document; provided, however, that in the event that any party determines that any such provision of Information could be commercially detrimental, violate any Law or agreement, or waive any attorney-client privilege, the parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence.

(b) After the Closing Date, Genworth shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the Genworth Business that are located in archives retained or maintained by any member of the GE Group. Genworth may obtain copies (but not originals unless it is a Genworth Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that Genworth shall cause any such objects to be returned promptly in the same condition in which they were delivered to Genworth and Genworth shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to GE. Genworth shall pay the applicable fee or rate per hour for archives research services (subject to increase from time to time to reflect rates then in effect for GE generally). Nothing herein shall be deemed to restrict the access of any member of the GE Group to any such documents or objects or to impose any liability on any member of the GE Group if any such documents or objects are not maintained or preserved by GE.

(c) After the Closing Date, GE shall have access during regular business hours (as in effect from time to time) to the documents and objects of historic significance that relate to the businesses of any member of the GE Group that are located in archives retained or maintained by any member of the Genworth Group. GE may obtain copies (but not originals unless it is not a Genworth Asset) of documents for bona fide business purposes and may obtain objects for exhibition purposes for commercially reasonable periods of time if required for bona fide business purposes, provided that GE shall cause any such objects to be returned promptly in the same condition in which they were delivered to GE and GE shall comply with any rules, procedures or other requirements, and shall be subject to any restrictions (including prohibitions on removal of specified objects), that are then applicable to Genworth. GE shall pay the applicable fee or rate per hour for archives research services (subject to increase from time to time to reflect rates then in effect for Genworth generally). Nothing herein shall be deemed to restrict the access of any member of the Genworth Group to any such documents or objects or to impose any liability on any member of the Genworth Group if any such documents or objects are not maintained or preserved by Genworth.

4.11 Ownership of Information. Any Information owned by one Group that is provided to a requesting party pursuant to Section 4.10 shall be deemed to remain the property of the providing party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

4.12 Compensation for Providing Information. The party requesting Information agrees to reimburse the other party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting party. Except as may be otherwise specifically provided elsewhere in this Agreement or in any other agreement between the parties,

such costs shall be computed in accordance with the providing party's standard methodology and procedures.

4.13 Record Retention. To facilitate the possible exchange of Information pursuant to this Article IV and other provisions of this Agreement after the Closing Date, the parties agree to use their commercially reasonable efforts to retain all Information in their respective possession or control in accordance with the policies of GE as in effect on the Closing Date or such other policies as may be reasonably adopted by the appropriate party after the Closing Date. No party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other party may have the right to obtain pursuant to this Agreement prior to the fifth anniversary of the date hereof without first using its reasonable efforts to notify the other party of the proposed destruction and giving the other party the opportunity to take possession of such Information prior to such destruction; provided, however, that in the case of any Information relating to Taxes or employee benefits, such period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof); provided further, however, no party will destroy, or permit any of its Subsidiaries to destroy, any Information required to be retained by applicable Law.

4.14 Liability. No party shall have any liability to any other party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the party providing such Information. No party shall have any liability to any other party if any Information is destroyed after commercially reasonable efforts by such party to comply with the provisions of Section 4.13.

4.15 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article IV are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of Information set forth in any Transaction Document.

(b) When any Information provided by one Group to the other (other than Information provided pursuant to Section 4.13) is no longer needed for the purposes contemplated by this Agreement or any other Transaction Document or is no longer required to be retained by applicable Law, the receiving party will promptly after request of the other party either return to the other party all Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the other party that it has destroyed such Information (and such copies thereof and such notes, extracts or summaries based thereon).

4.16 Production of Witnesses; Records; Cooperation.

(a) After the Closing Date, except in the case of an adversarial Action by one party against another party, each party hereto shall use its reasonable

efforts to make available to each other party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action or IP Application in which the requesting party may from time to time be involved, regardless of whether such Action or IP Application is a matter with respect to which indemnification may be sought hereunder. The requesting party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third Party Claim, the other parties shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or the prosecution, evaluation or pursuit thereof, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section, each of the parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect any intellectual property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any intellectual property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim except as required by Law.

(e) The obligation of the parties to provide witnesses pursuant to this Section 4.16 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers without regard to whether the witness or the employer of the witness could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 4.16(a)).

(f) In connection with any matter contemplated by this Section 4.16, the parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege, work product immunity or other applicable privileges or immunities of any member of any Group.

4.17 Privilege. The provision of any information pursuant to this Article IV shall not be deemed a waiver of any privilege, including privileges arising under or related to the attorney-client privilege or any other applicable privileges (a “Privilege”). Following the Closing Date, neither Genworth or its Subsidiaries nor GE or its Subsidiaries will be required to provide any information pursuant to this Article IV if the provision of such information would serve as a waiver of any Privilege afforded such information.

## ARTICLE V

### RELEASE; INDEMNIFICATION

#### 5.1 Release of Pre-Closing Claims.

(a) Except as provided in (i) Section 5.1(c), (ii) any exceptions to the indemnification provisions of Sections 5.2, 5.3 and 5.4, and (iii) any Transaction Document, effective as of the Closing Date, Genworth does hereby, for itself and each other member of the Genworth Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been directors, officers, agents or employees of any member of the Genworth Group (in each case, in their respective capacities as such), remise, release and forever discharge GE and the other members of the GE Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been stockholders, directors, officers, agents or employees of any member of the GE Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Closing Date, including in connection with the transactions and all other activities to implement the Separation, the Initial Public Offering and any of the other transactions contemplated hereunder and under the Transaction Documents.

(b) Except as provided in (i) Section 5.1(c), (ii) any exceptions to the indemnification provisions of Sections 5.2, 5.3 and 5.4, and (iii) any Transaction Document, effective as of the Closing Date, GE does hereby, for itself and each other member of the GE Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been stockholders, directors, officers, agents or employees of any member of the GE Group (in each case, in their respective capacities as such), remise, release and forever discharge Genworth, the respective members of the Genworth Group, their respective Affiliates, successors and assigns, and all Persons who at any time prior to the Closing Date have been stockholders, directors, officers, agents or employees of any member of the Genworth Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, from any and all Liabilities whatsoever, whether at Law or in equity (including any right of contribution), whether

arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed on or before the Closing Date, including in connection with the transactions and all other activities to implement the Separation, the Initial Public Offering and any of the other transactions contemplated hereunder and under the Transaction Documents.

(c) Nothing contained in Section 5.1(a) or Section 5.1(b) shall impair any right of any Person to enforce this Agreement, any Transaction Document or any agreements, arrangements, commitments or understandings that are specified in Section 2.4(b) or the applicable Schedules thereto not to terminate as of the Closing Date, in each case in accordance with its terms. Nothing contained in Section 5.1(a) or Section 5.1(b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the GE Group or the Genworth Group that is specified in Section 2.4(b) or the applicable Schedules thereto not to terminate as of the Closing Date, or any other Liability specified in such Section 2.4(b) not to terminate as of the Closing Date;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Transaction Document;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Closing Date;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group; or

(v) any Liability that the parties may have with respect to indemnification or contribution pursuant to this Agreement or otherwise for claims brought against the parties by third Persons, which Liability shall be governed by the provisions of this Article V and, if applicable, the appropriate provisions of the Transaction Documents.

In addition, nothing contained in Section 5.1(a) shall release GE from indemnifying any director, officer or employee of Genworth who was a director, officer or employee of GE or any of its Affiliates on or prior to the Closing Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which he or she was entitled to such indemnification pursuant to then existing obligations.

(d) Genworth shall not make, and shall not permit any member of the Genworth Group to make, any claim or demand, or commence any Action asserting any

claim or demand, including any claim of contribution or any indemnification, against GE or any member of the GE Group, or any other Person released pursuant to Section 5.1(a), with respect to any Liabilities released pursuant to Section 5.1(a). GE shall not, and shall not permit any member of the GE Group, to make any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against Genworth or any member of the Genworth Group, or any other Person released pursuant to Section 5.1(b), with respect to any Liabilities released pursuant to Section 5.1(b).

(e) It is the intent of each of GE and Genworth, by virtue of the provisions of this Section 5.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Closing Date, between or among Genworth or any member of the Genworth Group, on the one hand, and GE or any member of the GE Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Closing Date), except as expressly set forth in Section 5.1(c). At any time, at the request of any other party, each party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

5.2 General Indemnification by Genworth. Except as provided in Section 5.5, Genworth shall, and shall cause the other members of the Genworth Group to, indemnify defend and hold harmless on an After-Tax Basis each member of the GE Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “GE Indemnified Parties”), from and against any and all Liabilities of the GE Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of Genworth or any other member of the Genworth Group or any other Person to pay, perform or otherwise promptly discharge any Genworth Liabilities or Genworth Contract in accordance with its respective terms, whether prior to or after the Closing Date;

(b) any Genworth Liability or any Genworth Contract;

(c) the GE Guarantees;

(d) any breach by any member of the Genworth Group of this Agreement or any of the Transaction Documents (other than the Transaction Documents set forth on Schedule 5.2(d)) or any action by Genworth in contravention of its Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws; and

(e) any untrue statement or alleged untrue statement of a material fact contained in any GE Public Filing or any other document filed with the SEC by any

member of the GE Group pursuant to the Securities Act or the Exchange Act, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any of the GE Indemnified Parties by any member of the Genworth Group or incorporated by reference by any GE Indemnified Party from any filings made by any member of the Genworth Group with the SEC pursuant to the Securities Act or the Exchange Act, and then only if that statement or omission was made or occurred after the Closing Date.

5.3 General Indemnification by GE. Except as provided in Section 5.5, GE shall indemnify, defend and hold harmless on an After-Tax Basis each member of the Genworth Group and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the “Genworth Indemnified Parties”), from and against any and all Liabilities of the Genworth Indemnified Parties relating to, arising out of or resulting from any of the following items (without duplication):

(a) the failure of any member of the GE Group or any other Person to pay, perform or otherwise promptly discharge any Liabilities of the GE Group other than the Genworth Liabilities, whether prior to or after the Closing Date or the date hereof;

(b) any Excluded Liability or any Liability of a member of the GE Group other than the Genworth Liabilities;

(c) any breach by any member of the GE Group of this Agreement or any of the Transaction Documents (other than the Transaction Documents set forth on Schedule 5.3(c)); and

(d) any untrue statement or alleged untrue statement of a material fact contained in any document filed with the SEC by any member of the Genworth Group pursuant to the Securities Act or the Exchange Act other than the Registration Statements, or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case to the extent, but only to the extent, that those Liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information that is either furnished to any member of the Genworth Indemnified Parties by any member of the GE Group or incorporated by reference by any Genworth Indemnified Party from any GE Public Filings or any other document filed with the SEC by any member of the GE Group pursuant to the Securities Act or the Exchange Act.

#### 5.4 Registration Statement Indemnification .

(a) Genworth agrees to indemnify and hold harmless on an After-Tax Basis the GE Indemnified Parties and each Person, if any, who controls any member of the GE Group within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “Registration Indemnified Parties”) from and against any and all Liabilities arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which has been made therein or omitted therefrom in reliance upon and in conformity with (i) information relating to a Registration Indemnified Party set forth on pages \_\_\_\_\_ and under the heading “Description of Selling Stockholders” of the IPO Registration Statement, on pages \_\_\_\_\_ and under the heading “Description of Selling Securityholders” of the Equity Units Registration Statement, or on pages \_\_\_\_\_ and under the heading “Description of Selling Securityholders” of the Series A Preferred Stock Registration Statement (ii) financial information, if any, provided by a Registration Indemnified Party in writing to Genworth expressly for use in the Registration Statement or Prospectus and (iii) information relating to any underwriter furnished in writing to Genworth by or on behalf of such underwriter expressly for use in the Registration Statement or Prospectus.

(b) Each Registration Indemnified Party agrees, severally and not jointly, to indemnify and hold harmless on an After-Tax Basis Genworth and its Subsidiaries and any of their respective directors or officers who sign any Registration Statement, and any person who controls Genworth within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from Genworth to each Registration Indemnified Party, but only with respect to (i) information relating to such Registration Indemnified Party set forth on pages \_\_\_\_\_ and under the heading “Description of Selling Stockholders” of the IPO Registration Statement, on pages \_\_\_\_\_ and under the heading “Description of Selling Securityholders” of the Equity Units Registration Statement, or on pages \_\_\_\_\_ and under the heading “Description of Selling Securityholders” of the Series A Preferred Stock Registration Statement and (ii) financial information, if any, provided by such Registration Indemnified Party in writing to Genworth expressly for use in the Registration Statement or Prospectus. For purposes of this Section 5.4(b), any information relating to any underwriter that is contained in a Registration Statement or Prospectus shall not be deemed to be information relating to a Registration Indemnified Party. If any Action shall be brought against Genworth or its Subsidiaries, any of their respective directors or officers, or any such controlling person based on any Registration Statement or Prospectus and in respect of which indemnity may be sought against a Registration Indemnified Party pursuant to this paragraph (b), such Registration Indemnified Party shall have the rights and duties given to Genworth by Section 5.5 hereof (except that if Genworth shall have assumed the defense thereof, such Registration Indemnified Party shall not be required to, but may, employ separate counsel therein and participate in the defense thereof, but the fees and expenses of such counsel shall be at such Registration Indemnified Party’s expense), and Genworth, its

directors or officers, and any such controlling person shall have the rights and duties given to such Registration Indemnified Party by Section 5.5 hereof.

5.5 Contribution.

(a) If the indemnification provided for in this Article V is unavailable to, or insufficient to hold harmless on an After-Tax Basis, an indemnified party under Section 5.2(e), Section 5.3(d) or Section 5.4 hereof in respect of any Liabilities referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the actions which resulted in Liabilities as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. For the purposes of this Section 5.5(a), the information relating to the Registration Indemnified Party set forth on pages \_\_\_\_\_ and under the heading "Description of Selling Stockholders" of the IPO Registration Statement, on pages \_\_\_\_\_ and under the heading "Description of Selling Securityholders" of the Equity Units Registration Statement, or on pages \_\_\_\_\_ and under the heading "Description of Selling Securityholders" of the Series A Preferred Stock Registration Statement shall be the only "information supplied by" such Registration Indemnified Parties.

(b) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5.5 were determined by a pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (a) above. The amount paid or payable by an indemnified party as a result of the Liabilities referred to in paragraph (a) above, shall be deemed to include, subject to the limitations set forth above any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating any claim or defending any Action. Notwithstanding the provisions of this Section 5.5, a Registration Indemnified Party shall not be required to contribute any amount in excess of the amount by which the proceeds to such Registration Indemnified Party exceeds the amount of any damages which such Registration Indemnified Party has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

5.6 Indemnification Obligations Net of Insurance Proceeds and Other Amounts, On an After-Tax Basis.

(a) Any Liability subject to indemnification or contribution pursuant to this Article V 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 party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification hereunder (an “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 (an “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 shall 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 shall use its commercially reasonable efforts to seek to collect or recover any third-party (which shall 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 Article V; provided that the Indemnified Party’s inability to collect or recover any such Insurance Proceeds shall not limit the Indemnifying Party’s obligations hereunder.

(c) The term “After-Tax Basis” as used in this Article V means that, in determining the amount of the payment necessary to indemnify any party against, or reimburse any party for, Liabilities, the amount of such Liabilities will be determined net of any reduction in Tax derived by the indemnified party as the result of sustaining or paying such Liabilities, and the amount of such indemnification payment will be increased (i.e., “grossed up”) by the amount necessary to satisfy any income or franchise Tax liabilities incurred by the indemnified party as a result of its receipt of, or right to receive, such indemnification payment (as so increased), so that the indemnified party is put in the same net after-Tax economic position as if it had not incurred such Liabilities, in each case without taking into account any impact on the tax basis that an indemnified party has in its assets.

#### 5.7 Procedures for Indemnification of Third Party Claims .

(a) If an Indemnified Party shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the GE Group or the Genworth Group of any claim or of the commencement by any such Person of any Action (collectively, a “Third Party Claim”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 5.2, Section 5.3 or Section 5.4, or any other Section of this Agreement or any Transaction Document, such Indemnified Party shall give such Indemnifying Party written notice thereof within 20 days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable

detail. Notwithstanding the foregoing, the failure of any Indemnified Party or other Person to give notice as provided in this Section 5.7(a) shall not relieve the Indemnifying Party of its obligations under this Article V, except to the extent that such Indemnifying Party is actually prejudiced by such failure to give notice.

(b) An Indemnifying Party may elect to defend (and to seek to settle or compromise), at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, any Third Party Claim. Within 30 days after the receipt of notice from an Indemnified Party in accordance with Section 5.7(a) (or sooner, if the nature of such Third Party Claim so requires), the Indemnifying Party shall notify the Indemnified Party of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnified Party of its election to assume the defense of a Third Party Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party except as set forth in the next sentence. If the Indemnifying Party has elected to assume the defense of the Third Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one separate counsel for all Indemnified Parties shall be borne by the Indemnifying Party, but the Indemnifying Party shall be entitled to reimbursement by the Indemnified Party for payment of any such fees and expenses to the extent that it establishes that such reservations and exceptions were proper.

(c) If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 5.7(b), such Indemnified Party may defend such Third Party Claim at the cost and expense of the Indemnifying Party.

(d) Unless the Indemnifying Party has failed to assume the defense of the Third Party Claim in accordance with the terms of this Agreement, no Indemnified Party may settle or compromise any Third Party Claim without the consent of the Indemnifying Party. No Indemnifying Party shall consent to entry of any judgment or enter into any settlement of any pending or threatened Third Party Claim in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party without the consent of the Indemnified Party if (i) the effect thereof is to permit any injunction, declaratory judgment, other order or other nonmonetary relief to be entered, directly or indirectly against such Indemnified Party and (ii) such settlement does not include an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Third Party Claim.

(e) The provisions of this Section 5.7 shall not apply to Taxes (which are covered by the Tax Matters Agreement).

5.8 Additional Matters.

(a) Indemnification or contribution payments in respect of any Liabilities for which an Indemnified Party is entitled to indemnification or contribution under this Article V shall be paid by the Indemnifying Party to the Indemnified Party as such Liabilities are incurred upon demand by the Indemnified Party, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made on an After-Tax Basis and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution agreements contained in this Article V shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnified Party; (ii) the knowledge by the Indemnified Party of Liabilities for which it might be entitled to indemnification or contribution hereunder; and (iii) any termination of this Agreement.

(b) Any claim on account of a Liability which does not result from a Third Party Claim shall be asserted by written notice given by the Indemnified Party to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Transaction Documents without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) If payment is made by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Third Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defense or claim relating to such Third Party Claim against any claimant or plaintiff asserting such Third Party Claim or against any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In an Action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall endeavor to substitute the Indemnifying Party for the named defendant if they conclude that substitution is desirable and practical. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this section, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.

(e) The provisions of this Section 5.8 shall not apply to Taxes and related matters covered under Section 16 of the Tax Matters Agreement.

5.9 Remedies Cumulative; Limitations of Liability. The rights provided in this Article V shall be cumulative and, subject to the provisions of Article VII, shall not preclude assertion by any Indemnified Party of any other rights or the seeking of any and all other remedies against any Indemnifying Party. Notwithstanding the foregoing, neither Genworth or its Affiliates, on the one hand, nor any GE Party, on the other hand, shall be liable to the other for any special, indirect, incidental, punitive or consequential damages (provided that any such liability with respect to a Third Party Claim shall be considered direct damages) of the other arising in connection with the Transactions.

5.10 Survival of Indemnities. The rights and obligations of each of GE and Genworth and their respective Indemnified Parties under this Article V shall survive the sale or other transfer by any party of any Assets or businesses or the assignment by it of any Liabilities.

## ARTICLE VI

### OTHER AGREEMENTS

#### 6.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the parties hereto will cooperate with each other and use (and will cause their respective Subsidiaries and Affiliates to use) commercially reasonable efforts, prior to, on and after the Closing Date, to take, or to cause to be taken, all actions, and to do, or to cause to be done, all things reasonably necessary on its part under applicable Law or contractual obligations to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents.

(b) Without limiting the foregoing, prior to, on and after the Closing Date, each party hereto shall cooperate with the other parties, and without any further consideration, but at the expense of the requesting party from and after the Closing Date, to execute and deliver, or use its commercially reasonable efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all consents, approvals or authorizations of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any Consents or Governmental Approvals), and to take all such other actions as such party may reasonably be requested to take by any other party hereto from time to time, consistent with the terms of this Agreement and the Transaction Documents, in order to effectuate the provisions and purposes of this Agreement and the Transaction Documents and the transfers of the Genworth Assets and the assignment and assumption of the Genworth Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each party will, at the reasonable request, cost and expense of

any other party, take such other actions as may be reasonably necessary to vest in such other party good and marketable title to the Assets allocated to such party under this Agreement or any of the Transaction Documents, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Closing Date, GE and Genworth in their respective capacities as direct and indirect stockholders of their respective Subsidiaries, shall each ratify any actions that are reasonably necessary or desirable to be taken by GE, Genworth or any other Subsidiary of GE or Genworth, as the case may be, to effectuate the transactions contemplated by this Agreement. On or prior to the Closing Date, GEFAHI and Genworth shall take all actions as may be necessary to approve the stock-based employee benefit plans of Genworth in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of The New York Stock Exchange.

## 6.2 Confidentiality.

(a) From and after the Closing, subject to Section 6.2(c) and except as contemplated by this Agreement or any Transaction Document, the GE Parties shall not, and shall cause their respective 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 any member of the GE Group or use or otherwise exploit for its own benefit or for the benefit of any third party, any Genworth Confidential Information. If any disclosures are made in connection with providing services to any member of the GE Group under this Agreement or any Transaction Document, then the Genworth Confidential Information so disclosed shall be used only as required to perform the services. The GE Parties shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the Genworth 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 6.2, 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 the GE Parties, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the GE Parties or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents is hereinafter referred to as “Genworth Confidential Information.” “Genworth 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 any of the GE Parties not otherwise permissible hereunder, (ii) such GE Party can demonstrate was or became available to such GE Party from a source other than Genworth or its Affiliates or (iii) is developed independently by such GE Party without reference to the Genworth

Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by the GE Parties to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, Genworth or any member of the Genworth Group with respect to such information.

(b) From and after the Closing, subject to Section 6.2(c) and except as contemplated by this Agreement or any Transaction Document, Genworth 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 Genworth or any member of the Genworth Group or use or otherwise exploit for its own benefit or for the benefit of any third party, any GE Confidential Information. If any disclosures are made in connection with providing services to any member of the Genworth Group under this Agreement or any Transaction Document, then the GE Confidential Information so disclosed shall be used only as required to perform the services. The Genworth Group shall use the same degree of care to prevent and restrain the unauthorized use or disclosure of the GE 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 6.2, any Information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by GE or any of its Affiliates (other than any member of the Genworth Group) furnished to or in possession of any member of the Genworth Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by Genworth, any member of the Genworth Group or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents is hereinafter referred to as “GE Confidential Information.” “GE 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 any member of the Genworth Group not otherwise permissible hereunder, (ii) Genworth can demonstrate was or became available to Genworth from a source other than the GE Parties and their respective Affiliates or (iii) is developed independently by such member of the Genworth Group without reference to the GE Confidential Information; provided, however, that, in the case of clause (ii), the source of such information was not known by Genworth to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, any of the GE Parties or their respective Affiliates with respect to such information.

(c) If any of the GE Parties or their respective Affiliates, on the one hand, or Genworth 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 Genworth Confidential Information or GE Confidential Information (other than with respect to any such information furnished pursuant to the provisions of Article IV of this Agreement), 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 Genworth Confidential Information or GE 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.

6.3 Insurance Matters .

(a) Schedule 6.3 sets forth the Insurance Policies under which members of the Genworth Group will continue to have coverage until the Trigger Date, and the amounts payable by Genworth to GE under each such Insurance Policy from and after the Closing Date. Members of the Genworth Group will pay retrospective premium adjustments under each such Insurance Policy based on their loss experience under the Insurance Policy and in accordance with the pricing methodologies set forth on Schedule 6.3. Except as otherwise set forth on Schedule 6.3, the members of the Genworth Group will have coverage under all Insurance Policies with respect to periods prior to the Trigger Date in accordance with the terms of each such Insurance Policy. GE and Genworth agree to cooperate in good faith to provide for an orderly transition of insurance coverage from the Closing Date through the Trigger Date, and for the treatment of any Insurance Policies that will remain in effect following the Trigger Date on a mutually agreeable basis. Genworth may cancel coverage under any Insurance Policy by written notice to GE at least [ ] days prior to such cancellation. In no event shall GE, any other member of the GE Group or any GE Indemnified Party have liability or obligation whatsoever to any member of the Genworth Group if any Insurance Policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect or for any reason shall be unavailable or inadequate to cover any Liability of any member of the Genworth Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date. GE shall provide notice to Genworth promptly upon its becoming aware that any Insurance Policy has been terminated or is otherwise no longer in effect or is reasonably likely to be terminated or otherwise cease to be in effect.

(b) (i) Except as otherwise provided in any Transaction Document, the parties intend by this Agreement that Genworth and each other member of the Genworth Group be successors-in-interest to all rights that any member of the Genworth Group may have as of the Closing Date as a subsidiary, affiliate, division or department of GE prior to the Closing Date under any policy of insurance issued to GE by any insurance carrier or under any agreements related to such policies executed and delivered prior to the Closing Date, including any rights such member of the Genworth Group may have, as an insured or additional named insured, subsidiary, affiliate, division or department, to avail itself of any such policy of insurance or any such agreements related to such policies as in effect prior to the Closing Date. At the request of Genworth, GE shall take all reasonable steps, including the execution and delivery of

any instruments, to effect the foregoing; provided, however that GE shall not be required to pay any amounts, waive any rights or incur any Liabilities in connection therewith.

(ii) Except as otherwise contemplated by any Transaction Document, after the Closing Date, none of GE or Genworth or any member of their respective Groups shall, without the consent of the other, provide any such insurance carrier with a release, or amend, modify or waive any rights under any such policy or agreement, if such release, amendment, modification or waiver would adversely affect any rights or potential rights of any member of the other Group thereunder; provided, however that the foregoing shall not (A) preclude any member of any Group from presenting any claim or from exhausting any policy limit, (B) require any member of any Group to pay any premium or other amount or to incur any Liability, or (C) require any member of any Group to renew, extend or continue any policy in force. Each of Genworth and GE will share such information as is reasonably necessary in order to permit the other to manage and conduct its insurance matters in an orderly fashion.

(c) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the GE Group in respect of any Insurance Policy or any other contract or policy of insurance.

(d) Genworth does hereby, for itself and each other member of the Genworth Group, agree that no member of the GE Group or any GE Indemnified Party shall have any Liability whatsoever to Genworth or any other member of the Genworth Group as a result of the insurance policies and practices of GE and its Affiliates as in effect at any time prior to the Closing Date, including as a result of the level or scope of any such insurance, the creditworthiness of any insurance carrier, the terms and conditions of any policy, the adequacy or timeliness of any notice to any insurance carrier with respect to any claim or potential claim or otherwise.

(e) Nothing in this Agreement shall be deemed to restrict any member of the Genworth Group from acquiring at its own expense any other insurance policy in respect of any Liabilities or covering any period; provided that Genworth shall give GE prompt written notice of any such insurance policy acquired prior to the Trigger Date.

6.4 Allocation of Costs and Expenses. GE shall pay (or, to the extent incurred by and paid for by any member of the Genworth Group, will promptly reimburse such party for any and all amounts so paid) for all out-of-pocket fees, costs and expenses incurred by Genworth or any member of the GE Group prior to the consummation of the Initial Public Offering in connection with the Transactions, including (a) the preparation and negotiation of this Agreement, each Transaction Document (unless otherwise expressly provided therein) and all other documentation related to the Transactions and all related transactions, including any financing transactions entered into by Genworth or any of its Subsidiaries, (b) the preparation and execution or filing of any and all other documents, agreements, forms, applications, contracts or consents associated with the

Transactions and all related transactions, (c) the preparation and filing of Genworth's and its Subsidiaries' organizational documents, (d) the preparation, printing and filing of any Registration Statement, including all fees and expenses of complying with applicable federal, state or foreign securities Laws and domestic or foreign securities exchange rules and regulations, together with fees and expenses of counsel retained to effect such compliance, (e) the preparation, printing and distribution of each Prospectus, (f) the private letter ruling from the Internal Revenue Service sought in connection with the Transactions, (g) the initial listing of the Genworth Common Stock on The New York Stock Exchange and (h) the preparation (including, but not limited to, the printing of documents) and implementation of Genworth's or its Subsidiaries' employee benefit plans, retirement plans and equity-based plans.

6.5 Covenants Against Taking Certain Actions Affecting GE .

(a) Genworth hereby covenants and agrees that it shall not, without the prior written consent of GE (which it may withhold in its sole and absolute discretion) take, or cause to be taken, directly or indirectly, any action, including making or failing to make any election under the Law of any state, which has the effect, directly or indirectly, of restricting or limiting the ability of GE or any of its Affiliates to freely sell, transfer, assign, pledge or otherwise dispose of shares of Genworth Common Stock. Without limiting the generality of the foregoing, Genworth shall not, without the prior written consent of GE (which it may withhold in its sole and absolute discretion), take any action, or recommend to its stockholders any action, which would among other things, limit the legal rights of, or deny any benefit to, GE as a Genworth stockholder in a manner not applicable to Genworth stockholders generally.

(b) Prior to the Trigger Date, to the extent that any member of the GE Group is a party to any contract or agreement with a third party (i) that provides that certain actions of GE's Subsidiaries may result in GE being in breach of or in default under such agreement and GE has advised Genworth, or Genworth is otherwise aware, of the existence of, such contract or agreement (or the relevant portions thereof), (ii) to which any member of the Genworth Group is a party or (iii) under which any member of the Genworth Group has performed any obligations on or before the date hereof, Genworth shall not take, and shall cause each other member of the Genworth Group not to take, any actions that reasonably could result in any member of the GE Group being in breach of or in default under any such contract or agreement; provided, that, except as set forth in any Transaction Document or otherwise agreed to in writing by any member of the Genworth Group, the foregoing shall not obligate any member of the Genworth Group to satisfy any volume assumptions or targets in any such contracts or agreements that are not specifically applicable to such member of the Genworth Group in such contracts or agreements. As of the date hereof, the contracts and agreements described in clause (i) above are set forth or generally described on Schedule 6.5(b). Genworth hereby acknowledges and agrees that GE has made available to Genworth copies of each contract or agreement (or the relevant portion thereof) described on Schedule 6.5(b). The parties acknowledge and agree that, after the date hereof, GE may in good faith (and not solely with the intention of imposing restrictions on Genworth pursuant to this covenant) amend the referenced agreements or enter into additional

contracts or agreements that provide that certain actions of any member of the Genworth Group may result in GE being in breach of or in default under such agreements; provided that GE shall use reasonable efforts to notify and consult with Genworth prior to entering into any such amendments or additional contracts or agreements to the extent that compliance therewith (i) could reasonably be expected to have a material adverse effect on any member of the Genworth Group or (ii) would discriminate in an adverse way in the treatment of members of the Genworth Group as compared with GE and its other Affiliates, and shall make available to Genworth copies of such amendments or additional contracts or agreements. In such event, Schedule 6.5(b) shall be deemed to be automatically amended to reflect the addition of any other contracts or agreements (or relevant portions thereof) of which GE advises Genworth after the date hereof in accordance with this Section 6.5(b).

(c) Genworth shall not, without GE's prior written consent, enter into any agreement or arrangement that, directly or indirectly, binds or purports to bind any member of the GE Group.

#### 6.6 No Violations.

(a) Genworth covenants and agrees that it shall not, and shall cause its Subsidiaries not to, take any action or enter into any commitment or agreement that may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by any member of the GE Group of: (i) any provisions of applicable Law; (ii) any provision of the organizational documents of any member of the GE Group; (iii) any credit agreement or other material instrument binding upon any member of the GE Group in effect as of the Closing Date; or (iv) any judgment, order or decree of any Governmental Authority having jurisdiction over any member of the GE Group or any of its respective assets.

(b) GE covenants and agrees that it shall not, and shall cause its Subsidiaries not to take any action or enter into any commitment or agreement that may reasonably be anticipated to result, with or without notice and with or without lapse of time or otherwise, in a contravention or event of default by any member of the Genworth Group of: (i) any provisions of applicable Law; (ii) any provision of the organizational documents of Genworth; (iii) any credit agreement or other material instrument binding upon Genworth in effect as of the Closing Date; (iv) the Bridge Loan and the Genworth Senior Notes; or (v) any judgment, order or decree of any Governmental Authority having jurisdiction over Genworth or any of its Assets.

(c) Genworth and GE agree to provide to the other any information and documentation reasonably requested by the other for the purpose of evaluating and ensuring compliance with Sections 6.6(a) and Section 6.6(b) hereof.

(d) Notwithstanding Section 6.6(b), nothing in this Agreement is intended to limit or restrict in any way GE's or its Affiliates' rights as shareholders of Genworth.

6.7 Registration Statements. To the extent necessary to enable the unrestricted transfer of the applicable shares of Genworth Common Stock, upon consummation of the Initial Public Offering, Genworth shall file and cause to remain effective a registration statement with the SEC to register Genworth Common Stock that may be acquired by employees of any member of the Genworth Group as contemplated by GE's or its Subsidiaries' employee stock or option plans.

6.8 Charter Provision. Genworth shall, and shall cause each of its Subsidiaries to, take any and all actions necessary to ensure continued compliance by Genworth and its Subsidiaries with the provisions of its certificate or articles of incorporation and by-laws. Genworth shall notify GE in writing promptly after becoming aware of any act or activity taken or proposed to be taken by Genworth or any of its Subsidiaries which resulted or would result in non-compliance with any such charter provisions and so long as GE owns any shares of Class B Common Stock Genworth shall take or refrain from taking all such actions as GE shall in its sole discretion determine necessary or desirable to prevent or remedy any such non-compliance.

6.9 Litigation and Settlement Cooperation. Prior to the Trigger Date, GE will use its commercially reasonable efforts to include Genworth and its Subsidiaries in the settlement of any Third Party Claim which jointly involves a member of the GE Group and a member of the Genworth Group; provided, however, that Genworth shall be responsible for its share of any such settlement obligation and any incremental cost (as reasonably determined by GE) to GE of including Genworth in such settlement; provided, further, that Genworth shall be permitted in good faith to opt out of any settlement if Genworth agrees to be responsible for defending its share of such Third Party Claim. The parties agree to cooperate in the defense and settlement of any such Third Party Claim which primarily relates to matters, actions, events or occurrences taking place prior to the Trigger Date. In addition, both Genworth and GE will use their commercially reasonable efforts to make the necessary filings to permit each party to defend its own interests in any such Third Party Claim as of the Trigger Date, or as soon as practicable thereafter.

6.10 Continuation of Certain Arrangements. GE and Genworth will each use commercially reasonable efforts to continue or cause to be continued the arrangements described in Schedule 6.10.

6.11 Future Intercompany Transactions. All proposed intercompany transactions between Genworth and GE after the Closing Date, including any material amendments to the Transaction Documents, and any consent or approval proposed to be granted by Genworth for GE's benefit, in each case that would ordinarily be submitted for approval by the board of directors of Genworth will be subject to the approval of a majority of the independent directors (as defined under the applicable rules of any securities exchange on which shares of Genworth Common Stock are listed) of the board of directors of Genworth.

6.12 Use of Restricted Marks; Certain Commercial Arrangements.

(a) Except as otherwise set forth below, during the period commencing on the Closing Date and ending on the first to occur of (x) the fifth anniversary of the Closing Date, (y) the termination of the right to use the Licensed Marks with respect to products and services under the Transitional Trademark Agreement, and (z) solely with respect to a specific type of product or service in a particular jurisdiction (including the use of the Licensed Marks in connection with products and services offered and jurisdictions entered after the Closing Date in accordance with the Transitional Trademark Agreement), the first date that Genworth ceases to use the Licensed Marks for a period of at least 180 days with respect to such type of product or service in such jurisdiction, GE will not, and will cause its Affiliates not to, use the Restricted Marks in connection with (i) the underwriting, marketing, endorsing, issuing, or administering (other than in connection with a reinsurance relationship) on a primary basis of life insurance, long-term care insurance, annuities (other than in conjunction with the offering of a GE or GE Affiliate-managed mutual fund investment offering underlying such annuities), and work site benefits insurance (for the avoidance of doubt, excluding employer stop loss, workers compensation, and excess workers compensation insurance underwritten or issued by any GE Affiliate on a direct basis as of the date hereof, provided that in connection therewith, the Restricted Marks are used in a substantially similar manner as used as of the date hereof) in the United States or of auto insurance products in the Republic of Mexico or (ii) the underwriting or issuing of mortgage insurance products or similar products providing credit default protection on residential mortgages anywhere in the world. In connection with clause (z) above, Genworth shall notify GE as promptly as practicable in connection with any cessation of use of the Restricted Marks as set forth above.

(b) Notwithstanding the foregoing, and without implicitly agreeing that any of the following activities would be prohibited by the restrictions set forth in paragraph (a) above, GE and its Affiliates shall not be prohibited from (i) using the Restricted Marks in any way in connection with (A) any business in which GE or any of its Affiliates (which, for purposes of this clause, shall not include Genworth and its Subsidiaries) is engaged as of the Closing or (B) the activities set forth on Schedule 6.12(b)(i)(B); (ii) using the Restricted Marks in the underwriting, marketing, endorsing, issuing, renewing, amending, and administering of any and all types of reinsurance and retrocession whether or not so used by GE or any of its Affiliates as of the Closing, including without limitation, reinsurance and retrocession of the types of business that, if underwritten or marketed on a primary basis by GE or its Affiliates using the Restricted Marks would violate the restrictions set forth in paragraph (a) above, provided that in connection with such reinsurance or retrocession, GE and its Affiliates will not use the Restricted Marks in marketing activities primarily directed to consumers; or (iii) making references to any Affiliate of GE as an Affiliate of GE or any of GE's Affiliates (including, without limitation, for the purposes of evidencing credit rating or other support); or (iv) making such disclosures as may be required by applicable Law.

(c) GE and Genworth agree that the underwriting, marketing, or issuing of payment protection products (as defined in the Framework Agreement) by GE's Consumer Finance Division in Europe shall be governed by the Framework

Agreement. GE agrees that to the extent GE or any other controlled Affiliate of GE desires to offer payment protection products in the jurisdictions covered by the Framework Agreement in conjunction with a consumer financing arrangement where GE or a GE Affiliate acts as the provider of finance, GE shall, or shall cause such controlled Affiliate, to enter into an arrangement substantially similar to, and for the period covered by, the Framework Agreement.

(d) GE agrees that if it or any of its controlled Affiliates decides to purchase mortgage insurance or any similar products in respect of any residential first mortgage loans or any such loans as it may purchase from third parties, it will so advise Genworth and, if the contemplated transactions would be in a market where Genworth is authorized to conduct such business, or can become so authorized within a three month period, seek a proposal for such coverage from Genworth no later than when it seeks such proposals or offers from any other sources. This obligation shall not apply in a market where GE or such controlled Affiliate has an existing relationship with a third party provider where it decides to purchase additional cover in respect of residential first mortgage loans from that provider in that market. GE and its controlled Affiliates will retain the right, in their sole discretion, to accept or reject Genworth's proposals or terms.

(e) The parties agree that it is not their intention to violate any law. The parties intend that the provisions of this Section 6.12 be enforced to the fullest extent permissible under the laws applicable in each jurisdiction in which enforcement is sought. If any provision of this Section 6.12 is found by a court or arbitrator to be unenforceable, the parties authorize the court or arbitrator to amend or modify the provision to make it enforceable in the most restrictive fashion permitted by law. For the avoidance of doubt, any Disputes relating to this Section 6.12 shall be resolved in accordance with the procedures set forth in Article VII of this Agreement except, with respect to paragraph (c), as otherwise provided in the Framework Agreement. GE acknowledges that any violation of the restrictions set forth above could result in irreparable injury to Genworth and that, in the event of a violation by GE or its Affiliates, Genworth shall be entitled to obtain injunctive relief in accordance with Article VII.

### 6.13 Committees.

(a) Compensation Committee. Prior to the Trigger Date, the compensation committee of the board of directors of Genworth shall be comprised of three directors, one of whom shall be designated by GE and two of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Genworth Common Stock are listed. From and after the Trigger Date, the compensation committee shall be comprised of three directors each of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Genworth Common Stock are listed.

(b) Nominating Committee. Prior to the Trigger Date the nominating committee shall be comprised of five directors, one of whom shall be the chief

executive officer of Genworth, one of whom shall be designated by GE and three of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Genworth Common Stock are listed. From and after the Trigger Date, the nominating committee shall be comprised of three directors each of whom shall be independent directors as defined under the applicable rules of any securities exchange on which shares of Genworth Common Stock are listed.

6.14 Bridge Loan. Genworth shall enter into the Bridge Loan prior to the consummation of the Initial Public Offering.

6.15 GE Policies. If a provision of Genworth's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws or of any Transaction Document contradicts a policy of the GE Parties (the "GE Policies") that applies to Subsidiaries of GE, such provision in Genworth's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws or Transaction Document shall control. In any other case, and except as otherwise agreed pursuant to the following sentence, the GE Policies that apply to Subsidiaries of GE shall apply to Genworth and its Subsidiaries until the Trigger Date.

## ARTICLE VII

### DISPUTE RESOLUTION

7.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement or the Transaction Documents (other than the Transaction Documents set forth on Schedule 7.1), or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Article VII, 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 7.1(f) 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 7.3 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) Except as provided in Section 7.1(f) in connection with any Dispute, 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 Article VII are pending. The parties will take such action, if any, required to effectuate such tolling.

(f) Notwithstanding anything to the contrary contained in this Article VII, any Dispute relating to GE's rights as a stockholder of Genworth pursuant to applicable Law, Genworth's Amended and Restated Certificate of Incorporation or Genworth's Amended and Restated Bylaws, including GE's rights as the holder of the Class B Common Stock, will not be governed by or subject to the procedures set forth in this Article VII. The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any state court located within the State of Delaware over any such Dispute and each party hereby irrevocably agrees that all claims in respect of any such Dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such Dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such Dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

7.2 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.

7.3 Mediation. If a Dispute is not resolved by negotiation as provided in Section 7.2 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.

7.4 Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 7.3 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 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 7.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 7.4 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 7.4(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. Notwithstanding Section 7.4(d) above, each party acknowledges that in the event of any actual or threatened breach of the provisions of (i) Section 6.2, Section 6.12 or Section 6.13, (ii) the Employee Matters Agreement, (iii) the Cross License Agreement, (iv) the Transitional Trademark License Agreement or (v) the Registration Rights Agreement, the remedy at law would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.

(f) Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article VII.

## ARTICLE VIII

### MISCELLANEOUS

#### 8.1 Corporate Power; Fiduciary Duty.

(a) Each of the GE Parties represents on behalf of itself, and Genworth represents on behalf of itself, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each other Transaction Document to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Transaction Document to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(b) Notwithstanding any provision of this Agreement or any Transaction Document, none of the GE Parties nor Genworth shall be required to take or omit to take any act that would violate its fiduciary duties to any minority stockholders of Genworth or any non-wholly owned Subsidiary of GE or Genworth, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned).

8.2 Governing Law. This Agreement and, unless expressly provided therein, each other Transaction Document, shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

8.3 Survival of Covenants. Except as expressly set forth in any Transaction Document, the covenants and other agreements contained in this Agreement and each Transaction Document, and liability for the breach of any obligations contained herein or therein, shall survive each of the Separation and the Initial Public Offering and shall remain in full force and effect; provided, however, that Genworth's obligations under Sections 4.6 and 4.9 shall terminate on the first date on which GE ceases to beneficially own, in the aggregate (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) at least one percent (1%) of the outstanding Genworth Common Stock.

8.4 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, unless otherwise expressly provided therein, any Transaction Document, 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.

8.5 Notices. All notices, requests, claims, demands and other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Transaction Documents 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 8.5):

If to the GE Parties, to:

[to be completed]

If to Genworth, to:

[to be completed]

8.6 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.

8.7 Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules and Exhibits 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.

8.8 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. Except as provided in Article V 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.

8.9 Public Announcements. GE and Genworth shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement and the Transaction Documents, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system.

8.10 Amendment. 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 any 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.

8.11 Rules of Construction. Interpretation of this Agreement 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, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement 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 (f) this Agreement 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.

8.12 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 any such Agreement.

[The remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GENERAL ELECTRIC COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GEI, INC.

By: \_\_\_\_\_  
Name:  
Title:

GE FINANCIAL ASSURANCE HOLDINGS, INC.

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

**REGISTRATION RIGHTS AGREEMENT**

This REGISTRATION RIGHTS AGREEMENT (this “Agreement”), dated as of \_\_\_\_\_, 2004, is entered into by and between Genworth Financial, Inc., a Delaware corporation (including its successors, the “Company”), and GE Financial Assurance Holdings, Inc., a Delaware corporation (“GEFAHI”).

**RECITALS**

WHEREAS, the Company, GEFAHI, General Electric Company, General Electric Capital Corporation and GEI, Inc. are parties to that certain Master Agreement dated as of \_\_\_\_\_, 2004 (the “Master Agreement”), pursuant to which, among other things, the Company will issue to GEFAHI shares of the Company’s Class B common stock, par value \$.001 per share (“Class B Common Stock”);

WHEREAS, pursuant to the Company’s Restated Certificate of Incorporation the Class B Common Stock may only be owned by General Electric Company and its affiliates, and any purported sale, transfer or other disposition of shares of Class B Common Stock to any other Person will result in the automatic conversion of such transferred shares into shares of the Company’s Class A common stock, par value \$.001 per share (“Class A Common Stock” and, together with the Class B Common Stock, the “Common Stock”);

WHEREAS, the Company has filed a Registration Statement (File No. 333-\_\_\_\_\_) with the Securities and Exchange Commission on Form S-1 (the “Registration Statement”) in connection with the initial public offering (the “IPO”) of shares of its Class A Common Stock; and

WHEREAS, the Company has agreed to provide GEFAHI with the registration rights specified in this Agreement following the IPO with respect to any shares of Common Stock held by GEFAHI or any other Holder, on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1**  
**DEFINITIONS**

1.1 Definitions. Capitalized terms used in this Agreement and not otherwise defined herein shall have the meanings ascribed to such terms in the Master Agreement. The following terms shall have the meanings set forth in this Section 1.1:

“Exchange Act” means the Securities Exchange Act of 1934, as amended, or any similar federal statute, and the rules and regulations promulgated by the SEC thereunder.

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“Excluded Registration” means a registration under the Securities Act of (i) securities pursuant to one or more Demand Registrations pursuant to Section 2 hereof, (ii) securities registered on Form S-8 or any similar successor form, and (iii) securities registered to effect the acquisition of, or combination with, another Person.

“Holder” means (i) GEFAHI and (ii) any direct or indirect transferee of GEFAHI who shall become a party to this Agreement in accordance with Section 2.9 and has agreed in writing to be bound by the terms of this Agreement.

“Person” or “person” means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or other agency or political subdivision thereof.

“register,” “registered” and “registration” refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the effectiveness of such registration statement.

“Registrable Shares” means the Common Stock owned by the Holders, whether owned on the date hereof or acquired hereafter; provided, however, that shares of Common Stock that, pursuant to Section 3.1, no longer have registration rights hereunder shall not be considered Registrable Shares.

“Requesting Holders” shall mean any Holder(s) requesting to have its (their) Registrable Shares included in any Demand Registration or Shelf Registration.

“SEC” means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

“Securities Act” means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations promulgated by the SEC thereunder.

1.2 Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the section or agreement indicated.

<u>Term</u>	<u>Section</u>
Adverse Effect	Section 2.1.5
Advice	Section 2.6
Affiliate	Master Agreement
Agreement	Introductory Paragraph
Class A Common Stock	Recitals
Class B Common Stock	Recitals
Common Stock	Recitals
Company	Introductory Paragraph
Demand Registration	Section 2.1.1(a)
Demanding Shareholders	Section 2.1.1(a)
Demand Request	Section 2.1.1(a)
GEFAHI	Introductory Paragraph

Inspectors	Section 2.5(xiii)
IPO	Recitals
Master Agreement	Recitals
NASD	Section 2.7
No-Black-Out Period	Section 2.1.6(b)
Piggyback Registration	Section 2.2.1
Records	Section 2.5(xiii)
Registration Statement	Recitals
Required Filing Date	Section 2.1.1(b)
Seller Affiliates	Section 2.8.1
Shelf Registration	Section 2.1.2
Suspension Notice	Section 2.6

1.3 Rules of Construction . Unless the context otherwise requires

- (1) a term has the meaning assigned to it;
- (2) “or” is not exclusive;
- (3) words in the singular include the plural, and words in the plural include the singular;
- (4) provisions apply to successive events and transactions; and
- (5) “herein,” “hereof” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision.

**ARTICLE 2**  
**REGISTRATION RIGHTS**

2.1 Demand Registration .

2.1.1 Request for Registration .

(a) Commencing on the date hereof, any Holder or Holders of Registrable Shares shall have the right to require the Company to file a registration statement on Form S-1, S-2 or S-3 or any similar or successor to such forms under the Securities Act for a public offering of all or part of its or their Registrable Shares (a “Demand Registration”), by delivering to the Company written notice stating that such right is being exercised, naming, if applicable, the Holders whose Registrable Shares are to be included in such registration (collectively, the “Demanding Shareholders”), specifying the number of each such Demanding Shareholder’s Registrable Shares to be included in such registration and, subject to Section 2.1.3 hereof, describing the intended method of distribution thereof (a “Demand Request”). The IPO Registration Statement shall not constitute a Demand Registration for any purpose under this Agreement.

(b) Each Demand Request shall specify the aggregate number of Registrable Shares proposed to be sold. Subject to Section 2.1.6, the Company shall file the registration statement in respect of a Demand Registration as soon as practicable and, in any event, within forty-five (45) days after receiving a Demand Request (the “Required Filing Date”) and shall use reasonable best efforts to cause the same to be declared effective by the SEC as promptly as practicable after such filing; provided, however, that:

(i) the Company shall not be obligated to effect a Demand Registration pursuant to Section 2.1.1(a) (A) within 60 days after the effective date of a previous Demand Registration, other than a Shelf Registration pursuant to this Article 2, or (B) within 180 days after the effective date of the IPO Registration Statement;

(ii) the Company shall not be obligated to effect a Demand Registration pursuant to Section 2.1.1(a) unless the Demand Request is for a number of Registrable Shares with a market value that is equal to at least \$150 million as of the date of such Demand Request; and

(iii) the Company shall not be obligated to effect pursuant to Section 2.1.1(a) (A) more than two Demand Registrations during the first 12 months following the date hereof or (B) more than three Demand Registrations during any 12-month period thereafter.

2.1.2 Shelf Registration. With respect to any Demand Registration, the Requesting Holders may request the Company to effect a registration of the Common Stock under a registration statement pursuant to Rule 415 under the Securities Act (or any successor rule) (a “Shelf Registration”).

2.1.3 Selection of Underwriters. At the request of a majority of the Requesting Holders, the offering of Registrable Shares pursuant to a Demand Registration shall be in the form of a “firm commitment” underwritten offering. The Holders of a majority of the Registrable Shares to be registered in a Demand Registration shall select the investment banking firm or firms to manage the underwritten offering, provided that such selection shall be subject to the consent of the Company, which consent shall not be unreasonably withheld or delayed. No Holder may participate in any registration pursuant to Section 2.1.1 unless such Holder (x) agrees to sell such Holder’s Registrable Shares on the basis provided in any underwriting arrangements described above and (y) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements; provided, however, that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (i) such Holder’s ownership of his or its Registrable Shares to be transferred free and clear of all liens, claims, and

encumbrances, (ii) such Holder's power and authority to effect such transfer, and (iii) such matters pertaining to compliance with securities laws as may be reasonably requested; provided, further, however, that the obligation of such Holder to indemnify pursuant to any such underwriting arrangements shall be several, not joint and several, among such Holders selling Registrable Shares, and the liability of each such Holder will be in proportion thereto, and provided, further, that such liability will be limited to the net amount received by such Holder from the sale of his or its Registrable Shares pursuant to such registration.

2.1.4 Rights of Nonrequesting Holders. Upon receipt of any Demand Request, the Company shall promptly (but in any event within ten (10) days) give written notice of such proposed Demand Registration to all other Holders, who shall have the right, exercisable by written notice to the Company within twenty (20) days of their receipt of the Company's notice, to elect to include in such Demand Registration such portion of their Registrable Shares as they may request. All Holders requesting to have their Registrable Shares included in a Demand Registration in accordance with the preceding sentence shall be deemed to be "Requesting Holders" for purposes of this Section 2.1.

2.1.5 Priority on Demand Registrations. No securities to be sold for the account of any Person (including the Company) other than a Requesting Holder shall be included in a Demand Registration unless the managing underwriter or underwriters shall advise the Requesting Holders in writing that the inclusion of such securities will not adversely affect the price, timing or distribution of the offering or otherwise adversely affect its success (an "Adverse Effect"). Furthermore, if the managing underwriter or underwriters shall advise the Requesting Holders that, even after exclusion of all securities of other Persons pursuant to the immediately preceding sentence, the amount of Registrable Shares proposed to be included in such Demand Registration by Requesting Holders is sufficiently large to cause an Adverse Effect, the Registrable Shares of the Requesting Holders to be included in such Demand Registration shall equal the number of shares which the Requesting Holders are so advised can be sold in such offering without an Adverse Effect and such shares shall be allocated pro rata among the Requesting Holders on the basis of the number of Registrable Shares requested to be included in such registration by each such Requesting Holder.

2.1.6 Deferral of Filing.

(a) The Company may defer the filing (but not the preparation) of a registration statement required by Section 2.1 until a date not later than ninety (90) days after the Required Filing Date if (i) at the time the Company receives the Demand Request, the Company or any of its Subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the Board of Directors of the Company or a committee of the Board of Directors of the Company determines in good faith that such disclosure would be materially detrimental to the Company and its stockholders, or (ii) prior to receiving the Demand Request, the Company had determined to effect a registered underwritten public

offering of the Company's securities for the Company's account and the Company had taken substantial steps (including, but not limited to, selecting a managing underwriter for such offering) and is proceeding with reasonable diligence to effect such offering. A deferral of the filing of a registration statement pursuant to this Section 2.1.6 shall be lifted, and the requested registration statement shall be filed forthwith, if, in the case of a deferral pursuant to clause (i) of the preceding sentence, the negotiations or other activities are disclosed or terminated, or, in the case of a deferral pursuant to clause (ii) of the preceding sentence, the proposed registration for the Company's account is abandoned. In order to defer the filing of a registration statement pursuant to this Section 2.1.6, the Company shall promptly (but in any event within ten (10) days), upon determining to seek such deferral, deliver to each Requesting Holder a certificate signed by an executive officer of the Company stating that the Company is deferring such filing pursuant to this Section 2.1.6 and a general statement of the reason for such deferral and an approximation of the anticipated delay. Within twenty (20) days after receiving such certificate, the holders of a majority of the Registrable Shares held by the Requesting Holders and for which registration was previously requested may withdraw such Demand Request by giving notice to the Company; if withdrawn, the Demand Request shall be deemed not to have been made for all purposes of this Agreement. The Company may defer the filing of a particular registration statement pursuant to this Section 2.1.6(a) only once.

(b) Notwithstanding Section 2.1.6(a), with respect to two Demand Registrations only, if GEFAHI or any Affiliate thereof makes a request for any such Demand Registration, the Company shall not have the right under Section 2.1.6(a) to defer the filing of such registration or to not file such registration statement during the period from and including the date of this Agreement through and including the second anniversary thereof (the "No-Black-Out Period").

## 2.2 Piggyback Registrations.

2.2.1 Right to Piggyback. Each time the Company proposes to register any of its equity securities (other than pursuant to an Excluded Registration) under the Securities Act for sale to the public (whether for the account of the Company or the account of any securityholder of the Company) (a "Piggyback Registration"), the Company shall give prompt written notice to each Holder of Registrable Shares (which notice shall be given not less than twenty (20) days prior to the anticipated filing date of the Company's registration statement), which notice shall offer each such Holder the opportunity to include any or all of its Registrable Shares in such registration statement, subject to the limitations contained in Section 2.2.2 hereof. Each Holder who desires to have its Registrable Shares included in such registration statement shall so advise the Company in writing (stating the number of shares desired to be registered) within ten (10) days after the date of such notice from the Company. Any Holder shall have the right to withdraw such Holder's request for inclusion of such Holder's Registrable Shares in any registration statement pursuant to this Section 2.2.1 by giving written notice to the Company of such withdrawal. Subject to Section 2.2.2 below, the Company shall include in such registration statement all such Registrable Shares so requested to be included therein; provided, however, that the Company may at any time withdraw or cease

proceeding with any such registration if it shall at the same time withdraw or cease proceeding with the registration of all other equity securities originally proposed to be registered.

### 2.2.2 Priority on Piggyback Registrations.

(a) If a Piggyback Registration is an underwritten offering and was initiated by the Company, and if the managing underwriter advises the Company that the inclusion of Registrable Shares requested to be included in the Registration Statement would cause an Adverse Effect, the Company shall include in such registration statement (i) first, the securities the Company proposes to sell, (ii) second, the Registrable Shares requested to be included in such registration, pro rata among the Holders of such Registrable Shares on the basis of the number of Registrable Shares owned by each such Holder, and (iii) third, any other securities requested to be included in such registration. If as a result of the provisions of this Section 2.2.2(a) any Holder shall not be entitled to include all Registrable Shares in a registration that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Shares in such registration statement.

(b) If a Piggyback Registration is an underwritten offering and was initiated by a security holder of the Company, and if the managing underwriter advises the Company that the inclusion of Registrable Shares requested to be included in the Registration Statement would cause an Adverse Effect, the Company shall include in such registration statement (i) first, the securities requested to be included therein by the security holders requesting such registration and the Registrable Shares requested to be included in such registration, pro rata among the holders of such securities on the basis of the number of securities owned by each such holder, and (ii) second, any other securities requested to be included in such registration (including securities to be sold for the account of the Company). If as a result of the provisions of this Section 2.2.2(b) any Holder shall not be entitled to include all Registrable Shares in a registration that such Holder has requested to be so included, such Holder may withdraw such Holder's request to include Registrable Shares in such registration statement.

(c) No Holder may participate in any registration statement in respect of a Piggyback Registration hereunder unless such Holder (x) agrees to sell such Holder's Registrable Shares on the basis provided in any underwriting arrangements approved by the Company and (y) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents, each in customary form, reasonably required under the terms of such underwriting arrangements; provided, however, that no such Holder shall be required to make any representations or warranties in connection with any such registration other than representations and warranties as to (i) such Holder's ownership of his or its Registrable Shares to be sold or transferred free and clear of all liens, claims, and encumbrances, (ii) such Holder's power and authority to effect such transfer, and (iii) such matters pertaining to compliance with securities laws as may be reasonably requested; provided, further, however, that the obligation of such Holder to indemnify pursuant to any such underwriting arrangements shall be several, not joint and several, among such Holders selling Registrable Shares, and the liability of each

such Holder will be in proportion to, and provided, further, that such liability will be limited to, the net amount received by such Holder from the sale of his or its Registrable Shares pursuant to such registration.

2.2.3 Selection of Underwriters . If any Piggyback Registration is an underwritten offering and any of the investment banking firms selected to manage the offering was not one of the managers of the IPO, any such investment banking firm shall not administer such offering if the Holders of a majority of the Registrable Shares included in such Piggyback Registration are GEFAHI or Affiliates thereof and such Holders reasonably object thereto.

2.3 SEC Form S-3 . The Company shall use its reasonable best efforts to cause Demand Registrations to be registered on Form S-3 (or any successor form) once the Company becomes eligible to use Form S-3, and if the Company is not then eligible under the Securities Act to use Form S-3, Demand Registrations shall be registered on the form for which the Company then qualifies. The Company shall use its reasonable best efforts to become eligible to use Form S-3 and, after becoming eligible to use Form S-3, shall use its reasonable best efforts to remain so eligible.

2.4 Holdback Agreements .

(a) The Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to and during the 90-day period beginning on the effective date of any registration statement in connection with a Demand Registration (other than a Shelf Registration) or a Piggyback Registration, except pursuant to registrations on Form S-4 or Form S-8 or any successor form or unless the underwriters managing any such public offering otherwise agree.

(b) Except with the prior written consent of the Holders of a majority of the Registrable Shares, such consent not to be withheld unless any such Holder intends to, or in good faith believes that it is reasonably likely to, request a Demand Registration that could reasonably be expected to be in registration or become effective during the No-Black-Out Period, the Company shall not file during the No-Black-Out Period any registration statement (except as part of a Demand Registration or pursuant to registrations on Forms S-4 or S-8 or any successor forms) relating to the public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities.

(c) If any Holders of Registrable Shares notify the Company in writing that they intend to effect an underwritten sale of Common Stock registered pursuant to a Shelf Registration pursuant to Article 2 hereof, the Company shall not effect any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for its equity securities, during the seven days prior to and during the 90-day period beginning on the date such notice is received, except pursuant to registrations on Form S-4 or Form S-8 or any successor form or unless the underwriters managing any such public offering otherwise agree.

(d) Each Holder agrees, in the event of an underwritten offering by the Company (whether for the account of the Company or otherwise), not to offer, sell, contract to sell or otherwise dispose of any Registrable Securities, or any securities convertible into or exchangeable or exercisable for such securities, including any sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten offering), during the 7 days prior to, and during the 90-day period (or such lesser period as the lead or managing underwriters may require) beginning on, the effective date of the registration statement for such underwritten offering (or, in the case of an offering pursuant to an effective shelf registration statement pursuant to Rule 415, the pricing date for such underwritten offering).

2.5 Registration Procedures. Whenever any Holder has requested that any Registrable Shares be registered pursuant to this Agreement, the Company will use its reasonable best efforts to effect the registration and the sale of such Registrable Shares in accordance with the intended method of disposition thereof as promptly as is practicable, and pursuant thereto the Company will as expeditiously as possible:

(i) prepare and file with the SEC, pursuant to Section 2.1.1(b) with respect to any Demand Registration, a registration statement on any appropriate form under the Securities Act with respect to such Registrable Shares and use its reasonable best efforts to cause such registration statement to become effective, provided that as far in advance as practicable before filing such registration statement or any amendment thereto, the Company will furnish to the selling Holders copies of reasonably complete drafts of all such documents prepared to be filed (including exhibits), and any such Holder shall have the opportunity to object to any information contained therein and the Company will make corrections reasonably requested by such Holder with respect to such information prior to filing any such registration statement or amendment;

(ii) except in the case of a Shelf Registration, prepare and file with the SEC such amendments, post-effective amendments, and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective for a period of not less than one hundred eighty (180) days (or such lesser period as is necessary for the underwriters in an underwritten offering to sell unsold allotments) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such registration statement;

(iii) in the case of a Shelf Registration, prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Shares

subject thereto for a period ending on the earlier of (x) 24 months after the effective date of such registration statement and (y) the date on which all the Registrable Shares subject thereto have been sold pursuant to such registration statement;

(iv) furnish to each seller of Registrable Shares and the underwriters of the securities being registered such number of copies of such registration statement, each amendment and supplement thereto, the prospectus included in such registration statement (including each preliminary prospectus), any documents incorporated by reference therein and such other documents as such seller or underwriters may reasonably request in order to facilitate the disposition of the Registrable Shares owned by such seller or the sale of such securities by such underwriters (it being understood that, subject to Section 2.6 and the requirements of the Securities Act and applicable state securities laws, the Company consents to the use of the prospectus and any amendment or supplement thereto by each seller and the underwriters in connection with the offering and sale of the Registrable Shares covered by the registration statement of which such prospectus, amendment or supplement is a part);

(v) use its reasonable best efforts to register or qualify such Registrable Shares under such other securities or blue sky laws of such jurisdictions as the managing underwriter reasonably requests (or, in the event the registration statement does not relate to an underwritten offering, as the holders of a majority of such Registrable Shares may reasonably request); use its reasonable best efforts to keep each such registration or qualification (or exemption therefrom) effective during the period in which such registration statement is required to be kept effective; and do any and all other acts and things which may be reasonably necessary or advisable to enable each seller to consummate the disposition of the Registrable Shares owned by such seller in such jurisdictions ( provided, however, that the Company will not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this subparagraph or (B) consent to general service of process in any such jurisdiction);

(vi) promptly notify each seller and each underwriter and (if requested by any such Person) confirm such notice in writing (A) when a prospectus or any prospectus supplement or post-effective amendment has been filed and, with respect to a registration statement or any post-effective amendment, when the same has become effective, (B) of the issuance by any state securities or other regulatory authority of any order suspending the qualification or exemption from qualification of any of the Registrable Shares under state securities or “blue sky” laws or the initiation of any proceedings for that purpose, and (C) of the happening of any event which makes any statement made in a registration statement or related prospectus untrue or which requires the making of any changes in

such registration statement, prospectus or documents so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and, as promptly as practicable thereafter, prepare and file with the SEC and furnish a supplement or amendment to such prospectus so that, as thereafter deliverable to the purchasers of such Registrable Shares, such prospectus will not contain any untrue statement of a material fact or omit a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vii) permit any selling Holder, which in such Holder's sole and exclusive judgment, might reasonably be deemed to be an underwriter or a controlling person of the Company, to participate in the preparation of such registration or comparable statement and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such Holder and its counsel should be included;

(viii) make reasonably available members of management of the Company, as selected by the Holders of a majority of the Registrable Shares included in such registration, for assistance in the selling effort relating to the Registrable Shares covered by such registration, including, but not limited to, the participation of such members of the Company's management in road show presentations;

(ix) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, including the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder, and make generally available to the Company's securityholders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act no later than thirty (30) days after the end of the twelve (12) month period beginning with the first day of the Company's first fiscal quarter commencing after the effective date of a registration statement, which earnings statement shall cover said twelve (12) month period, and which requirement will be deemed to be satisfied if the Company timely files complete and accurate information on Forms 10-Q, 10-K and 8-K under the Exchange Act and otherwise complies with Rule 158 under the Securities Act;

(x) if requested by the managing underwriter or any seller promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or any seller reasonably requests to be included therein, including, without limitation, with respect to the Registrable Shares being sold by such seller, the purchase price being paid therefor by the underwriters and with respect to any other terms of the underwritten offering of the Registrable Shares to

be sold in such offering, and promptly make all required filings of such prospectus supplement or post-effective amendment;

(xi) as promptly as practicable after filing with the SEC of any document which is incorporated by reference into a registration statement (in the form in which it was incorporated), deliver a copy of each such document to each seller;

(xii) cooperate with the sellers and the managing underwriter to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under applicable law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the managing underwriter or such sellers may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(xiii) promptly make available for inspection by any seller, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement; provided, however, that, unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement or the release of such Records is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, the Company shall not be required to provide any information under this subparagraph (x) if (A) the Company believes, after consultation with counsel for the Company, that to do so would cause the Company to forfeit an attorney-client privilege that was applicable to such information or (B) if either (1) the Company has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise or (2) the Company reasonably determines in good faith that such Records are confidential and so notifies the Inspectors in writing, unless prior to furnishing any such information with respect to clause (B) such Holder of Registrable Shares requesting such information agrees to enter into a confidentiality agreement in customary form and subject to customary exceptions; and provided, further, that each Holder of Registrable Shares agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company, at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;

(xiv) furnish to each seller and underwriter a signed counterpart of (A) an opinion or opinions of counsel to the Company, and (B) a comfort letter or comfort letters from the Company's independent public accountants, each in customary form and covering such matters of the type customarily covered by opinions or comfort letters, as the case may be, as the sellers or managing underwriter reasonably requests;

(xv) cause the Registrable Shares included in any registration statement to be (A) listed on each securities exchange, if any, on which similar securities issued by the Company are then listed, or (B) quoted on the National Association of Securities Dealers, Inc. Automated Quotation System or the Nasdaq National Market if similar securities issued by the Company are quoted thereon;

(xvi) provide a transfer agent and registrar for all Registrable Securities registered hereunder;

(xvii) cooperate with each seller and each underwriter participating in the disposition of such Registrable Shares and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc.;

(xviii) during the period when the prospectus is required to be delivered under the Securities Act, promptly file all documents required to be filed with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act;

(xix) notify each seller of Registrable Shares promptly of any request by the SEC for the amending or supplementing of such registration statement or prospectus or for additional information;

(xx) enter into such agreements (including underwriting agreements in the managing underwriter's customary form) as are customary in connection with an underwritten registration; and

(xxi) advise each seller of such Registrable Shares, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for such purpose and promptly use its reasonable best efforts to prevent the issuance of any stop order or to obtain its withdrawal at the earliest possible moment if such stop order should be issued.

2.6 Suspension of Dispositions. Each Holder agrees by acquisition of any Registrable Shares that, upon receipt of any notice (a "Suspension Notice") from the Company of the happening of any event of the kind described in Section 2.5(vi)(C) such Holder will forthwith discontinue disposition of Registrable Shares until such Holder's receipt of the copies of the supplemented or amended prospectus, or until it is advised in

writing (the “Advice”) by the Company that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings which are incorporated by reference in the prospectus, and, if so directed by the Company, such Holder will deliver to the Company all copies, other than permanent file copies then in such Holder’s possession, of the prospectus covering such Registrable Shares current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of registration statements set forth in Sections 2.5(ii) and 2.5(iii) hereof shall be extended by the number of days during the period from and including the date of the giving of the Suspension Notice to and including the date when each seller of Registrable Shares covered by such registration statement shall have received the copies of the supplemented or amended prospectus or the Advice. The Company shall use its reasonable best efforts and take such actions as are reasonably necessary to render the Advice as promptly as practicable.

## 2.7 Registration Expenses.

2.7.1 Demand Registrations. All reasonable, out-of-pocket fees and expenses incident to any Demand Registration including, without limitation, the Company’s performance of or compliance with this Article 2, all registration and filing fees, all fees and expenses associated with filings required to be made with the National Association of Securities Dealers, Inc. (“NASD”) (including, if applicable, the reasonable fees and expenses of any “qualified independent underwriter” as such term is defined in Schedule E of the By-Laws of the NASD, and of its counsel), as may be required by the rules and regulations of the NASD, fees and expenses of compliance with securities or “blue sky” laws (including reasonable fees and disbursements of counsel in connection with “blue sky” qualifications of the Registrable Shares), rating agency fees, printing expenses (including expenses of printing certificates for the Registrable Shares in a form eligible for deposit with Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by a Holder of Registrable Shares), messenger and delivery expenses, the fees and expenses incurred in connection with any listing or quotation of the Registrable Shares, fees and expenses of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or “cold comfort” letters required by or incident to such performance), the fees and expenses of any special experts retained by the Company in connection with such registration, and any underwriting discounts, commissions, or fees attributable to the sale of the Registrable Shares, will be borne by the Holders pro rata on the basis of the number of shares so registered whether or not any registration statement becomes effective, and the fees and expenses of any counsel, accountants, or other persons retained or employed by any Holder will be borne by such Holder.

2.7.2 Piggyback Registrations. All fees and expenses incident to any Piggyback Registration including, without limitation, the Company’s performance of or compliance with this Article 2, all registration and filing fees, all fees and expenses associated with filings required to be made with the NASD (including, if applicable, the reasonable fees and expenses of any “qualified independent underwriter” as such term is defined in Schedule E of the By-Laws of the NASD, and of its counsel), as may be required by the rules and regulations of the NASD, fees and expenses of compliance with

securities or “blue sky” laws (including reasonable fees and disbursements of counsel in connection with “blue sky” qualifications of the Registrable Shares), rating agency fees, printing expenses (including expenses of printing certificates for the Registrable Shares in a form eligible for deposit with Depository Trust Company and of printing prospectuses), messenger and delivery expenses, the fees and expenses incurred in connection with any listing or quotation of the Registrable Shares, fees and expenses of counsel for the Company and its independent certified public accountants (including the expenses of any special audit or “cold comfort” letters required by or incident to such performance), the fees and expenses of any special experts retained by the Company in connection with such registration, and the fees and expenses of other persons retained by the Company, will be borne by the Company (unless paid by a security holder that is not a Holder for whose account the registration is being effected) whether or not any registration statement becomes effective; provided, however, that any underwriting discounts, commissions, or fees attributable to the sale of the Registrable Shares will be borne by the Holders pro rata on the basis of the number of shares so registered and the fees and expenses of any counsel, accountants, or other persons retained or employed by any Holder will be borne by such Holder.

## 2.8 Indemnification.

2.8.1 The Company agrees to indemnify and reimburse, to the fullest extent permitted by law, each seller of Registrable Shares, and each of its employees, advisors, agents, representatives, partners, officers, and directors and each Person who controls such seller (within the meaning of the Securities Act or the Exchange Act) and any agent or investment advisor thereof (collectively, the “Seller Affiliates”) (A) against any and all losses, claims, damages, liabilities, and expenses, joint or several (including, without limitation, attorneys’ fees and disbursements except as limited by Section 2.8.3) based upon, arising out of, related to or resulting from any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus, or preliminary prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) against any and all loss, liability, claim, damage, and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation or investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, and (C) against any and all costs and expenses (including reasonable fees and disbursements of counsel) as may be reasonably incurred in investigating, preparing, or defending against any litigation, or investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon, arising out of, related to or resulting from any such untrue statement or omission or alleged untrue statement or omission, or such violation of the Securities Act or Exchange Act, to the extent that any such expense or cost is not paid under subparagraph (A) or (B) above; except insofar as any such statements are made in reliance upon and in strict conformity with information furnished in writing to the Company by such seller or any Seller Affiliate for use therein or arise from such seller’s or any Seller Affiliate’s failure to deliver a copy of the registration statement or

prospectus or any amendments or supplements thereto after the Company has furnished such seller or Seller Affiliate with a sufficient number of copies of the same. The reimbursements required by this Section 2.8.1 will be made by periodic payments during the course of the investigation or defense, as and when bills are received or expenses incurred.

2.8.2 In connection with any registration statement in which a seller of Registrable Shares is participating, each such seller will furnish to the Company in writing such information and affidavits as the Company reasonably requests for use in connection with any such registration statement or prospectus and, to the fullest extent permitted by law, each such seller will indemnify the Company and each of its employees, advisors, agents, representatives, partners, officers and directors and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) and any agent or investment advisor thereof against any and all losses, claims, damages, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and disbursements except as limited by Section 2.8.3) resulting from any untrue statement or alleged untrue statement of a material fact contained in the registration statement, prospectus, or any preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or alleged untrue statement or omission or alleged omission is contained in any information or affidavit so furnished in writing by such seller or any of its Seller Affiliates specifically for inclusion in the registration statement; provided that the obligation to indemnify will be several, not joint and several, among such sellers of Registrable Shares, and the liability of each such seller of Registrable Shares will be in proportion to, and will be limited to, the net amount received by such seller from the sale of Registrable Shares pursuant to such registration statement; provided, however, that such seller of Registrable Shares shall not be liable in any such case to the extent that prior to the filing of any such registration statement or prospectus or amendment thereof or supplement thereto, such seller has furnished in writing to the Company information expressly for use in such registration statement or prospectus or any amendment thereof or supplement thereto which corrected or made not misleading information previously furnished to the Company.

2.8.3 Any Person entitled to indemnification hereunder will (A) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that the failure to give such notice shall not limit the rights of such Person) and (B) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person unless (X) the indemnifying party has agreed to pay such fees or expenses, or (Y) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person. If such defense is not assumed by the indemnifying party as permitted hereunder,

the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). If such defense is assumed by the indemnifying party pursuant to the provisions hereof, such indemnifying party shall not settle or otherwise compromise the applicable claim unless (1) such settlement or compromise contains a full and unconditional release of the indemnified party or (2) the indemnified party otherwise consents in writing. An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party, a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the reasonable fees and disbursements of such additional counsel or counsels.

2.8.4 Each party hereto agrees that, if for any reason the indemnification provisions contemplated by Section 2.8.1 or Section 2.8.2 are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages, liabilities, or expenses (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, liabilities, or expenses (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the actions which resulted in the losses, claims, damages, liabilities or expenses as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.8.4 were determined by pro rata allocation (even if the Holders or any underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 2.8.4. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, or expenses (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or, except as provided in Section 2.8.3, defending any such action or claim. Notwithstanding the provisions of this Section 2.8.4, no Holder shall be required to contribute an amount greater than the dollar amount by which the net proceeds received by such Holder with respect to the sale of any Registrable Shares exceeds the amount of damages which such Holder has otherwise been required to pay by reason of any and all untrue or alleged untrue statements of material fact or omissions or alleged omissions of material fact made in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto related to such sale of Registrable Shares. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be

entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations in this Section 2.8.4 to contribute shall be several in proportion to the amount of Registrable Shares registered by them and not joint.

If indemnification is available under this Section 2.8, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Section 2.8.1 and Section 2.8.2 without regard to the relative fault of said indemnifying party or indemnified party or any other equitable consideration provided for in this Section 2.8.4 subject, in the case of the Holders, to the limited dollar amounts set forth in Section 2.8.2.

2.8.5 The indemnification and contribution provided for under this Agreement will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified party or any officer, director, or controlling Person of such indemnified party and will survive the transfer of securities.

2.9 Transfer of Registration Rights. The rights of each Holder under this Agreement may be assigned to any direct or indirect transferee of a Holder who agrees in writing to be subject to and bound by all the terms and conditions of this Agreement.

2.10 Rule 144. The Company will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, will, upon the request of the Holders, make publicly available other information) and will take such further action as the Holders may reasonably request, all to the extent required from time to time to enable the Holders to sell Common Stock without registration under the Securities Act within the limitation of the exemptions provided by (i) Rule 144 under the Securities Act, as such rule may be amended from time to time or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the reasonable request of any Holder, the Company will deliver to such parties a written statement as to whether it has complied with such requirements and will, at its expense, forthwith upon the request of any such Holder, deliver to such Holder a certificate, signed by the Company's principal financial officer, stating (a) the Company's name, address and telephone number (including area code), (b) the Company's Internal Revenue Service identification number, (c) the Company's SEC file number, (d) the number of shares of each class of capital stock outstanding as shown by the most recent report or statement published by the Company, and (e) whether the Company has filed the reports required to be filed under the Exchange Act for a period of at least ninety (90) days prior to the date of such certificate and in addition has filed the most recent annual report required to be filed thereunder.

2.11 Preservation of Rights. The Company will not (i) grant any registration rights to third parties which are more favorable than or inconsistent with the rights granted hereunder or (ii) enter into any agreement, take any action, or permit any change to occur, with respect to its securities that violates or subordinates the rights expressly granted to the Holders in this Agreement.

**ARTICLE 3**  
**TERMINATION**

3.1 Termination. The Holders may exercise the registration rights granted hereunder in such manner and proportions as they shall agree among themselves. The registration rights hereunder shall cease to apply to any particular Registrable Share when: (a) a registration statement with respect to the sale of such shares of Common Stock shall have become effective under the Securities Act and such shares of Common Stock shall have been disposed of in accordance with such registration statement; (b) such shares of Common Stock shall have been sold to the public pursuant to Rule 144 under the Securities Act (or any successor provision); (c) such shares of Common Stock shall have been otherwise transferred, new certificates for them not bearing a legend restricting further transfer shall have been delivered by the Company and subsequent public distribution of them shall not require registration or qualification of them under the Securities Act or any similar state law then in force; (d) such shares shall have ceased to be outstanding or (e) in the case of Registrable Shares held by a Holder that is not GEFAHI or any Affiliate thereof, such Holder holds less than three percent (3%) of the then outstanding Registrable Shares and such Registrable Shares are eligible for sale pursuant to Rule 144(k) under the Securities Act (or any successor provision). The Company shall promptly upon the request of any Holder furnish to such Holder evidence of the number of Registrable Shares then outstanding.

**ARTICLE 4**  
**MISCELLANEOUS**

4.1 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 4.1):

If to the Company:

[to be completed]

If to GEFAHI:

[to be completed]

If to any other Holder, the address indicated for such Holder in the Company's stock transfer records with copies, so long as GEFAHI owns any Registrable Shares, to GEFAHI as provided above.

Any notice or communication hereunder shall be deemed to have been given or made as of the date so delivered if personally delivered; when answered back, if

telexed; when receipt is acknowledged, if telecopied; and five (5) calendar days after mailing if sent by registered or certified mail (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee).

Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it.

4.2 Authority. Each of the parties hereto represents to the other that (i) it has the corporate power and authority to execute, deliver and perform this Agreement, (ii) the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate action and no such further action is required, (iii) it has duly and validly executed and delivered this Agreement, and (iv) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

4.3 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of New York irrespective of the choice of laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

4.4 Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall be binding upon and benefit the Company, each Holder, and their respective successors and assigns.

4.5 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.

4.6 Remedies. Any dispute, controversy or claim arising out of, or relating to, the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with Article VII of the Master Agreement.

4.7 Waivers. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if it is in a writing signed by the party against whom the existence of such waiver is asserted. Unless otherwise expressly provided in this Agreement, no delay or omission on the part

of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege under this Agreement. No failure by either party to take any action or assert any right or privilege hereunder shall be deemed to be a waiver of such right or privilege in the event of the continuation or repetition of the circumstances giving rise to such right unless expressly waived in writing by the party against whom the existence of such waiver is asserted.

4.8 Amendment. This Agreement may not be amended or modified in any respect except by a written agreement signed by the Company, GEFAHI (so long as GEFAHI owns any Common Stock) and the Holders of a majority of the then outstanding Registrable Shares.

4.9 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 any such Agreement.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

above. IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written

**GENWORTH FINANCIAL, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**GE FINANCIAL ASSURANCE  
HOLDINGS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

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TRANSITION SERVICES AGREEMENT

dated \_\_\_\_\_, 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.

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This Transition Services Agreement, dated \_\_\_\_\_, 2004 (this “Agreement”), is made by and among GENERAL ELECTRIC COMPANY, a New York corporation (“General Electric”), GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (“GE Capital”), GEI, INC., a Delaware corporation (“GEI”), GE FINANCIAL ASSURANCE HOLDINGS, INC., a Delaware corporation (“GEFAHI”), GNA CORPORATION, a Washington corporation (“GNA”), GE ASSET MANAGEMENT INCORPORATED, a Delaware corporation (“GEAM”), GENERAL ELECTRIC MORTGAGE HOLDINGS LLC, a North Carolina limited liability company (“GEMH”), and GENWORTH FINANCIAL, INC., a Delaware corporation (“Genworth”).

#### RECITALS

- A. General Electric, GE Capital, GEI, GEFAHI and Genworth entered into a Master Agreement, dated as of \_\_\_\_\_, 2004 (the “Master Agreement”).
- B. It is contemplated by the Master Agreement that after the date hereof (i) General Electric will continue to provide, or cause to continue to be provided, certain administrative and support services and other assistance to Genworth (together with its Subsidiaries, including GNA and GEMH, collectively hereinafter referred to as the “Company”) on a transitional basis and in accordance with the terms and subject to the conditions set forth herein, and (ii) the Company will continue to provide, or cause to continue be provided, certain administrative and support services and other assistance to General Electric (together with its Subsidiaries, including GE Capital, GEFAHI, and GEAM (but excluding Genworth and its Subsidiaries), collectively hereinafter referred to as “GE”) on a transitional basis and in accordance with the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

#### **ARTICLE I**

##### DEFINITIONS

SECTION 1.01. Certain Defined Terms. Unless otherwise defined herein, all capitalized terms used herein shall have the same meaning as in the Master Agreement.

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“Cross License” means the Intellectual Property Cross License and Non-Assertion Agreement, dated as of the date hereof, by and between General Electric and Genworth.

“European Transition Services Agreement” means the Transitional Services Agreement, dated as of the date hereof, between Financial Insurance Group Services Limited and GE Life Services Limited.

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“ GEFAHI Divested Companies ” means the following companies and their associated business divested by GEFAHI on or about August 29, 2003: (i) GE Property and Casualty Insurance Company; (ii) GE Casualty Insurance Company; (iii) GE Indemnity Insurance Company; (iv) GE Auto & Home Insurance Company, (v) Bayside Casualty Insurance Company; (vi) GE Financial Assurance Japan Ltd.; (vii) GE Edison Life Insurance Company; (viii) Toho Shinyo Hosho Company; and (ix) GE Edison Services Company.

“ Information Systems ” means computing, telecommunications or other digital operating or processing systems or environments, including, without limitation, computer programs, data, databases, computers, computer libraries, communications equipment, networks and systems. When referenced in connection with Services, Information Systems shall mean the Information Systems accessed and/or used in connection with the Services.

“ Intellectual Property ” means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction: (i) patents, patent applications and statutory invention registrations, including divisions, continuations, continuations-in-part, substitute application of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions, (ii) copyrights and mask work 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, (iii) trademarks, service marks, 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, (iv) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations, (v) trade secrets, (vi) intellectual property rights arising from or in respect of Technology, and (vii) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) – (vi) above.

“ Investment Management Agreements ” means each of the Amended and Restated Investment Management and Services Agreements dated as of the date hereof between GEAM and one or more Subsidiaries of Genworth.

“ Provider ” means the party providing a Service under this Agreement.

“ Recipient ” means the party to whom a Service under this Agreement is being provided.

“ Representative(s) ” of a Person means any director, officer, employee, agent, consultant, accountant, auditor, financing source, attorney, investment banker or other representative of such Person.

“ Retained Businesses ” means the insurance businesses owned or managed, directly or indirectly, by General Electric or one of its Subsidiaries immediately prior to the Closing and any other businesses owned or managed, directly or indirectly, by General Electric or one of its Subsidiaries immediately prior to the Closing that received any service or support

substantially the same as the Company Services described in Schedule B hereto from GEFAHI or the Company at any time prior to the Closing, in each case to the extent such businesses are not transferred or contributed to the Company at the Closing.

“Software” means the object and source code versions of computer programs and any associated documentation therefore.

“Service(s)” means, individually and collectively, the GE Services, Company Services and Undertakings (but specifically excludes the Management Consulting Services).

“Service Termination Date” shall have the meaning specified in Schedule A, Schedule A-1 or Schedule B, as applicable, in respect of any Service, or such earlier date as provided hereunder.

“Technology” means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, software, programs, models, routines, confidential and proprietary information, databases, tools, inventions, invention disclosures, 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.

“Total Consent Cost Amount” means \$ \_\_\_\_\_, which amount represents the parties’ agreed-upon good faith estimate of the anticipated out-of-pocket costs with respect to obtaining, performing or otherwise satisfying (i) the Consents pursuant to the terms of this Agreement and (ii) the Consents (as such term is defined in the European Transition Services Agreement) pursuant to the terms of the European Transition Services Agreement.

“Total Conversion Cost Amount” means \$ \_\_\_\_\_ **[To be extracted from Schedules A and A-1]**, which amount represents the parties’ agreed-upon good faith estimate of the anticipated nonrecurring, out-of-pocket conversion costs with respect to the transition of (i) the GE Services pursuant to the terms of this Agreement and (ii) the GEIH Services (as such term is defined in the European Transition Services Agreement) pursuant to the terms of the European Transition Services Agreement.

“Undertakings” means, collectively, the obligations of General Electric and its Subsidiaries and Genworth and its Subsidiaries set forth in Article III.

“Virus” shall mean any computer instructions (i) that adversely affect the operation, security or integrity of a computing, telecommunications or other digital operating or processing system or environment, including without limitation, other programs, data, databases, computer libraries and computer and communications equipment, by altering, destroying, disrupting or inhibiting such operation, security or integrity; (ii) that without functional purpose, self-replicate without manual intervention; and/or (iii) that purport to perform a useful function but which actually perform either a destructive or harmful function, or perform no useful function and utilize substantial computer, telecommunications or memory resources.

SECTION 1.02. Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections or agreements indicated.

<b>Term</b>	<b>Section</b>
Affiliate	Master Agreement
Agreement	Preamble
Breaching Party	Section 9.01(a)
Business Day	Master Agreement
Closing	Master Agreement
Closing Date	Master Agreement
Company	Recitals
Company Indemnified Party	Section 3.02(b)
Company Services	Section 2.01(b)
Company Services Manager	Section 2.04
Company Substitute Service	Section 2.01(b)
Company Vendor Agreements	Section 3.01(b)
Consents	Section 4.04(a)
Controlled	Cross License
Electronic Materials	Section 2.02(a)(iii)
Force Majeure	Master Agreement
General Electric	Preamble
GE	Recitals
GE Acquired Unit	Section 10.10
GEAM	Preamble
GE Basic Substitute Service	Section 2.01(a)
GE Confidential Information	Master Agreement
GE Capital	Preamble
GE Divested Unit	Section 10.10
GEFAHI	Preamble
GEI	Preamble
GE Intellectual Property	Cross License
GEMH	Preamble
Genworth	Preamble
Genworth Acquired Unit	Section 10.10
Genworth Business	Master Agreement
Genworth Confidential Information	Master Agreement
Genworth Divested Unit	Section 10.10
Genworth Intellectual Property	Cross License
GE-Owned GRC Intellectual Property	Section 4.03(b)
GE Services	Section 2.01(a)
GE Services Manager	Section 2.03
GE Substitute Investment IT Service	Section 2.01(a)
GE Substitute Service	Section 2.01(a)
GE Vendor Agreements	Section 3.01(a)
GNA	Preamble
HIPAA	Schedule F
HIPAA Privacy Rule	Schedule F
IBS	Section 5.01(c)(i)
Improvement	Cross License

<u>Term</u>	<u>Section</u>
Investment IT Services	Section 2.01(a)
Laws	Master Agreement
Liabilities	Master Agreement
Management Consulting Services	Section 4.06(a)
Master Agreement	Recitals
Non-Breaching Party	Section 9.01(a)
Other Costs	Section 5.01(a)
Permitted Use	Section 3.02(a)
Provider Indemnified Party	Section 7.01
Recipient Indemnified Party	Section 7.02
Reinsurance Agreement(s)	Master Agreement
Service Charges	Section 5.01(a)
Six Sigma Programs	Section 3.02(a)
Standard for Services	Section 6.01
Subsidiary	Master Agreement
Taxes	Section 10.06(b)
Transactions	Master Agreement
Trigger Date	Master Agreement

## ARTICLE II

### SERVICES AND TERMS

#### SECTION 2.01. Services; Scope

(a) During the period commencing on the date hereof and ending on the relevant Service Termination Date, subject to the terms and conditions set forth in this Agreement, General Electric shall provide or cause to be provided to the Company the services listed in Schedule A (the “GE Service(s)”). The “GE Services” also shall include (1) any Services to be provided by GE to the Company as agreed pursuant to Section 10.03(a), (2) the investment-related information technology services set forth on Schedule A-1 (the “Investment IT Services”), and (3) any GE Substitute Service; provided, however, that (i) the scope of each GE Service shall be substantially the same as the scope of such service provided by GE to the Company or the Company’s predecessor, as applicable, on the last day prior to the date hereof that such service was provided by GE to the Company or the Company’s predecessor, as applicable, in the ordinary course, (ii) the use of each GE Service by the Company shall include use by the Company’s contractors in substantially the same manner as used by the contractors of the Company or the Company’s predecessor, as applicable, prior to the Closing and (iii) except as provided in Section 10.10, nothing in this Agreement shall require that any GE Service be provided other than for use in, or in connection with the Genworth Business. Nothing in the preceding sentence or elsewhere in this Agreement shall be deemed to restrict or otherwise limit the volume or quantity of any GE Service, provided that certain volume or quantity changes with respect to a GE Service may require the parties to negotiate in good faith and use their commercially reasonable efforts to agree upon a price change with respect to such GE Service pursuant to Section 10.10. If, for any reason, GE is unable to provide any GE Service (other than

an Investment IT Service) to the Company pursuant to the terms of this Agreement, GE shall provide to the Company a substantially equivalent service (a “GE Basic Substitute Service”) at or below the cost for the substituted GE Service as set forth in Schedule A and otherwise in accordance with the terms of this Agreement, including the Standard for Services. If, for any reason, GE is unable to provide any Investment IT Service to the Company pursuant to the terms of this Agreement or GE elects to provide a substitute service in lieu of such Investment IT Service, GE shall provide to the Company a substantially equivalent service (a “GE Substitute Investment IT Service”) at or below the cost for the substituted Investment IT Service as set forth in Schedule A-1 (subject to any increase in such costs provided for in the Investment Management Agreements) and otherwise in accordance with the terms of this Agreement, including the Standard for Services; provided, however, (i) GE shall provide the Recipient of such GE Substitute Investment IT Service with reasonable advance notice of the proposed commencement date of such GE Substitute Investment IT Service and (ii) upon such Recipient’s request, GE shall provide such Recipient with information regarding GE’s plans to substitute the existing Investment IT Service with the GE Substitute Investment IT Service and permit such Recipient to (A) consult with applicable GE personnel regarding the proposed GE Substitute Investment IT Service and the third party provider thereof and (B) participate in negotiations with any third party provider of such GE Substitute Investment IT Service, provided that GE shall have the exclusive right, subject to the terms of this Agreement, to ultimately select the GE Substitute Investment IT Service and the provider thereof. Together, the GE Basic Substitute Services and the GE Substitute Investment IT Services shall be the “GE Substitute Services.”

(b) During the period commencing on the date hereof and ending on the relevant Service Termination Date, subject to the terms and conditions set forth in this Agreement, Genworth shall provide or cause to be provided to GE the services listed in Schedule B (the “Company Service(s)”). The “Company Services” also shall include (1) any Services to be provided by the Company to GE as agreed pursuant to Section 10.03(a) and (2) any Company Substitute Service; provided, however, that (i) the scope of each Company Service shall be substantially the same as the scope of such service provided by the Company or the Company’s predecessor, as applicable, to GE on the last day prior to the date hereof that such service was provided by the Company or the Company’s predecessor, as applicable, to GE in the ordinary course, (ii) the use of each Company Service by GE shall include use by GE’s contractors in substantially the same manner as used by the contractors of GE prior to the Closing and (iii) except as provided in Section 10.10, nothing in this Agreement shall require that any Company Service be provided other than for use in, or in connection with (A) the Retained Businesses or (B) the GEFAHI Divested Companies. Nothing in the preceding sentence or elsewhere in this Agreement shall be deemed to restrict or otherwise limit the volume or quantity of any Company Service, provided that certain volume or quantity changes with respect to a Company Service may require the parties to negotiate in good faith and use their commercially reasonable efforts to agree upon a price change with respect to such Company Service pursuant to Section 10.10 hereof. The Company Services shall not include any services the Company provides or causes to be provided pursuant to that certain Business Services Agreement, dated as of \_\_\_\_\_, by and between GNA and Union Fidelity Life Insurance Company or pursuant to the Reinsurance Agreements. If, for any reason, the Company is unable to provide any Company Service to GE pursuant to the terms of this Agreement, the Company shall provide to GE a substantially equivalent service (a “Company Substitute Service”) at or below the cost for the substituted

Company Service as set forth in Schedule B and otherwise in accordance with the terms of this Agreement, including the Standard for Services.

(c) The GE Services shall include, and the Service Charges reflect charges for, such maintenance, support, error correction, training, updates and enhancements normally and customarily provided by GE to its Subsidiaries that receive such services. If the Company requests that GE provide a custom modification in connection with any GE Service, the Company shall be responsible for the cost of such custom modification, and to the extent such custom modification constitutes Software and such Software and all Intellectual Property therein is owned by GE, GE hereby assigns such Software and all Intellectual Property therein to the Company and the Company hereby grants GE a perpetual, worldwide, fully paid up, irrevocable, transferable, royalty-free, non-exclusive license, with the right to sublicense, to use and modify such Software. The GE Services shall include all functions, responsibilities, activities and tasks, and the materials, documentation, resources, rights and licenses to be used, granted or provided by GE that are not specifically described in this Agreement as a part of the GE Services, but are incidental to, and would normally be considered an inherent part of, or necessary subpart included within, the GE Services or are otherwise necessary for GE to provide, or the Company to receive, the GE Services.

(d) The Company Services shall include, and the Service Charges reflect charges for, such maintenance, support, error correction, training, updates and enhancements normally and customarily provided by the Company to its Subsidiaries that receive such services. If GE requests that the Company provide a custom modification in connection with any Company Service, GE shall be responsible for the cost of such custom modification, and to the extent such custom modification constitutes Software and such Software and all Intellectual Property therein is owned by the Company, the Company hereby assigns such Software and all Intellectual Property therein to GE and GE hereby grants the Company a perpetual, worldwide, fully paid up, irrevocable, transferable, royalty-free, non-exclusive license, with the right to sublicense, to use and modify such Software. The Company Services shall include all functions, responsibilities, activities and tasks, and the materials, documentation, resources, rights and licenses to be used, granted or provided by the Company that are not specifically described in this Agreement as a part of the Company Services, but are incidental to, and would normally be considered an inherent part of, or necessary subpart included within, the Company Services or are otherwise necessary for the Company to provide, or GE to receive, the Company Services.

(e) This Agreement (including Section 4.03 hereof) shall not assign any rights to Technology or Intellectual Property between the parties other than as specifically set forth herein.

(f) The parties acknowledge and agree that in connection with the implementation, provision, receipt and transition of the Services, there will be certain nonrecurring, out-of-pocket conversion costs incurred by GE or the Company. After the Service Termination Date, with respect to each GE Service, GE shall either reimburse the Company for all actual, out-of-pocket conversion costs incurred by the Company and related to such GE Service or, after consultation with the Company, pay such conversion costs directly, in either case whether the Company replaces the GE Service with the same application, system, vendor or other means of effecting the GE Service; provided, however, that GE's payment and

reimbursement obligations under this Section 2.01(f) and Section 3.3.1 of the European Transition Services Agreement shall not exceed, in the aggregate, the Total Conversion Cost Amount. GE shall be solely responsible for paying any one-time conversion and related costs with respect to the Company Services, and any such one-time conversion or related costs shall not be included in the Total Conversion Cost Amount.

(g) Prior to receiving any reimbursement for its actual, out-of-pocket conversion costs pursuant to Section 2.01(f) above, the Company shall provide GE with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the out-of-pocket expenses for which the Company is seeking reimbursement. Upon receipt of such invoice and data and documentation, GE shall, except as otherwise provided in Section 2.01(f), pay the amount of such invoice to the Company within 30 days of the date of receipt of such invoice. If GE in good faith disputes the invoiced amount, then the parties shall work together to resolve such dispute. If the parties are unable to resolve such dispute within 30 days, the dispute shall be resolved pursuant to Section 8.02. The parties acknowledge and agree that no prior approval shall be required from GE for the Company to seek any reimbursement pursuant to Section 2.01(f) and this Section 2.01(g).

(h) Throughout the term of this Agreement, the Provider and the Recipient of any Service shall cooperate with one another and use their good faith, commercially reasonable efforts to effect the efficient, timely and seamless provision and receipt of such Service.

(i) Any Software delivered by a Provider hereunder shall be delivered, at the election of the Provider, either (i) with the assistance of the Provider, through electronic transmission or downloaded by the Recipient from the GE intranet, or (ii) by installation by Provider on the relevant equipment with retention by Provider of all tangible media on which such Software resides. Provider and Recipient acknowledge and agree that no tangible medium containing such Software (including any enhancements, upgrades or updates) will be transferred to Recipient at any time for any reason under the terms of this Agreement, and that Provider will, at all times, retain possession and control of any such tangible medium used or consumed by Provider in the performance of this Agreement. Each party shall comply with all reasonable security measures implemented by the other party in connection with the delivery of Software.

#### SECTION 2.02. Conversion Services.

(a) During the term of this Agreement, GE shall provide, or cause to be provided, the following support, which support shall be in addition to the GE Services described in Schedule A and Schedule A-1, at no cost except for actual out-of-pocket costs and expenses approved in advance in writing by the Company Services Manager:

(i) GE shall provide, or cause to be provided, current and reasonably available historical data related to the GE Services and predecessor services thereto as reasonably required by the Company in a manner and within a time period as mutually agreed by the parties.

(ii) GE shall make reasonably available to the Company employees and contractors of GE whose assistance, expertise or presence is necessary to assist the

Company's transition team in establishing a fully functioning stand-alone environment and the timely assumption by the Company, or by a supplier to the Company, of the GE Services.

(iii) With respect to any Software or other electronic content ("Electronic Materials") licensed to Company under the Cross License and used to provide a GE Service, GE shall make available or deliver to the Company a copy of such Software or Electronic Materials that are in existence and current as of the Service Termination Date for such GE Service, including any upgrades, updates and other modifications made to such Software and Electronic Materials since the Closing Date. Any upgrades, updates or other modifications to Software and Electronic Materials made available or delivered to the Company pursuant to this Section 2.02(a)(iii) shall be deemed to be GE Intellectual Property under the Cross License and licensed to the Company pursuant to the terms of the Cross License, notwithstanding that such upgrades, updates or other modifications (x) were not used, held for use or contemplated to be used by the Company as of the Closing Date, (y) were not Controlled by GE as of the Closing Date or (z) may constitute Improvements made after the Closing Date.

(b) During the term of this Agreement, the Company shall provide, or cause to be provided, the following support, which support shall be in addition to the Company Services described in Schedule B, at no cost except for actual out-of-pocket costs and expenses approved in advance in writing by the GE Services Manager:

(i) The Company shall provide, or cause to be provided, current and reasonably available historical data related to the Company Services and predecessor services thereto as reasonably required by GE in a manner and within a time period as mutually agreed by the parties.

(ii) The Company shall make reasonably available to GE employees and contractors of the Company whose assistance, expertise or presence is necessary to assist GE's transition team in establishing a fully functioning stand-alone environment in respect of the Retained Businesses and the timely assumption by GE, or by a supplier of GE, of the Company Services.

(iii) With respect to any Software or other Electronic Materials licensed to GE under the Cross License and used to provide a Company Service, Company shall make available or deliver to GE a copy of such Software or Electronic Materials that are in existence and current as of the Service Termination Date for such Company Service, including any upgrades, updates and other modifications made to such Software and Electronic Materials since the Closing Date. Any upgrades, updates or other modifications to Software and Electronic Materials made available or delivered to GE pursuant to this Section 2.02(b)(iii) shall be deemed to be Genworth Intellectual Property under the Cross License and licensed to the GE pursuant to the terms of the Cross License, notwithstanding that such upgrades, updates or other modifications (x) were not used, held for use or contemplated to be used by GE as of the Closing Date, (y) were not Controlled by the Company as of the Closing Date or (z) may constitute Improvements made after the Closing Date.

SECTION 2.03. GE Services Manager. GE will designate a dedicated services account manager (the "GE Services Manager") who will be directly responsible for

coordinating and managing the delivery of the GE Services and will have authority to act on GE's behalf with respect to the Services. The GE Services Manager will work with the Company Services Manager to address the Company's issues and the parties' relationship under this Agreement.

SECTION 2.04. Company Services Manager. The Company will designate a dedicated services account manager (the "Company Services Manager") who will be directly responsible for coordinating and managing the delivery of the Services by the Company and will have authority to act on the Company's behalf with respect to the Services. The Company Services Manager will work with the GE Services Manager to address GE's issues and the parties' relationship under this Agreement.

SECTION 2.05. Performance and Receipt of Services. The following provisions shall apply to the Services:

(a) Security. Each Provider and Recipient shall at all times comply with its own then in-force security guidelines and policies applicable to the performance, access and/or use of the Services and Information Systems.

(b) No Viruses. Each of the Company and GE shall take commercially reasonable measures to ensure that no Viruses or similar items are coded or introduced into the Services or Information Systems. If a Virus is found to have been introduced into the Services or Information Systems, the parties hereto shall use their commercially reasonable efforts to cooperate and to diligently work together to eliminate the effects of such Virus.

(c) Reasonable Care. Each Provider and Recipient shall exercise reasonable care in providing and receiving the Services to (i) prevent access to the Services or Information Systems by unauthorized Persons and (ii) not damage, disrupt or interrupt the Services or Information Systems.

### ARTICLE III

#### OTHER ARRANGEMENTS

SECTION 3.01. Vendor Agreements.

(a) During the period beginning on the date hereof and ending on the Trigger Date, GE is or may become a party to certain corporate purchasing contracts, master services agreements, vendor contracts, software and other Intellectual Property licenses or similar agreements unrelated to the GE Services (the "GE Vendor Agreements") under which (or under open work orders thereunder) the Company purchases goods or services, licenses rights to use Intellectual Property and realizes certain other benefits and rights. The parties hereby agree that the Company shall continue to retain the right to purchase goods or services and continue to realize such other benefits and rights under each GE Vendor Agreement to the extent allowed by such GE Vendor Agreement until the expiration or termination date of such rights or benefits pursuant to the terms of such GE Vendor Agreement (including, without limitation, any voluntary termination of such GE Vendor Agreement by GE). Additionally, for so long as the purchasing or other rights remain in full force and effect under a GE Vendor Agreement and the

Company continues to exercise its purchasing or other rights and benefits under such GE Vendor Agreement and for a period of six months thereafter, GE shall use its commercially reasonable efforts, upon the written request of the Company, to assist the Company in obtaining a purchasing contract, master services agreement, vendor contract or similar agreement directly with the third party provider that is a party to the GE Vendor Agreement.

(b) During the period beginning on the date hereof and ending on the Trigger Date, the Company is or may become a party to certain corporate purchasing contracts, master services agreements, vendor contracts, software and other Intellectual Property licenses or similar agreements unrelated to the Company Services (the “Company Vendor Agreements”) under which (or under open work orders thereunder) GE purchases goods or services, licenses rights to use Intellectual Property and realizes certain other benefits and rights. The parties hereby agree that GE shall continue to retain the right to purchase goods or services and continue to realize such other benefits and rights under each Company Vendor Agreement to the extent allowed by such Company Vendor Agreement until the expiration or termination date of such rights or benefits pursuant to the terms of such Company Vendor Agreement (including, without limitation, any voluntary termination of such Company Vendor Agreement by the Company). Additionally, for so long as the purchasing or other rights remain in full force and effect under a Company Vendor Agreement and GE continues to exercise its purchasing or other rights and benefits under such Company Vendor Agreement and for a period of six months thereafter, the Company shall use its commercially reasonable efforts, upon the written request of GE, to assist GE in obtaining a purchasing contract, master services agreement, vendor contract or similar agreement directly with the third party provider that is a party to the Company Vendor Agreement.

SECTION 3.02. Six Sigma Programs .

(a) With regard to the materials, concepts, and methodology comprising the Six Sigma programs used by the Company and its predecessors prior to the date hereof (the “Six Sigma Programs”), GE, at no cost to Company, shall ensure that on and after the date hereof, Company may continue to use the Six Sigma Programs in the same manner as used by the Company and its predecessors prior to the date hereof (“Permitted Use”).

(b) GE shall indemnify, defend and hold harmless the Company and its directors, officers, employees and each of the heirs, executors, successors and assigns of any of the foregoing (each a “Company Indemnified Party”), from and against any and all Liabilities of the Company Indemnified Parties relating to, arising out of, or resulting from, the Permitted Use, which Liabilities relate to, arise out of, or result from, claims or allegations relating to the Company’s right to use the Six Sigma Programs pursuant to Section 3.02(a) hereof, and which claims or allegations are asserted by consultants, contractors, former employees, or other Persons who contributed to or provided such materials, concepts or methodologies to the Six Sigma Programs.

## ARTICLE IV

### ADDITIONAL AGREEMENTS

#### SECTION 4.01. Leases.

(a) Each lease or sublease listed on Schedule C-1, pursuant to which the Company leases or subleases real property from GE, shall remain in full force and effect pursuant to its terms.

(b) Each lease or sublease listed on Schedule C-2, pursuant to which GE leases or subleases real property from the Company, shall remain in full force and effect pursuant to its terms.

#### SECTION 4.02. Computer-Based Resources.

(a) Prior to the Trigger Date, the Company shall continue to have access to the Information Systems of GE. On and after the Trigger Date, the Company shall not have access to all or any part of the Information Systems of GE, except to the extent necessary for the Company to perform the Company Services or receive the GE Services (subject to the Company complying with all reasonable security measures implemented by GE as deemed necessary by GE to protect its Information Systems, provided that the Company has had a commercially reasonable period of time in which to comply with such security measures).

(b) Prior to the Trigger Date, GE shall continue to have access to the Information Systems of the Company. On and after the Trigger Date, GE shall not have access to all or any part of the Information Systems of the Company, except to the extent necessary for GE to perform the GE Services or receive the Company Services (subject to GE complying with all reasonable security measures implemented by the Company as deemed necessary by the Company to protect its Information Systems, provided that GE has had a commercially reasonable period of time in which to comply with such security measures).

#### SECTION 4.03. GRC Matters.

(a) GE's Global Research Center shall continue to provide research and development services and related consultation to the Company for the projects set forth in Schedule D in accordance with the terms of any existing written agreements between the Company and GE relating thereto, which shall continue after the date hereof in accordance with the terms of such written agreements.

(b) Unless the parties specifically agree otherwise in any such existing agreement for the projects set forth in Schedule D, as between the parties, all deliverables pursuant to such projects and the Intellectual Property therein created by or on behalf of GE or jointly by or on behalf of GE and the Company (other than any such Intellectual Property or Technology provided to GE by the Company) shall be owned by GE. All such deliverables and Intellectual Property therein (other than any such Intellectual Property or Technology owned by a third party) shall be referred to herein as the "GE-Owned GRC Intellectual Property". The GE-Owned GRC Intellectual Property shall be deemed to be GE Intellectual Property under the

Cross License and licensed to the Company pursuant to the terms of the Cross License, notwithstanding that the GE-Owned GRC Intellectual Property (x) was not used, held for use or contemplated to be used by the Company as of the Closing Date, (y) was not Controlled by GE as of the Closing Date or (z) may constitute Improvements made after the Closing Date.

(c) For each project listed on Schedule D, each of the Company and GE shall be solely responsible for the costs assigned to it on Schedule D during 2004. If, following the date hereof, the Company desires to enter into arrangements with GE's Global Research Center to provide research and development services or related consultation to the Company for any additional projects, GE and the Company shall use commercially reasonable efforts to negotiate in good faith a contract for such services.

SECTION 4.04. Consents.

(a) The parties acknowledge and agree that certain software and other licenses, consents, approvals, notices, registrations, recordings, filings and other actions (collectively, "Consents") need to be obtained in connection with the Transactions. GE shall, after consultation with the Company, either directly pay the out-of-pocket costs incurred to obtain, perform or otherwise satisfy each Consent or after any such Consent is obtained, performed or otherwise satisfied, reimburse the Company for all actual, out-of-pocket costs incurred by the Company and related to such Consent; provided, however, that GE's payment and reimbursement obligations under this Section 4.04(a) and Section 4.5 of the UK Transition Services Agreement shall not exceed, in the aggregate, the Total Consent Cost Amount. GE shall be solely responsible for paying any costs or fees in connection with any Consents with respect to the Company Services or with respect to any agreements to be assigned to GE pursuant to the Master Agreement, and any such costs or fees shall not be included in the Total Consent Cost Amount.

(b) Prior to receiving any reimbursement for its actual, out-of-pocket costs pursuant to Section 4.04(a) above, the Company shall provide GE with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the out-of-pocket expenses for which the Company is seeking reimbursement. Upon receipt of such invoice and data and documentation, GE shall, except as otherwise provided in Section 4.04(a), pay the amount of such invoice to the Company within 30 days of the date of receipt of such invoice. If GE in good faith disputes the invoiced amount, then the parties shall work together to resolve such dispute. If the parties are unable to resolve such dispute, the dispute shall be resolved pursuant to Section 8.02. The parties acknowledge and agree that no prior approval from GE shall be required for the Company to seek any reimbursement pursuant to Section 4.04(a) and this Section 4.04(b).

SECTION 4.05. Access.

(a) The Company will allow GE and its Representatives reasonable access to the facilities of the Company necessary for the performance of the GE Services listed on Schedule A and Schedule A-1 for GE to fulfill its obligations under this Agreement.

(b) GE will allow the Company and its Representatives reasonable access to the facilities of GE necessary for the performance of the Company Services listed on Schedule B for the Company to fulfill its obligations under this Agreement.

SECTION 4.06. Management Consulting Services.

(a) For a period of sixty (60) months from the date hereof, subject to the payment by GE of the amount specified in Section 4.06(e) below and upon the reasonable, prior written request of GE, the Company will make such appropriate members of its senior management team reasonably available to provide the services described on Schedule E (the “Management Consulting Services”).

(b) GE and the Company will mutually agree on the schedule for delivery of the Management Consulting Services. The schedule will be based on (i) the GE and Company Corporate Calendars, (ii) the GE and Company Functional Calendars, (iii) GE’s requests, and (iv) GE’s and the Company’s shared customer requests. The parties will reasonably work together to accommodate each other’s specific needs regarding meeting logistics, including method, travel, time, and notice. For avoidance of doubt, schedule conflicts shall not constitute a breach of this Agreement.

(c) The Company will make reasonable efforts to accommodate GE’s requests; provided however, each participating Company employee shall not be required to spend any more time than the time spent in similar activities in the calendar year immediately preceding the date hereof. Meeting and other service requests may be submitted by GE and will be considered complete and proper if (i) presented at least one week in advance of any required meeting or such shorter time period as agreed to by the parties, (ii) accompanied by an agenda or a detailed listing of services requested and/or any materials requiring preparation by the Company. If prepared materials by the Company are requested, then the Company, at its sole discretion, may request additional lead time adequate to prepare the materials.

(d) The Management Consulting Services shall be in addition to the Company’s obligations pursuant to Section 2.01(h) and 2.02(b) of this Agreement. In connection with providing the Management Consulting Services and unless otherwise agreed to by the Company, the Company shall not be required to provide any service that would (i) require the disclosure to GE of Company trade secret information or other information that provides the Company a significant competitive advantage, or (ii) require the Company to violate any attorney-client privilege or otherwise lose the protection of other privileged information. In addition, the Company shall not be required to provide any Management Consulting Services whenever the Company’s and GE’s interests related to such Management Consulting Services are in conflict.

(e) In consideration of the availability and/or receipt of the Management Consulting Services, GE shall pay the Company the following amounts: (i) \$1 million per month during the forty-eight (48) month period beginning on the date hereof; and (ii) \$500,000 per month thereafter until the termination of the Company’s obligation to provide the Management Consulting Services. Each such monthly payment shall be payable in arrears within thirty (30) days following the last day of the month to which such payment relates. GE shall also reimburse

the Company's reasonable out-of-pocket costs and expenses incurred in connection with the provision of the Management Consulting Services, including, but not limited to, travel and lodging expenses.

(f) Notwithstanding anything herein to the contrary, GE acknowledges and agrees that the Management Consulting Services are provided as-is, that GE assumes all risks and liability arising from or relating to its use of and reliance upon the Management Consulting Services and the Company makes no warranty with respect thereto. THE COMPANY HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES REGARDING THE MANAGEMENT CONSULTING SERVICES, WHETHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY IN REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, COMMERCIAL UTILITY, MERCHANTABILITY OR FITNESS OF THE MANAGEMENT CONSULTING SERVICES FOR A PARTICULAR PURPOSE.

(g) Notwithstanding the provisions of Articles VI and VII, neither the Company nor any of its directors, officers, employees, or any of the heirs, executors, successors or assigns of any of the foregoing shall have any liability in contract, tort or otherwise to GE, its Affiliates or Representatives for or in connection with the Management Consulting Services.

(h) GE and the Company acknowledge and agree that (i) Articles VI and VII of this Agreement shall not apply to this Section 4.06 or the Management Consulting Services and (ii) notwithstanding Section 10.10 of this Agreement, under no circumstances shall the Company be obligated to provide the Management Consulting Services to a GE Divested Unit.

## ARTICLE V

### COSTS AND DISBURSEMENTS; PAYMENTS

#### SECTION 5.01. Costs and Disbursements; Payments.

(a) Schedules A, A-1 and B hereto set forth with respect to each Service to be provided a description of the charges (the "Service Charges") for such Service or the basis for the determination thereof. During the 24-month period following the date of this Agreement, notwithstanding the Service Charges set forth on Schedule B, the aggregate Service Charges payable by GE to the Company shall, subject to reduction following termination of any Company Service pursuant to Section 9.01(a)(ii), be equal to \$47.2 million, and such aggregate amount shall be paid by GE to the Company in eight equal quarterly installments payable on each March 31, June 30, September 30 and December 31 during such 24-month period. At the time of each quarterly payment, GE also shall pay the Service Charges for the Company Services provided with respect to the GEFAHI Divested Companies as identified on Schedule B in the three months ending on the date the quarterly payment is due for so long as such Company Services are rendered. Further, in connection with performance of the Services and in connection with the Undertakings, the Provider may incur certain out-of-pocket costs (the "Other Costs"), which shall, without duplication, either be paid directly by the Recipient or reimbursed to the Provider by the Recipient; provided that any Other Costs shall only be payable by the Company or GE, as the case may be, in accordance with this Section 5.01(a) if (i) such Other Costs have been authorized in writing by the Company Services Manager (if the Company is the

Recipient) or the GE Services Manager (if GE is the Recipient) prior to having been incurred by the Provider and (ii) the Recipient receives from the Provider reasonably detailed data and other documentation sufficient to support the calculation of amounts due to the Provider as a result of such Other Costs.

(b) Notwithstanding the Service Charges set forth in Schedule A with respect to the Company's use of GE's U.S. shared data center services supporting GE's U.S. businesses, GE shall reduce the Service Charges with respect to such services by \$2 million per quarter for a period of two years from the date hereof.

(c) Except with respect to Service Charges for the provision of the Company Services during the 24-month period referenced in Section 5.01(a):

(i) Prior to the Trigger Date, the Provider and Recipient shall arrange for the payment of all Service Charges and Other Costs through the GE Internal Billing System ("IBS"). The Recipient shall have the right to dispute any Service Charges and Other Costs settled through the IBS during any calendar quarter by delivering written notice of such dispute, setting forth in reasonable detail the basis therefor, to the Provider within, and no later than, 60 days after the end of such quarter. As soon as practicable after receipt of any such notice, the Provider shall provide the Recipient with reasonably detailed data and documentation sufficient to support the calculation of any Service Charges and Other Costs that are the subject of the dispute. If the Provider's furnishing of such information does not promptly resolve such dispute, the dispute shall be resolved pursuant to Section 8.02.

(ii) From and after the Trigger Date, the Provider shall deliver an invoice to the Recipient on a monthly basis (or at such other frequency as is consistent with the basis on which the Service Charges are determined and, if applicable, charged to Affiliates of the Provider) in arrears for the Service Charges and any Other Costs due to the Provider under this Agreement. The Recipient shall pay the amount of such invoice to the Provider in U.S. dollars within seventy-five (75) days of the date of such invoice, provided that, to the extent consistent with past practice with respect to Services rendered outside the United States, payments may be made in local currency. If the Recipient fails to pay such amount (excluding any amount contested in good faith) by such date, the Recipient shall be obligated to pay to the Provider, in addition to the amount due, interest on such amount at the lesser of (i) the three (3) month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable law, from the date the payment was due through the date of payment. As soon as practicable after receipt by the Provider of any reasonable written request by the Recipient, the Provider shall provide the Recipient with reasonably detailed data and documentation sufficient to support the calculation of any amount due to the Provider under this Agreement for the purpose of verifying the accuracy of such calculation. If, after reviewing such data and documentation, the Recipient disputes the Provider's calculation of any amount due to the Provider, then the dispute shall be resolved pursuant to Section 8.02.

## ARTICLE VI

### STANDARD FOR SERVICE; COMPLIANCE WITH LAWS

SECTION 6.01. Standard for Service. Except as otherwise provided in this Agreement (including in Schedules A, A-1 and B hereto), the Provider agrees to perform the Services such that the nature, quality, standard of care and the service levels at which such Services are performed are no less than the nature, quality, standard of care and service levels at which the substantially same services were performed by or on behalf of the Provider during the most recent service period prior to the date hereof in which such services were performed by or on behalf of the Provider in the ordinary course (the “Standard for Services”).

SECTION 6.02. Compliance with Laws. Each of GE and the Company shall comply with all applicable Laws when providing or receiving the Services or when performing obligations under this Agreement.

## ARTICLE VII

### INDEMNIFICATION; LIMITATION ON LIABILITY

SECTION 7.01. Limited Liability of a Provider. Notwithstanding the provisions of Section 6.01, no Provider or its Affiliates or any of their respective directors, officers or employees, or any of the heirs, executors, successors or assigns of any of the foregoing (each, a “Provider Indemnified Party”), shall have any liability in contract, tort or otherwise to the Recipient or its Affiliates or Representatives for or in connection with (i) any Services rendered or to be rendered by any Provider Indemnified Party pursuant to this Agreement, (ii) the transactions contemplated by this Agreement or (iii) any Provider Indemnified Party’s actions or inactions in connection with any such Services or transactions; provided, however, that such limitation on liability shall not extend to or otherwise limit any Liabilities that have resulted directly from such Provider Indemnified Party’s (A) gross negligence or willful misconduct, (B) improper use or disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party (defined below) or (C) violation of applicable Law.

SECTION 7.02. Indemnification by Each Provider. Each Provider shall indemnify, defend and hold harmless each relevant Recipient and each of its Subsidiaries and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (each a “Recipient Indemnified Party”), from and against any and all Liabilities of the Recipient Indemnified Parties relating to, arising out of, or resulting from (i) the gross negligence or willful misconduct of a Provider Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party’s provision of the Services, (ii) the improper use or disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party’s provision of the Services, or (iii) any violation of applicable Law by a Provider Indemnified Party in connection with the transactions contemplated by this Agreement or such Provider Indemnified Party’s provision of the Services; provided, that (1) the aggregate liability of GE as a Provider

pursuant to this Article VII shall in no event exceed \$15 million and (2) the aggregate liability of the Company as a Provider pursuant to this Article VII shall in no event exceed \$10 million.

SECTION 7.03. Indemnification by Each Recipient. Each Recipient shall indemnify, defend and hold harmless each relevant Provider Indemnified Party from and against any and all Liabilities of the Provider Indemnified Parties relating to, arising out of, or resulting from the provision of the Services by any Provider or any of its Subsidiaries, except for (A) any Liabilities that result from a Provider Indemnified Party's negligence in connection with the provision of the Services, (B) any Liabilities that result from a Provider Indemnified Party's breach of this Agreement or (C) any Liabilities for which the Provider is required to indemnify a Recipient Indemnified Party pursuant to Section 7.02.

SECTION 7.04. Indemnification Procedures. The matters set forth in Sections 5.6 through 5.9 of the Master Agreement shall be deemed incorporated into, and a made a part of, this Agreement.

SECTION 7.05. Limitation on Liability. Notwithstanding any other provision contained in this Agreement, neither GE on the one hand, nor the Company, on the other hand, shall be liable to the other for any special, indirect, punitive, incidental or consequential losses, damages or expenses of the other, including, without limitation, loss of profits, arising from any claim relating to breach of this Agreement or otherwise relating to any of the Services or Undertakings provided hereunder. For clarification purposes only, the parties hereto agree that the limitation on liability contained in this Section 7.05 shall not apply to (a) damages awarded to a third party pursuant to a third party claim for which a Provider is required to indemnify, defend and hold harmless any Recipient Indemnified Party under Section 7.02 and (b) damages awarded to a third party pursuant to a third party claim for which a Recipient is required to indemnify, defend and hold harmless any Provider Indemnified Party under Section 7.03.

SECTION 7.06. Liability for Payment Obligations. Nothing in this Article VII shall be deemed to eliminate or limit, in any respect, GE or the Company's express obligation in this Agreement to pay or reimburse, as applicable, for (i) Service Charges for Services rendered in accordance with this Agreement, (ii) Other Costs, (iii) the Total Consent Cost Amount, (iv) the Total Conversion Cost Amount, (v) amounts in respect of the Management Consulting Services, (vi) amounts with respect to any custom modification provided pursuant to Sections 2.01(c) and (d) (Services; Scope), (vii) amounts in respect of conversion services provided pursuant to Section 2.02 (Conversion Services), (viii) amounts payable or reimbursable pursuant to the terms of the leases referred to in Section 4.01 (Leases), (ix) amounts payable or reimbursable pursuant to Section 4.03 (GRC Matters) and the terms of the existing written agreements referenced therein, (x) amounts payable or reimbursable pursuant to Section 10.03(b) (Books and Records), (xi) amounts payable or reimbursable pursuant to Section 10.06 (Taxes), (xii) amounts payable or reimbursable pursuant to Section 10.07 (Regulatory Approval and Compliance), and (xiii) amounts payable or reimbursable pursuant to Section 10.10 (Assignment; No Third Party Beneficiaries).

SECTION 7.07. Exclusions. This Article VII shall not apply to or limit any liability or obligation of GE under Sections 3.02(a) and (b).

## ARTICLE VIII

### DISPUTE RESOLUTION

SECTION 8.01. Applicable Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

SECTION 8.02. Dispute Resolution. To the extent not resolved through discussions between the GE Services Manager and the Company Services Manager, any dispute, controversy or claim arising out of, or relating to this Agreement shall be resolved in accordance with Article IX of the Master Agreement.

## ARTICLE IX

### TERMINATION

SECTION 9.01. Termination.

(a) The term of this Agreement shall commence on the date hereof and expire on the first date on which neither GE nor the Company has any further obligations to provide a Service, perform an Undertaking or perform or pay for the Management Consulting Services. This Agreement shall terminate with respect to each Service and Undertaking on the applicable Service Termination Date or other termination date specified in this Agreement or the Schedules hereto. In addition, (i) a Recipient may from time to time terminate any Service, in whole and not in part, upon giving at least sixty (60) days' (or such shorter period of time as is mutually agreed upon in writing by the parties) prior written notice to the Provider specifying which Service is being so terminated (such termination will not in any way affect the obligations of the party terminating this Agreement with respect to such Service to continue to receive all other Services not so terminated and to continue to provide Services as required by this Agreement); provided, however, that GE may not exercise this termination right during the 24-month period commencing on the date hereof, and (ii) either party (the "Non-Breaching Party") may terminate this Agreement with respect to any Service, in whole but not in part, at any time upon prior written notice by the Non-Breaching Party to the other party (the "Breaching Party") if the Breaching Party has failed to perform any of its material obligations under this Agreement relating to such Service, and such failure shall have continued without cure for a period of sixty (60) days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate such Service; provided, however, that no Service may be terminated pursuant to this clause (ii) until the parties have completed the dispute resolution process set forth in Section 7.2 of the Master Agreement with respect to such Service.

(b) In addition to and not in limitation of the rights and obligations set forth in Section 2.01(h), upon the request of the Recipient of a Service, (i) the Provider of such Service will, during the term of this Agreement during which such Provider is providing such Service to the Recipient, cooperate with the Recipient and use its good faith, commercially reasonable efforts to assist the transition of such Service to the Recipient (or Affiliate of the Recipient or

such third-party vendor designated by the Recipient) by the Service Termination Date for such Service and (ii) the Provider of such Service will, for a reasonable period of time after the effective date of any termination (which shall not exceed six months after the effective date of termination) of any such Service pursuant to clause (ii) of Section 9.01(a), (A) at the written request of the Recipient, continue to provide the terminated Service (subject to the timely payment, when due and payable, by the Recipient of all Service Charges related to such terminated Service) and (B) cooperate with the Recipient and use its good faith, commercially reasonable efforts to assist the transition of such Service to the Recipient (or Affiliate of the Recipient or such third-party vendor designated by the Recipient) as soon as reasonably practicable. The Service Charges for a terminated Service that is continuing to be provided pursuant to clause (ii)(A) of the preceding sentence shall be the same as were in effect prior to the termination of such Service.

SECTION 9.02. Effect of Termination. Except with respect to any Service that is continuing to be provided pursuant to clause (ii)(A) of Section 9.01(b) after the termination of such Service, upon termination or expiration of any Service or Undertaking pursuant to this Agreement, the relevant Provider will have no further obligation to provide the terminated Service or expired Undertaking, and the relevant Recipient will have no obligation to pay any future Service Charges or Other Costs relating to any such Service or Undertaking (other than for or in respect of Services or Undertakings provided in accordance with the terms of this Agreement and received by such Recipient prior to such termination). Upon termination of this Agreement in accordance with its terms, no Provider will have any further obligation to provide any Service or Undertaking, and no Recipient will have any obligation to pay any Service Charges or Other Costs relating to any Service or Undertaking or make any other payments under this Agreement (other than for or in respect of Services or Undertakings received by such Recipient prior to such termination).

SECTION 9.03. Survival. Sections 3.02(a) and (b) (Six Sigma Programs), Section 4.01 (Leases), Section 4.02 (Computer-Based Resources), Sections 4.06(c) and (d) (Management Consulting Services), Article V (Costs and Disbursements), Article VII (Indemnification; Limitation on Liability), Article VIII (Dispute Resolution), Section 9.02 (Effect of Termination), Section 9.03 (Survival), and Article X (General Provisions) shall survive the expiration or other termination of this Agreement and remain in full force and effect.

SECTION 9.04. Business Continuity; Force Majeure.

(a) Each of GE and the Company shall maintain and comply with reasonable disaster recovery, crisis management and business continuity plans and procedures designed to help ensure that it can continue to provide the Services in accordance with this Agreement in the event of a disaster or other significant event that might otherwise impact its operations. Upon the written request of a Recipient, a Provider shall (i) disclose to the Recipient the Provider's disaster recovery, crisis management and business continuity plans and procedures applicable to a Service and (ii) permit the Recipient to participate in testing of such disaster recovery, crisis management and business continuity plans and procedures, in each case so that the Recipient may assess such plans and procedures and develop or modify its own such plans and procedures in connection with the Service as Recipient reasonably deems necessary.

(b) 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 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; provided that such party shall have exhausted the procedures described in its disaster recovery, crisis management, and business continuity plan. 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 party of the nature and extent of any such Force Majeure condition and (ii) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

## ARTICLE X

### GENERAL PROVISIONS

SECTION 10.01. Independent Contractors. In providing Services hereunder, the Provider shall act solely as independent contractor and nothing in this Agreement shall constitute or be construed to be or create a partnership, joint venture, or principal/agent relationship between the Provider, on the one hand, and the Recipient, on the other. All Persons employed by the Provider in the performance of its obligations under this Agreement shall be the sole responsibility of the Provider.

SECTION 10.02. Subcontractors. Any Provider may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided that such Provider shall in all cases remain responsible for all its obligations under this Agreement, including, without limitation, with respect to the scope of the Services, the Standard for Services and the content of the Services provided to the Recipient. Under no circumstances shall any Recipient be responsible for making any payments directly to any subcontractor engaged by a Provider.

SECTION 10.03. Additional Services; Books and Records.

(a) If, during the term of this Agreement, any party hereto identifies a need for additional or other transition services to be provided by or on behalf of the Company or GE, the parties hereto agree to negotiate in good faith to provide such requested services (provided that such services are of a type generally provided by the relevant Provider at such time) and the applicable service fees, payment procedures, and other rights and obligations with respect thereto. To the extent practicable, such additional or other services shall be provided on terms substantially similar to those applicable to Services of similar types and otherwise on terms consistent with those contained in this Agreement. If, during the 24-month period commencing on the date hereof, GE identifies a need for an additional transition service to be provided by or on behalf of the Company and such service has, in the ordinary course, been provided by the Company to GE prior to the date hereof, then GE shall not be required to pay any additional consideration to the Company to receive such service, and the Company shall be deemed to be compensated for such service by means of the payment by GE to the Company of the amount set forth in the second sentence of Section 5.01(b).

(b) All books, records and data maintained by a Provider for a Recipient with respect to the provision of a Service to such Recipient shall be the exclusive property of such Recipient. The Recipient, at its sole cost and expense, shall have the right to inspect, and make copies of, any such books, records and data during regular business hours upon reasonable advance notice to the Provider. At the sole cost and expense of the Provider, upon termination of the provision of any Service, the relevant books, records and data relating to such terminated Service shall be delivered by the Provider to the Recipient in a mutually agreed upon format to the address of the Recipient set forth in Section 10.05 or any other mutually agreed upon location; provided, however, that the Provider shall be entitled to retain one copy of all such books, records and data relating to such terminated Service for archival purposes and for purposes of responding to any dispute that may arise with respect thereto.

SECTION 10.04. Confidential Information. Genworth agrees to maintain and safeguard all GE Confidential Information pursuant to Section 6.2 of the Master Agreement and GE agrees to maintain and safeguard all Genworth Confidential Information pursuant to Section 6.2 of the Master Agreement, and each party hereto agrees that Section 6.2 of the Master Agreement is hereby incorporated by reference into, and a made a part of, this Agreement. If any Provider in connection with the provision of a Service, or the Company in connection with the provision of any Management Consulting Service, constitutes a Business Associate (as defined in HIPAA and/or the HIPAA Privacy Rule) and uses Recipient's, or in the case of the Management Consulting Services, GE's, Protected Health Information (as defined in HIPAA and/or the HIPAA Privacy Rule), then the terms of Schedule F shall apply with respect to such Service or Management Consulting Service.

SECTION 10.05. 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 10.05):

(a) if to GE:

General Electric Capital Corporation  
260 Long Ridge Road  
Stamford, CT 06927  
Attention: General Counsel

with a copy to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Howard Chatzinoff, Esq.

if to the Company:

Genworth Financial, Inc.  
6620 West Broad Street  
Richmond, VA 23230  
Attention: General Counsel

with a copy to:

Hunton & Williams LLP  
Riverfront Plaza, East Tower  
951 E. Byrd Street  
Richmond, VA 23219-4074  
Attention: Allen C. Goolsby, Esq.

SECTION 10.06. Taxes.

- (a) Each party shall be responsible for any personal property taxes on property it owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.
- (b) Each Recipient may report and (as appropriate) pay any sales, use, excise, value-added, services, consumption, and other taxes and duties (“Taxes”) directly if the Recipient provides the applicable Provider with a direct pay or exemption certificate.
- (c) A Provider shall promptly notify the applicable Recipient of, and coordinate with the Recipient the response to and settlement of, any claim for Taxes asserted by applicable taxing authorities for which the Recipient is alleged to be financially responsible hereunder. Notwithstanding the above, the Recipient’s liability for such Taxes is conditioned upon the Provider providing the Recipient notification within ten (10) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by the Provider.
- (d) Each Recipient shall be entitled to receive and to retain any refund of Taxes paid to a Provider pursuant to this Agreement. In the event a Provider shall be entitled to receive a refund of any Taxes paid by a Recipient to the Provider, the Provider shall promptly pay, or cause the payment of, such refund to the Recipient.
- (e) Each of the parties agrees that if reasonably requested by the other party, it will cooperate with such other party to enable the accurate determination of such other party’s tax liability and assist such other party in minimizing its tax liability to the extent legally permissible. The Provider’s invoices shall separately state the amounts of any Taxes the Provider is proposing to collect from the Recipient.

SECTION 10.07. Regulatory Approval and Compliance. Each of GE and the Company shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement; provided, however, that each of GE and the Company shall, subject to reimbursement of out-of-pocket expenses by the requesting party, cooperate and

provide one another with all reasonably requested assistance (including, without limitation, the execution of documents and the provision of relevant information) required by the requesting party to ensure compliance with all applicable Laws in connection with any regulatory action, requirement, inquiry or examination related to this Agreement or the Services.

SECTION 10.08. 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 10.09. Entire Agreement. Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules 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.

SECTION 10.10. Assignment; No Third-Party Beneficiaries. This Agreement shall not be assigned by any party hereto without the prior written consent of the other party; provided, however, that (i) in the event the Company sells all or part of the Genworth Business (a “Genworth Divested Unit”) to a third party, GE shall remain obligated to continue to provide GE Services to such Genworth Divested Unit (but not otherwise to such third party acquirer) to the extent it was providing such GE Services immediately prior to such divestiture, pursuant to the terms of this Agreement, unless otherwise agreed upon by the parties hereto, (ii) in the event GE sells all or part of the Retained Businesses (a “GE Divested Unit”) to a third party, the Company shall remain obligated to continue to provide Company Services to such GE Divested Unit (but not otherwise to such third party acquirer) to the extent it was providing such Company Services immediately prior to such divestiture, pursuant to the terms of this Agreement, unless otherwise agreed upon by the parties hereto, (iii) in the event the Company acquires a business or portion thereof by merger, stock purchase, asset purchase, reinsurance or other means (a “Genworth Acquired Unit”), then GE shall be obligated to provide the GE Services to such Genworth Acquired Unit, to the extent applicable, pursuant to the terms of this Agreement, unless otherwise agreed upon by the parties hereto; provided, however, that in the event that the acquisition of a Genworth Acquired Unit results in a change in the volume or quantity of any GE Service which thereby causes a material increase in GE’s cost to provide such GE Service, then the parties hereto shall negotiate in good faith and use their commercially reasonable efforts to agree upon a mutually agreeable price adjustment for such GE Service to compensate GE for such increased costs, and (iv) in the event GE acquires a business that engages in a business of the type engaged in by the Retained Businesses (a “GE Acquired Unit”), then the Company shall be obligated to provide the Company Services to such GE Acquired Unit, to the extent applicable, pursuant to the terms of this Agreement, unless otherwise agreed upon by the parties hereto; provided, however, that in the event that the acquisition of a GE Acquired Unit results in a change in the volume or quantity of any Company Service which thereby causes a material increase in the Company’s cost to provide such Company Service, then

the parties hereto shall negotiate in good faith and use their commercially reasonable efforts to agree upon a mutually agreeable price adjustment for such Company Service to compensate the Company for such increased costs. Nothing in clause (iv) of the preceding sentence shall be deemed to waive any party's rights or relieve or otherwise satisfy any party's obligations under Section 6.12 of the Master Agreement. Notwithstanding the foregoing, GE's obligation to provide Services to a Genworth Divested Unit and the Company's obligation to provide Services to a GE Divested Unit shall be subject to (A) at the sole discretion of the Provider of the Services, the implementation of new Service Charges (solely with respect to Services to be provided to such Divested Unit) proposed by the Provider of such Services that are consistent with applicable market rates for such Services; (B) the seller of such Divested Unit or the third party purchaser of such Divested Unit agreeing to pay, or cause to be paid, any incremental fees or expenses incurred by the Provider in connection with establishing or transitioning the provision of such Services to the third party; (C) obtaining any consents that are necessary to enable the Provider to provide the Services to the third party; provided, that GE and the Company shall each use commercially reasonable efforts to obtain any such consents; (D) the third party purchaser of such Divested Unit agreeing to any reasonable security measures implemented by the Provider in providing the Services as deemed necessary by the Provider to protect its Information Systems; and (E) the third party purchaser of such Divested Unit agreeing in writing to be bound by all applicable provisions of this Agreement. Except as provided in Article VII with respect to Provider Indemnified Parties and Recipient Indemnified Parties, 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 any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 10.11. Amendment. 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 10.12. Rules of Construction. Interpretation of this Agreement 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, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement 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 headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement and (f) this Agreement 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. Unless specifically stated in the Master Agreement that a particular provision of the Master Agreement should be given effect in lieu of a conflicting provision in this Agreement, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance

with, any provision of the Master Agreement, the provision contained in this Agreement shall prevail.

SECTION 10.13. 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 any such Agreement.

SECTION 10.14. No Right to Set-Off. The Recipient shall pay the full amount of costs and disbursements including Other Costs incurred under this Agreement, and shall not set-off, counterclaim or otherwise withhold any other amount owed to the Provider on account of any obligation owed by the Provider to the Recipient.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GENERAL ELECTRIC COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GE FINANCIAL ASSURANCE HOLDINGS, INC.

By: \_\_\_\_\_  
Name:  
Title:

GEI, INC.

By: \_\_\_\_\_  
Name:  
Title:

GNA CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GE ASSET MANAGEMENT INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC MORTGAGE HOLDINGS LLC

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A**

**GE SERVICES**

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**Schedule A-1**

**INVESTMENT IT SERVICES**

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**Schedule B**

**COMPANY SERVICES**

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**Schedule C-1**

**LEASED FACILITIES (GE to Genworth)**

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**Schedule C-2**

**LEASED FACILITIES (Genworth to GE)**

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**Schedule D**

**GRC PROJECTS**

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## Schedule E

### **MANAGEMENT CONSULTING SERVICES**

The Management Consulting Services are broadly defined as activities performed by Company associates that benefit other GE businesses but that do not directly benefit Company. The Management Consulting Services typically include activities such as (i) attending meetings, (ii) delivering training, (iii) providing historical and industry perspectives, (iv) participating in meetings with rating agencies and regulators, (v) participating in government relations activities, (vi) sharing Company best practices, and (vii) making joint sales calls.

The Management Consulting Services are more fully defined below in the Services By Function section.

#### Services By Function

##### Executive Office:

Provide to the CEO of GE and the CEO of GE Insurance general support, advice, and strategy with respect to GE's Retained Businesses and GE's reinsurance business. Consult on various GE initiatives, including strategic implementations, operational reviews, capital planning and other regulatory matters. The parties acknowledge such support will be limited by any Company obligations deemed necessary by the Company's CEO.

##### Finance:

Meet with the Retained Businesses' or GE associates to provide reasonable assistance with issue resolution directly related to historical management participation or emerging issues, meet with the Retained Businesses' management to plan for and provide assistance with rating agency relations, accompany management to ratings agency meetings, meet with the Retained Businesses' management, auditors, regulators to provide historical perspectives. Attend councils at GE including Finance, Tax, Controllers and others as appropriate including presentations of best practices as applicable.

##### Legal/Compliance:

Accompany the Retained Businesses' management to meet with regulators, meet with Retained Businesses' and GE associates to provide reasonable assistance with issue resolution directly related to historical management participation, participate in GE Legal Councils, share applicable legal and compliance best practices and emerging issues as applicable.

##### Government Relations/Public Relations:

Consult and provide support and advice with regard to Government Relations planning and practice with respect to Retained Businesses, and GE's reinsurance businesses. Accompany the Retained Businesses' management to meet with regulators, work with the Retained Businesses' management on government relations activities including without limitation incorporating the Retained Businesses' government relations agendas into the Company's agendas and jointly participating in events, meet with the Retained Businesses' management, auditors, regulators to provide historical perspectives, meet with the Retained Businesses' management to plan for and provide assistance with rating agency relations, accompany Retained Businesses' management to

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ratings agency meetings. Participate in GE Government Relations planning and present best practices as applicable.

Risk:

Provide general risk support, advice, and strategy with respect to the Retained Businesses and GE's reinsurance business. Meet with the Retained Businesses' and GE associates to provide reasonable assistance with issue resolution directly related to historical management participation, participate in GE risk forums, share applicable risk best practices.

Information Technology:

Meet with the Retained Businesses' management and GE, auditors, regulators to provide historical perspectives and strategy or consultation on emerging issues, participate in GE information technology councils, share applicable emerging technology practices related to strategy, standards selection and cost reduction initiatives.

Marketing & Product Management:

Participate in joint sales calls for mutual GE/Company customers, meet with the Retained Businesses' management and other GE management to provide perspectives with respect to the insurance industry, and share applicable marketing best practices.

Operations & Six Sigma:

Meet with the Retained Businesses' or GE associates to provide reasonable assistance with issue resolution directly related to historical management participation and emerging issues, make available training in insurance specific classes developed and delivered by Company subject to availability, providing training classes and materials on LEAN and Company- created LEAN tools for financial services operations subject to availability (GE to pay its own travel and living expenses), participate in the Engineering Leadership Council, meet with the Retained Businesses' management to provide perspectives with respect to the insurance industry, share applicable operations best practices.

Actuarial:

Provide general support, advice, and strategy with respect to GE's Retained Businesses and reinsurance business. Meet with the Retained Businesses' management to plan for and provide assistance with rating agency relations, accompany the Retained Businesses' management to ratings agency meetings, assist the actuarial department of GE's reinsurance business, meet with the Retained Businesses' associates to provide reasonable assistance with issue resolution directly related to historical management participation, meet with the Retained Businesses' management, auditors, regulators to provide historical perspectives, share applicable actuarial best practices.

Human Resources:

Participate in GE HR councils and share applicable HR best practices, and make available to GE the Company leadership training classes subject to availability (GE to pay its own travel and living expenses). In addition the Company will make such appropriate subject matter experts reasonably available to provide consultation and assistance to GE with respect any employment-related lawsuit(s) related to Financial Guaranty Insurance Company for which GE is financially

responsible and that are pending as of January 1, 2004, until such lawsuit(s) are settled or otherwise finally adjudicated with no further right of appeal.

**Schedule F**

**BUSINESS ASSOCIATE ADDENDUM**

I. Purpose.

In order to disclose certain information to Provider under this Addendum, some of which may constitute Protected Health Information (“PHI”) (defined below), Recipient and Provider mutually agree to comply with the terms of this Addendum for the purpose of satisfying the requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing privacy regulations at 45 C.F.R. Parts 160-164 (“HIPAA Privacy Rule”). 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. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Agreement. 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 (“PHI”) that it creates for or receives from Recipient or its Subsidiaries only as follows. The capitalized term “Protected Health Information or PHI” has the meaning set forth in 45 Code of Federal Regulations 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, Recipient’s or its Subsidiaries’ health benefit plans. All other terms used in this Addendum shall have the meanings set forth in the applicable definitions under the HIPAA Privacy Rule.

B. Functions and Activities on Company’s Behalf. Business Associate is permitted to use and disclose PHI it creates for or receives from Recipient or its Subsidiaries 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 whichever of the Recipient or its Subsidiary 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 Recipient or its Subsidiaries.

C. Business Associate’s Operations. Business Associate is permitted by this Agreement to use PHI it creates for or receives from Recipient or its Subsidiaries: (i) if such

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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 Recipient or its Subsidiaries 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 whichever of the Recipient or its Subsidiary 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 Recipient's or its Subsidiaries' behalf 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 Recipient, its Subsidiaries, or from another business associate of Recipient or its Subsidiaries, 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 whichever of the Recipient or its Subsidiary 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 Recipient or its Subsidiaries or from another business associate of Recipient or its Subsidiaries, 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 Recipient's or its Subsidiaries' 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 Recipient or its Subsidiaries, 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 Recipient or its Subsidiaries, 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 Recipient's or its Subsidiaries' 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 Recipient or its Subsidiaries. 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 Recipient or its Subsidiaries, to the extent that Business Associate will conduct Standard Transactions for or on behalf of Recipient or its Subsidiaries, 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 Recipient or its Subsidiaries 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 Recipient's or the relevant Subsidiary's prior written approval) to disclose any of the PHI Business Associate creates or receives for or

from Recipient or its Subsidiaries, 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 Recipient's or its Subsidiary's request make available to Recipient, its Subsidiary, or, at Recipient's or such Subsidiary's direction, 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 Recipient or its Subsidiary and that is in Business Associate's custody or control, so that Recipient or its Subsidiary may meet its access obligations under 45 Code of Federal Regulations § 164.524.

B. Amendment. Upon Recipient's or its Subsidiary's request Business Associate will promptly amend or permit Recipient or its Subsidiary access to amend any portion of the PHI which Business Associate created for or received from Recipient or its Subsidiary, and incorporate any amendments to such PHI, so that Recipient or its Subsidiary may meet its amendment obligations under 45 Code of Federal Regulations § 164.526.

C. Disclosure Accounting. So that Recipient or its Subsidiaries 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 Recipient or its Subsidiaries of PHI that Business Associate creates for or receives from Recipient or its Subsidiaries, (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 Recipient or its Subsidiaries) 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 Recipient or its Subsidiaries promptly upon Recipient's or its Subsidiaries' request.

2. Exceptions from Disclosure Tracking. Business Associate need not record disclosure information or otherwise account for disclosures of PHI that this Addendum or Recipient or the relevant Subsidiary in writing permits or requires (i) for the purpose of Recipient's or its Subsidiaries' 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 Recipient and its Subsidiaries the disclosure information required by this section for the 6 years preceding Recipient's or its Subsidiaries' 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 whichever of the Recipient or its Subsidiary 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 Recipient or the relevant Subsidiary promptly after Business Associate learns of such non - permitted use or disclosure. Business Associate's report will at least:

- (i) Identify the nature of the non-permitted use or disclosure;
- (ii) Identify the PHI used or disclosed;
- (iii) Identify who made the non-permitted use or received the non-permitted disclosure;
- (iv) Identify what corrective action Business Associate took or will take to prevent further non-permitted uses or disclosures;
- (v) Identify what Business Associate did or will do to mitigate any deleterious effect of the non-permitted use or disclosure; and
- (vi) Provide such other information, including a written report, as Recipient or the relevant Subsidiary 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 Recipient or its Subsidiaries 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 Recipient request, 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 Recipient's 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 Recipient or its Subsidiaries, for purposes of Recipient's or its Subsidiaries' review of such internal practices, books, and records.

This LIABILITY AND PORTFOLIO MANAGEMENT AGREEMENT, dated as of January 1, 2004 (this “Agreement”), between [Subsidiary], a New York limited liability company (the “Company”) and GENWORTH FINANCIAL ASSET MANAGEMENT, LLC, a Virginia limited liability company (the “Manager” and together with the Company, the “Parties”).

WITNESSETH:

WHEREAS, FGIC MRCA Corp. (“MRCA Corp.”) and the Company entered into that certain Investment Administration Agreement, dated as of June 23, 1997 (as subsequently amended, the “Investment Administration Agreement”); and

WHEREAS, the Manager is an investment adviser registered with the United States Securities and Exchange Commission that will be engaged by the Company to provide the services described herein; and

WHEREAS, MRCA Corp. has provided the Company a written notice of resignation pursuant to Section 3.05 of the Investment Administration Agreement and the Company, by executing this Agreement, accepts such resignation and waives the requirement for sixty (60) days’ notice thereof; and

WHEREAS, the Investment Administration Agreement will be terminated and replaced by this Agreement; and

WHEREAS, the Manager and the Company wish to establish and define certain obligations set forth in Exhibit C and Exhibit D (the “Listed Obligations”) that the Manager is required to undertake in connection with the services it will provide to the Company under this Agreement;

NOW, THEREFORE, in consideration of the mutual promises made herein and upon the terms and subject to the conditions set forth herein, the Parties hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Terms Defined in the Security Agreement. Capitalized terms used in this Agreement that are not defined herein shall have the respective meanings specified in the Collateral Trust and Security Agreement, dated as of June 23, 1997, among the Company, General Electric Capital Corporation (“GE Capital”), as LOC Agent, and Bankers Trust Company (predecessor-in-interest to Deutsche Bank Trust Company Americas), as Security Trustee (as amended, the “Security Agreement”).

SECTION 1.02. Terms Defined in this Agreement. As used in this Agreement, the following capitalized terms have the following meanings:

“Accounts” shall have the meaning specified in Section 2.01.

**CONFIDENTIAL TREATMENT REQUESTED**

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH “\*\*\*”.  
AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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“Agreement” means this Liability and Portfolio Management Agreement, including all provisions of the Security Agreement incorporated by reference herein, which shall have the same effect as if those provisions were set forth in full herein.

“Company” shall have the meaning specified in the preamble of this Agreement.

“Cure Period” means (i) with respect to the Listed Obligations set forth in Exhibit C, the respective cure periods set forth therein, and (ii) with respect to Listed Obligations in Exhibit D or other obligations set forth in this Agreement that do not appear in Exhibit C, one hundred twenty (120) days during the initial term of this Agreement and sixty (60) days thereafter; in each case such Cure Period to commence upon receipt of notice by the Manager from any party to a Contract entitled to give notice of default, GE Capital or the Company.

“Dispute Resolution” shall have the meaning specified in Section 4.05(b).

“Failure Notice Recipients” shall have the meaning specified in Section 4.05(b) or such other recipients as are designated from time to time.

“Final Cure Period” shall have the meaning specified in Section 4.05(b).

“GE Capital” shall have the meaning specified in Section 1.01.

“GE Note Option” means an option of GE Capital, which, if exercised, permits the debt of GE Capital to be included in the Facility Account of the Company without limit, subject to (i) the provision by GE Capital of a full guarantee of the Contracts and Hedge Contracts, (ii) GE Capital’s being rated at least “AAA”/“Aaa” by the Rating Agencies, and (iii) the retirement in full of the outstanding Preferred Securities issued by the Company.

“Impossibility” shall have the meaning specified in Section 4.05(b).

“Indemnified Party” shall have the meaning specified in Section 2.12.

“Investment Administration Agreement” shall have the meaning specified in the first recital of this Agreement.

“Listed Obligations” shall have the meaning specified in the fifth recital of this Agreement.

“Management Fee” shall have the meaning specified in Section 2.06.

“Manager” shall have the meaning specified in the preamble to this Agreement.

“Maximum Permitted Program Size” shall have the meaning specified in Section 2.06.

“MCRA Corp.” shall have the meaning specified in the first recital of this Agreement.

“Notice of Failure” shall have the meaning specified in Section 4.05(b).

“Operating Costs” shall have the meaning specified in Section 2.07(b).

“Operations, Procedures and Controls Manual” means the Operations, Procedures and Controls Manual of the Company dated as of July 2, 2003, as the same may be amended from time to time. The Rating Agencies shall receive notice and a copy of any amendments or modifications to the Operations, Procedures and Controls Manual on a biennial basis.

“Parties” shall have the meaning specified in the preamble to this Agreement.

“Policy 5.0” means the policy which sets forth certain risk management guidelines that the Company is required to observe, as the same may be amended from time to time by the Company with the approval of GE Capital. The Rating Agencies shall receive notice and copy of any amendments or modifications to Policy 5.0 on a quarterly basis.

“Policy 6.0” means the policy which sets forth certain risk management parameters that the Company is required to observe, as the same may be amended from time to time by the Company with the approval of GE Capital. The Rating Agencies shall receive notice and copy of any amendments or modifications to Policy 6.0 on a quarterly basis.

“Portfolio” shall have the meaning specified in Section 2.01.

“Remediation Plan” shall have the meaning specified in Section 4.05(b).

“Security Agreement” shall have the meaning specified in Section 1.01.

“Senior Management” shall have the meaning specified in Section 4.05(b).

“Submission” shall have the meaning specified in Section 4.05(b).

SECTION 1.03. Other Definitional Provisions. Section 1.02 of the Security Agreement is incorporated herein by reference.

## ARTICLE II

### Engagement; Powers and Duties

SECTION 2.01. Engagement of Manager.

(a) The Company hereby retains the Manager:

- (i) to advise the Company as to the investment of its Assets, including recommending specific Permitted Investments, Permitted Collateral Investments and Hedge Contracts to the Company;
- (ii) to administer the Company's Assets maintained in the Facility Account, the Collateral Accounts, and the LOC Reimbursement Account and such other accounts as the Company may maintain from time to time (the "Accounts"), which are identified (to the extent established by the effective date hereof) by account number in Exhibit A, as the same may be amended from time to time, with such deposits thereto and withdrawals therefrom as are from time to time permitted under the Security Agreement;
- (iii) for as long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to arrange the purchase and sale through registered broker-dealers of bonds, pass-through certificates, stocks, and other securities relating to the Accounts;
- (iv) for as long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to arrange the purchase and sale and otherwise to effect transactions in Hedge Contracts relating to the Accounts;
- (v) to advise the Company in the issuance of and to assist the Company in the preparation of (and, for so long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to execute and to deliver on behalf of the Company) Investment Orders and Disposition Orders, as may be required from time to time pursuant to the terms of Sections 2.04 and 2.05 of the Security Agreement;
- (vi) to prepare reports and to perform valuation tests as specified in Section 2.06 of the Security Agreement;
- (vii) to take such action as is necessary and proper on behalf of the Company for the preservation of Company Collateral pursuant to Section 2.07 of the Security Agreement;
- (viii) to assist the Company in the preparation and filing of financing statements or amendments of financing statements, as may be required in connection with any change in the Company's name or location as contemplated by Section 2.08 of the Security Agreement;
- (ix) to advise the Company in the granting or effecting of and to assist the Company in the preparation of (and, for so long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to execute and to deliver on behalf of the Company) any consents, waivers, extensions, or modifications in respect of any item of Company Collateral or Contract Collateral as contemplated by Section 2.10 of the Security Agreement;
- (x) to advise the Company in the delivery of and to assist the Company in the preparation of (and, for so long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to execute and to deliver on behalf of the

Company) any instrument of transfer or release in respect of any item of Company Collateral or Contract Collateral as contemplated by Section 2.11 of the Security Agreement;

(xi) to notify the Security Trustee and other specified parties as may be required from time to time, pursuant to the terms of the Security Agreement, of a Credit Event or a Program Event of Default;

(xii) to advise the Company as to the allocation of Company Collateral to particular Contracts pursuant to Article V of the Security Agreement and the terms of the relevant Contract;

(xiii) to notify the Security Trustee as may be required from time to time, pursuant to the terms of the Security Agreement, of an LOC Draw Event;

(xiv) to designate persons who are registered representatives of a registered broker-dealer which is a member of the National Association of Securities Dealers to execute and deliver Contracts on behalf of the Company in their capacity as such pursuant to a power of attorney granted by the Company from time to time to registered representatives designated and notified to the Company by the Manager from time to time;

(xv) to engage a registered broker-dealer which is a member of the National Association of Securities Dealers to assist the Company in connection with the offering, issuance and sale of Contracts and, in connection therewith, to make such other arrangements with such broker-dealer as may be necessary or advisable to ensure that such broker-dealer supervises its registered representatives who will effect such transactions and takes responsibility for such offering, issuance and sale; and

(xvi) to take any other action deemed necessary or advisable to write Contracts on behalf of the Company, subject to the limitations set forth in the Security Agreement.

The Manager shall administer all of the Company's Assets in the Accounts (all of such Assets together, the "Portfolio") in accordance with the terms and conditions and shall otherwise observe in all material respects the requirements of the Security Agreement and other Program Documents, the Operations, Procedures and Controls Manual, Policy 5.0 and Policy 6.0, this Agreement and all other documents, policies, laws and regulations applicable to the Company from time to time. The Company shall provide copies of the Security Agreement, the Operations, Procedures and Controls Manual, Policy 5.0 and Policy 6.0 to the Manager no later than the time that this Agreement is entered into and shall provide copies of all amendments, supplements and revisions to such documents as soon as they are available to the Company.

(b) Performance. The Parties hereby agree that the Manager shall perform the specific Listed Obligations set forth in Exhibit C and Exhibit D during the term of this Agreement and, subject to Section 2.10, such other functions as are set forth in this Agreement or as are generally required to operate the business of the Company in

accordance with applicable laws, regulations, documents and Company policy. The Manager acknowledges that it will take all reasonable steps to continue to conduct the business of the Company in a manner substantially similar to that in which it had been conducted prior to the Parties' entry into this Agreement and in a manner reasonably satisfactory to the Company. The Manager shall perform its duties pursuant to this Agreement (i) exercising the same diligence and care applied to manage its own property; (ii) consistent with the practices used by it (and its Affiliates) to manage portfolios of similar assets for other customers and (iii) consistent with the diligence and care applied by other professional managers of similar stature. Notwithstanding the foregoing, if the Company does not consent, affirmatively or otherwise, to any proposed action by the Manager pursuant to this Section 2.01(b), the Manager's failure to take such proposed action shall not be deemed a breach of its standard of care hereunder.

SECTION 2.02. Power of Attorney. The Company hereby provides the Manager with a revocable power of attorney with full power and authority:

- (i) to evaluate and appraise the Portfolio;
- (ii) to arrange the purchase and sale through registered broker-dealers of bonds, pass-through certificates, stocks, and other securities in connection with making Investments for the Portfolio;
- (iii) to arrange the purchase and sale and otherwise to effect transactions in Hedge Contracts in connection with making Investments for the Portfolio through registered broker-dealers;
- (iv) to execute and to deliver on behalf of the Company any Investment Orders and Disposition Orders, as may be required from time to time pursuant to the terms of Section 2.04 and 2.05 of the Security Agreement;
- (v) to execute and to deliver on behalf of the Company any consents, waivers, extensions, or modifications in respect of any item of Company Collateral or Contract Collateral as contemplated by Section 2.10 of the Security Agreement;
- (vi) to execute and to deliver on behalf of the Company any instrument of transfer or release in respect of any item of Company Collateral or Contract Collateral;
- (vii) to engage a broker-dealer acceptable to the Company to assist the Company in the origination, issuance and sale of Contracts in accordance with all applicable securities laws and regulations; and
- (viii) subject to the limitations set forth in the Operations, Procedures and Controls Manual, Policy 5.0 and Policy 6.0, to take any other action, including executing agreements and any other documents on behalf of the Company that the Manager deems necessary or advisable to purchase, sell, or otherwise effect investment transactions relating to the Portfolio.

All Investments made, and transactions entered into, by the Manager on behalf of the Company shall be entered into in the name of the Company. All actions contemplated above shall be performed in accordance with applicable laws, regulations, documents and applicable Company policy. The Manager shall not be under an obligation to keep the Portfolio fully invested if, in its sole discretion, it shall determine that market and/or economic conditions make it imprudent or disadvantageous to do so at any time or funds should be made available for distributions and other payments pursuant to the Security Agreement. The Company represents that it has the authority to make the appointment set forth in this paragraph. In the event the Manager fails to perform a Listed Obligation and this Agreement is terminated pursuant to Section 4.05(a) or (b), or if this Agreement is terminated pursuant to Sections 4.05(c) or (d), this power of attorney may be revoked by the Company by written notice to the Manager.

SECTION 2.03. Valuation. The Manager shall value the Portfolio from time to time as required by Section 2.06 of the Security Agreement in order to prepare the reports required thereunder, using the portfolio valuation methods set forth in the Market Valuation Addendum attached as Schedule 1.01 to the Security Agreement, in order to determine whether a Coverage Shortfall, a Program Shortfall or a Net Worth Deficit has occurred and is continuing and whether the Market Sensitivity Limit has been exceeded. The Manager shall also value Permitted Collateral Investments on deposit in Collateral Accounts as required under the terms of each Collateralized Contract.

SECTION 2.04. Reports. As more particularly specified in the applicable Program Documents and in Exhibit C and Exhibit D, the Manager shall:

- (a) prepare the Company's annual financial statements and, unless otherwise specified by the Company, arrange to have such statements audited by a firm of independent accountants acceptable to the Company and GE Capital;
- (b) timely prepare and provide to the Security Trustee, the Company and the Rating Agencies such reports as are required to be provided to each of such Persons pursuant to Section 2.06 of the Security Agreement and in accordance with Exhibit 2.06 of the Security Agreement;
- (c) give prompt written notice to the Company, the Security Trustee, the Broker-Dealers and the Rating Agencies of (i) the existence of a Coverage Shortfall, Program Shortfall, or Net Worth Deficit or (ii) the exceeding of a Market Sensitivity Limit; and
- (d) notify the Company and GE Capital immediately upon learning of any Credit Event, Program Event of Default or other material default or breach of the Listed Obligations set forth in Exhibit C.

SECTION 2.05. Confidential Relationships. All information and recommendations furnished by the Manager to the Company shall be treated by the Company as confidential. The Manager shall, in turn, treat as confidential all information concerning the affairs of the Company. Nothing in this Section 2.05 shall be deemed to

preclude any such information or recommendations from being disclosed by either Party to such Party's Affiliates or to the directors, officers, employees, representatives, agents, or advisers of such Affiliates [ , or pursuant to applicable law, regulation or court order]; provided, that any such recipients are advised of the confidential nature of such information or recommendations.

SECTION 2.06. Fees. The Company hereby agrees to pay to the Manager a fee (the "Management Fee") at an annual rate of sixteen and one-half (16.5) basis points (0.165%) of the Maximum Permitted Program Size of the Company as of the date hereof, payable quarterly in arrears; provided, however, that the Management Fee shall be pro rated to the date of termination in the event the Agreement is terminated pursuant to Article IV. For the purposes hereof, "Maximum Permitted Program Size" means nine billion dollars (\$9,000,000,000) or such larger amount as shall be approved in writing by GE Capital. In no event shall the Management Fee that is payable to the Manager be an amount less than fourteen million, eight hundred fifty thousand dollars (\$14,850,000) per annum, pro rated to reflect the period of time during which this Agreement was in effect during each year.

SECTION 2.07. Expenses Reimbursed.

(a) The Company shall reimburse the Manager for all out-of-pocket expenses incurred and approved pursuant to Section 2.09(e) in connection with the performance of its duties hereunder, except for any expenses arising out of the Manager's willful misfeasance, bad faith, gross negligence in the performance of or reckless disregard of its obligations and duties hereunder.

(b) The Company shall reimburse the Manager for all appropriate Operating Costs of the Company. Such reimbursement shall be made, upon receipt by the Company from the Manager of a schedule detailing Operating Costs (substantially in the form of Exhibit B hereof), within thirty (30) days following the end of each quarter. For the purposes hereof, "Operating Costs" means all costs incurred by the Manager in connection with the performance of its obligations under this Agreement that have been submitted and approved in writing as part of the annual budget approval process described in Section 2.09(e). For the avoidance of doubt, it is hereby agreed that certain expenses will not be paid by the Manager and do not constitute reimbursable Operating Costs. Such expenses, which are directly attributable to the Company, include fees payable to: (i) each rating agency that assigns a rating to the Company, (ii) external auditors of the Company, (iii) external legal counsel engaged by the Company for services rendered thereto and not in connection with duties of the Manager which are unrelated to the management services it renders to the Company, (iv) certain third-party providers of accounting services to the Company, (v) providers of credit research services required by the Company and (vi) any provider of goods or services for costs incurred in connection with requirements imposed by regulatory authorities, the applicable rating agencies, or any applicable law, rule, regulation, administrative interpretation, ordinance, code issued by a Governmental Authority or regulatory body, or any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction; each such expense shall be paid by the Company.

SECTION 2.08. Execution of Securities Transactions.

(a) In connection with the offering and sale of Contracts, the Manager shall engage a registered broker-dealer approved by the Company that provides services with respect to the origination, issuance and sale of Contracts that the Manager believes to be of value. The Company shall pay all costs associated with the retention of such broker-dealer and shall bear all indemnification costs relating thereto.

(b) Except as otherwise specifically directed by the Company, the Manager shall have complete discretion to select any registered broker-dealer in all securities transactions affecting the Portfolio not described in Section 2.08(a). The Manager is expressly authorized to select such brokers-dealers who provide brokerage and research services that the Manager believes to be of value. The Manager is expressly authorized to pay from the Assets in the Portfolio commissions on such transactions in amounts that the Manager determines in good faith to be reasonable in relation to the value of such brokerage and research services, viewed in terms either of the particular transaction or the overall responsibilities of the Manager with respect to the Portfolio.

SECTION 2.09. Administrative Responsibilities. The Manager shall have the following administrative responsibilities:

(a) The Manager shall submit the budget for reimbursable Operating Costs to the Company and GE Capital by no later than January 31 of each year and such budget shall be approved by the Manager of Finance of Corporate Treasury and Global Funding Operations (or such other representative as shall be designated from time to time in a notice to the Manager executed by the Company and GE Capital) by February 15 of such year. Operating Costs incurred in excess of the aggregate amounts approved in the annual budget must be separately approved by the Company and GE Capital in order to be considered for reimbursement.

(b) Custody of the Assets comprising the Portfolio will be maintained by the Security Trustee or the applicable Collateral Agent as specified in Article II of the Security Agreement. The Manager shall not have custody of any of the Assets in the Portfolio.

(c) The Manager shall keep such books and records relating to all transactions that it effects pursuant to this Agreement, including without limitation all books and records necessary (in addition to books and records available from the Security Trustee pursuant to Section 2.09(c) or otherwise) for preparing the reports required by Section 2.04.

(d) The Manager on behalf of the Company shall instruct the Security Trustee and each Collateral Agent: (i) to send copies of all statements relating to the Accounts to the Manager; (ii) to permit the Manager, on behalf of the Company, to inspect the Company Collateral or Contract Collateral, as the case may be, in the possession or otherwise under the control of the Security Trustee and the books and records maintained by the Security Trustee or such Collateral Agent, as the case may be,

relating thereto (and to allow the Manager to make extracts and copies thereof) as the Manager may reasonably request pursuant to Section 2.03 (b) of the Security Agreement; and (iii) to report to the Manager, concurrently with reporting to the Company pursuant to Section 2.03(a) of the Security Agreement, any failure on the part of the Security Trustee or such Collateral Agent, as the case may be, to hold the Company Collateral as provided in Section 2.03(a) of the Security Agreement.

(e) For the avoidance of doubt, the Manager shall provide no services to the Company in respect of tax planning or tax compliance of any kind.

(f) The Manager shall submit presentations relating to the offering of Contracts to the Company and GE Capital for approval prior to external use.

(g) The Manager shall maintain its status as an “investment adviser” under the Investment Advisers Act of 1940, as amended, and shall follow all applicable laws and regulations relating to its status as such and to its performance hereunder, including all applicable laws and regulations relating to bidding for Contracts.

SECTION 2.10. Other Duties as Reasonably Requested. The Manager shall also perform such other duties or shall modify existing duties as the Company may reasonably request or that the Manager shall recommend to the Company from time to time relating to the management of a business involved in the issuance of guaranteed investment contracts and similar debt obligations issued by providers rated “AAA”/”Aaa” and the management of the proceeds of the issuance of such contracts and obligations. If any additional or modified duties are required of Manager under this Agreement, Manager shall have the reasonable time and opportunity to procure such additional resources as may, in Manager’s good faith judgment, be required to perform such duties. Manager also agrees that it will cease to perform the requirements of certain obligations specified hereunder if the Company so directs in writing. Any such changes or additions shall be deemed for all purposes to be amendments or supplements to this Agreement. The Company shall pay such costs as have been mutually agreed to by the Parties and as may from time to time be required to enable the Manager to perform any additional or changed Listed Obligations contemplated herein and other obligations not listed in this Agreement for which additional resources are required or additional costs are reasonably incurred by the Manager.

SECTION 2.11. Limitation of Liability. Neither the Manager nor any of its Affiliates nor any of their respective directors, officers, or employees shall be liable to the Company for any error of judgment or mistake of law or for any loss arising out of any Investment, Hedge Contract, or any other commitment of funds on behalf of the Company or for any act or omission in the administration of the Portfolio except for willful misfeasance, bad faith, gross negligence in the performance of or reckless disregard of its obligations and duties hereunder, other than as may be provided under applicable law.

SECTION 2.12. Indemnification. (a) The Company shall (i) indemnify and hold harmless the Manager and any Affiliate of the Manager and each of their

respective directors, officers, employees and agents (each, an “Indemnified Party”) from and against all losses, claims, damages, expenses or liabilities to which such Indemnified Party may become subject (except in respect of the broker-dealer engaged by the Manager in respect of placement of Contracts, which shall be the sole liability of the Manager), insofar as such losses, claims, damages, expenses or liabilities (or actions, suits or proceedings including any inquiry or investigation or claims in respect thereof) arise out of, in any way relate to, or result from the transactions contemplated by, this Agreement, and (ii) reimburse each of the Indemnified Parties upon its demand for any reasonable legal or other expenses incurred in connection with investigating, preparing to defend or defending any such loss, claim, damage, liability, action or claim, in each case only to the extent that funds are available therefor in accordance with the Security Agreement; provided, however, that none of the Indemnified Parties shall have the right to be so indemnified hereunder for losses, claims, damages, expenses or liabilities to the extent resulting from its own negligence or willful misconduct or for losses, claims, damages, expenses or liabilities that it is required to pay to any broker-dealer that it has engaged in connection with the Contracts or other liabilities. If any action is brought against an Indemnified Party indemnified or intended to be indemnified pursuant to this Section 2.12, the Company shall, if requested by such Indemnified Party, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel reasonably satisfactory to such Indemnified Party, but shall not be empowered to compromise or settle such action, suit or proceeding unless such Indemnified Party has been fully indemnified for any loss, claim, damage, expense or liability it thereby suffers. Each Indemnified Party shall, unless the Indemnified Party has made the request described in the preceding sentence and such request has been complied with, have the right to employ its own counsel to investigate and control the defense of any matter covered by such indemnity and the reasonable fees and expenses of such counsel shall be at the expense of the Company. Any obligations of the Company pursuant to this Section 2.12 are Deferred Expenses and the Manager shall have recourse solely to the LOC Reimbursement Account for such obligations of the Company (and not to any other assets of the Company) and shall be paid in the priority specified in the applicable sections of Article VII of the Security Agreement. The Manager hereby expressly consents to such limited recourse to the LOC Reimbursement Account and to such priorities of distributions set forth in Article VII of the Security Agreement.

### ARTICLE III

#### Representations and Warranties

SECTION 3.01. Valid Existence; Authorization; Enforceability. Each of the Parties represents and warrant to the other as follows:

(a) such Party is a limited liability company duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power, legal right and authority to execute and deliver this Agreement and all other documents to be executed and delivered by such Party in connection herewith and to perform its obligations hereunder and thereunder; and

(b) this Agreement and all the documents to be executed and delivered by such Party in connection herewith and therewith has been duly authorized by all necessary actions on the part of such Party.

## ARTICLE IV

### Miscellaneous Provisions

SECTION 4.01. No Assignment Without Consent. This Agreement, and the obligations and rights arising under this Agreement, may not be assigned or otherwise transferred by either Party (including any assignment or transfer in connection with any Person succeeding to any part of the business of either Party) without the prior written consent of the other Party.

SECTION 4.02. Counterparts. This Agreement may be executed in one or more counterparts and, as so executed, shall constitute one agreement binding upon the Parties.

SECTION 4.03. No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon any person (other than the Parties and their permitted assigns), any right, remedy or claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the Parties and their successors and permitted assigns.

SECTION 4.04. Interpretation. The headings of the Articles and Sections hereof are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

SECTION 4.05. Term; Termination.

(a) The Manager's appointment hereunder shall continue in effect for an initial term commencing on the date hereof and ending on December 31, 2006, with extensions for additional one (1) year periods commencing automatically upon each anniversary thereof, unless either Party notifies the other Party in writing at least ninety (90) days before such anniversary that such extension shall not be effective.

(b) If the Manager fails to perform any of its obligations set forth in this Agreement, Exhibit C or Exhibit D, the Manager (or if the failure is first discovered by the Company, then the Company) shall give prompt written notice (such notice, a "Notice of Failure") to the persons identified in Exhibit E (the "Failure Notice Recipients") specifying the nature of the failure. In the event such Notice of Failure is given, then either the Manager or the Company may elect to submit the matter for review ( a "Submission" ) and resolution ("Dispute Resolution"), which may include the establishment of a plan of remediation ( a "Remediation Plan" ), to (i) with respect to the Manager, the Business Leader of the Retirement Income and Investment Segment of Genworth Financial Inc. (or such person or persons as such Business Leader may designate) and (ii) with respect to the Company, the Senior Vice President – Corporate Treasury and Global Funding Operation of GE Capital (or such person or persons as such

Senior Vice President may designate) ((i) and (ii) together, “ Senior Management ”). The Manager and the Company agree (x) to cooperate in good faith and in a reasonable manner to reach an agreement with respect to any Remediation Plan; (y) to be bound by the results of any such Dispute Resolution agreed to by Senior Management including any Remediation Plan (the timing and content of which shall be at the sole discretion of Senior Management) and (z) that the Manager will implement any such Remediation Plan within the period mandated by Senior Management (the “ Final Cure Period ”). The result of any such Dispute Resolution shall be in writing signed by Senior Management, shall be deemed part of this Agreement and, with the respect to the failure involved, shall supersede any conflicting or different terms of this Agreement.

If Senior Management fails to reach an agreement with respect to a Dispute Resolution and the Cure Period has not expired, the matter in dispute shall be resolved solely and exclusively in accordance with the arbitration procedures set forth in Exhibit F .

If (i) Senior Management or an arbitral tribunal described in Exhibit F fails to reach agreement with respect to a Dispute Resolution and the Cure Period has expired or (ii) the Manager fails to correct the failure by the end of the applicable Final Cure Period, then this Agreement may, subject to Section 4.05(e), be terminated by the Company upon two (2) Business Days’ prior written notice to the Manager and each Failure Notice Recipient specifying the basis for and the effective date of the termination.

Notwithstanding the foregoing, the payment obligations of the Company during the initial term of this Agreement shall not be terminated if any such failure and the continuation thereof are caused by Impossibility. For the purposes hereof “ Impossibility ” means loss or malfunction of electric power, transportation or communication services; general inability to obtain or retain labor, material, equipment or transportation, or a delay in mails or services; the Company’s, GE Capital’s or their Affiliates’ (i) failure to take an action on which the Manager’s performance of an obligation or any Listed Obligation depends or (ii) taking an action which renders the Manager’s performance of an obligation or any Listed Obligation impossible; governmental or exchange action, statute, ordinance, ruling, regulation, administrative interpretation or directive; acts of terror, vandalism, explosions, tornados, acts of God or public enemy, acts of any civil or military authority, revolutions, insurrections, strike, emergency, riots or civil commotions, freezes, fires, floods, embargoes, wars, sabotage, explosions or other unforeseen or unexpected occurrences, which unforeseen or unexpected occurrences render the performance of any obligations by the Manager impossible. In the event of any such occurrence, the Manager shall use all reasonable efforts to remediate the disruption and resume its performance of the obligations.

(c) The Company shall have the right to terminate this Agreement at an earlier time than that specified in Section 4.05(a) in the event of continuing nonperformance due to Impossibility of any obligation hereunder beyond the applicable Cure Period or Final Cure Period, or upon the exercise of the GE Note Option with respect to all or substantially all of the Assets of the Company held in the Facility Account (except Contract Collateral), upon thirty (30) Business Days’ prior written

notice to the Manager. Upon termination of this Agreement pursuant to this Section 4.05(c), the Manager shall be paid a termination fee by the Company equal to the product of (i) sixteen and one-half (16.5) basis points (0.165%), multiplied by (ii) the Program Size, multiplied by (iii) the percentage derived by dividing the number of days remaining in the initial term by 365. In addition, the termination fee shall include any actual cost incurred and agreed upon and reasonably associated with terminating the operations set forth in this Agreement, including but not limited to employment severance costs as determined by the standard practices of the Manager.

(d) The Manager may resign upon not less than ninety (90) days' prior written notice to the Company.

(e) Notwithstanding any provision to the contrary, including the expiration of any term of this Agreement, so long as the Portfolio is still outstanding, this Agreement shall remain in full force and effect and no termination or resignation of the Manager shall be effective until the Company has entered into an agreement with a successor manager. Upon receiving a notice of resignation from the Manager, the Company shall use its best efforts to enter into such an agreement unless it elects to terminate this Agreement as provided in Section 4.05(c), above. Except as set forth in Exhibit F, nothing in this Agreement shall be deemed a waiver of any Party's rights to pursue remedies at law or in equity, which shall be available in accordance with applicable law in addition to any remedies provided for in this Agreement.

SECTION 4.06. Independent Contractor. The Manager is being engaged pursuant to this Agreement as an independent contractor and the Parties expressly disclaim any intention to enter into a joint venture, partnership, or any other form of association pursuant to this Agreement.

SECTION 4.07. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE RULES OF CONFLICTS OF LAWS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

SECTION 4.08. Notices. All notices, instructions, and advice with respect to any transactions or other matters contemplated by this Agreement shall be deemed duly given only when actually received at such Party's principal place of business as set forth below. Return receipt or courier record of delivery shall be deemed conclusive evidence of receipt. Notices may be made by fax or other electronic means shall be deemed given upon electronic evidence of receipt at applicable recipient's fax or computer station. A copy of all notices given shall be provided to GE Capital.

If to the Manager:

Genworth Financial Asset Management, LLC  
6620 West Broad Street  
Richmond, Virginia 23230

Attention: Pamela Schutz  
Phone: (804) 291-6533  
Fax: (804) 281-6165  
E-mail: pamela.schutz@ge.com

with a copy to:

335 Madison Avenue  
Mezz4  
New York, New York 10017  
Attention: Shailesh Shah  
Phone: (212) 389-2575  
Fax: (212) 389-2591  
E-mail: shailesh.shah@ge.com

If to the Company:

[Subsidiary]  
[Address]

If to General Electric Capital Corporation:

General Electric Capital Corporation  
260 Long Ridge Road  
Stamford, Connecticut 06927  
Attention: Senior Vice President – Corporate  
Treasury and Global Funding Corporation  
Phone: [(203) 961-5077]  
Fax: [(203) 357-3490]  
E-mail: [alan.green1@ge.com]

SECTION 4.09. Entire Agreement; All Amendments in Writing. This Agreement embodies the entire understanding of the Parties concerning the subject matter hereof and supersedes any and all other previous agreements, written or oral, concerning the same subject matter. This Agreement cannot be amended except by written agreement of the Parties, except that any amendment to any provision of the Security Agreement that is incorporated by reference in this Agreement (including, without limitation, any amendment to any of the capitalized terms incorporated by reference herein), so long as such amendment is made as permitted under the terms of the Security Agreement, shall constitute an amendment to this Agreement unless the Parties agree in writing that such amendment shall not be effective under this Agreement.

SECTION 4.10. Waiver. No waiver of any provision of this Agreement nor consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by the Party from whom such waiver or consent is sought, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.11. Further Assurances. Each Party hereby agrees to execute and deliver such additional documents, instruments or agreements as may be reasonably necessary and appropriate to effectuate the purposes of this Agreement.

SECTION 4.12. Successors and Assigns. This Agreement shall be binding upon the Parties and their respective successors and assigns.

SECTION 4.13. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SECTION 4.14. Limited Recourse. The obligations of the Company under this Agreement are solely the obligations of the Company. No recourse shall be had for any obligation or claim arising out of or based upon this Agreement against any Member, manager, officer organizer, agent or employee of the Company or any shareholder, officer, director, employee, agent or incorporator of any Member. Any accrued obligations owing by the Company shall be payable by the Company solely to the extent that funds are available therefor from time to time in accordance with the provisions of Article VII of the Security Agreement (and such accrued obligations shall not be extinguished until paid in full.)

SECTION 4.15. Termination of the Investment Administration Agreement; Release. Effective as of the date hereof, the Company does hereby, for itself and its successors and assigns, waive the sixty (60) days' notice requirement of Section 3.05 of the Investment Administration Agreement and accepts the resignation of MRCA Corp. as the Portfolio Adviser thereunder and fully and unconditionally release and forever discharge MRCA Corp. (and any officer, director, employee or agent of MRCA Corp.) from any and all present and future (i) obligations and liabilities under the Investment Administration Agreement and (ii) causes of action, suits, claims, demands, liabilities and obligations whatsoever, whether at law or in equity, arising from or related to the Investment Administration Agreement, arising from and after the date hereof.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

[Subsidiary]  
a New York limited liability company

By: [ ]  
a Delaware corporation,  
as its Controlling Common Member

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL ASSET  
MANAGEMENT, LLC

By: \_\_\_\_\_  
Name:  
Title:

ACKNOWLEDGED AND  
CONSENTED TO BY:

FGIC MRCA CORP.

By: \_\_\_\_\_  
Name:  
Title:

AGREED AND ACCEPTED:

GENERAL ELECTRIC CAPITAL  
CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

[LIABILITY AND PORTFOLIO MANAGEMENT  
AGREEMENT (TRINITY PLUS)]

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**Accounts Comprising the Portfolio**

<b><u>Account</u></b>	<b><u>Custodian Bank</u></b>	<b><u>Account Number</u></b>
Facility Account	Deutsche Bank Trust Company Americas, New York, NY	
LOC Reimbursement Account	Deutsche Bank Trust Company Americas, New York, NY	
Account	Deutsche Bank Trust Company Americas, New York, NY	

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Form of Schedule of Operating Costs

Operating Costs for the first calendar year, commencing on January 1, 2004, shall be \$\*\* and thereafter shall be equal to \*\*% of the Operating Costs of the Manager, subject to the Company's approval, as provided in Section 2.07(b) and shall consist of the following (allocated \*\*% with respect to the Company):

CMS	2004				2004 TY
	1Q	2Q	3Q	4Q	
<b>Comp &amp; Benefits:</b>					
Salaries	\$ **	\$ **	\$ **	\$ **	\$ **
Savings Plan 401k	**	**	**	**	**
Bonuses	**	**	**	**	**
Employee Insurance	**	**	**	**	**
Payroll Taxes	**	**	**	**	**
<b>Total Comp &amp; Benefits</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Purchase Base:</b>					
Travel & Living Expenses	**	**	**	**	**
Business Meetings	**	**	**	**	*
Education	**	**	**	**	**
Employment Fees	**	**	**	**	*
Tuition Reimbursement	**	**	**	**	**
Relocation Maintenance	**	**	**	**	*
Dues & Associations	**	**	**	**	**
Consulting Fees	**	**	**	**	*
Outside Services	**	**	**	**	**
Rent/ Utilities	**	**	**	**	*
Legal Fees	**	**	**	**	**
Audit Fees	**	**	**	**	*
Recreation	**	**	**	**	**
Telephone/Cellular	**	**	**	**	*
Printing & Office Supplies	**	**	**	**	**
Postage\Courier Service	**	**	**	**	*
Subscriptions	**	**	**	**	**
Information Services	**	**	**	**	*
Advertising / Marketing	**	**	**	**	**
Temporary Help	**	**	**	**	*
Equipment Maintenance	**	**	**	**	**
Hardware Expense	**	**	**	**	*
Software Expense	**	**	**	**	**
Fiscal Agent Fees	**	**	**	**	*
Investment Fees	**	**	**	**	**
Organizational Misc	**	**	**	**	*
<b>Total Purchase Base</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Total Controllable</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>*</b>

CMS	2004				2004
	1Q	2Q	3Q	4Q	TY
<b>Other:</b>					
Property Insurance	**	**	**	**	**
Corporate Assessments	**	**	**	**	*
<b>Total Other</b>	**	**	**	**	**
<b>SG&amp;A Expenses</b>	**	**	**	**	*
Rating Agency Fee	**	**	**	**	**
Loss On Other Assets	**	**	**	**	*
Insurance And Licensing	**	**	**	**	**
State And Local Taxes	**	**	**	**	*
Goodwill Amortization	**	**	**	**	**
Change in DAC	**	**	**	**	*
Ceding Commission	**	**	**	**	**
<b>Non-SG&amp;A Expenses</b>	**	**	**	**	*
<b>Op &amp; Admin Expense</b>	**	**	**	**	**
Depreciation	**	**	**	**	**
<b>Total Direct Expenses</b>	**	**	**	**	*
Broker Fees Amortization	**	**	**	**	**
<b>Total Expenses (including Broker Fees)</b>	<b>\$ **</b>				

## Priority Manager Functions

Listed ObligationCure PeriodPayments

Manager shall cause payments to be made as required under any Contracts, Hedge Contracts or other agreement to which the Company is a party.

Five (5) Business Days from the date a notice of nonpayment received by Manager under the applicable Contract, Hedge Contract or agreement (or such shorter period as exists prior to such nonpayment being an actionable default thereunder); provided, however, that if the Manager or the Company gives notice to the other party requesting Dispute Resolution within one (1) Business Day of notice, the cure period hereunder shall be extended to three (3) Business Days from the date the notice of nonpayment is received (it being understood that in no event shall this section supersede the contractual payment obligations in the respective Contracts or Hedge Contracts).

Risk Matters

Manager shall comply with all requirements of GE Capital's Policy 5.0 and 6.0 relating to the Company and related "strike zones," as such policies and strike zones are amended from time to time, and all requirements relating to Permitted Investments and the portfolio in the Security Agreement; provided, that in the event that a trigger has been tripped under Policy 6.0 by virtue of a change in the market or pursuant to the action of a rating agency, GE Capital shall provide direction on remediation on a case-by-case basis if not otherwise provided for in Policy 6.0 and, if the Manager takes the appropriate corrective action (whether as prescribed by the Policy or as directed by GE Capital), no failure to perform an obligation under this Agreement shall be deemed to have occurred.

Five (5) Business Days.

Rating Agency Requirements

Manager shall prepare all reports on the dates specified by each rating agency currently rating obligations of the Company and shall meet all requirements specified by any such agency for continuation or reinstatement of their highest long-term and short-term ratings.

Thirty (30) days or such shorter or longer period as is specified for compliance by the rating agencies.

Financial Reporting

Manager shall comply with Section 2.04 hereof and the Listed Obligations and shall prepare all reports relating to the Company as are necessary or desirable for compliance with the Sarbanes-Oxley Act of 2002 and any other financial reporting requirements of the Company under applicable law and external regulation.

Thirty (30) days or such shorter or longer period as is specified by the applicable accounting firm or regulatory body to allow for compliance with the applicable regulatory or disclosure requirement.

Legal Compliance

Manager shall prepare disclosure documentation annually or more frequently as is necessary or desirable in connection with its offering of Contracts and Preferred Securities and shall otherwise comply with the requirements of contracts to which it is a party, and all applicable laws and regulations.

Thirty (30) days or such other period as is specified in the applicable agreement or regulation or as is directed by the applicable regulatory body.

**Listed Obligations**

Business

- Manager will use its best efforts to maintain an Average Program Size of thirteen billion dollars (\$13,000,000,000) or such other amount reasonably specified by the Company from time to time for the combined portfolios of the Company and [Subsidiary].
- For the purposes hereof, the term “Average” means a rolling 3-month average of end-of-day balances, computed daily.
- Manager will review the Portfolio Quality Review with GE Capital on a monthly basis on such dates as Manager and GE Capital shall agree to in advance.

Compliance/Legal

- Manager will maintain the corporate and limited liability company minutebooks and records of the Company and its non-controlling common members and any successors thereto, and take all actions required to maintain their valid existence and good standing in the jurisdictions in which they are organized or qualified.
- Manager will comply with applicable law in respect of the Company’s issuance of Contracts and Preferred Securities, including with respect to rules promulgated under federal securities laws that restrict certain forms of advertising and solicitation.
- Manager will prepare updated versions of the Confidential Information Memorandum of the Company (i) on an annual basis to reflect then-current audited financial information of the Company or (ii) at such other times as may be required by the Company.
- Manager will, as required from time to time, prepare updated versions of the Private Placement Memorandum of the Company relating to the Company’s issuance of Preferred Securities.
- Manager will use its best efforts to take all actions required in connection with obtaining the appropriate authority with respect to the extension of the Liquidity Commitment and/or the Letter of Credit commitment and any required increase of the Liquidity Commitment and/or the Letter of Credit commitment (it being understood that no failure to perform a Listed Obligation shall be deemed to have occurred if either such commitment is not extended or increased after a request has been submitted).

- Manager will consult with and obtain approval from the Company in connection with proposed material modifications to the terms or the form of Contracts.
- Manager will maintain its status as an “investment adviser” under the Investment Advisers Act of 1940, as amended, and will take all reasonable steps to comply with all applicable laws and regulations relating to its status as such.
- Manager will cause its legal staff to draft and prepare all Contracts, Hedge Contracts and other contracts entered into by the Company. The in-house counsel of Manager may, to the extent required, engage outside counsel in connection with the preparation of such contracts if such engagement is approved verbally or in writing by the General Counsel – Treasury Operation of GE Capital and otherwise approved under Section 2.09. Nothing in this Agreement will preclude Manager from engaging its own outside counsel for any purpose it deems necessary or advisable, and Manager need not obtain any separate approval therefore.
- Manager will comply with all applicable laws and all applicable policies and procedures as the same may be provided to Manager by the Company, including but not limited to the USA Patriot Act and Anti-Money Laundering policies and laws.
- Manager will take all reasonable actions required to assist the Company or GE Capital in connection with changes to the corporate structure of the Company and its common members.
- Manager will take all reasonable steps to provide prompt responses to GE Capital in connection with requests from regulatory or other governmental authorities for documentation or data relating to the operation of the Company.
- Manager will comply with all applicable laws, regulations, policies, management procedures and other requirements of the Company, GE Capital and Genworth, including but not limited to the GE Capital Information Security Procedure and, to the extent applicable, the policies contained in “Integrity: The Spirit and the Letter of Our Commitment.”

#### Liability/Contract Bidding Process

- Manager shall ensure that transactions in Contracts are effected in accordance with the following general procedure: (i) a registered representative of a broker-dealer (each, a “GIC Salesperson”) shall receive bid specifications (“Bid Specs”) provided by prospective Contract customers or their agents (“Customers”); (ii) the GIC Salesperson shall analyze the Bid Specs and respond to Customers, indicating to such Customers, where appropriate, the requirements to maintain the Company’s exemption from registration under the Investment Company Act of

1940, as amended; (iii) the GIC Salesperson shall submit all Bid Specs for review and comment to the designated member of the Manager's legal staff and will note on any bid acceptance form that is delivered to the Customer all appropriate comments received from the legal staff; (iv) the GIC Salesperson shall price transactions in which the Company has an interest in bidding and communicate such pricing to the applicable Customer; and (v) the Manager's legal staff shall provide counsel to the GIC Salesperson in connection with the preparation, negotiation and closing of all Contracts for transactions that the Company wins.

#### Financial Controls

- Manager will perform its accounting responsibilities in compliance with GE's internal accounting policies and U.S. GAAP.
- Manager will maintain accounting policies currently in place and all changes to accounting policies must be approved in advance by GE Capital. For new accounting standards, GE Capital will provide Manager with the accounting policy to be adopted by the Company.
- Manager will perform accounting in accordance with FAS 133 and obtain approval from GE Capital for the following FAS 133 activities:
  - Changes to existing hedge documentation
  - Changes in existing methodology used to assess and measure hedge effectiveness
  - Application of "fair value" hedging as defined in FAS 133
  - Economic hedges that do not qualify for FAS 133 hedge treatment
- Manager will provide a monthly variance analysis of:
  - Changes in the fair market value of derivatives
  - Hedge ineffectiveness
  - Amounts excluded from the measure of effectiveness
- Manager will reconcile all general ledger accounts in accordance with GE's account reconciliation criteria. Manager will provide a quarterly dashboard of account reconciliations and open items (in an agreed upon format) on dates to be provided to Manager.
- Manager is responsible for establishing and maintaining a system of internal controls adequate to ensure that Assets are appropriately safeguarded and that the financial statements and related disclosures and schedules fairly present the financial condition of the Company.

- Manager and GE Capital will agree upon and execute a plan to minimize profit and loss volatility associated with FAS 133.
- Manager will deliver monthly unaudited financial results including any adjustments to the monthly financials to be included in the next month's accounting period. These financials should include an explanation of significant items of variance to the Operating Plan. Such financial statements will be delivered within 15 days of the close as defined by GE Capital.
- Manager will deliver quarterly unaudited financial reports and schedules in accordance with GE Capital's closing instructions. Such financials statement will include variance and profitability analysis suitable for the closing of the books. Closing instruction to be provided by the 15th of the month of the quarterly close.
- Manager will provide the Company with financial projections in accordance with GE Capital's SI, SII and OP process. GE Capital will provide the Manager with SI, SII and OP timing and assumptions where needed to make such forecasts.
- Manager will deliver annual audited financial statements (balance sheet and income statement) upon completion of the annual audit by GE Capital's external auditors.
- Manager will conduct annual reviews in compliance with applicable provisions of the Sarbanes-Oxley Act of 2002, in a manner acceptable to GE Capital.
- Manager will report detailed profit and loss results and details of expenses within fifteen (15) days following the end of each quarterly period, including comparisons of actual versus plan, in a format reasonably agreeable to both parties. Profit and loss reports will be included in the monthly Portfolio Quality Review, substantially in the format attached as Schedule D.

#### Risk

- Manager will comply with the Permitted Investments guidelines provided in Schedule 4.01(h) of the Security Agreement.
- Manager will value the Portfolio from time to time, as required by Section 2.06 of the Security Agreement in order to prepare the reports required by such Section of the Security Agreement, using the portfolio valuation methods set forth in the Market Valuation Addendum attached as Schedule 1.01 to the Security Agreement, in order to determine whether a Coverage Shortfall, a Program Shortfall or a Net Worth Deficit has occurred and is continuing and whether the Market Sensitivity Limit has been exceeded. The Manager shall also value Permitted Collateral investments on deposit in Collateral Accounts as required under the terms of each Collateralized Contract.

- Manager will comply with all applicable terms set forth in Policy 5.0 and Policy 6.0 and all “strike zones” defined by GE Capital with respect to assets, liabilities and derivatives (as each may be amended from time to time by GE Capital). Manager will deliver the following reports on a monthly basis for monitoring such compliance:
  - Portfolio Quality Review
  - Credit Limit Watch
  - Credit Risk Rating
  - Stop Loss
  - Month End Credit
  - Counterparty Exposure
  
- Except as otherwise specified in this Exhibit F, Manager will deliver risk reports to GE Capital on a monthly basis and will include, at a minimum, the following:
  - Portfolio Quality Review
  - Supplemental Program Shortfall
  - Liquidity Report (provided on a daily basis)
  - Summary Hedge Analysis Report (provided on a daily basis)
  - REM (electronic submission)
  
- Manager will provide other available reports required from time to time by GE Capital as they are requested.
  
- Manager will participate, on a monthly and quarterly basis, in in-force reviews with Genworth senior management and GE Capital senior management.
  
- Manager will from time to time provide GE Capital with data feeds relating to the Portfolio, the content, format and timing of the delivery of which feeds will be agreed upon by Manager and GE Capital.
  
- Manager will (i) comply with applicable requirements as to hedge counterparty ratings, as set forth in the Security Agreement and as provided in the applicable policies of GE Capital, (ii) comply with the applicable requirements to provide information to GE Capital with respect to hedge counterparty exposure, (iii) deliver a Counterparty Exposure report for monitoring such compliance and (iv) comply with such restrictions as to hedge counterparty that may from time to time be imposed by GE Capital.
  
- Manager will from time to time provide GE Capital with such available additional risk analyses as GE Capital may request, including but not limited to, stress tests and value at risk analyses. In each case, the content, format and timing of the delivery of such analyses will be agreed upon, prior to delivery, by GE Capital and Manager.

- Manager will comply with all applicable requirements relating to the Company's maintenance of the "AAA"/"Aaa" ratings assigned thereto by the applicable rating agencies.

#### Customer

- Manager will ensure delivery by mail or e-mail, or will make available on the Company's website, to the Company's customers in accordance with such customers' respective Contracts, Customer Statements in respect of customers' investments with the Company.
- Manager will ensure the timely remittance of payments required under each Contract or other agreement of the Company.
- When requested by the Company and GE Capital, Manager will deliver to the Company and GE Capital customer service metrics ( e.g. , call volume by customer complaint type by date) and deal closing customer survey results (if and to the extent the same is provided by customers).

#### Information Technology

- Manager will maintain the current systems environment to fully support the business requirements and the services to be performed under this Agreement for the Company.

#### Continuous Service (Disaster Recovery)

A disaster recovery site shall be maintained as follows:

- Backup copies of critical servers shall be maintained at an off-premises Disaster Recovery Site (locations to be determined from time to time by the Parties hereto). The critical servers are as follows: Principia PAS server, Oracle Data Warehouse Server, File Server, Oracle GL Server, and FileNET CM Server. In the event of a major disaster where access to production servers and 335 Madison Avenue's assets (or those of a successor location from which the Company's business is operated) is lost, service will be restored on the following schedule: PAS and Oracle Data warehouse systems will be within twenty-four (24) hours. GL and FileNET server will be available within forty-eight (48) hours. The Parties will work with GE Capital Treasury on a best effort basis to establish and implement an adequate Disaster Recovery plan.

- Software refreshes to synchronize the DR systems with the production systems shall be done within twenty-four (24) hours of the update of the production system to coincide with production system updates.
- Backups of the production PAS database shall be copied to the DR PAS server nightly.

#### Data Management (Backups and Retention)

- Full data backups are performed daily on all production and Quality Assurance systems.
- Full data backups of all Network files are performed daily.
- Backup tapes shall be stored offsite at Iron Mountain. Tapes are picked up by 10:30 a.m. daily.
- An authorized list of personnel may recall tapes from Iron Mountain (an agreement exists to deliver backup tapes to any location, including the home of IT personnel).
- Tapes shall be cycled on a rolling eight (8) week rotation. All Financial close and Month End tapes shall be marked permanent and retained indefinitely.

#### Change Management: Notification and Approval Process on Changes to IT Infrastructure and Application Software

- GE Capital Treasury shall have the right to approve the Company's Change Management Process.
- All change requests shall be reported to GE Capital Treasury on a weekly basis.
- Emergency changes to the IT Environment shall be reported to GE Capital Treasury as they occur.
- In the event of a major System Failure GE Capital Treasury shall be notified and required to approve required changes.

#### Performance and Capacity Planning Reporting and Reviews

- In general, monthly business reports shall be available by 9:00 a.m. the last [day][Business Day] of the month. The IT team will communicate all exceptions by 8:30 a.m. on the day such exceptions occur. The communication will include

the anticipated delivery time. The following performance tracking processes exist:

- Monthly report of nightly batch completion times.
  - Monthly report of nightly batch completion times.
  - Monthly report of exceptions and violations of the 9:00 a.m. report delivery times and cures employed.
  - Monthly report on system loading and projected performance bottlenecks and issues and resolutions.
  - Monthly report of license denials.
- GE Capital Treasury shall perform a quarterly review of systems and access rights to those systems. IT shall prepare the report to be reviewed, deliver a copy to GE Capital Treasury and will remediate issues discovered. An updated access matrix will be added to the “CMS Operational Procedures and Controls” document quarterly.

Personnel

- Manager will maintain a staff of qualified employees sufficient to support the business requirements of the Company and to perform the services required under this Agreement.

Other Obligations

- Manager will comply in all material respects with all other obligations provided under this Agreement.

**Format of P&L Included with  
Monthly Portfolio Quality Review**

<u>CMS P&amp;L (\$millions)</u>	<u>Actual</u>	<u>Operating Plan</u>	<u>Variance from Operating Plan</u>
<b>Net Revenue:</b>			
Trinity Gross Spread Income	\$	\$	\$
Trinity Broker Fees Amortization			
Trinity Hedge Ineffectiveness			
<b>Trinity Net Interest Margin</b>			
Trinity Realized Gains (Losses)			
<b>Subtotal Trinity Net Revenue</b>			
GE Book			
<b>Total CMS Net Revenue</b>			
<b>Operating Expenses:</b>			
CMSI	\$	\$	\$
Trinity			
MRCA			
<b>Total Operating Expenses</b>			
<b>Total CMS Pre-tax Income</b>			
<b>Tax (Benefit)</b>			
<b>Net Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trinity Average Liability Balance			
Core Spread (including Broker Fees)			
Net Spread (Including Hedge Ineffectiveness)			
<b>Memo: Net Income Sharing</b>			
Genworth (Management Fee + GE Book)			
GEI Other			

**Failure Notice Recipients**

<u>Recipient</u>	<u>Address</u>	<u>Telephone</u>	<u>Facsimile</u>
<u>Manager</u>			
Pamela Schutz	6610 West Broad Street Richmond, Virginia 23230	(804) 281-6533	(804) 281-6165
Kelly Groh	6610 West Broad Street Richmond, Virginia 23230	(804) 281-6321	(804) 281-6310
Toni Ness	6610 West Broad Street Richmond, Virginia 23230	(804) 289-3594	(804) 281-6005
Shailesh Shah	335 Madison Avenue Mezz4 New York, New York 10017	(212) 389-2575	(212) 839-2591
Grant Lineberry	335 Madison Avenue Mezz4 New York, New York 10017	(212) 389-2570	(212) 389-2591
Colin Burrell	335 Madison Avenue Mezz4 New York, New York 10017	(212) 389-2640	(212) 389-2590
<u>Company</u>			
Kathy Cassidy	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6199	(203) 585-1191
Brian Wenzel	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6774	(203) 316-7601
Alan Green	201 High Ridge Road Stamford, Connecticut 06927	(203) 961-5077	(203) 357-3490
Johan Fogelberg	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6072	(203) 357-4975
Robert Ceske	201 High Ridge Road Stamford, Connecticut 06927	(203) 602-8337	(203) 585-1361
<u>General Electric Capital Corporation</u>			
Kathy Cassidy	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6199	(203) 585-1191
Brian Wenzel	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6774	(203) 316-7601
Alan Green	201 High Ridge Road Stamford, Connecticut 06927	(203) 961-5077	(203) 357-3490
Johan Fogelberg	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6072	(203) 357-4975
Robert Ceske	201 High Ridge Road Stamford, Connecticut 06927	(203) 602-8337	(203) 585-1361

**Arbitration Procedures**

If Senior Management fails to reach agreement with respect to a Dispute Resolution within forty-five (45) days of a Submission and the Cure Period has not expired, either Party may submit the matter to be finally resolved by arbitration pursuant to the CPR Institute for Dispute Resolution (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 matters under dispute existing at the time of the arbitration and for which arbitration is permitted.

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 matter in 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 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.

The Parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this provision and further agree that judgment on any award or order resulting from an arbitration conducted under this provision may be entered and enforced in any court having jurisdiction thereof.

Except as expressly permitted by this Agreement, no Party will commence or voluntarily participate in any court action or proceeding concerning a matter in dispute, except (i) for enforcement, (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.

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.

Each Party will bear its own attorneys’ fees and costs incurred in connection with the resolution of any matter in dispute in accordance with this provision.

This LIABILITY AND PORTFOLIO MANAGEMENT AGREEMENT, dated as of January 1, 2004 (this “Agreement”), among FGIC CAPITAL MARKET SERVICES, INC., a Delaware corporation (the “Company”), GENWORTH FINANCIAL ASSET MANAGEMENT, LLC, a Virginia limited liability company (the “Manager”) and GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (“GE Capital,” and together with the Company and the Manager, the “Parties”).

WITNESSETH:

WHEREAS, the Manager is an investment adviser registered with the United States Securities and Exchange Commission that will be engaged by the Company to provide the services described herein; and

WHEREAS, the Manager and the Company wish to establish and define certain obligations set forth in Exhibit C and Exhibit D (the “Listed Obligations”) that the Manager is required to undertake in connection with the services it will provide to the Company under this Agreement;

NOW, THEREFORE, in consideration of the mutual promises made herein and upon the terms and subject to the conditions set forth herein, the Parties hereby agree as follows:

ARTICLE I

Definitions

SECTION 1.01. Terms Defined in this Agreement. As used in this Agreement, the following capitalized terms have the following meanings:

“Accounts” shall have the meaning specified in Section 2.01(a).

“Affiliate” of a Person means a Person who, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person.

“Agreement” means this Liability and Portfolio Management Agreement.

“Assets” shall have the meaning specified in Section 2.01(a).

“Business Day” means [a day other than Saturday, Sunday or a day on which banks in New York, New York are not open for the conduct of regular banking activities.]

“Company” shall have the meaning specified in the preamble of this Agreement.

“Contract Value” shall have the meaning specified in Section 2.06.

**CONFIDENTIAL TREATMENT REQUESTED**

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH “\*\*\*”. AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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“Contracts” means the investment agreements and similar contracts issued by the Company to trustees, municipalities and to other parties engaged in municipal finance transactions and other transactions.

“Cure Period” means (i) with respect to the Listed Obligations set forth in Exhibit C, the respective cure periods set forth therein, and (ii) with respect to Listed Obligations in Exhibit D or other obligations set forth in this Agreement that do not appear in Exhibit C, one hundred twenty (120) days during the initial term of this Agreement and sixty (60) days thereafter; in each case such Cure Period to commence upon receipt of notice by the Manager from any party to a Contract entitled to give notice of default, GE Capital or the Company.

“Dispute Resolution” shall have the meaning specified in Section 4.05(b).

“Failure Notice Recipients” shall have the meaning specified in Section 4.05(b) or such other recipients as are designated from time to time.

“Final Cure Period” shall have the meaning specified in Section 4.05(b).

“GE Capital” shall have the meaning specified in the preamble to this Agreement.

“Governmental Authority” means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any federal, national, state, municipal, county, city or other political subdivision.

“Holdings” means FGIC Holdings, Inc., an indirect wholly-owned subsidiary of GE Capital.

“Impossibility” shall have the meaning specified in Section 4.05(b).

“Indemnified Party” shall have the meaning specified in Section 2.12.

“Listed Obligations” shall have the meaning specified in the second recital of this Agreement.

“Management Fee” shall have the meaning specified in Section 2.06.

“Manager” shall have the meaning specified in the preamble to this Agreement.

“Notice of Failure” shall have the meaning specified in Section 4.05(b).

“Operating Costs” shall have the meaning specified in Section 2.07(b).

“Operations, Procedures and Controls Manual” means the Operations, Procedures and Controls Manual of the Company dated as of July 2, 2003, as the same may be amended from time to time.

“ Parties ” shall have the meaning specified in the preamble to this Agreement.

“ Person ” means an individual, corporation, partnership, limited liability company, association, trust or any other entity or organization, including governmental or political subdivision or an agency or instrumentality thereof.

“ Policy 5.0 ” means the policy which sets forth certain risk management [guidelines][parameters] that the Company is required to observe, as the same may be amended from time to time by the Company with the approval of GE Capital.

“ Policy 6.0 ” means the policy which sets forth certain risk management [guidelines][parameters] that the Company is required to observe, as the same may be amended from time to time by the Company with the approval of GE Capital.

“ Portfolio ” shall have the meaning specified in Section 2.01(a).

“ Prior Transfer Pricing Amounts ” shall have the meaning specified in Section 2.06.

“ Remediation Plan ” shall have the meaning specified in Section 4.05(b).

“ Senior Management ” shall have the meaning specified in Section 4.05(b).

“ Submission ” shall have the meaning specified in Section 4.05(b).

## ARTICLE II

### Engagement; Powers and Duties

#### SECTION 2.01. Engagement of Manager.

(a) The Company hereby retains the Manager:

(i) to advise the Company as to the investment of the proceeds of its issuance of Contracts which proceeds have been on-lent to Holdings (the “ Assets ”), including recommending specific investment and hedging thereof to the Company;

(ii) to administer the Assets maintained in an account or accounts established in the name of Holdings (the “ Accounts ”), each of which is identified (to the extent established by the effective date hereof) in Exhibit A, as the same may be amended from time to time, with such deposits thereto and withdrawals therefrom as are from time to time permitted by the Company;

(iii) for as long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to arrange the purchase and sale through registered broker-dealers of bonds, pass-through certificates, stocks, and other securities for deposit in the Accounts;

- (iv) for as long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to arrange the purchase and sale and otherwise to effect transactions in hedge contracts relating to the Assets;
- (v) to prepare reports and to perform valuation tests as specified in Exhibit D or as are required from time to time by the Company;
- (vi) to advise the Company in the issuance of and to assist the Company in the preparation of (and, for so long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to execute and to deliver on behalf of the Company) investment orders and disposition orders in connection with the management of the Assets;
- (vii) to take such action as is necessary and proper on behalf of the Company for the preservation of the Assets;
- (viii) to advise the Company in the granting or effecting of and to assist the Company in the preparation of (and, for so long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to execute and to deliver on behalf of the Company) any consents, waivers, extensions or modifications in respect of any item of the Assets;
- (ix) to designate persons who are registered representatives of a registered broker-dealer which is a member of the National Association of Securities Dealers to execute and deliver Contracts on behalf of the Company in their capacity as such pursuant to a power of attorney granted by the Company from time to time to registered representatives designated and notified to the Company by the Manager from time to time;
- (x) to advise the Company in the delivery of and to assist the Company in the preparation of (and, for so long as the revocable power of attorney granted pursuant to Section 2.02 is in effect, to execute and to deliver on behalf of the Company) any instrument of transfer or release in respect of any item of the Assets;
- (xi) to engage a registered broker-dealer which is a member of the National Association of Securities Dealers to assist the Company in connection with the offering, issuance and sale of Contracts and, in connection therewith, to make such other arrangements with such broker-dealer as may be necessary or advisable to ensure that such broker-dealer supervises its registered representatives who will effect such transactions and takes responsibility for such offering, issuance and sale; and
- (xii) to take any other action deemed necessary or advisable to execute and deliver Contracts on behalf of the Company.

The Manager shall administer the Assets in the Accounts (all of such Assets together, the “Portfolio”) in accordance with the terms and conditions hereof and shall otherwise observe in all material respects the requirements of the Operations, Procedures and Controls Manual, Policy 5.0 and Policy 6.0, this Agreement and all other documents,

policies, laws and regulations applicable to the Company from time to time. The Company shall provide copies of the Operations, Procedures and Controls Manual, Policy 5.0 and Policy 6.0, to the Manager no later than the time that this Agreement is entered into and shall provide copies of all amendments, supplements and revisions to such documents as soon as they are available to the Company.

(b) Performance. The Parties hereby agree that the Manager shall perform the specific Listed Obligations during the term of this Agreement and, subject to Section 2.10, such other functions as are set forth in this Agreement or as are generally required to operate the business of the Company in accordance with applicable laws, regulations, documents and Company policy. The Manager acknowledges that it will take all reasonable steps to continue to conduct the business of the Company in a manner substantially similar to that in which it had been conducted prior to the Parties' entry into this Agreement and in a manner reasonably satisfactory to the Company.

SECTION 2.02. Power of Attorney. The Company hereby provides the Manager with a revocable power of attorney with full power and authority:

- (i) to evaluate and appraise the Portfolio;
- (ii) to arrange the purchase and sale through registered broker-dealers of bonds, pass-through certificates, stocks, and other securities in connection with making investments for the Portfolio;
- (iii) to arrange the purchase and sale of and otherwise to effect transactions in hedge contracts, as directed by GE Capital, in connection with making investments for the Portfolio through registered broker-dealers;
- (iv) to execute and to deliver on behalf of the Company any investment orders and disposition orders as may be required from time to time in connection with the management of the Portfolio;
- (v) to execute and to deliver on behalf of the Company any consents, waivers, extensions, or modifications in respect of any item of the Assets;
- (vi) to execute and to deliver on behalf of the Company any instrument of transfer or release in respect of any item of the Assets;
- (vii) to engage a broker-dealer acceptable to the Company to assist the Company in the origination, issuance and sale of Contracts in accordance with all applicable securities laws and regulations; and
- (viii) subject to the limitations set forth in the Operations, Procedures and Controls Manual, Policy 5.0 and Policy 6.0, to take any other action, including executing agreements and any other documents on behalf of the Company that the Manager deems necessary or advisable to purchase, sell, or otherwise effect investment transactions relating to the Portfolio.

All investments made and transactions entered into by the Manager on behalf of the Company shall be entered into in the name of the Company. All actions contemplated above shall be performed in accordance with applicable laws, regulations, documents and applicable Company policy. The Manager shall not be under an obligation to keep the Portfolio fully invested if, in its sole discretion, it shall determine that market and/or economic conditions make it imprudent or disadvantageous to do so at any time or that funds should be made available for distributions and other payments pursuant to the terms of a Contract. The Company represents that it has the authority to make the appointment set forth in this paragraph. In the event the Manager fails to perform a Listed Obligation and this Agreement is terminated pursuant to Section 4.05(a) or (b), or if this Agreement is terminated pursuant to Sections 4.05(c) or (d), this power of attorney may be revoked by the Company by written notice to the Manager.

SECTION 2.03. Valuation. The Manager shall value the Portfolio from time to time in order to prepare such reports relating to the Assets as may reasonably be requested by the Company.

SECTION 2.04. Reports. As more particularly specified in Exhibit C and Exhibit D, the Manager shall:

(a) prepare entries for accounts in, together with applicable schedules and exhibits for, financial statements that relate to the origination, issuance and sale of Contracts by the Company;

(b) timely prepare and provide to the Company and GE Capital underlying data for accounting entries, schedules, exhibits and reports as the Company or GE Capital reasonably requests or is required to obtain by applicable laws, regulations or accounting rules;

(c) prepare such other reports as GE Capital and the Company may reasonably agree upon from time to time; and

(d) notify the Company and GE Capital immediately upon learning of any material default or breach of the Listed Obligations.

SECTION 2.05. Confidential Relationships. All information and recommendations furnished by the Manager to the Company shall be treated by the Company as confidential. The Manager shall, in turn, treat as confidential all information concerning the affairs of the Company. Nothing in this Section 2.05 shall be deemed to preclude any such information or recommendations from being disclosed by any Party to such Party's Affiliates or to the directors, officers, employees, representatives, agents or advisers of such Affiliates [, or pursuant to applicable law, regulation or court order]; provided, that any such recipients are advised of the confidential nature of such information or recommendations.

SECTION 2.06. Fees. GE Capital, on behalf of the Company, hereby agrees to pay to the Manager quarterly in arrears a fee (the "Management Fee") at an annual rate of ten (10) basis points (0.10%) multiplied by the book value of Contracts

issued by the Company after January 1, 2003 (the “Contract Value”). For the avoidance of doubt, the Management Fee shall not reduce or otherwise alter GE Capital’s obligation to make certain payments to the Manager with respect to transfer pricing to be paid in respect of Contracts issued prior to January 1, 2003 (“Prior Transfer Pricing Amounts”), which obligation shall remain in full force and effect in respect of such Contracts. The Manager shall, on a date prior to that on which a Prior Transfer Pricing Amount is due and payable to the Manager, provide the Company and GE Capital with a list of all Contracts to which the Prior Transfer Pricing Amounts apply, a form of which list is attached as Exhibit G. As of the effective date of this Agreement, all Prior Transfer Pricing Amounts shall be paid to the Manager quarterly in arrears.

SECTION 2.07. Expenses Reimbursed.

(a) GE Capital, on behalf of the Company, shall reimburse the Manager for all out-of-pocket expenses incurred and approved pursuant to Section 2.09(e) in connection with the performance of its duties hereunder, except for any expenses arising out of the Manager’s willful misfeasance, bad faith, gross negligence in the performance of or reckless disregard of its obligations and duties hereunder.

(b) GE Capital, on behalf of the Company, shall reimburse the Manager for all appropriate Operating Costs of the Company. Such reimbursement shall be made, upon receipt by the Company from the Manager of a schedule detailing Operating Costs (substantially in the form of Exhibit B hereof), within thirty (30) days following the end of each quarter. For the purposes hereof, “Operating Costs” means all costs incurred by the Manager in connection with the performance of its obligations under this Agreement that have been submitted and approved in writing as part of the annual budget approval process described in Section 2.09(e). For the avoidance of doubt, it is hereby agreed that certain expenses will not be paid by the Manager and do not constitute reimbursable Operating Costs. Such expenses, which are directly attributable to the Company, include fees payable to: (i) external legal counsel engaged by the Company for services rendered thereto and not in connection with duties of the Manager, which are unrelated to the management services it renders to the Company, (ii) certain third-party providers of accounting services to the Company, (iii) providers of credit research services required by the Company and (iv) any provider of goods or services for costs incurred in connection with requirements imposed by regulatory authorities, rating agencies, or any applicable law, rule, regulation, administrative interpretation, ordinance, code issued by a Governmental Authority or regulatory body, or any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction; each such expense shall be paid by the Company.

SECTION 2.08. Execution of Securities Transactions.

(a) In connection with the offering and sale of Contracts, the Manager shall engage a registered broker-dealer approved by the Company that provides services with respect to the origination, issuance and sale of Contracts that the Manager believes to be of value. The Company shall pay all costs associated with the retention of such broker-dealer and shall bear all indemnification costs relating thereto.

(b) Except as otherwise specifically directed by the Company, the Manager shall have complete discretion to select any registered broker-dealer in all securities transactions affecting the Portfolio not described in Section 2.08(a). The Manager is expressly authorized to select such brokers-dealers who provide brokerage and research services that the Manager believes to be of value. The Manager is expressly authorized to pay from the Assets in the Portfolio commissions on such transactions in amounts that the Manager determines in good faith to be reasonable in relation to the value of such brokerage and research services, viewed in terms either of the particular transaction or the overall responsibilities of the Manager with respect to the Portfolio.

SECTION 2.09. Administrative Responsibilities. The Manager shall have the following administrative responsibilities:

(a) The Manager shall submit the budget for reimbursable Operating Costs to the Company and GE Capital by no later than January 31 of each year and such budget shall be approved by the Manager of Finance of Corporate Treasury and Global Funding Operations (or such other representative as shall be designated from time to time in a notice to the Manager executed by the Company and GE Capital) by February 15 of such year. Operating Costs incurred in excess of the aggregate amounts approved in the annual budget must be separately approved by the Company and GE Capital in order to be considered for reimbursement.

(b) Custody of the Assets comprising the Portfolio will be maintained in the Accounts. The Manager shall not have custody of any of the Assets in the Portfolio.

(c) The Manager shall keep such books and records relating to all transactions that it effects pursuant to this Agreement, including without limitation all books and records necessary for preparing the reports required by Section 2.04.

(d) For the avoidance of doubt, the Manager shall provide no services to the Company in respect of tax planning or tax compliance of any kind.

(e) The Manager shall submit presentations relating to the offering of Contracts to the Company and GE Capital for approval prior to external use.

(f) The Manager shall maintain its status as an “investment adviser” under the Investment Advisers Act of 1940, as amended, and shall follow all applicable laws and regulations relating to its status as such and to its performance hereunder, including all applicable laws and regulations relating to bidding for Contracts.

SECTION 2.10. Other Duties as Reasonably Requested. The Manager shall also perform such other duties or shall modify existing duties as the Company may reasonably request or that the Manager shall recommend to the Company from time to time relating to the management of a business involved in the issuance of guaranteed investment contracts and similar debt obligations issued by providers rated “AAA”/”Aaa” and the management of the proceeds of the issuance of such contracts and obligations. If any additional or modified duties are required of Manager under this Agreement,

Manager shall have the reasonable time and opportunity to procure such additional resources as may, in Manager's good faith judgment, be required to perform such duties. Manager also agrees that it will cease to perform the requirements of certain obligations specified hereunder if the Company so directs in writing. Any such changes or additions shall be deemed for all purposes to be amendments or supplements to this Agreement. The Company shall pay such costs as have been mutually agreed to by the Parties and as may from time to time be required to enable the Manager to perform any additional or changed Listed Obligations contemplated herein and other obligations not listed in this Agreement for which additional resources are required or additional costs are reasonably incurred by the Manager.

SECTION 2.11. Limitation of Liability. Neither the Manager nor any of its Affiliates nor any of their respective directors, officers, or employees shall be liable to the Company for any error of judgment or mistake of law or for any loss arising out of any investment or any other commitment of funds on behalf of the Company or Holdings or for any act or omission in the administration of the Portfolio except for willful misfeasance, bad faith, gross negligence in the performance of or reckless disregard of its obligations and duties hereunder, other than as may be provided under applicable law.

SECTION 2.12. Indemnification. (a) The Company shall (i) indemnify and hold harmless the Manager and any Affiliate of the Manager and each of their respective directors, officers, employees and agents (each, an "Indemnified Party") from and against all losses, claims, damages, expenses or liabilities to which such Indemnified Party may become subject (except in respect of the broker-dealer engaged by the Manager in respect of placement of Contracts, which shall be the sole liability of the Manager), insofar as such losses, claims, damages, expenses or liabilities (or actions, suits or proceedings including any inquiry or investigation or claims in respect thereof) arise out of, in any way relate to, or result from the transactions contemplated by, this Agreement, and (ii) reimburse each of the Indemnified Parties upon its demand for any reasonable legal or other expenses incurred in connection with investigating, preparing to defend or defending any such loss, claim, damage, liability, action or claim; provided, however, that none of the Indemnified Parties shall have the right to be so indemnified hereunder for losses, claims, damages, expenses or liabilities to the extent resulting from its own negligence or willful misconduct or for losses, claims, damages, expenses or liabilities that it is required to pay to any broker-dealer that it has engaged in connection with the Contracts or other liabilities. If any action is brought against an Indemnified Party indemnified or intended to be indemnified pursuant to this Section 2.12, the Company shall, if requested by such Indemnified Party, resist and defend such action, suit or proceeding or cause the same to be resisted and defended by counsel reasonably satisfactory to such Indemnified Party, but shall not be empowered to compromise or settle such action, suit or proceeding unless such Indemnified Party has been fully indemnified for any loss, claim, damage, expense or liability it thereby suffers. Each Indemnified Party shall, unless the Indemnified Party has made the request described in the preceding sentence and such request has been complied with, have the right to employ its own counsel to investigate and control the defense of any matter covered by such indemnity and the reasonable fees and expenses of such counsel shall be at the expense of the Company.

## ARTICLE III

### Representations and Warranties

SECTION 3.01. Valid Existence; Authorization; Enforceability. Each of the Parties represents and warrant to the other as follows:

(a) such Party is a company duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite power, legal right and authority to execute and deliver this Agreement and all other documents to be executed and delivered by such Party in connection herewith and to perform its obligations hereunder and thereunder; and

(b) this Agreement and all the documents to be executed and delivered by such Party in connection herewith and therewith has been duly authorized by all necessary actions on the part of such Party.

## ARTICLE IV

### Miscellaneous Provisions

SECTION 4.01. No Assignment Without Consent. This Agreement, and the obligations and rights arising under this Agreement, may not be assigned or otherwise transferred by any Party (including any assignment or transfer in connection with any Person succeeding to any part of the business of any Party) without the prior written consent of the other Parties.

SECTION 4.02. Counterparts. This Agreement may be executed in one or more counterparts and, as so executed, shall constitute one agreement binding upon the Parties.

SECTION 4.03. No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended or shall be construed to confer upon any person (other than the Parties and their permitted assigns), any right, remedy or claim by reason of this Agreement or any term hereof, and all terms contained herein shall be for the sole and exclusive benefit of the Parties and their successors and permitted assigns.

SECTION 4.04. Interpretation. The headings of the Articles and Sections hereof are for convenience of reference only and shall not affect the meaning or construction of any provision hereof.

SECTION 4.05. Term; Termination.

(a) The Manager's appointment hereunder shall continue in effect for an initial term commencing on the date hereof and ending on December 31, 2006, with extensions for additional one (1) year periods commencing automatically upon each anniversary thereof, unless the Manager notifies the Company and GE Capital, or the

Company and GE Capital notify the Manager in writing at least ninety (90) days before such anniversary that such extension shall not be effective.

(b) If the Manager fails to perform any of its obligations set forth in this Agreement, Exhibit C or Exhibit D, the Manager (or if the failure is first discovered by the Company, then the Company) shall give prompt written notice (such notice, a “Notice of Failure”) to the persons identified in Exhibit E (the “Failure Notice Recipients”) specifying the nature of the failure. In the event such Notice of Failure is given, then either the Manager or the Company may elect to submit the matter for review ( a “Submission”) and resolution (“Dispute Resolution”), which may include the establishment of a plan of remediation (a “Remediation Plan”) to (i) with respect to the Manager, the Business Leader of the Retirement Income and Investment Segment of Genworth Financial Inc. (or such person or persons as such Business Leader may designate) and (ii) with respect to the Company, the Senior Vice President — Corporate Treasury and Global Funding Operation of GE Capital (or such person or persons as such Senior Vice President may designate) ((i) and (ii) together, “Senior Management”). The Manager and the Company agree (x) to cooperate in good faith and in a reasonable manner to reach an agreement with respect to any Remediation Plan; (y) to be bound by the results of any such Dispute Resolution agreed to by Senior Management including any Remediation Plan (the timing and content of which shall be at the sole discretion of Senior Management) and (z) that the Manager will implement any such Remediation Plan within the period mandated by Senior Management (the “Final Cure Period”). The result of any such Dispute Resolution shall be in writing signed by Senior Management, shall be deemed part of this Agreement and, with the respect to the failure involved, shall supersede any conflicting or different terms of this Agreement.

If Senior Management fails to reach an agreement with respect to a Dispute Resolution and the Cure Period has not expired, the matter in dispute shall be resolved solely and exclusively in accordance with the arbitration procedures set forth in Exhibit F.

If (i) Senior Management or an arbitral tribunal described in Exhibit F fails to reach agreement with respect to a Dispute Resolution and the Cure Period has expired or (ii) the Manager fails to correct the failure by the end of the applicable Final Cure Period, then this Agreement may, subject to Section 4.05(e), be terminated by the Company upon two (2) Business Days’ prior written notice to the Manager and each Failure Notice Recipient specifying the basis for and the effective date of the termination.

Notwithstanding the foregoing, the payment obligations of the Company during the initial term of this Agreement shall not be terminated if any such failure and the continuation thereof are caused by Impossibility. For the purposes hereof, “Impossibility” means loss or malfunction of electric power, transportation or communication services; general inability to obtain or retain labor, material, equipment or transportation, or a delay in mails or services; the Company’s, GE Capital’s or any of their Affiliates’ (i) failure to take an action on which the Manager’s performance of an obligation or any Listed Obligation depends or (ii) taking an action which renders the Manager’s performance of an obligation or any Listed Obligation impossible;

governmental or exchange action, statute, ordinance, ruling, regulation, administrative interpretation or directive; acts of terror, vandalism, explosions, tornados, acts of God or public enemy, acts of any civil or military authority, revolutions, insurrections, strike, emergency, riots or civil commotions, freezes, fires, floods, embargoes, wars, sabotage, explosions or other unforeseen or unexpected occurrences, which unforeseen or unexpected occurrences render the performance of any obligations by the Manager impossible. In the event of any such occurrence, the Manager shall use all reasonable efforts to remediate the disruption and resume its performance of the obligations.

(c) The Company shall have the right to terminate this Agreement at an earlier time than that specified in Section 4.05(a) in the event of continuing nonperformance due to Impossibility of any obligation hereunder beyond the applicable Cure Period or Final Cure Period upon thirty (30) Business Days' prior written notice to the Manager.

(d) The Manager may resign upon not less than ninety (90) days' prior written notice to the Company.

(e) Notwithstanding any provision to the contrary, including the expiration of any term of this Agreement, so long as the Portfolio is still outstanding, this Agreement shall remain in full force and effect and no termination or resignation of the Manager shall be effective until the Company has entered into an agreement with a successor manager. Upon receiving a notice of resignation from the Manager, the Company shall use its best efforts to enter into such an agreement unless it elects to terminate this Agreement as provided in Section 4.05(c), above. Except as set forth in Exhibit F, nothing in this Agreement shall be deemed a waiver of any Party's rights to pursue remedies at law or in equity, which shall be available in accordance with applicable law in addition to any remedies provided for in this Agreement.

SECTION 4.06. Independent Contractor. The Manager is being engaged pursuant to this Agreement as an independent contractor and the Parties expressly disclaim any intention to enter into a joint venture, partnership, or any other form of association pursuant to this Agreement.

SECTION 4.07. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE RULES OF CONFLICTS OF LAWS OF THE STATE OF NEW YORK OR ANY OTHER JURISDICTION.

SECTION 4.08. Notices. All notices, instructions, and advice with respect to any transactions or other matters contemplated by this Agreement shall be deemed duly given only when actually received at such Party's principal place of business as set forth below. Return receipt or courier record of delivery shall be deemed conclusive evidence of receipt. Notices may be made by fax or other electronic means shall be deemed given upon electronic evidence of receipt at applicable recipient's fax or computer station. A copy of all notices given shall be provided to GE Capital.

If to the Manager:

Genworth Financial Asset Management, LLC  
6620 West Broad Street  
Richmond, Virginia 23230  
Attention: Pamela Schutz  
Phone: (804) 291-6533  
Fax: (804) 281-6165  
E-mail: pamela.schutz@ge.com

with a copy to:

335 Madison Avenue  
Mezz4  
New York, New York 10017  
Attention: Shailesh Shah  
Phone: (212) 389-2575  
Fax: (212) 389-2591  
E-mail: shailesh.shah@ge.com

If to the Company:

FGIC Capital Market Services, Inc.  
335 Madison Avenue  
Mezz4  
New York, New York 10017  
Attention: Shailesh Shah  
Phone: (212) 389-2575  
Fax: (212) 389-2591  
E-mail: shailesh.shah@ge.com

If to General Electric Capital Corporation:

General Electric Capital Corporation  
260 Long Ridge Road  
Stamford, Connecticut 06927  
Attention: Senior Vice President – Corporate  
Treasury and Global Funding Corporation  
Phone: [(203) 961-5077]  
Fax: [(203) 357-3490]  
E-mail: [alan.green1@ge.com]

SECTION 4.09. Entire Agreement; All Amendments in Writing. This Agreement embodies the entire understanding of the Parties concerning the subject matter hereof and supersedes any and all other previous agreements, written or oral, concerning the same subject matter. This Agreement cannot be amended except by written agreement of the Parties.

SECTION 4.10. Waiver. No waiver of any provision of this Agreement nor consent to any departure therefrom shall in any event be effective unless the same shall be in writing and signed by the Party from whom such waiver or consent is sought, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 4.11. Further Assurances. Each Party hereby agrees to execute and deliver such additional documents, instruments or agreements as may be reasonably necessary and appropriate to effectuate the purposes of this Agreement.

SECTION 4.12. Successors and Assigns. This Agreement shall be binding upon the Parties and their respective successors and assigns.

SECTION 4.13. Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

SECTION 4.14. Limited Recourse. The obligations of the Company under this Agreement are solely the obligations of the Company. No recourse shall be had for any obligation or claim arising out of or based upon this Agreement against any, manager, officer, organizer, agent or employee of the Company.

[signature page follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

FGIC CAPITAL MARKET SERVICES, INC.

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL ASSET MANAGEMENT, LLC

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

[LIABILITY AND PORTFOLIO MANAGEMENT  
AGREEMENT (GFIC)]

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**Accounts Comprising the Portfolio**

<b>Account</b>	<b>Custodian Bank</b>	<b>Account Number</b>
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[No Accounts as of January 1, 2004.]

Form of Schedule of Operating Costs

Operating Costs for the first calendar year, commencing on January 1, 2004, shall be \$[ ] and thereafter shall be equal to [ ]% of the Operating Costs of the Manager, subject to the Company’s approval, as provided in Section 2.07(b) and shall consist of the following (allocated [ ]% with respect to the Company):

Table with columns: CMS, 2004 (1Q, 2Q, 3Q, 4Q), 2004 TY. Rows include: Comp & Benefits (Salaries, Savings Plan 401k, Bonuses, Employee Insurance, Payroll Taxes, Total Comp & Benefits), Purchase Base (Travel & Living Expenses, Business Meetings, Education, Employment Fees, Tuition Reimbursement, Relocation Maintenance, Dues & Associations, Consulting Fees, Outside Services, Rent/ Utilities, Legal Fees, Audit Fees, Recreation, Telephone/Cellular, Printing & Office Supplies, Postage/Courier Service, Subscriptions, Information Services, Advertising / Marketing, Temporary Help, Equipment Maintenance, Hardware Expense, Software Expense, Fiscal Agent Fees, Investment Fees, Organizational Misc, Total Purchase Base, Total Controllable).

	2004				2004
	1Q	2Q	3Q	4Q	TY
<b>Other:</b>					
Property Insurance	**	**	**	**	**
Corporate Assessments	**	**	**	**	**
<b>Total Other</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>SG&amp;A Expenses</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
Rating Agency Fee	**	**	**	**	**
Loss On Other Assets	**	**	**	**	**
Insurance And Licensing	**	**	**	**	**
State And Local Taxes	**	**	**	**	**
Goodwill Amortization	**	**	**	**	**
Change in DAC	**	**	**	**	**
Ceding Commission	**	**	**	**	**
<b>Non-SG&amp;A Expenses</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
<b>Op &amp; Admin Expense</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
Depreciation	**	**	**	**	**
<b>Total Direct Expenses</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>	<b>**</b>
Broker Fees Amortization	**	**	**	**	**
<b>Total Expenses (including Broker Fees)</b>	<b>\$ **</b>				

## Priority Manager Functions

### Listed Obligation

### Cure Period

#### Payments

Manager shall cause payments to be made as required under any Contracts or other agreements to which the Company is a party.

Five (5) Business Days from the date a notice of nonpayment received by Manager under the applicable Contract or agreement (or such shorter period as exists prior to such nonpayment being an actionable default thereunder); provided, however, that if the Manager or the Company gives notice to the other party requesting Dispute Resolution within one (1) Business Day of the notice, the cure period hereunder shall be extended to three (3) Business Days from the date the notice of nonpayment is received (it being understood that in no event shall this provision supersede the contractual payment obligations in the respective Contract or agreement).

#### Risk Matters

Manager shall comply with all requirements of GE Capital's Policy 5.0 and 6.0 relating to the Company and related "strike zones," as such policies and strike zones are amended from time to time; provided, that in the event that a trigger has been tripped under Policy 6.0 by virtue of a change in the market or pursuant to the action of a rating agency, GE Capital shall provide direction on remediation on a case-by-case basis if not otherwise provided for in Policy 6.0 and, if the Manager takes the appropriate corrective action (whether as prescribed by Policy 6.0 or as directed by GE Capital), no failure to perform an obligation under this Agreement shall be deemed to have occurred.

Five (5) Business Days.

#### Financial Reporting

Manager shall comply with Section 2.04 hereof and the Listed Obligations and shall prepare all reports relating to the Company as are necessary or desirable for compliance with the Sarbanes-Oxley Act of 2002 and any other financial reporting requirements of the Company under applicable law and external regulation.

Thirty (30) days or such shorter or longer period as is specified by the applicable accounting firm or regulatory body to allow for compliance with the applicable regulatory or disclosure requirement.

Legal Compliance

Manager shall comply with the requirements of contracts to which it is a party, and all applicable laws and regulations.

Thirty (30) days or such other period as is specified in the applicable agreement or regulation or as is directed by the applicable regulatory body.

**Listed Obligations**

Business

- Manager will review the [Portfolio Quality Review] with GE Capital on a monthly basis on such dates as Manager and GE Capital shall agree to in advance.

Compliance/Legal

- Manager will maintain the corporate and limited liability company minutebooks and records of the Company, and take all actions required to maintain the Company's valid existence and good standing in the jurisdictions in which it is organized or qualified.
- Manager will comply with applicable law in respect of the Company's issuance of Contracts, including with respect to rules promulgated under federal securities laws that restrict certain forms of advertising and solicitation.
- Manager will consult with and obtain approval from the Company in connection with proposed material modifications to the terms or the form of Contracts.
- Manager will maintain its status as an "investment adviser" under the Investment Advisers Act of 1940, as amended, and will take all reasonable steps to comply with all applicable laws and regulations relating to its status as such.
- Manager will cause its legal staff to draft and prepare all Contracts and other contracts entered into by the Company. The in-house counsel of Manager may, to the extent required, engage outside counsel in connection with the preparation of such contracts if such engagement is approved verbally or in writing by the General Counsel — Treasury Operation of GE Capital and otherwise approved under Section 2.09. Nothing in this Agreement will preclude Manager from engaging its own outside counsel for any purpose it deems necessary or advisable, and Manager need not obtain any separate approval therefore.
- Manager will comply with all applicable laws and all applicable policies and procedures as the same may be provided to Manager by the Company, including but not limited to the USA PATRIOT Act of 2001 and anti-money laundering policies and laws.
- Manager will take all reasonable actions required to assist the Company or GE Capital in connection with changes to the corporate structure of the Company.

- Manager will take all reasonable steps to provide prompt responses to GE Capital in connection with requests from regulatory or other governmental authorities for documentation or data relating to the operation of the Company.
- Manager will comply with all applicable laws, regulations, policies, management procedures and other requirements of the Company, GE Capital and the Manager's Affiliates, including but not limited to the GE Capital Information Security Procedure and, to the extent applicable, the policies contained in "Integrity: The Spirit & the Letter of Our Commitment."

#### Liability/Contract Bidding Process

- Manager shall ensure that transactions in Contracts are effected in accordance with the following general procedure: (i) a registered representative of a broker-dealer (each, a "GIC Salesperson") shall receive bid specifications ("Bid Specs") provided by prospective Contract customers or their agents ("Customers"); (ii) the GIC Salesperson shall analyze the Bid Specs and respond to Customers, indicating to such Customers, where appropriate, the requirements to maintain the Company's exemption from registration under the Investment Company Act of 1940, as amended; (iii) the GIC Salesperson shall submit all Bid Specs for review and comment to the designated member of the Manager's legal staff and will note on any bid acceptance form that is delivered to the Customer all appropriate comments received from the legal staff; (iv) the GIC Salesperson shall price transactions in which the Company has an interest in bidding and communicate such pricing to the applicable Customer; and (v) the Manager's legal staff shall provide counsel to the GIC Salesperson in connection with the preparation, negotiation and closing of all Contracts for transactions that the Company wins.

#### Financial Controls

- Manager will periodically deliver the following financial reports:

##### Monthly:

- Transfer Pricing
- Income Sheet
- Book Value
- Accrued Interest

##### Quarterly:

- Debt Roll-Forward ( days following the GE fiscal close period)
- Cash Reconciliation (3 days following the GE fiscal close period)

- Manager will e-mail net withdrawals and deposits to GE Treasury Cash Desk by 10:00 a.m. on each Business Day.
- Manager will e-mail projected settlements on newly issued Contracts to GE Treasury Cash Desk by 4:00 p.m. one (1) Business Day prior to closing.
- Manager will perform its accounting responsibilities in compliance with GE's internal accounting policies and U.S. GAAP.
- Manager will maintain accounting policies currently in place and all changes to accounting policies must be approved in advance by GE Capital. For new accounting standards, GE Capital will provide Manager with the accounting policy to be adopted by the Company.
- Manager will reconcile all general ledger accounts in accordance with GE's account reconciliation criteria. Manager will provide a quarterly dashboard of account reconciliations and open items (in an agreed-upon format) on dates to be provided to Manager.
- Manager is responsible for establishing and maintaining a system of internal controls adequate to ensure that Assets are appropriately safeguarded and that the financial statements and related disclosures and schedules fairly present the financial condition of the Company.
- Manager will deliver monthly unaudited financial results including any adjustments to the monthly financials to be included in the next month's accounting period. These financials should include an explanation of significant items of variance to the Operating Plan. Such financial statements will be delivered within 15 days of the close as defined by GE Capital.
- Manager will deliver quarterly unaudited financial reports and schedules in accordance with GE Capital's closing instructions. Such financials statement will include variance and profitability analysis suitable for the closing of the books. Closing instruction to be provided by the 15th of the month of the quarterly close.
- Manager will provide the Company with financial projections in accordance with GE Capital's SI, SII and OP process. GE Capital will provide the Manager with SI, SII and OP timing and assumptions where needed to make such forecasts.
- Manager will deliver annual audited financial statements (balance sheet and income statement) upon completion of the annual audit by GE Capital's external auditors.
- Manager will conduct annual reviews in compliance with applicable provisions of the Sarbanes-Oxley Act of 2002, in a manner acceptable to GE Capital.

- Manager will report detailed profit and loss results and details of expenses within fifteen (15) days following the end of each quarterly period, including comparisons of actual versus plan, in a format reasonably agreeable to both parties. Profit and loss reports will be included in the monthly Portfolio Quality Review, substantially in the format attached as Schedule F.

## Risk

- Manager will comply with all applicable terms set forth in Policy 5.0 and Policy 6.0 and all “strike zones” defined by GE Capital with respect to assets and liabilities (as each may be amended from time to time by GE Capital). Manager will deliver the following reports on a monthly basis for monitoring such compliance:
  - [Portfolio Quality Review
  - Credit Limit Watch
  - Credit Risk Rating
  - Stop Loss
  - Month End Credit
  - Counterparty Exposure]
- Except as otherwise specified in this Exhibit D, Manager will deliver risk reports to GE Capital on a monthly basis and will include, at a minimum, the following:
  - [Portfolio Quality Review
  - Supplemental Program Shortfall
  - Liquidity Report (provided on a daily basis)
  - Summary Hedge Analysis Report (provided on a daily basis)
  - REM (electronic submission)]
- Manager will provide other available reports required from time to time by GE Capital as they are requested.
- Manager will participate, on a monthly and quarterly basis, in in-force reviews with Genworth senior management and GE Capital senior management.
- Manager will from time to time provide GE Capital with data feeds relating to the Portfolio, the content, format and timing of the delivery of which feeds will be agreed upon by Manager and GE Capital.
- [Manager will from time to time provide GE Capital with such available additional risk analyses as GE Capital may request, including but not limited to, stress tests and value at risk analyses. In each case, the content, format and timing of the delivery of such analyses will be agreed upon, prior to delivery, by GE Capital and Manager.]

- Manager will comply with all applicable requirements relating to the Company's maintenance of the "AAA"/"Aaa" ratings assigned thereto by the applicable rating agencies.

#### Customer

- Manager will ensure delivery by mail or e-mail, or will make available on the Company's website, to the Company's customers in accordance with such customers' respective Contracts, Customer Statements in respect of customers' investments with the Company.
- Manager will ensure the timely remittance of payments required under each Contract or other agreement of the Company.
- When requested by the Company and GE Capital, Manager will deliver to the Company and GE Capital customer service metrics (e.g., call volume by customer complaint type by date) and deal closing customer survey results (if and to the extent the same is provided by customers).

#### Information Technology

- Manager will maintain the current systems environment to fully support the business requirements and the services to be performed under this Agreement for the Company.

#### Continuous Service (Disaster Recovery)

A disaster recovery site shall be maintained as follows:

- Backup copies of critical servers shall be maintained at an off-premises Disaster Recovery Site (locations to be determined from time to time by the Parties hereto). The critical servers are as follows: Principia PAS server, Oracle Data Warehouse Server, File Server, Oracle GL Server, and FileNET CM Server. In the event of a major disaster where access to production servers and 335 Madison Avenue's assets (or those of a successor location from which the Company's business is operated) is lost, service will be restored on the following schedule: PAS and Oracle Data warehouse systems will be within twenty-four (24) hours. GL and FileNET server will be available within forty-eight (48) hours. The Parties will work with GE Capital Treasury on a best effort basis to establish and implement an adequate Disaster Recovery plan.

- Software refreshes to synchronize the DR systems with the production systems shall be done within twenty-four (24) hours of the update of the production system to coincide with production system updates.
- Backups of the production PAS database shall be copied to the DR PAS server nightly.

#### Data Management (Backups and Retention)

- Full data backups are performed daily on all production and Quality Assurance systems.
- Full data backups of all Network files are performed daily.
- Backup tapes shall be stored offsite at Iron Mountain. Tapes are picked up by 10:30 a.m. daily.
- An authorized list of personnel may recall tapes from Iron Mountain (an agreement exists to deliver backup tapes to any location, including the home of IT personnel).
- Tapes shall be cycled on a rolling eight (8) week rotation. All Financial close and Month End tapes shall be marked permanent and retained indefinitely.

#### Change Management: Notification and Approval Process on Changes to IT Infrastructure and Application Software

- GE Capital Treasury shall have the right to approve the Company's Change Management Process.
- All change requests shall be reported to GE Capital Treasury on a weekly basis.
- Emergency changes to the IT Environment shall be reported to GE Capital Treasury as they occur.
- In the event of a major System Failure GE Capital Treasury shall be notified and required to approve required changes.

### Performance and Capacity Planning Reporting and Reviews

- In general, monthly business reports shall be available by 9:00 a.m. the last [day][Business Day] of the month. The IT team will communicate all exceptions by 8:30 a.m. on the day such exceptions occur. The communication will include the anticipated delivery time. The following performance tracking processes exist:
  - Monthly report of nightly batch completion times.
  - Monthly report of nightly batch completion times.
  - Monthly report of exceptions and violations of the 9:00 a.m. report delivery times and cures employed.
  - Monthly report on system loading and projected performance bottlenecks and issues and resolutions.
  - Monthly report of license denials.

### Personnel

- Manager will maintain a staff of qualified employees sufficient to support the business requirements of the Company and to perform the services required under this Agreement.

### Other Obligations

- Manager will comply in all material respects with all other obligations provided under this Agreement.

**Format of P&L Included with  
Monthly Portfolio Quality Review**

<u>CMS P&amp;L (\$millions)</u>	<u>Actual</u>	<u>Operating Plan</u>	<u>Variance from Operating Plan</u>
<b>Net Revenue:</b>			
Trinity Gross Spread Income	\$	\$	\$
Trinity Broker Fees Amortization			
Trinity Hedge Ineffectiveness			
<b>Trinity Net Interest Margin</b>			
Trinity Realized Gains (Losses)			
<b>Subtotal Trinity Net Revenue</b>			
GE Book			
<b>Total CMS Net Revenue</b>			
<b>Operating Expenses:</b>			
CMSI	\$	\$	\$
Trinity			
MRCA			
<b>Total Operating Expenses</b>			
<b>Total CMS Pre-tax Income</b>			
<b>Tax (Benefit)</b>			
<b>Net Income</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Trinity Average Liability Balance			
Core Spread (including Broker Fees)			
Net Spread (Including Hedge Ineffectiveness)			
<b>Memo: Net Income Sharing</b>			
Genworth (Management Fee + GE Book)			
GEI Other			

**Failure Notice Recipients**

<u>Recipient</u>	<u>Address</u>	<u>Telephone</u>	<u>Facsimile</u>
<u>Manager</u>			
Pamela Schutz	6610 West Broad Street Richmond, Virginia 23230	(804) 281-6533	(804) 281-6165
Kelly Groh	6610 West Broad Street Richmond, Virginia 23230	(804) 281-6321	(804) 281-6310
Toni Ness	6610 West Broad Street Richmond, Virginia 23230	(804) 289-3594	(804) 281-6005
Shailesh Shah	335 Madison Avenue Mezz4 New York, New York 10017	(212) 389-2575	(212) 839-2591
Grant Lineberry	335 Madison Avenue Mezz4 New York, New York 10017	(212) 389-2570	(212) 389-2591
Colin Burrell	335 Madison Avenue Mezz4 New York, New York 10017	(212) 389-2640	(212) 389-2590
<u>Company</u>			
Kathy Cassidy	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6199	(203) 585-1191
Brian Wenzel	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6774	(203) 316-7601
Alan Green	201 High Ridge Road Stamford, Connecticut 06927	(203) 961-5077	(203) 357-3490
Johan Fogelberg	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6072	(203) 357-4975
Robert Ceske	201 High Ridge Road Stamford, Connecticut 06927	(203) 602-8337	(203) 585-1361
<u>General Electric Capital Corporation</u>			
Kathy Cassidy	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6199	(203) 585-1191
Brian Wenzel	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6774	(203) 316-7601
Alan Green	201 High Ridge Road Stamford, Connecticut 06927	(203) 961-5077	(203) 357-3490
Johan Fogelberg	201 High Ridge Road Stamford, Connecticut 06927	(203) 357-6072	(203) 357-4975
Robert Ceske	201 High Ridge Road Stamford, Connecticut 06927	(203) 602-8337	(203) 585-1361

**Arbitration Procedures**

If Senior Management fails to reach agreement with respect to a Dispute Resolution within forty-five (45) days of a Submission and the Cure Period has not expired, either Party may submit the matter to be finally resolved by arbitration pursuant to the CPR Institute for Dispute Resolution (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 matters under dispute existing at the time of the arbitration and for which arbitration is permitted.

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 matter in 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 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.

The Parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this provision and further agree that judgment on any award or order resulting from an arbitration conducted under this provision may be entered and enforced in any court having jurisdiction thereof.

Except as expressly permitted by this Agreement, no Party will commence or voluntarily participate in any court action or proceeding concerning a matter in dispute, except (i) for enforcement, (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.

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.

Each Party will bear its own attorneys’ fees and costs incurred in connection with the resolution of any matter in dispute in accordance with this provision.

**Prior Transfer Pricing Transaction**

Prior Transfer Pricing Amounts are calculated as follows:

[to be supplied]

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**OUTSOURCING SERVICES  
SEPARATION AGREEMENT**

OUTSOURCING SERVICES SEPARATION AGREEMENT, dated as of \_\_\_\_\_, 2004 (this “Agreement”), among GE Capital International Services (“GECIS”), a corporation duly formed and existing under the laws of India with a place of business at AIFACS Building, 1 Rafi Marg, Delhi-110001 and a Corporate office at GE Towers, Sector Road, Sector 53, DLF City, Phase 5, Gurgaon, Haryana, and a wholly-owned subsidiary of General Electric Capital Corporation, a Delaware corporation (“GECC”), GECC, General Electric Company (“GE”) and Genworth Financial, Inc., a Delaware corporation.

W I T N E S S E T H:

WHEREAS, GE and GECC have determined to consolidate the Genworth business, including Genworth and certain of its Affiliates (collectively, unless the context otherwise requires, “Genworth”), into a separate corporate structure with Genworth acting as the parent entity for the Genworth business, and have further determined to divest a controlling interest in the stock of Genworth (the “Separation”) and, as part of such divestiture, to conduct an initial public offering of the common stock of Genworth (the “IPO”);

WHEREAS, GECIS and certain of its Affiliates (collectively, unless the context otherwise requires, “GECIS”) and Genworth and certain of its predecessors are parties to a series of Master Outsourcing Agreements and related Project Specific Agreements (the “PSAs”) and certain other service agreements (collectively, the “MOAs”) calling for the provision of certain services by GECIS to Genworth; and

WHEREAS, in anticipation of the proposed Separation, GECIS and Genworth have determined that it is appropriate to amend the terms of the MOAs as set forth in this Agreement.

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:

1. Agreement to Amend MOAs.

The parties agree to amend and/or restate, or cause to be amended and/or restated, each of the MOAs to reflect the modifications set forth in the attached Exhibits A, B and C, with such changes therein as may be necessary to appropriately reflect any unique provisions of any MOA (such changes to be negotiated and agreed upon in good faith in a commercially reasonable manner) or as may be necessary to obtain all necessary approvals of the amended and restated MOAs by governmental agencies, effective as of the Closing Date of the IPO or such later date as the parties may agree upon in writing. The parties will agree upon the definitive forms of such amendments and/or restatements prior to the Closing Date and the effectiveness of such amendments and restatements shall be contingent upon (i) delivery of the Firm Public Offering Shares to the Underwriters against payment therefor and (ii) receipt by Genworth of all necessary approvals of such amended and restated MOAs by all governmental agencies. GECIS will cooperate with Genworth as it may reasonably request in obtaining all such approvals. In the event of any conflict between the provisions of such amended and restated MOAs and any effective PSAs relating to such MOAs, 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, the provisions of the amended and/or restated MOA shall control. The provisions of Exhibit A, B and C are intended to be in addition to the provisions of each MOA, provided, that in the event of any conflict between the provisions of such Exhibits and any MOA, the provisions of such Exhibits shall control. Unless otherwise expressly agreed by the parties to an MOA, matters arising prior to the effective date of any amended and restated MOA will be governed by the provisions of the MOA in effect prior to such amendment and restatement.

2. Carve-Out Option.

Commencing with the Closing Date, and until the termination or, expiration of all of the MOAs, Genworth, or its designee, shall have the option, exercisable upon the occurrence of any one of the Carve-Out Conditions (as defined in Exhibit B), to require GECIS or its Affiliates, as applicable, to transfer or cause to be transferred to Genworth or its designee, the Resources (as defined in Exhibit B) employed by GECIS or such Affiliates to provide the services

**CONFIDENTIAL TREATMENT REQUESTED**

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN  
REQUESTED IS OMITTED AND IS NOTED WITH “\*\*\*”.  
AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED  
SEPARATELY WITH THE SECURITIES AND  
EXCHANGE COMMISSION.

to Genworth and any other entity receiving services from GECIS on the terms and conditions set forth on Exhibit B. The exercise of such option shall, in each case, be subject to the receipt by Genworth and its Affiliates or its designee and GECIS and its Affiliates of all necessary approvals of governmental agencies. GECIS will cooperate with Genworth and its designees as they may reasonably request in obtaining all such approvals. No acquiror of a business operation divested by Genworth shall be entitled to exercise the Carve-Out Option.

3. Waiver of Change of Control Provisions. GECIS agrees that the transactions contemplated by the Separation and the IPO shall not be deemed to constitute a “change of control” for purposes of Section 6.3 of the MOAs (which addresses the acquisition by a party other than GE of more than fifty percent of the voting control or assets of a party to an MOA), or any similar provision of the MOAs and PSAs, and irrevocably waives any rights it may have to terminate or modify the terms of any MOA or PSA as a result of such transactions.

4. Entire Agreement. 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.

5. 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.

6. 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, except for beneficiaries of the indemnities set forth in Exhibit A, 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.

7. Amendment. 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.

8. Rules of Construction. Interpretation of this Agreement 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, Exhibit and Schedule are references to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement 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 (f) this Agreement 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.

9. Dispute Resolution. Any dispute, controversy or claim arising out of or relating to the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with the dispute resolution mechanism described in Exhibit C.

10. 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 any such Agreement.

11. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

**[The remainder of this page is intentionally left blank]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GENERAL ELECTRIC COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GE CAPITAL INTERNATIONAL SERVICES

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**  
**Amendments to MOAs**

Each of the outstanding MOAs shall be amended as set forth in Section 1 of this Agreement to provide as follows:

<b>Item</b>	<b>Term</b>
<b>Services:</b> <b>BCP/DRP Plans:</b>	<ul style="list-style-type: none"><li>• GECIS shall maintain Business Continuity and Disaster Recovery Plans (“BCP/DRP”) for “Mission Critical” operations within the Genworth processes</li><li>• Genworth shall identify the operations to be earmarked as “Mission Critical”. Genworth and GECIS shall mutually agree on the BCP/DRP plan, including such plan during an event of force majeure, and implementation; provided, however, the specific requirements to be satisfied by the plan shall be solely determined by Genworth.</li><li>• BCP/DRP shall be provided in accordance with the pricing mechanism described below.</li></ul>
<b>Changing location:</b>	Except as provided in the BCP/DRP, GECIS shall not change or move the original location for the performance of the Services, without the prior written consent of Genworth.
<b>Divestitures:</b>	<p>If Genworth divests any business operation (other than pursuant to a transaction that would constitute a Change of Control), GECIS will provide the services provided under any MOA or PSA 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 Genworth or the acquiring entity compensates GECIS 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 the MOA and related PSAs, and (iv) Genworth is not in payment default at the time of the request, but, in that case, GECIS must provide support if paid in advance. At Genworth’s option, GECIS and such acquiror shall enter into a separate MOA and PSA providing for the provision of the services, which agreements shall be on substantially the same terms and conditions as are set forth in the applicable MOA and PSA, with such changes therein as the parties may agree upon. GECIS shall charge for the continuing performance and delivery of such services based on the then existing charging methodologies and may charge Genworth or the acquiring entity for the reasonable implementation and set-up fees relating to the extension of the services to such entity. GECIS and the acquiring entity will negotiate in good faith for up to 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 GECIS. If they are unable to so agree, at the request of the acquiring entity, GECIS shall be required to provide the services to such acquiring entity until the earlier of (i) the last day of the 12<sup>th</sup> month following such 120-day negotiation period and (ii) the termination date of the applicable MOA and related PSAs, <u>provided</u>, that if GECIS is requested to provide such services for less than 12 months following the end of such 120-day negotiation period, such acquiring entity or Genworth shall bear all costs actually incurred by GECIS as a result of such reduction in volume, <u>provided</u>, <u>further</u>, that GECIS shall use commercially reasonable efforts to mitigate such costs. Such services shall be provided by GECIS regardless of whether the acquiring entity is a competitor of GE or any of its affiliates. GECIS shall provide Services Transfer Assistance as reasonably requested by the acquiror, solely at the acquiror’s cost, for the period during which GECIS is required to provide Services to such acquiror.</p>

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If GECIS executes a definitive agreement to divest any or part of any business operation relating to the services provided to Genworth other than the Genworth India operations operating on a stand alone basis (i.e. the operations responsible for providing core services exclusively relating to Long Term Care, Life Insurance, Group Insurance, Annuities, Retirement Plans and Mortgage Insurance to Genworth, but excluding, *inter alia*, accounting, help desk, software solutions e-learning and other knowledge-based operations)(a “GECIS Divestiture”), GECIS will provide no less than 30 days’ prior written notice of the expected closing date of the GECIS Divestiture to Genworth, which notice will include the identity of the acquiror and any affiliate which would provide services to Genworth and a description of the material terms of the transaction applicable to the services being transferred to the acquiror. GECIS will provide Genworth with such further information regarding the divestiture and the acquiror as Genworth may reasonably request. GECIS may take no action with respect to the proposed Genworth Divestiture (in which case the GECIS Divestiture may proceed without Genworth’s consent) or, within 30 days of receipt of such notice from GECIS, Genworth may at its option (i) exercise the Carve-Out Option only with respect to the Resources relating to such services which are being or have been divested to the acquiring entity at the lesser of book value or the value of the divested operations relating to Genworth implied by the consideration to be paid by the acquiror and/or (ii) terminate such PSAs and require GECIS and/or the acquiror to provide Services Transfer Assistance for a period not exceeding 14 months from the date of receipt of notice by GECIS from Genworth. Notwithstanding any other provision of this Exhibit A, GECIS shall be responsible for all transition costs incurred by Genworth relating to its exercise of the Carve-Out Option or its termination of the PSAs and transition of the services in-house or to a new provider. Any transfer of the PSAs pursuant to this paragraph shall be subject to the receipt by Genworth of all necessary regulatory approvals. For the avoidance of doubt, any transfer by GECIS of the Genworth India operations operating on a stand-alone basis shall be subject to the limitations described under “Assignment and Subcontracting,” below.

**Specific Performance:**

Save as provided in the “Force Majeure” section of each MOA (it being understood that force majeure will not relieve GECIS of its responsibility to provide BC/DR services), GECIS 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 PSA. GECIS shall be relieved from its obligation to perform any Services and its obligation 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 service level as a result of Genworth’s failure to perform its obligations under such PSA. Notwithstanding the dispute resolution provisions set forth in Exhibit C, if GECIS breaches this covenant, Genworth shall be entitled to apply to a competent court for specific performance by GECIS of its obligations under the applicable MOAs and PSAs.

**Compliance:**

GECIS will perform the services in compliance with each applicable statute, law, regulation, order, stock exchange rule or generally accepted, statutory or regulatory accounting or actuarial principle specified in any PSA or otherwise by Genworth, in each case as applicable to the business processes of Genworth performed by GECIS as part of the Services, just as if Genworth performed the services itself.

**Pricing:****Definitions:**

“Baseline Charges” shall be GECIS’ charges for the services as of the Closing Date as set forth in each of the existing PSAs.

“Base Costs” shall be GECIS’ actual direct cost of providing the services reasonably and equitably determined to be attributable to Genworth by GECIS for each year. The elements of GECIS’ direct cost are described in the attached Annex 1, and shall take into account productivity gains or losses.

**Item**  
**Determination of Base Cost; Scheduled Reductions in Charges; Limitations on Base Cost Increases:**

**Term**

GECIS charges to Genworth for the services shall be adjusted annually to reflect changes in GECIS' Base Cost and to reflect scheduled discounts from the Baseline Charges pursuant to the following formula:

$$\text{New Charges} = \text{Baseline Charges} * \text{Discount Factor} * \text{Cost Factor.}$$

For the periods indicated, the Discount Factor shall be as follows:

<b>Period</b>	<b>Discount Factor</b>
from the Closing Date <b>through the first anniversary of the</b> to the Trigger Date (as defined below)	**
from the first anniversary of the Trigger Date through the second anniversary of the Trigger Date	**
from the second anniversary of the Trigger Date through the third anniversary of the Trigger Date	**

“Trigger Date” means the first date on which GE and certain Affiliates of GE cease to beneficially own more than fifty percent (50%) of the outstanding Genworth Common Stock, calculated as described in the Master Agreement, dated as of , 2004, between the Parties.

The Cost Factor shall be calculated as follows:

$$Y(n) \text{ Base Cost} / Y(0) \text{ Base Cost}$$

where Y(n) Base Cost is determined pursuant to the following paragraph for each year, Y(n-1) Base Cost is the Base Cost for the preceding year and Y(0) Base Cost is the Base Cost as agreed by the parties for the first year of the Initial Term, provided, that Y(n) Base Cost shall not exceed \*\*% of Y(n-1) Base Cost in any year.

Base Cost for the initial year shall be as agreed by the parties prior to the Closing Date.

Prior to the commencement of each contract year, the parties will negotiate in good faith to agree upon the elements of Base Costs and the rates to be charged to Genworth for such elements during such year (excluding the cost of hedging foreign currency exchange risks, which shall be charged to Genworth on a pass-through basis).

The parties will reflect their agreement on such matters in a written document to be executed by each of them and GECIS' 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 Genworth 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 GECIS in accordance with the definition of Base Costs, provided, that Base Cost for any year shall not exceed \*\*% of Base Cost for the immediately preceding year. If Base Costs for any year during the Initial Term exceed \*\*% of Base Costs for the immediately preceding year, Genworth may terminate that PSA upon six months written notice to GECIS and shall not be liable for any costs incurred by GECIS as a result of such termination.

Item	Term
<b>Renewal :</b>	At least 18 months prior to the expiration of the Initial Term, GECIS will propose revised methods for calculating costs and charges to Genworth under the Baseline Cost methodology, as described below under “Expiration of the Agreements.” The applicable charges proposed by GECIS for the first and second years of the renewal term shall be determined as provided above, but shall reflect Discount Factors of ** and **, respectively, <u>provided</u> , that such charges shall be at least as favorable to Genworth as GECIS charges for similar services provided to any other customer of GECIS. If the parties are unable to agree on revised costs, Genworth may elect to exercise the Carve-Out option upon expiration of the MOAs and PSAs as described under “Expiration of the Agreements.”
<b>Volume Reduction:</b>	Genworth shall provide GECIS with no less than nine months’ notice in advance if the annualized resources used by GECIS to perform the services for Genworth under all of the MOAs in the aggregate reduces to less than 75% of the amount of such resources (“Trigger Volume”) used as of the date Genworth first gives notice of such reduction to GECIS. In such an event, GECIS shall bear all costs relating to such reduction in volume to the extent stated in such nine-month notice.  If Genworth does not provide nine-months’ advance notice of such a reduction, Genworth shall bear any facilities occupancy, technology and telecommunications costs incurred by GECIS resulting from such reduction, <u>provided</u> , that GECIS shall use commercially reasonable efforts to mitigate such costs.
<b>Taxes:</b>	GECIS fees 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 GECIS cost in acquiring equipment, materials, supplies or services used by GECIS 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 (“Taxes”) is assessed with respect to GECIS fees to Genworth for the provision of the Services, Genworth shall be responsible for and pay the amount of any such tax to GECIS or as the law otherwise requires, in addition to GECIS fees. Genworth may report and (as appropriate) pay any Taxes directly if Genworth provides GECIS with a direct pay or exemption certificate. GECIS’s invoices shall separately state the amounts of any Taxes GECIS is proposing to collect from Genworth. GECIS shall promptly notify Genworth of any claim for Taxes asserted by any applicable taxing authorities. Notwithstanding the above, Genworth’s liability for such Taxes is conditioned upon GECIS providing Genworth notification within twenty (20) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by GECIS. GECIS shall coordinate with Genworth the response to and settlement of, any such claim. Genworth shall be entitled to receive and to retain any refund of Taxes paid to GECIS pursuant to this Agreement.
<b>Productivity; Planning:</b>	<ul style="list-style-type: none"> <li>• GECIS shall make commercially reasonable efforts to increase productivity and efficiency in performing the Services and shall endeavor to reduce Baseline Cost annually, depending on the overall reduction in the cost of operations.</li> <li>• The parties will participate in an annual budgeting process as part of determining Baseline Cost that will address improvements in GECIS productivity and efficiency in performing the services and dedicate appropriate resources to execute the budgeted improvements.</li> <li>• To support GECIS’ demand planning, each quarter, Genworth shall provide GECIS a good faith estimate of its requirements for GECIS’ services for the following 12 months.</li> </ul>

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**Performance Standards:****Audits:**

GECIS shall prepare such reports relating to its performance of the Services as are reasonably requested by Genworth. GECIS shall maintain a complete audit trail for all financial and non-financial transactions resulting from or arising in connection with the Agreements in such manner as is required under the GEFA Records Management Policies and Indian and US GAAP, all as may be amended from time to time. GECIS will maintain such audit trail for such periods of time as may be specified in the GEFA Records Management Policies or, if no such period is specified, for such period as the parties may agree upon. GECIS shall provide to Genworth, its auditors (including internal audit staff and external auditors), inspectors, regulators, customers and other representatives as Genworth may from time to time designate in writing, access at all reasonable times to any facility or part of a facility at which either GECIS or any of its permitted subcontractors is providing the Services, to GECIS personnel, to GECIS'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 GECIS or any of its subcontractors with respect to any aspect of GECIS's or such subcontractor's performance of the Services or any other matter relevant to this Agreement, including, without limitation the determination and calculation of all elements of Baseline Cost and all other elements of the pricing mechanism described above. GECIS shall reasonably cooperate with Genworth in the performance of these audits, including installing and operating audit software. If Genworth requires GECIS to conduct any special audit other than that mentioned herein and if the same results in increased cost to GECIS, GECIS shall be entitled to pass on such extra costs to Genworth through a special invoice, but only to the extent approved by Genworth in advance.

GECIS shall provide Genworth such other reports and certifications relating to the services under the MOAs and PSAs as Genworth may reasonably request, including all reports and sub-certifications by GECIS necessary for officers of Genworth to make the certifications required under the Sarbanes-Oxley Act of 2002 and all related and other rules and regulations and all related applicable stock exchange listing requirements.

**Genworth Commitment:**

In addition to all other "Genworth Commitments" referred to in the MOAs, Genworth shall provide all GECIS employees, dedicated to Genworth operations, with training or training materials relating to business processes and regulatory matters uniquely related to the Genworth business and reasonably required by such resources to meet Performance Standards. Any non-performance or failure to meet Performance Standards by GECIS due to Genworth's failure to meet "Genworth Commitments" shall not be considered a breach in Performance Standards and/or a breach of the MOAs by GECIS.

**Regulatory Approvals:**

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 any MOA or 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.

**Billing and Payment:****Payment Terms:**

- GECIS shall bill Genworth under the MOAs and PSAs on a monthly basis.
- GECIS shall obtain the prior written approval of Genworth for all reimbursable expenses.
- All payments, due and payable by Genworth to GECIS, will be made within 60 days of Genworth's receipt of invoice ("Payment Date"). Genworth shall use its good faith efforts to provide GECIS as promptly as practicable with the details of any objection it may have to any invoice, but any failure to provide such details shall not foreclose Genworth's right to dispute such invoice. Genworth shall pay the part of any invoiced amount that is not in dispute by the Payment Date.
- If Genworth does not pay any invoice by the Payment Date, GECIS shall serve Genworth a notice as per the Notice clause ("Payment Default Notice") provided herein and simultaneously initiate the procedures for consideration of disputes by senior executives of the parties by giving notice as described under Section 1.2 ("Consideration by Senior Executives") of Exhibit C.
- GECIS shall have the right to terminate any PSA, without prejudice to any other legal rights to which it may be entitled, if Genworth fails to pay to GECIS any material amount (i) that is undisputed or determined by the Senior Executives to be due to GECIS within five business days following Genworth's agreement that such amount is not in dispute or the conclusion of the Senior Executives' negotiations, whichever is earlier, or (ii) that remains in dispute and is not paid following the conclusion of the Senior Executives' negotiations as described in the following paragraph.
- GECIS shall have no right to terminate if Genworth pays any disputed amount within five business days following the conclusion of the Senior Executives' negotiations in accordance with Section 1.2 of Exhibit C, without prejudice, and invokes the remainder of the dispute resolution process set forth in Exhibit C.
- If pursuant to the dispute resolution process, GECIS is found to have charged improperly, GECIS shall promptly refund such excess amount along with interest at an annual rate equal to the lesser of (i) the three (3) month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable law, from the date the payment was made through the date of the refund.
- Past due amounts will bear interest at an annual rate equal to the lesser of (i) the three (3) month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable law, from the date the payment was due through the date of payment.

**Term:****Expiration of the Agreements and PSAs:**

The term of all the MOAs shall be amended such that all of the MOAs will terminate on the third anniversary of the Trigger Date (the "Common Termination Date"; the period from the Closing Date to the Common Termination Date is referred to as the "Initial Term"). Genworth may terminate individual PSAs prior to the Common Termination Date either for cause or for convenience as described therein or in this Exhibit A. Genworth, however, may not terminate the MOAs themselves, other than for cause, prior to the Common Termination Date, unless it is terminating all the existing MOAs at one time. At least 18 months prior to the Common Termination Date, GECIS shall propose revised terms and conditions on which the MOAs may be renewed for an additional two-year period (the "Renewal Period"). Genworth may at its sole option renew all, but not less than all, of the MOAs for the Renewal Period, provided, that Genworth and GECIS agree upon revised charges and other terms and conditions to be applicable to the Services during the Renewal Period prior to the date that is 14 months prior to the Common Termination Date (the "Notification Date"). If the parties are unable to so agree, Genworth shall inform GECIS within 15 days following the Notification Date as to whether it will exercise its Carve-Out Option and/or require GECIS to provide Service Transfer Assistance. If Genworth and GECIS fail to agree upon the terms for renewal of the MOAs, or if Genworth fails to provide GECIS the notice described above, all of the MOAs will automatically terminate on the Common Termination Date and Genworth shall not be entitled to exercise its Carve-Out option and/or require GECIS to provide Services Transfer Assistance.

**Termination for Cause:**

Genworth 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 Genworth may be entitled, upon the occurrence of the following events:

- GECIS becomes subject to any voluntary or involuntary order of any governmental agency prohibiting or materially impairing the performance of any of the Services;
- If such Services are inadequate, unsatisfactory or substantially not in conformance with the Performance Standards or GECIS' representations and warranties are materially inaccurate and, upon receipt of notice thereof from Genworth, GECIS does not immediately undertake action in good faith to cure such default, does not provide to Genworth a preliminary analysis of the root cause of such default and an initial plan to cure such default within 10 days of such notice, has not agreed with Genworth on a definitive plan to cure such default acceptable to Genworth within 30 days of such notice, and has not fully cured such default within 90 days of such notice or such longer period as may have been approved by Genworth as part of GECIS' plan to cure such default;
- If GECIS or Genworth, due to the actions of GECIS, is administratively cited by any governmental agency for materially violating or judicially found to have materially violated any law, statute, rule or regulation governing the performance of the Services;
- If a trustee or receiver or similar officer of any court is appointed for GECIS or for a substantial part of the property of GECIS, whether with or without consent; or
- If bankruptcy, composition, reorganization, insolvency or liquidation proceedings are instituted by or against GECIS without such proceedings being dismissed within 90 days.

Within 15 days of its notice to GECIS of its intent to terminate any PSA, in whole or in part, under this provision, Genworth shall inform GECIS as to whether it will exercise its Carve-Out Option and/or whether it will require GECIS to provide Services Transfer Assistance for a period not exceeding 24 months from the date of such notice. If Genworth fails to do so, Genworth shall not be entitled to exercise its Carve-Out Option nor to require GECIS to provide Services Transfer Assistance.

For purposes of Genworth's termination rights pursuant to Section 6.2 of each MOA, "material breach" of a PSA shall include a series of non-material or persistent breaches by GECIS, that in the aggregate constitute a material breach or have a material and significant adverse impact (i) on the administrative, management, planning, financial reporting or operations functions of Genworth or (ii) on the management of the services.

GECIS may not terminate any PSA for any reason other than (i) non-payment in accordance with the procedures described above under "Payment Terms" (it being understood that GECIS will be relieved from its obligations to perform in accordance with the terms of a PSA to the extent that it is prevented from doing so as a result of the failure by Genworth to perform any of its obligations under such PSA)(ii) as described below under "Termination Right Relating to Damages Cap" and (iii) as described below under "Termination Right Relating to Change of Control of Genworth."

Within 15 days of GECIS' notice to Genworth of GECIS' intent to terminate any PSA under as described in clauses (i) or (ii), Genworth shall inform GECIS as to whether it will require GECIS to provide Services Transfer Assistance for a period not exceeding 14 months from the date of such notice, provided, in the case of a termination described in clause (i), that Genworth has made all outstanding payments under any invoice in accordance with the "Payment Terms" described above. If Genworth fails to do so, Genworth shall not be able to require GECIS to provide Services Transfer Assistance. At GECIS' option, Genworth shall be required to pay for such Services Transfer Assistance in advance.

With respect to any other breach by Genworth, GECIS will be entitled to invoke the applicable dispute resolution process and pursue all remedies permitted by that process, but shall not be entitled to terminate any MOA or PSA or voluntarily withhold any services except as authorized pursuant to such process.

**Termination without Cause:**

Genworth may terminate any PSA in whole or in part at any time upon one year's prior written notice to GECIS and such notice shall include a commercially reasonable "Ramp-Down Plan" to enable GECIS to mitigate all costs of such termination. GECIS shall be responsible for all costs that GECIS may incur on account of such termination.

Genworth may terminate any PSA in whole or in part at any time upon 90 days' prior written notice to GECIS. Genworth shall be responsible for all costs that GECIS may incur on account of such termination, provided, that GECIS has taken all commercially reasonable steps to mitigate such costs.

Within 15 days of its notice to GECIS of its intent to terminate any PSA, in whole or in part, under this provision, Genworth shall inform GECIS as to whether it will require GECIS to provide Services Transfer Assistance for a period not exceeding 14 months from the date of such notice. If Genworth fails to do so, Genworth shall not be able to require GECIS to provide Services Transfer Assistance.

**Termination Right Relating to Damages Caps:**

If either party incurs liability to the other in excess of the applicable Simple Breach Cap or Excluded Matters Cap (as defined below) and does not agree to reset to zero the amounts counted toward such cap, the other party shall have the right to terminate all, but not less than all, of the MOAs and PSAs for material breach.

Within 15 days of its notice to GECIS of its intent to terminate the MOAs or PSAs under this provision, Genworth shall inform GECIS as to whether it will exercise its Carve-Out Option and/or whether it will require GECIS to provide Services Transfer Assistance for a period not exceeding 24 months from the date of such notice. If Genworth fails to do so, Genworth shall not be entitled to exercise its Carve-Out option nor to require GECIS to provide Services Transfer Assistance.

Item	Term
<b>Termination Right Relating to Change of Control of Genworth:</b>	<p>If a Change of Control of Genworth occurs, GECIS shall, unless the parties otherwise agree during a 120-day negotiation period following the Change of Control, have the right to terminate all, but not less than all, of the MOAs upon the later of (Y) the last day of the 18<sup>th</sup> month following the effective date of the Change of Control or (Z) the expiration of the Initial Term of the MOAs, as defined in <u>Exhibit A</u>, provided that such termination right is exercised within 15 days following the end of the 120-day negotiation period. The term “Change of Control” means any (i) consolidation or merger of Genworth with or into another entity or entities (whether or not Genworth is the surviving entity), excluding any such consolidation or merger with or into an Affiliate of Genworth or GE or an Affiliate of GE, (ii) any sale or transfer by Genworth of fifty percent (50%) or more of its assets, excluding any such sale to an Affiliate of Genworth or to GE or an Affiliate of GE, (iii) any sale, transfer or issuance or series of sales, transfers or issuances of shares or other voting securities of Genworth by Genworth or the holders thereof, as a result of which one holder, or a group of holders acting in concert (other than GE or an Affiliate of GE), acquires the voting power (under ordinary circumstances) to elect a majority of the directors of Genworth. Notwithstanding the foregoing, no transaction of the type described in clauses (i), (ii) or (iii) of this Section shall constitute a Change of Control if, as of immediately following such transaction, persons that possess the voting power (under ordinary circumstances) to elect a majority of the directors of Genworth as of immediately prior to such transaction continue to hold (directly or indirectly) such voting power.</p>
<b>Obligations on Expiration and Termination: Service Transfer Assistance:</b>	<p>Section 7.0 of each MOA or any similar provision of the MOAs and PSAs will be amended to require GECIS to assist Genworth in making an orderly transition of the services upon any expiration or termination of the MOA or PSA or exercise of the Carve-Out Option. Genworth may request that such “Services Transfer Assistance” commence up to one year prior to such scheduled expiration or termination and extend for the period set forth elsewhere in this <u>Exhibit A</u>. At Genworth’s option, the Services Transfer Assistance shall include all or any portion of the services and incidental services related to the transition. Charges for such services shall be as set forth in the MOA or PSA or, if the MOA or PSA does not provide for the types of services requested, as agreed in advance by the parties. All additional costs and expenses incurred by GECIS in providing Services Transfer Assistance shall be agreed in advance between the parties and shall be paid in full by Genworth.</p>
<b>Migration of Processes between Genworth and GECIS: Transition/Migration Costs:</b>	<p>Genworth shall bear all costs agreed in advance between the parties and incurred by GECIS on account of transition/migration of services/processes from (i) Genworth to GECIS and/or (ii) GECIS to Genworth or its designee .</p>
<b>Assignment and Subcontracting</b>	<p>Without the prior written consent of Genworth, GECIS shall not voluntarily, involuntarily or by operation of law, assign or otherwise transfer any MOA or PSA or any of GECIS’s rights thereunder, except as provided under “Divestiture,” above. Any assignment or transfer without Genworth’s written consent or not in accordance with the provisions under “Divestiture” shall be void and at the option of Genworth shall constitute a material default thereunder. Nothing contained in any MOA or PSA shall preclude GECIS from assigning or otherwise transferring such MOA or PSA or any of GECIS’s rights thereunder, in whole or in part, to any of its Affiliates, upon 30 day’s prior written notice to Genworth and subject to receipt by Genworth of all necessary regulatory approvals.</p> <p>Notwithstanding Genworth’s consent to any subcontract, GECIS shall remain liable for the performance of all of GECIS obligations under the MOAs and PSAs. Genworth shall not be obligated to pay any person other than GECIS for Services rendered by any subcontractor.</p>

Item	Term
<b>Limitation of Liability; Indemnification</b> <b>Genworth to Provide Systems:</b>	<p>Genworth agrees to provide, at its expense, necessary access to the computer mainframe on which Genworth data is processed during the times (the “Service Hours”) specified by agreement of the parties, subject to reasonable downtime for utility outages, maintenance, performance difficulties and the like. In the event of a change in the Service Hours, Genworth will provide GECIS with 15 calendar days’ written notice of such change.</p> <p>GECIS shall have no liability to Genworth for any delay of performance or breach of this Agreement to the extent caused by or related to any errors in the Genworth systems or the lack of availability to GECIS of the Genworth systems.</p>
<b>Liability for Simple Breach:</b>	<p>The parties shall be liable to one another for 50% of all Direct Damages resulting from their respective breaches of any MOA or PSA or negligence in the performance of the services during the Initial Term, <u>provided</u>, that (i) neither party shall have any liability to the other with respect to an individual breach or negligent act or omission until the losses resulting from such matter exceed US\$25,000, and then only to the extent that such losses exceed US\$25,000, and (ii) neither party’s liability to the other for all such matters under all of the MOAs and PSAs shall exceed US\$5,000,000 in the aggregate (the “Simple Breach Cap”).</p>
<b>Liability for Excluded Matters:</b>	<p>Subject to the Excluded Matters Cap described in the following sentence, the parties shall be liable to one another for 100% of all Direct Damages resulting from (i) a party’s gross negligence or willful misconduct, (ii) GECIS’ improper or illegal use or disclosure of information of consumer information (including, but not limited to, personal, credit or medical information) regarding any customer or potential customer of any party, (iii) GECIS’ breach of its agreement not to voluntarily withhold services, or (iv) a party’s violation of law or regulation (the “Excluded Matters”).</p> <p>The parties and their Affiliates’ liability to each other for Direct Damages arising out of or relating to the Excluded Matters during the Initial Term shall not exceed US\$25,000,000 in the aggregate.</p>
<b>Definition of Direct Damages (Excluding Consequential Damages):</b>	<p>“Direct Damages” means actual, direct damages incurred by the claiming party which include, by way of example (a) erroneous payments made by GECIS or Genworth as a result of a failure by GECIS to perform its obligations under an MOA or PSA, (b) the costs to correct any deficiencies in the services, (c) the costs incurred by Genworth to transition to another provider of services and/or to take some or all of such functions and responsibilities in-house, (d) the difference in the amounts to be paid to GECIS hereunder and the charges to be paid to such other provider and/or the costs of providing such functions, responsibilities and tasks in-house, and (e) similar damages. “Direct Damages” shall not include, and neither party or its Affiliates shall be liable for, any indirect, special, incidental, exemplary, punitive or consequential damages (including, without limitation, any loss of data or records, lost profits or other economic loss) arising out of its breach, negligence or any of the Excluded Matters, even if the other party or its Affiliates have been advised of the possibility of or could have foreseen such damages.</p> <p>For the avoidance of doubt, GECIS shall remain liable for all Direct Damages regardless of whether such damages are the subject of any reinsurance arrangement entered into by Genworth.</p>
<b>No Liability for Acts in Accordance with Instructions:</b>	<p>Notwithstanding anything to the contrary set forth in the MOAs or PSAs, neither party shall be liable to the other party or any of its affiliates with respect to any act or omission taken or not taken pursuant to the specific instruction, direction or request, in writing of such other party made through its authorized representative.</p>

**Indemnification:**

GECIS will indemnify Genworth against claims made by third parties arising out of GECIS': (i) gross negligence or willful misconduct in connection with the services, (ii) improper or illegal use or disclosure of information of consumer information (including, but not limited to, personal, credit or medical information) regarding any customer or potential customer of Genworth, (iii) violation of law or regulations in connection with the services, (iv) infringement of third-party intellectual property; (v) GECIS provision of any services to any third party from the same facilities from which the services are provided to Genworth; and (vi) all claims for GECIS' tax liabilities. GECIS, in each case, includes GECIS' Affiliates (excluding Genworth), agents, consultants, contractors or subcontractors.

Genworth will indemnify GECIS against claims arising out of the provision of services by GECIS, except for any liabilities (i) arising from GECIS's negligence in connection with the provision of services, or GECIS breach of an MOA or PSA, (ii) any of the Excluded Matters relating to any act or omission by GECIS or its Affiliates, or (iii) any liabilities for which GECIS is required to indemnify Genworth pursuant to the previous paragraph.

The parties' and their Affiliates' liabilities to one another with respect to the indemnified matters shall be included in the calculation of, and limited by, the Excluded Matters Cap. Each party's indemnification obligation shall be reduced by any insurance proceeds paid to the party to be indemnified.

**Services Non-Compete**

From the date of the Agreement until the date on which (i) the annualized resources used by GECIS to perform the services for Genworth or (ii) the annualized revenues received by GECIS to perform the services for Genworth are less than 50% of the amount of such resources used or revenues generated as of the Closing Date (the "Volume Reduction Date"), to the extent that GECIS provides such services to Genworth, GECIS shall not market, sell or provide the services (including granting licenses to use any GECIS Materials, as defined in Exhibit B) to any third Party in the business of underwriting, marketing, issuing or administering any (i) life insurance, long-term care insurance, or annuities (ii) mortgage insurance or (iii) credit life, credit health, credit unemployment or credit casualty insurance products either directly or through a re-insurer; provided, however, GECIS shall have a right to provide the Services to GE and its Affiliates or any party that was an Affiliate of GE on the Closing Date. For purposes of this paragraph, the volume of resources used by GECIS to provided services to Genworth shall be determined based on the number of full-time-equivalent employees and other appropriate measures of resources used to provide such services to be agreed upon. The methodology to be employed in such determination and the amount of such resources as of the Closing Date shall be agreed upon and documented by the parties prior to the Closing Date. GECIS shall notify Genworth of the potential occurrence of the Volume Reduction Date. If, within 10 days of its receipt of such notice, Genworth notifies GECIS of its intent to increase the volume of services consumed by Genworth above the 50% threshold, and does so increase such volume within 60 days, then the Volume Reduction Date shall not be deemed to have occurred.

GECIS acknowledges that any violation of the restrictions contained in the foregoing paragraph would result in irreparable injury to Genworth, and GECIS further acknowledges that, in the event of its violation of any of these restrictions, Genworth shall be entitled to obtain from any court of competent jurisdiction (in any jurisdiction) preliminary and permanent injunctive relief, regardless of the dispute resolution provisions set forth in Exhibit C, as well as damages to which it may be entitled under such provisions.

**Intellectual Property Rights****Definitions:**

“GECIS Licensed Technology”, means all Technology and Intellectual Property owned by GECIS and used in the provision of the services under the MOAs and PSAs (which, for the avoidance of doubt, does not include any Technology or Intellectual Property owned by a third party).

“Genworth Licensed Technology” means all Technology and Intellectual Property owned by Genworth and provided to GECIS by Genworth for use or necessary for use in the provision of the services (which, for the avoidance of doubt, does not include any Technology or Intellectual Property owned by a third party). Genworth Licensed Technology shall include Technology or Intellectual Property developed by GECIS and owned by Genworth, except as otherwise provided in the MOA or PSA relating to such developed Technology or Intellectual Property.

“Intellectual Property” means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction: (i) patents, patent applications and statutory invention registrations, including divisions, continuations, continuations-in-part, substitute applications of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions, (ii) copyrights and mask work 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, (iii) trade secrets, (iv) all other intellectual property and proprietary rights of a similar nature to the intellectual property rights set forth in the foregoing clauses (i) – (iii) above and (v) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) – (iv) above. As used in this Agreement, the term “Intellectual Property” expressly excludes (x) trademarks, service marks, 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 and (y) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations.

“Software” means the object and source code versions of computer programs and associated documentation, training materials and configurations to use and modify such programs, including programmer, administrator, end user and other documentation.

“Technology” means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, 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.

**Ownership of Pre-Closing IP and Solely Developed IP:**

As between Genworth and GECIS (i) all Technology and Intellectual Property owned or licensed by Genworth or GECIS prior to the Closing Date shall continue to be so owned or licensed after the Closing Date, (ii) all Technology and Intellectual Property acquired, developed or licensed solely by or on behalf of Genworth or solely by or on behalf of GECIS after the Closing Date and used in connection with the services provided under the MOAs and PSAs shall continue to be owned or licensed by the applicable acquiror, developer or licensee.

**Ownership of Post-Closing IP Jointly-Developed - Default Rule and Modification of Default Rule:**

After the Closing Date, as between Genworth and GECIS, all Technology and Intellectual Property developed jointly by or on behalf of GECIS and Genworth pursuant to, or in connection with, the MOAs and PSAs shall be owned by GECIS. GECIS and Genworth may agree in any MOA or PSA executed after the Closing Date that certain Technology or Intellectual Property that would otherwise be owned by GECIS shall be owned, as between the parties, by Genworth. The MOAs and PSAs shall not assign any rights to Technology or Intellectual Property between the parties other than as specifically set forth in an MOA or PSA.

Item	Term
<p><b>License from GECIS to Genworth:</b></p>	<p>GECIS shall license the GECIS Licensed Technology to Genworth and its Affiliates pursuant to the terms and conditions of <u>Schedule 1</u>. Notwithstanding anything in this Agreement or any MOA or PSA to the contrary, Genworth and its Affiliates shall not sublicense, assign or otherwise provide to any third party (including any acquiring entity, contractor, consultant, customer or supplier of Genworth) any of the Technology or Intellectual Property set forth on <u>Schedule 2</u>, without the prior written consent of GECIS, which will not be unreasonably withheld. For the avoidance of doubt, it shall not be unreasonable to withhold such consent if any such acquiring entity, contractor, consultant, customer or supplier is a competitor of GECIS. The parties may mutually agree in an MOA or PSA executed after the Closing Date to amend <u>Schedule 2</u> to include additional Technology or Intellectual Property.</p>
<p><b>License from Genworth to GECIS:</b></p>	<p>Genworth shall license the Genworth Licensed Technology to GECIS and its Affiliates pursuant to the terms and conditions of <u>Schedule 1</u>, unless otherwise agreed upon in any MOA or PSA. GECIS shall have no license to any Genworth Licensed Technology following the termination of the MOA or PSA to which such Genworth Licensed Technology relates (including any termination in connection with the exercise by Genworth of the Carve-Out Option), unless otherwise specifically agreed in such MOA or PSA.</p> <p>Genworth shall grant, and shall cause its Affiliates to grant, to GECIS a license to use the Genworth Licensed Technology and certain trademarks, service marks, trade dress, logos and other identifiers of source owned by Genworth or its Affiliates on the terms and conditions set forth in Section 2.02(a)(ii) of <u>Schedule 1</u>.</p>
<p><b>Residual Knowledge:</b></p>	<p>Notwithstanding anything to the contrary contained herein or in any MOA or PSA, GECIS may further develop its generalized knowledge, skills and experience, and the mere subsequent use by GECIS of such knowledge, skills and experience shall not constitute a breach of this Agreement, subject to its obligations respecting Genworth's confidential information pursuant to the provisions under the "Confidentiality" section below.</p>
<p><b>Confidentiality</b></p>	<p>Each MOA shall include mutually agreed upon provisions with respect to confidential information and compliance with applicable privacy laws, which provisions will be substantially similar to those included in the Master Agreement with respect to such matters, with mutually agreed upon modifications as necessary to reflect unique aspects of the GECIS business.</p>

**Item**  
**Notices**

**Term**

All notices and other correspondence relating to (i) potential breach of any MOA/PSA by either party; (ii) Termination for Cause; (iii) Renewal of any MOA/PSA, (iv) Carve Out or (v) Service Transfer Assistance should be directed to the specified individuals mentioned below (unless changed by the Party with written notice) via E-mail or fax and confirmed by delivery through a reputable international courier service.

**TO GECIS:**

Attention: Pramod Bhasin  
Designation: President & CEO  
Address: GE Towers, Sector Road, DLF City Phase V Sector Road, Sector 53, Gurgaon, Haryana  
Fax: 91 124 235 6976  
E-mail: Pramod.Bhasin@geind.GE.com

**Copy To:**

Attention: Raghuram Raju  
Designation: General Counsel  
Address: GE Towers, Sector Road, DLF City Phase V Sector Road, Sector 53, Gurgaon, Haryana  
Fax: 91 124 235 6978  
E-mail: raghuram.raju@geind.ge.com

**TO GENWORTH:**

Attention: Scott McKay  
Designation: Senior Vice President, Operations & Quality  
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

Any change in the above shall be made by delivery as set out above. Notice shall be deemed received if the sender has reasonable means of showing receipt thereof.

**Dispute Resolution Process**

Any dispute, controversy or claim arising out of or relating to any MOA or PSA, or the validity, interpretation, breach or termination of any provision of any such MOA or PSA shall be resolved in accordance with the dispute resolution process set forth in Exhibit C.

ANNEX 1  
Pricing Template

[Insert Baseline Cost for each MOA]

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**Schedule 1**  
**License Provisions**

[Insert]

**Schedule 2**  
**Restricted IP**

[Insert]

**EXHIBIT B**  
**Terms of Carve-Out Option**

At any time during the term of any MOA and prior to the Volume Reduction Date, GECIS agrees that Genworth or its designee shall have the right, upon the occurrence of any one of the Carve-Out Conditions and to the extent permissible under (i) applicable law or (ii) any existing contractual obligation of GECIS, to require GECIS to transfer to it the Resources used by GECIS to provide or support the provision of the services under all of the then-outstanding MOAs and related PSAs as described below (the "Carve-Out Option"). If the Carve-Out Option is exercised in connection with any Carve-Out Condition other than a GECIS Divestiture, the Carve-Out option shall be exercisable for all, but not less than all, of the Resources used by GECIS in connection with all of the then-outstanding MOAs and related PSAs. If the Carve-Out Option is exercised in connection with a GECIS Divestiture, the Carve-Out Option shall be exercisable for all, but not less than all, of the Resources used by GECIS in connection with services transferred to the acquiror as part of the GECIS Divestiture.

GECIS represents that to its knowledge there is no law or existing contractual obligation of GECIS that would materially impair the exercise of the Carve-Out Option by Genworth with relation to Hardware, GECIS Materials and GECIS Employees (as defined in "Resources" below).

Genworth shall notify GECIS of its exercise of the Carve-Out Option (i) at the expiration of the Initial Term, within 15 days following the Notification Date; (ii) within 15 days of its notice to GECIS of its intent to terminate the affected PSAs in the case of a Material Breach, as defined below, (iii) within 120 days following a Change of Control of GECIS, as defined below, and (iv) within 30 days of GECIS' notice to it of a GECIS Divestiture. Genworth and GECIS shall cooperate with each other and shall use commercially reasonable efforts to obtain any approvals, permissions, consents or grants required for Genworth to exercise its Carve-Out Option with relation to all Resources, including Third Party Software and Third Party Agreements, (as defined in "Resources" below) according to the terms of this Exhibit B. GECIS will not enter into any material agreement for purchase of Hardware or Third Party Software or enter into any material Third Party Agreements (as defined in "Resources" below) without the prior written consent of Genworth.

No acquiror of a business operation divested by Genworth shall be entitled to exercise the Carve-Out Option. For purposes of this Exhibit B:

- a. "GECIS" refers to GECIS and each Affiliate of GECIS providing services under any MOA or PSA, as applicable;
- b. "Resources" refers to the Hardware, GECIS Licensed Technology, GECIS Third Party Software, GECIS Employees, GECIS Third Party Agreements, and Facilities, to the extent that they are severable and identifiable, as described below;
- c. "Carve-Out Conditions" refer to (a) any Change in Control of GECIS, (b) a Material Breach (c) Genworth's becoming entitled to terminate the MOAs as described under "Termination Right Relating to Damages Caps" (d) the expiration of the Initial Term or (e) the occurrence of a GECIS Divestiture;

For the purposes of this provision, a Material Breach shall refer to any breach or a series of breaches resulting in the termination of one or more PSAs where: (i) such breach or breaches are material and relate to Excluded Matters (other than matters involving the gross negligence of GECIS), (ii) Genworth is entitled to recover damages from GECIS in excess of \$2,000,000 relating to such breach or breaches, or (iii) such PSAs accounted for 10% or more of the aggregate billings by GECIS to Genworth under all MOAs during the immediately preceding 12 months, provided, that any dispute as to whether a matter constitutes a Material Breach shall be resolved pursuant to the dispute resolution provisions set forth in Exhibit C and any exercise of the Carve-Out Option by Genworth based on any such matter shall be deferred until such dispute is resolved.

- d. A "Change of Control" of GECIS means any (i) consolidation or merger of GECIS with or into another entity or entities (whether or not GECIS is the surviving entity), excluding any such consolidation or merger with or into GE or an Affiliate of GE, (ii) any sale or transfer by GECIS of fifty percent (50%) or
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more of its assets, excluding any such sale to GE or an Affiliate of GE, (iii) any sale, transfer or issuance or series of sales, transfers or issuances of shares or other voting securities of GECIS by GECIS or the holders thereof, as a result of which one holder, or a group of holders acting in concert (other than GE or an Affiliate of GE), acquires the voting power (under ordinary circumstances) to elect a majority of the board of directors (or similar managing group) of GECIS Notwithstanding the foregoing, no transaction of the type described in clauses (i), (ii) or (iii) shall constitute a Change of Control of GECIS if, as of immediately following such transaction, persons that possess the voting power (under ordinary circumstances) to elect a majority of the board of directors (or similar managing group) of GECIS as of immediately prior to such transaction continue to hold (directly or indirectly) such voting power; and

- e. "Fair Market Value" shall mean the fair market value of the Resources as proposed by Genworth in its Carve-Out notice, served prior to the Notification Date, and agreed by GECIS. In the event of disagreement between the parties as to the fair market value of the Resources as specified in the Carve-Out notice, the parties shall appoint one Appraiser each and such two Appraisers will jointly appoint a third appraiser within 30 days of such disagreement. Within 60 days of their appointment, the three appraisers will each determine and certify in writing the Fair Market Value of the Resources consistent with the methodology described below. The Fair Market Value shall be the average of the three appraised values, which value shall be final and binding on the parties. For the purposes of this provision, an Appraiser shall be an investment banker of international repute. Fair Market Value shall be determined by the Appraisers pursuant to a methodology agreed upon by the parties prior to the Closing Date, which shall be based upon analyses of discounted cash flows and multiples of EBITDA relating to the services provided to Genworth under the MOAs. Such methodology shall be prepared by GECIS at its cost and approved by Genworth.

If the Carve-Out Option is exercised, the parties agree to consider in good faith and agree upon commercially reasonable terms and conditions for the exercise of such option proposed by either party, including, without limitation, the terms and conditions (A) to optimize the consequences for both parties on their respective tax and regulatory positions (B) to optimize the fulfillment of the obligations of GECIS to its employees, or (C) to optimize the execution of the transition of the Resources from GECIS to Genworth or its designee, or (D) to optimize the transaction structure, or combination of transaction structures, to minimize any adverse financial impact to either party, including, but not limited to, the consideration of joint ventures or equity ownership or asset sales or some combination thereof provided, that such optimization does not materially expand or reduce the rights of Genworth relating to the Carve-Out. GECIS shall be obligated to provide Services Transfer Assistance to Genworth until the Carve-Out is completed, but shall not be required to provide any portion of the services provided to Genworth under the MOAs after Genworth has acquired from GECIS the Resources used by GECIS to provide such services or to provide Services Transfer Assistance for more than 14 months, in the case of an exercise of the Carve-Out Option relating to the expiration of the Initial Term or a GECIS Divestiture, 18 months, in the case of an exercise of the Carve-Out Option relating to a Change in Control of GECIS, and 24 months in any other case.. Upon completion of the Carve-Out, all outstanding MOAs and PSAs shall automatically terminate. The monetary consideration to be paid by Genworth for the Resources upon the exercise of the Carve-out Option shall be equal to (i) the Fair Market Value of the Resources if Genworth exercises the Carve-out Option upon the expiration of the Initial Term, (ii) the book value and all related transition costs of the Resources at the time of transfer if Genworth exercises the Carve-out Option following (a) a Material Breach of any MOA or PSA by GECIS, , and (b) a Change of Control of GECIS or (iii) if Genworth exercises the Carve-Out Option in connection with a GECIS Divestiture, the lesser of (y) the book value of the assets to be purchased by Genworth or (z) the value of the divested operations relating to Genworth implied by the consideration to be paid by the acquiror in the GECIS Divestiture. The parties shall agree upon a methodology for calculating book value for purposes of this paragraph prior to the Closing Date. Such methodology shall be prepared by GECIS at its cost and approved by Genworth.

Resources are further defined as:

- a. Hardware. The hardware and other furniture, fixtures and equipment owned or leased and then currently being used by GECIS exclusively to perform the services under any MOA or PSA or to support such performance. To the extent any such items are not used by GECIS exclusively to perform the services, GECIS shall assist Genworth or its designee in purchasing, leasing or otherwise obtaining the use of comparable items.

- a. GECIS Third-Party Software. If GECIS has licensed or purchased and is using any Software exclusively to provide or support the provision of the services under any MOA or PSA, Genworth may elect to take, or elect to direct to its designee, a transfer or an assignment of any and all of the licenses for such software and any attendant maintenance agreements, provided that such licenses are by their terms transferable or assignable. To the extent any such licenses and the attendant current maintenance agreements are not used exclusively to provide services to Genworth or are not transferable or assignable by GECIS to Genworth or its designee, GECIS shall assist Genworth or its designee, in obtaining in the name of Genworth or its designee and at the expense of Genworth, a license for such software and a maintenance agreement for such software.
- b. GECIS Employees. Genworth or its designee shall have the right to make offers of employment to any or all GECIS employees exclusively performing or supporting the performance of the services. To the extent any GECIS employees perform or support the performance of the services on other than an exclusive basis (including all employees indirectly supporting the performance of the services by providing administrative services, including legal, human resources, compliance and other services) (“Non-exclusive Employees”), GECIS and Genworth shall use commercially reasonable efforts to allocate such Non-exclusive Employees in an equitable manner between the parties.
- c. Third-Party Agreements. Any third party agreements not otherwise treated in this Exhibit B, and used by GECIS exclusively in connection with services being provided under any MOA or PSA, including, third party agreements for maintenance, business continuity and disaster recovery services and other necessary third party services then being used by GECIS to perform the services. To the extent any such agreements are not used by GECIS exclusively to provide such Services or are not transferable by GECIS to Genworth, GECIS shall assist Genworth in obtaining in Genworth’s name, an agreement for comparable services.
- d. Facilities. GECIS will use commercially reasonable efforts to assist Genworth in obtaining comparable facilities.

**EXHIBIT C**  
**Dispute Resolution**

1.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to the Agreement or any MOA or PSA, or the validity, interpretation, breach or termination thereof (a "Dispute"), shall be resolved in accordance with the procedures set forth in this Exhibit C, 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 C 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 the applicable MOA or 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 C.

**OSSA Schedule 1**

**ARTICLE I  
Definitions**

**Section 1.01. Certain Defined Terms.** The following capitalized terms used in this Agreement shall have the meanings set forth below:

“**Bankruptcy Code**” has the meaning set forth in Section 2.05 of this Schedule 1.

“**Improvement**” means any modification, derivative work or improvement of any Technology.

“**Licensed Products and Services**” means those products and services that use, practice or incorporate the Licensor’s Intellectual Property or Technology.

“**Licensee**” means a Person receiving a license or sublicense under this Schedule 1.

“**Licensor**” means a Person granting a license or sublicense under this Schedule 1.

**ARTICLE II  
License Grant**

**Section 2.01. Grant from GECIS to Genworth and its Affiliates.**

(a) GECIS will grant, and will cause its Affiliates to grant, to Genworth and its Affiliates a non-exclusive, irrevocable, royalty-free, fully paid up, worldwide, perpetual right and license, with no right to sublicense except as provided herein, under the GECIS Licensed Technology: (i) to allow employees, directors and officers of Genworth and its Affiliates to use and practice the GECIS Licensed Technology for internal purposes, (ii) to make, have made, use, sell, have sold, import, and otherwise commercialize Licensed Products and Services and (iii) to create Improvements in accordance with Section 2.03 of this Schedule 1.

(b) Subject to the “License from GECIS to Genworth” section of Exhibit A of this Agreement, Genworth and its Affiliates may grant sublicenses of the right and license granted under this Section 2.01 of this Schedule 1 to an acquiror of any of the businesses, operations or assets of Genworth or its Affiliates to which this Agreement relates, which acquiror executes an agreement to be bound by all obligations of Genworth and its Affiliates under this Schedule 1 relating to such right and license (a copy of which agreement is provided to GECIS). Genworth may assign the right and license granted under this Section 2.01 of this Schedule 1 in accordance with Section 5.01 of this Schedule 1.

(c) Subject to the provisions under the “Confidentiality” section of Exhibit A of this Agreement, Genworth and its Affiliates may permit their suppliers, contractors and consultants to exercise the right and license granted to Genworth and its Affiliates under this Section 2.01 of this Schedule 1 on behalf of and at the direction of Genworth and its Affiliates (and not solely for the benefit of such suppliers, contractors and consultants).

(d) Subject to the provisions under the “Confidentiality” section of Exhibit A of this Agreement, Genworth and its Affiliates may permit employees, directors and officers of their customers and suppliers in the ordinary course of Genworth’s business (and not Persons

who are customers or suppliers merely to access and use the GECIS Licensed Technology) to use training and productivity-enhancing Software and documentation that is subject to the right and license granted under this Section 2.01 of this Schedule 1 and is for general use by customers and suppliers, provided that Genworth's or its Affiliates' purpose in permitting such use is to benefit the business of Genworth or its Affiliates, provided further that such customers and suppliers may not use any such Software and documentation in advertising, publicity or marketing activities without GECIS' prior written approval, which approval will not be unreasonably withheld.

**Section 2.02. Grant from Genworth to GECIS and its Affiliates .**

(a) (i) Genworth will grant, and will cause its Affiliates to grant, to GECIS and its Affiliates a non-exclusive, irrevocable, royalty-free, fully paid up, worldwide, perpetual right and license, with no right to sublicense except as provided herein, under the Genworth Licensed Technology: (A) to allow employees, directors and officers of GECIS and its Affiliates to use and practice the Genworth Licensed Technology for internal purposes, (B) to make, have made, use, sell, have sold, import, and otherwise commercialize Licensed Products and Services and (C) to create Improvements in accordance with Section 2.03 of this Schedule 1.

(ii) In addition to the foregoing right and license, Genworth will grant, and shall cause its Affiliates to grant, to GECIS a non-exclusive, royalty-free, fully paid up, worldwide right and license, irrevocable during the term of this Agreement and with no right to sublicense, to use all Genworth Licensed Technology, trademarks, service marks, trade dress, logos and other identifiers of source owned by Genworth or its Affiliates and provided to GECIS for the sole purpose of providing services to Genworth and its Affiliates under the MOAs and PSAs. GECIS shall comply with all reasonable quality control standards and guidelines provided by Genworth to GECIS in writing that are intended to protect the goodwill associated with such trademarks, service marks, trade dress, logos and other identifiers of source. GECIS may permit its suppliers, contractors and consultants to exercise such right and license on behalf of and at the direction of GECIS (and not for the benefit of such suppliers, contractors and consultants), subject to the prior written consent of Genworth (which shall not be required in the case of temporary employees of GECIS and which, otherwise, shall not be unreasonably withheld) and the receipt of any necessary regulatory approval.

(b) Subject to the provisions under the "Assignment and Subcontracting" section of Exhibit A of this Agreement, GECIS and its Affiliates may grant sublicenses of the right and license granted under this Section 2.02 of this Schedule 1 to an acquiror of any of the businesses, operations or assets of GECIS or its Affiliates to which this Agreement relates, which acquiror executes an agreement to be bound by all obligations of GECIS and its Affiliates under this Schedule 1 relating to such right and license (a copy of which agreement is provided to Genworth). GECIS may assign the right and license granted under this Section 2.01 of this Schedule 1 in accordance with Section 5.01 of this Schedule 1.

(c) Subject to the provisions under the "Confidentiality" and "Assignment and Subcontracting" sections of Exhibit A of this Agreement, GECIS and its Affiliates may permit their suppliers, contractors and consultants to exercise the right and license granted to GECIS and its Affiliates under this Section 2.02 of this Schedule 1 on behalf of and at the direction of

GECIS and its Affiliates (and not solely for the benefit of such suppliers, contractors and consultants).

(d) Subject to the provisions under the “Confidentiality” section of Exhibit A of this Agreement, GECIS and its Affiliates may permit employees, directors and officers of their customers and suppliers in the ordinary course of GECIS’ business (and not Persons who are customers or suppliers merely to access and use the Genworth Licensed Technology) to use training and productivity-enhancing Software and documentation that is subject to the right and license granted under this Section 2.02 of this Schedule 1 and is for general use by customers and suppliers, provided that GECIS’ or its Affiliates’ purpose in permitting such use is to benefit the business of GECIS or its Affiliates, provided further that such customers and suppliers may not use any such Software and documentation in advertising, publicity or marketing activities without Genworth’s prior written approval, which approval will not be unreasonably withheld.

**Section 2.03. Improvements.** Improvements and all Intellectual Property rights therein made solely by or on behalf of the Licensee shall be owned by the Licensee. Improvements jointly developed by Licensee and Licensor shall be owned by GECIS. For the avoidance of doubt, (i) Licensee shall not own any Intellectual Property rights or Technology licensed to Licensee hereunder and (ii) each party may freely assign or license Improvements owned by it but shall not have the right to assign any Intellectual Property or Technology of the other party and shall only have the right to sublicense Intellectual Property or Technology of the other party as expressly set forth herein. No rights are granted to the other party to any Improvements owned by each party, unless such Improvements are otherwise subject to the provisions of Sections 2.01 or 2.02 of this Schedule 1.

**Section 2.04. Section 365(n) of the Bankruptcy Code.** All rights and licenses granted under this Schedule 1 are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the “**Bankruptcy Code**”), licenses of rights to “intellectual property” as defined under Section 101(35A) of the Bankruptcy Code. The parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code.

**Section 2.05. Customers.** Each party agrees that it will use reasonable efforts to not knowingly bring any legal action or proceeding against, or otherwise communicate with, any customer of the other party with respect to any alleged infringement, misappropriation or violation of any Intellectual Property of such party licensed hereunder based on such customer’s use of the other party’s products or services without first providing the other party written notice of such alleged infringement, misappropriation or violation.

**Section 2.06. Reservation of Rights.** All rights not expressly granted by a party hereunder are reserved by such party. Without limiting the generality of the foregoing, the parties expressly acknowledge that nothing contained herein shall be construed or interpreted as a grant, by implication or otherwise, of any licenses other than the licenses expressly set forth in this Article II. The licenses granted in Sections 2.01 and 2.02 of this Schedule 1 are subject to, and limited by, any and all licenses, rights, limitations and restrictions with respect to, as applicable, the GECIS Licensed Technology and the Genworth Licensed Technology previously granted to or otherwise obtained by any third party that are in effect as of the Closing.

**Section 2.07. Delivery of Software.**

(a) Either party may request one (1) copy of Software or other electronic or written documentation (“**Electronic Materials**”) that (i) is subject to the license granted to such requesting party under this Article II and (ii) has not already been provided to the requesting party since the Closing Date. The delivering party shall make available or deliver to the requesting party a copy of any such Software or Electronic Materials that is in existence at the time of such request.

(b) All Software and Electronic Materials required to be made available to or delivered to a Licensee pursuant to Section 2.07(a) of this Schedule 1 will be delivered by the Licensor to the Licensee electronically, or with the assistance of the Licensor, downloaded by the Licensee from the Internet, provided that the Licensee complies with all reasonable security measures implemented by the Licensor.

**Section 2.08. Liability for Acts of Permitted Users and Sublicensees.**

Each party shall be liable to the other party for the acts of its sublicensees and other persons permitted to use any Intellectual Property or Technology of the other party in accordance with this Article II as though such persons were licensees thereunder.

**ARTICLE III  
Covenants**

**Section 3.01. Ownership.** No party shall represent that it has any ownership interest in any Intellectual Property or Technology of the other party licensed hereunder.

**Section 3.02. Prosecution and Maintenance.** Each party retains the sole right to protect at its sole discretion the Intellectual Property and Technology owned by such party, including, without limitation, deciding whether to file and prosecute applications to register patents, copyrights and mask work rights included in such Intellectual Property, whether to abandon prosecution of such applications, and whether to discontinue payment of any maintenance or renewal fees with respect to any patents included in such Intellectual Property.

**Section 3.03. Third Party Infringements, Misappropriations, Violations.**

(a) Subject to any confidentiality restrictions that would prevent such disclosure, each party shall promptly notify the other party in writing of any actual or possible infringements, misappropriations or other violations of the Technology or Intellectual Property of the other party being licensed hereunder by a third party that come to such party’s attention, as well as the identity of such third party or alleged third party and any evidence of such infringement, misappropriation or other violation within such party’s custody or control. The other party shall have the sole right to determine at its sole discretion whether any action shall be taken in response to such infringements, misappropriations or other violations.

(b) Subject to any confidentiality restrictions that would prevent such disclosure, each party shall promptly notify the other party in writing upon learning of the existence or possible existence of rights held by any third party that may be infringed,

misappropriated or otherwise violated by the use or practice of the Technology or Intellectual Property of the other party (or any element or portion thereof) licensed hereunder, as well as the identity of such third party and any evidence relating to such purported infringement, misappropriation or other violation within such party's custody or control. Such party shall cooperate fully with the other party to avoid infringing, misappropriating or violating any third party intellectual property rights, and shall discontinue all use and practice of such Technology or Intellectual Property that is the subject of such purported infringement, misappropriation or other violation upon the reasonable request of the other party.

(c) Subject to any confidentiality restrictions that would prevent such disclosure, each party shall promptly notify the other party in writing upon learning of the existence or possible existence of rights held by any third party that may be infringed, misappropriated or otherwise violated by the use or practice of the Technology or Intellectual Property (or any element or portion thereof) licensed to the other party hereunder, as well as the identity of such third party. The other party shall cooperate fully with such party to avoid infringing, misappropriating or violating any third party intellectual property rights, and shall discontinue all use and practice of such Technology or Intellectual Property that is the subject of such purported infringement, misappropriation or other violation upon the reasonable request of such party, and shall provide such party any evidence relating to such purported infringement, misappropriation or other violation within the other party's custody or control.

**Section 3.04. Patent Marking.** Each party acknowledges and agrees that it will comply with all reasonable requests of the other party relative to patent markings required to comply with or obtain the benefit of statutory notice or other provisions.

#### **ARTICLE IV No Termination**

Notwithstanding anything to the contrary contained herein or in the Agreement, the terms and conditions of this Schedule 1 may only be terminated upon the mutual written agreement of the parties. In the event of a breach of the terms or conditions of this Schedule 1, the sole and exclusive remedy of the non-breaching party shall be to recover monetary damages and/or to obtain injunctive or equitable relief.

#### **ARTICLE V General Provisions**

##### **Section 5.01. Assignment .**

(a) The rights and duties under this Schedule 1 shall not be assignable or delegable, in whole or in part, by any party hereto to any third party, including, without limitation, Affiliates of any party, without the prior written consent of the other party hereto and any necessary regulatory approval, and any attempted assignment or delegation without such consent shall be null and void. Notwithstanding the foregoing, the rights and duties under this Schedule 1 may be assigned by any party as follows without obtaining the prior written consent of the other party hereto:

(i) GECIS, in its sole discretion, may assign any or all of its rights under this Schedule 1, and may delegate any or all of its duties under this Schedule 1 to any Affiliate of GECIS at any time, which expressly accepts such assignment in writing and assumes, as applicable, any such obligations, provided that GECIS shall continue to remain liable for the performance by such assignee;

(ii) Genworth, in its sole discretion, may assign any or all of its rights under this Schedule 1, and may delegate any or all of its duties under this Schedule 1 to any Affiliate of Genworth at any time, which expressly accepts such assignment in writing and assumes, as applicable, any such obligations, provided that Genworth shall continue to remain liable for the performance by such assignee; and

(iii) Subject to the “License from GECIS to Genworth” section of Exhibit A of this Agreement, each party may assign any or all of its rights, or delegate any or all of its duties, under this Schedule 1 to (i) an acquiror of all or substantially all of the equity or assets of the business of such party to which this Agreement relates or (ii) the surviving entity in any merger, consolidation, equity exchange or reorganization involving such party, provided that such acquiror or surviving entity, as the case may be, executes an agreement to be bound by all the obligations of such party under this Schedule 1 (a copy of which agreement is provided to the other party).

(b) If a party requests the written consent of the other party to any assignment of this Agreement, the other party agrees to negotiate in good faith with such party regarding such consent. The terms and conditions of this Schedule 1 shall also be binding upon and inure to the benefit of and be enforceable by the successors, legal representatives and permitted assigns of each party hereto. All license rights and covenants contained herein shall run with all Intellectual Property of any party licensed hereunder and shall be binding on any successors in interest or assigns thereof.

**Section 5.02. Warranty and Disclaimer .** NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN THE MASTER AGREEMENT OR IN ANY MOA OR PSA, THE INTELLECTUAL PROPERTY AND TECHNOLOGY LICENSED BY EACH PARTY TO THE OTHER PARTY PURSUANT TO THIS AGREEMENT IS FURNISHED “AS IS”, WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT, QUALITY, USEFULNESS, COMMERCIAL UTILITY, ADEQUACY, COMPLIANCE WITH ANY LAW, DOMESTIC OR FOREIGN AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

**Section 5.03. Assumption of Risk .**

(a) Except as provided in the Master Agreement, Genworth, on behalf of itself and its Affiliates, hereby assumes all risk and liability in connection with their use of the GECIS Licensed Technology.

(b) Except as provided in the Master Agreement, GECIS, on behalf of itself and its Affiliates, hereby assumes all risk and liability in connection with their use of the Genworth Licensed Technology.

**Section 5.04. MOA or PSA.** The parties may agree in any MOA or PSA to amend the terms and conditions of the licenses granted under this Schedule 1.

## EMPLOYEE MATTERS AGREEMENT

THIS EMPLOYEE MATTERS AGREEMENT (this “Agreement”) is executed effective as of \_\_\_\_\_, 2004, by and among GENERAL ELECTRIC COMPANY, a New York corporation (“GE”), GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (“GECC”), GEI, Inc., a Delaware corporation (“GEI”), GE FINANCIAL ASSURANCE HOLDINGS, INC., a Delaware corporation (“GEFAHI”), and GENWORTH FINANCIAL, INC., a Delaware corporation (“Genworth”).

### Statement of Background Information

WHEREAS, GE, GECC, GEI, GEFAHI and Genworth have entered into a Master Agreement, dated \_\_\_\_\_, 2004 (the “Master Agreement”); and

WHEREAS, it is contemplated by the parties that, for a period of time described herein, commencing on the Closing Date and ending on the Trigger Date, GE will continue to cover or cause to be covered as set forth herein the applicable employees of the Genworth Group in the benefit plans and programs and payroll procedures maintained by the GE Group; and

WHEREAS, it is contemplated by the parties that, for a period of time described herein, Genworth shall, or shall cause one of its Affiliates to, provide compensation and employee benefits to the employees of the Genworth Group as set forth herein; and

WHEREAS, the parties desire to set forth in writing the terms and conditions pursuant to which this Agreement will operate and thereby supplement the provisions of the Master Agreement.

### Agreement

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth in the Master Agreement and herein, and other good and valuable consideration, and contingent upon the Closing, the parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS

For the purposes of this Agreement, unless otherwise noted, capitalized terms shall have the respective meanings specified below:

“Affiliate” shall have the meaning ascribed to such term in the Master Agreement.

“Agreement” shall have the meaning ascribed to such term in the preamble hereto, as amended or supplemented from time to time in accordance with the terms hereof.

“Closing” shall have the meaning ascribed to such term in the Master Agreement.

“Closing Date” shall have the meaning ascribed to such term in the Master Agreement.

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“COBRA” shall mean the continuation coverage requirements under Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time, any successor statute thereto and all applicable regulations promulgated thereunder.

“Company” shall mean (i) prior to and on the Closing, each Subsidiary of GE listed on Schedule 2.2(a)(ii)(B) of the Master Agreement and each entity held by GE listed on Schedule 2.2(a)(ii)(C) of the Master Agreement and (ii) immediately after the Closing, each member of the Genworth Group.

“Company Employees” shall have the meaning ascribed to such term in Article III hereof.

“Company Plan Services” shall have the meaning ascribed to such term in Section 6.02 hereof.

“Company Plans” shall mean all “employee benefit plans” as defined in Section 3(3) of ERISA and all other benefit or compensation plans, programs, policies, and arrangements sponsored by the Company and covering the Employees, and shall include, on and following the Closing Date, the Genworth Equity and Long-Term Performance Award Plans described in Section 5.01 hereof.

“Conversion Ratio” shall have the meaning ascribed to such term in Section 5.02(b) hereof.

“Employees” shall have the meaning ascribed to such term in Article III hereof.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, any successor statute thereto and all applicable regulations thereunder.

“Excluded Employee Liabilities” shall have the meaning ascribed to such term in Article II hereof.

“GE” shall have the meaning ascribed to such term in the preamble hereto.

“GE Group” shall have the meaning ascribed to such term in the Master Agreement.

“GE Payroll and Plan Services” shall have the meaning ascribed to such term in Section 6.01 hereof.

“GE Plans” shall mean all “employee benefit plans” as defined in Section 3(3) of ERISA and all other benefit or compensation plans, programs, policies, and arrangements, including workers’ compensation, sponsored by GE or its Affiliate (other than a Company) and of which the Company is a participating employer, but shall not include any Company Plan.

“GE Retirement Plans” shall mean the GE Pension Plan, GES&SP, GE Excess Benefits Plan and GE Supplementary Pension Plan.

“GECC” shall have the meaning ascribed to such term in the preamble hereto.

“GEFAHI” shall have the meaning ascribed to such term in the preamble hereto.

“GEI” shall have the meaning ascribed to such term in the preamble hereto.

“Genworth” shall have the meaning ascribed to such term in the preamble hereto.

“Genworth Business” shall have the meaning ascribed to such term in the Master Agreement.

“Genworth Equity and Long-Term Performance Award Plans” shall have the meaning ascribed to such term in Section 5.01 hereof.

“Genworth 401(k) Plan” shall have the meaning ascribed to such term in Section 7.03(e) hereof.

“Genworth Group” shall have the meaning ascribed to such term in the Master Agreement.

“Genworth Plan” shall have the meaning ascribed to such term in Section 7.03(a) hereof.

“Genworth Plan Services” shall have the meaning ascribed to such term in Section 7.04(c)(ii) hereof.

“GES&SP” shall mean the GE Savings and Security Program.

“International Benefit Transition Date” shall mean, with respect to the International Employees, the Trigger Date, unless another date has been mutually agreed to in writing by GE and Genworth, but shall in no event be later than the date that is six (6) months after the Trigger Date.

“International Employees” shall mean Employees who are assigned to operations outside of the United States.

“International Plan” shall have the meaning ascribed to such term in Section 7.04(b) hereof.

“Law” shall have the meaning ascribed to such term in the Master Agreement.

“Liabilities” shall have the meaning ascribed to such term in the Master Agreement.

“Master Agreement” shall have the meaning set forth in the preamble hereto.

“Person” shall have the meaning ascribed to such term in the Master Agreement.

“Restricted Employees” shall have the meaning ascribed to such term in Section 9.04 hereof.

“Subsidiary” shall have the meaning ascribed to such term in the Master Agreement.

“Term” shall mean the period commencing on the Closing Date and ending on (i) the Trigger Date or (ii) in the case of the International Employees, the International Benefit Transition Date.

“Transferred Employees” shall have the meaning ascribed to such term in Article III hereof.

“Transition Services Agreement” shall have the meaning ascribed to such term in the Master Agreement.

“Trigger Date” shall have the meaning ascribed to such term in the Master Agreement.

“U.S. Employees” shall mean Employees assigned to operations in the United States.

## ARTICLE II

### ASSUMPTION OF CERTAIN OBLIGATIONS AND LIABILITIES

Effective as of the Closing Date, Genworth shall, or shall cause one of its Affiliates to, assume or retain, as the case may be, any and all Liabilities (contingent or otherwise) relating to, arising out of or resulting from the employment or services, or termination of employment or services, of any Person with respect to the Genworth Business, whenever arising, including, but not limited to, any Liabilities relating to, arising out of or resulting from (i) the Company Plans and (ii) each of the individual employment, termination, retention, severance or other similar contracts or agreements that relates to an Employee (whether or not such Employee is located in the United States); except that, Genworth or, if applicable, its Affiliate (1) shall not assume or retain the Liabilities related to the GE Plans, except to the extent such assumptions, retentions or the obligation to make periodic payments under such plans is described elsewhere in this Agreement, and (2) shall not assume or retain the Liabilities solely attributable to the acts or omissions of the GE Group pertaining to payroll administration and/or payroll systems services provided by or on behalf of the GE Group prior to the Trigger Date (excluding attorney fees and costs respecting pending litigation, unless such fees and costs are attributable solely to payroll administration and/or payroll systems services provided by or on behalf of the GE Group prior to the Trigger Date). Such exceptions in (1) and (2) are collectively referred to as “Excluded Employee Liabilities”. For purposes of this Article II, any legal entity whose assets and liabilities are to be transferred to the Genworth Group on the Closing Date shall be deemed excluded from the GE Group.

## ARTICLE III

### EMPLOYMENT

As of the Closing Date, (i) Genworth shall, or shall cause its applicable Affiliates to, continue to employ as a successor employer all of the employees (including statutory employees) of the Companies (whether or not such employees are located in the United States), including all such employees who have rights of employment on return from any leave or other

absence (all such employees hereinafter referred to as “Company Employees”), and (ii) GE shall, or shall cause its applicable Affiliates (other than the Companies) to, transfer all employees not employed by the Companies but assigned to the Genworth Business, including all such employees who have rights of employment on return from any leave or other absence (all such employees hereinafter referred to as “Transferred Employees”) and Genworth shall, or shall cause its applicable Affiliates to, employ as a successor employer the Transferred Employees. For purposes of this Agreement, (i) all Company Employees, (ii) all Transferred Employees, and (iii) those individuals hired after the Closing Date by the Genworth Business shall collectively be referred to as “Employees.” As of the Closing Date, Genworth also agrees, or shall cause its applicable Affiliates, to assume the obligations of any works council agreement covering the Employees employed by the Companies outside of the United States. Notwithstanding the foregoing, any employee who is employed by GEI and assigned to the Genworth Business on or after the Closing Date shall become an Employee on the Trigger Date.

## ARTICLE IV

### **PAYROLL; BENEFITS**

**Section 4.01.** Payroll. During the Term, for those Employees who are paid through GE’s or one of its Affiliate’s payroll system immediately prior to the Closing Date, such Employees shall continue to be paid through GE’s or one of its Affiliate’s payroll system. Those applicable Employees who are hired after the Closing Date by the Genworth Business shall also be paid through GE’s or one of its Affiliate’s payroll system during the Term. For those Employees with payroll withholding elections (such as those related to income taxes, qualified retirement plans, group health and welfare plans, etc.) in effect immediately prior to the Closing Date, such Employees’ elections shall remain the same during the Term as such elections were as of the Closing Date, except to the extent an Employee elects (in a manner permitted to employees and plan participants generally) to change any such election.

**Section 4.02.** GE Plans. During the Term, for those Employees who are eligible to participate in the GE Plans immediately prior to the Closing Date (or who would become eligible upon meeting certain eligibility requirements or upon satisfaction of any waiting periods under such plans), such Employees shall continue to be eligible to participate in such GE Plans (but excluding any GE Plans providing for cash or other bonus awards, stock options, stock awards, restricted stock, other equity-related awards or long-term performance awards other than the GE Incentive Compensation Plan as described in Article V hereof). Those applicable Employees who are hired after the Closing Date by the Genworth Business shall also be eligible to participate in the applicable GE Plans during the Term upon meeting certain eligibility requirements or upon satisfaction of any waiting periods under such plans. GE or its Affiliate, as the case may be, shall continue to be responsible for operating and administering the provisions of the GE Plans.

**Section 4.03.** Company Plans. During the Term, for those Employees who are eligible to participate in the Company Plans immediately prior to the Closing Date (or who would become eligible upon meeting certain eligibility requirements or upon satisfaction of any waiting periods under such plans), such Employees shall continue to be eligible to participate in such Company Plans. Those applicable Employees who are hired after the Closing Date by the

Genworth Business shall also be eligible to participate in the applicable Company Plans during the Term upon meeting certain eligibility requirements or upon satisfaction of any waiting periods under such plans. The applicable Company shall continue to be responsible for operating and administering the provisions of the applicable Company Plans with support from GE consistent with past practice.

## ARTICLE V

### INCENTIVE COMPENSATION

**Section 5.01.** Establishment of Genworth Equity and Long-Term Performance Award Plans . Effective as of the Closing Date, Genworth shall, or shall cause one of its Affiliates to, establish, adopt and maintain a plan or plans for the benefit of selected Employees providing for cash or other bonus awards, stock options, stock awards, restricted stock, other equity-related awards and long-term performance awards (collectively, the “Genworth Equity and Long-Term Performance Award Plans ”); provided, however, that such Employees shall continue to participate in the GE Incentive Compensation Plan, and Genworth’s plan providing for annual cash or other bonus awards shall not be effective, until the Trigger Date. During the Term, GE will cooperate with Genworth to support its operation and administration of the Genworth Equity and Long-Term Performance Award Plans.

**Section 5.02.** Existing Arrangements .

(a) Annual Incentive Compensation . GE will pay a pro rata bonus attributable to the portion of the calendar year occurring prior to the Trigger Date to eligible Employees who immediately prior to the Trigger Date have participated in the GE Incentive Compensation Plan subject to the terms and practices of such plan. Genworth shall reimburse GE promptly for any payments of such foregoing amounts upon the receipt of billing(s) for such amounts.

(b) GE Stock Options, Stock Appreciation Rights and Restricted Stock Units . Except as provided in Schedule I hereof, all GE stock options that are vested and held by Employees as of the Closing Date will be exercisable in accordance with their terms and the GE 1990 Long-Term Incentive Plan. All GE stock options that are unvested and held by Employees as of the Closing Date and all GE stock appreciation rights (whether or not vested) held by Employees as of the Closing Date will be cancelled and converted on the Closing Date to a like award of (or denominated in) Genworth common stock based on a ratio equal to the initial offering price of Genworth common stock divided by the weighted-average stock price of GE common stock for the trading day immediately prior to the Closing Date (the “Conversion Ratio”). All GE restricted stock units held by Employees as of the Closing Date will be cancelled and converted on the Closing Date to Genworth restricted stock units based on the Conversion Ratio. In all other respects, the converted awards held by Employees will be subject to the same terms and conditions as set forth respectively in the original award grants and, if applicable, the GE 1990 Long-Term Incentive Plan; provided, however, that no such awards shall vest solely as a result of the Trigger Date.

(c) Long-Term Contingent Performance Incentive Awards . For purposes of determining eligibility for long-term contingent performance incentive awards granted to

Employees in March 2003 under the GE Long-Term Incentive Plan for the 2003 through 2005 period, employment with the Company shall be treated as employment with GE (or an applicable GE Affiliate). GE will pay a prorated award, for the 2003 through 2005 period, equal to one-third ( $\frac{1}{3}$ ) of the payment that otherwise would be paid in the absence of such proration, in 2006, provided the terms and conditions for the payment of such award as set forth in the original grant and the GE 1990 Long-Term Incentive Plan are satisfied.

## ARTICLE VI

### PAYMENTS

**Section 6.01.** GE Payroll and Plan Services. During the Term, in consideration for the payment of the Employees through GE's or one of its Affiliate's payroll system, the participation of the Employees in the GE Plans, and the operation and administration of the GE Plans by GE and its Affiliates for the benefit of current and former Employees pursuant to this Agreement (the "GE Payroll and Plan Services"), Genworth shall pay GE, and reimburse it for, the costs incurred by the GE Group, plus reasonable expenses, associated with such GE Payroll and Plan Services. All such foregoing amounts under this Section 6.01 will be calculated, billed and paid consistent with the practices and procedures established and uniformly applied to GE businesses; provided, however, (i) GE shall not bill Genworth to the extent any such costs or expenses were previously paid by Genworth (as an Affiliate of GE) prior to the Closing Date and (ii) in no event will Genworth be billed more for the services relating to (A) the participation of the U.S. Employees in the GE Plans and (B) the operation and administration of the GE Plans by GE and its Affiliates for the benefit of current and former U.S. Employees pursuant to this Agreement, than the cost it would have incurred if it had established mirror plans for the U.S. Employees during the Term.

**Section 6.02.** Company Plan Services. During the Term, in consideration for GE's cooperation in the operation and administration of any Company Plan, including the Genworth Equity and Long-Term Performance Award Plans established pursuant to Section 5.01 hereof, by Genworth and its Affiliates for the benefit of current and former Employees pursuant to this Agreement (the "Company Plan Services"), Genworth shall pay GE, and reimburse it for, the reasonable costs incurred by the GE Group that are associated with such Company Plan Services. All such foregoing amounts under this Section 6.02 will be calculated, billed and paid consistent with the practices and procedures established for such Company Plans in effect immediately prior to the Closing Date or, in the event of a new service, on a cost liquidation basis; provided, however, GE shall not bill Genworth to the extent any such costs or expenses were previously paid by Genworth (as an Affiliate of GE) prior to the Closing Date.

**Section 6.03.** Other Genworth Obligations. The amounts described in Sections 6.01 and 6.02 above shall be in addition to Genworth's reimbursement and other obligations under this Agreement, including but not limited to Article VII hereof.

## ARTICLE VII

### ADDITIONAL GENWORTH COVENANTS

#### **Section 7.01.** Termination of Participation in GE Plans.

(a) In General. (i) Except as otherwise specifically provided in this Agreement, effective as of the Trigger Date, all Employees and their dependents will cease any participation in, and any benefit accrual under, each of the GE Plans; provided, that any Employee who as of the Trigger Date has rights of employment on return from any leave or other absence will terminate participation in the GE Plans effective as of the close of business on the day before such Employee returns to active employment with the Company and no further benefits shall accrue under such GE Plans with respect to such Employee or any beneficiary thereof effective as of such return date.

(ii) Except as otherwise specifically provided in this Agreement, neither Genworth nor any other member of the Genworth Group shall assume any obligations under or Liabilities with respect to, and shall not receive any right or interest in, any of the GE Plans.

(b) U.S. Retirement Plans. As of the Trigger Date, Employees shall cease to accrue benefits, if any, under the GE Retirement Plans. Effective as of the Trigger Date, GE shall take all necessary action, if any, to (i) effect such cessation of participation, and (ii) cause the Employees to be fully vested in any GE Retirement Plan (to the extent not then fully vested), except that with respect to the GE Supplementary Pension Plan, GE shall only be required to vest such Employee if the Employee has had ten (10) years of pension qualified service. No assets or liabilities with respect to the GE Retirement Plans shall be transferred to Genworth as a result of this Agreement. GE shall pay, or cause to be paid, directly to the Employees (including their surviving spouses and beneficiaries) any vested retirement benefits to which they are entitled under the GE Retirement Plans when eligible to receive such payments under the terms of such plans.

(c) U.S. Post-Retirement Welfare Benefits. GE and its applicable Affiliates shall retain any obligations they may have to provide post-retirement welfare benefits in accordance with the terms of the GE Life, Disability and Medical Plan, as in effect from time to time, to all former Employees of the Genworth Business and their eligible dependents who are currently receiving such benefits as of the Trigger Date. In addition, GE and its applicable Affiliates shall remain obligated to provide such coverage, consistent with the terms of such plan as in effect from time to time, to all Employees and their eligible dependents who, as of the Trigger Date, are participants in the plan and either (i) have completed twenty-five (25) years of continuous service or pension qualified service with the Company, its Affiliates and their respective predecessors or (ii) have attained at least sixty (60) years of age and have completed at least ten (10) years of continuous service, in either case upon such Employees' election to participate in the GE Life, Disability and Medical Plan. Such participation shall be under circumstances and at the applicable contribution levels entitling them to receive such benefits pursuant to the terms of the GE Life, Disability and Medical Plan as in effect from time to time. Genworth shall reimburse GE promptly for any payments of post-retirement welfare benefits

made by GE or its applicable Affiliates to the eligible Employees and their eligible dependents pursuant to such coverage upon the receipt of periodic billings for such amounts.

(d) U.S. Other Welfare Benefits. Except as otherwise expressly provided in this Agreement, GE or one of its Affiliates shall retain responsibility under the GE Plans that are welfare benefit plans in which the Employees participate with respect to all amounts that are payable by reason of, or in connection with, any and all welfare benefit claims made by the Employees and their eligible dependents but only to the extent such claims were incurred prior to the Trigger Date. However, Genworth shall reimburse GE promptly for (i) (A) any payments of welfare benefits made by GE or one of its Affiliates on or after the Trigger Date to eligible Employees and their eligible dependents pursuant to any self-insured GE Plans with respect to claims incurred prior to the Trigger Date or (B) any payments of welfare benefits made by GE or one of its Affiliates on or after the Trigger Date to eligible Employees who are inactive as of the Trigger Date and their eligible dependents pursuant to any self-insured GE Plans with respect to claims incurred the day before such Employees' return to active employment with the Company, and (ii) any payments of premiums made by GE or one of its Affiliates on behalf of eligible Employees who are inactive as of the Trigger Date and their eligible dependents pursuant to any insured GE Plans with respect to coverage ending the day before such Employees' return to active employment with the Company, in each case upon the receipt of periodic billings for such amounts. Genworth and its Affiliates shall be otherwise responsible for welfare benefit claims made by the Employees and their eligible dependents to the extent such claims were incurred on or after the Trigger Date.

**Section 7.02.** Compensation. For a period from the Closing Date until at least one year following the Trigger Date (or for such longer period as required by the Laws of any country other than the United States), each Employee shall be entitled to receive while in the employ of the Company at least the same (on an aggregate basis) salary, wages, bonus opportunities and, in the case of an International Employee, other compensation as were provided by the Company, or were otherwise applicable, to such Employee immediately prior to the Closing Date.

**Section 7.03.** U.S. Benefits.

(a) Genworth Plans. Effective as of the Trigger Date, Genworth shall, or shall cause one of its Affiliates to, establish, adopt and maintain for a period of at least one year following the Trigger Date such employee benefits pursuant to plans, programs, policies and arrangements for the U.S. Employees that provide benefits to such U.S. Employees that are at least substantially comparable in the aggregate to the value of those benefits provided to them pursuant to the GE Plans in effect immediately prior to the Trigger Date (each such plan, program, policy and arrangement, a "Genworth Plan"). For avoidance of any doubt, no plan of the types described in Section 5.01 hereof shall be taken into account in determining whether the Genworth Plans are substantially comparable in the aggregate. Notwithstanding any of the foregoing to the contrary, Genworth shall, or shall cause one of its Affiliates to, provide severance benefits to any U.S. Employee who is laid off during the one-year period following the Trigger Date in an amount that is at least equal to the severance benefits that would have been paid to such employee pursuant to the terms of the applicable GE or GECC severance plan as in

effect immediately prior to the Trigger Date, to be calculated, however, on the basis of the U.S. Employee's compensation and continuous service at the time of the layoff.

(b) Past Service Credit. All U.S. Employees shall be credited for service with the Company, GE, their respective Affiliates and their respective predecessors on and prior to the Trigger Date under all Genworth Plans and practices in which they become participants for all purposes, but excluding benefits accrual under any defined benefit plan, to the extent such service was credited under the corresponding GE Plan and practices.

(c) Group Health Plans. Genworth shall, or shall cause one of its Affiliates to, cause the Genworth Plans to waive any pre-existing conditions limitation and recognize expenses incurred by a U.S. Employee prior to the Trigger Date for purposes of out-of-pocket maximums and deductibles with respect to the calendar year in which the Trigger Date occurs.

(d) Vacation. Genworth shall, or shall cause one of its Affiliates to, recognize any unused vacation entitlement of the U.S. Employees as of the Trigger Date, and provide all U.S. Employees such unused vacation entitlement.

(e) 401(k) Plan. Effective as of the Trigger Date, Genworth shall have in effect a qualified defined contribution plan (the "Genworth 401(k) Plan") that includes a qualified cash or deferred arrangement within the meaning of section 401(k) of the Code designed to provide benefits as of the Trigger Date to the U.S. Employees participating in the GES&SP immediately prior to the Trigger Date. Effective as of the Trigger Date, each U.S. Employee who was a participant in the GES&SP shall be entitled to a distribution of his or her respective account balance in accordance with the terms of the GES&SP. The Genworth 401(k) Plan shall provide for the receipt of such individual rollovers of benefits so distributed from the GES&SP.

(f) COBRA. Following the Trigger Date, Genworth shall, or shall cause one of its Affiliates to, provide continuation health care coverage to all U.S. Employees and their qualified beneficiaries who incur or incurred a qualifying event in accordance with COBRA at any time with respect to claims incurred on or after the Trigger Date.

**Section 7.04. International Benefits.**

(a) International Employees. In the case of the International Employees, Genworth shall, and shall cause its Affiliates to, comply with any applicable foreign Law or practices governing the terms and conditions of their employment or severance of employment.

(b) Continuation of International Plans. If an employee benefit plan, program, policy or arrangement is subject to the Laws of a country other than the United States (an "International Plan") and covers only International Employees, Genworth shall, or shall cause one of its Affiliates to, assume or continue, as the case may be, sponsorship over and assumption of all obligations with respect to such International Plan. Such International Plan shall be continued on the same terms for such International Employees for a period of at least one year following the Trigger Date or such longer period as may be required under applicable foreign Law or practice.

(c) Establishment of Mirror International Plans. (i) If an International Plan sponsored by GE or its Affiliate (other than a Company) covers employees of the GE Group in addition to International Employees, effective as of the International Benefit Transition Date, Genworth shall, or shall cause one of its Affiliates to, establish or maintain for the benefit of such International Employees (and not former International Employees) mirror benefit plans for a period from the International Benefit Transition Date until at least one year following the Trigger Date or such longer period as may be required under applicable foreign Law or practice with provisions that are identical to the highest degree possible to the provisions that are in effect immediately prior to the International Benefit Transition Date under the corresponding International Plan. All obligations attributable to such International Employees under such International Plans shall be assumed by Genworth and its Affiliates under such mirror plans as of the International Benefit Transition Date.

(ii) If an International Plan sponsored by Genworth or its Affiliate (other than a member of the GE Group) covers employees of the GE Group in addition to International Employees, effective as of the International Benefit Transition Date, GE shall, or shall cause one of its Affiliates to, establish or maintain benefit plans for the benefit of such current (and not former) employees of the GE Group. All obligations attributable to such current employees of the GE Group under such International Plans shall be assumed by GE and its Affiliates under such GE benefit plans as of the International Benefit Transition Date. During the Term, in consideration for participation of the employees of the GE Group in any International Plan sponsored by Genworth or its Affiliate and the operation and administration of such International Plans by Genworth and its Affiliates for the benefit of current and former employees of the GE Group pursuant to this Agreement (the “Genworth Plan Services”), GE shall pay Genworth, and reimburse it for, the costs incurred by the Genworth Group, plus reasonable expenses, associated with such Genworth Plan Services. All such foregoing amounts under this Section 7.04(c)(ii) will be calculated, billed and paid consistent with the practices and procedures established for such International Plans in effect immediately prior to the Closing Date; provided, however, Genworth shall not bill GE to the extent any such costs or expenses were previously paid by GE (or an Affiliate of GE) prior to the Closing Date.

(d) Funded International Plan. To the extent that any International Plan described in Section 7.04(c) above is a funded defined benefit or defined contribution pension plan with assets residing in a trust, GE and Genworth, respectively, shall determine a proportionate amount of the trust assets corresponding to, and not to exceed the liabilities under, such plan that is attributable to the International Employees and current employees of the GE Group, respectively. Such amount shall be transferred from such trust to the corresponding trust for the pension plan referred to in Section 7.04(c) above as soon as practicable after the International Benefit Transition Date. The amount to be transferred shall be determined by the plan sponsor subject to mutual agreement by GE and Genworth and, in the case of defined benefit pension plans, shall be based upon generally accepted country- and plan-specific actuarial assumptions and the accrued (but not projected) benefit obligation method. Notwithstanding the foregoing provisions of this Section 7.04(d), no part of the trust assets of the Canadian General Electric Pension Plan shall be transferred from such plan’s trust fund to the corresponding trust for the mirror pension plan referred to in Section 7.04(c) above, and GE shall retain all obligations attributable to the International Employees under the Canadian General

Electric Pension Plan accrued as of the International Benefit Transition Date applicable to such employees.

(e) Past Service Credit. In addition to the other requirements of this Section 7.04, the International Employees shall be credited with service consistent with the principles set forth in Section 7.03(b) above and applicable Law.

**Section 7.05.** No Guarantee of Continued Employment. Neither Genworth nor any of its Affiliates shall be obligated to continue to employ any Employee for any specific period of time, subject to applicable Law.

**Section 7.06.** Claims Assistance. Genworth shall, and shall cause each other Company to, permit Employees to provide such assistance to GE as may be required in respect of claims arising from the employment relationship against GE or its Affiliates, whether asserted or threatened, to the extent that, in GE's opinion, (a) an Employee has knowledge of relevant facts or issues, or (b) an Employee's assistance is reasonably necessary in respect of any such claim.

## ARTICLE VIII

### PERFORMANCE AND COOPERATION

**Section 8.01.** Level of Performance. In performing its obligations under this Agreement, each of GE and Genworth agrees that it and its respective Affiliates, as applicable, shall in good faith exercise the same standard of care as each has used to perform such services for its own account and for its other employees, except as mutually agreed to in writing by GE and Genworth.

**Section 8.02.** Delivery of Information; Cooperation Between the Parties. GE and Genworth shall, and shall cause their respective Affiliates to, provide each other with all such information and materials reasonably necessary to effect GE's and Genworth's prompt and complete performance of their duties and obligations under this Agreement and the GE Plans. The parties agree that they shall cooperate with each other and shall act in such a manner as to promote the prompt and efficient completion of the obligations hereunder.

## ARTICLE IX

### NON-HIRE; NON-SOLICITATION

**Section 9.01.** Non-Hire.

(a) From the date of this Agreement until the Trigger Date, no member of the Genworth Group will, without the prior written consent of GE, either directly or indirectly, on its own behalf or in the service of or on behalf of others, hire, or attempt to hire, any person employed by any member of the GE Group.

(b) From the date of this Agreement until the Trigger Date, no member of the GE Group will, without the prior written consent of Genworth, either directly or indirectly, on its

own behalf or in the service of or on behalf of others, hire, or attempt to hire, any person employed by the Genworth Group.

**Section 9.02.**     Non-Solicitation by Genworth Group .

(a)       For a period of one year following the Trigger Date, no member of the Genworth Group will, directly or indirectly, induce or attempt to induce to leave the employ of any member of the GE Group any person who at the time occupies a position: (i) assigned to the Senior Executive Band, (ii) assigned to the Executive Band and employed in the GE businesses known as Asset Management, GE Capital International Services, Inc., Consumer Finance, or Employers Reinsurance Corporation, or (iii) involved in risk modeling at GE’s Global Research and Development Center, whether or not such employee is a full-time or a temporary employee of the GE Group, and whether or not such employment is pursuant to written agreement.

(b)       For a period of two years following the Trigger Date, no member of the Genworth Group will, directly or indirectly, induce or attempt to induce to leave the employ of any member of the GE Group any person who at the time is serving as an Officer of GE.

**Section 9.03.**     Non-Solicitation by GE Group .

(a)       For a period of one year following the Trigger Date, no member of the GE Group will, directly or indirectly, induce or attempt to induce to leave the employ of any member of the Genworth Group any person who occupies a position: (i) assigned to the Senior Executive Band, (ii) assigned to the Executive Band, (iii) assigned to the Senior Professional Band and working in the functional areas of sales and marketing, risk management, actuarial services, finance, capital markets — management, product development – management, information technology or the Genworth Leadership Development Program, or (iv) involved in risk modeling, whether or not such employee is a full-time or a temporary employee of the Genworth Group, and whether or not such employment is pursuant to written agreement.

(b)       For two years following the Trigger Date, no member of the GE Group will, directly or indirectly, induce or attempt to induce to leave the employ of any member of the Genworth Group any person who, on the day before the Trigger Date, occupied a GE Officer position.

**Section 9.04.**     Exceptions. Notwithstanding the limitations in Sections 9.02 and 9.03 hereof applicable to particular categories of GE and Genworth employees (collectively, the “Restricted Employees”), such limitations will not: (i) prohibit members of the GE Group or the Genworth Group from attempting to hire or hiring any Restricted Employee after the termination of such employee’s employment by a member of the GE Group or the Genworth Group or (ii) prohibit members of the GE Group or Genworth Group from placing public advertisements or conducting any other form of general solicitation that is not specifically targeted towards the Restricted Employees, including, but not limited to, the use of an independent employment agency or search firm whose efforts are not specifically directed at Restricted Employees.

## ARTICLE X

### MISCELLANEOUS

**Section 10.01.** Headings. The headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

**Section 10.02.** 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 any such Agreement.

**Section 10.03.** 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 10.04.** Amendment. 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 10.05.** 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 10.06.** 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, between or on behalf of the parties hereto with respect to the subject matter of this Agreement.

**Section 10.07.** Coordination with Master Agreement. The following articles and sections from the Master Agreement are hereby incorporated by reference as if fully set forth herein: Section 6.2 (Confidentiality); Section 6.5 (Allocation of Costs and Expenses); Article IX (Dispute Resolution); 10.2 (Governing Law); Section 10.4 (Force Majeure); and Section 10.6 (Notices).

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be signed as of the date first above written.

GENERAL ELECTRIC COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GEI, INC.

By: \_\_\_\_\_  
Name:  
Title:

GE FINANCIAL ASSURANCE HOLDINGS, INC.

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

**SPECIAL EQUITY COMPENSATION ARRANGEMENTS**

1. Michael Fraizer's vested GE stock options will be cancelled and converted on the same basis as unvested GE stock options are cancelled and converted under this Agreement.
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## TRANSITIONAL TRADEMARK LICENSE AGREEMENT

This Transitional Trademark License Agreement (this “Agreement”), dated as of \_\_\_\_\_, 2004, is made and entered into by and between GE Capital Registry, Inc., a New York corporation (“LICENSOR”), and Genworth Financial, Inc., a Delaware corporation (“LICENSEE”).

WHEREAS, LICENSOR has the right to license the GE MARKS (as hereinafter defined) and registrations thereof in certain countries throughout the world for various goods and services;

WHEREAS, General Electric Company, General Electric Capital Corporation, GE Financial Assurance Holdings, Inc., GEI, Inc., and LICENSEE entered into a Master Agreement, dated \_\_\_\_\_, 2004 (the “Master Agreement”);

WHEREAS, the Master Agreement requires the execution and delivery of this Agreement by LICENSOR and LICENSEE at the CLOSING; and

WHEREAS, in connection with the transactions contemplated by the Master Agreement, LICENSOR desires to grant to LICENSEE and the PERMITTED SUBLICENSEES a license to use the GE MARKS in accordance with the terms, and subject to the conditions, set forth herein.

NOW THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, LICENSOR and LICENSEE agree as follows:

### I. DEFINITIONS

Unless otherwise defined herein, all capitalized terms used herein have the meanings ascribed to such terms in the Master Agreement. The following terms as used in this Agreement have the meanings set forth in this Article I:

- A. “AUTHORIZED DISTRIBUTORS” means third parties that LICENSEE or a PERMITTED SUBLICENSEE authorizes to sell PRODUCTS (as hereinafter defined) and SERVICES (as hereinafter defined) during the term of this Agreement.
  - B. “EFFECTIVE DATE” means the date of this Agreement.
  - C. “LICENSED MARKS” means and is limited to the Marks shown in Exhibit A attached hereto alone and in combination with other words and phrases.
  - D. “MARKS” means trademarks, service marks, trade names, service names, taglines, slogans, industrial designs, brand names, brand marks, trade dress rights, Internet domain names, identifying symbols, logos, emblems, signs or insignia, meta tags, Website search terms and key words, including, without limitation, all goodwill associated with the foregoing.
-

**E.** “ PERMITTED SUBLICENSEES ” means LICENSEE’S direct and indirect SUBSIDIARIES.

**F.** “ PRODUCTS ” and “ SERVICES ” means, respectively, and is limited to (i) products sold and services rendered as of the EFFECTIVE DATE by LICENSEE and the PERMITTED SUBLICENSEES in the conduct of the GENWORTH BUSINESS as conducted as of the EFFECTIVE DATE and (ii) products sold and services rendered after the EFFECTIVE DATE by LICENSEE and the PERMITTED SUBLICENSEES that are the same as or similar to the products and services set forth under clause (i) above.

**G.** “ STANDARDS OF QUALITY ” means:

1. at least (i) the same standards of quality, appearance, service and other standards that are observed as of the EFFECTIVE DATE by LICENSOR and its AFFILIATES (including, without limitation, LICENSEE and its SUBSIDIARIES) in the development, marketing and sale of any PRODUCTS sold and SERVICES rendered prior to or as of the EFFECTIVE DATE and (ii) substantially the same standards of quality, appearance, service and other standards that are observed as of the EFFECTIVE DATE by LICENSOR and its AFFILIATES (including, without limitation, LICENSEE and its SUBSIDIARIES) in the development, marketing, sale or performance of any products and services similar to the PRODUCTS sold or SERVICES rendered after the EFFECTIVE DATE, provided that the standards set forth in the foregoing (i) and (ii) shall be at least substantially the same as the standards that LICENSEE and the PERMITTED SUBLICENSEES observe in their development, marketing and sale of any products and performance of any services similar to the PRODUCTS and SERVICES.

2. additional standards, if any, which LICENSOR may otherwise reasonably specify or approve in writing from time to time; and such additional standards shall supersede the standards referred to in Paragraph I.G.1 to the extent of any conflict therewith.

## **II. LICENSE GRANT**

**A.** Subject to the terms and conditions of this Agreement, LICENSOR hereby grants to LICENSEE a limited, non-exclusive (except as specified in Exhibit A), non-transferable, royalty-free license, with no right to sublicense (other than to PERMITTED SUBLICENSEES as expressly provided herein), to use the LICENSED MARKS throughout the world and in any current or later-developed medium or form of communication (including, without limitation, in PRODUCT and SERVICE names and domain names) only (i) in connection with PRODUCTS designed, distributed, sold or otherwise commercialized, and SERVICES performed, offered, distributed, sold or otherwise commercialized by LICENSEE and the PERMITTED SUBLICENSEES, and (ii) in the general promotion of LICENSEE’S or any PERMITTED SUBLICENSEE’S business unrelated to any particular product or service, in each case in strict accordance with the STANDARDS OF QUALITY.

**B.** Notwithstanding anything in this Agreement to the contrary, LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS shall not use any of the LICENSED MARKS (i) in connection with the underwriting or marketing on a primary basis of life insurance in the United Kingdom, provided, however, that LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS are permitted to use LICENSED

MARKS in legal names, trade names, and otherwise in connection with credit life insurance businesses, products, or services in the United Kingdom, or (ii) in the name of any asset management service or product (other than any such service or product sold on behalf of LICENSOR or its AFFILIATES), provided, however, that LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS are permitted to use LICENSED MARKS in legal names, trade names, and otherwise in connection with asset management services or products that are being marketed or offered by LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS as of the EFFECTIVE DATE.

**C.** Any rights not granted to LICENSEE and the PERMITTED SUBLICENSEES in this Agreement are specifically reserved by and for LICENSOR. LICENSEE and the PERMITTED SUBLICENSEES hereby accept this grant of license, subject to the terms and conditions set forth in this Agreement. The license granted in this Article is subject to, and limited by, any and all licenses, rights, limitations and restrictions with respect to such LICENSED MARKS previously granted to, or otherwise agreed to with, any third party that are in effect as of the EFFECTIVE DATE.

**D.** Notwithstanding anything in this Agreement to the contrary, if LICENSEE or any PERMITTED SUBLICENSEE desires to use the LICENSED MARKS with any product or service not constituting a PRODUCT or SERVICE, LICENSEE or such PERMITTED SUBLICENSEE shall make a request for permission to make such use in writing to LICENSOR. LICENSOR, at its sole discretion, shall determine whether it will allow such use, and shall notify LICENSEE of such decision in writing within a reasonable time. If LICENSOR decides to allow such use, the parties shall negotiate a separate, royalty-bearing license which shall require that LICENSEE or such PERMITTED SUBLICENSEE, as applicable, pay reasonable expenses for any additional trademark or service mark registrations required if the LICENSED MARKS are not registered for use in the appropriate class of goods or services relating to such product or service in any country in which LICENSEE or such PERMITTED SUBLICENSEE intends to use such LICENSED MARKS.

**E.** AUTHORIZED DISTRIBUTORS.

1. LICENSOR agrees that, during the term of this Agreement, AUTHORIZED DISTRIBUTORS may use the LICENSED MARKS in accordance with the terms and conditions set forth herein (including, without limitation, the standards and guidelines set forth in Paragraph IV.B.) in order to identify themselves as authorized representatives of LICENSEE or a PERMITTED SUBLICENSEE or otherwise in connection with the promotion, distribution and sale of PRODUCTS and SERVICES.

2. LICENSEE and the PERMITTED SUBLICENSEES will provide the AUTHORIZED DISTRIBUTORS a copy of the standards and guidelines set forth in Paragraph IV.B (which copy may be provided by placing such standards and guidelines on a Website accessible by the AUTHORIZED DISTRIBUTORS and providing the AUTHORIZED DISTRIBUTORS notice that they must comply with such standards and guidelines). LICENSEE and the PERMITTED SUBLICENSEES will instruct the AUTHORIZED DISTRIBUTORS that they must furnish samples of all proposed forms and uses of the

LICENSED MARKS to LICENSEE and the PERMITTED SUBLICENSEES for written approval prior to any use thereof.

3. LICENSEE shall reasonably monitor AUTHORIZED DISTRIBUTORS' use of the LICENSED MARKS. To the extent that LICENSEE has any reason to believe that an AUTHORIZED DISTRIBUTOR may be using the LICENSED MARKS in a manner that violates or conflicts with the terms and conditions of this Agreement, LICENSEE shall promptly investigate such potential non-compliance. If LICENSEE determines that such violation or conflict has occurred or is occurring or if LICENSOR otherwise notifies LICENSEE that such violation or conflict has occurred or is occurring, LICENSEE shall promptly notify such AUTHORIZED DISTRIBUTOR and LICENSOR (unless LICENSOR notified LICENSEE thereof in accordance with the foregoing) of such non-compliance, and use reasonable efforts to cause such AUTHORIZED DISTRIBUTOR to comply with the terms and conditions of this Agreement. If such AUTHORIZED DISTRIBUTOR fails to comply with such terms and conditions within twenty (20) days of such notice, LICENSEE shall immediately terminate such AUTHORIZED DISTRIBUTOR'S rights to use the LICENSED MARKS, and instruct such AUTHORIZED DISTRIBUTOR that it has no further right to use any LICENSED MARK. LICENSEE and the PERMITTED SUBLICENSEES agree to take any and all further actions reasonably requested by LICENSOR to prevent and stop such non-compliance and any other unauthorized uses of the LICENSED MARKS by the AUTHORIZED DISTRIBUTORS.

**F. PERMITTED SUBLICENSEES.**

1. LICENSEE may sublicense its rights under Paragraph II.A to PERMITTED SUBLICENSEES. In the event that LICENSEE creates or acquires any direct or indirect SUBSIDIARIES after the EFFECTIVE DATE, LICENSEE may sublicense its rights under Paragraph II.A. to such direct or indirect SUBSIDIARIES and such SUBSIDIARIES shall become and shall be PERMITTED SUBLICENSEES. Up to two (2) times per calendar year during the TERM of this Agreement, LICENSOR shall have the right to request that LICENSEE provide an organization chart or other document that identifies LICENSEE'S then-current direct and indirect SUBSIDIARIES. In the event that LICENSOR sends LICENSEE such a written request, LICENSEE shall provide LICENSOR with an organization chart or other document that identifies LICENSEE'S then-current direct and indirect SUBSIDIARIES within a commercially reasonable time after receipt of the written request. Additionally, in the event that LICENSOR sends LICENSEE a written request as to whether a particular entity is a direct or indirect SUBSIDIARY of LICENSEE, LICENSEE shall provide LICENSOR with a written response as to as to whether such entity is a direct or indirect SUBSIDIARY of LICENSEE within a commercially reasonable time after receipt of the written request.

2. LICENSEE shall cause the PERMITTED SUBLICENSEES to comply with the terms and conditions of this Agreement, and hereby grants LICENSOR the right to enforce this Agreement directly against a PERMITTED SUBLICENSEE to the extent that that PERMITTED SUBLICENSEE breaches the terms and conditions of this Agreement. Any such enforcement by LICENSOR against a PERMITTED SUBLICENSEE shall be upon the same terms and conditions as are applicable to enforcement by LICENSOR against LICENSEE.

### III. EXAMINATION OF PRODUCTS AND SERVICES

**A.** In order to promote adherence to the STANDARDS OF QUALITY and for the purpose of protecting and maintaining the goodwill associated with the LICENSED MARKS and the reputation of LICENSOR, LICENSOR shall have the right to obtain from LICENSEE reasonable information as to the nature and quality of the PRODUCTS and SERVICES and the manner in which the LICENSED MARKS are used in connection with the PRODUCTS and SERVICES.

**B.** The PRODUCTS and SERVICES shall comply with all applicable Laws. For the purpose of protecting and maintaining the goodwill associated with the LICENSED MARKS and the reputation of LICENSOR, LICENSOR or its authorized representative shall have the right at any reasonable time or times during regular business hours on reasonable notice, and up to two (2) times per calendar year (and otherwise if LICENSOR notifies LICENSEE in writing that it believes the PRODUCTS and SERVICES are not conforming to the STANDARDS OF QUALITY or other requirements of this Agreement, which notice shall provide a description of the nonconformity that is reasonable under the circumstances and, if appropriate and available to LICENSOR, include samples of any nonconforming PRODUCTS and copies of any documentation relating to such nonconformity), to visit the offices and facilities of LICENSEE and the PERMITTED SUBLICENSEES where PRODUCTS are developed, designed, packaged, marketed, promoted, sold or serviced and SERVICES are developed, marketed, promoted or rendered. LICENSOR may conduct a reasonable inspection and examination of such offices and facilities, PRODUCTS, and SERVICES. LICENSEE agrees to furnish LICENSOR, from time to time as reasonably requested by LICENSOR, representative samples of representative PRODUCTS (and any other particular PRODUCTS requested by LICENSOR) to which the LICENSED MARKS are affixed and representative samples showing representative other uses of the LICENSED MARKS by LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS selected by LICENSOR (and any other particular uses requested by LICENSOR). Upon LICENSOR'S reasonable request, LICENSEE and the PERMITTED SUBLICENSEES shall permit LICENSOR to promptly examine and audit documents, books and records pertaining specifically to the development, design, packaging, marketing, promoting, sale, servicing, quality, performance, and other characteristics of PRODUCTS and SERVICES as LICENSOR may reasonably require to verify that PRODUCTS sold and SERVICES rendered by LICENSEE and the PERMITTED SUBLICENSEES meet the STANDARDS OF QUALITY and that LICENSEE'S and the PERMITTED SUBLICENSEES' use of the LICENSED MARKS complies with LICENSEE'S obligations under this Agreement. In conducting any such inspection or audit, LICENSOR shall take all steps reasonably required by LICENSEE to minimize disruption to LICENSEE'S business and to avoid disclosure of LICENSEE'S confidential and propriety information and materials, including, but not limited to, executing nondisclosure agreements, provided that such steps and agreements shall not prevent LICENSOR from pursuing any claims that it may have in connection with this Agreement.

**C.** If, at any time, the PRODUCTS sold or SERVICES rendered fail, in the reasonable judgment of LICENSOR, to conform to the STANDARDS OF QUALITY, LICENSOR shall notify LICENSEE of such failure in writing (which notice shall provide a description of the nonconformity that is reasonable under the circumstances and, if appropriate and available to LICENSOR, include samples of any nonconforming PRODUCTS and copies of any documentation relating to such nonconformity). LICENSEE and the applicable

PERMITTED SUBLICENSEES shall take all necessary steps to bring such PRODUCTS or SERVICES into conformity with the STANDARDS OF QUALITY. If LICENSEE or any PERMITTED SUBLICENSEE fails to bring such PRODUCTS or SERVICES into conformity within twenty (20) days (or such other time period mutually agreed upon by the parties) after LICENSEE'S receipt of written notice of nonconformity, then LICENSEE, such PERMITTED SUBLICENSEE and their AUTHORIZED DISTRIBUTORS shall immediately cease the development, marketing, promotion and sale of such PRODUCTS or SERVICES under the LICENSED MARKS until such nonconformity is cured. Notwithstanding the foregoing, in the event that LICENSOR and LICENSEE or a PERMITTED SUBLICENSEE do not agree as to (i) whether a nonconformity exists, (ii) a remedy for a nonconformity, or (iii) the date by which a nonconformity will be corrected, LICENSOR and LICENSEE or the PERMITTED SUBLICENSEE shall resolve their disagreements in accordance with the dispute resolution process set forth in Article VII of the Master Agreement. LICENSEE or the PERMITTED SUBLICENSEE shall then implement the remedy, if any, that results from the dispute resolution process according to the requirements specified, or agreements reached, during the dispute resolution process. During the pendency of the dispute resolution process, LICENSEE or the PERMITTED SUBLICENSEE may take whatever action with respect to the PRODUCTS or SERVICES at issue as it deems reasonable to address the purported nonconformity (provided that LICENSEE and the PERMITTED SUBLICENSEE have the right pursuant to this Agreement to use the LICENSED MARKS in connection with such PRODUCTS and SERVICES as modified by such action), which may include, if applicable, implementing some or all of its proposed remedy. In the event that the nonconforming PRODUCTS or SERVICES cannot be brought into conformity during the time frame that is agreed to or that results from the dispute resolution process due to delays not within the reasonable control of LICENSEE or the PERMITTED SUBLICENSEES in obtaining any necessary approvals from GOVERNMENTAL AUTHORITIES, LICENSEE, the PERMITTED SUBLICENSEES, and the AUTHORIZED DISTRIBUTORS shall not be required to cease the development, marketing or sale of such PRODUCTS or SERVICES under the LICENSED MARKS, provided that LICENSEE or the applicable PERMITTED SUBLICENSEE is working diligently to obtain such approvals and keeps LICENSOR reasonably informed of its efforts to do so.

**D.** If, at any time, a GOVERNMENTAL AUTHORITY raises an issue with LICENSEE or a PERMITTED SUBLICENSEE as to whether PRODUCTS sold or SERVICES rendered comply with applicable Laws, LICENSEE or the PERMITTED SUBLICENSEE shall respond to the GOVERNMENTAL AUTHORITY adequately, including by modifying or discontinuing particular PRODUCTS or SERVICES if so directed by the GOVERNMENTAL AUTHORITY according to the time frames, if any, set forth by the GOVERNMENTAL AUTHORITY. Notwithstanding the foregoing, if, at any time, the PRODUCTS sold or SERVICES rendered fail, in the reasonable judgment of LICENSOR, to comply with all applicable Laws, LICENSOR shall notify LICENSEE of such failure in writing (which notice shall provide a description of the noncompliance that is reasonable under the circumstances and, if appropriate and available to LICENSOR, include samples of any noncompliant PRODUCTS and copies of any documentation relating to such noncompliance). LICENSEE and the applicable PERMITTED SUBLICENSEES shall take all necessary steps to bring such PRODUCTS or SERVICES into compliance with all applicable Laws. If LICENSEE or any PERMITTED SUBLICENSEE fails to bring such PRODUCTS or SERVICES into compliance within twenty (20) days (or such other time period mutually agreed upon by the parties) after

LICENSEE'S receipt of written notice of noncompliance, then LICENSEE, such PERMITTED SUBLICENSEE and their AUTHORIZED DISTRIBUTORS shall immediately cease the development, marketing, promotion and sale of such PRODUCTS or SERVICES under the LICENSED MARKS until such noncompliance is cured. Notwithstanding the foregoing but subject to any and all requirements of GOVERNMENTAL AUTHORITIES, in the event that LICENSOR and LICENSEE or a PERMITTED SUBLICENSEE do not agree as to (i) whether a noncompliance with applicable Laws exists, (ii) an appropriate remedy for such purported noncompliance, or (iii) the date by which such purported noncompliance will be corrected, LICENSOR and LICENSEE or the PERMITTED SUBLICENSEE shall resolve their disagreements in accordance with the dispute resolution process set forth in Article VII of the Master Agreement. Subject to any requirements of GOVERNMENTAL AUTHORITIES, LICENSEE or the PERMITTED SUBLICENSEE shall then implement the remedy, if any, that results from the dispute resolution process according to the requirements specified, or agreements reached, during the dispute resolution process. During the pendency of any such dispute resolution process and subject to any and all requirements of GOVERNMENTAL AUTHORITIES, LICENSEE, the PERMITTED SUBLICENSEES, and the AUTHORIZED DISTRIBUTORS may continue to promote, offer, and sell the PRODUCTS and SERVICES at issue, and LICENSEE or the PERMITTED SUBLICENSEE may take whatever action with respect to such PRODUCTS and SERVICES as it deems reasonable to address the purported noncompliance (provided that LICENSEE and the PERMITTED SUBLICENSEE have the right pursuant to this Agreement to use the LICENSED MARKS in connection with such PRODUCTS and SERVICES as modified by such action), which may include, if applicable, implementing some or all of its proposed remedy.

**E.** Rights granted to LICENSOR under this Paragraph IV to inspect, examine, request samples, and audit; to request that PRODUCTS and SERVICES be brought into conformity and compliance; and to direct cessation of certain activities with respect to PRODUCTS and SERVICES shall extend to the AUTHORIZED DISTRIBUTORS and PRODUCTS and SERVICES offered by the AUTHORIZED DISTRIBUTORS; provided however, that in the event LICENSOR desires to engage in any inspection, examination or audit with respect to, or to request changes to or cessation of, any PRODUCTS or SERVICES offered by an AUTHORIZED DISTRIBUTOR, LICENSOR shall do so solely through LICENSEE. LICENSOR shall not itself contact any AUTHORIZED DISTRIBUTOR with respect to the foregoing, except with the prior written consent of LICENSEE. Notwithstanding anything in this Agreement to the contrary, if LICENSEE fails to comply with its obligations with respect to any AUTHORIZED DISTRIBUTOR in accordance with this Agreement (including, without limitation, (i) failing to address any use of the LICENSED MARKS by any AUTHORIZED DISTRIBUTOR in a manner that conflicts with the terms and conditions of this Agreement applicable to the AUTHORIZED DISTRIBUTORS and (ii) instructing the AUTHORIZED DISTRIBUTORS to use the LICENSED MARKS in a manner consistent with the terms and conditions of this Agreement applicable to the AUTHORIZED DISTRIBUTORS) within twenty (20) days of notice from LICENSOR of such failure, LICENSOR shall have the right to contact such AUTHORIZED DISTRIBUTOR.

#### **IV. USE OF GE MARKS**

**A.** Under the license and rights granted herein, LICENSEE, the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS are authorized to use the GE

MARKS only as provided in Articles II and VI in any current or later-developed medium or form of communication, including, without limitation, use in packaging, labeling, brochures, press releases, websites, domain names, signage, point-of-purchase materials, general publicity, advertising, instruction books and other literature relating to the PRODUCTS and SERVICES. LICENSEE, the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS shall not use the GE MARKS in a manner that could reasonably be expected to damage the reputation or goodwill associated with LICENSOR, its AFFILIATES or the GE MARKS.

**B.** LICENSEE and the PERMITTED SUBLICENSEES shall comply with the standards and guidelines with respect to the appearance and manner of use of the GE MARKS set forth on Exhibit B, which LICENSOR may revise from time to time at LICENSOR'S sole discretion, provided that any potential revisions to the standards and guidelines shall be subject to the process set forth in Paragraph IV.C. LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS shall not use their MARKS in a manner that causes confusion as to the ownership of the GE MARKS. Subject to Paragraph II.D., any appearance or manner of use of the GE MARKS not provided for by such standards and guidelines (including, without limitation, any uses not contemplated by such standards and guidelines, any uses in contravention of such standards and guidelines and any clarifications of such standards and guidelines) shall be adopted by LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS only upon prior written approval by LICENSOR of each first instance of such appearance or manner of use, which shall not unreasonably be withheld. LICENSEE shall make a written request referencing this Paragraph IV.B. to LICENSOR for such appearance or manner of use, and LICENSOR shall provide a written response to LICENSEE within fifteen (15) days after its receipt of LICENSEE'S request, provided that such response may state that a written response cannot be provided within fifteen (15) days but will be provided within thirty (30) days after LICENSOR'S receipt of the request. In the event that LICENSOR has not provided a final written response to LICENSEE'S request for approval within thirty (30) days after LICENSOR'S receipt of the request, such request shall be deemed approved.

**C.** (i) In the event that LICENSOR proposes to change the standards and guidelines set forth in Paragraph IV.B, it shall notify LICENSEE of the proposed changes, and consult with LICENSEE regarding such changes. LICENSEE, the PERMITTED SUBLICENSEES, and the AUTHORIZED DISTRIBUTORS shall be allowed a commercially reasonable amount of time to implement any such changes made after the EFFECTIVE DATE, which amount of time shall be, if applicable, no less than the amount of time LICENSOR'S AFFILIATES are given to adopt the same changes. (ii) In the event that LICENSOR proposes to add to or otherwise change the STANDARDS OF QUALITY in accordance with Paragraph I.G.2, it shall notify LICENSEE of the proposed additions or changes, and consult with LICENSEE regarding such additions or changes. In the event that LICENSOR and LICENSEE cannot reach agreement as to any such proposed additions or changes to the STANDARDS OF QUALITY, LICENSOR'S and LICENSEE'S disagreement shall be resolved in accordance with the dispute resolution provisions set forth in Article VII of the Master Agreement. During the pendency of any such dispute resolution process, LICENSEE, the PERMITTED SUBLICENSEES, and the AUTHORIZED DISTRIBUTORS may continue to promote, offer, and sell the PRODUCTS or SERVICES at issue in accordance with the STANDARDS OF QUALITY in effect prior to such disagreement (not including such proposed addition or change). LICENSEE, the PERMITTED

SUBLICENSEES, and the AUTHORIZED DISTRIBUTORS shall be allowed a commercially reasonable amount of time to implement any such additions or other changes made after the EFFECTIVE DATE, which amount of time shall be, if applicable, no less than the amount of time LICENSOR'S AFFILIATES are given to adopt the same additions or changes and no less than the amount of time to obtain any regulatory approvals necessary to adopt such additions or changes, provided that LICENSEE and the PERMITTED SUBLICENSEES are working diligently to obtain such approvals and keep LICENSOR reasonably informed of their efforts to do so.

**D.** LICENSEE shall also obtain LICENSOR'S prior written approval (which shall be at the sole discretion of LICENSOR) for (i) each first instance of a general promotion in accordance with Paragraph II.A.ii that is not specifically provided for in the standards and guidelines set forth in Paragraph IV.B. and (ii) any television or radio advertisements that use the GE MARKS. LICENSEE shall make a written request referencing this Paragraph IV.D. to LICENSOR for approval of such general promotion or television or radio advertisement, and LICENSOR shall provide a written response to LICENSEE within fifteen (15) days after its receipt of LICENSEE'S request, provided that such response may state that a written response cannot be provided within fifteen (15) days but will be provided within thirty (30) days after LICENSOR'S receipt of the request. In the event that LICENSOR has not provided a final written response to LICENSEE'S request for approval within thirty (30) days after LICENSOR'S receipt of the request, such request shall be deemed approved.

**E.** LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS shall comply with all applicable Laws pertaining to the GE MARKS, including, without limitation, those pertaining to the proper use and designation of MARKS and pertaining to the development, distribution, promotion and sale of PRODUCTS and the offering, rendering and promotion of SERVICES, and strictly comply with the STANDARDS OF QUALITY.

**F.** LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS shall, within a commercially reasonable period of time, cease use of the GE MARKS upon notice from LICENSOR to LICENSEE that, in the good faith opinion of LICENSOR, such use of the GE MARKS might result in any potential trademark liability to a third party on the part of LICENSOR, LICENSEE, the PERMITTED SUBLICENSEES and/or the AUTHORIZED DISTRIBUTORS. LICENSEE, the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS shall comply fully within a commercially reasonable period of time following LICENSEE'S receipt of written notice thereof with all guidelines adopted from time to time by LICENSOR for the purpose of addressing any potential trademark liability with respect to such third party.

**G.** If, in the sole discretion of LICENSOR, it is required or advisable for the purpose of making this Agreement enforceable, or for the purpose of maintaining, enhancing or protecting LICENSOR'S rights in the GE MARKS in some countries, to record this Agreement or to enter LICENSEE (and/or the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS) as registered or authorized users of the GE MARKS, LICENSOR will attend (at LICENSOR'S expense) to such recording or entry. LICENSEE (or the appropriate PERMITTED SUBLICENSEE or AUTHORIZED DISTRIBUTOR) shall promptly and at no

cost to LICENSOR execute and deliver to LICENSOR such additional instruments or documentation as LICENSOR may reasonably request, including without limitation execution and delivery of substitute or short-form license agreements, with terms consistent with this Agreement, for recordation or registration in specified countries in the event that this Agreement shall be deemed by LICENSOR to be unsuitable for recordation or entry in such countries. The terms and conditions of this Agreement (and not the terms and conditions of such substitute or short-form license agreements entered into for recording or entry purposes) shall be binding between LICENSOR and LICENSEE (or the appropriate PERMITTED SUBLICENSEE or AUTHORIZED DISTRIBUTOR) throughout the world and shall govern and control any controversy that may arise with respect to each party's rights and obligations hereunder; provided, however, that if specific terms and conditions of any such substitute or short-form license agreement differ from the comparable terms and conditions of this Agreement and enforcement of the comparable terms and conditions of this Agreement pursuant to this provision either would be uncertain or improper under the Laws of the applicable country or would adversely affect LICENSOR'S rights in and to the GE MARKS in such country, then the specific terms and conditions of the substitute or short-form license agreement shall be controlling in such country.

**H.** LICENSEE and the PERMITTED SUBLICENSEES shall supply LICENSOR with such information (including, without limitation, any such information of the AUTHORIZED DISTRIBUTORS) concerning sales and other dispositions of PRODUCTS and SERVICES as LICENSOR may reasonably request to aid LICENSOR in the acquisition, maintenance and renewal of registrations of the GE MARKS, to record this Agreement, to enter LICENSEE, the PERMITTED SUBLICENSEES or AUTHORIZED DISTRIBUTORS as registered or authorized users of the GE MARKS or for any purpose reasonably related to LICENSOR'S maintenance and protection of the GE MARKS. LICENSEE (and the PERMITTED SUBLICENSEES) shall fully cooperate with LICENSOR'S reasonable requests in the execution, filing, and prosecution of any registration of a MARK or copyright relating to GE MARKS that LICENSOR may desire to obtain. For that purpose LICENSEE (and the PERMITTED SUBLICENSEES) shall supply to LICENSOR such samples, containers, labels, letterheads and other similar materials bearing the GE MARKS as may be required by LICENSOR.

**I.** Notwithstanding Paragraph II.A., LICENSEE, the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS will not use the GE MARKS, nor may any particular PRODUCT or SERVICE be marketed, distributed or offered for sale or sold, (i) in any jurisdiction where the GE MARKS have not been registered, until an appropriate MARK search has been conducted (at LICENSEE'S expense) and an application to register the particular GE MARK in the relevant MARK class(es) for PRODUCTS and SERVICES has been filed in that jurisdiction (at LICENSOR'S expense), or LICENSOR determines in good faith on advice of its trademark counsel that it would be preferable not to seek to register such GE MARK in that country but that there is no material impediment to the use of such GE MARK therein and (ii) in a country where entry of LICENSEE as a registered or authorized user is required, prior to the execution of an appropriate registered user agreement or similar agreement and the filing thereof with the appropriate governmental agency (except where failure to do so prior to use will not have a material adverse effect on such GE MARK). Not in limitation of the foregoing, in the event that LICENSOR determines that LICENSEE and the PERMITTED

SUBLICENSEES are using the GE MARKS in a jurisdiction where such GE MARKS are not registered in the appropriate MARK class(es) for PRODUCTS and SERVICES, LICENSOR at its sole discretion shall have the option to require such registration at LICENSOR'S expense.

**J.** LICENSEE and the PERMITTED SUBLICENSEES shall not, and shall instruct the AUTHORIZED DISTRIBUTORS to not, enter into any agreements relating to the placement of listings in response to Website search terms and key words that consist of the terms included in Exhibit C. Upon expiration or termination of this Agreement, LICENSEE and the PERMITTED SUBLICENSEES shall, and shall instruct the AUTHORIZED DISTRIBUTORS to, assign any agreements relating to the placement of listings in response to Website search terms and key words that include the GE MARKS to LICENSOR, unless such agreements by their own terms are non-assignable (in which case LICENSEE and the PERMITTED SUBLICENSEES shall, and shall instruct the AUTHORIZED DISTRIBUTORS to, terminate such agreements).

## **V. OWNERSHIP AND VALIDITY OF GE MARKS**

**A.** LICENSEE and the PERMITTED SUBLICENSEES admit the validity, and LICENSOR'S ownership, of the GE MARKS and agree that any and all goodwill, rights or interests that might be acquired by the use of the GE MARKS by LICENSEE, the PERMITTED SUBLICENSEES and/or AUTHORIZED DISTRIBUTORS shall inure to the sole benefit of LICENSOR. If LICENSEE, the PERMITTED SUBLICENSEES or AUTHORIZED DISTRIBUTORS obtain rights or interests in the GE MARKS, LICENSEE or the PERMITTED SUBLICENSEES shall transfer, or shall instruct such AUTHORIZED DISTRIBUTOR to transfer, those rights or interests to LICENSOR upon request by LICENSOR. LICENSEE and the PERMITTED SUBLICENSEES admit and agree that, as between the parties, LICENSEE, the PERMITTED SUBLICENSEES and AUTHORIZED DISTRIBUTORS have been extended only a mere permissive right to use the GE MARKS as provided in this Agreement which is not coupled with any ownership interest.

**B.** LICENSEE and the PERMITTED SUBLICENSEES further agree not to, and to instruct the AUTHORIZED DISTRIBUTORS not to: (i) use or register in any country any MARKS (including, without limitation, any slogan) confusingly similar to, or consisting in whole or in part of, the GE MARKS or (ii) register the GE MARKS in any country, without in each case the express prior written consent of LICENSOR. Whenever LICENSEE or a PERMITTED SUBLICENSEE becomes aware of any consumer confusion or risk thereof between a MARK used by LICENSEE, a PERMITTED SUBLICENSEE or AUTHORIZED DISTRIBUTOR, and a GE MARK, LICENSEE or such PERMITTED SUBLICENSEE shall take appropriate steps to promptly remedy or avoid such confusion or risk of confusion.

**C.** LICENSEE may request in writing that LICENSOR, at LICENSEE'S expense, file an application for registration of any GE MARK for use in connection with the PRODUCTS and SERVICES in any country in which such GE MARK is not registered in the appropriate classes of goods or services for such PRODUCTS and SERVICES as of the EFFECTIVE DATE. Subject to Paragraph IV.I., LICENSOR shall use commercially reasonable efforts to complete such filing and prosecution in LICENSOR'S name. LICENSEE shall supply, without cost to LICENSOR, from time to time as requested by LICENSOR, such samples, containers,

labels, letterheads, and similar materials from such LICENSEE or the PERMITTED SUBLICENSEES as may reasonably be required for such filing and prosecution.

**D.** LICENSOR will own all right, title and interest in and to any and all applications for registration of the GE MARKS (including, without limitation, applications filed in accordance with Paragraph V.C.), whether filed before or after the EFFECTIVE DATE, and such applications shall be deemed incorporated in the defined term “GE MARKS”.

**E.** LICENSEE and the PERMITTED SUBLICENSEES shall give LICENSOR notice promptly of any known or presumed infringements of the GE MARKS, and shall instruct the AUTHORIZED DISTRIBUTORS to give prompt notice to LICENSEE of any such infringements, which LICENSEE shall promptly give to LICENSOR. LICENSEE and the PERMITTED SUBLICENSEES shall render, and instruct the AUTHORIZED DISTRIBUTORS to render, to LICENSOR full and prompt cooperation (at LICENSOR’S expense) for the enforcement and protection of the GE MARKS against such infringements. LICENSOR shall retain all rights to bring all actions and proceedings in connection with infringement or misuse of the GE MARKS at its sole discretion. If LICENSOR decides to enforce the GE MARKS against an infringer, all costs incurred and recoveries made shall be for the account of LICENSOR.

**F.** LICENSEE and the PERMITTED SUBLICENSEES will not, and shall instruct the AUTHORIZED DISTRIBUTORS to not, at any time during the Term, and any time thereafter, for as long as LICENSOR shall own rights in the GE MARKS, do or cause to be done any act or thing disparaging, disputing, attacking, challenging, impairing, diluting, or in any way tending to harm the reputation or goodwill associated with LICENSOR, its AFFILIATES or any of the GE MARKS.

**G.** LICENSEE, the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS have no right (and shall not, and shall instruct the AUTHORIZED DISTRIBUTORS to not, represent that they have the right) to bind or obligate LICENSOR in any way. LICENSOR has no right, and shall not represent that it has the right, to bind or obligate LICENSEE any PERMITTED SUBLICENSEE or AUTHORIZED DISTRIBUTOR in any way.

## **VI. CORPORATE NAMES**

**A.** “GE MARKS” means the LICENSED MARKS, “General Electric”, “GE Capital” and “GEFA”.

**B.** “LICENSED SUBSIDIARIES” means those PERMITTED SUBLICENSEES that, as of the EFFECTIVE DATE, include in their corporate names the GE MARKS, provided that “LICENSED SUBSIDIARIES” shall not include any such PERMITTED SUBLICENSEES that adopt NEW CORPORATE NAMES after the EFFECTIVE DATE.

**C.** “NEW CORPORATE NAMES” shall mean corporate names that do not consist in whole or in part of, and are not dilutive of or confusingly similar to, the GE MARKS. The parties agree that LICENSEE’S “Genworth” name and mark, and derivatives thereof, do not consist in whole or in part of, and are not dilutive of or confusingly similar to, the GE MARKS,

provided that LICENSEE does not highlight, isolate or emphasize the letters “Ge” alone in the “Genworth” name and mark or derivatives thereof.

**D.** “TWENTY PERCENT DATE” means the first date on which members of the GE GROUP cease to beneficially own, in the aggregate, (excluding for such purposes shares of GENWORTH COMMON STOCK beneficially owned by LICENSOR but not for its own account, including (in such exclusion) beneficial ownership that arises by virtue of some entity that is an AFFILIATE of LICENSOR being a sponsor of or advisor to a mutual or similar fund that beneficially owns shares of GENWORTH COMMON STOCK) more than twenty percent (20%) of the then outstanding GENWORTH COMMON STOCK.

**E.** Subject to the terms and conditions set forth herein, LICENSOR hereby grants to LICENSEE a limited, non-exclusive, non-transferable, royalty-free license, with no right to sublicense (other than to the LICENSED SUBSIDIARIES as expressly provided herein), to allow the LICENSED SUBSIDIARIES to use the GE MARKS in their corporate names to the extent such GE MARKS are used in such corporate names as of the EFFECTIVE DATE. Unless sooner terminated in accordance with this Article VI, this license shall expire on the sooner of: (i) the date that any GOVERNMENTAL AUTHORITY requires that such corporate names be changed, but only with respect to the particular LICENSED SUBSIDIARY to which the GOVERNMENTAL AUTHORITY requirement applies and subject to any time frame or transition period established by the GOVERNMENTAL AUTHORITY (alone or in consultation with LICENSEE), (ii) the TWENTY PERCENT DATE or (iii) the expiration of five (5) years from the EFFECTIVE DATE. Upon expiration in accordance with the foregoing (ii), (x) the LICENSED SUBSIDIARY shall use its best efforts to effectuate cessation of its use of the GE MARKS in its corporate name as expeditiously as possible under the circumstances and (y) in the event that a LICENSED SUBSIDIARY is unable to obtain regulatory approval necessary to adopt a NEW CORPORATE NAME in a jurisdiction, or is otherwise unable for regulatory reasons to adopt a NEW CORPORATE NAME in a jurisdiction, such LICENSED SUBSIDIARY shall be allowed to continue its then-current use of the corporate name for a transition period, which shall not exceed one (1) year except upon mutual agreement of the parties, provided that such LICENSED SUBSIDIARY in good faith complies with the obligations contained herein. Such LICENSED SUBSIDIARY shall comply with the applicable transition provisions in Exhibit D during any such transition period. No such transition period shall extend beyond five (5) years from the EFFECTIVE DATE.

**F.** Upon expiration or termination of the license granted under this Article VI, the LICENSED SUBSIDIARIES shall adopt NEW CORPORATE NAMES, subject to applicable TRANSITION PERIODS and other applicable provisions of this Article VI and this Agreement. If adoption of a NEW CORPORATE NAME is consistent with LICENSEE’S and the LICENSED SUBSIDIARIES’ business plans and does not subject LICENSEE and the LICENSED SUBSIDIARIES to material incremental costs in addition to costs that LICENSEE and the LICENSED SUBSIDIARIES would incur to adopt NEW CORPORATE NAMES at a future date, LICENSEE and the LICENSED SUBSIDIARIES shall use reasonable best efforts to adopt and change to NEW CORPORATE NAMES as soon as possible after the EFFECTIVE DATE. The obligation to adopt NEW CORPORATE NAMES in connection with the TWENTY PERCENT DATE as set forth in the foregoing Paragraph VI.E shall not apply to the LICENSED SUBSIDIARY known as GE Capital Life Assurance Company of New York (“GECLANY”) to

the extent that it is necessary for GECLANY to maintain its current corporate name in order to fulfill its existing contractual obligations as of the EFFECTIVE DATE. GECLANY shall, however, be required to adopt a NEW CORPORATE NAME no later than the expiration of the TERM.

**G.** The LICENSED SUBSIDIARIES shall operate their businesses in accordance with at least the same standards of quality, appearance, service and other standards that are observed as of the EFFECTIVE DATE by the LICENSED SUBSIDIARIES. In order to promote adherence to such standards and for the purpose of protecting and maintaining the goodwill associated with the GE MARKS and the reputation of LICENSOR, LICENSOR shall have the right to obtain from LICENSEE reasonable information as to the operation of the LICENSED SUBSIDIARIES' businesses and the manner in which the GE MARKS are used in connection with their corporate names. If, at any time, a LICENSED SUBSIDIARY fails, in the reasonable judgment of LICENSOR, to conform to the standards set forth in this Paragraph VI.G., LICENSOR shall notify LICENSEE of such failure in writing (which notice shall provide a description of the nonconformity that is reasonable under the circumstances and, if appropriate and available to LICENSOR, include copies of any documentation relating to such nonconformity). Such LICENSED SUBSIDIARY shall take all necessary steps to bring the nonconforming aspects of its business into conformity with such standards. If such LICENSED SUBSIDIARY fails to bring the nonconforming aspects of its business into conformity with such standards within twenty (20) days (or such other time period mutually agreed upon by the parties) after LICENSEE'S receipt of written notice of nonconformity, then such LICENSED SUBSIDIARY shall use its best efforts to effectuate cessation of its use of the GE MARKS in its corporate name as expeditiously as possible under the circumstances. Notwithstanding the foregoing, in the event that LICENSOR and LICENSEE or a LICENSED SUBSIDIARY do not agree as to (i) whether a nonconformity exists, (ii) a remedy for a nonconformity, or (iii) the date by which a nonconformity will be corrected, LICENSOR and LICENSEE or the LICENSED SUBSIDIARY shall resolve their disagreements in accordance with the Article VI dispute resolution process set forth in Exhibit E. LICENSEE or the LICENSED SUBSIDIARY shall then implement the remedy, if any, that results from the dispute resolution process according to the requirements specified, or agreements reached, during the dispute resolution process. During the pendency of the dispute resolution process, LICENSEE or the LICENSED SUBSIDIARY may take whatever action with respect to the purported nonconforming aspects of the LICENSED SUBSIDIARY'S business as it deems reasonable to address the purported nonconformity (provided that the LICENSED SUBSIDIARY has the right pursuant to this Agreement to take such action), which may include, if applicable, implementing some or all of its proposed remedy.

**H.** The LICENSED SUBSIDIARIES shall comply at all times with all applicable Laws, and shall be accurate in their descriptions of the relationship between LICENSOR and the LICENSED SUBSIDIARIES. For the purpose of protecting and maintaining the goodwill associated with the GE MARKS and the reputation of LICENSOR, LICENSOR or its authorized representative shall have the right at any reasonable time or times during regular business hours on reasonable notice to LICENSEE, and up to two (2) times per calendar year (and otherwise if LICENSOR notifies LICENSEE in writing that it believes a LICENSED SUBSIDIARY is not complying with the requirements of this Article VI, which notice shall provide a description of

the nonconformity that is reasonable under the circumstances and, if appropriate and available to LICENSOR, include copies of any documentation relating to such nonconformity), to visit the offices and facilities of the LICENSED SUBSIDIARY. LICENSOR may conduct a reasonable inspection and examination of such offices and facilities and the operation of the business of the LICENSED SUBSIDIARY to determine compliance with this Article VI in conjunction with the LICENSED SUBSIDIARY'S use of the GE MARKS in its corporate name. Upon LICENSOR'S reasonable request, the LICENSED SUBSIDIARIES shall permit LICENSOR to promptly examine and audit documents, books, records and other information pertaining to the operation of the LICENSED SUBSIDIARIES' business as LICENSOR may reasonably require to verify that the LICENSED SUBSIDIARIES are complying with the requirements of this Article VI in conjunction with the LICENSED SUBSIDIARIES' use of the GE MARKS in their corporate names. In conducting any such inspection or audit, LICENSOR shall take all steps reasonably required by the LICENSED SUBSIDIARIES to minimize disruption to the LICENSED SUBSIDIARIES' business and to avoid disclosure of the LICENSED SUBSIDIARIES' confidential and proprietary information and materials, including, but not limited to, executing nondisclosure agreements, provided that such steps and agreements shall not prevent LICENSOR from pursuing any claims that it may have in connection with this Agreement.

**I.** The license granted in this Article VI shall automatically terminate with respect to a LICENSED SUBSIDIARY upon notice to LICENSEE upon any of the following events with respect to that LICENSED SUBSIDIARY: (i) any merger or consolidation of such LICENSED SUBSIDIARY with an unrelated third party; (ii) the sale of all or substantially all of the assets of such LICENSED SUBSIDIARY to an unrelated third party; or (iii) a change of control of such LICENSED SUBSIDIARY whereby any unrelated third party acquires fifty percent (50)% or more of the outstanding voting securities of such LICENSED SUBSIDIARY or the power, directly or indirectly, to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of such LICENSED SUBSIDIARY.

**J.** In the event LICENSEE or a LICENSED SUBSIDIARY breaches in any material respect any representation, warranty or covenant of this Article VI and LICENSOR gives LICENSEE written notice of such breach (which notice shall provide a description of the breach that is reasonable under the circumstances), LICENSEE and the LICENSED SUBSIDIARY, if applicable, shall have forty-five (45) days from LICENSEE'S receipt of such notice to remedy such breach, unless such breach cannot be remedied within such forty-five (45) day period, in which case LICENSEE and the LICENSED SUBSIDIARY, if applicable, shall use best efforts to remedy such breach as promptly as practicable but no later than ninety (90) days from LICENSEE'S receipt of such notice. If the breach is not remedied in accordance with the foregoing time periods, LICENSOR shall have the right to terminate the license granted in this Article VI with respect to LICENSEE and the LICENSED SUBSIDIARY, if applicable, at any time thereafter by giving LICENSEE notice of such termination.

**K.** The license granted in this Article VI shall terminate as to a particular country with notice to LICENSEE on a date established by either LICENSOR or LICENSEE if a controlling substitute or short-form license agreement is required in such country pursuant to Paragraph IV.G. hereof and such controlling substitute or short-form license agreement contains

provisions unacceptable to the party giving notice hereunder. The LICENSED SUBSIDIARIES will comply with any additional requirements and perform any additional acts that LICENSOR deems necessary to comply with all applicable foreign Laws and to maintain, enhance and protect LICENSOR'S rights in the GE MARKS in foreign jurisdictions.

**L.** The license granted in this Article VI shall automatically terminate with respect to a LICENSED SUBSIDIARY without notice by LICENSOR in the event such LICENSED SUBSIDIARY commences, or has commenced against it, proceedings under bankruptcy, insolvency or debtor's relief laws or similar laws in any other jurisdiction, which proceedings are not dismissed within sixty (60) days; such LICENSED SUBSIDIARY makes a general assignment for the benefit of its creditors; or such LICENSED SUBSIDIARY ceases operations or is liquidated or dissolved.

**M.** Upon any termination under Paragraphs VI.I or VI.L, any terminated LICENSED SUBSIDIARY (or, subject to Paragraph VI.I., any successor of a LICENSED SUBSIDIARY) shall be permitted to continue its then-current use of the GE MARKS to the extent required to comply with applicable Laws for a TRANSITION PERIOD if LICENSEE obtains LICENSOR'S written consent (which consent shall not be unreasonably withheld) prior to the start of any proposed TRANSITION PERIOD (as defined in Paragraph VII.F.3 below). Upon any termination under Paragraph VI.J, any terminated LICENSED SUBSIDIARY (or, subject to Paragraph VI.L., any successor of a LICENSED SUBSIDIARY) shall be permitted to continue its then-current use of the GE MARKS but shall use its best efforts to effectuate cessation of its use of the GE MARKS in its corporate name as expeditiously as possible under the circumstances.

**N.** LICENSEE shall cause the LICENSED SUBSIDIARIES to comply with the terms and conditions of this Article VI, and hereby grants LICENSOR the right to enforce this Agreement directly against a LICENSED SUBSIDIARY to the extent that such LICENSED SUBSIDIARY breaches the terms and conditions of this Article VI. Any such enforcement by LICENSOR against a LICENSED SUBSIDIARY shall be upon the same terms and conditions as are applicable to enforcement by LICENSOR against LICENSEE under this Agreement. For the avoidance of doubt, LICENSEE'S failure to cause the LICENSED SUBSIDIARIES to comply in any material respect with the terms and conditions of this Article VI shall be a material breach of this Agreement by LICENSEE, and shall subject LICENSEE to termination of the license granted in Paragraph VI.E according to the termination process set forth in Paragraphs VI.J. and VI.M. Provided that LICENSEE uses best efforts to address any material breach of a LICENSED SUBSIDIARY (such efforts including termination of such LICENSED SUBSIDIARY if the material breach is continuing), then notwithstanding the foregoing sentence, LICENSEE shall not be deemed to have breached this Agreement for failure to cause a LICENSED SUBSIDIARY to comply in any material respect with the terms and conditions of this Article VI to the extent that such LICENSED SUBSIDIARY'S breach is by its nature not capable of being remedied.

**O.** Any dispute, controversy or claim arising out of or relating to the transactions contemplated by this Article VI, or the validity, interpretation, breach or termination of any provision of this Article VI shall be resolved in accordance with Exhibit E.

## VII. TERMINATION

**A.** Unless terminated pursuant to any provision of this Article VII, this Agreement shall have a term (“TERM”) of five (5) years from the EFFECTIVE DATE.

**B.** This Agreement shall terminate as to a particular country with notice to LICENSEE on a date established by either LICENSOR or LICENSEE if a controlling substitute or short-form license agreement is required in such country pursuant to Paragraph IV.G. hereof and such controlling substitute or short-form license agreement contains provisions unacceptable to the party giving notice hereunder.

**C.** In the event LICENSEE or the PERMITTED SUBLICENSEES breach in any material respect any representation, warranty or covenant of this Agreement (including, without limitation, any failure to address an AUTHORIZED DISTRIBUTOR’S failure to comply with this Agreement as set forth in Paragraph II.E.3, including, without limitation, the standards and guidelines set forth in Paragraph IV.B), or in the event LICENSEE breaches its indemnification obligations as set forth in Paragraph 5.2 of the Master Agreement, and LICENSOR gives LICENSEE written notice of such breach (which notice shall provide a description of the breach that is reasonable under the circumstances), LICENSEE or the PERMITTED SUBLICENSEES shall have forty-five (45) days from LICENSEE’S receipt of such notice to remedy such breach. If the breach is not remedied within said forty-five (45) days, LICENSOR shall have the right to terminate this Agreement at any time thereafter by giving LICENSEE notice of such termination.

**D.** This Agreement shall automatically terminate upon notice to LICENSEE (i) in its entirety upon any of the following events with respect to LICENSEE and (ii) with respect to any PERMITTED SUBLICENSEE, upon any of the following events with respect to such PERMITTED SUBLICENSEE:

1. any merger or consolidation of LICENSEE or such PERMITTED SUBLICENSEE with an unrelated third party;
2. the sale of all or substantially all of the assets of LICENSEE or such PERMITTED SUBLICENSEE to an unrelated third party; or
3. a change of control of LICENSEE or such PERMITTED SUBLICENSEE whereby any unrelated third party acquires fifty percent (50%) or more of the outstanding voting securities of LICENSEE or such PERMITTED SUBLICENSEE or the power, directly or indirectly, to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise) of LICENSEE or such PERMITTED SUBLICENSEE.

Notwithstanding the foregoing, this Agreement shall not terminate if LICENSEE or any PERMITTED SUBLICENSEE acquires or attains control of a business entity, business unit, or block of business that provides PRODUCTS or SERVICES.

**E.** This Agreement shall automatically terminate with respect to LICENSEE, a PERMITTED SUBLICENSEE or AUTHORIZED DISTRIBUTOR without notice to LICENSEE by LICENSOR in the event LICENSEE, such PERMITTED SUBLICENSEE or such AUTHORIZED DISTRIBUTOR commences, or has commenced against it, proceedings

under bankruptcy, insolvency or debtor's relief laws or similar laws in any other jurisdiction, which proceedings are not dismissed within sixty (60) days; LICENSEE, such PERMITTED SUBLICENSEE or such AUTHORIZED DISTRIBUTOR makes a general assignment for the benefit of its creditors; or LICENSEE, such PERMITTED SUBLICENSEE or such AUTHORIZED DISTRIBUTOR ceases operations or is liquidated or dissolved.

**F.**        TRANSITION PERIODS.

1.        Upon any termination under Paragraph VII.C., VII.D. or VII.E. of this Agreement in its entirety or with respect to LICENSEE, any PERMITTED SUBLICENSEE or any AUTHORIZED DISTRIBUTOR (or, subject to Paragraphs VII.D. and IX.E., any successor of LICENSEE, any PERMITTED SUBLICENSEE or any AUTHORIZED DISTRIBUTOR by way of merger, consolidation, purchase of all or substantially all of the assets thereof, or change of control), LICENSEE, any such terminated PERMITTED SUBLICENSEE and any such terminated AUTHORIZED DISTRIBUTOR (or any such successor), as the case may be, shall be permitted to continue its then-current use of the LICENSED MARKS to the extent required to comply with applicable Laws for a TRANSITION PERIOD (as hereinafter defined) if LICENSEE obtains LICENSOR'S written consent (which consent shall not be unreasonably withheld) prior to the start of any proposed TRANSITION PERIOD.

2.        Upon any sale, divestiture or transfer by LICENSEE or any PERMITTED SUBLICENSEE of any of its business entities, business units, or blocks of business, such business entity, business unit or block of business shall be permitted to continue its then-current use of the LICENSED MARKS to the extent required to comply with applicable Laws for a TRANSITION PERIOD if LICENSEE obtains LICENSOR'S written consent (which consent shall not be unreasonably withheld) prior to the start of any proposed TRANSITION PERIOD.

3.        "TRANSITION PERIOD" means a nine (9) month period, which may be extended with LICENSOR'S prior written consent (which consent shall not be unreasonably withheld) three (3) times for consecutive periods of thirty (30) days each, provided that LICENSEE, all applicable PERMITTED SUBLICENSEES and all applicable AUTHORIZED DISTRIBUTORS, as the case may be, at all times during such time period and such extension periods comply in good faith with the obligations contained herein and discontinue such use as promptly as practicable.

4.        Notwithstanding anything in this Agreement to the contrary, no TRANSITION PERIOD shall extend beyond five (5) years from the EFFECTIVE DATE. LICENSEE, all applicable PERMITTED SUBLICENSEES and all applicable AUTHORIZED DISTRIBUTORS, as the case may be, shall comply with the transition provisions in Exhibit D.

**G.**        The termination provisions of this Article VII do not apply to termination of the license granted in Article VI.

**H.**        The following provisions of this Agreement shall survive any termination or expiration of this Agreement: Paragraphs V.A., V.B., V.D., V.F., V.G., VII.F. and Articles VIII and IX. Subject to the foregoing sentence, upon termination or expiration of this Agreement, all

licenses granted to LICENSEE, the PERMITTED SUBLICENSEES and the AUTHORIZED DISTRIBUTORS herein shall immediately terminate.

### VIII. DISCLAIMER OF WARRANTIES AND ASSUMPTION OF RISK

**A.** EACH PARTY AGREES AND ACKNOWLEDGES THAT THE GE MARKS ARE LICENSED HEREUNDER AS IS, WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND, AND THAT LICENSOR DOES NOT MAKE, AND LICENSOR HEREBY SPECIFICALLY DISCLAIMS, ANY REPRESENTATION OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

**B.** LICENSEE and the PERMITTED SUBLICENSEES hereby assume all risk and liability resulting from LICENSEE'S, PERMITTED SUBLICENSEES' and AUTHORIZED DISTRIBUTORS' use of the GE MARKS.

### IX. MISCELLANEOUS PROVISIONS

**A.** Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

**B.** 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 Paragraph IX.B.):

LICENSOR:

GE Capital Registry, Inc.  
260 Long Ridge Road  
Stamford, CT 06927  
Attention: General Counsel

with a copy to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Howard Chatzinoff, Esq.

LICENSEE:

Genworth Financial, Inc.  
6620 West Broad Street

Richmond, VA 23230  
Attention: General Counsel

with a copy to:

Hunton & Williams LLP  
Riverfront Plaza, East Tower  
951 E. Byrd Street  
Richmond, VA 23219-4074  
Attention: Allen C. Goolsby, Esq.

**C. 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.

**D. Entire Agreement.** This Agreement and the Master Agreement constitute 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.

**E. Assignment; No Third-Party Beneficiaries.** This Agreement shall not be assigned or transferred in whole or in part by any party hereto without the prior written consent of the other parties hereto, and any attempted assignment or transfer without such consent shall be null and void. Notwithstanding the foregoing, LICENSOR, in its sole discretion, may assign this Agreement in whole or in part to any AFFILIATE of LICENSOR at any time. Except as provided in Paragraph VII.F. with respect to successors and in Paragraph VIII with respect to Indemnified Parties, 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.

**F. Amendment.** No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to this 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.

**G. Rules of Construction.** Interpretation of this Agreement 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, and Schedule are references to the Articles, Sections, Paragraphs, and Schedules to this Agreement 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 (f) this Agreement 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.

**H. 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 any such Agreement.

**I. Dispute Resolution.** Any dispute, controversy or claim arising out of or relating to the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with Article VII of the Master Agreement. Notwithstanding the foregoing, any dispute, controversy or claim arising out of or relating to the transactions contemplated by Article VI of this Agreement, or the validity, interpretation, breach or termination of any provision of Article VI of this Agreement shall be resolved in accordance with Exhibit E.

**J. No Waiver.** Failure by LICENSOR at any time to enforce or require strict compliance with any provision of this Agreement shall not affect or impair that provision in any way or the rights of LICENSOR to avail itself of the remedies it may have in respect of any subsequent breach of that or any other provision. The waiver of any term, condition, or provision of this Agreement must be in writing and signed by an authorized representative of the waiving Party. Any such waiver will not be construed as a waiver of any other term, condition, or provision, nor as a waiver of any subsequent breach of the same term, condition, or provision, except as provided in a signed writing.

**K. Headings.** All headings used in this Agreement are for convenience of reference only. They will not limit or extend the meaning of any provision of this Agreement, and will not be relevant in interpreting any provision of this Agreement.

IN WITNESS WHEREOF, LICENSOR and LICENSEE have caused this instrument to be executed in duplicate by their duly authorized representatives as of the date first written above.

GE CAPITAL REGISTRY, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

EXHIBIT A

LICENSED MARKS



- 1.
2. “GE”, both unstylized and stylized, subject to the standards and guidelines pursuant to Paragraph IV.B.
3. “Built on GE Heritage”

The parties agree that during the TERM, LICENSEE’S right to use “Built on GE Heritage” shall be exclusive, even as to LICENSOR, provided that such exclusivity shall apply only to all of the words “Built on GE Heritage” used in that order. For the avoidance of doubt, GE may use “GE Heritage” alone or in combination with other words and phrases.

EXHIBIT B

STANDARDS AND GUIDELINES

EXHIBIT C

SEARCH TERMS AND KEY WORDS

EXHIBIT D

TRANSITION PROVISIONS

<u>Disclosure Scenario</u>	<u>Prior to Trigger Date</u>	<u>Trigger Date to 10%</u>	<u>10% or Less</u>
<b>Genworth material using GE monogram and/or “Built on GE Heritage” tag line</b>	No disclosure language	Genworth Financial is an affiliate of GE [General Electric Company] PLUS <i>Standard Trademark Disclosure</i> .	<i>Standard Trademark Disclosure</i> . GE and the GE monogram are trademarks of General Electric Company and are used with permission.
<b>Material used by Genworth legal entity that has GE or General Electric in its corporate name</b>	No disclosure language	a). [legal entity] is a member of the Genworth Financial family of companies and is an affiliate of GE. b). [legal entity] is an affiliate of GE. * Use of disclosures will depend in part upon percentage of GE ownership sufficient to be considered an “affiliate”.	[name of legal entity] is a member of the Genworth Financial family of companies and is no longer an affiliate of the General Electric Company. PLUS <i>Standard Trademark Disclosure</i> .

EXHIBIT E

ARTICLE VI DISPUTE RESOLUTION

1.1 General Provisions.

(a) Any dispute, controversy or claim arising out of or relating to Article VI of this Agreement, or the validity, interpretation, breach or termination thereof (an "Article VI Dispute"), shall be resolved in accordance with the procedures set forth in this Exhibit E, which shall be the sole and exclusive procedures for the resolution of any such Article VI Dispute unless otherwise specified below. The parties expressly agree that dispute resolution procedures in this Exhibit E govern Article VI Disputes and supersede dispute resolution provisions contained in any other Transaction Documents, including but not limited to the Master Agreement, for Article VI Disputes.

(b) Commencing with an Article VI Initial Notice contemplated by Section 1.2 of this Exhibit E, all communications between the parties or their representatives in connection with the attempted resolution of any Article VI Dispute, including any mediator's evaluation referred to in Section 1.3 of this Exhibit E, shall be deemed to have been delivered in furtherance of an Article VI Dispute settlement, 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 Article VI 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 E are pending. The parties will take such action, if any, required to effectuate such tolling.

(f) The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the State of Delaware over any such Article VI Dispute and each party hereby irrevocably agrees that all claims in respect of any such Article VI Dispute or any suit, action or proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such Article VI Dispute brought in such courts or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such Article VI Dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

(g) Each party will bear its own attorney's fees and costs incurred in connection with the resolution of any Article VI Dispute.

1.2 Consideration by Senior Executives. If an Article VI Dispute is not resolved in the normal course of business at the operational level, the parties shall attempt in good faith to resolve such Article VI Dispute by negotiation between executives who hold, at a minimum, the office of President and CEO of the respective business entities involved in such Article VI Dispute. Either party may initiate the executive negotiation process by providing a written notice to the other (the "Article VI Initial Notice"). Ten (10) days after delivery of the Article VI Initial Notice, the receiving party shall submit to the other a written response (the "Article VI Response"). The Article VI Initial Notice and the Article VI Response shall include (i) a statement of the Article VI 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 twenty (20) days of the date of the Article VI Initial Notice to seek a resolution of the Article VI Dispute.

1.3 Mediation. If an Article VI Dispute is not resolved by negotiation as provided in Section 1.2 within thirty (30) days from the delivery of the Article VI Initial Notice, then either party may submit the Article VI Dispute for resolution by mediation pursuant to the CPR Institute for Dispute Resolution 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 Article VI Dispute and the parties' relative positions. The parties agree to resolve such mediation within thirty (30) days of the selection of a mediator.

1.4 Arbitration. If an Article VI 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 Article VI Dispute to be finally resolved by arbitration pursuant to the CPR Rules for Non-Administered Arbitration as then in effect, but amended as follows: (i) after an Article VI Dispute has arisen but has not been resolved by negotiation or mediation according to the time frames set forth in Sections 1.2 and 1.3, a party ("Claimant") seeking to initiate arbitration shall send a Notice of Arbitration to the other party (the "Respondent") as soon as practicable; (ii) the Respondent shall deliver to the Claimant a notice of defense within five (5) business days of its receipt of the Notice of Arbitration; (iii) if a counterclaim is asserted in the Notice of Defense, the Claimant shall deliver to the Respondent a reply to counterclaim within five (5) business days of its receipt of the Notice of Defense; (iv) there shall be one (1) arbitrator, who shall be a member of the CPR Panels of Distinguished Neutrals and shall be appointed by agreement of the parties, using their best, good faith efforts, within five (5) days after the Notice of Defense is received by the Claimant, or, if no agreement is reached, by the CPR upon written request of either party; and (v) no discovery will be allowed. The parties agree to resolve such arbitration within thirty (30) days of the date that the Claimant sends the Notice of Arbitration to the Respondent. Such arbitration proceeding shall take place in New York, New York unless the parties mutually agree to another location. The parties agree that no appeal shall lie from the arbitration award, that they will not challenge the arbitration award for any reason in any court, and that the arbitration award shall have the force and effect of a judgment as if a court having jurisdiction thereof has

entered judgment on the award. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16.

## INTELLECTUAL PROPERTY CROSS LICENSE

This **INTELLECTUAL PROPERTY CROSS LICENSE** (“**Agreement**”) dated as of \_\_\_\_\_, 2004, is entered into by GENERAL ELECTRIC COMPANY, a New York corporation (“**GE**”) and GENWORTH FINANCIAL, INC., a Delaware corporation (“**Genworth**”). GE and Genworth are sometimes referred to herein as a “**party**” or collectively as the “**parties**”.

### PRELIMINARY STATEMENTS

- A. GE, General Electric Capital Corporation, GE Financial Assurance Holdings, Inc., GEI, Inc., and Genworth entered into a Master Agreement, dated \_\_\_\_\_, 2004 (“**Master Agreement**”).
- B. The Master Agreement requires the execution and delivery of this Agreement by the parties at the Closing.
- C. GE and its Affiliates control certain Intellectual Property and desire to license certain Intellectual Property, including, without limitation, patent rights, to Genworth and its Affiliates.
- D. Genworth and its Affiliates control certain Intellectual Property and desire to license certain Intellectual Property, including, without limitation, patent rights, to GE and its Affiliates.
- E. The parties desire to avoid any adverse effect on the GENIUS<sup>®</sup> Applications that may result from the filing and prosecution of continuation-in-part and divisional patent applications based on the GENIUS<sup>®</sup> Applications.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties, intending to be legally bound, hereby agree as follows:

### ARTICLE I Definitions

#### **Section 1.01. Certain Defined Terms.**

(a) Unless otherwise defined herein, all capitalized terms used herein shall have the same meaning as in the Master Agreement.

(b) The following capitalized terms used in this Agreement shall have the meanings set forth below:

“**Applications**” means the GENIUS<sup>®</sup> Applications and the GE Applications.

“**Bankruptcy Code**” has the meaning set forth in Section 2.05.

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“ **CIP** ” has the meaning set forth in Section 4.03.

“ **CIP Applications** ” has the meaning set forth in Section 4.03.

“**Control**” or “**Controlled**” means, with respect to any Intellectual Property, the right to grant a license or sublicense to such Intellectual Property as provided for herein without (i) violating the terms of any agreement or other arrangement with any third party, (ii) requiring any consent, approvals or waivers from any third party, or any breach or default by the party being granted any such license or sublicense being deemed a breach or default affecting the rights of the party granting such license or sublicense or (iii) requiring the payment of material compensation to any third party.

“ **Divisional Applications** ” has the meaning set forth in Section 4.03.

“**Electronic Materials**” has the meaning set forth in Section 2.09.

“ **ERC IP** ” has the meaning set forth in Schedule C .

“**GE Accounting Policies** ” means GE’s accounting policies and related documentation, which are clarifications of U.S. GAAP, pursuant to which GE keeps its books and records and prepares consolidated financial statements.

“ **GEAM IP** ” has the meaning set forth in Schedule C .

“ **GE Applications** ” has the meaning set forth in Section 4.03.

“ **GECIS IP** ” has the meaning set forth in Schedule C .

“**GE Intellectual Property**” means Intellectual Property that is (x) Controlled by the GE Group as of the Closing Date or the date it is assigned to the GE Group pursuant to the Master Agreement and (y) in use, held for use or contemplated to be used by the Genworth Group as of the Closing Date or the date of such assignment, but specifically excludes (i) Intellectual Property assigned to Genworth and/or its Affiliates under the Master Agreement, (ii) GE Materials and (iii) Intellectual Property obtained by Genworth for GE and its Affiliates pursuant to Section 3.01(b) of the Transition Services Agreement . “ **GE Intellectual Property** ” includes, without limitation, the Intellectual Property set forth on Schedule A to the extent such Intellectual Property is in use, held for use or contemplated to be used by the Genworth Group as of the Closing Date or the date of such assignment and is Controlled by the GE Group as of the Closing Date or the date of such assignment.

“ **GE Materials** ” means, collectively, the GE Accounting Policies, Policies and other materials of the GE Group described in Article III.

“ **GE Services** ” has the meaning set forth in the Transition Services Agreement.

“ **GENIUS<sup>®</sup> Applications** ” has the meaning set forth in Section 4.03.

“**Genworth Intellectual Property**” means Intellectual Property that is (i) (x) Controlled by the Genworth Group as of the Closing Date or the date it is assigned to the Genworth Group pursuant to the Master Agreement and (y) in use, held for use or contemplated to be used by the GE Group as of the Closing Date or the date of such assignment. “ **Genworth Intellectual Property** ” includes, without limitation, the Intellectual Property set forth on Schedule B to the extent such Intellectual Property is in use, held for use or contemplated to be used by the GE Group as of the Closing Date or the date of such assignment and is Controlled by the Genworth Group as of the Closing Date or the date of such assignment.

“**Intellectual Property**” means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction: (i) patents, patent applications (along with all patents issuing thereon), statutory invention registrations, divisions, continuations, continuations-in-part, substitute applications of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions, (ii) 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, (iii) trade secrets, (iv) intellectual property rights arising from or in respect of Technology and (v) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) — (iv) above. As used in this Agreement, the term “ **Intellectual Property** ” expressly excludes (x) trademarks, service marks, 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 and (y) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations.

“**Improvement**” means any modification, derivative work or improvement of any Technology.

“ **Licensed Products and Services** ” means those products and services that use, practice or incorporate the Licensor’s Intellectual Property.

“ **Licensee** ” means a Person receiving a license or sublicense under this Agreement.

“ **Licensor** ” means a Person granting a license or sublicense under this Agreement.

“**Policies**” has the meaning set forth in Section 3.03.

“ **Prime Directive** ” has the meaning set forth in Section 4.03.

“ **Prosecution Guidelines** ” has the meaning set forth in Section 4.03.

“ **Restriction Requirements** ” has the meaning set forth in Section 4.03.

“ **Secondary Directive** ” has the meaning set forth in Section 4.03.

“ **Services** ” has the meaning set forth in the Transition Services Agreement.

“ **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.

“**Subsequent Applications**” has the meaning set forth in Section 4.03.

“**Technology**” means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, 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.

“ **Transition Services Agreement** ” means the Transition Services Agreement dated \_\_\_\_\_, 2004, by and among GE, General Electric Capital Corporation, GEI, Inc., GE Financial Assurance Holdings, Inc. and Genworth.

“ **USPTO** ” has the meaning set forth in Section 4.03.

## **ARTICLE II** **License Grant**

### **Section 2.01. Grant from GE to Genworth and its Affiliates .**

(a) GE hereby grants, and shall cause its Affiliates to grant, to Genworth and its Affiliates a non-exclusive, irrevocable, royalty-free, fully paid up, worldwide, perpetual right and license, with no right to sublicense except as provided herein, under the GE Intellectual Property: (i) to allow employees, directors and officers of Genworth and its Affiliates to use and practice the GE Intellectual Property for internal purposes, (ii) to make, have made, use, sell, have sold, import, and otherwise commercialize Licensed Products and Services and (iii) to create Improvements in accordance with Section 2.04.

(b) Genworth and its Affiliates may grant sublicenses of the right and license granted under this Section 2.01 to an acquiror of any of the businesses, operations or assets of Genworth or its Affiliates to which this Agreement relates, which acquiror executes an agreement to be bound by all obligations of Genworth and its Affiliates under this Agreement relating to such right and license (a copy of which agreement is provided to GE).

(c) Subject to the terms and conditions of Article VI, Genworth and its Affiliates may permit their suppliers, contractors and consultants to exercise the right and license

granted to Genworth and its Affiliates under this Section 2.01 on behalf of and at the direction of Genworth and its Affiliates (and not solely for the benefit of such suppliers, contractors and consultants).

(d) Subject to the terms and conditions of Article VI, Genworth and its Affiliates may permit employees (including contract employees), directors and officers of their customers and suppliers in the ordinary course of Genworth's business (and not Persons who are customers or suppliers merely to access and use the GE Intellectual Property) to use training and productivity-enhancing Software and documentation that is subject to the right and license granted under this Section 2.01 and is for general use by customers and suppliers, provided that Genworth's or its Affiliates' purpose in permitting such use is to benefit the business of Genworth or its Affiliates, provided further that such customers and suppliers may not use any such Software and documentation in advertising, publicity or marketing activities without GE's prior written approval, which approval will not be unreasonably withheld.

(e) With respect to the GE Intellectual Property set forth on Schedule C, the right and license granted to Genworth and its Affiliates under this Section 2.01 shall be further subject to the terms and conditions set forth on Schedule C.

**Section 2.02. Grant from Genworth to GE and its Affiliates.**

(a) Genworth hereby grants, and shall cause its Affiliates to grant, to GE and its Affiliates a non-exclusive, irrevocable, royalty-free, fully paid up, worldwide, perpetual right and license, with no right to sublicense except as provided herein, under the Genworth Intellectual Property: (i) to allow employees, directors and officers of GE and its Affiliates to use and practice the Genworth Intellectual Property for internal purposes, (ii) to make, have made, use, sell, have sold, import, and otherwise commercialize Licensed Products and Services and (iii) to create Improvements in accordance with Section 2.04.

(b) GE and its Affiliates may grant sublicenses of the right and license granted under this Section 2.02 to an acquiror of any of the businesses, operations or assets of GE or its Affiliates to which this Agreement relates, which acquiror executes an agreement to be bound by all obligations of GE and its Affiliates under this Agreement relating to such right and license (a copy of which agreement is provided to Genworth).

(c) Subject to the terms and conditions of Article VI, GE and its Affiliates may permit their suppliers, contractors and consultants to exercise the right and license granted to GE and its Affiliates under this Section 2.02 on behalf of and at the direction of GE and its Affiliates (and not solely for the benefit of such suppliers, contractors and consultants).

(d) Subject to the terms and conditions of Article VI, GE and its Affiliates may permit employees (including contract employees), directors and officers of their customers and suppliers in the ordinary course of GE's business (and not Persons who are customers or suppliers merely to access and use the Genworth Intellectual Property) to use training and productivity-enhancing Software and documentation that is subject to the right and license granted under this Section 2.02 and is for general use by customers and suppliers, provided that GE's or its Affiliates' purpose in permitting such use is to benefit the business of GE or its

Affiliates, provided further that such customers and suppliers may not use any such Software and documentation in advertising, publicity or marketing activities without Genworth's prior written approval, which approval will not be unreasonably withheld.

**Section 2.03. Third Party Licenses** . To the extent that any Intellectual Property owned by a third party is licensed under Sections 2.01 or 2.02, such Intellectual Property shall be subject to all of the terms and conditions of the relevant agreement between the Licensor and such third party pursuant to which such Intellectual Property has been licensed.

**Section 2.04. Improvements** . Improvements made after the Closing Date shall be owned by the party making such Improvement, or on whose behalf such Improvement was made, and, as between the parties, such party shall own all Intellectual Property rights in such Improvement. For the avoidance of doubt, (i) such party shall not own any Intellectual Property rights licensed to such party hereunder and (ii) such party may freely assign or license such Improvements but shall not have the right to assign any Intellectual Property of the other party and shall only have the right to sublicense Intellectual Property of the other party as expressly set forth herein. No rights are granted to either party to any Improvements made by, or on behalf of, the other party under the Intellectual Property licensed hereunder to the extent such Improvement was made after the Closing Date.

**Section 2.05. Section 365(n) of the Bankruptcy Code** . All rights and licenses granted under this Agreement are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code (the "**Bankruptcy Code**"), licenses of rights to "intellectual property" as defined under Section 101(35A) of the Bankruptcy Code. The parties shall retain and may fully exercise all of their respective rights and elections under the Bankruptcy Code.

**Section 2.06. Customers** . Each party agrees that it will use reasonable efforts to not knowingly bring any legal action or proceeding against, or otherwise communicate with, any customer of the other party with respect to any alleged infringement, misappropriation or violation of any Intellectual Property of such party licensed hereunder based on such customer's use of the other party's products or services without first providing the other party written notice of such alleged infringement, misappropriation or violation.

**Section 2.07. Reservation of Rights** . All rights not expressly granted by a party hereunder are reserved by such party. Without limiting the generality of the foregoing, the parties expressly acknowledge that nothing contained herein shall be construed or interpreted as a grant, by implication or otherwise, of any licenses other than the licenses expressly set forth in this Article 2. The licenses granted in Sections 2.01 and 2.02 are subject to, and limited by, any and all licenses, rights, limitations and restrictions with respect to, as applicable, the GE Intellectual Property and the Genworth Intellectual Property previously granted to or otherwise obtained by any third party that are in effect as of the Closing.

**Section 2.08. Cooperation Regarding Restrictions and Limitations Applicable to Licensed Intellectual Property** .

(a) Until two (2) years after the Trigger Date, at the request of Genworth, GE agrees to, and to cause GE's Affiliates to, use commercially reasonable, good faith efforts to provide Genworth such copies of agreements (subject to any confidentiality restrictions that would prevent disclosure of such agreements) or other information that are sufficient to inform Genworth about any limitations or restrictions on the use and sublicensing of the GE Intellectual Property set forth on Schedule A hereto or other specific GE Intellectual Property identified by Genworth in writing to GE, which has not already been provided to the Genworth Group and which is not otherwise in the Genworth Group's possession. GE and its Affiliates shall not have any liability to Genworth and its Affiliates resulting or arising from the failure or inability to provide such agreements or information, and Genworth and its Affiliates shall not have any liability to GE and its Affiliates under this Agreement for failing to comply with limitations and/or restrictions on the use and sublicensing of GE Intellectual Property of which the Genworth Group did not have actual or constructive knowledge. Notwithstanding anything in this Agreement or the Master Agreement to the contrary, GE and its Affiliates shall not indemnify, defend or hold Genworth Group or its Affiliates harmless with respect to any Liabilities to any third party arising out of, or resulting from, any Intellectual Property of such third party licensed from GE or its Affiliates hereunder.

(b) Until two (2) years after the Trigger Date, at the request of GE, Genworth agrees to, and to cause Genworth's Affiliates to, use commercially reasonable, good faith efforts to provide GE such copies of agreements (subject to any confidentiality restrictions that would prevent disclosure of such agreements) or other information that are sufficient to inform GE about any limitations or restrictions on the use and sublicensing of the Genworth Intellectual Property set forth on Schedule B hereto or other specific Genworth Intellectual Property identified by GE in writing to Genworth, which has not already been provided to the GE Group and which is not otherwise in the GE Group's possession. Genworth and its Affiliates shall not have any liability to GE and its Affiliates resulting or arising from the failure or inability to provide such agreements or information, and GE and its Affiliates shall not have any liability to Genworth and its Affiliates under this Agreement for failing to comply with limitations and/or restrictions on the use and sublicensing of Genworth Intellectual Property of which the GE Group did not have actual or constructive knowledge. Notwithstanding anything in this Agreement or the Master Agreement to the contrary, Genworth and its Affiliates shall not indemnify, defend or hold GE or its Affiliates harmless with respect to any Liabilities to any third party arising out of, or resulting from, any Intellectual Property of such third party licensed from Genworth or its Affiliates hereunder.

**Section 2.09. Delivery of Software**

(a) Until the expiration of two (2) years from the Trigger Date, either party may request one (1) copy of Software or other electronic content maintained on the other party's intranet or other computer network (" **Electronic Materials** ") that (i) is subject to the license granted to such requesting party under this Article II, (ii) has not already been provided to the requesting party, (iii) is not otherwise in the requesting party's possession and (iv) is not used to provide any GE Services or Company Services, as the case may be, to the requesting party or its Affiliates under the Transition Services Agreement, provided that if such requesting party has access to such intranet or computer network, such requesting party has first used commercially reasonable efforts to obtain such Software or Electronic Materials directly from such intranet or

computer network prior to making such request. Subject to Section 2.03, the delivering party shall make available or deliver to the requesting party a copy of any such Software or Electronic Materials that is in existence at the time of such request and current as of the Closing Date; provided, however, that the delivering party may, at its sole discretion, make available or deliver a version of such Software and Electronic Materials that is current on or about the date of such request and includes upgrades, updates and other modifications made to such Software and Electronic Materials since the Closing Date. Any upgrades, updates or other modifications to Software and Electronic Materials that are made available or delivered to the requesting party pursuant to this Section 2.09 and Controlled by the delivering party as of the date they are made available or delivered shall be deemed to be GE Intellectual Property if made available or delivered by GE or its Affiliates, or Genworth Intellectual Property if made available or delivered by Genworth or its Affiliates, notwithstanding that such upgrades, updates or other modifications were not used, held for use or contemplated to be used by the receiving party as of the Closing Date or Controlled by the delivering party as of the Closing Date.

(b) All Software, Electronic Materials and upgrades, updates or other modifications thereto required to be made available to or delivered to a Licensee pursuant to Section 2.09(a), will be delivered by the Licensor to the Licensee electronically, or with the assistance of the Licensor, downloaded by the Licensee from the Internet, provided that the Licensee complies with all reasonable security measures implemented by the Licensor.

#### **Section 2.10. Taxes.**

(a) Each party shall be responsible for any personal property taxes on property it or any of its Affiliates owns or leases, for franchise and privilege taxes on its or its Affiliates' business, and for taxes based on its or its Affiliates' net income or gross receipts.

(b) Genworth and its Affiliates may report and (as appropriate) pay any sales, use, excise, value-added, services, consumption, and other taxes and duties (collectively, "**Taxes**") for which Genworth and its Affiliates are responsible pursuant to Section 2.10 (a) directly if Genworth provides GE with a direct pay or exemption certificate.

(c) GE and its Affiliates may report and (as appropriate) pay any Taxes for which GE and its Affiliates are responsible pursuant to Section 2.10(a) directly if GE provides Genworth with a direct pay or exemption certificate.

(d) Each party agrees to cooperate with the other party to enable each to more accurately determine its and its Affiliates' own tax liability and to minimize such liability to the extent legally permissible.

(e) GE shall promptly notify Genworth of any claim for Taxes asserted by applicable taxing authorities for which Genworth or any of its Affiliates is alleged to be financially responsible hereunder. GE shall coordinate with Genworth the response to and settlement of any such claim. Notwithstanding the above, Genworth's and its Affiliates' liability for such Taxes is conditioned upon GE providing Genworth notification within twenty (20) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by GE or its Affiliates.

(f) Genworth shall promptly notify GE of any claim for Taxes asserted by applicable taxing authorities for which GE or its Affiliates is alleged to be financially responsible hereunder. Genworth shall coordinate with GE the response to and settlement of any such claim. Notwithstanding the above, GE's and its Affiliates' liability for such Taxes is conditioned upon Genworth providing GE notification within twenty (20) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by Genworth or its Affiliates.

(g) Genworth and its Affiliates shall be entitled to receive and to retain any refund of Taxes paid by Genworth or its Affiliates to GE or its Affiliates pursuant to this Agreement. In the event GE or its Affiliates shall be entitled to receive a refund of any such Taxes, GE shall promptly pay, or cause the payment of, such refund to Genworth.

(h) GE and its Affiliates shall be entitled to receive and to retain any refund of Taxes paid by GE or its Affiliates to Genworth or its Affiliates pursuant to this Agreement. In the event Genworth or its Affiliates shall be entitled to receive a refund of any such Taxes, Genworth shall promptly pay, or cause the payment of, such refund to GE.

### **ARTICLE III GE MATERIALS**

**Section 3.01. Prior to the Trigger Date.** Prior to the Trigger Date, GE shall permit Genworth and its Affiliates to use the GE Materials in accordance with GE's standard policies, procedures and guidelines for use thereof by its Subsidiaries.

**Section 3.02. Accounting Policies.**

(a) On and after the Trigger Date, GE shall permit Genworth and its Affiliates to use the GE Accounting Policies for historical purposes of Genworth and its Affiliates. On and after the Trigger Date, GE shall permit Genworth and its Affiliates to use the GE Accounting Policies with the modifications required by Section 3.02(b) (“**Genworth Accounting Policies**”) for the accounting and reporting purposes of Genworth and its Affiliates. Genworth and its Affiliates may create (and their respective contractors may create on their behalf), and Genworth and its Affiliates shall own, derivative works and modifications of the Genworth Accounting Policies. The Genworth Accounting Policies used by Genworth and its Affiliates may be (i) used by Genworth's and its Affiliates' employees (including contractors), auditors, accountants and financial advisors, (ii) disclosed as required by applicable Law and (iii) used by an acquiror of Genworth or its Affiliates or any of the businesses, operations or assets of Genworth or its Affiliates to which this Agreement relates, provided that such acquiror executes an agreement to be bound by all obligations of Genworth and its Affiliates under this Agreement relating to such Genworth Accounting Policies (a copy of which agreement is provided to GE) provided further that such acquiror shall be limited to use of such Genworth Accounting Policies solely in connection with such businesses, operations or assets (and not any other businesses, operations or assets of the acquiror). It is understood and agreed that GE makes no representation or warranty as to the suitability of the GE Accounting Policies for use by Genworth and its Affiliates or any of their respective divested businesses.

(b) Notwithstanding anything in this Agreement to the contrary, the text of any Genworth Accounting Policies shall not contain any references to GE or its Affiliates, GE or its Affiliates' publications, GE or its Affiliates' personnel (including, without limitation, senior management).

**Section 3.03. Corporate Policies.**

(a) On and after the Trigger Date, GE shall permit Genworth and its Affiliates to adopt and use the summary of the policies set forth in the compliance guide entitled Integrity: the Spirit and Letter of Our Commitment and the full text of the policies (collectively, the "**Policies**") published on the website "integrity.ge.com" with the modifications required by Section 3.03(b) ("**Genworth Policies**") as Genworth's and its Affiliates' own policies, procedures and guidelines. Genworth and its Affiliates may create (and their respective contractors may create on their behalf), and Genworth and its Affiliates shall own, derivative works and modifications of the Genworth Policies. The Genworth Policies may be (i) used by Genworth's and its Affiliates' employees (including contractors), customers (including brokers and licensed agents) and suppliers, (ii) disclosed as required by applicable Law, and (iii) used by an acquiror of Genworth or its Affiliates or any of the businesses, operations or assets of Genworth or its Affiliates to which this Agreement relates, provided that such acquiror executes an agreement to be bound by all obligations of Genworth and its Affiliates under this Agreement relating to such Policies and Genworth Policies (a copy of which agreement is provided to GE) provided further that such acquiror shall be limited to use of such Genworth Policies solely in connection with such businesses, operations or assets (and not any other businesses, operations or assets of the acquiror). It is understood and agreed that GE makes no representation or warranty as to the suitability of the Policies for use by Genworth and its Affiliates or any of their respective divested businesses.

(b) Notwithstanding anything in this Agreement to the contrary, the text of any Genworth Policies shall not contain (i) any references to GE or its Affiliates, GE or its Affiliates' publications, GE or its Affiliates' personnel (including, without limitation, senior management) or (ii) the title of the Policy Guide (i.e., "Integrity: the Spirit and Letter of Our Commitment"), any portion thereof, or any confusingly similar phrase.

**Section 3.04. Limitation on Rights and Obligations with Respect to the GE Materials.** GE shall have no obligation under this Agreement (i) to notify Genworth and its Affiliates of any changes or proposed changes to any of the GE Materials, (ii) to include Genworth and its Affiliates in any consideration of proposed changes to any of the GE Materials, (iii) to provide draft changes of any of the GE Materials to Genworth and its Affiliates for review or comment, or (iv) to provide Genworth and its Affiliates with any updated materials relating to any of the GE Materials (provided that, for the avoidance of doubt, Genworth and its Affiliates shall have no obligation hereunder with respect to any updated or changed GE Materials not received hereunder). The parties hereto acknowledge and agree that, except as expressly set forth above, GE reserves all rights in, to and under, including, without limitation, all Intellectual Property rights with respect to, the GE Materials and no rights with respect to ownership or use, except as otherwise expressly provided herein, shall vest in Genworth and its Affiliates. Further, Genworth and its Affiliates agree to use the same degree of care that Genworth and its Affiliates use with respect to their own information and materials of a similar nature, but in no event less

than a reasonable degree of care, to ensure that the GE Materials are not used for any purpose other than the purposes set forth above. Genworth and its Affiliates will allow GE reasonable access to personnel and information as reasonably necessary to determine Genworth's and its Affiliates' compliance with the provisions set forth above.

#### **ARTICLE IV Covenants**

**Section 4.01. Further Assistance.** Each party hereby covenants and agrees that it shall, at the request of the other party, use commercially reasonable efforts to assist the other party in its efforts to obtain any third party consent, approval or waiver necessary to enable such other party to obtain a license to any Intellectual Property that, but for the requirements set forth in the definition of Control, would be the subject of a license granted pursuant to Section 2.01 or 2.02 hereunder; provided, however, that such party shall not be required to seek broader rights or more favorable terms for the other party than those applicable to such party prior to the date hereof or as may be applicable to such party from time to time thereafter. The parties acknowledge and agree that there can be no assurance that such party's efforts will be successful or that the other party will be able to obtain such licenses or rights on acceptable terms or at all.

**Section 4.02. Ownership.** No party shall represent that it has any ownership interest in any Intellectual Property of the other party licensed hereunder.

**Section 4.03. Prosecution and Maintenance.**

(a) Generally. Excluding the parties' obligations set forth in Section 4.03(b) in connection with the Applications, each party retains the sole right to protect at its sole discretion the Intellectual Property and Technology owned by such party, including, without limitation, deciding whether and how to file and prosecute applications to register patents, copyrights and mask work rights included in such Intellectual Property, whether to abandon prosecution of such applications, and whether to discontinue payment of any maintenance or renewal fees with respect to any patents; provided, however, that solely with respect to patent applications and issued patents set forth on Schedules A and B, such party will notify the other party in writing prior to abandoning prosecution of such patent applications or discontinuing payment of any maintenance or renewal fees for such issued patents and allow the other party the opportunity to take such action on behalf of such party at the sole expense of the other party.

(b) GENIUS<sup>®</sup>, CIP and Divisional Patent Applications. Pursuant to the Master Agreement, GE Financial Assurance Holdings, Inc. or its Affiliate has assigned or will assign to Genworth the patent applications identified on Schedule D (collectively, the "**GENIUS<sup>®</sup> Applications**"). The term "**GENIUS<sup>®</sup> Applications**" as used herein shall include any patents directly resulting from the patent applications described on Schedule D, the first generation of applications based directly on such applications, and any patents directly resulting from such first generation of applications; provided, however, that it shall not include the GE Applications. GE may, at GE's option, file and prosecute with the U.S. Patent and Trademark Office ("**USPTO**") certain continuation-in-part ("**CIP**") and certain divisional patent applications based on the GENIUS<sup>®</sup> Applications as set forth below.

(i) Before the date hereof, GE shall have filed or caused to be filed with the USPTO the non-provisional CIP patent applications (the “ **CIP Applications** ”). The term “ **CIP Applications** ” as used herein shall include any patents directly resulting from the CIP Applications, the first generation of applications based directly on such applications, and any patents directly resulting from such first generation of applications. The CIP Applications shall be described on Schedule E hereto and shall have claims that are independent and distinct from the claims of the GENIUS<sup>®</sup> Applications. Genworth shall promptly notify GE of any restriction requirements from the USPTO permitting the filing of divisional applications based on the GENIUS<sup>®</sup> Applications (the “ **Restriction Requirements** ”). If GE in its sole discretion elects to file a non-provisional divisional application (“ **Divisional Application** ”) based on any such Restriction Requirement, GE shall so notify Genworth within thirty (30) days of GE’s receipt of such Restriction Requirement. The term “ **Divisional Applications** ” as used herein shall include any patents directly resulting from the Divisional Applications, the first generation of applications based directly on such applications, and any patents directly resulting from such first generation of applications. Any such “ **Divisional Applications** ” filed prior to the date hereof shall be described on Schedule E. Notwithstanding anything herein to the contrary, GE shall only have the right to file Divisional Applications if the claims of such Divisional Applications correspond to a set of claims identified in a Restriction Requirement, each of which claims in the claim set being directed to subject matter outside of the insurance field. The Divisional Applications and CIP Applications are collectively referred to herein as the “ **GE Applications**. ” The preparation, filing and prosecution of (i) the GE Applications shall be at GE’s sole cost and expense and (ii) the GENIUS<sup>®</sup> Applications shall be at Genworth’s sole cost and expense.

(ii) Each party will use commercially reasonable efforts to ensure that the subject matter and prosecution of the Applications, including all filings and actions taken in connection therewith, do not adversely affect or limit the prosecution, claims, scope, validity or enforceability of the GENIUS<sup>®</sup> Applications, whether as the result of any double patenting rejection, prior art rejections, prosecution history estoppel matters or otherwise (the “ **Prime Directive** ”). Each party will also use commercially reasonable efforts to ensure that the subject matter and prosecution of the Applications, including all filings and actions taken in connection therewith, do not adversely affect or limit the prosecution, claims, scope, validity or enforceability of the GE Applications, whether as the result of any double patenting rejection, prior art rejections, prosecution history estoppel matters or otherwise (the “ **Secondary Directive** ”); the Prime Directive and Secondary Directive are collectively referred to as the “ **Prosecution Guidelines** ”). The Prosecution Guidelines shall only apply to the Applications. As used in this Section 4.03(b), the terms “prosecute” and “prosecution” and related derivations shall be deemed to include holding and/or maintaining issued patents.

(iii) The parties agree that in the event of any conflict between the Prime Directive and the Secondary Directive, the Prime Directive shall control and take precedence. Subject to the confidentiality provisions of Article VI, each party shall provide the other party with copies of material correspondence with the USPTO relating to the Applications within a sufficient time to allow for meaningful review, and each party shall promptly provide the other party with copies of all Office Actions and correspondence with the USPTO relating to such party’s Applications.

(iv) In the event it is not possible for a party to prosecute all claims of an Application in compliance with the Prosecution Guidelines, such party shall notify the other party and shall either elect to cease prosecuting the Application or have the other party prosecute the Application. In the event a party elects to cease prosecution of the Application in accordance with the foregoing, such party may abandon the Application, but only after notifying the other party of its intent to do so and, in the event the other party requests assignment of such Application to it, such party shall not abandon the Application and shall assign the Application to the other party whereupon any further prosecution of such Application will be at the other party's sole cost and expense and the other party shall own all rights to such Application and any resulting patents and such party shall have no right or interest therein. In the event that a rejection with respect to any claims in a GE Application can only be overcome by common ownership by Genworth and GE desires to continue the prosecution of such GE Application, GE will allow Genworth to prosecute such claims, and Genworth shall prosecute such claims, in Genworth's name at GE's sole cost and expense. The parties acknowledge that the Applications and all patents issuing on the Applications are subject to the licenses granted under Article II herein; provided, however, that GE and its Affiliates shall have no liability to Genworth in the event a GENIUS<sup>®</sup> Application is assigned to GE and such GENIUS<sup>®</sup> Application is not successfully prosecuted, and Genworth and its Affiliates shall have no liability to GE in the event a GE Application is assigned to Genworth and such GE Application is not successfully prosecuted.

(v) In the event a party desires to cease prosecution of or abandon any Application for any reason other than the inability to prosecute such Application in compliance with the Prosecution Guidelines, such party shall notify the other party prior to ceasing prosecution or abandoning the Application and in the event the other party requests assignment of such Application to it, such party shall not abandon the Application and shall assign the Application to the other party whereupon any further prosecution of such Application will be at the other party's sole cost and expense and the other party shall own all rights to such Application and any resulting patents and such party shall have no right or interest therein.

(vi) As a condition precedent to assignment of any GE Application to a party other than an Affiliate of GE, GE shall (i) notify Genworth prior to such assignment, (ii) obtain the written agreement of such assignee to be bound by the obligations of GE under this Section 4.03 (b), (iii) include Genworth in such written agreement as an intended third party beneficiary thereof and (iv) provide Genworth an executed original of such written agreement.

**Section 4.04. Third Party Infringements, Misappropriations, Violations .**

(a) Each party shall promptly notify the other party in writing of any actual or possible infringements, misappropriations or other violations of the Intellectual Property of the other party being licensed hereunder by a third party that come to such party's attention, as well as the identity of such third party or alleged third party and any evidence of such infringement, misappropriation or other violation within such party's custody or control. The other party shall have the sole right to determine at its sole discretion whether any action shall be taken in response to such infringements, misappropriations or other violations.

(b) Each party shall promptly notify the other party in writing upon learning of the existence or possible existence of rights held by any third party that may be infringed, misappropriated or otherwise violated by the use or practice of the Intellectual Property of the other party (or any element or portion thereof) licensed hereunder, as well as the identity of such third party and any evidence relating to such purported infringement, misappropriation or other violation within such party's custody or control. Such party shall cooperate fully with the other party to avoid infringing, misappropriating or violating any third party rights, and shall discontinue all use and practice of such Intellectual Property that is the subject of such purported infringement, misappropriation or other violation upon the reasonable request of the other party.

(c) Each party shall promptly notify the other party in writing upon learning of the existence or possible existence of rights held by any third party that may be infringed, misappropriated or otherwise violated by the use or practice of the Intellectual Property (or any element or portion thereof) licensed to the other party hereunder, as well as the identity of such third party. The other party shall cooperate fully with such party to avoid infringing, misappropriating or violating any third party rights, and shall discontinue all use and practice of such Intellectual Property that is the subject of such purported infringement, misappropriation or other violation upon the reasonable request of such party, and shall provide such party any evidence relating to such purported infringement, misappropriation or other violation within the other party's custody or control.

**Section 4.05. Patent Marking.** Each party acknowledges and agrees that it will comply with all reasonable requests of the other party relative to patent markings required to comply with or obtain the benefit of statutory notice or other provisions.

## **ARTICLE V Term and Termination**

**Section 5.01. Term.** This Agreement shall remain in full force and effect in perpetuity unless terminated in accordance with its terms.

**Section 5.02. No Termination.** This Agreement may only be terminated upon the mutual written agreement of the parties. In the event of a breach of this Agreement, the sole and exclusive remedy of the non-breaching party shall be to recover monetary damages and/or to obtain injunctive or equitable relief.

## **ARTICLE VI Confidentiality**

All Genworth Confidential Information and GE Confidential Information licensed pursuant to this Agreement shall be subject to the terms and conditions set forth in Section 6.2 of the Master Agreement.

## **ARTICLE VII General Provisions**

**Section 7.01. Assignment.**

(a) This Agreement shall not be assignable, in whole or in part, by any party hereto to any third party, including, without limitation, Affiliates of any party, without the prior written consent of the other party hereto, and any attempted assignment without such consent shall be null and void. Notwithstanding the foregoing, this Agreement may be assigned by any party as follows without obtaining the prior written consent of the other party hereto:

(i) GE, in its sole discretion, may assign this Agreement, and any or all of its rights under this Agreement, and may delegate any or all of its duties under this Agreement to any Affiliate of GE at any time, which expressly accepts such assignment in writing and assumes, as applicable, any such obligations, provided that GE shall continue to remain liable for the performance by such assignee.

(ii) Genworth, in its sole discretion, may assign this Agreement, and any or all of its rights under this Agreement, and may delegate any or all of its duties under this Agreement to any Affiliate of Genworth at any time, which expressly accepts such assignment in writing and assumes, as applicable, any such obligations, provided that Genworth shall continue to remain liable for the performance by such assignee.

(iii) Each party may assign any or all of its rights, or delegate any or all of its duties, under this Agreement to (i) an acquiror of all or substantially all of the equity or assets of the business of such party to which this Agreement relates or (ii) the surviving entity in any merger, consolidation, equity exchange or reorganization involving such party, provided that such acquiror or surviving entity, as the case may be, executes an agreement to be bound by all the obligations of such party under this Agreement (a copy of which agreement is provided to the other party).

(b) If a party requests the written consent of the other party to any assignment of this Agreement, the other party agrees to negotiate in good faith with such party regarding such consent. This Agreement shall also be binding upon and inure to the benefit of and be enforceable by the successors, legal representatives and permitted assigns of each party hereto. All license rights and covenants contained herein shall run with all Intellectual Property of any party licensed hereunder and shall be binding on any successors in interest or assigns thereof.

**Section 7.02. Warranty and Disclaimer.** NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN OR IN THE MASTER AGREEMENT, THE INTELLECTUAL PROPERTY LICENSED BY EACH PARTY TO THE OTHER PARTY PURSUANT TO THIS AGREEMENT AND THE GE MATERIALS ARE FURNISHED "AS IS", WITH ALL FAULTS AND WITHOUT WARRANTY OF ANY KIND, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, TITLE, NON-INFRINGEMENT, QUALITY, USEFULNESS, COMMERCIAL UTILITY, ADEQUACY, COMPLIANCE WITH ANY LAW, DOMESTIC OR FOREIGN AND IMPLIED WARRANTIES ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

**Section 7.03. Consequential and Other Damages.** NEITHER GENWORTH OR ITS AFFILIATES, ON THE ONE HAND, NOR GE OR ITS AFFILIATES, ON THE

OTHER HAND, SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES (PROVIDED THAT ANY SUCH LIABILITY WITH RESPECT TO A THIRD PARTY CLAIM SHALL BE CONSIDERED DIRECT DAMAGES) OF THE OTHER ARISING IN CONNECTION WITH THE TRANSACTIONS HEREUNDER.

**Section 7.04. Assumption of Risk.**

(a) Except as provided in the Master Agreement, Genworth, on behalf of itself and its Affiliates, hereby assumes all risk and liability in connection with their use of the GE Intellectual Property.

(b) Except as provided in the Master Agreement, GE, on behalf of itself and its Affiliates, hereby assumes all risk and liability in connection with their use of the Genworth Intellectual Property.

**Section 7.05. Governing Law.** This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

**Section 7.06. 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 7.06):

GE:

General Electric Company  
3135 Easton Turnpike  
Fairfield, CT 06828  
Attention: General Counsel

with a copy to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Howard Chatzinoff, Esq.

GENWORTH:

Genworth Financial, Inc.  
6620 West Broad Street  
Richmond, VA 23230  
Attention: General Counsel

with a copy to:

Hunton & Williams LLP  
Riverfront Plaza, East Tower  
951 E. Byrd Street  
Richmond, VA 23219-4074  
Attention: Allen C. Goolsby, Esq.

**Section 7.07. 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 7.08. Entire Agreement.** This Agreement and the Master Agreement constitute 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.

**Section 7.09. No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties to this Agreement and their Affiliates and the permitted sublicensees, successors and assigns of the parties 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 7.10. Amendment.** No provision of this Agreement may be amended or modified except by a written instrument signed by all the parties to this 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 7.11. Rules of Construction.** Interpretation of this Agreement 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, and Schedule are references to the Articles, Sections, Paragraphs, and Schedules to this Agreement 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 (f) this Agreement 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. Unless specifically stated in the Master Agreement that a particular provision of the Master Agreement should be given effect in lieu of a conflicting provision in this Agreement, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance with, any provision of the Master Agreement, the provision contained in this Agreement shall prevail. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to waive a party's rights or relieve or otherwise satisfy any party's obligations under Section 6.13 the Master Agreement.

**Section 7.12. 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 any such Agreement.

**Section 7.13. Dispute Resolution.** Any dispute, controversy or claim arising out of or relating to the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement shall be resolved in accordance with Article IX of the Master Agreement.

**Section 7.14. No Waiver.** Failure by either party at any time to enforce or require strict compliance with any provision of this Agreement shall not affect or impair that provision in any way or the rights of such party to avail itself of the remedies it may have in respect of any subsequent breach of that or any other provision. The waiver of any term, condition, or provision of this Agreement must be in writing and signed by an authorized representative of the waiving party. Any such waiver will not be construed as a waiver of any other term, condition, or provision, nor as a waiver of any subsequent breach of the same term, condition, or provision, except as provided in a signed writing.

**Section 7.15. Headings.** All headings used in this Agreement are for convenience of reference only. They will not limit or extend the meaning of any provision of this Agreement, and will not be relevant in interpreting any provision of this Agreement.

**Section 7.16. Relationship of the Parties.** Nothing contained herein is intended or shall be deemed to make any party the agent, employee, partner or joint venturer of the other or be deemed to provide such party with the power or authority to act on behalf of the other party or to bind the other party to any contract, agreement or arrangement with any other individual or entity.

**Section 7.17. No Strict Construction.** This Agreement has been drafted jointly by the parties and in the event of any ambiguities in the language hereof, there shall be no inference drawn in favor of or against any party.

*[Remainder of this page left intentionally blank]*

IN WITNESS WHEREOF, GE and Genworth have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GENERAL ELECTRIC COMPANY

By \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By \_\_\_\_\_  
Name:  
Title:

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**SCHEDULES**

SCHEDULE A	Certain GE Intellectual Property
SCHEDULE B	Certain Genworth Intellectual Property
SCHEDULE C	Restricted GE Intellectual Property
SCHEDULE D	GENIUS <sup>®</sup> Applications
SCHEDULE E	CIP Applications

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**SCHEDULE A**

**Certain GE Intellectual Property**

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**SCHEDULE B**

**Certain Genworth Intellectual Property**

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**SCHEDULE C**  
**Restricted GE Intellectual Property**

1. GEAM

The following shall be referred to as the “**GEAM IP**”:

- SPII - SPII Investment Software
- Portfolio Analyzer - Insurance investment software
- Portfolio Analyzer - Derivatives portfolio analysis software
- PCAT - PCAT Investments Software

Notwithstanding anything in this Agreement to the contrary, Genworth and its Affiliates shall not sublicense, assign, or otherwise provide the GEAM IP to any third party (including any acquiring entity, contractor, consultant, customer or supplier of Genworth or its Affiliates) without the prior written consent of GE, which shall not be unreasonably withheld. For the avoidance of doubt, it shall not be deemed unreasonable to withhold consent if such acquiring entity, contractor, consultant, customer or supplier of Genworth or its Affiliates is a competitor of GE Asset Management Incorporated.

2. GECIS

The following shall be referred to as the “**GECIS IP**”:

- Multi Collinearity Macro
- Reconciliation Reporting Tool
- Migration Toolkit

Notwithstanding anything in this Agreement to the contrary, Genworth and its Affiliates shall not sublicense, assign, or otherwise provide the GECIS IP to any third party (including any acquiring entity, contractor, consultant, customer or supplier of Genworth or its Affiliates) without the prior written consent of GE, which shall not be unreasonably withheld. For the avoidance of doubt, it shall not be deemed unreasonable to withhold consent if such acquiring entity, contractor, consultant, customer or supplier of Genworth or its Affiliates is a competitor of GE Capital International Services.

3. ERC

The following shall be referred to as the “**ERC IP**”:

- Account Reconciliation

Notwithstanding anything in this Agreement to the contrary, Genworth and its Affiliates shall not sublicense, assign, or otherwise provide the ERC IP to any third party (including

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any acquiring entity, contractor, consultant, customer or supplier of Genworth or its Affiliates) without the prior written consent of GE, which shall not be unreasonably withheld. For the avoidance of doubt, it shall not be deemed unreasonable to withhold consent if such acquiring entity, contractor, consultant, customer or supplier of Genworth or its Affiliates is a competitor of Employers Reinsurance Corporation.

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**SCHEDULE D**

**GENIUS® Applications**

<b><u>Item #</u></b>	<b><u>GE PAGE Ref No</u></b>	<b><u>H&amp;W Ref No/ Invention</u></b>
1	132193	52493.000160
2	135072	52493.000161
3	135965	52493.000162
4	129502	52493.000185
5	135017	52493.000229
6	135007	52493.000233
7	135063	52493.000234
8	135066	52493.000237
9	135068	52493.000238
10	135069	52493.000239
11	126469	52493.000295
12	126463	52493.000296
13	126931	52493.000303
14	139466	52493.000308
15	139470	52493.000309
16	129271	52493.000310

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**SCHEDULE E**

**CIP Applications**

One CIP Application is the combination of 132193 and 135072

A second CIP Application is the combination of 135063 and 135695

A third CIP Application is the combination of 135007 and 129502

A fourth CIP Application is the combination of 135069 and 135066

A fifth CIP Application will add new material to 139470

A sixth CIP Application will add new material to 126469

A seventh CIP Application will add new material to 126931

An eighth CIP Application will add new material to 139466

A ninth CIP Application will add new material to 126463

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**REINSURANCE AGREEMENT**

**between**

**FINANCIAL INSURANCE COMPANY LIMITED**

**and**

**VIKING INSURANCE COMPANY, LIMITED**

**Dated as of [ ] 2004**

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*[To be inserted - list in accordance with Section 2.5]*

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## REINSURANCE AGREEMENT

This Agreement, dated as of \_\_\_\_\_, 2004 (this "Agreement") is made and entered into by and between Financial Insurance Company Limited, an insurance company organised under the laws of England (the "Company"), and Viking Insurance Company, Limited, an insurance company organised under the laws of Bermuda (the "Reinsurer"). Defined terms used herein are defined below.

The Company and the Reinsurer mutually agree to reinsure under the terms and conditions stated herein. This Agreement is solely between the Company and the Reinsurer, and the performance of the obligations of each party under this Agreement shall be rendered solely to the other party. In no instance, except as set forth in Article VII of this Agreement, shall anyone other than the Company or the Reinsurer have any rights under this Agreement. The Company shall be and shall remain the only party that is liable to any insured, policyholder, claimant or beneficiary under any insurance policy or contract reinsured hereunder.

### ARTICLE I

#### DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings (definitions are applicable to both the singular and the plural forms of each term defined in this Article):

"Accounting Period" means each period of a calendar month the first such period commencing at 00.01 Bermuda local time (Atlantic Standard Time) on 1 January 2004 and the last such period commencing on the first day of the calendar month in which the Termination Date falls and ending on the Termination Date.

"Affiliate" means any other Person that directly or indirectly controls, is controlled by, or is under common control with, the first Person. "Control" (including the terms, "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

"Agreement" shall have the meaning specified in the first paragraph of this Agreement.

"Applicable Law" means any law (including common law), statute, ordinance, rule, regulation, order, writ, injunction, judgment, permit, governmental agreement or decree applicable to a Person or any of such Person's subsidiaries, properties, assets, or to

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such Person's officers, directors, managing directors, employees or agents in their capacity as such.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks in London are closed for trading.

“Ceded Reinsurance” means all reinsurance ceded by the Company pursuant to contracts, binders, certificates, treaties or other evidence of reinsurance relating to the Relevant Risks in effect on or prior to the Inception Date, or, in accordance with Section 2.5, following the Inception Date, except the reinsurance provided pursuant to this Agreement.

“Ceded Reinsurance Agreements” means all of the contracts, binders, certificates, treaties or other evidence for Ceded Reinsurance.

“Ceding Commissions” shall have the meaning specified in Schedule A — Part I.

“Commutation” means, with respect to any portion of the Ceded Reinsurance, a commutation or other similar transaction that results in the termination of such Ceded Reinsurance with respect to the Relevant Risks.

“Distributor Agreements” means all distributor, agency or profit sharing agreements or arrangements with third parties (each, a “Distributor”) relating to the Relevant Risks whether entered into before, on or after the Inception Date.

“Estimated Ceding Commission” shall have the meaning specified in Section 4.1.

“Extra Contractual Liabilities” means all liabilities of the Company for damages (including compensatory, consequential, exemplary, punitive, bad faith or similar or other damages) which relate to the marketing, sale, underwriting, issuance, delivery, cancellation or administration of contracts under which the Company assumes Relevant Risks, including liability arising out of or relating to any alleged or actual act, error or omission by the Company or its agents, whether intentional or otherwise, with respect to any of such contracts, including (A) any alleged or actual reckless conduct or bad faith in connection with the handling of any claim arising out of or under such contracts, or (B) the marketing, sale, underwriting, issuance, delivery, cancellation or administration of any of such contracts.

“FSA” means the Financial Services Authority of the United Kingdom.

“Governmental Authority” means any national government, any state or other political subdivision thereof or any self-regulatory authority, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Inception Date” shall have the meaning specified in Section 2.1.

“ Insolvency Fund ” means any guarantee fund, insolvency fund, plan, pool, association, or other arrangement, however denominated, established or governed, which provides for the payment by the Company of any levy, amount or charge in respect of, or assumption by the Company of part or all of any claims, debts, charges, fees or other obligations of an insurer or reinsurer, or its successors or assigns, as a result of its having been declared by any competent authority to be insolvent, or as a result of its having otherwise been deemed unable to meet any such claims, debts, charges, fees or other obligations in whole or in part.

“ Monthly Report ” shall have the meaning specified in Section 5.1.

“ Negative Settlement Amount ” means, with respect to each Accounting Period, the amount of any net deficit set forth in Line 11 of the Monthly Report for such Accounting Period as calculated in accordance with Section 5.3(a).

“ Person ” means any natural person, firm, limited liability company, general partnership, limited partnership, joint venture, association, corporation, trust, Governmental Authority or other entity.

“ Positive Settlement Amount ” means, with respect to each Accounting Period, the amount of any net surplus set forth in Line 11 of the Monthly Report for such Accounting Period as calculated in accordance with Section 5.3(a).

“ Relevant Liabilities ” means all insurance liabilities and obligations arising under the Relevant Risks including, without limitation (i) benefits, surrender amounts and other amounts payable to policyholders under the terms of the Relevant Risks, (ii) other consideration paid on or after the Inception Date with respect to the Relevant Risks, (iii) Insolvency Fund or premium based assessments based on premiums and other consideration paid on or after the Inception Date with respect to the Relevant Risks, (iv) all amounts payable on or after the Inception Date for returns or refunds of premiums under the Relevant Risks, (v) all liability for commission or profit sharing payments and other fees or compensation payable, including under Distributor Agreements, with respect to the Relevant Risks in respect of premiums and other consideration paid on or after the Inception Date, (vi) all Extra Contractual Liabilities and (vii) compensation paid in respect of, or in relation to changes to, Distributor Agreements on or after the Inception Date, unless otherwise agreed to in writing by the Reinsurer.

“ Relevant Risks ” means the whole or, as the case may be, such part of the insurance or reinsurance risks as are assumed or borne by the Company under or in connection with any and all insurance and reinsurance policies and contracts to which it is a party and which are in force at any time on or prior to the Termination Date. Where the Company is a co-insurer with any other company or companies under any such insurance or reinsurance policy or contract, the insurance or reinsurance risks which are to be treated as assumed or borne by the Company for these purposes are:-

- (i) those risks which the Company has agreed with its co-insurer or co-insurers are to be assumed or borne by the Company; and
- (ii) those other risks (if any) which the Company has agreed with its co-insurer or co-insurers are to be assumed or borne by such co-insurer or co-insurers, but only to the extent that such co-insurer or co-insurers shall have defaulted in meeting its or their obligations in respect of those risks and the Company incurs a liability in respect of those risks as a result.

“RIR” means the notional investment return in respect of an Accounting Period as defined in Section 5.3.

“Technical Provisions” means, as of any given date, the technical provisions of the Company calculated in accordance with the Valuation and Accounting Principles.

“Valuation and Accounting Principles” means the valuation rules for determining the amount of the assets and liabilities of the Company in accordance with the Interim Prudential Sourcebook for Insurers issued by the FSA (as amended or replaced from time to time) under the powers conferred on the FSA pursuant to the Financial Services and Markets Act 2000, as such rules are required to be applied by the Company in the preparation of its annual returns to the FSA (taking into account any waivers or modifications of such valuation rules as are approved by the FSA from time to time in respect of the Company) and, to the extent not inconsistent therewith, the accounting principles and practices hitherto adopted by the Company in preparing its annual audited accounts.

“Termination Date” means the effective date of any termination of this Agreement as provided in Article VI.

“3 Month LIBOR” means the British Bankers Association Interest Settlement Rate for sterling quoted for a three month period as displayed on the appropriate Telerate screen page at 11.00 a.m. (London time) on the day on which such Interest Settlement Rate is required to be computed pursuant to this Agreement.

## ARTICLE II

### COVERAGE

- 2.1 Coverage. Upon the terms and subject to the conditions and other provisions of this Agreement, as of 00.01. Bermuda local time (Atlantic Standard Time) on 1 January 2004 (the “Inception Date”), the Reinsurer agrees to reinsure the Relevant Liabilities by way of the Reinsurer indemnifying the Company in respect of each Negative Settlement Amount. As consideration for the reinsurance by the Reinsurer under this Agreement, the Company shall pay to the Reinsurer each Positive Settlement Amount. The parties

shall also pay Ceding Commission and Estimated Ceding Commission in accordance with the provisions of this Agreement.

- 2.2 Conditions . Except as otherwise set forth or contemplated herein, no changes, amendments or modifications made on or after the Inception Date in the terms and conditions of the Relevant Risks in-force as of the Inception Date which adversely affect the liability of the Reinsurer hereunder shall be covered hereunder without the prior written approval of such changes, amendments or modifications by the Reinsurer, which approval shall not be unreasonably withheld or delayed. In the event that any such changes, amendments or modifications are made in any such Relevant Risk without the prior written approval of the Reinsurer, this Agreement will cover liability incurred by the Company for Relevant Risks as if the unapproved changes, amendments or modifications had not been made.
- 2.3 Territory . The territorial limits of the Agreement shall be identical to those of the Relevant Liabilities.
- 2.4 Commutation of Ceded Reinsurance . The Company shall not, without the Reinsurer's prior written approval, in its sole discretion, take any action to amend or terminate any Ceded Reinsurance under any Ceded Reinsurance Agreement or enter into any Commutation of Ceded Reinsurance.
- 2.5 New Reinsurance Covers . Subsequent to the Inception Date, the Company shall not enter into any reinsurance arrangements with respect to the Relevant Liabilities without the prior written consent of the Reinsurer, in its sole discretion. For these purposes, the Reinsurer consents to the Company having entered into the reinsurance arrangements specified in Schedule C.

### ARTICLE III

#### ADMINISTRATION: GENERAL PROVISIONS

- 3.1 Contract Administration . The Company shall procure that the Relevant Risks are administered in accordance with their terms and the terms of any applicable Distributor Agreement, including, but not limited to, the collection of premiums and other amounts due from policyholders, the payment of all Relevant Liabilities and the administration of claims and disbursements. All benefits under the contracts and policies constituting the Relevant Risks paid by the Company shall be binding upon the Reinsurer, provided, however, that such payments are within the terms, conditions and limitations of the contracts and policies constituting the Relevant Risks. The Company shall procure that the Relevant Risks are administered in good faith and with the care, skill, prudence, and diligence of a person experienced in administering payment protection insurance business, personal accident insurance business and travel insurance business. The Company shall procure that the Relevant Risks are administered in compliance with Applicable Law and the current service provider's administrative performance standards

in effect on the date hereof, with such revisions to such standards as are no less favourable to the Reinsurer than such standards. Notwithstanding the foregoing, the parties may, from time to time, mutually develop specific and/or different standards for the administration of the Relevant Risks.

3.2 Sub-contracting of Contract Administration. The Company may subcontract the performance of any service or services which the Company is required to procure in connection with the administration of the Relevant Risks to (i) an Affiliate, (ii) a service provider utilized by the Company with respect to the Relevant Risks or its other business as of the date hereof, (iii) any Person to whom such subcontracting is required to be effected under the terms of any Distributor Agreement or (iv) with the prior written consent of the Reinsurer, any other Person, such consent not to be unreasonably withheld; provided, that no such subcontracting shall relieve the Company from any of its obligations or liabilities hereunder, and the Company shall remain responsible for all obligations or liabilities of such subcontractor with regard to the provision of such advice or services as if provided by the Company.

3.3 Ceded Reinsurance Agreements and Distributor Agreements. The Company shall manage and administer the Ceded Reinsurance Agreements and the Distributor Agreements, including:-

- (i) providing all reports and notices required with regard to the Ceded Reinsurance Agreements and the Distributor Agreements to the reinsurers or other third parties, as applicable, within the time required by the applicable Ceded Reinsurance Agreement or Distributor Agreements; and
- (ii) doing all other things necessary to comply with the terms and conditions of the Ceded Reinsurance Agreements and the Distributor Agreements.

Without limiting the foregoing, the Company shall:-

- (i) promptly pay when due all reinsurance premiums due to reinsurers under the Ceded Reinsurance Agreements and use all commercially reasonable efforts to collect from such reinsurers all amounts due under Ceded Reinsurance; and
- (ii) promptly pay when due all profit sharing, commissions or other compensation due to third parties under the Distributor Agreement and use all commercially reasonable efforts to collect from such third parties all amounts due thereunder. Notwithstanding the obligation of the Company under this Section 3.3 to use all commercially reasonable efforts to collect such reinsurance recoverables, the risk of the Company not collecting or being unable to collect (for whatever reason) any amount due under Ceded Reinsurance shall be borne by the Reinsurer in accordance with Line 2 of Schedule B of this Agreement.

- 3.4 Reinsured Policy Terms. The Company shall set all insurance rates and underwriting criteria in respect of the Relevant Risks from and after the Inception Date consistently with the manner in which it has done so in the past, consulting with the Reinsurer on any issue which is expected to have a material adverse impact on any amounts which the Reinsurer reasonably expects to become payable to it under the terms of this Agreement.
- 3.5 Claims Settlements. The Company agrees that if so requested by the Reinsurer it will provide notice to the Reinsurer as soon as is reasonably practicable of its intention to commence litigation proceedings in respect of a claim in excess of £100,000 with respect to a Reinsured Policy along with (if requested by the Reinsurer) copies of all pleadings and reports of investigation with respect to that claim. The Reinsurer shall have the right, at its own expense, to participate jointly with the Company in the investigation, adjustment or defence of such claims.
- 3.6 Inspection. The Company shall keep accurate and complete records, files and accounts of all transactions and matters with respect to the Relevant Risks in accordance with its record management practices in effect from time to time. The Reinsurer or its designated representative (or Person appointed or charged with the duty to examine or investigate the Reinsurer under Applicable Law) may upon reasonable notice inspect and copy (and take away such copies), at the offices of the Company where such records are located, the papers and any and all other books or documents of the Company reasonably relating to the Relevant Risks and the administration thereof (including compliance with the provisions of Section 3.1), during normal business hours for such period as this Agreement is in effect or for as long thereafter as the Company seeks performance by the Reinsurer pursuant to the terms of this Agreement or the Reinsurer reasonably needs access to such records for regulatory, tax or similar purposes. Where any papers, books or documents relating to the Relevant Risks and the administration thereof are those of any sub-contractor of the Company, the Company shall procure at the Reinsurer's expense, to the extent that the Company is entitled and able to do so, that the Reinsurer may upon reasonable notice inspect and copy such papers, books or documents (and take away such copies) at the office of the sub-contractor where such papers, books or documents are located. The information obtained shall be used only for purposes relating to reinsurance under this agreement and as permitted under Section 3.7.
- 3.7 Co-operation. Each party hereto shall co-operate fully with the other in all reasonable respects in order to accomplish the objectives of this Agreement including making available to each their respective officers and employees for interview and meetings with Governmental Authorities and furnishing any additional assistance, information and documents as may be reasonably requested by either party from time to time. Each party is permitted to furnish such documents and information concerning this Agreement, the reinsurance under this Agreement and the objectives of this Agreement (i) to its advisors, insurance managers and auditors as may be desirable in connection

with servicing the business of the party concerned or such party complying with Applicable Law and (ii) as required under Applicable Law.

- 3.8 Errors and Omissions. If any delay, omission, error or failure to pay amounts due or to perform any other act required by this Agreement is unintentional and caused by misunderstanding or oversight, the Company and the Reinsurer will adjust the situation to what it would have been had the misunderstanding or oversight not occurred. The party first discovering such misunderstanding or oversight, or an act resulting from such misunderstanding or oversight, will notify the other party in writing promptly upon discovery thereof, and the parties shall act to correct such misunderstanding or oversight within twenty (20) Business Days of such other party's receipt of such notice. However, this Section shall not be construed as a waiver by either party of its right to enforce strictly the terms of this Agreement.
- 3.9 Age, Sex and Other Adjustments. The liability of the Reinsurer shall follow that of the Company including in circumstances where the Company's liability under any of the Relevant Risks is changed because of a misstatement of age or sex or any other material fact, and the Company and the Reinsurer will make all appropriate adjustments to amounts due to each other under this Agreement in such circumstances.
- 3.10 Setoff. Any debts or credits, matured or unmatured, liquidated or unliquidated, regardless of when they arose or were incurred, in favour of or against either the Company or the Reinsurer with respect to this Agreement are deemed mutual debts or credits, as the case may be, and shall be setoff from any amounts due to the Company or the Reinsurer hereunder, as the case may be, and only the net balance shall be allowed or paid.

#### ARTICLE IV

##### CEDING COMMISSION

- 4.1 Ceding Commission. On and subject to the terms of this Agreement, the Reinsurer shall pay to the Company (or, as the case may be, the Company shall pay to the Reinsurer), an estimate of the Ceding Commission (the "Estimated Ceding Commission") payable in respect of that Accounting Period in an amount determined in accordance with Schedule A Part II. The amount of the Estimated Ceding Commission in respect of each Accounting Period shall, subject to Section 4.2 below, be calculated by the Reinsurer in good faith on the basis of information provided by the Company and shall be paid, by the Reinsurer or the Company as the case may be, at the same time as any Negative or Positive Settlement Amount required to be paid in respect of the previous Accounting Period becomes due in accordance with the arrangements set out in Section 5.4 below. The Estimated Ceding Commission in respect of any Accounting Period is, for the avoidance of doubt, an estimate of the actual Ceding Commission due in respect of that Accounting Period and the adjustment to such estimate shall be

effected through the Ceding Commission Adjustments referred to in Schedule B and Section 5.5.

- 4.2 Estimated Ceding Commission initially due. Notwithstanding Section 4.1, the amounts of the Estimated Ceding Commission in respect of each of the first 6 Accounting Periods shall be in the respective amounts set out in Schedule A Part III. Upon execution of this Agreement, the Reinsurer shall pay to the Company an amount equal to the Estimated Ceding Commission in respect of the first Accounting Period as set out in Schedule A Part III. Subsequent amounts due as Estimated Ceding Commission under Schedule A Part III shall be paid in accordance with Section 5.4 below.

## ARTICLE V

### ACCOUNTING AND SETTLEMENT: RESERVE ADJUSTMENT

- 5.1 Monthly Reports. Subject as set out in Section 5.4(b), no later than 3 Business Days before the end of each Accounting Period (or more frequently as mutually agreed by the parties) the Company shall supply the Reinsurer with a report that shall provide an estimate of the financial data for such Accounting Period required in Schedule B together with details of the Ceding Commission estimated to be payable in respect of the following Accounting Period (the "Monthly Report").

- 5.2 Computations. At the end of each Accounting Period the Company shall compute:

- (i) the amount (being "X" in the formula set out in Section 5.3 below) shown in Line 4 in the table contained in Schedule B; and
- (ii) the amount (being "Y" in the formula set out in Section 5.3 below) shown in Line 9 in the table contained in Schedule B.

in each case in accordance with the notes set out in Schedule B and insofar as not inconsistent with such notes otherwise in accordance with the Valuation and Accounting Principles.

- 5.3 Positive and Negative Settlement Amounts.

- (a) In respect of each Accounting Period, if the formula:

$$(X - Y + RIR)$$

shall produce a positive amount, that shall be the Positive Settlement Amount for that Accounting Period, and if it shall produce a negative amount, that shall be the Negative Settlement Amount for that Accounting Period, and that Positive Settlement Amount or Negative Settlement Amount, as the case may be, shall be the amount set out in Line 11 of Schedule B.

- (b) The amount of RIR in respect of any Accounting Period shall be determined by multiplying an amount equal to the simple average of (i) the Technical Provisions on the first day of the Accounting Period and (ii) the Technical Provisions on the last day of such Accounting Period by a rate equal to:

$$((1.052) ^ (\text{actual number of days in the Accounting Period}/366)) - 1$$

in the year 2004, but for Accounting Periods thereafter,

$$((1 + 3 \text{ Month LIBOR}) ^ (\text{actual number of days in the Accounting Period}/\text{number of days in the 3 Month LIBOR period as from the date of its calculation})) - 1$$

Where:

^ is to the power of

#### 5.4 Payments.

- (a) Subject as provided in Section 5.4(b) below:-
- (i) For each Accounting Period in respect of which there is a Negative Settlement Amount, the Reinsurer shall pay to the Company by telegraphic transfer within 5 Business Days of the delivery of the Monthly Report by the Company an amount equal to the absolute value of such Negative Settlement Amount together with the Estimated Ceding Commission (if any) payable by the Reinsurer to the Company in respect of the following Accounting Period.
  - (ii) For each Accounting Period as to which there is a Positive Settlement Amount the Company shall pay to the Reinsurer by telegraphic transfer within 5 Business Days of the delivery of the Monthly Report by the Company an amount equal to the absolute value of such Positive Settlement Amount together with the Estimated Ceding Commission (if any) payable by the Company to the Reinsurer in respect of the following Accounting Period.
  - (iii) If there is a Negative Settlement Amount for any Accounting Period and the Company is required to pay the Estimated Ceding Commission to the Reinsurer in respect of the following Accounting Period, a net payment shall be made by the Company or the Reinsurer as appropriate.

- (iv) If there is a Positive Settlement Amount for any Accounting Period and the Reinsurer is required to pay the Estimated Ceding Commission to the Company in respect of the following Accounting Period, a net payment shall be made by the Company or the Reinsurer as appropriate.
- (b) In relation to all Accounting Periods commencing prior to the execution and delivery of this Agreement, the Company shall calculate and deliver a report (“the First Monthly Report”) to the Reinsurer as to the total aggregate net amount payable by the Company (or as the case may be the Reinsurer) to place the Company and the Reinsurer in the respective financial positions in which they would have been in under this Agreement on the date of such payment, disregarding for this purpose the time cost of money, had this Agreement been executed and delivered at the commencement of the first Accounting Period. Such payment shall be made by telegraphic transfer within 5 Business Days of the delivery of the First Monthly Report.
- 5.5 Actual Data. In preparing all reports required under this Agreement, the Company shall use all commercially reasonable efforts to supply the actual data. If the actual data cannot be supplied with the appropriate report, the Company shall produce best estimates and shall provide amended reports based on actual data no more than ten (10) Business Days after the actual data becomes available and the parties will settle any additional amounts due within five (5) Business Days thereafter, together with interest as provided in Section 5.7 hereof.
- 5.6 Additional Reports and Information. For so long as this Agreement remains in effect and for a period of 7 years after its termination, each of the parties shall periodically furnish to the other such other reports and information as is reasonably available to it and as may be reasonably requested by such other party for regulatory, tax or similar purposes.
- 5.7 Delayed Payments. In the event that all or any portion of any payment due to either party pursuant to this Agreement becomes overdue the portion of the amount overdue shall bear interest at an annual rate equal to 3 Month LIBOR on the date that the payment becomes overdue plus 200 basis points per annum, for the period that the amount is overdue.
- 5.8 Certificate of the Chief Financial Officer of the Company. The certificate of the Chief Financial Officer of the Company as to any matter arising in respect of the amount of any payment falling to be made under this Agreement shall, in the absence of manifest error, be final and binding on the parties.
- 5.10 Breach of Required Minimum Margin of Solvency. No payment required to be made by the Company to the Reinsurer at a relevant time under the terms of this Agreement shall be required to be made at that time if that payment would cause the Company to breach

the “Required Minimum Margin” required to be maintained by the Company in accordance with the FSA’s Interim Prudential Sourcebook for Insurers (as amended or replaced from time to time). Any payment not made by the Company to the Reinsurer for this reason shall be paid by the Company to the Reinsurer as soon as the making of the payment would not cause that “Required Minimum Margin” to be breached.

## ARTICLE VI

### DURATION AND TERMINATION

- 6.1 Duration. Except as otherwise provided herein, this Agreement shall be unlimited in duration.
- 6.2 Reinsurer’s Liability. The Reinsurer’s liability with respect to the Relevant Liabilities will terminate on the date that termination takes effect as a result of any notice given at the option of the Reinsurer or the Company in accordance with Section 6.3 and otherwise on the date this Agreement is terminated upon the written agreement of the parties.
- 6.3 Optional Termination. Either the Reinsurer or the Company may terminate this Agreement and the reinsurance hereunder upon prior written notice given at any time to expire on the last day of the Accounting Period in which such notice is given, at any time after the Reinsurer and the Company have both become wholly owned subsidiaries of Genworth Financial, Inc.

For the purposes of this Section, a company shall be a wholly owned subsidiary of Genworth Financial, Inc. if all of its ordinary shares are owned:-

- (i) by Genworth Financial, Inc., or
- (ii) by any other company the ordinary shares of which are owned directly by Genworth Financial, Inc. or by another wholly owned subsidiary of Genworth Financial, Inc.

6.4 Consequence of Termination

- (a) In the event that this Agreement is terminated pursuant to Section 6.3, this Agreement shall terminate as of the end of the applicable Accounting Period in which the notice of termination pursuant to Section 6.3 is received by the non-terminating party and a net accounting and settlement as to any balance due under this Agreement shall be undertaken by the parties for such Accounting Period and in respect of adjustments required for any earlier Accounting Period (the “Final Settlement”).
- (b) In the event that, subsequent to the Final Settlement, the Company receives any amount, or is required to pay any amount, or actual data becomes available

to the Company, which in any such case was not taken into account in calculating any Positive or Negative Settlement Amount but which would have been so taken into account had it been received or paid or become available prior to the Termination Date or the Final Settlement, the Company or (as the case may be) the Reinsurer shall make such payment or payments to the other as is required to reflect as nearly as possible the position that would have prevailed had such amount or data been so taken into account, provided, however, that the obligations under this Section 6.4(b) to make any such payment shall terminate 18 months after the date on which any notice is served under Section 6.3.

## ARTICLE VII

### INSOLVENCY

- 7.1 Payments. In the event of the insolvency of the Company, payment due to the Company under this Agreement shall be payable by the Reinsurer directly to the Company or to its liquidator, receiver, or statutory successor on the basis of the liability of the Company under the contract or contracts reinsured, without diminution because of the insolvency of the Company. It is agreed and understood, however, that (i) in the event of the insolvency of the Company, the Company shall give to the Reinsurer written notice of the pendency of a claim against the insolvent Company on a Reinsured Policy within a reasonable time after such claim is filed in the insolvency proceeding and (ii) during the pendency of such claim the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defences which it may deem available to the Company or its liquidator, receiver or statutory successor.
- 7.2 Expenses. It is further understood that any expense thus incurred by the Reinsurer pursuant to Section 7.1 shall be chargeable, subject to court approval, against the insolvent Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defence undertaken by the Reinsurer.

## ARTICLE VIII

### DISPUTE RESOLUTION

- 8.1 General Provisions.
- (a) 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 Article VIII, which shall be the sole and exclusive procedure for the resolution of any such Dispute.

- (b) Commencing with the request contemplated by Section 8.2, 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 8.3, shall be deemed to be without prejudice communications and to have been delivered in furtherance of a Dispute settlement and shall be exempt from inspection, and shall not be admissible in evidence for any reason (whether as an admission or otherwise).
- (c) In connection with any Dispute, 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) The running of time shall be suspended in respect of any Dispute for the purposes of any defences based upon the passage of time (whether under the Limitation Act 1980 (in its present form or as subsequently amended or replaced) or otherwise) while the procedures specified in this Article VIII are pending. The parties will take such action, if any, required to effectuate this suspension.

8.2 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 any Dispute by negotiation between executives who hold, in respect of each of the business entities involved in the Dispute, at a minimum, the office of President, Chief Executive Officer or Chief Financial Officer. Either party may initiate the executive negotiation process by written notice to the other. Fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and 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 30 days of the initial notice to seek a resolution.

8.3 Mediation. If a Dispute is not resolved by negotiation as provided in Section 8.2 within forty-five (45) days from the initial notice, then either party may submit the Dispute for resolution by mediation pursuant to the Center for Public Resources ("CPR") Model Mediation Procedure as then in effect. The parties will select a mediator from the CPR Panels of Distinguished Neutrals, but such mediator must have prior reinsurance experience either as a lawyer or as a present or former officer or management employee of a reinsurance company, but not of the Company, or the Reinsurer, or any of their respective affiliates. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

8.4 Arbitration. If a Dispute is not resolved by mediation as provided in Section 8.3 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 parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

- (a) The neutral organisation for purposes of the CPR rules will be the CPR. the arbitral tribunal shall be composed of three arbitrators who are each experienced in the reinsurance business, of whom each party shall appoint one in accordance with the “screened” appointment procedure provided in Rule 5.4 of the CPR rules. The non-party appointed arbitrator must have prior U.S. reinsurance experience as a present or former officer or management employee of a reinsurance company, but not of the Company, or the Reinsurer, or any of their respective affiliates. The arbitration shall be conducted in New York. 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 English law, 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 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.
- (b) The parties agree to be bound by any award or order resulting from any arbitration conducted hereunder and further agree that judgment on any award or order resulting from an arbitration conducted under this Section may be entered and enforced in any court having jurisdiction thereof.
- (c) 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 8.4(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 the purposes of the foregoing the parties hereto submit to the non-exclusive jurisdiction of the courts of England.
- (d) 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. Notwithstanding paragraph (d) above, each party acknowledges that in the event of any actual or threatened breach of certain of the provisions of this Agreement, the remedy at law may not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.

(e) Each of the parties will bear its own legal costs in relation to any arbitration proceedings considered under this Section.

8.5 Agreement to an alternative procedure. If the parties to this Agreement mutually agree that the alternate procedure set out in Section 8.6 and 8.7 below shall apply to a particular Dispute, then the parties shall resolve that Dispute in accordance with Sections 8.6 and 8.7 below rather than in accordance with Sections 8.3 and 8.4 above.

8.6 Alternative Mediation procedure. If the parties have mutually agreed under Section 8.5 that this section shall apply to a Dispute and such Dispute is not resolved by negotiation as provided in Section 8.2 within 45 days from the initial notice (or such longer period as the parties may agree) then the parties will attempt to settle that Dispute by mediation in accordance with the Centre for Effective Dispute Resolution (CEDR Solve) Model Mediation Procedure (the "Model Procedure"). To initiate a mediation, either party shall give notice in writing ("ADR Notice") to the other party in accordance with the provisions of Section 9, requesting mediation in accordance with the provisions of the Model Procedure. A copy of the ADR Notice should also be sent to CEDR Solve.

8.7 Alternative Arbitration procedure. If the parties have mutually agreed under Section 8.5 that this section shall apply to a Dispute and such Dispute is not resolved within 42 days (or such longer period as the parties may agree) of the giving of the ADR Notice, or if one of the parties refuses to participate in mediation, the Dispute shall be referred to and finally resolved under the Rules of Arbitration of the International Chamber of Commerce (the "Rules") by 3 arbitrators appointed in accordance with the Rules, and so that:

- (a) The Tribunal shall consist of three arbitrators to be appointed in accordance with the Rules.
- (b) The place of arbitration shall be London.
- (c) The language to be used in the arbitral proceedings shall be English.



effect. Nothing in this Section 9.3 shall be construed to prohibit the Reinsurer from retroceding all or any portion of the business reinsured hereunder.

- 9.4 Execution in Counterpart. This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.
- 9.5 Currency. Whenever the acronym “GBP” or the “£” sign appears in this Agreement, they shall be construed to mean British Pounds Sterling and all transactions under this Agreement shall be in British Pounds Sterling.
- 9.6 Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by the Company and the Reinsurer.
- 9.7 Governing Law. This Agreement will be construed, performed and enforced in accordance with the laws of England without giving effect to its principles or rules of conflict of laws thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.
- 9.8 Entire Agreement: Severability. This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, undertakings, statements, representations and warranties, negotiations and discussions, whether oral or written of the parties and there are no general or specific warranties, representations or other agreements by or among the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth or contemplated herein.
- 9.9 Enforceability. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity and enforceability of the remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.
- 9.10 No Waiver: Preservation of Remedies. No consent or waiver, express or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first party of any of its rights hereunder. The rights and remedies provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or equity.

- 9.11 Third Party Beneficiary. Nothing in this Agreement shall confer any rights upon any Person that is not a party or a successor or permitted assignee of a party to this Agreement.
- 9.12 Interpretation. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”.
- 9.13 Survival. Articles VIII and IX shall survive the termination of this Agreement and Section 6.4(b) shall remain in force for a period of 18 months after the date on which any notice is served under Section 6.3.
- 9.14 Negotiated Agreement. This Agreement has been negotiated by the parties and the fact that the initial and final draft will have been prepared by either party or an intermediary will not give rise to any presumption for or against any party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorised representatives.

FINANCIAL INSURANCE COMPANY LIMITED

By \_\_\_\_\_  
Name:  
Title:

VIKING INSURANCE COMPANY, LIMITED

By \_\_\_\_\_  
Name:  
Title:

SCHEDULE A – Part I

CEDING COMMISSION

The Company shall calculate in respect of each Accounting Period the amount by which the deferred acquisition costs of the Company shall have increased or decreased over such Accounting Period (the “Ceding Commission”). The Ceding Commission in respect of such Accounting Period for the purposes of Article IV of this Agreement:-

- (i) shall be payable by the Reinsurer to the Company in an amount equal to the amount, if any, by which the deferred acquisition costs of the Company shall have decreased over that Accounting Period; and
- (ii) shall be payable by the Company to the Reinsurer in an amount equal to the amount, if any, by which the deferred acquisition costs of the Company shall have increased over that Accounting Period.

For the avoidance of doubt, the amount of deferred acquisition costs at any relevant time shall be calculated in accordance with the Valuation and Accounting Principles.

In calculating the Ceding Commission for the first Accounting Period, the deferred acquisition costs of the Company shall at the commencement of such Accounting Period be taken as £ [ ].

SCHEDULE A – Part II

ESTIMATED CEDING COMMISSION

Subject as provided in Schedule A - Part III below, the Reinsurer shall produce at the end of each Accounting Period on the basis of information provided by the Company a best estimate of the Ceding Commission for the next following Accounting Period.

SCHEDULE A - PART III

ESTIMATED CEDING COMMISSION FOR FIRST 6 ACCOUNTING PERIODS

For the first 6 Accounting Periods the Estimated Ceding Commission shall, in the case of each amount, be payable by the Reinsurer and shall be as follows, provided that the parties acknowledge that such amounts are estimates only and shall be the subject of the Reinsurer's Ceding Commission Adjustment and the Company's Ceding Commission Adjustment, as appropriate, in accordance with Lines 3 and 8 of Schedule B of this Agreement and Section 5.5:-

<u>Accounting Period ending on:-</u>		<u>Amount of Ceding Commission:-</u>
31st January 2004	£	3,167,000
29th February 2004	£	3,167,000
31st March 2004	£	3,167,000
30th April 2004	£	3,167,000
31st May 2004	£	3,167,000
30th June 2004	£	3,167,000

SCHEDULE B

ACCOUNTING PERIOD REPORTS

Note: All amounts paid or payable by the Company in respect of insurance premium tax or any other tax assessed by reference to the premium payable under any policy are to be netted off all amounts paid or payable to the Company in respect of such insurance premium tax or other tax in calculating any of the items listed below. No account shall be taken in any of the items listed below of any amount payable or receivable under this Agreement or of any change in the Company's provision for deferred acquisition costs provided that this shall not affect the requirement to include the Reinsurer's Ceding Commission Adjustment or the Company's Ceding Commission Adjustment as the case may be.

<u>Line no.</u>	<u>Item</u>	
1.	Earned Premiums	£
2.	Other Income	£
3.	Reinsurer's Ceding Commission Adjustment	£
4.	<b>Total Income (Lines 1 to 3)</b>	£
5.	Claims Incurred	£
6.	Expenses Payable	£
7.	Other Changes In Technical Provisions	£
8.	Company's Ceding Commission Adjustment	£
9.	<b>Total Expenditure (Lines 5 to 8)</b>	£
10.	RIR	£
11.	<b>Positive / (Negative) Settlement Amount (Line 4 - Line 9 + Line 10)</b>	£

where, in respect of each Accounting Period:

Line 1: "Earned Premiums" shall mean gross premiums written in such Accounting Period plus any decrease or minus any increase in the provision for unearned premiums over such Accounting Period, as described in item I.1 of paragraph 12 of Schedule 9A of the Companies Act 1985 and the notes thereto. In calculating the gross premiums written in any Accounting Period there shall be deducted the outward reinsurance premiums paid in such Accounting Period. To the amount of any increase in the provision for unearned premiums over such Accounting Period there shall be added any decrease or there shall be subtracted any increase, over such Accounting Period, in the amount of the unearned reinsurance premiums paid by the Company. To the amount of any decrease in the provision for unearned premiums over such Accounting Period, there shall be added any increase, or there shall be subtracted any decrease, over such Accounting Period, in the amount of the

unearned reinsurance premiums paid by the Company. In calculating the gross premiums written, full account shall be taken of the effect of cancellations notified in such Accounting Period and of any other arrangement under which a policy is terminated in such Accounting Period;

- Line 2: “Other Income” shall mean all other income becoming due to the Company in the relevant Accounting Period, excluding any income from investments and any realised or unrealised gains on investments and excluding any amount received or becoming due under Ceded Reinsurance;
- Line 3: “Reinsurer’s Ceding Commission Adjustment” shall mean the amount (if any) due from the Reinsurer as a result of the actual Ceding Commission for such Accounting Period calculated in accordance with Schedule A Part I being different from the Estimated Ceding Commission for that Accounting Period;
- Line 4: “Total Income” shall mean the sum of Earned Premiums, Other Income and Reinsurer’s Ceding Commission Adjustment;
- Line 5: “Claims Incurred” shall mean claims paid in respect of the Relevant Liabilities less reinsurance recoveries received in respect of the Relevant Liabilities in the relevant Accounting Period plus any increase (or minus any decrease) over such Accounting Period in the provision for claims. For these purposes, such provision for claims shall be calculated, at the beginning and end of each Accounting Period, net of any available credit for reinsurance, not being a credit in respect of any reinsurance claim which is due but unpaid, and otherwise in accordance with the manner in which such provision for claims would be calculated for the purposes of item I.4(b) of paragraph 12 of Schedule 9A of the Companies Act 1985;
- Line 6: “Expenses Payable” shall mean operating expenses incurred in the relevant Accounting Period including without limitation:-
- (a) bonuses and rebates, net of reinsurance, as described in item I.6 of paragraph 12 of Schedule 9A of the Companies Act 1985;
  - (b) acquisition costs, administrative expenses, reinsurance commissions and profit participation, as described in item I.7 of the said paragraph 12 and the notes thereto; and
  - (c) the charges described in items I.8 and III.8 of the said paragraph 12,
- but, for the avoidance of doubt, shall exclude investment expenses and charges, realised or unrealised losses on investments, and income and corporation tax;
- Line 7: “Other Changes in Technical Provisions” shall mean the increase in technical provisions (or the decrease in technical provisions in which event such decrease

shall be expressed as a negative amount) not accounted for in any other line of this Schedule B, as described in item I.5 and I.9 of paragraph 12 of Schedule 9A of the Companies Act 1985 and any other increases in reserves (or decreases in reserves, in which event such decreases shall be expressed as negative amounts) required to be taken into account for the purposes of the returns made to the FSA but not required to be so taken into account under Schedule 9A of the Companies Act 1985 in respect of the Company including any change required as a result of the Company not having received any amount due in respect of Ceded Reinsurance;

Line 8: “Company’s Ceding Commission Adjustment” shall mean any amount due from the Company as a result of the actual Ceding Commission for such Accounting Period calculated in accordance with Schedule A - Part I being different from the Estimated Ceding Commission for that Accounting Period;

Line 9: “Total Expenditure” shall mean the sum of Claims Incurred, Expenses Payable, Other Expenditure, Other Changes in Technical Provisions and Company’s Ceding Commission Adjustment;

Line 10: “RIR” shall mean the amount calculated pursuant to Section 5.3(b) of this Agreement; and

Line 11: the “Positive Settlement Amount” and the “Negative Settlement Amount” shall mean the amounts calculated pursuant to Section 5.3(a) of this Agreement.

Any amounts included in any of the items listed above shall be included in the calculation set out in this Schedule B only to the extent that such amounts have not been accounted for in any Monthly Report relating to any previous Accounting Period. Any amount specifically excluded from any line item shall be treated as though it were excluded from all other line items unless the context shall expressly require otherwise. No amount shall be included in more than one line item. In the event of any conflict between the application of any express provision in these notes or this Agreement, and the application of any statutory or regulatory rule under this Schedule, in each case for the purposes of determining the amount of any line item in this Schedule, the express provisions in these notes and this Agreement shall prevail.

In calculating the Positive or Negative Settlement Amount (as the case may be) for the first Accounting Period:-

- (i) the provision for unearned premiums shall at the commencement of such Accounting Period be taken as £[ ];
- (ii) the amount of the unearned reinsurance premiums shall at the commencement of such Accounting Period be taken as £[ ];
- (iii) the claims provision net of any available credit for reinsurance, not being a credit in respect of any reinsurance claim which is due but unpaid at the

commencement of such Accounting Period shall at such commencement be taken as £[ ]; and

- (iv) the technical provisions and reserves referred to in Line 7 above shall at the commencement of such Accounting Period be taken as £[ ].

SCHEDULE C

LIST OF REINSURANCE ARRANGEMENTS

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**REINSURANCE AGREEMENT**

**between**

**FINANCIAL ASSURANCE COMPANY LIMITED**

**and**

**VIKING INSURANCE COMPANY, LIMITED**

**Dated as of [ ] 2004**

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## REINSURANCE AGREEMENT

This Agreement, dated as of \_\_\_\_\_, 2004 (this "Agreement") is made and entered into by and between Financial Assurance Company Limited, an insurance company organised under the laws of England (the "Company"), and Viking Insurance Company, Limited, an insurance company organised under the laws of Bermuda (the "Reinsurer"). Defined terms used herein are defined below.

The Company and the Reinsurer mutually agree to reinsure under the terms and conditions stated herein. This Agreement is solely between the Company and the Reinsurer, and the performance of the obligations of each party under this Agreement shall be rendered solely to the other party. In no instance, except as set forth in Article VII of this Agreement, shall anyone other than the Company or the Reinsurer have any rights under this Agreement. The Company shall be and shall remain the only party that is liable to any insured, policyholder, claimant or beneficiary under any insurance policy or contract reinsured hereunder.

### ARTICLE I

#### DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings (definitions are applicable to both the singular and the plural forms of each term defined in this Article):

"Accounting Period" means each period of a calendar month the first such period commencing at 00.01 Bermuda local time (Atlantic Standard Time) on 1 January 2004 and the last such period commencing on the first day of the calendar month in which the Termination Date falls and ending on the Termination Date.

"Affiliate" means any other Person that directly or indirectly controls, is controlled by, or is under common control with, the first Person. "Control" (including the terms, "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

"Agreement" shall have the meaning specified in the first paragraph of this Agreement.

"Applicable Law" means any law (including common law), statute, ordinance, rule, regulation, order, writ, injunction, judgment, permit, governmental agreement or decree applicable to a Person or any of such Person's subsidiaries, properties, assets, or to

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such Person's officers, directors, managing directors, employees or agents in their capacity as such.

“Bonds” means the categories of products written by the Company, whether before, on or after the Inception Date, which are listed in Schedule C.

“Business Day” means any day other than a Saturday, Sunday or other day on which banks in London are closed for trading.

“Ceded Reinsurance” means all reinsurance ceded by the Company pursuant to contracts, binders, certificates, treaties or other evidence of reinsurance relating to the Relevant Risks in effect on or prior to the Inception Date, or, in accordance with Section 2.5, following the Inception Date, except the reinsurance provided pursuant to this Agreement.

“Ceded Reinsurance Agreements” means all of the contracts, binders, certificates, treaties or other evidence for Ceded Reinsurance.

“Ceding Commissions” shall have the meaning specified in Schedule A — Part I.

“Commutation” means, with respect to any portion of the Ceded Reinsurance, a commutation or other similar transaction that results in the termination of such Ceded Reinsurance with respect to the Relevant Risks.

“Distributor Agreements” means all distributor, agency or profit sharing agreements or arrangements with third parties (each, a “Distributor”) relating to the Relevant Risks whether entered into before, on or after the Inception Date.

“Estimated Ceding Commission” shall have the meaning specified in Section 4.1.

“Extra Contractual Liabilities” means all liabilities of the Company for damages (including compensatory, consequential, exemplary, punitive, bad faith or similar or other damages) which relate to the marketing, sale, underwriting, issuance, delivery, cancellation or administration of contracts under which the Company assumes Relevant Risks, including liability arising out of or relating to any alleged or actual act, error or omission by the Company or its agents, whether intentional or otherwise, with respect to any of such contracts, including (A) any alleged or actual reckless conduct or bad faith in connection with the handling of any claim arising out of or under such contracts, or (B) the marketing, sale, underwriting, issuance, delivery, cancellation or administration of any of such contracts.

“FSA” means the Financial Services Authority of the United Kingdom.

“ Governmental Authority ” means any national government, any state or other political subdivision thereof or any self-regulatory authority, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“ Inception Date ” shall have the meaning specified in Section 2.1.

“ Insolvency Fund ” means any guarantee fund, insolvency fund, plan, pool, association, or other arrangement, however denominated, established or governed, which provides for the payment by the Company of any levy, amount or charge in respect of, or assumption by the Company of part or all of any claims, debts, charges, fees or other obligations of an insurer or reinsurer, or its successors or assigns, as a result of its having been declared by any competent authority to be insolvent, or as a result of its having otherwise been deemed unable to meet any such claims, debts, charges, fees or other obligations in whole or in part.

“ Mathematical Reserves ” means, as of any given date, the mathematical reserves of the Company calculated in accordance with the Valuation and Accounting Principles.

“ Monthly Report ” shall have the meaning specified in Section 5.1.

“ Negative Settlement Amount ” means, with respect to each Accounting Period, the amount of any net deficit set forth in Line 11 of the Monthly Report for such Accounting Period as calculated in accordance with Section 5.3(a).

“ Person ” means any natural person, firm, limited liability company, general partnership, limited partnership, joint venture, association, corporation, trust, Governmental Authority or other entity.

“ Positive Settlement Amount ” means, with respect to each Accounting Period, the amount of any net surplus set forth in Line 11 of the Monthly Report for such Accounting Period as calculated in accordance with Section 5.3(a).

“ Relevant Liabilities ” means all insurance liabilities and obligations arising under the Relevant Risks including, without limitation (i) benefits, surrender amounts and other amounts payable to policyholders under the terms of the Relevant Risks, (ii) other consideration paid on or after the Inception Date with respect to the Relevant Risks, (iii) Insolvency Fund or premium based assessments based on premiums and other consideration paid on or after the Inception Date with respect to the Relevant Risks, (iv) all amounts payable on or after the Inception Date for returns or refunds of premiums under the Relevant Risks, (v) all liability for commission or profit sharing payments and other fees or compensation payable, including under Distributor Agreements, with respect to the Relevant Risks in respect of premiums and other consideration paid on or after the Inception Date, (vi) all Extra Contractual Liabilities and (vii) compensation paid in respect of, or in relation to changes to, Distributor Agreements on or after the Inception Date, unless otherwise agreed to in writing by the Reinsurer.

“ Relevant Risks ” means the whole or, as the case may be, such part of the insurance or reinsurance risks as are assumed or borne by the Company under or in connection with any and all insurance and reinsurance policies and contracts to which it is a party and which are in force at any time on or prior to the Termination Date (with the exception of the Bonds). Where the Company is a co-insurer with any other company or companies under any such insurance or reinsurance policy or contract, the insurance or reinsurance risks which are to be treated as assumed or borne by the Company for these purposes are:-

- (i) those risks which the Company has agreed with its co-insurer or co-insurers are to be assumed or borne by the Company; and
- (ii) those other risks (if any) which the Company has agreed with its co-insurer or co-insurers are to be assumed or borne by such co-insurer or co-insurers, but only to the extent that such co-insurer or co-insurers shall have defaulted in meeting its or their obligations in respect of those risks and the Company incurs a liability in respect of those risks as a result.

“RIR” means the notional investment return in respect of an Accounting Period as defined in Section 5.3.

“ Valuation and Accounting Principles ” means the valuation rules for determining the amount of the assets and liabilities of the Company in accordance with the Interim Prudential Sourcebook for Insurers issued by the FSA (as amended or replaced from time to time) under the powers conferred on the FSA pursuant to the Financial Services and Markets Act 2000, as such rules are required to be applied by the Company in the preparation of its annual returns to the FSA (taking into account any waivers or modifications of such valuation rules as are approved by the FSA from time to time in respect of the Company) and, to the extent not inconsistent therewith, the accounting principles and practices hitherto adopted by the Company in preparing its annual audited accounts.

“ Termination Date ” means the effective date of any termination of this Agreement as provided in Article VI.

“ 3 Month LIBOR ” means the British Bankers Association Interest Settlement Rate for sterling quoted for a three month period as displayed on the appropriate Telerate screen page at 11.00 a.m. (London time) on the day on which such Interest Settlement Rate is required to be computed pursuant to this Agreement.

## ARTICLE II

### COVERAGE

- 2.1 Coverage. Upon the terms and subject to the conditions and other provisions of this Agreement, as of 00.01. Bermuda local time (Atlantic Standard Time) on 1 January 2004 (the "Inception Date"), the Reinsurer agrees to reinsure the Relevant Liabilities by way of the Reinsurer indemnifying the Company in respect of each Negative Settlement Amount. As consideration for the reinsurance by the Reinsurer under this Agreement, the Company shall pay to the Reinsurer each Positive Settlement Amount. The parties shall also pay Ceding Commission and Estimated Ceding Commission in accordance with the provisions of this Agreement.
- 2.2 Conditions. Except as otherwise set forth or contemplated herein, no changes, amendments or modifications made on or after the Inception Date in the terms and conditions of the Relevant Risks in-force as of the Inception Date which adversely affect the liability of the Reinsurer hereunder shall be covered hereunder without the prior written approval of such changes, amendments or modifications by the Reinsurer, which approval shall not be unreasonably withheld or delayed. In the event that any such changes, amendments or modifications are made in any such Relevant Risk without the prior written approval of the Reinsurer, this Agreement will cover liability incurred by the Company for Relevant Risks as if the unapproved changes, amendments or modifications had not been made.
- 2.3 Territory. The territorial limits of the Agreement shall be identical to those of the Relevant Liabilities.
- 2.4 Commutation of Ceded Reinsurance. The Company shall not, without the Reinsurer's prior written approval, in its sole discretion, take any action to amend or terminate any Ceded Reinsurance under any Ceded Reinsurance Agreement or enter into any Commutation of Ceded Reinsurance.
- 2.5 New Reinsurance Covers. Subsequent to the Inception Date, the Company shall not enter into any reinsurance arrangements with respect to the Relevant Liabilities without the prior written consent of the Reinsurer, in its sole discretion. For these purposes, the Reinsurer consents to the Company having entered into the reinsurance arrangements specified in Schedule D.

## ARTICLE III

### ADMINISTRATION: GENERAL PROVISIONS

- 3.1 Contract Administration. The Company shall procure that the Relevant Risks are administered in accordance with their terms and the terms of any applicable Distributor Agreement, including, but not limited to, the collection of premiums and other amounts

due from policyholders, the payment of all Relevant Liabilities and the administration of claims and disbursements. All benefits under the contracts and policies constituting the Relevant Risks paid by the Company shall be binding upon the Reinsurer, provided, however, that such payments are within the terms, conditions and limitations of the contracts and policies constituting the Relevant Risks. The Company shall procure that the Relevant Risks are administered in good faith and with the care, skill, prudence, and diligence of a person experienced in administering payment protection insurance business. The Company shall procure that the Relevant Risks are administered in compliance with Applicable Law and the current service provider's administrative performance standards in effect on the date hereof, with such revisions to such standards as are no less favourable to the Reinsurer than such standards. Notwithstanding the foregoing, the parties may, from time to time, mutually develop specific and/or different standards for the administration of the Relevant Risks.

3.2 Sub-contracting of Contract Administration. The Company may subcontract the performance of any service or services which the Company is required to procure in connection with the administration of the Relevant Risks to (i) an Affiliate, (ii) a service provider utilized by the Company with respect to the Relevant Risks or its other business as of the date hereof, (iii) any Person to whom such subcontracting is required to be effected under the terms of any Distributor Agreement or (iv) with the prior written consent of the Reinsurer, any other Person, such consent not to be unreasonably withheld; provided, that no such subcontracting shall relieve the Company from any of its obligations or liabilities hereunder, and the Company shall remain responsible for all obligations or liabilities of such subcontractor with regard to the provision of such advice or services as if provided by the Company.

3.3 Ceded Reinsurance Agreements and Distributor Agreements. The Company shall manage and administer the Ceded Reinsurance Agreements and the Distributor Agreements, including:-

- (i) providing all reports and notices required with regard to the Ceded Reinsurance Agreements and the Distributor Agreements to the reinsurers or other third parties, as applicable, within the time required by the applicable Ceded Reinsurance Agreement or Distributor Agreements; and
- (ii) doing all other things necessary to comply with the terms and conditions of the Ceded Reinsurance Agreements and the Distributor Agreements.

Without limiting the foregoing, the Company shall:-

- (i) promptly pay when due all reinsurance premiums due to reinsurers under the Ceded Reinsurance Agreements and use all commercially reasonable efforts to collect from such reinsurers all amounts due under Ceded Reinsurance; and

(ii) promptly pay when due all profit sharing, commissions or other compensation due to third parties under the Distributor Agreement and use all commercially reasonable efforts to collect from such third parties all amounts due thereunder. Notwithstanding the obligation of the Company under this Section 3.3 to use all commercially reasonable efforts to collect such reinsurance recoverables, the risk of the Company not collecting or being unable to collect (for whatever reason) any amount due under Ceded Reinsurance shall be borne by the Reinsurer in accordance with Line 2 of Schedule B of this Agreement.

3.4 Reinsured Policy Terms. The Company shall set all insurance rates and underwriting criteria in respect of the Relevant Risks from and after the Inception Date consistently with the manner in which it has done so in the past, consulting with the Reinsurer on any issue which is expected to have a material adverse impact on any amounts which the Reinsurer reasonably expects to become payable to it under the terms of this Agreement.

3.5 Claims Settlements. The Company agrees that if so requested by the Reinsurer it will provide notice to the Reinsurer as soon as is reasonably practicable of its intention to commence litigation proceedings in respect of a claim in excess of £100,000 with respect to a Reinsured Policy along with (if requested by the Reinsurer) copies of all pleadings and reports of investigation with respect to that claim. The Reinsurer shall have the right, at its own expense, to participate jointly with the Company in the investigation, adjustment or defence of such claims.

3.6 Inspection. The Company shall keep accurate and complete records, files and accounts of all transactions and matters with respect to the Relevant Risks in accordance with its record management practices in effect from time to time. The Reinsurer or its designated representative (or Person appointed or charged with the duty to examine or investigate the Reinsurer under Applicable Law) may upon reasonable notice inspect and copy (and take away such copies), at the offices of the Company where such records are located, the papers and any and all other books or documents of the Company reasonably relating to the Relevant Risks and the administration thereof (including compliance with the provisions of Section 3.1), during normal business hours for such period as this Agreement is in effect or for as long thereafter as the Company seeks performance by the Reinsurer pursuant to the terms of this Agreement or the Reinsurer reasonably needs access to such records for regulatory, tax or similar purposes. Where any papers, books or documents relating to the Relevant Risks and the administration thereof are those of any sub-contractor of the Company, the Company shall procure at the Reinsurer's expense, to the extent that the Company is entitled and able to do so, that the Reinsurer may upon reasonable notice inspect and copy such papers, books or documents (and take away such copies) at the office of the sub-contractor where such papers, books or documents are located. The information obtained shall be used only for purposes relating to reinsurance under this agreement and as permitted under Section 3.7.

- 3.7 Co-operation. Each party hereto shall co-operate fully with the other in all reasonable respects in order to accomplish the objectives of this Agreement including making available to each their respective officers and employees for interview and meetings with Governmental Authorities and furnishing any additional assistance, information and documents as may be reasonably requested by either party from time to time. Each party is permitted to furnish such documents and information concerning this Agreement, the reinsurance under this Agreement and the objectives of this Agreement (i) to its advisors, insurance managers and auditors as may be desirable in connection with servicing the business of the party concerned or such party complying with Applicable Law and (ii) as required under Applicable Law.
- 3.8 Errors and Omissions. If any delay, omission, error or failure to pay amounts due or to perform any other act required by this Agreement is unintentional and caused by misunderstanding or oversight, the Company and the Reinsurer will adjust the situation to what it would have been had the misunderstanding or oversight not occurred. The party first discovering such misunderstanding or oversight, or an act resulting from such misunderstanding or oversight, will notify the other party in writing promptly upon discovery thereof, and the parties shall act to correct such misunderstanding or oversight within twenty (20) Business Days of such other party's receipt of such notice. However, this Section shall not be construed as a waiver by either party of its right to enforce strictly the terms of this Agreement.
- 3.9 Age, Sex and Other Adjustments. The liability of the Reinsurer shall follow that of the Company including in circumstances where the Company's liability under any of the Relevant Risks is changed because of a misstatement of age or sex or any other material fact, and the Company and the Reinsurer will make all appropriate adjustments to amounts due to each other under this Agreement in such circumstances.
- 3.10 Setoff. Any debts or credits, matured or unmatured, liquidated or unliquidated, regardless of when they arose or were incurred, in favour of or against either the Company or the Reinsurer with respect to this Agreement are deemed mutual debts or credits, as the case may be, and shall be setoff from any amounts due to the Company or the Reinsurer hereunder, as the case may be, and only the net balance shall be allowed or paid.

#### ARTICLE IV

##### CEDING COMMISSION

- 4.1 Ceding Commission. On and subject to the terms of this Agreement, the Reinsurer shall pay to the Company (or, as the case may be, the Company shall pay to the Reinsurer), an estimate of the Ceding Commission (the "Estimated Ceding Commission") payable in respect of that Accounting Period in an amount determined in accordance with Schedule A Part II. The amount of the Estimated Ceding Commission in respect of each Accounting Period shall, subject to Section 4.2 below, be calculated

by the Reinsurer in good faith on the basis of information provided by the Company and shall be paid, by the Reinsurer or the Company as the case may be, at the same time as any Negative or Positive Settlement Amount required to be paid in respect of the previous Accounting Period becomes due in accordance with the arrangements set out in Section 5.4 below. The Estimated Ceding Commission in respect of any Accounting Period is, for the avoidance of doubt, an estimate of the actual Ceding Commission due in respect of that Accounting Period and the adjustment to such estimate shall be effected through the Ceding Commission Adjustments referred to in Schedule B and Section 5.5.

- 4.2 Estimated Ceding Commission initially due. Notwithstanding Section 4.1, the amounts of the Estimated Ceding Commission in respect of each of the first 6 Accounting Periods shall be in the respective amounts set out in Schedule A Part III. Upon execution of this Agreement, the Reinsurer shall pay to the Company an amount equal to the Estimated Ceding Commission in respect of the first Accounting Period as set out in Schedule A Part III. Subsequent amounts due as Estimated Ceding Commission under Schedule A Part III shall be paid in accordance with Section 5.4 below.

## ARTICLE V

### ACCOUNTING AND SETTLEMENT: RESERVE ADJUSTMENT

- 5.1 Monthly Reports. Subject as set out in Section 5.4(b), no later than 3 Business Days before the end of each Accounting Period (or more frequently as mutually agreed by the parties) the Company shall supply the Reinsurer with a report that shall provide an estimate of the financial data for such Accounting Period required in Schedule B together with details of the Ceding Commission estimated to be payable in respect of the following Accounting Period (the "Monthly Report").

- 5.2 Computations. At the end of each Accounting Period the Company shall compute:

- (i) the amount (being "X" in the formula set out in Section 5.3 below) shown in Line 4 in the table contained in Schedule B; and
- (ii) the amount (being "Y" in the formula set out in Section 5.3 below) shown in Line 9 in the table contained in Schedule B.

in each case in accordance with the notes set out in Schedule B and insofar as not inconsistent with such notes otherwise in accordance with the Valuation and Accounting Principles.

- 5.3 Positive and Negative Settlement Amounts.

- (a) In respect of each Accounting Period, if the formula:

(X - Y + RIR)

shall produce a positive amount, that shall be the Positive Settlement Amount for that Accounting Period, and if it shall produce a negative amount, that shall be the Negative Settlement Amount for that Accounting Period, and that Positive Settlement Amount or Negative Settlement Amount, as the case may be, shall be the amount set out in Line 11 of Schedule B.

- (b) The amount of RIR in respect of any Accounting Period shall be determined by multiplying an amount equal to the simple average of (i) the Mathematical Reserves on the first day of the Accounting Period and (ii) the Mathematical Reserves on the last day of such Accounting Period by a rate equal to:

$((1.044)^{\text{(actual number of days in the Accounting Period/366)}} - 1)$

in the year 2004, but for Accounting Periods thereafter,

$((1 + 3 \text{ Month LIBOR})^{\text{(actual number of days in the Accounting Period/number of days in the 3 Month LIBOR period as from the date of its calculation)}} - 1)$

Where:

^ is to the power of

#### 5.4 Payments.

- (a) Subject as provided in Section 5.4(b) below:-

- (i) For each Accounting Period in respect of which there is a Negative Settlement Amount, the Reinsurer shall pay to the Company by telegraphic transfer within 5 Business Days of the delivery of the Monthly Report by the Company an amount equal to the absolute value of such Negative Settlement Amount together with the Estimated Ceding Commission (if any) payable by the Reinsurer to the Company in respect of the following Accounting Period.
- (ii) For each Accounting Period as to which there is a Positive Settlement Amount the Company shall pay to the Reinsurer by telegraphic transfer within 5 Business Days of the delivery of the Monthly Report by the Company an amount equal to the absolute value of such Positive Settlement Amount together with the Estimated Ceding Commission (if any) payable by the Company to the Reinsurer in respect of the following Accounting Period.

- (iii) If there is a Negative Settlement Amount for any Accounting Period and the Company is required to pay the Estimated Ceding Commission to the Reinsurer in respect of the following Accounting Period, a net payment shall be made by the Company or the Reinsurer as appropriate.
  - (iv) If there is a Positive Settlement Amount for any Accounting Period and the Reinsurer is required to pay the Estimated Ceding Commission to the Company in respect of the following Accounting Period, a net payment shall be made by the Company or the Reinsurer as appropriate.
- (b) In relation to all Accounting Periods commencing prior to the execution and delivery of this Agreement, the Company shall calculate and deliver a report (“the First Monthly Report”) to the Reinsurer as to the total aggregate net amount payable by the Company (or as the case may be the Reinsurer) to place the Company and the Reinsurer in the respective financial positions in which they would have been in under this Agreement on the date of such payment, disregarding for this purpose the time cost of money, had this Agreement been executed and delivered at the commencement of the first Accounting Period. Such payment shall be made by telegraphic transfer within 5 Business Days of the delivery of the First Monthly Report.
- 5.5 Actual Data. In preparing all reports required under this Agreement, the Company shall use all commercially reasonable efforts to supply the actual data. If the actual data cannot be supplied with the appropriate report, the Company shall produce best estimates and shall provide amended reports based on actual data no more than ten (10) Business Days after the actual data becomes available and the parties will settle any additional amounts due within five (5) Business Days thereafter, together with interest as provided in Section 5.7 hereof.
- 5.6 Additional Reports and Information. For so long as this Agreement remains in effect and for a period of 7 years after its termination, each of the parties shall periodically furnish to the other such other reports and information as is reasonably available to it and as may be reasonably requested by such other party for regulatory, tax or similar purposes. Nothing in this Agreement shall restrict the Company from being entitled to apply to the Court for its dissolution at any time during such 7 year period but it shall first make arrangements for all data in its possession which may be requested by the Reinsurer to be handed over to a successor company which shall have undertaken, mutatis mutandis, to the Reinsurer in the terms of this Section 5.6.
- 5.7 Delayed Payments. In the event that all or any portion of any payment due to either party pursuant to this Agreement becomes overdue the portion of the amount overdue shall bear interest at an annual rate equal to 3 Month LIBOR on the date that the

payment becomes overdue plus 200 basis points per annum, for the period that the amount is overdue.

- 5.8 Certificate of the Chief Financial Officer of the Company. The certificate of the Chief Financial Officer of the Company as to any matter arising in respect of the amount of any payment falling to be made under this Agreement shall, in the absence of manifest error, be final and binding on the parties.
- 5.10 Breach of Required Minimum Margin of Solvency. No payment required to be made by the Company to the Reinsurer at a relevant time under the terms of this Agreement shall be required to be made at that time if that payment would cause the Company to breach the "Required Minimum Margin" required to be maintained by the Company in accordance with the FSA's Interim Prudential Sourcebook for Insurers (as amended or replaced from time to time). Any payment not made by the Company to the Reinsurer for this reason shall be paid by the Company to the Reinsurer as soon as the making of the payment would not cause that "Required Minimum Margin" to be breached.

## ARTICLE VI

### DURATION AND TERMINATION

- 6.1 Duration. Except as otherwise provided herein, this Agreement shall be unlimited in duration.
- 6.2 Reinsurer's Liability. The Reinsurer's liability with respect to the Relevant Liabilities will terminate on the date that termination takes effect as a result of any notice given at the option of the Reinsurer or the Company in accordance with Section 6.3 and otherwise on the date this Agreement is terminated upon the written agreement of the parties.
- 6.3 Optional Termination. Either the Reinsurer or the Company may terminate this Agreement and the reinsurance hereunder upon prior written notice given at any time to expire on the last day of the Accounting Period in which such notice is given, (i) at any time after the Reinsurer and the Company have both become wholly owned subsidiaries of Genworth Financial, Inc. or (ii) at any time after the transfer scheme for the transfer of the business of the Company to Financial New Life Company Limited pursuant to Section 105 Financial Services and Markets Act 2000 becomes effective (with such amendments, deletions or additions to the scheme as the parties to it may approve).

For the purposes of this Section, a company shall be a wholly owned subsidiary of Genworth Financial, Inc. if all of its ordinary shares are owned:-

- (i) by Genworth Financial, Inc., or

- (ii) by any other company the ordinary shares of which are owned directly by Genworth Financial, Inc. or by another wholly owned subsidiary of Genworth Financial, Inc.

#### 6.4 Consequence of Termination

- (a) In the event that this Agreement is terminated pursuant to Section 6.3, this Agreement shall terminate as of the end of the applicable Accounting Period in which the notice of termination pursuant to Section 6.3 is received by the non-terminating party and a net accounting and settlement as to any balance due under this Agreement shall be undertaken by the parties for such Accounting Period and in respect of adjustments required for any earlier Accounting Period (the “Final Settlement”).
- (b) In the event that, subsequent to the Final Settlement, the Company receives any amount, or is required to pay any amount, or actual data becomes available to the Company, which in any such case was not taken into account in calculating any Positive or Negative Settlement Amount but which would have been so taken into account had it been received or paid or become available prior to the Termination Date or the Final Settlement, the Company or (as the case may be) the Reinsurer shall make such payment or payments to the other as is required to reflect as nearly as possible the position that would have prevailed had such amount or data been so taken into account, provided, however, that the obligations under this Section 6.4(b) to make any such payment shall terminate 18 months after the date on which any notice is served under Section 6.3.

### ARTICLE VII

#### INSOLVENCY

- 7.1 Payments. In the event of the insolvency of the Company, payment due to the Company under this Agreement shall be payable by the Reinsurer directly to the Company or to its liquidator, receiver, or statutory successor on the basis of the liability of the Company under the contract or contracts reinsured, without diminution because of the insolvency of the Company. It is agreed and understood, however, that (i) in the event of the insolvency of the Company, the Company shall give to the Reinsurer written notice of the pendency of a claim against the insolvent Company on a Reinsured Policy within a reasonable time after such claim is filed in the insolvency proceeding and (ii) during the pendency of such claim the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated any defences which it may deem available to the Company or its liquidator, receiver or statutory successor.

7.2 Expenses. It is further understood that any expense thus incurred by the Reinsurer pursuant to Section 7.1 shall be chargeable, subject to court approval, against the insolvent Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defence undertaken by the Reinsurer.

## ARTICLE VIII

### DISPUTE RESOLUTION

#### 8.1 General Provisions.

- (a) 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 Article VIII, which shall be the sole and exclusive procedure for the resolution of any such Dispute.
- (b) Commencing with the request contemplated by Section 8.2, 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 8.3, shall be deemed to be without prejudice communications and to have been delivered in furtherance of a Dispute settlement and shall be exempt from inspection, and shall not be admissible in evidence for any reason (whether as an admission or otherwise).
- (c) In connection with any Dispute, 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) The running of time shall be suspended in respect of any Dispute for the purposes of any defences based upon the passage of time (whether under the Limitation Act 1980 (in its present form or as subsequently amended or replaced) or otherwise) while the procedures specified in this Article VIII are pending. The parties will take such action, if any, required to effectuate this suspension.

8.2 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 any Dispute by negotiation between executives who hold, in respect of each of the business entities involved in the Dispute, at a minimum, the office of President, Chief Executive Officer or Chief Financial Officer. Either party may initiate the executive negotiation

process by written notice to the other. Fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and 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 30 days of the initial notice to seek a resolution.

- 8.3 Mediation. If a Dispute is not resolved by negotiation as provided in Section 8.2 within forty-five (45) days from the initial notice, then either party may submit the Dispute for resolution by mediation pursuant to the Center for Public Resources ("CPR") Model Mediation Procedure as then in effect. The parties will select a mediator from the CPR Panels of Distinguished Neutrals, but such mediator must have prior reinsurance experience either as a lawyer or as a present or former officer or management employee of a reinsurance company, but not of the Company, or the Reinsurer, or any of their respective affiliates. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.
- 8.4 Arbitration. If a Dispute is not resolved by mediation as provided in Section 8.3 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 parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.
- (a) The neutral organisation for purposes of the CPR rules will be the CPR. the arbitral tribunal shall be composed of three arbitrators who are each experienced in the reinsurance business, of whom each party shall appoint one in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR rules. The non-party appointed arbitrator must have prior U.S. reinsurance experience as a present or former officer or management employee of a reinsurance company, but not of the Company, or the Reinsurer, or any of their respective affiliates. The arbitration shall be conducted in New York. 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 English law, 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 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.
- (b) The parties agree to be bound by any award or order resulting from any arbitration conducted hereunder and further agree that judgment on any award or order resulting from an arbitration conducted under this Section may be entered and enforced in any court having jurisdiction thereof.

- (c) 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 8.4(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 the purposes of the foregoing the parties hereto submit to the non-exclusive jurisdiction of the courts of England.
- (d) 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. Notwithstanding paragraph (d) above, each party acknowledges that in the event of any actual or threatened breach of certain of the provisions of this Agreement, the remedy at law may not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.
- (e) Each of the parties will bear its own legal costs in relation to any arbitration proceedings considered under this Section.

- 8.5 Agreement to an alternative procedure. If the parties to this Agreement mutually agree that the alternate procedure set out in Section 8.6 and 8.7 below shall apply to a particular Dispute, then the parties shall resolve that Dispute in accordance with Sections 8.6 and 8.7 below rather than in accordance with Sections 8.3 and 8.4 above.
- 8.6 Alternative Mediation procedure. If the parties have mutually agreed under Section 8.5 that this section shall apply to a Dispute and such Dispute is not resolved by negotiation as provided in Section 8.2 within 45 days from the initial notice (or such longer period as the parties may agree) then the parties will attempt to settle that Dispute by mediation in accordance with the Centre for Effective Dispute Resolution (CEDR Solve) Model Mediation Procedure (the "Model Procedure"). To initiate a mediation, either party shall give notice in writing ("ADR Notice") to the other party in accordance with the provisions of Section 9, requesting mediation in accordance with the provisions of the Model Procedure. A copy of the ADR Notice should also be sent to CEDR Solve.
- 8.7 Alternative Arbitration procedure. If the parties have mutually agreed under Section 8.5 that this section shall apply to a Dispute and such Dispute is not resolved within 42 days (or such longer period as the parties may agree) of the giving of the ADR Notice, or if one of the parties refuses to participate in mediation, the Dispute shall be referred to and finally resolved under the Rules of Arbitration of the International Chamber of



or to such other address or to such other Person as either party may have last designated by notice to the other party.

- 9.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns and legal representatives. Neither this Agreement, nor any right or obligation hereunder, may be assigned by any party without the prior written consent of the other party hereto save that all of the rights and obligations of the Company under this Agreement shall automatically transfer to Financial New Life Company Limited upon the transfer scheme for the transfer of all or substantially all of the Company's business to Financial New Life Company Limited pursuant to section 105 Financial Services and Markets Act 2000 becoming effective (with such amendments, deletions or additions to the scheme as the parties to it may approve). Any assignment in violation of this Section 9.3 shall be void and shall have no force and effect. Nothing in this Section 9.3 shall be construed to prohibit the Reinsurer from retroceding all or any portion of the business reinsured hereunder.
- 9.4 Execution in Counterpart. This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.
- 9.5 Currency. Whenever the acronym "GBP" or the "£" sign appears in this Agreement, they shall be construed to mean British Pounds Sterling and all transactions under this Agreement shall be in British Pounds Sterling.
- 9.6 Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by the Company and the Reinsurer.
- 9.7 Governing Law. This Agreement will be construed, performed and enforced in accordance with the laws of England without giving effect to its principles or rules of conflict of laws thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.
- 9.8 Entire Agreement: Severability. This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, undertakings, statements, representations and warranties, negotiations and discussions, whether oral or written of the parties and there are no general or specific warranties, representations or other agreements by or among the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth or contemplated herein.
- 9.9 Enforceability. If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity and enforceability of the

remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.

- 9.10 No Waiver: Preservation of Remedies. No consent or waiver, express or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first party of any of its rights hereunder. The rights and remedies provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or equity.
- 9.11 Third Party Beneficiary. Nothing in this Agreement shall confer any rights upon any Person that is not a party or a successor or permitted assignee of a party to this Agreement.
- 9.12 Interpretation. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”.
- 9.13 Survival. Articles VIII and IX shall survive the termination of this Agreement and Section 6.4(b) shall remain in force for a period of 18 months after the date on which any notice is served under Section 6.3.
- 9.14 Negotiated Agreement. This Agreement has been negotiated by the parties and the fact that the initial and final draft will have been prepared by either party or an intermediary will not give rise to any presumption for or against any party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorised representatives.

FINANCIAL ASSURANCE COMPANY LIMITED

By \_\_\_\_\_  
Name:  
Title:

VIKING INSURANCE COMPANY, LIMITED

By \_\_\_\_\_  
Name:  
Title:

SCHEDULE A – Part I

CEDING COMMISSION

The Company shall calculate in respect of each Accounting Period the amount by which the deferred acquisition costs of the Company (excluding the deferred acquisition costs attributable to the Bonds) shall have increased or decreased over such Accounting Period (the “Ceding Commission”). The Ceding Commission in respect of such Accounting Period for the purposes of Article IV of this Agreement:-

- (i) shall be payable by the Reinsurer to the Company in an amount equal to the amount, if any, by which the deferred acquisition costs of the Company shall have decreased over that Accounting Period; and
- (ii) shall be payable by the Company to the Reinsurer in an amount equal to the amount, if any, by which the deferred acquisition costs of the Company shall have increased over that Accounting Period.

For the avoidance of doubt, the amount of deferred acquisition costs at any relevant time shall be calculated in accordance with the Valuation and Accounting Principles.

In calculating the Ceding Commission for the first Accounting Period, the deferred acquisition costs of the Company (excluding the deferred acquisition costs attributable to the Bonds) shall at the commencement of such Accounting Period be taken as £ [ ].

SCHEDULE A – Part II

ESTIMATED CEDING COMMISSION

Subject as provided in Schedule A - Part III below, the Reinsurer shall produce at the end of each Accounting Period on the basis of information provided by the Company a best estimate of the Ceding Commission for the next following Accounting Period.

SCHEDULE A - PART III

ESTIMATED CEDING COMMISSION FOR FIRST 6 ACCOUNTING PERIODS

For the first 6 Accounting Periods the Estimated Ceding Commission shall, in the case of each amount, be payable by the Reinsurer and shall be as follows, provided that the parties acknowledge that such amounts are estimates only and shall be the subject of the Reinsurer's Ceding Commission Adjustment and the Company's Ceding Commission Adjustment, as appropriate, in accordance with Lines 3 and 8 of Schedule B of this Agreement and Section 5.5:-

<u>Accounting Period ending on:-</u>		<u>Amount of Ceding Commission:-</u>
31st January 2004	£	26,007,000
29th February 2004	£	24,848,000
31st March 2004	£	23,028,000
30th April 2004	£	19,476,000
31st May 2004	£	19,532,000
30th June 2004	£	17,194,000

SCHEDULE B

ACCOUNTING PERIOD REPORTS

Note: All amounts paid or payable or received or receivable by the Company in respect of the Bonds are to be excluded in any of the items listed below. No account shall be taken in any of the items listed below of any amount payable or receivable under this Agreement or of any change in the Company's provision for deferred acquisition costs provided that this shall not affect the requirement to include the Reinsurer's Ceding Commission Adjustment or the Company's Ceding Commission Adjustment as the case may be.

<u>Line no.</u>	<u>Item</u>	
1.	Earned Premiums	£
2.	Other Income	£
3.	Reinsurer's Ceding Commission Adjustment	£
4.	<b>Total Income (Lines 1 to 3)</b>	£
5.	Claims Incurred	£
6.	Expenses Payable	£
7.	Other Changes In Technical Provisions	£
8.	Company's Ceding Commission Adjustment	£
9.	<b>Total Expenditure (Lines 5 to 8)</b>	£
10.	RIR	£
11.	<b>Positive / (Negative) Settlement Amount (Line 4 - Line 9 + Line 10)</b>	£

where, in respect of each Accounting Period:

Line 1: "Earned Premiums" shall mean gross premiums written in such Accounting Period plus any decrease or minus any increase in the provision for unearned premiums over such Accounting Period, as described in item II.1 of paragraph 12 of Schedule 9A of the Companies Act 1985 and the notes thereto. In calculating the gross premiums written in any Accounting Period there shall be deducted the outward reinsurance premiums paid in such Accounting Period. To the amount of any increase in the provision for unearned premiums over such Accounting Period there shall be added any decrease or there shall be subtracted any increase, over such Accounting Period, in the amount of the unearned reinsurance premiums paid by the Company. To the amount of any decrease in the provision for unearned premiums over such Accounting Period, there shall be added any increase, or there shall be subtracted any decrease, over such Accounting Period, in the amount of the unearned reinsurance premiums paid by the Company. In calculating the gross

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premiums written, full account shall be taken of the effect of cancellations notified in such Accounting Period and of any other arrangement under which a policy is terminated in such Accounting Period;

- Line 2: “Other Income” shall mean all other income becoming due to the Company in the relevant Accounting Period, excluding any income from investments and any realised or unrealised gains on investments and excluding any amount received or becoming due under Ceded Reinsurance;
- Line 3: “Reinsurer’s Ceding Commission Adjustment” shall mean the amount (if any) due from the Reinsurer as a result of the actual Ceding Commission for such Accounting Period calculated in accordance with Schedule A Part I being different from the Estimated Ceding Commission for that Accounting Period;
- Line 4: “Total Income” shall mean the sum of Earned Premiums, Other Income and Reinsurer’s Ceding Commission Adjustment;
- Line 5: “Claims Incurred” shall mean claims paid in respect of the Relevant Liabilities less reinsurance recoveries received in respect of the Relevant Liabilities in the relevant Accounting Period plus any increase (or minus any decrease) over such Accounting Period in the provision for claims. For these purposes, such provision for claims shall be calculated, at the beginning and end of each Accounting Period, net of any available credit for reinsurance, not being a credit in respect of any reinsurance claim which is due but unpaid, and otherwise in accordance with the manner in which such provision for claims would be calculated for the purposes of item II.5(b) of paragraph 12 of Schedule 9A of the Companies Act 1985;
- Line 6: “Expenses Payable” shall mean operating expenses incurred in the relevant Accounting Period including without limitation:-
- (a) bonuses and rebates, net of reinsurance, as described in item II.7 of paragraph 12 of Schedule 9A of the Companies Act 1985;
  - (b) acquisition costs, administrative expenses, reinsurance commissions and profit participation, as described in item II.8 of the said paragraph 12 and the notes thereto; and
  - (c) the charges described in items II.11 and III.8 of the said paragraph 12,
- but, for the avoidance of doubt, shall exclude investment expenses and charges, realised or unrealised losses on investments, and income and corporation tax;
- Line 7: “Other Changes in Technical Provisions” shall mean the increase in technical provisions (or the decrease in technical provisions in which event such decrease shall be expressed as a negative amount) not accounted for in any other line of this

Schedule B, as described in item II.6 of paragraph 12 of Schedule 9A of the Companies Act 1985 and any other increases in reserves (or decreases in reserves, in which event such decreases shall be expressed as negative amounts) required to be taken into account for the purposes of the returns made to the FSA but not required to be so taken into account under Schedule 9A of the Companies Act 1985 in respect of the Company including any change required as a result of the Company not having received any amount due in respect of Ceded Reinsurance;

Line 8: “Company’s Ceding Commission Adjustment” shall mean any amount due from the Company as a result of the actual Ceding Commission for such Accounting Period calculated in accordance with Schedule A - Part I being different from the Estimated Ceding Commission for that Accounting Period;

Line 9: “Total Expenditure” shall mean the sum of Claims Incurred, Expenses Payable, Other Expenditure, Other Changes in Technical Provisions and Company’s Ceding Commission Adjustment;

Line 10: “RIR” shall mean the amount calculated pursuant to Section 5.3(b) of this Agreement; and

Line 11: the “Positive Settlement Amount” and the “Negative Settlement Amount” shall mean the amounts calculated pursuant to Section 5.3(a) of this Agreement.

Any amounts included in any of the items listed above shall be included in the calculation set out in this Schedule B only to the extent that such amounts have not been accounted for in any Monthly Report relating to any previous Accounting Period. Any amount specifically excluded from any line item shall be treated as though it were excluded from all other line items unless the context shall expressly require otherwise. No amount shall be included in more than one line item. In the event of any conflict between the application of any express provision in these notes or this Agreement, and the application of any statutory or regulatory rule under this Schedule, in each case for the purposes of determining the amount of any line item in this Schedule, the express provisions in these notes and this Agreement shall prevail.

In calculating the Positive or Negative Settlement Amount (as the case may be) for the first Accounting Period:-

- (i) the provision for unearned premiums shall at the commencement of such Accounting Period be taken as £[ ];
- (ii) the amount of the unearned reinsurance premiums shall at the commencement of such Accounting Period be taken as £[ ];
- (iii) the claims provision net of any available credit for reinsurance, not being a credit in respect of any reinsurance claim which is due but unpaid at the

commencement of such Accounting Period shall at such commencement be taken as £[ ]; and

- (iv) the technical provisions and reserves referred to in Line 7 above shall at the commencement of such Accounting Period be taken as £[ ].

## SCHEDULE C

### THE BONDS

1. Guaranteed Equity Bonds - single premium life endowment products with a fixed term of five to six years.
  2. Guaranteed Bonds - single premium life endowment products with a fixed term of up to seven years.
  3. Flexible Term Guaranteed Bonds - single premium whole life guaranteed bonds on an annually renewable basis.
  4. Investment Bonds - single premium unit linked whole life policies, the benefits of which are linked to one of three internal linked funds, equity, international or managed.
  5. Flexible Access Bonds - single premium unit linked whole life policies with the benefits linked to an internal deposit fund.
  6. Structured Settlements - whole life purchased life annuities generally written as the result of a court settlement. The payment stream is predefined but may be monthly, annual or even five yearly. Payments are either fixed or linked to the Retail Price Index.
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SCHEDULE D

LIST OF REINSURANCE ARRANGEMENTS

**REINSURANCE AGREEMENT**

**between**

**VIE PLUS**

**and**

**R.D PLUS**

**Dated as of [     ] 2004**

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This Agreement, dated as of \_\_\_\_\_ 2004 (the “Agreement”) is made and entered into by and between VIE PLUS, an insurance company organised under French law (the “Company”), and R.D PLUS, an insurance company organised under French law (the “Reinsurer”).

The Company and the Reinsurer mutually agree to reinsure the risks described in this Agreement under the terms and conditions stated herein. This Agreement is solely between the Company and the Reinsurer, and the performance of the obligations of each party under this Agreement shall be rendered solely to the other party. In no instance shall anyone other than the Company or the Reinsurer have any rights under this Agreement. The Company shall be and shall remain the only party that is liable to any insured, policyholder, claimant or beneficiary under any insurance policy or contract reinsured hereunder.

## **ARTICLE 1 - DEFINITIONS**

As used in this Agreement, the following terms shall have the following meanings:

“Accounting Period” means each period of a quarter the first such period commencing at 00.01 Paris time on 1 January 2004 and the last such period commencing on the first day of the quarter in which the Termination Date falls and ending on the Termination Date.

“Affiliate” means any other Person that directly or indirectly controls, is controlled by, or is under common control with, the first Person. “Control” (including the terms, “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or credit arrangement, as trustee or executor, or otherwise.

“Ceded Reinsurance” means all reinsurance ceded by the Company pursuant to contracts, binders, certificates, treaties or other evidence of reinsurance relating to the Reinsured Risks in effect on or prior to the Inception Date, except the reinsurance provided pursuant to this Agreement.

“Ceded Reinsurance Agreements” means all of the contracts, binders, certificates, treaties or other evidence for Ceded Reinsurance.

“Commutation” means, with respect to any portion of the Ceded Reinsurance, a commutation or other similar transaction that results in the termination of such Ceded Reinsurance with respect to the Reinsured Risks.

“Direct Commission” means all commissions and other consideration now or hereafter accrued or payable to the brokers and other intermediaries for the Reinsured Risks, which are composed of a fixed commission based on the net earned premiums and a variable commission based on a profit sharing mechanism. For the avoidance of doubt, it is intended that the Agreement have no impact on the calculation of the profit sharing in any arrangement with a broker or an intermediary.

“EURIBOR” means the European InterBank Offered Rate.

“Extra Contractual Liabilities” means all liabilities of the Company for damages (including compensatory, consequential, exemplary, punitive, bad faith or similar or other damages) which relate to the marketing, sale, underwriting, issuance, delivery, cancellation or administration of contracts under which the Company assumes Reinsured Risks, including liability arising out of or relating to any alleged or actual act, error or omission by the Company or its agents, whether intentional or otherwise, with respect to any of such contracts, including (A) any alleged or actual reckless conduct or bad faith in connection with the handling of any claim arising out of or under Reinsured Risks, or (B) the marketing, sale, underwriting, issuance, delivery, cancellation or administration of any of such contracts.

“Inception Date” means 00.01 Paris time on 1 January 2004.

“Negative Settlement Amount” means with respect to each Accounting Period the amount of any net deficit set forth in the Quarterly Settlement for such Accounting Period as provided in Article 7.

“Person” means any natural person, firm, limited liability company, general partnership; limited partnership, joint venture, association, corporation, trust, Governmental Authority or other entity.

“Portfolio Transfer” means the transfer by the Company to FINCL of the Reinsured Risks in application of the provisions of article L.324-1 of the French Insurance Code.

“Positive Settlement Amount” means with respect to each Accounting Period the amount of any net surplus set forth in the Quarterly Settlement for such Accounting Period as provided in Article 7.

“Reinsured Liabilities” means all insurance liabilities and obligations arising under the Reinsured Risks including, without limitation (i) benefits, surrender amounts and other amounts payable to policyholders under the terms of the Reinsured Risks, (ii) other consideration paid on or after the Inception Date with respect to the Reinsured Risks, (iii) all amounts payable on or after the Inception Date for returns or refunds of premiums under the Reinsured Risks and (iv) all Extra Contractual Liabilities.

“Reinsured Risks” means the whole or, as the case may be, such part of the insurance risks related to payment protection insurance business as are assumed or borne by the Company under or in connection with any and all insurance policies and contracts to which it is a party and which are in force at any time on or prior to the Termination Date.

“Reinsurance Recoverables” means the amount of reinsurance recoverables that is actually collected under Ceded Reinsurance.

“Reserves” means the sum of all reserves and liabilities required to be maintained by the Company for the Reinsured Liabilities including any reserve for any Extra Contractual Liability, calculated consistent with the reserve requirements, statutory accounting rules and actuarial principles under the French laws.

“Termination Date” means the effective date of any termination of this Agreement as provided in Article 8.

## **ARTICLE 2 - COVERAGE**

Coverage. Upon the terms and subject to the conditions and other provisions of this Agreement, as of the Inception Date, the Reinsurer agrees to reinsure the Reinsured Liabilities by way of the Reinsurer indemnifying the Company in respect of each Negative Settlement Amount. As consideration for the reinsurance by the Reinsurer under this Agreement, the Company shall pay to the Reinsurer each Positive Settlement Amount.

Conditions. Except as otherwise set forth or contemplated herein, no changes, amendments or modifications made on or after the Inception Date to the terms and conditions of the Reinsured Risks in-force as of the Inception Date which adversely affect the liability of the Reinsurer hereunder shall be covered hereunder without the prior written approval of such changes, amendments or modifications by the Reinsurer, which approval shall not be unreasonably withheld or delayed. In the event that any such changes, amendments or modifications are made in any such Reinsured Risk without the prior written approval of the Reinsurer, this Agreement will cover liability incurred by the Company for Reinsured Risks as if the unapproved changes, amendments or modifications had not been made.

Territory. The territorial limits of the Agreement shall be identical to those of the Reinsured Risks.

Commutation of Ceded Reinsurance. The Company shall not, without the Reinsurer's prior written approval, in its sole discretion, take any action to amend or terminate any Ceded Reinsurance under any Ceded Reinsurance Agreement or enter into any Commutation of Ceded Reinsurance.

New reinsurance covers. Subsequent to the Inception Date, the Company will not enter into any reinsurance arrangements with respect to the Reinsured Risks without the prior written consent of the Reinsurer, in its sole discretion.

## **ARTICLE 3 - ADMINISTRATION - GENERAL PROVISIONS**

Contract Administration. The Company shall procure that the Reinsured Risks are administered in accordance with their terms, in good faith and with the care, skill, prudence, and diligence of a person experienced in administering insurance business.

Sub-contracting of Contract Administration. The Company may subcontract the performance of any service or services which the Company is required to procure in connection with the administration of the Reinsured Risks to (i) an Affiliate, (ii) a service provider utilized by the Company with respect to the Reinsured Risks or its other business as of the date hereof, (iii) any Person to whom such subcontracting is required to be effected under the terms of any distribution agreement or (iv) with the prior written consent of the Reinsurer, any other Person, such consent not to be unreasonably withheld; provided, that no such subcontracting shall relieve the Company from any of its obligations or liabilities hereunder, and the Company shall remain responsible for all obligations or liabilities of such subcontractor with regard to the provision of such advice or services as if provided by the Company.

Ceded Reinsurance Agreements. The Company shall manage and administer the Ceded Reinsurance Agreements. Without limiting the foregoing, the Company shall promptly pay when due all reinsurance premiums due to reinsurers under the Ceded Reinsurance Agreements and use all commercially reasonable efforts to collect from such reinsurers all Reinsurance Recoverables due thereunder, it being understood that the Reinsurer will bear the risk of collectability of any Reinsurance Recoverable.

Reinsured Policy Terms. The Company shall set all insurance rates and underwriting criteria in respect of the Reinsured Risks from and after the Inception Date consistently with the manner in which it has done so in the past, consulting with the Reinsurer on any issue which is expected to have a material adverse impact on any amounts which the Reinsurer reasonably expects to become payable to it under the terms of this Agreement.

Claims Settlements. The Company agrees that if so requested by the Reinsurer it will provide notice to the Reinsurer as soon as is reasonably practicable of its intention to commence litigation proceedings in respect of a claim in excess of €100,000 with respect to a Reinsured Policy along with (if requested by the Reinsurer) copies of all pleadings and reports of investigation with respect to that claim. The Reinsurer shall have the right, at its own expense, to participate jointly with the Company in the investigation, adjustment or defence of such claims.

Inspection. The Company shall keep accurate and complete records, files and accounts of all transactions and matters with respect to the Reinsured Risks in accordance with its record management practices in effect from time to time. The Reinsurer or its designated representative may upon reasonable notice inspect and copy, at the offices of the Company where such records are located, the papers and any and all other books or documents of the Company reasonably relating to the Reinsured Risks and the administration thereof, during normal business hours for such period as this Agreement is in effect or for as long thereafter as the Company seeks performance by the Reinsurer pursuant to the terms of this Agreement or the Reinsurer reasonably needs access to such records for regulatory, tax or similar purposes. The information obtained shall be used only for purposes relating to reinsurance under this agreement.

Co-operation. Each party hereto shall co-operate fully with the other in all reasonable respects in order to accomplish the objectives of this Agreement including making available to each their respective officers and employees for interview and meetings with governmental authorities and furnishing any additional assistance, information and documents as may be reasonably requested by either party from time to time.

Errors and Omissions. If any delay, omission, error or failure to pay amounts due or to perform any other act required by this Agreement is unintentional and caused by misunderstanding or oversight, the Company and the Reinsurer will adjust the situation to what it would have been had the misunderstanding or oversight not occurred. The party first discovering such misunderstanding or oversight, or an act resulting from such misunderstanding or oversight, will notify the other party in writing promptly upon discovery thereof, and the parties shall act to correct such misunderstanding or oversight within twenty (20) business days of such other party's receipt of such notice. However, this section shall not be construed as a waiver by either party of its right to enforce strictly the terms of this Agreement.

Age, Sex and Other Adjustments. The liability of the Reinsurer shall follow that of the Company including in circumstances where the Company's liability under any of the Reinsured Risks is changed because of a misstatement of age or sex or any other material fact, and the Company and the Reinsurer will make all appropriate adjustments to amounts due to each other under this Agreement in such circumstances.

Setoff. Any debts or credits, matured or unmatured, liquidated or unliquidated, regardless of when they arose or were incurred, in favour of or against either the Company or the Reinsurer with respect to this Agreement between the Company and the Reinsurer, are deemed mutual debts or credits, as the case may be, and shall be set off from any amounts due to the Company or the Reinsurer hereunder, as the case may be, and only the net balance shall be allowed or paid.

#### **ARTICLE 4 - REINSURANCE PREMIUM**

The reinsurance premium due as of the day the parties enter into this Agreement by the Company to the Reinsurer shall be equal to the Reserves as of December 31, 2003 (the "Reinsurance Premium").

The amount of the Reinsurance Premium and the amount of the Deposit referred to in article 5 hereafter being equal as of the day the parties enter into this Agreement, the Company shall not make any payment in cash of the Reinsurance Premium and shall retain such Reinsurance Premium to constitute the Reinsurer's Deposit as of the day the parties enter into this Agreement.

#### **ARTICLE 5 - DEPOSIT**

In order to allow the Company to take credit in its balance sheet of this quota share reinsurance, the Reinsurer will deposit in the Company's accounts as of the day the parties enter into this Agreement an amount equal to the Reserves as of December 31, 2003 in accordance with article R332.17 of the French Insurance Code (the "Deposit").

The amount of the Deposit will be increased or decreased every quarter, in the framework of the Quarterly Settlements until the Termination of this Agreement, such adjustment(s) being equal to the increase or decrease in the Reserves referred to in Article 7.

The Deposit will bear an interest equal to five point two per cent (5.2%) per annum that will be computed every quarter through the Quarterly Settlements.

#### **ARTICLE 6 - CEDING COMMISSION**

The Reinsurer shall pay a ceding commission (the "Ceding Commission") to the Company for each Accounting Period in an amount equal to four point four per cent (4.4%) of the earned premiums that will be paid through the Quarterly Settlements.

## **ARTICLE 7 - ACCOUNTING AND SETTLEMENT**

### **(a) Quarterly Settlement**

As soon as feasible but no more than fifteen (15)] days after the end of each Accounting Period, the Company shall supply the Reinsurer with a report that shall compute the following financial data for such Accounting Period:

- The earned premiums plus other income excluding any investment income and realized and/or unrealised capital gains, related to the Reinsured Risks net of any insurance taxes and of any guarantee fund contribution related to these premiums and net of any reinsurance cost related to the Ceded Reinsurance;
- Minus the claims paid on the Reinsured Liabilities, net of any reinsurance received under the Ceded Reinsurance;
- Minus the Direct Commission net of any portion thereof actually paid under Ceded Reinsurance;
- Minus any increase in the Reserves;
- Plus any decrease of the Reserves;
- Plus interest on the Deposit calculated in reference to Article 5 hereof;
- Minus the Ceding Commission.

### **Payments .**

For each Accounting Period as to which there is a Negative Settlement Amount, the Reinsurer shall pay to the Company an amount equal to such Negative Settlement Amount within ten (10) days of the delivery of the Quarterly Report by the Company.

For each Accounting Period as to which there is a Positive Settlement Amount the Company shall pay to the Reinsurer an amount equal to such Positive Settlement Amount within ten (10) days of the delivery of the Quarterly Report by the Company.

Delayed Payments . In the event that all or any portion of any payment due to either party pursuant to this Agreement becomes overdue the portion of the amount overdue shall bear interest at an annual rate equal to 3 Month EURIBOR on the date that the payment becomes overdue plus 200 basis points per annum, for the period that the amount is overdue.

### **(b) Other Report**

Annual Reports . Within forty-five (45) days after the end of each calendar year the Company shall supply the Reinsurer with a report that shall provide the financial data specified in the previous section for such calendar year.

Additional Reports and Updates . For so long as this Agreement remains in effect, each of the parties shall periodically furnish to the other such other reports and information as is reasonably available to it and as may be reasonably requested by such other party for regulatory, tax or similar purposes.

(c) Actual Data

In preparing all reports required under this Agreement, the Company shall use all commercially reasonable efforts to supply the actual data. If the actual data cannot be supplied with the appropriate report, the Company shall produce best estimates and shall provide amended reports based on actual data no more than ten (10) days after the actual data becomes available and the parties will settle any additional amounts due within five (5) days thereafter, together with interest as provided in the last paragraph of Article 7 (a) hereof.

**ARTICLE 8 - DURATION AND TERMINATION**

8.1 Duration. Except as otherwise provided herein, this Agreement shall be unlimited in duration.

8.2 Reinsurer's Liability. The Reinsurer's liability with respect to the Reinsured Risks under this Agreement will terminate on the earlier of: (i) the date that all amounts due under this Agreement have been paid ; (ii) the date this Agreement is terminated at the option of the Reinsurer or the Company in accordance with Article 8.3 hereof; and (iii) the date this Agreement is terminated upon the written agreement of the parties.

8.3 Optional Termination: Final Payment Obligations. Either the Reinsurer or the Company may terminate this Agreement and the reinsurance hereunder upon at least 3 business days prior written notice of its intent to terminate this Agreement upon the execution of the Portfolio Transfer by the Company of the Reinsured Risks .

8.4 Consequence of Termination

a) In the event that this Agreement is terminated pursuant to section 8.3, this Agreement shall terminate as of the end of the quarter in which the notice of termination pursuant to the previous section is received by the non-terminating party and a net accounting and settlement as to any balance due under this Agreement shall be undertaken by the parties for such Accounting Period (the "Final Settlement").

b) In the event that, subsequent to the Final Settlement but not later than eighteen (18) months after the Termination Date, the Company receives any amount, or is required to pay any amount, which was not taken into account in calculating any Positive or Negative Settlement Amount but which would have been so taken into account had it been received or paid prior to the Termination Date or the Final Settlement, the Company or (as the case may be) the Reinsurer shall make such payment or payments to the other as is required to reflect as nearly as possible the position that would have prevailed had such amount been so taken into account.

**ARTICLE 9 - DISPUTE RESOLUTION**

9.1 General Provisions.

(a) 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 Article 9, which shall be the sole and exclusive procedure for the resolution of any such Dispute.

- (b) Commencing with the request contemplated by Section 9.2, 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 9.3, shall be deemed to have been delivered in furtherance of a Dispute settlement 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 present arbitration clause does not exclude the right of recourse to the courts in respect of any measure which the Code of Civil Procedure permits to be taken by court order ("ordonnance"), including, without limitation, any measure ordered in proceedings "en référé", where such order does not preclude the legal determination of the substance of any issue submitted to arbitration.
- (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) The parties agree and accept that the commencement of arbitration proceedings hereunder will interrupt any prescription which may at the relevant time be running in respect of any right which is the object of, or is otherwise affected by, such proceedings.

9.2 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 any Dispute by negotiation between executives who hold, in respect of each of the business entities involved in the Dispute, at a minimum, the office of President, Chief Executive Officer or Chief Financial Officer. Either party may initiate the executive negotiation process by written notice to the other. Fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and 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 30 days of the initial notice to seek a resolution.

9.3 Mediation. If a Dispute is not resolved by negotiation as provided in Section 9.2 within forty-five (45) days from the initial notice, then either party may submit the Dispute for resolution by mediation pursuant to the Center for Public Resources ("CPR") Model Mediation Procedure as then in effect. The parties will select a mediator from the CPR Panels of Distinguished Neutrals, but such mediator must have prior reinsurance experience either as a lawyer or as a present or former officer or management employee of a reinsurance company, but not of the Company, or the Reinsurer, or any of their respective affiliates. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

9.4 Arbitration. If a Dispute is not resolved by mediation as provided in Section 9.3 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 parties consent to a single, consolidated arbitration for all known Disputes existing at the time of the arbitration and for which arbitration is permitted.

- (a) The neutral organisation for purposes of the CPR rules will be the CPR. the arbitral tribunal shall be composed of three arbitrators who are each experienced in the reinsurance business, of whom each party shall appoint one in accordance with the “screened” appointment procedure provided in Rule 5.4 of the CPR rules. The non-party appointed arbitrator must have prior French reinsurance experience as a present or former officer or management employee of a reinsurance company, but not of the Company, or the Reinsurer, or any of their respective affiliates. The arbitration shall be conducted in Paris. 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 French law, 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 according to its terms.
- (b) The parties agree to be bound by any award or order resulting from any arbitration conducted hereunder and further agree that judgment on any award or order resulting from an arbitration conducted under this Section may be entered and enforced in any court having jurisdiction thereof.
- (c) 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 9.4(b) above, (ii) to restrict or vacate an arbitral decision based on the grounds specified under French Law, or (iii) for interim relief as provided in paragraph (e) below. For the purposes of the foregoing the parties hereto submit to the non-exclusive jurisdiction of the French courts.
- (d) Each party will bear its own attorneys’ fees and costs.

#### **ARTICLE 10 - MISCELLANEOUS PROVISIONS**

Notices . All notices, requests, demands and other communications under this Agreement must be in writing and will be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in France with return receipt requested, upon receipt; (b) if sent by reputable overnight air courier, four business days after mailing; (c) if sent by facsimile transmission, with a copy mailed on the same day in the manner provided in (a) or (b) above, when transmitted and receipt is confirmed by telephone; or (d) if otherwise actually personally delivered, when delivered, and shall be delivered as follows.

If to the Company:

To the Reinsurer:

or to such other address or to such other person as either party may have last designated by notice to the other party.

Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns and legal representatives. Neither this Agreement, nor any right or obligation hereunder, may be assigned by any party without the prior written consent of the other party hereto. Any assignment in violation of this section shall be void and shall have no force and effect. Nothing in this section shall be construed to prohibit the Reinsurer from retroceding all or any portion of the business reinsured hereunder.

Amendments . This Agreement may not be changed, altered or modified unless the same shall be in writing executed by the Company and the Reinsurer.

Governing Law . This Agreement will be construed, performed and enforced in accordance with the French laws without giving effect to its principles or rules of conflict of laws thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

Entire Agreement: Severability . This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, undertakings, statements, representations and warranties, negotiations and discussions, whether oral or written of the parties and there are no general or specific warranties, representations or other agreements by or among the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth or contemplated herein.

Survival . Section 8.4(b) and Articles 9 and 10 shall survive the termination of this Agreement but shall, in the case of Section 8.4(b), terminate no later than eighteen (18) months after the Termination Date.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives.

VIE PLUS

By

\_\_\_\_\_  
Name:

Title:

R.D PLUS

By

\_\_\_\_\_  
Name:

Title:

MORTGAGE SERVICES AGREEMENT

dated as of \_\_\_\_\_, 2004

by and among

GE MORTGAGE SERVICES, LLC,

GENERAL ELECTRIC MORTGAGE  
HOLDINGS LLC,

GE MORTGAGE CONTRACT SERVICES INC.

and

GENWORTH FINANCIAL, INC.

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Section 12.10.	Severability
Section 12.11.	Entire Agreement
Section 12.12.	Assignment; No Third-Party Beneficiaries
Section 12.13.	Amendment
Section 12.14.	Rules of Construction
Section 12.15.	Counterparts
Section 12.16.	No Right to Set-Off
Section 12.17.	Existing Agreements
Section 12.18.	Further Assurances

## SCHEDULES AND EXHIBITS

Schedule A	GEMH Services
Schedule B	Scheduled Loans
Schedule C-1	Fully Dedicated Transition Employees
Schedule C-2	Partially Allocated Transition Employees
Schedule D	Cost Allocation
Exhibit A	Form of Loan Purchase Agreement

THIS MORTGAGE SERVICES AGREEMENT, dated as of \_\_\_\_\_, 2004, is made by and among GE MORTGAGE SERVICES, LLC, a North Carolina limited liability company (“Mortgage Services”), GENERAL ELECTRIC MORTGAGE HOLDINGS LLC, a North Carolina limited liability company (“GEMH”), GE MORTGAGE CONTRACT SERVICES INC., a Delaware corporation (“Contract Services”) and GENWORTH FINANCIAL, INC., a Delaware corporation (“Genworth”, and together with Mortgage Services, GEMH and Contract Services, the “Parties”).

#### RECITALS

WHEREAS, Affiliates of the Parties, General Electric Company (“General Electric”), General Electric Capital Corporation (“GE Capital”), GEI, Inc. (“GEI”), GE Financial Assurance Holdings, Inc. (“GEFAHI”), GNA Corporation (“GNA”) and Genworth entered into that certain Master Agreement, dated as of \_\_\_\_\_, 2004 (the “Master Agreement”);

WHEREAS, pursuant to the terms of the Master Agreement, General Electric, GE Capital, GEI, GNA, GEMH and Genworth entered into that certain Transitional Services Agreement dated as of \_\_\_\_\_, 2004;

WHEREAS, GE Capital Mortgage Services, Inc., a predecessor in interest to Mortgage Services, and General Electric Mortgage Insurance Corporation (“GEMICO”) entered into that certain Service Agreement dated as of January 1, 2001 (the “Existing Servicing Agreement”);

WHEREAS, Mortgage Services and GEMICO entered into that certain Shared Services Agreement dated as of January 1, 2002 (the “Existing Shared Services Agreement”);

WHEREAS, Mortgage Services and GEMICO desire to terminate the Existing Servicing Agreement and the Existing Shared Services Agreement;

WHEREAS, pursuant to the terms of the Master Agreement, it is contemplated that GEMH will provide, or cause to provide, certain services to Mortgage Services and its Subsidiaries, including services previously provided by GEMICO and its Affiliates pursuant to the Existing Servicing Agreement and Existing Shared Services Agreement;

WHEREAS, Mortgage Services and GEMICO entered into that certain Lease Agreement (the “Lease Agreement”), effective as of October 1, 2002, with respect to approximately 1,100 square feet of office space located at 6601 Six Forks Road, Raleigh, North Carolina 27615 (the “Leased Premises”);

WHEREAS, Mortgage Services and GEMICO desire to terminate the Lease Agreement and Mortgage Services desires to continue to use the Leased Premises on the terms set forth herein;

WHEREAS, GE Capital Residential Connection Corporation and Mortgage Services entered into that certain Indemnification Agreement dated as of May 1, 2003 (as assigned to Contract Services effective as of January 1, 2004, the “Indemnification Agreement”);

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WHEREAS, Mortgage Services and Contract Services desire to terminate the Indemnification Agreement and Mortgage Services desires for Contract Services to indemnify Mortgage Entities with respect to any and all Liabilities incurred by Mortgage Services with respect to the Scheduled Loans (as defined below);

WHEREAS, Contract Services has requested that, from time to time, Mortgage Services purchase certain New Loans and the related Loan Assets (as defined below) and Mortgage Services has agreed to (i) make such purchases on the terms and conditions set forth herein and (ii) account for such New Loans and related Loan Assets on its financial statements; and

WHEREAS, Mortgage Services desires that Genworth guarantee the obligations of Contract Services under this Agreement and Genworth has agreed to provide such guaranty;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

## ARTICLE I

### DEFINITIONS

#### SECTION 1.01. Certain Defined Terms.

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“Affiliate” means Affiliate as defined in the Master Agreement; provided however, that for the purposes of this Agreement the Closing Date as used in such definition shall be deemed to have occurred.

“Agreement” means this Mortgage Services Agreement, including all schedules and exhibits hereto, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof.

“Bona Fide Offer” means, with respect to any Held Loan, a written offer made by any Person, other than Mortgage Services, Contract Services or any of their respective Affiliates, in good faith to purchase such Held Loan, coupled with evidence reasonably satisfactory to Contract Services that (i) the offeror has the present financial ability to pay the offered price or has available financing to enable it to pay the offered price and (ii) the offered price is consistent with the sale price Mortgage Services would seek to obtain for a loan of substantially similar type held by Mortgage Services for its own account.

“Credit Enhancement” means any (i) security deposit, (ii) investment certificate, certificate of deposit, authorization to hold funds, hypothecation of account or like instrument, (iii) letter of credit, repurchase agreement, agreement of indemnity, guarantee or postponement agreement, (iv) recourse agreement, (v) security agreement, (vi) all property and assets of whatever nature, including personal property, whether tangible or intangible, and claims, rights

and choses in action, (vii) certificate representing shares or the right to purchase capital of or interests in, any Person, or (viii) bond or debenture, or (ix) any and all insurance policies (including mortgage and title insurance), in each case pledged, assigned, mortgaged, made, delivered or transferred as security for the performance of any obligation under or with respect to any Loan by an obligor thereunder.

“Deficiency Amount” means, with respect to any Loan, in the event that the amount set forth in clause (ii) below is less than the amount set forth in clause (i) below, an amount that equals the absolute value of the difference between (i) the amount paid by Mortgage Services as purchase price with respect to such Loan minus the amount of all payments of principal received by Mortgage Services with respect to such Loan and (ii) the Disposition Purchase Price.

“Disposition Purchase Price” means, with respect to any Loan, the amount of proceeds (with respect to principal payable under such Loan) received by Mortgage Services from the disposition of such Loan and the related Loan REO (including pursuant to Sections 6.06 and 6.07) after the date hereof.

“Employee Matters Agreement” means that certain Employee Matters Agreement dated as of the date of the Master Agreement by and among General Electric, GEFAHI, GEI and Genworth.

“Employment Costs” means costs and expenses described in Section 4.02(b)(i) and 4.02(d)(i).

“Environmental Law” means any domestic or foreign, federal, state or local statute, rule, regulation or ordinance pertaining to the protection of human health and safety or the environment, including but not limited to the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”) (42 U.S.C. § 9601 *et seq.* ), the Hazardous Material Transportation Act (49 U.S.C. § 1801 *et seq.* ), the Federal Water Pollution Control Act (33 U.S.C. § 1251 *et seq.* ), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 *et seq.* ), the Clean Air Act (42 U.S.C. § 7401 *et seq.* ), the Toxic Substances Control Act (15 U.S.C. § 2601 *et seq.* ) and the Occupational Safety and Health Act (29 U.S.C. § 651 *et seq.* ), all as now or hereafter amended or supplemented, and the regulations promulgated pursuant thereto, and judicial interpretations thereof, as well as common law rights of action under theories of nuisance, trespass and strict liability.

“Fair Market Value” means, with respect to any Loan, the fair market value of such Loan determined, by Contract Services, on the basis that such Loan is sold on an arm’s length basis between a willing seller and a willing buyer.

“Finance Laws” means the U.S.A. Patriot Act, the Truth in Lending Act, Laws prohibiting deceptive, misleading and unfair acts and practices, the Gramm-Leach-Bliley Act, the Real Estate Settlement Procedures Act, the Home Mortgage Disclosure Act, the Consumer Credit Protection Act, the Right to Financial Privacy Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Homeowners Ownership and Equity Protection Act, the Federal

Trade Commission Act, the Fair Debt Collection Practices Act and other state or federal Laws regulating lending and all rules and regulations promulgated pursuant to any of the foregoing.

“ GEMH Parties ” means, collectively, GEMH, Contract Services and Genworth.

“ GE Services ” means any and all services provided by General Electric and its Affiliates to Mortgage Entities prior to the date hereof through the corporate functions of General Electric, including tax, treasury, capital markets, legal, finance and information technology services but excluding any services provided by GEMH or its Affiliates to Mortgage Entities at any time prior to the date hereof after General Electric has terminated the provision of such services to Mortgage Entities.

“ Held Loan ” means any Loan that has not been sold, transferred or assigned by Mortgage Services to any Person (other than another Mortgage Entity).

“ Information Systems ” means computing telecommunications or other digital operating or processing systems or environments, including, without limitation, computer programs, data, databases, computers, computer libraries, communications equipment, networks and systems. When referenced in connection with GEMH Services, Information Systems shall mean the Information Systems accessed and/or used in connection with the GEMH Services.

“ Intellectual Property ” means all of the following, whether protected, created or arising under the laws of the United States or any other foreign jurisdiction: (i) patents, patent applications and statutory invention registrations, including divisions, continuations, continuations-in-part, substitute application of the foregoing and any extensions, reissues, restorations and reexaminations thereof, and all rights therein provided by international treaties or conventions, (ii) copyrights and mask work 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, (iii) trademarks, service marks, 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, (iv) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations, (v) trade secrets, (vi) intellectual property rights arising from or in respect of Technology, and (vii) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) – (vi) above.

“ Lender ” means with respect to a Loan, a lender under such Loan.

“ Liens ” means any title defect, conflicting or adverse claim of ownership, mortgage, security interest, lien, pledge, claim, right of first refusal, option, charge, covenant, restriction, reservation, lease, order, decree, judgment, stipulation, settlement, attachment, restriction, objection or any other encumbrance of any nature whatsoever, whether or not perfected.

“ Loans ” means, collectively, Scheduled Loans and New Loans.

“Loan Agreement” means with respect to any Loan, any agreement or instrument evidencing the obligations of an obligor with respect to such Loan, including any loan agreement or note, and all amendments, addenda, riders and modifications thereto and thereof.

“Loan Assets” means with respect to any Loan, (i) any agreement or instrument evidencing the obligation of an obligor with respect to such Loan, including any loan agreement, note or other evidence of indebtedness of an obligor, any and all amendments, addenda, riders and modifications thereto and thereof and any and all documents executed in connection therewith (including (A) any and all mortgages, deeds of trust and other instruments or agreements including any and all amendments, addenda, riders, modifications thereto and thereof, in each case of this clause (i)(A) securing the obligations of the obligor under such Loan, and (B) any and all assignments of the instruments and agreements set forth in clause (i)(A) above, notices of transfer and equivalent instruments), (ii) any and all Credit Enhancements related to such Loan, (iii) any and all rights, interest and title of the applicable Lender with respect to such Loan including any and all rights to service such Loan and any and all other rights, benefits and proceeds arising from or in connection with such Loan, and (iv) any and all correspondence and documents of Contract Services and its Affiliates to the extent related to such Loan and other books and records, documents and agreements related to such Loan that the applicable Lender and Mortgage Services agree, pursuant to the applicable Loan Purchase Agreement, are to be sold, transferred and assigned to Mortgage Services pursuant to such Loan Purchase Agreement.

“Loan Closing” means the consummation of the sale and purchase transactions contemplated by Sections 6.03(a)(i), 6.04 and 6.05.

“Loan Closing Date” means the date on which the applicable Loan Closing occurs.

“Loan File” means, with respect to any Loan, any agreements, instruments, documents and correspondence described in clauses (i), (ii) and (iv) of the definition of the Loan Assets.

“Loan Purchase Agreement” means (i) with respect to any New Loan, an industry standard purchase and sale agreement between Mortgage Services and the applicable Lender substantially in the form of Exhibit A and otherwise in form and substance reasonably satisfactory to Mortgage Services and (ii) with respect to any Scheduled Loan, a purchase and sale agreement entered into by Mortgage Services and the applicable Lender with respect to the sale by such Lender and the purchase by Mortgage Services of such Scheduled Loan.

“Loan Purchase Price” means, with respect to a New Loan, the purchase price agreed upon by Mortgage Services and the applicable Lender.

“Loan REO” means any Mortgaged Property that Mortgage Services has acquired as a result of a foreclosure in connection with the applicable Loan.

“Loan Schedule” means a written schedule delivered from time to time by Contract Services to Mortgage Services setting forth all of the New Loans which Contract Services wishes to present to Mortgage Services for purchase pursuant to the terms of this

Agreement on a Loan Closing Date, which schedule sets forth the following information for each Loan: name of obligor, name of Lender, account number and the outstanding principal balance as of the most recent reporting period.

“Mortgage Entities” means Mortgage Services and its Subsidiaries.

“Mortgaged Property” means any real property that secures the obligations of the obligor under a Loan.

“Mortgage Servicing Rights” means assets designated as Mortgage Servicing Rights on the books and records of Mortgage Entities.

“MS Services” means the services provided by Mortgage Services pursuant to Section 2.03.

“MS Servicing Costs” means costs and expenses incurred by Mortgage Services in the ordinary course of business in connection with the management and servicing of the Held Loans pursuant to Section 2.03, (i) including fees and other costs payable by Mortgage Services pursuant to the Wells Fargo Agreement or any other similar subservicing agreement in connection with such Held Loans but (ii) excluding in all events any out-of-pocket costs and expenses (other than the Loan Purchase Price and the purchase price paid by Mortgage Services with respect to Scheduled Loans and any and all interest expenses incurred by Mortgage Services in connection with the funding of any Loan) incurred by Mortgage Services in connection with the acquisition or disposition of any Loan (including any loan boarding costs payable by Mortgage Services pursuant to the Wells Fargo Agreement or any other subservicing agreement, attorney costs and expenses, custodian fees, recording and filing fees and other costs and expenses customarily incurred in connection with an acquisition or disposition of residential mortgage loans).

“Net Amount” means, as of any date, an amount equal to the difference between (i) the sum of: (A) the aggregate Loan Purchase Price of the applicable Purchased Loans, (B) the aggregate purchase price paid by Mortgage Services with respect to the Scheduled Loans held by Mortgage Services as of such date and (C) the aggregate purchase price paid by Mortgage Services with respect to the REOs held by Mortgage Services as of such date minus (ii) the aggregate amount of principal payments received by Mortgage Services as of such date with respect to the Loans set forth in clauses (i)(A) and (i)(B).

“New Loan” means any one- to four-family residential mortgage loan that has been underwritten by an Affiliate of GEMH. For the avoidance of doubt, “New Loan” shall exclude any and all Scheduled Loans.

“Permitted Lien” means (i) any Lien for taxes not yet due and payable, (ii) any mechanic’s or materialmen’s lien, which an obligor under a Loan is required to remove and (iii) any other Lien on the obligor’s interest in any Mortgaged Property which is specifically permitted in accordance with the terms of the related Loan Agreement or other documents, agreements or instruments that constitute Loan Assets and which does not materially affect the value of the Mortgaged Property subject to such Lien.

“Purchased Loan” means any New Loan purchased by Mortgage Services as required by this Agreement that has not been sold, transferred or assigned by Mortgage Services to GEMH or any other Person (other than another Mortgage Entity).

“Representative(s)” of a Person means any director, officer, employee, agent, consultant, accountant, auditor, financing source, attorney, investment banker or other representative of such Person.

“REO Agreement” means that certain Agreement for the Purchase and Sale of Property, dated as of October 3, 1994, among GE Capital Asset Management Corporation (“GECAMC”), GEMICO, GE Residential Mortgage Insurance Corporation of North Carolina, General Electric Mortgage Corporation of North Carolina and Verex Assurance, Inc., as assigned by GECAMC to Mortgage Services pursuant to that certain Assignment, Assumption and Recognition Agreement dated as of May 1, 1995 and as modified by that certain Corrective – Restated Amendment to the Purchase and Sale of Property dated as of September 11, 1998.

“REO” means any Property (as defined in the REO Agreement) purchased by Mortgage Services pursuant to the REO Agreement.

“Scheduled Loans” means loans set forth on Schedule B.

“Service Termination Date” shall have the meaning specified in Schedule A hereto, in respect of any GEMH Service, or such earlier date as provided hereunder.

“Software” means the object and source code versions of computer programs and any associated documentation therefore.

“Technology” means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, software, programs, models, routines, confidential and proprietary information, databases, tools, inventions, invention disclosures, 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.

“Transition Employees” means, collectively, the Fully Dedicated Transition Employees and Partially Allocated Transition Employees.

“Underwriting/Insurance Agreement” means an agreement or an insurance policy entered into between an Affiliate of GEMH and a Lender pursuant to which such Affiliate of GEMH has an option to purchase a Loan from the Lender upon occurrence of certain events specified in such agreement or insurance policy.

“Virus” shall mean any computer instructions (i) that adversely affect the operation, security or integrity of a computing telecommunications or other digital operating or processing system or environment, including without limitation, other programs, data, databases, computer libraries and computer and communications equipment, by altering, destroying, disrupting or inhibiting such operation, security or integrity; (ii) that without functional purpose, self-replicate without manual intervention; and/or (iii) that purport to perform a useful function

but which actually perform either a destructive or harmful function, or perform no useful function and utilize substantial computer, telecommunications or memory resources.

“WARN Act” means the Workers Adjustment and Retraining Notification Act and any state and local “plant closing” or “mass layoff” law.

“Wells Fargo” means Wells Fargo Home Mortgage, Inc.

“Wells Fargo Agreement” shall mean that certain Subservicing Agreement, dated September 30, 2000, by and between Wells Fargo and GE Capital Mortgage Services, Inc., presently known as Mortgage Services, as such Subservicing Agreement may be amended, restated and otherwise modified from time to time in accordance with the terms thereof.

“Wells Fargo Proceeds” means, with respect to any Liability, any proceeds payable by Wells Fargo to Mortgage Services pursuant to Section 7.2 of the Wells Fargo Agreement with respect to such Liability.

SECTION 1.02. Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections or agreements indicated.

<u>Term</u>	<u>Section</u>
Affiliate	Master Agreement
Bona Fide Purchase Price	Section 6.06
Breaching Party	Section 10.01(a)
Business Day	Master Agreement
Claims	Section 6.03(a)(ii)
Closing	Master Agreement
Closing Date	Master Agreement
Facilities Fee	Section 4.01(b)
Force Majeure	Master Agreement
Fully Dedicated Transition Employee	Section 2.02
GE	Recitals
GE Capital	Recitals
GE Confidential Information	Master Agreement
GEFAHI	Recitals
GEI	Recitals
GEMH Indemnified Party	Section 8.01(a)
GEMH Manager	Section 12.01
GEMH Services	Section 2.01(a)
GEMH Substitute Service	Section 2.01(a)
General Electric	Recitals
Genworth	Preamble
Genworth Confidential Information	Master Agreement
Governmental Approval	Master Agreement
Guaranteed Obligations	Section 11.01
Guaranty	Section 11.01
Indemnification Agreement	Recitals
Indemnified Party	Master Agreement

<u>Term</u>	<u>Section</u>
Indemnifying Party	Master Agreement
Indemnity Payment	Master Agreement
Identified Costs	Section 4.01(b)
Law	Master Agreement
Leased Premises	Recitals
Liabilities	Master Agreement
Loan Closing Documents	Section 6.05(b)
Master Agreement	Recitals
Mortgage Services Indemnified Party	Section 8.01(b)
Mortgage Services Manager	Section 12.02
MS Standard	Section 5.01(b)
Non-Breaching Party	Section 10.01(a)
Operating Plan	Schedule A
Partially Allocated Transition Employee	Section 2.02
Parties	Preamble
Person	Master Agreement
Service Charges	Section 4.01(b)
Standard for Services	Section 5.01(a)
Subsidiary	Master Agreement
Tax Returns	Master Agreement
Term	Section 10.01(a)
Transactions	Master Agreement
Trigger Date	Master Agreement

## ARTICLE II

### SERVICES AND TERMS

#### SECTION 2.01. GEMH Services; Scope

(a) During the period commencing on the date hereof and ending on the relevant Service Termination Date, subject to the terms and conditions set forth in this Agreement, GEMH shall provide or cause to be provided to Mortgage Entities all services provided to any and all Mortgage Entities by GEMH and/or its Affiliates prior to the date hereof, including the services listed in Schedule A hereto (the “GEMH Service(s)”). The “GEMH Services” also shall include (1) any services to be provided or cause to be provided by GEMH to Mortgage Entities as agreed pursuant to Sections 2.02, 2.04, 3.02 and 12.05(a) and (2) any GEMH Substitute Service; provided, however, that (i) except as set forth in Section 2.04(b), the scope of each GEMH Service shall be substantially the same as the scope of such service provided by GEMH and its Affiliates to Mortgage Services, the predecessor of Mortgage Services or any other Mortgage Entity, as applicable, on the last day prior to the date hereof and that such service was provided by GEMH and its Affiliates to Mortgage Services, the predecessor of Mortgage Services or any other Mortgage Entity, as applicable, in the ordinary course, (ii) the use of each GEMH Service by Mortgage Entities shall include use of such GEMH Service contractors by Mortgage Services and/or of any other Mortgage Entity in substantially

the same manner as used by the contractors of Mortgage Services, predecessor of Mortgage Services and other Mortgage Entities, as applicable, prior to the date hereof (including use by Wells Fargo pursuant to the Wells Fargo Agreement). The preceding sentence shall not be deemed to restrict or otherwise limit the volume or quantity of the GEMH Services. If, for any reason, GEMH is unable to provide, or cause to be provided, any GEMH Service to any Mortgage Entity pursuant to the terms of this Agreement, GEMH shall provide or cause to be provided to Mortgage Entities a substantially equivalent service (a “GEMH Substitute Service”) at or below the cost for the substituted GEMH Service and otherwise in accordance with the terms of this Agreement, including, the Standard for Services.

(b) The GEMH Services shall include such maintenance, support, error correction, training, updates and enhancements normally and customarily provided by GEMH to its Subsidiaries that receive such services. If Mortgage Services requests that GEMH provide a custom modification in connection with any GEMH Service, Mortgage Services shall be responsible for the cost of such custom modification, and to the extent such custom modification constitutes Software, and such Software and all Intellectual Property therein is owned by Mortgage Services, GEMH hereby assigns such Software and all Intellectual Property therein to Mortgage Services and Mortgage Services hereby grants GEMH a perpetual, worldwide, fully paid up, irrevocable, transferable, royalty-free, non-exclusive license, with the right to sublicense, to use and modify such Software. The GEMH Services shall include all functions, responsibilities, activities and tasks, and the materials, documentation, resources, rights and licenses to be used, granted or provided by GEMH that are not specifically described in this Agreement as a part of the GEMH Services, but are incidental to, and would normally be considered an inherent part of, or necessary subpart included within, the GEMH Services or are otherwise necessary for GEMH to provide, or Mortgage Entities to receive, the GEMH Services.

(c) For the avoidance of doubt, GEMH shall have no liability for any variance between the actual results of operations of Mortgage Services and the estimated results of operations set forth in the Operating Plan, unless and to the extent such variance is due to the gross negligence or willful misconduct of GEMH.

(d) Notwithstanding any provision to the contrary in this Agreement, GEMH shall not be obligated to provide any of the GE Services.

(e) During the Term, GEMH and Mortgage Services shall cooperate with one another and use their good faith, commercially reasonable efforts to effect the efficient, timely and seamless provision and receipt of GEMH Services.

SECTION 2.02 . Transition Employees Services . GEMH agrees that during the Term it shall provide, or cause to be provided, to Mortgage Entities the services of (a) employees of Affiliates of GEMH set forth on Schedule C-1, or any employees with equivalent or greater skills who replace such employees in the positions set forth on Schedule C-1, in each case on a full-time basis (each such employee who performs GEMH Services on a full-time basis, a “Fully Dedicated Transition Employee”) and (b) employees of Affiliates of GEMH set forth on Schedule C-2, or any employees with equivalent or greater skills who replace such employees in the positions set forth on Schedule C-2, in each case on a part-time basis as set

forth on Schedule C-2 (each such employee who performs GEMH Services on a part-time basis as set forth on Schedule C-2, a “ Partially Allocated Employee ”).

SECTION 2.03. Management of Held Loans .

(a) During the Term, Mortgage Services shall manage and service the Held Loans in accordance with the MS Standard. For the avoidance of doubt, such management and servicing shall include restructuring, modification and disposition of the Held Loans and the related Loan Assets as well as other loss mitigation activities, such as foreclosure on the Mortgaged Property that secures the Held Loans, in each case in accordance with the MS Standard. In managing and servicing the Held Loans, Mortgage Services shall utilize the Wells Fargo Agreement, to the extent permitted by the terms thereof, or a substantially similar subservicing agreement.

(b) Mortgage Services shall maintain all licenses and other authorizations, in each case issued by a Governmental Authority, necessary to manage the Held Loans (including its status as an approved Fannie Mae/Freddie Mac seller/servicer).

SECTION 2.04. Reporting; Transition; MSR Sale .

(a) During the Term, GEMH shall provide, or cause to be provided, the following support, which support shall be in addition to the GEMH Services described in Schedule A :

(i) GEMH shall provide, or cause to be provided, current and reasonably available historical data related to the GEMH Services and predecessor services thereto as reasonably required by Mortgage Services in a manner and within a time period as mutually agreed upon by the parties; and

(ii) GEMH shall make reasonably available to Mortgage Entities the employees and contractors of GEMH and its Affiliates whose assistance, expertise or presence is necessary to (A) assist the transition team of Mortgage Services in establishing a fully functioning stand-alone environment and the timely assumption by Mortgage Services, or by a supplier to Mortgage Services, of the GEMH Services and (B) facilitate the implementation of the Operating Plan.

(b) During the Term, upon request by Mortgage Services, GEMH shall provide, or cause to be provided, assistance, expertise or presence necessary to assist Mortgage Services in the sale of Mortgage Servicing Rights, which assistance, expertise or presence shall be in addition to GEMH Services described in Schedule A; provided , however , that such services shall be provided to the extent that provision of such services shall not impose undue burden on the operations of GEMH and its Affiliates. Mortgage Services shall pay for all incremental direct costs and expenses incurred by GEMH and its Affiliates in connection with the provision of such services, which costs and expenses would not have been otherwise incurred as a result of the provision by GEMH and its Affiliates of other GEMH Services; provided that such costs and expenses have been authorized in writing in advance by the Mortgage Services Manager (or another authorized representative of Mortgage Services or its Affiliates). Notwithstanding the foregoing, GEMH shall have no obligation to provide the above mentioned services to the extent

that Mortgage Services fails to authorize costs and expenses necessary for GEMH and its Affiliates to incur in order to provide such services. Notwithstanding the foregoing, this Section 2.04(b) shall not be applicable to the sale of any servicing rights pursuant to Section 6.07.

SECTION 2.05. Performance and Receipt of Services .

(a) Security . Each of Mortgage Services and GEMH shall at all times comply with its own then in-force security guidelines and policies applicable to the performance, access and/or use of the GEMH Services and Information Systems.

(b) No Viruses . Each of Mortgage Services and GEMH shall take commercially reasonable measures to ensure that no Viruses or similar items are coded or introduced into the GEMH Services or the Information Systems of Mortgage Services, GEMH or any of their respective Affiliates. If a Virus is found to have been introduced into the GEMH Services or any Information Systems of any Party or its Affiliates, Mortgage Services and GEMH shall use their commercially reasonable efforts to cooperate and to diligently work together to eliminate the effects of such Virus.

(c) Reasonable Care . Each of Mortgage Services and GEMH shall exercise reasonable care in providing and receiving the GEMH Services and the MS Services to (i) prevent access to the Information Systems by unauthorized Persons and (ii) not damage, disrupt or interrupt the GEMH Services, the MS Services or Information Systems of any Party.

**ARTICLE III**

**OTHER ARRANGEMENTS**

SECTION 3.01. Computer-Based Resources .

(a) Prior to the Trigger Date, Mortgage Entities shall continue to have access to the Information Systems of GEMH and its Subsidiaries. On and after the Trigger Date, Mortgage Entities shall not have any right to access all or any part of the Information Systems of GEMH or any of its Subsidiaries, except to the extent necessary for any Mortgage Entity to receive the GEMH Services or implement the Operating Plan (in addition and not in limitation of Section 2.05, subject to Mortgage Services complying with all reasonable security measures implemented by GEMH as deemed necessary by GEMH to protect its Information Systems and the Information Systems of its Subsidiaries, provided , that Mortgage Entities have had a commercially reasonable period of time to comply with such security measures).

(b) Prior to the Trigger Date, GEMH and its Subsidiaries shall continue to have access to the Information Systems of the Mortgage Entities. On and after the Trigger Date neither GEMH nor its Subsidiaries shall have any right to access all or any part of the Information Systems of Mortgage Entities, except to the extent necessary for GEMH and its Subsidiaries to perform the GEMH Services (in addition and not in limitation of Section 2.05, subject to GEMH and its Subsidiaries complying with all reasonable security measures implemented by the applicable Mortgage Entity as deemed necessary by Mortgage Entities to protect their respective Information Systems; provided , that GEMH and its Subsidiaries have had a commercially reasonable period of time to comply with such security measures).

(c) In addition but not in limitation of Section 12.06, notwithstanding the foregoing, Mortgage Services and GEMH acknowledge and agree that any information received by Mortgage Services, GEMH or any of their respective Subsidiaries through the access by such Party or by any of its Subsidiaries shall not be used by such Party and such Party shall cause its Subsidiaries not to use such information, for purposes other than provisions of GEMH Services hereunder, in case of GEMH and its Subsidiaries, and receipt of the GEMH Services and provision of MS Services, in case of Mortgage Entities.

SECTION 3.02. Access; Leased Premises .

(a) Mortgage Services will allow GEMH and its Representatives reasonable access to the facilities of Mortgage Services necessary for the performance by GEMH and its Representatives of the GEMH Services and for GEMH to fulfill its obligations under this Agreement.

(b) GEMH will allow Mortgage Services and its Representatives reasonable access to the facilities of GEMH necessary for Mortgage Services to fulfill its obligations under this Agreement, to implement the Operating Plan and to transition GEMH Services to Mortgage Entities or to a supplier designated by Mortgage Services.

(c) During the Term, GEMH shall allow, and shall cause to allow, Mortgage Entities and its Representatives to access and use the Leased Premises or equivalent premises, reasonably acceptable to Mortgage Services, in the same manner as such Leased Premises were used by Representatives of Mortgage Entities prior to the date hereof.

**ARTICLE IV**

**COSTS AND DISBURSEMENTS; PERSONNEL COSTS; PAYMENTS**

SECTION 4.01. Costs and Disbursements .

(a) Subject to Section 4.02, all ordinary costs and expenses incurred by Mortgage Services in connection with performance of its obligations under this Agreement (including personnel costs and expenses with respect to Mortgage Services' employees, any amounts payable directly or indirectly by Mortgage Services to General Electric or its Affiliates with respect to GE Services and the MS Servicing Costs) shall be payable by Mortgage Services and GEMH shall have no Liability to Mortgage Services with respect to such costs and expenses.

(b) Mortgage Services shall reimburse GEMH for:

(i) all reasonable costs and expenses incurred by GEMH in connection with GEMH Services actually provided pursuant to this Agreement and that can be identified as incurred for the sole benefit of Mortgage Entities or allocated by GEMH to Mortgage Entities consistent with the basis on which such costs were allocated by GEMH and its Affiliates immediately prior to the date hereof as reflected on Schedule D ("Identified Costs"); provided, however, that (A) any out-of-pocket costs and expenses in the aggregate in excess of \$10,000 per any calendar month or in excess of \$5,000 per provider per any calendar month shall only be payable by Mortgage Services, if such Identified Costs have been authorized in writing

by the Mortgage Services Manager (or another authorized representative of Mortgage Services or its Affiliates) prior to having been incurred by GEMH, (B) Mortgage Services receives from GEMH reasonably detailed data and other documentation sufficient to support the calculation of amounts due to GEMH as a result of Identified Costs and (C) Identified Costs shall not include (x) any costs or expenses described in Section 4.02, which shall be payable pursuant to Section 4.02, (y) any costs or expenses incurred by GEMH or any of its Subsidiaries in connection with providing Mortgage Entities access and use of facilities described in Section 3.02 and (z) any costs or expenses incurred by GEMH or any of its Subsidiaries in connection with providing GEMH Services set forth in paragraph (j) of Schedule A; and

(ii) \$10,000 per annum (payable in quarterly installments as set forth in Section 4.04) with respect to access and use by Mortgage Entities and their respective Representatives of facilities described in Section 3.02 and provision by GEMH and its Subsidiaries of GEMH Services set forth in paragraph (j) of Schedule A (“Facilities Fee”, and together with Identified Costs, the “Service Charges”).

**SECTION 4.02. Personnel Costs; Right to Hire; Severance.**

(a) Mortgage Services shall pay all actual personnel costs and expenses incurred by Mortgage Services with respect to its employees providing services under this Agreement. All severance and employee costs, if any, related to the termination of any Mortgage Services employees (including any amounts payable pursuant to the WARN Act) will be paid entirely by Mortgage Services. Mortgage Services will be responsible for any and all costs and expenses associated with the transfer of Mortgage Services employees to any Mortgage Services’ Affiliates, including for any wind down/shut down costs and expenses associated with a wind down or shut down of one or more of Mortgage Services’ facilities.

(b) Subject to Article IX of the Employee Matters Agreement:

(i) During the Term, Mortgage Services will reimburse GEMH for all compensation and benefit costs and expenses incurred by GEMH and its Affiliates for all Fully Dedicated Transition Employees who are providing GEMH Services on full time basis. For the avoidance of doubt, at any one time, Mortgage Services shall not be liable for such costs and expenses for more than six (6) persons who hold positions set forth on Schedule C-1.

(ii) Mortgage Services will have the right to hire Fully Dedicated Transition Employees at the Trigger Date, provided that such Fully Dedicated Transition Employees continue to provide GEMH Services to the extent necessary through the expiration of this Agreement consistent with GEMH Services provided prior to the Trigger Date.

(iii) To the extent that Mortgage Services does not offer employment to such Fully Dedicated Transition Employees effective as of the Trigger Date, then GEMH and its Affiliates will retain such Fully Dedicated Transition Employees to continue to provide GEMH Services to Mortgage Services to the extent necessary through the earlier of the expiration or termination of this Agreement. GEMH will make a decision on or prior to the earlier of the expiration or termination of this Agreement as to whether GEMH or any of its Affiliates wants to

offer such Fully Dedicated Transition Employees continued employment with GEMH or any of its Affiliates.

(iv) If neither GEMH, Mortgage Services nor any of their respective Affiliates offers employment to such Fully Dedicated Transition Employees which is comparable to the terms of their employment immediately prior to the end of the Term, Mortgage Services will reimburse GEMH for all severance and employee costs, if any, related to the termination of such Fully Dedicated Transition Employees. For the avoidance of doubt, Mortgage Services shall not be liable for such costs and expenses for more than six (6) persons who hold positions set forth on Schedule C-1. If such comparable employment is offered by either GEMH, Mortgage Services or any of their respective Affiliates and is declined by such employees, the employee would not be entitled to any severance benefits. For purposes of this Section 4.02(b), “comparable” shall be as defined in the applicable employee benefit plan of GEMH with respect to severance benefits.

(c) Neither GEMH nor any of its Affiliates shall terminate employment of any Transition Employee who is 60% or more allocated to Mortgage Entities or provision of GEMH Services without prior written consent of Mortgage Services.

(d) (i) During the Term, Mortgage Services will reimburse GEMH for (A) the pro-rata portion of compensation and benefit costs and expenses incurred by GEMH and its Affiliates for the Partially Allocated Transition Employees who are less than 100% allocated to Mortgage Services based on actual hours worked by such Partially Allocated Transition Employees providing GEMH Services and (B) an amount of \$500,000 per annum with respect to management oversight of employees of GEMH’s Affiliates providing GEMH Services hereunder, allocated on pro-rata basis based on the number of calendar days GEMH Services were actually provided.

(ii) At the earlier of the expiration or termination of this Agreement, Mortgage Services will pay to GEMH an amount of \$641,700 and Mortgage Services shall not be responsible for any severance costs with respect to any Partially Allocated Transition Employee.

(e) During the Term, Mortgage Services shall be responsible for all costs and expenses incurred by GEMH, Mortgage Services and their respective Affiliates in connection with any retention program instituted with respect to any Transition Employee; provided that any such retention program has been authorized in writing by the Mortgage Services Manager (or another authorized representative of Mortgage Services or its Affiliates).

SECTION 4.03 . Loan Acquisition and Disposition Costs . Subject to receipt by Contract Services of reasonably detailed data and other documentation sufficient to support the calculation of amounts due to Mortgage Services, Contract Services shall promptly upon receipt of an invoice from Mortgage Services (but in no event later than within seventy-five (75) days of the date of such invoice) reimburse Mortgage Services for all out-of-pocket costs and expenses incurred by Mortgage Services in connection with an acquisition of any Loan and/or a disposition of any Loan by Mortgage Services. For the avoidance of doubt, such out-of-pocket costs and expenses (i) shall not include the Loan Purchase Price, any purchase price paid by

Mortgage Services with respect to any Scheduled Loan, any interest expense incurred by Mortgage Services in connection with the funding of Loans or any MS Servicing Costs but (ii) shall include loan boarding fees payable by Mortgage Services pursuant to the Wells Fargo Agreement or any other subservicing agreement pursuant to which such Loan is serviced, attorneys' fees and expenses, custodian fees, recording and filing fees and other fees and expenses customarily incurred in connection with an acquisition or disposition of residential mortgage loans. If Contract Services fails to pay any amount payable pursuant to this Section 4.03 (excluding any amount contested in good faith) by the date specified above, Contract Services shall be obligated to pay to Mortgage Services, in addition to the amount due, interest on such amount at the lesser of (i) the three (3) month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable Law, from the date the payment was due through the date of payment. Any and all disputes with respect to this Section 4.03 shall be resolved pursuant to Section 9.02.

SECTION 4.04. Payments of Service Charges and Employment Costs.

(a) Subject to Section 4.04(iii):

(i) all Service Charges and Employment Costs shall be invoiced by GEMH on a quarterly basis in arrears.

(ii) Together with each invoice submitted to Mortgage Services for payment pursuant to this Section 4.04(a), GEMH shall provide Mortgage Services with reasonably detailed data and documentation sufficient to support the calculation of any amount due to GEMH under this Agreement for the purposes of verifying the accuracy of such calculations.

(iii) The parties acknowledge and agree that in the event GEMH does not provide, or cause to be provided, GEMH Services specified in Section 3.02 and paragraph (j) of Schedule A during the entire calendar quarter, the amount of the Facilities Fee payable with respect to such quarterly period shall be pro-rated such that Mortgage Services shall pay the portion of a quarterly payment that is allocable to the number of days in such calendar quarter during which such GEMH Services were actually provided.

(b) (i) Prior to the Trigger Date, Mortgage Services and GEMH shall arrange for the payment of all Service Charges and Employment Costs through the GE Internal Billing System ("IBS"). Mortgage Services shall have the right to dispute any Service Charges and Employment Costs settled through the IBS during any calendar quarter by delivering written notice of such dispute, setting forth in reasonable detail the basis therefor, to GEMH within, and no later than, 60 days after the end of such quarter. If the Parties do not promptly resolve such dispute, the dispute shall be resolved pursuant to Section 9.02.

(ii) From and after Trigger Date, Mortgage Services shall pay the amount of any invoice submitted to Mortgage Services by GEMH pursuant to Section 4.04(a) in U.S. dollars within seventy-five (75) days of the date of such invoice. If Mortgage Services fails to pay such amount (excluding any amount contested in good faith) by such date, Mortgage Services shall be obligated to pay to GEMH, in addition to the amount due, interest on such

amount at the lesser of (i) the three (3) month London Interbank Offered Rate (LIBOR) plus 100 basis points or (ii) the maximum rate of interest allowed by applicable Law, from the date the payment was due through the date of payment. If Mortgage Services disputes GEMH's calculation of any amount due to GEMH, then the dispute shall be resolved pursuant to Section 9.02.

## ARTICLE V

### STANDARDS; COMPLIANCE WITH LAWS

#### SECTION 5.01. Standards .

(a) GEMH agrees to perform, and cause to perform, the GEMH Services such that the nature, quality, standard of care and the service levels at which such GEMH Services are performed are no less than the nature, quality, standard of care and service levels at which the substantially same services were performed by or on behalf of GEMH during the most recent service period prior to the date hereof in which such services were performed by or on behalf of GEMH in the ordinary course (the "Standard for Services").

(b) Mortgage Services agrees to manage and service and, to cause to manage and service the Held Loans, such that the nature, quality, standard of care and service levels at which Mortgage Services manages and services such Held Loans are no less than the nature, quality, standard of care and service levels at which Mortgage Services manages and services other loans of similar type held by Mortgage Services for its own account (the "MS Standard").

SECTION 5.02. Compliance with Laws . Each of GEMH and Mortgage Services shall comply, and shall cause to comply, with all applicable Laws (including all Finance Laws) when providing or receiving the GEMH Services, managing or servicing the Loans (in case of Mortgage Services) and when performing other obligations under this Agreement.

## ARTICLE VI

### PURCHASE OF NEW LOANS AND SALE OF LOANS AND LOAN ASSETS

SECTION 6.01. Loan Schedule . Contract Services shall, from time to time during the Term, provide to Mortgage Services a Loan Schedule setting forth all of the New Loans that Contract Services desires for Mortgage Services to purchase.

#### SECTION 6.02. Loan Purchase Agreement .

(a) On or prior to the date Contract Services delivers a Loan Schedule to Mortgage Services, Contract Services shall designate, or cause to be designated, Mortgage Services as a designee for the purchase of New Loans and related Loan Assets under the applicable Underwriting/Insurance Agreement.

(b) Mortgage Services shall use its commercially reasonable efforts to enter into a Loan Purchase Agreement. Contract Services shall use its commercially reasonable efforts to assist Mortgage Services in the negotiations of such Loan Purchase Agreement, pursuant to

which the Lender agrees to sell, transfer and assign to Mortgage Services the applicable New Loans and the related Loan Assets and Mortgage Services agrees to purchase and accept such Loans and the related Loan Assets on the terms and conditions set forth therein. The Loan Purchase Agreement shall include (i) representations and warranties, in form and substance reasonably satisfactory to Mortgage Services, to the effect that the applicable New Loan and related Loan Assets comply with and do not violate applicable Laws (including Finance Laws) and (ii) an obligation on the part of the applicable Lender to repurchase the applicable New Loan from Mortgage Services in the event that the Lender, inter alia, has breached the representation and warranty described in clause (i) above with respect to such New Loan and the related Loan Assets.

SECTION 6.03. Agreement to Sell and Purchase the New Loans; Assignment of Claims .

(a) (i) Subject to the terms and provisions of this Agreement, Mortgage Services agrees to purchase and accept on a Loan Closing Date from a Lender, the New Loans and the related Loan Assets set forth on the applicable Loan Schedule and with respect to which the conditions set forth in Section 6.05 have been satisfied or waived by Mortgage Services in accordance therewith; provided that the applicable Lender sells, transfers and assigns to Mortgage Services such Loans and the related Loan Assets free and clear of all Liens.

(ii) Mortgage Services agrees that upon request of Contract Services on or prior to the applicable Loan Closing Date, Mortgage Services shall assign, on the Loan Closing Date, its rights and claims pursuant to the applicable Loan Agreement (the “Claims”), if any, against any Person other than any Mortgage Entity, Contract Services or any of their respective Affiliates, solely with respect to any event, occurrence or circumstance that gave rise to the exercise by Contract Services of its option to purchase the applicable Loan from the applicable Lender; provided, however, (A) for the avoidance of doubt, the Claims shall not include any rights, title or interest of any Person in any document, agreement, instrument or property that secures the obligations of the borrower or any guarantor with respect to the Loan or evidences such security; and (B) Mortgage Services shall not be required to assign any Claims, the assignment of which to Contract Services, in the reasonable judgment of Mortgage Services, would violate any applicable Law (including any Finance Law); (C) during the period that any such Loan is a Held Loan, (1) Contract Services shall comply with all applicable Laws (including Finance Laws) in enforcing or pursuing any of its Claims against the applicable Person, (2) in the event Mortgage Services determines that Contract Services actions or omissions, with respect to any Claim including enforcement and exercise thereof do not comply with or violate any applicable Law (including any Finance Law), upon notice from Mortgage Services, Contract Services shall cease and desist, or cause to cease and desist, such action or undertake such action as necessary to comply with applicable Law, (3) Contract Services shall not undertake any foreclosure action with respect to any borrower or guarantor under such Loan or Loan Assets; (4) Contract Services shall not enforce or pursue any of its Claims to any detriment of any Mortgage Entity or any of its Affiliates, and (5) such Claims shall not be transferred or assigned by Contract Services to any Person; and (D) in addition but not in limitation of Section 8.04, Contract Services shall indemnify, defend and hold harmless Mortgage Services Indemnified Parties from and against any and all Liabilities incurred or suffered by any Mortgage Services Indemnified Party relating to, arising out of, or resulting from

the assignment of the Claims to Contract Services and any action or omission of Contract Services or any of its Representatives, including in connection with enforcement and/or exercise of any such assigned Claims.

(iii) Contract Services acknowledges that Mortgage Services would be irreparably harmed by any breach of Section 6.03(a)(ii) and that there would be no adequate remedy at law or in damages to compensate Mortgage Services for any such breach. Contract Services agrees that Mortgage Services shall be entitled to seek injunctive relief requiring specific performance by Contract Services of its obligations under Section 6.03(a)(ii).

(b) Notwithstanding any provision of Section 6.03(a) to the contrary, Mortgage Services shall have no obligation pursuant to this Agreement to purchase:

(i) at a Loan Closing, any New Loan or any Loan Assets other than the New Loans set forth on the applicable Loan Schedule and the Loan Assets related to such New Loans, in all cases with respect to which the conditions set forth in Section 6.05 have been satisfied or waived by Mortgage Services in accordance therewith.

(ii) any New Loan or any related Loan Asset, which New Loan or Loan Asset in the reasonable judgment of Mortgage Services does not comply with or violates applicable Law (including any Finance Law);

(iii) any New Loan or any related Loan Asset if, after giving effect to such purchase, Mortgage Services would hold Held Loans and REOs with respect to which the Net Amount exceeds \$100,000,000;

(iv) any loan other than the New Loans; and

(v) any New Loan or any related Loan Assets in the event Mortgage Services and the applicable Lender are unable to enter into the Loan Purchase Agreement within 90 Business Days of receipt by Mortgage Services of the applicable Loan Schedule (or such other period as the parties thereto may mutually agree).

(c) Contract Services hereby acknowledges and agrees that any and all amounts payable by any Person (other than Mortgage Services) with respect to, in connection with or pursuant to the New Loans and the related Loan Assets acquired by Mortgage Services pursuant to this Agreement (other than amounts payable with respect to the Claims assigned to Contract Services pursuant to Section 6.03(a)(ii)) with respect to any period after the applicable Loan Closing and any and all disposition proceeds with respect to such New Loans and the related Loan Assets shall be the property of Mortgage Services.

(d) All amounts which are received by Contract Services or any of its Affiliates in respect of the New Loans and the related Loan Assets (other than with respect to any amounts received with respect to the Claims assigned to Contract Services pursuant to Section 6.03(a)(ii)) acquired pursuant to this Agreement from and after the applicable Loan Closing which are properly allocable to periods after the applicable Loan Closing shall be received by such Person as agent, in trust for and on behalf of Mortgage Services, and following the applicable Loan Closing, on a weekly basis, Contract Services shall transfer, or cause to be

transferred, by wire transfer of immediately available funds, and remit (or cause to be remitted) to Mortgage Services all such amounts received by or paid to Contract Services or any of its Affiliates as of such date and shall provide Mortgage Services information as to the nature and source of such payments, including any invoice related thereto.

SECTION 6.04. Loan Purchase Price. On the Loan Closing Date, Mortgage Services shall pay to the Lender the aggregate amount of the Loan Purchase Price set forth in the Loan Purchase Agreement with respect to the New Loans being purchased at such Loan Closing.

SECTION 6.05. Conditions Precedent. With respect to any Loan Closing, the obligations of Mortgage Services under Sections 6.03 and 6.04 shall be subject to the satisfaction or waiver in writing by Mortgage Services, on or prior to such Loan Closing of the following conditions:

(a) The obligations of Contract Services required to be performed by it at or prior to a Loan Closing pursuant to the terms of this Article VI shall have been duly performed and complied with and all representations and warranties of Contract Services under this Agreement and all representations and warranties of the Lender under the Loan Purchase Agreement shall be true and correct as of the applicable Loan Closing Date with the same force and effect as though such representations and warranties had been made as of such date.

(b) Mortgage Services shall have received, all of the following documents and instruments (the "Loan Closing Documents"), duly executed by all signatories other than Mortgage Services as required pursuant to the respective terms thereof:

- (i) Loan Schedule;
- (ii) Loan Purchase Agreement; and
- (iii) Loan File.

SECTION 6.06. Right of First Refusal. If at any time during the Term, Mortgage Services presents to Contract Services a Bone Fide Offer with respect to any Loan or Loan REO, Contract Services may, by written notice to Mortgage Services within five (5) Business Days of receipt of such Bona-Fide Offer, elect to purchase such Loan or Loan REO, as the case may be at the purchase price offered by the offeror of such Bona Fide Offer ("Bona Fide Purchase Price") and (a) upon receipt of the amount equal to the Bone Fide Purchase Price, Mortgage Services shall sell, transfer and assign to Contract Services or its designee (i) such Loan and the related Loan Assets or Loan REO, as the case may be, on "AS-IS, WHERE IS" basis without any representations or warranties (except for a representation and warranty that such Loans and the related Loan Assets or Loan REO, as applicable, are being sold, transferred and assigned free and clear of Liens that have been created by Mortgage Entities (other than the Permitted Liens)) and (ii) any and all rights of Mortgage Services under the applicable Loan Purchase Agreement to the extent such rights are assignable and (b) Contract Services or its designee shall (i) purchase and accept such Loans and the related Loan Assets or Loan REOs, as the case may be, and (ii) assume all Liabilities with respect to such Loans and related Loan Assets or Loan REOs, as the case may be arising from and after such sale, transfer and assignment.

SECTION 6.07 . Repurchase of Loans . Upon expiration or early termination of this Agreement or of Article VI pursuant to Section 10.01, (a) subject to receipt of the payment set forth in clause (b)(iii) below, Mortgage Services shall sell, transfer and assign, or shall cause its Subsidiaries to sell, transfer and assign to Contract Services or its designee, (i) any and all Held Loans and the related Loan Assets and Loan REOs, on “AS-IS, WHERE IS” basis without any representations or warranties (except for a representation and warranty that such Loans, related Loan Assets and Loan REOs are being sold, transferred and assigned free and clear of Liens that have been created by Mortgage Entities other than the Permitted Liens)) and (ii) any and all rights of Mortgage Services under the applicable Loan Purchase Agreement to the extent such rights are assignable and (b) Contract Services or such designee shall (i) purchase and accept such Loans, related Loan Assets and Loan REOs, (ii) assume all Liabilities with respect to such Loans, the related Loan Assets and Loan REOs arising from and after such sale, transfer and assignment and (iii) pay Mortgage Services an amount equal to the Fair Market Value of such Held Loans and Loan REOs in immediately available funds to the account designated in writing by Mortgage Services at least two Business Days prior to such sale, transfer and assignment. For the avoidance of doubt, in connection with any sale, transfer or assignment of any Loan or Loan REOs, pursuant to this Section 6.07, Mortgage Services shall sell, transfer and assign any and all rights of Mortgage Services to service such Loans and Loan REOs.

SECTION 6.08 . Transition Assistance . Upon request of Contract Services, Mortgage Services shall provide, or cause to be provided, reasonable assistance to Contract Services to transition the management and servicing of the Loans, the related Loan Assets and Loan REOs that are being purchased by Contract Services from Mortgage Services pursuant to Sections 6.06 and 6.07; provided, however, that the provision of such assistance shall not impose undue burden on the operations of Mortgage Entities. Contract Services shall pay for all out-of-pocket costs and expenses incurred by Mortgage Entities and its Affiliates as a result of the provision by Mortgage Entities and its Affiliates of such assistance; provided that such costs and expenses have been authorized in writing in advance by the GEMH Manager (or an authorized representative of Contract Services). Notwithstanding the foregoing, Mortgage Services shall have no obligation to provide, or cause to be provided, the above mentioned assistance to the extent that GEMH or an authorized representative of Contract Services fails to authorize such costs and expenses necessary for Mortgage Entities and its Affiliates to incur in order to provide such assistance.

SECTION 6.09 . Further Assurances . In addition to the foregoing, Contract Services shall, and shall cause its Subsidiaries and designees to, whenever and as often as reasonably requested to do so by Mortgage Services, do, execute, acknowledge and deliver any and all such other and further acts, assignments, transfers and any instruments of further assurance, approvals and consents as are necessary or proper in order to complete, ensure and perfect the sale, transfer and assignment to Mortgage Services contemplated hereby of the applicable Loans and the related Loan Assets and the consummation of the other transactions contemplated hereby.

## ARTICLE VII

### REPRESENTATIONS AND WARRANTIES

SECTION 7.01 . Representations and Warranties of Mortgage Services. Mortgage Services represents and warrants to GEMH Parties that (a) Mortgage Services has the full corporate power and authority required to enter into, execute, deliver, and fully perform under, this Agreement and that to do so will not violate or conflict with any material term or provisions of any agreement, instrument, order or decree to which it is a party or by which it is bound and (b) Mortgage Services has obtained all Governmental Approvals and consents from other Persons, if any, necessary for Mortgage Services to perform its obligations under this Agreement.

SECTION 7.02 . Representation and Warranties of GEMH Parties. Each GEMH Party represents and warrants to Mortgage Services that (a) such GEMH Party has the full corporate power and authority required to enter into, execute, deliver, and fully perform under, this Agreement and that to do so will not violate or conflict with any material term or provisions of any agreement, instrument, order or decree to which it is a party or by which it is bound and (b) such GEMH Party and its Affiliates (as applicable) have obtained all Governmental Approvals and consents from other Persons, if any, necessary or required for such GEMH Party or its Affiliates to perform its obligations under this Agreement.

SECTION 7.03 . Survival. The representations and warranties set forth in this Article VII shall survive for a period of eighteen (18) months after the date hereof.

## ARTICLE VIII

### INDEMNIFICATION; LIMITATION ON LIABILITY

SECTION 8.01. Limited Liability.

(a) Notwithstanding the provisions of Section 5.01, neither GEMH nor any of its Affiliates, any of their respective directors, officers or employees, nor any of the heirs, executors, successors nor assigns of any of the foregoing (each, a “GEMH Indemnified Party”) shall have any liability in contract, tort or otherwise to any Mortgage Services Indemnified Party or its Representatives for or in connection with (i) any GEMH Services rendered or to be rendered by any GEMH Indemnified Party pursuant to this Agreement, (ii) the transactions contemplated by this Agreement or (iii) any GEMH Indemnified Party’s actions or inactions in connection with any such GEMH Services or such transactions; provided, however, that such limitation on liability shall not extend to or otherwise limit any Liabilities that have resulted directly from such GEMH Indemnified Party’s (A) gross negligence or willful misconduct, (B) improper use or disclosure of information of, or regarding, a customer or potential customer of a Mortgage Services Indemnified Party (defined below) or (C) violation of applicable Law. Notwithstanding the foregoing, this Section 8.01(a) shall not be applicable to any indemnification obligation of GEMH and Contract Services pursuant to Section 6.03(a)(ii) and Section 8.04 and any payment obligations of any GEMH Parties pursuant to this Agreement, including pursuant to Sections 4.03, 6.03(a)(ii), 6.06, 6.07, 6.08 and Article XI.

(b) Notwithstanding the provisions of Section 5.01, neither Mortgage Services nor any of its Affiliates, any of their respective directors, officers or employees, nor any of the heirs, executors, successors nor assigns of any of the foregoing (each, a “Mortgage Services Indemnified Party”) shall have any liability in contract, tort or otherwise to any GEMH Indemnified Party or its Representatives for or in connection with (i) the MS Services, (ii) the transactions contemplated by this Agreement or (iii) any Mortgage Services Indemnified Party’s actions or inactions in connection with any such MS Services or such transactions; provided, however, that such limitation on liability shall not extend to or otherwise limit any Liabilities that have resulted directly from such Mortgage Services Indemnified Party’s (A) gross negligence or willful misconduct, (B) improper use or disclosure of information of, or regarding, a customer or potential customer of a GEMH Indemnified Party or (C) violation of applicable Law. Notwithstanding the foregoing, this Section 8.01(b) shall not be applicable to any payment obligations of Mortgage Services pursuant to this Agreement, including pursuant to Article IV.

SECTION 8.02. Indemnification by GEMH. In addition and not in limitation of Section 8.04:

(a) GEMH shall indemnify, defend and hold harmless each Mortgage Services Indemnified Party from and against any and all Liabilities incurred or suffered by any Mortgage Services Indemnified Party relating to, arising out of, or resulting from (i) the gross negligence or willful misconduct of a GEMH Indemnified Party in connection with the transactions contemplated by this Agreement or such GEMH Indemnified Party’s provision of the GEMH Services, (ii) the improper use or disclosure of information of, or regarding, a customer or potential customer of a Mortgage Services Indemnified Party in connection with the transactions contemplated by this Agreement or such GEMH Indemnified Party’s provision of the GEMH Services, or (iii) any violation of applicable Law by a GEMH Indemnified Party in connection with the transactions contemplated by this Agreement or such GEMH Indemnified Party’s provision of the GEMH Services.

(b) GEMH shall indemnify, defend and hold harmless each Mortgage Services Indemnified Party from and against any and all Liabilities incurred or suffered by any Mortgage Services Indemnified Party relating to, arising out of, or resulting from the provision of the MS Services by Mortgage Services or any of its Subsidiaries, except for (A) any Liabilities that result from a Mortgage Services Indemnified Party’s negligence in connection with the provision of the MS Services, (B) any Liabilities that result from a Mortgage Services Indemnified Party’s breach of this Agreement or (C) any Liabilities for which Mortgage Services is required to indemnify a GEMH Indemnified Party pursuant to Section 8.03.

(c) Notwithstanding the foregoing, the aggregate liability of GEMH pursuant to this Section 8.02 shall in no event exceed the aggregate amount of \$10,000,000.

SECTION 8.03. Indemnification by Mortgage Services.

(a) Mortgage Services shall indemnify, defend and hold harmless each GEMH Indemnified Party from and against any and all Liabilities incurred or suffered by any GEMH Indemnified Party relating to, arising out of, or resulting from (i) the gross negligence or willful misconduct of a Mortgage Services Indemnified Party or any of its Representatives in

connection with the transactions contemplated by this Agreement or such Mortgage Indemnified Party's provision of the MS Services, (ii) the improper use or disclosure of information of, or regarding, a customer or potential customer of a GEMH Indemnified Party in connection with the transactions contemplated by this Agreement or such Mortgage Services Indemnified Party's provision of the MS Services, or (iii) any violation of applicable Law by a Mortgage Services Indemnified Party in connection with the transactions contemplated by this Agreement or such Mortgage Services Indemnified Party's provision of the MS Services.

(b) Mortgage Services shall indemnify, defend and hold harmless each GEMH Indemnified Party from and against any and all Liabilities incurred or suffered by any GEMH Indemnified Party relating to, arising out of, or resulting from the provision of the GEMH Services by GEMH or any of its Subsidiaries, except for (A) any Liabilities that result from a GEMH Indemnified Party's negligence in connection with the provision of the GEMH Services, (B) any Liabilities that result from a GEMH Indemnified Party's breach of this Agreement or (C) any Liabilities for which GEMH is required to indemnify a Mortgage Services Indemnified Party pursuant to Section 8.02.

(c) Notwithstanding the foregoing, the aggregate liability of Mortgage Services pursuant to this Section 8.03 shall in no event exceed the aggregate amount of \$10,000,000.

#### SECTION 8.04. Loans and Loan Assets Indemnification.

(a) Notwithstanding any provision to the contrary in this Agreement (including Section 8.01), Contract Services shall indemnify, defend and hold harmless each Mortgage Services Indemnified Party from and against any and all Liabilities incurred or suffered by any Mortgage Services Indemnified Party relating to, arising out of, or resulting from or in connection with the Loans, the Loan Assets or any Mortgaged Property (including arising out of or resulting from any noncompliance or violation of Environmental Laws of any applicable Mortgaged Property) or any matters set forth in Section 4.03 and Article VI; provided, however, that GEMH shall not have any liability under this Section 8.04 with respect to Liabilities that have resulted directly from Mortgage Services Indemnified Party's (A) gross negligence or willful misconduct, (B) improper use or disclosure of information of, or regarding, a customer or potential customer of Mortgage Services Indemnified Party or (C) violation of applicable Law. For the avoidance of doubt, (i) Liabilities for which Contract Services shall indemnify, defend and hold harmless pursuant to this Section 8.04 shall include (x) any and all Liabilities resulting from the failure of Mortgage Services to receive any amounts (including interest and late fees) payable with respect to any Loan and/or Loan Asset pursuant to the applicable documents, agreements and instruments that constitute Loan Assets, including failure resulting from any breach of representation or warranty or covenant made by Contract Services in this Agreement and/or by the applicable Lender in the applicable Loan Purchase Agreement, (y) the Deficiency Amount and (z) any and all Liabilities that would have been payable to Mortgage Services pursuant to the Indemnification Agreement had such Indemnification not been terminated, except to the extent Mortgage Services has previously been indemnified for such Liabilities pursuant to the Indemnification Agreement and (ii) shall exclude any and all MS Servicing Costs, the Loan Purchase Price, the amounts paid as purchase price with respect to any

Scheduled Loan and any and all interest expense incurred by Mortgage Services in connection with the funding of any of the Loans.

SECTION 8.05. Indemnification Procedures.

(a) The matters set forth in Sections 5.6 through 5.9 of the Master Agreement shall be deemed incorporated into, and a made a part of, this Agreement.

(b)(i) Notwithstanding any provision to the contrary in this Agreement or in the Master Agreement, any Liability subject to indemnification or contribution pursuant to this Article VIII will be net of Wells Fargo Proceeds that actually reduce the amount of such Liability. Accordingly, the amount which any Indemnifying Party is required to pay to any Indemnified Party will be reduced by any Wells Fargo Proceeds theretofore actually recovered by or on behalf of the Indemnified Party in respect of the related Liability. If an Indemnified Party receives an Indemnity Payment required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Wells Fargo Proceeds with respect to such Liability, 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 such Wells Fargo Proceeds had been received, realized or recovered before the Indemnity Payment was made.

(ii) The Indemnified Party shall use its commercially reasonable efforts to seek to collect or recover from Wells Fargo the amounts due to such Indemnified Party pursuant to Section 7.2 of the Wells Fargo Agreement to which the Indemnified Party is entitled in connection with any Liability for which the Indemnified Party seeks indemnification pursuant to this Article VIII; provided that the Indemnified Party's inability to collect or recover any such amounts shall not limit the Indemnifying Party's obligations hereunder.

SECTION 8.06. Limitation on Liability. Notwithstanding any other provision contained in this Agreement, neither GEMH Parties, on the one hand, nor Mortgage Services, on the other hand, shall be liable to the other for any special, indirect, punitive, incidental or consequential losses, damages or expenses of the other, including loss of profits, arising from any claim relating to breach of this Agreement or otherwise relating to any of the GEMH Services or MS Services provided hereunder. For clarification purposes only, the Parties agree that the limitation on liability contained in this Section 8.06 shall not apply to (a) damages awarded to a third party pursuant to a third party claim for which GEMH is required to indemnify, defend and hold harmless any Mortgage Services Indemnified Party under Section 8.02, (b) damages awarded to a third party pursuant to a third party claim for which Mortgage Services is required to indemnify, defend and hold harmless any GEMH Indemnified Party under Section 8.03, (c) damages awarded to a third party pursuant to a third party claim for which Contract Services is required to indemnify, defend and hold harmless any Mortgage Services Indemnified Party under Section 8.04 or that are payable by Genworth pursuant to Article XI, (d) any and all Liabilities resulting from the failure of Mortgage Services to receive any amounts (including interest and late fees) payable with respect to any Loan and/or Loan Asset pursuant to any document, agreement or instrument that constitutes a Loan Asset, including the failure resulting from any breach of representation or warranty or covenant made by GEMH Party in

this Agreement and/or by the applicable Lender in the applicable Loan Purchase Agreement and (e) any Deficiency Amount.

SECTION 8.07. Liability for Payment Obligations. Nothing in this Article VIII shall be deemed to eliminate or limit, in any respect, any Party's payment obligations as expressly set forth in this Agreement.

## ARTICLE IX

### DISPUTE RESOLUTION

SECTION 9.01. Applicable Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of Laws principles of the State of New York other than Section 5-1401 of the General Obligations Law of the State of New York.

SECTION 9.02. Dispute Resolution. To the extent not resolved through discussions between the GEMH Manager and the Mortgage Services Manager, any dispute, controversy or claim arising out of, or relating to, the transactions contemplated by this Agreement, or the validity, interpretation, breach or termination of any provision of this Agreement, or the calculation or allocation of the costs of any GEMH Service, shall be resolved in accordance with Article VII of the Master Agreement.

## ARTICLE X

### TERMINATION

SECTION 10.01. Termination.

(a) The term of this Agreement shall commence on the date hereof and, unless earlier terminated pursuant to this Section 10.01(a), expire on December 31, 2005 (the "Term"). This Agreement shall terminate with respect to each GEMH Service on the applicable Service Termination Date or other termination date specified in this Agreement or the Schedules hereto. In addition, (i) Mortgage Services may from time to time terminate any GEMH Service, in whole or in part, upon giving at least sixty (60) days' (or such shorter period of time as is mutually agreed upon in writing by the parties) prior written notice to GEMH specifying which GEMH Service is being so terminated (such termination will not in any way affect the obligations of the party terminating this Agreement with respect to such GEMH Service to continue to receive all other GEMH Services not so terminated and to continue to provide such other GEMH Services as required by this Agreement); (ii) either party (the "Non-Breaching Party") may terminate this Agreement with respect to any GEMH Service, in whole or in part, at any time upon prior written notice by the Non-Breaching Party to the other party (the "Breaching Party") if the Breaching Party has failed to perform any of its material obligations under this Agreement relating to such GEMH Service, and such failure shall have continued without cure for a period of sixty (60) days after receipt by the Breaching Party of a written notice of such failure from the Non-Breaching Party seeking to terminate such GEMH Service and (iii) Mortgage Services may terminate this Agreement with respect to its obligations pursuant to Section 2.03 and Article VI,

in whole but not in part, at any time upon prior written notice to Contract Services if Contract Services has failed to perform any of its material obligations pursuant to Article VI or Section 8.04 or any of its other material obligations pursuant to this Agreement, in each case relating to the Loans and the related Loan Assets purchased by Mortgage Services pursuant to this Agreement and Loan REOs, and such failure shall have continued without cure for a period of sixty (60) days after receipt by Contract Services of a written notice of such failure from Mortgage Services seeking to terminate its obligations pursuant to Section 2.03 and Article VI; provided, however, that (x) no GEMH Service may be terminated pursuant to Section 10.01(a)(ii) and (y) no obligations of Mortgage Services pursuant to Section 2.03 and Article VI may be terminated pursuant to Section 10.01(a)(iii), until the parties have completed the dispute resolution process set forth in Section 7.2 of the Master Agreement.

(b) In addition to and not in limitation of the rights and obligations set forth in Section 2.01(e), upon the request of Mortgage Services, (i) GEMH will, during the Term cooperate with Mortgage Services and use its good faith, commercially reasonable efforts to assist the transition of such GEMH Service to Mortgage Services (or Affiliate of Mortgage Services or such third-party vendor designated by the Mortgage Services) by the Service Termination Date for such GEMH Service and (ii) GEMH will, for a reasonable period of time after the effective date of any termination (which shall not exceed six months after the effective date of termination) of any such GEMH Service pursuant to Section 10.01(a)(ii) above, (A) at the written request of Mortgage Services, continue to provide the terminated GEMH Service (subject to the timely payment, when due and payable, by Mortgage Services of all Service Charges and Employment Costs related to such terminated GEMH Service) and (B) cooperate with Mortgage Services and use its good faith, commercially reasonable efforts to assist the transition of such GEMH Service to Mortgage Services (or Affiliate of Mortgage Services or such third-party vendor designated by Mortgage Services) as soon as reasonably practicable. The Service Charges and Employment Costs for a terminated GEMH Service that is continuing to be provided pursuant to clause (ii)(A) of the preceding sentence shall be calculated consistent with the basis on which such Service Charges and Employment Costs were calculated prior to the termination of such GEMH Service.

#### SECTION 10.02. Effect of Termination.

(a) Except with respect to any GEMH Service that is continuing to be provided pursuant to Section 10.01(b)(ii)(A) above after the termination of such GEMH Service, upon termination or expiration of any GEMH Service pursuant to this Agreement, GEMH will have no further obligation to provide the terminated GEMH Service, and Mortgage Services will have no obligation to pay any future Service Charges and Employment Costs relating to any such GEMH Service (other than for GEMH Services provided in accordance with the terms of this Agreement and received by Mortgage Services prior to such termination).

(b) Upon termination of this Agreement with respect to the obligations of Mortgage Services pursuant to Section 2.03 and Article VI, Mortgage Services shall have no further obligation to undertake the undertaking set forth in Section 2.03 and Article VI, except for the sale, transfer and assignment of the Loans and Loan REOs as set forth in Section 6.07. Upon payment of the amounts set forth in Section 6.07, Contract Services shall have no further obligation under Article VI (other than the obligation pursuant Section 6.03(a)(ii)).

SECTION 10.03 . Survival. Section 3.01 (Computer-Based Resources), Article IV (Costs and Disbursements), Section 6.03 (a)(ii) (Claims), Section 6.07 (Repurchase of Loans), Article VIII (Indemnification; Limitation on Liability), Article IX (Dispute Resolution), Section 10.01(b) (Termination), Section 10.02 (Effect of Termination), this Section 10.03 (Survival), Article XI (Guaranty), and Article XII (General Provisions) shall survive the expiration or other termination of this Agreement and remain in full force and effect.

SECTION 10.04. Business Continuity; Force Majeure.

(a) GEMH shall maintain and comply with reasonable disaster recovery, crisis management and business continuity plans and procedures designed to help ensure that it can continue to provide the GEMH Services in accordance with this Agreement in the event of a disaster or other significant event that might otherwise impact its operations. Upon the written request of Mortgage Services, GEMH shall (i) disclose to Mortgage Services GEMH's disaster recovery, crisis management and business continuity plans and procedures applicable to a GEMH Service and (ii) permit Mortgage Services to participate in testing of such disaster recovery, crisis management and business continuity plans and procedures, in each case so that Mortgage Services may assess such plans and procedures and develop or modify its own such plans and procedures in connection with the GEMH Service as Mortgage Services reasonably deems necessary.

(b) No Party (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 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; provided that such party shall have exhausted the procedures described in its disaster recovery, crisis management, and business continuity plan. 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 party of the nature and extent of any such Force Majeure condition and (ii) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

**ARTICLE XI**

**GUARANTY**

SECTION 11.01 . Guaranty. Genworth hereby unconditionally and irrevocably guarantees the full and prompt satisfaction, payment and performance of all liabilities and obligations of Contract Services pursuant to this Agreement, including Section 8.04, to any and all of the Mortgage Services Indemnified Parties, in each case whether such liabilities or obligations are now or hereafter existing, and any and all reasonable costs and expenses (including fees and expenses of counsel) incurred by the Mortgage Services Indemnified Parties in enforcing any of their respective rights under this Agreement with respect to obligations of Contract Services and Genworth (including in enforcing any rights under this Article XI) (the "Guaranteed Obligations"). The guaranty set forth in this Article XI (the "Guaranty") is an absolute, present and continuing guaranty of payment and performance and not

a guaranty of collection only and is in no way conditional or contingent upon any attempt to collect from Contract Services or any other guarantor in respect of the Guaranteed Obligations.

SECTION 11.02 . Guaranty Absolute . Genworth guaranties that the Guaranteed Obligations will be satisfied strictly in accordance with the terms of this Agreement, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Mortgage Services Indemnified Parties with respect thereto. Genworth's undertakings and obligations hereunder are a derivative of, and not in excess of the Guaranteed Obligations. The liability of Genworth under this Guaranty shall be absolute and unconditional irrespective of:

- (a) any lack of validity or enforceability of any provision of this Agreement, any other agreement or instrument relating to this Agreement, or avoidance or subordination of any of the Guaranteed Obligations;
- (b) any change in or any other amendment or waiver of any term of, or any consent to departure from any requirement of, this Agreement (other than this Article XI);
- (c) 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 Guaranteed Obligations;
- (d) the absence of any attempt to collect any of the Guaranteed Obligations from Contract Services or from any other guarantor or any other action to enforce the same or the election of any remedy by any of Mortgage Services Indemnified Parties;
- (e) any waiver, consent, extension, forbearance or granting of any indulgence by any of Mortgage Services Indemnified Parties with respect to any provision of this Agreement (other than this Article XI);
- (f) the election by any of Mortgage Services Indemnified Parties in any proceeding under chapter 11 of Title 11 of the United States Code (together with any successor thereto, the "Bankruptcy Code") of the application of section 1111(b)(2) of the Bankruptcy Code;
- (g) the disallowance, under section 502 of the Bankruptcy Code, of all or any portion of the claims of any of the Mortgage Services Indemnified Parties for payment or performance of any of the Guaranteed Obligations; or
- (h) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

SECTION 11.03. Waiver.

(a) Genworth hereby (i) waives (A) promptness, diligence, notice of acceptance and any and all other notices with respect to any of the Guaranteed Obligations or this Article XI, (B) any requirement that any of the Mortgage Services Indemnified Parties exhaust any right or take any action against Contract Services or any other Person, (C) the filing

of any claim with a court in the event of receivership or bankruptcy of Contract Services, (D) protest or notice of protest with respect to nonpayment or non-performance of all or any of the Guaranteed Obligations, and (E) all demands whatsoever (and any requirement that same be made on any Person as a condition precedent to Genworth's obligations hereunder); and (ii) covenants and agrees that, this Guaranty will not be discharged except by complete performance of the Guaranteed Obligations and any other obligations of Genworth contained herein.

(b) If, in the exercise of any of its rights and remedies, any of the Mortgage Services Indemnified Parties shall forfeit any of its rights or remedies, including its right to enter a deficiency judgment against Contract Seller or any other Person, whether because of any applicable law pertaining to "election of remedies" or similar doctrine, Genworth hereby consents to such action by such Mortgage Services Indemnified Party and waives any claim based upon such action. Any election of remedies which results in the denial or impairment of the right of such Mortgage Services Indemnified Party to seek a deficiency judgment against Contract Services shall not impair the obligation of Genworth to pay the full amount of the Guaranteed Obligations or any other obligation of Genworth contained herein.

(c) Genworth consents and agrees that the Guaranteed Parties shall be under no obligation to marshal any assets in favor of the Guarantor or otherwise in connection with obtaining payment of any or all of the Guaranteed Obligations from any Person or source.

Until the indefeasible payment in full in cash and the full performance of all of the Guaranteed Obligations, Genworth waives and relinquishes any and all rights which it may acquire against Contract Services by way of subrogation, contribution or reimbursement by reason of this Guaranty or by any payment made hereunder.

## ARTICLE XII

### GENERAL PROVISIONS

SECTION 12.01 . GEMH Manager . Promptly after the date hereof, GEMH will designate a dedicated services account manager (the "GEMH Manager") who will be directly responsible for coordinating and managing the delivery of the GEMH Services and will have authority to act on GEMH Party's behalf with respect to the GEMH Services and other obligations of GEMH under this Agreement. The GEMH Manager will work with Mortgage Services Manager to address the Mortgage Services' issues and the Parties' relationship under this Agreement.

SECTION 12.02. Mortgage Services Manager; Functional Leaders .

(a) Promptly after the date hereof, Mortgage Services will identify an employee of Mortgage Services or of its Affiliates (the "Mortgage Services Manager") who will be the transition leader and have authority to act on Mortgage Services behalf with respect to the GEMH Services and obligations of Mortgage Services under this Agreement. The Mortgage Services Manager will work with the GEMH Manager to address GEMH's issues and the Parties' relationship under this Agreement.

(b) On or prior to June 30, 2005, Mortgage Services shall identify functional leaders who will commence the transition of GEMH Services from GEMH to Mortgage Services or a supplier designated by Mortgage Services.

SECTION 12.03 . Independent Contractors . Each Party shall act solely as independent contractor and nothing in this Agreement shall constitute or be construed to be or create a partnership, joint venture, or principal/agent relationship between GEMH Parties, on the one hand, and Mortgage Services, on the other. Except as set forth in Section 4.02, all Persons employed by GEMH or any of its Affiliates in the performance of its obligations under this Agreement shall be the sole responsibility of GEMH and all Persons employed by Mortgage Services in performance of its obligations under this Agreement shall be the sole responsibility of Mortgage Services.

SECTION 12.04 . Subcontractors . Any Party may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided that (a) GEMH shall in all cases remain liable for all its obligations under this Agreement, including with respect to the scope of the GEMH Services, the Standard for Services and the content of the GEMH Services provided to Mortgage Services and (b) Mortgage Services shall in all cases remain liable for all its obligations under this Agreement, including with respect to the scope and content of its management and servicing of the Loans and the MS Standard. Under no circumstances shall Mortgage Services be responsible for making any payments directly to any subcontractor engaged by any GEMH Party or any GEMH Party be responsible for making any payments directly to any subcontractor engaged by Mortgage Services.

SECTION 12.05. Additional Services; Books and Records; Mortgage Services Property .

(a) If, during the Term, Mortgage Services identifies a need for additional or other services to be provided by or on behalf of GEMH, the Parties agree to negotiate in good faith to provide such requested services (provided that such services are of a type generally provided by GEMH or any of its Affiliates at such time) and the applicable service fees, payment procedures, and other rights and obligations with respect thereto. To the extent practicable, such additional or other services shall be provided on terms substantially similar to those applicable to GEMH Services of similar types and otherwise on terms consistent with those contained in this Agreement.

(b) All books, records and data maintained by GEMH for Mortgage Services with respect to the provision of a GEMH Service to Mortgage Services shall be the exclusive property of Mortgage Services. Mortgage Services, at its sole cost and expense, shall have the right to inspect, and make copies of, any such books, records and data during regular business hours upon reasonable advance notice to GEMH. At the sole cost and expense of GEMH, upon termination of the provision of any GEMH Service, the relevant books, records and data relating to such terminated Service shall be delivered by GEMH to Mortgage Services in a mutually agreed upon format to the address of Mortgage Services set forth in Section 12.07 or any other mutually agreed upon location; provided , however , that GEMH shall be entitled to retain one copy of all such books, records and data relating to such terminated GEMH Service for archival purposes and for purposes of responding to any dispute that may arise with respect thereto.

Upon the termination of this Agreement, at the sole cost and expense of GEMH, GEMH shall deliver to Mortgage Services any and all other property of Mortgage Services or any other Mortgage Entity in GEMH's possession to Mortgage Services.

SECTION 12.06 . Confidential Information . Each Party agrees that Section 6.2 of the Master Agreement is hereby incorporated by reference into, and a made a part of, this Agreement; provided, however, that for the purposes of this Agreement (i) references in Section 6.2 of the Master Agreement to "GE Parties" shall be deemed to refer to "Mortgage Entities", (ii) references in Section 6.2 of the Master Agreement to "Genworth" shall be deemed to refer to "GEMH Parties", and (iii) references in Section 6.2 of the Master Agreement to "Genworth Business" shall be deemed to refer to "the business of GEMH Parties".

SECTION 12.07 . 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 12.07):

if to Mortgage Services:

GE Mortgage Services, LLC  
6601 Six Forks Road  
Raleigh, North Carolina 27615  
Attention: General Manager

with a copy to:

Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, NY 10153  
Attention: Howard Chatzinoff, Esq.

if to GEMH Parties

General Electric Mortgage Holdings LLC  
6601 Six Forks Road  
Raleigh, North Carolina 27615  
Attention: President

with a copy to

General Electric Mortgage Holdings LLC  
6601 Six Forks Road  
Raleigh, North Carolina 27615  
Attention: General Counsel

and

Hunton & Williams LLP  
Riverfront Plaza, East Tower  
951 E Byrd Street  
Richmond, VA 23219-4074  
Attention: Allen C. Goolsby, Esq.

SECTION 12.08. Taxes.

(a) Each Party shall be responsible for any personal property taxes on property it owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.

(b) Each of the parties agrees that if reasonably requested by the other party, it will cooperate with such other party to enable the accurate determination of such other party's tax liability and assist such other party in minimizing its tax liability to the extent legally permissible. GEMH invoices shall separately state the amounts of any taxes the GEMH is proposing to collect from Mortgage Services.

SECTION 12.09 . Regulatory Approval and Compliance . Each of Mortgage Services and each GEMH Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement; provided, however, that each of Mortgage Services and GEMH shall, subject to reimbursement of out-of-pocket expenses by the requesting party, cooperate and provide one another with all reasonably requested assistance (including, the execution of documents and the provision of relevant information) required by the requesting party to ensure compliance with all applicable Laws in connection with any regulatory action, requirement, inquiry or examination related to this Agreement, the GEMH Services or the MS Services.

SECTION 12.10 . 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.

SECTION 12.11 . Entire Agreement . Except as otherwise expressly provided in this Agreement, this Agreement (including the Schedules and Exhibits hereto) constitutes the entire agreement of the Parties 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 with respect to the subject matter of this Agreement.

SECTION 12.12 . Assignment; No Third-Party Beneficiaries . This Agreement shall not be assigned by any Party without the prior written consent of the other party. Except as provided in Article VIII with respect to GEMH Indemnified Parties and Mortgage Services Indemnified Parties, 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 any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 12.13 . Amendment . 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 of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any other subsequent breach.

SECTION 12.14 . Rules of Construction . Interpretation of this Agreement 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, Exhibit, paragraph, and Schedule are references to the Articles, Sections, Exhibits, paragraphs, and Schedules to this Agreement 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 headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement and (f) this Agreement 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. Unless specifically stated in the Master Agreement that a particular provision of the Master Agreement should be given effect in lieu of a conflicting provision in this Agreement, to the extent that any provision contained in this Agreement conflicts with, or cannot logically be read in accordance with, any provision of the Master Agreement, the provision contained in this Agreement shall prevail.

SECTION 12.15 . 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 any such Agreement.

SECTION 12.16 . No Right to Set-Off . No Party shall set-off, counterclaim or otherwise withhold any amount owed by such Party to another Party on account of any obligation owed to such Party by another Party.

SECTION 12.17. Existing Agreements .

(a) The Parties acknowledge and agree that from and after the date hereof the Existing Servicing Agreement and the Existing Shared Services Agreement shall be deemed terminated and shall be of no further force and effect.

(b) The Lease Agreement is hereby terminated and shall be of no further force and effect; provided, however, that the indemnification provisions set forth in Sections 6 and 7 of the Indemnification Agreement shall survive such termination.

(c) The Indemnification Agreement is hereby terminated and shall be of no further force and effect.

SECTION 12.18. Further Assurances . Each Party agrees that upon request of another Party, at any time after the date hereof such first Party will forthwith execute and deliver to the requesting Party or its designee such further instruments of assignment, transfer, conveyance, endorsement, direction or authorization and other documents as the requesting Party or its counsel may reasonably request in order to effectuate the purposes of this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GE MORTGAGE SERVICES, LLC

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC MORTGAGE  
HOLDINGS LLC

By: \_\_\_\_\_  
Name:  
Title:

GE MORTGAGE CONTRACT SERVICES INC.

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

*Acknowledged and agreed:*  
GENERAL ELECTRIC MORTGAGE  
INSURANCE CORPORATION,  
solely with respect to Section 12.17

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

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**Schedule A**

**GEMH Services**

<b><u>GEMH Services</u></b>	<b><u>Service Termination Date</u></b>
(a) Finance, including Accounting, Financial Planning and Analysis, Cash Management/Treasury Services	December 31, 2005
(b) Legal	December 31, 2005
(c) Information Technology and Data Processing	December 31, 2005
(d) Risk	December 31, 2005
(e) Vendor Management	December 31, 2005
(f) Quality	December 31, 2005
(g) Loss Mitigation, including restructuring of loans and foreclosure	December 31, 2005
(h) Asset Management	December 31, 2005
(i) Operating Plan.	December 31, 2005
<p>GEMH shall use its best efforts to assist in the execution of an operating plan of Mortgage Entities (the “<u>Operating Plan</u>”) with respect to mortgage loan sales and purchases by Mortgage Entities. For the avoidance of doubt, the Operating Plan shall not include any income/loss, incremental time, effort or expenses associated with the sale of Mortgage Servicing Rights.</p>	
(j) Facilities, including access to and management of facilities described in Section 3.02.	December 31, 2005
(k) Tax Services	December 31, 2004

For the avoidance of doubt, GEMH shall prepare and file, subject to prior review and approval by Mortgage Services, all Tax Returns with respect to Mortgage Entities and their respective assets required to be filed in 2004. Mortgage Services shall prepare and file all Tax Returns with respect to Mortgage Entities and their respective assets required to be filed on or after January 1, 2005 and complete all audit examinations in process as of January 1, 2005.

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Dated 2004

GEFA International Holdings, Inc.

and

GE Capital Corporation

Framework Agreement

CONFIDENTIAL TREATMENT REQUESTED

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH "\*\*\*". AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

**Linklaters**

One Silk Street  
London EC2Y 8HQ

Telephone (44-20) 7456 2000  
Facsimile (44-20) 7456 2222

Ref

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**BETWEEN :**

- (1) **GEFA INTERNATIONAL HOLDINGS, INC.** whose registered office is at 6604 West Broad Street, Richmond, VA 23230, USA (“**GEFA**”); and
- (2) **GE CAPITAL CORPORATION** whose registered office is at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware (“**GECC**”).

Collectively GEFA and GECC shall be referred to as “**the Parties**” and each as a “**Party**”.

**RECITALS:**

- (A) GEFA is or will become the holding company of each GEFA Company.
- (B) GEFCF is the holding company of each GEFCF Group Company who is party to existing insurance arrangements with GEFA Companies.
- (C) As at the date of this agreement certain GEFA Companies provide Existing Payment Protection Products to certain GEFCF Group Companies under the Existing Local Agreements.
- (D) GECC intends to appoint the GEFA Companies as the exclusive provider of Payment Protection Products to the GEFCF Group Companies in the Territories subject to the terms and conditions of this agreement and in return GEFA has agreed to provide market leading products and services and to deliver its services hereunder to a world class standard.
- (E) The Parties have entered into this agreement to give effect to their intention in relation to the Existing Local Agreements and in relation to New Local Agreements and New Territories.

**THE PARTIES AGREE AS FOLLOWS:**

**1 Definitions And Interpretation**

**1.1 Definitions**

The following words and expressions shall, unless the context otherwise requires, have the following meanings:

“**Acquired GEFCF Business**” has the meaning given to it in Clause 3.2.6;

“**Amended New Business Proposal**” has the meaning given to it in paragraph 8.1 of Part A of Schedule 5;

“**Applicable Laws**” means any of the following in force from time to time in any of the Territories: any common law, statute, statutory instrument, treaty, rule, regulation, directive, guideline, guidance, decision, bylaw, code, order, notice, demand, decree, resolution or judgement or licence conditions, or anything similar to any of the above in each case of a Governmental Authority and which is binding on GECC or any GEFCF Group Company or GEFA or any GEFA Company;

“**Approved Subcontractor**” means any of (i) the existing sub-contractors used by GEFA or a GEFA Company in connection with the provision of services to GECC or a GEFCF Group Company at the Commencement Date; (ii) the persons, from time to time, listed on the General Electric Group’s list of approved subcontractors; or (iii) any other person who in

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the reasonable opinion of the parties meets the due diligence requirements set out in Schedule 13 of this agreement;

“ **Benchmarking Pool** ” means any company or organisation that offers Payment Protection Products to consumers in one or more Territories;

“ **Best in Class** ” means service levels, product development and related services that are in the top 10 per cent. of Payment Protection Product providers in the relevant Territory;

“ **Business** ” means the provision, selling or distribution of Payment Protection Products by the GECF Group Companies provided by the GEFA Companies under this agreement;

“ **Business Day** ” means a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in London and, in relation to a GEFA Company or GECF Group Company, a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the place of business of that GEFA Company or GECF Group Company;

“ **Claims Frequency** ” means number of claims with a date of loss in the period under investigation divided by Earned Exposure in the same period;

“ **Claims Incurred** ” means claim payments plus Claims Reserves at the end of the period under investigation minus Claims Reserves at the beginning of the period under investigation;

“ **Claims Performance Statement** ” means the statement to be prepared by GEFA in accordance with clause 6.2 and Schedule 4;

“ **Claims Reserves** ” means the provisions held in GEFA’s US GAAP balance sheet in respect of all future payments on claims with a date of loss before the balance date;

“ **Commencement Date** ” means 1 January, 2004;

“ **Committed Payments Product** ” means any of the following:

(a) a product which protects regular financial commitments due to a third party including gas, electricity, water and telecommunications companies; and

(b) an extension of or variation to any other Payment Protection Product distributed by GECF to protect payment obligations due to persons other than GECF Group Companies;

“ **Comparable GWP** ” means the aggregate GWP accruing to GEFA and the GEFA Companies during the Previous Relevant Period in respect of all Policies in all Territories sold during the Previous Relevant Period (excluding GWP which accrued to GEFA and the GEFA Companies in relation to any Local Agreements which were terminated pursuant to clause 20.4 during the course of the Previous Relevant Period);

“ **Confidential Information** ” means:

(c) in relation to GEFA, all information relating to GEFA’s or to any GEFA Company’s business, customers or financial or other affairs which is not publicly known including information relating to:

(i) customer and supplier names and other details of customers and suppliers, sales targets, sales statistics, market share statistics, prices, market research reports and surveys; and

(ii) future projects, business development or planning, commercial relationships and negotiations or any insurance product concepts, ideas or proposals of GEFA or any GEFA Company; and

(iii) designs, formulae, inventions or improvements relating to products or prospective products designed or sold by GEFA or any GEFA Company or any other trade secrets or know-how or financial information in relation to the businesses, finances, dealings or affairs of GEFA or any GEFA Company;

(d) in relation to GECC, all information relating to any GECF Group Company's business or financial or other affairs which is not publicly known including information relating to:

(iv) customer and supplier names and other details of customers and suppliers, sales targets, sales statistics, market share statistics, prices, market research reports and surveys; and

(v) future projects, business development or planning, commercial relationships and negotiations or any insurance product concepts, ideas or proposals of any GECF Group Company; and

(vi) designs, formulae, inventions or improvements relating to products or prospective products designed or sold by any GECF Group Company or any other trade secrets or know-how or financial information in relation to the businesses or finances of any GECF Group Company;

“ **Contract Year** ” means each consecutive 12 month period from the Commencement Date or its anniversary (as the case may be) until the next anniversary;

“ **Control** ” means:

(e) in relation to a body corporate, the ability of a person (either alone or in conjunction with another person pursuant to some agreement, arrangement or understanding) to ensure that the activities and business of that body corporate are conducted in accordance with the wishes of that person, and, without limitation, a person shall be deemed to have “ **Control** ” of a body corporate if:

(vii) that person (either alone or in conjunction with another person pursuant to some agreement, arrangement or understanding) is entitled to exercise 50 per cent. or more of the voting rights which are ordinarily exercisable in a general meeting of that body corporate;

(viii) that person (either alone or in conjunction with another person pursuant to some agreement, arrangement or understanding) is entitled to appoint a majority of the board of directors of the body corporate;

(ix) in the case of a body corporate whose shares are not listed, quoted or dealt in on any securities or investment exchange or quotation system that person (either alone or in conjunction with another person pursuant to some agreement, arrangement or understanding) has the right to receive the majority of the income of that body corporate on any distribution by it of all of its income or the majority of its assets on a winding-up; or

(f) in relation to an entity not being a body corporate, the power (either alone or in conjunction with another person pursuant to some agreement, arrangement or understanding) to direct the management or policies of such person, whether by operation of law, by contract or otherwise;

“ **Data Protection Legislation** ” means the Data Protection Act 1998 (UK), all applicable legislation implementing European Community Directives 95/46 and 97/66 for EU countries and all applicable data protection legislation in any of the Territories;

“ **Dispute** ” has the meaning given to it in clause 15.3;

“ **Earned Claims Fund** ” means Gross Earned Premium less Sales Commission incurred less Earned Retention;

“ **Earned Exposure** ” means the number of equivalent annual Policies in the period under investigation;

“ **Eligible GWP** ” means the aggregate GWP accruing to GEFA and the GEFA Companies during the Relevant Period in respect of all Policies in all Territories sold during the Relevant Period;

“ **Earned Retention** ” means an amount withheld by GEFA to cover the cost of underwriting the Business expressed as a percentage of Gross Earned Premium (the “Retention Rate”) to be subtracted from the Gross Earned Premium when calculating the underwriting profit;

“ **Existing Business** ” means the Existing Direct Business and Existing Reinsured Business at the rates in existence at the Commencement Date to include any renaming, rebranding, product change or variation thereto (including any Substitute Business);

“ **Existing Direct Business** ” means the Schemes in existence at the Commencement Date as identified in Schedule 1 Part A;

“ **Existing Local Agreements** ” means the agreements in place in each Existing Territory at the Commencement Date, including any addendum thereto, and as listed in Schedule 8;

“ **Existing Payment Protection Products** ” means the payment protection insurance policies and schemes in the Existing Territories as set out in parts A and B of Schedule 1;

“ **Existing Reinsured Business** ” means the Schemes in existence at the Commencement Date as identified in Schedule 1 Part B;

“ **Existing Territories** ” means Italy, Spain, Portugal, Norway, Denmark, Sweden, United Kingdom, Ireland, Switzerland, Germany and France;

“ **Exit Phase** ” means:

(g) in the context of expiry of this agreement or a Local Agreement, the period of 12 months prior to the date on which this agreement or the relevant Local Agreement (as the case may be) expires; and

(h) in any other case, the period (with a minimum of 90 days) stipulated in the relevant notice of termination of this agreement or the relevant Local Agreement (as the case may be);

“ **Exit Plan** ” has the meaning given to that term in clause 21.3.1;

“ **Financial Services Regulator** ” means the Financial Services Authority in the United Kingdom or any successor or replacement thereof or, in the case of a Territory other than the United Kingdom, its equivalent;

“ **GECF Captive** ” means a captive insurance company to be established by GECC;

“ **GECF Group** ” means any subsidiary of GECC from time to time (other than Acquired GECF Business or GEFA Companies) who, from time to time, distributes Payment Protection Products in conjunction with entering into consumer financing agreements or arrangements where the relevant GECF Group Company (or a member of its Group) acts as the provider of finance. “ **GECF Group Company** ” shall be construed accordingly; Where GECF is successful in procuring that Acquired GECF Business appoints a GEFA Company as its exclusive provider of Payment Protection Products pursuant to Clause 3.2.3, then this definition shall automatically include such Acquired GECF Business;

“ **GECF Marks** ” means the marks owned by the GECF Group or another member of the General Electric Group which are used by the GEFA Group as at the Commencement Date to fulfil their obligations under this agreement or any Local Agreement and any additional marks agreed in writing between the Parties from time to time;

“ **GEFA Company** ” means each of the companies listed in Schedule 9 and any additional company as notified in writing to GECC by GEFA from time to time;

“ **GEFA Group** ” means GEFA and each of the GEFA Companies;

“ **GEFA Marks** ” means the marks owned by Genworth Financial, Inc. or a member of its Group which are used by the GECF Group as at the Commencement Date to fulfil their obligations under this agreement or any Local Agreement and any additional marks agreed in writing between the parties from time to time;

“ **GEFI Guernsey** ” means Financial Insurance Guernsey PCC Limited;

“ **Good Industry Practice** ” means, in relation to any particular circumstances, the degree of skill, diligence, prudence, foresight and operating practice which would reasonably and ordinarily be expected from a reasonably skilled and experienced provider of Payment Protection Products and related services of a similar type to the Payment Protection Products and related services provided pursuant to this agreement under the same or similar circumstances;

“ **Governmental Authority** ” means any court, government, regulatory agency or regulatory authority (in each case whether international, national or local and in any jurisdiction), including the Financial Services Regulator;

“ **Group** ” means, in relation to any person, that person, its holding companies and the subsidiaries and subsidiary undertakings from time to time of such holding companies, all of them and each of them as the context admits including any joint venture companies, business relationships or any other business relationship;

“ **Gross Earned Premium** ” means the earning of the Gross Written Premium according to the GEFA balance sheet for US GAAP results reporting purposes;

“ **Gross Loss Ratio** ” means Ultimate Claims Cost divided by Gross Earned Premium;

“ **Gross Written Premium** ” (or “ **GWP** ”) means, in relation to any Policy, the total premium payable by an Insured Customer in respect thereof less any Tax/levy and cancellations/refunds;

“ **Identified New Business** ” means the Schemes as identified in Schedule 1 Part C;

“ **Incentive Threshold** ” has the meaning given to it in clause 5.3;

“ **Insolvent** ” means in the case of any party the appointment of, the application for the appointment of or any step taken with a view to the appointment of, a liquidator, provisional liquidator, administrator, administrative receiver or receiver or equivalent officer, the entering into or the taking of any step with a view to the entering into of a scheme of arrangement or composition for the benefit of creditors generally (including a voluntary arrangement under Part 1 of the Insolvency Act 1986), any re-organisation, moratorium or other administration involving its creditors or any class of its creditors, the proposal or passing of a resolution or the convening of a meeting to consider a proposal to wind it up (other than a voluntary winding-up as part of a reorganisation) or the company becoming unable or being deemed to be unable to pay its debts as and when they fall due within the meaning of section 123 of the Insolvency Act 1986 or anything equivalent or analogous to any of the foregoing occurring in any jurisdiction;

“ **Insured** ” and “ **Insured Customer** ” means any GECF Group Company customer who has entered into a Policy provided:

- (i) by GEFA or a GEFA Company as the primary insurer; or
- (ii) by a primary insurer for which GEFA or a GEFA Company acts as a reinsurer;

“ **Key Service Levels** ” means the Service Levels specified in Table B of Schedule 2;

“ **Key Territories** ” means United Kingdom, Germany and France and any other Territory which accounts for more than 21,900,000 Euros of GWP in a Relevant Period;

“ **Local Addendum** ” means the addendum in the form set out in Schedule 11 to be entered into by the relevant GECF Group Companies with the relevant GEFA Companies in accordance with clause 2.1 or 5.4.3 (as the case may be);

“ **Local Agreements** ” means the Existing Local Agreements and the New Local Agreements;

“ **Local Comparable GWP** ” means the aggregate GWP accruing to a GEFA Company during the Previous Relevant Period in respect of all Policies sold during the Previous Relevant Period which relate to a particular Local Agreement the “ **Relevant Local Agreement** ”;

“ **Local Eligible GWP** ” means the aggregate GWP accruing to a GEFA Company during the Relevant Period in respect of all Policies sold during the Relevant Period which relate to the Relevant Local Agreement;

“ **Local Material Change** ” has the meaning given to it in clause 20.4.4;

“ **Loss Ratio** ” means either Claims Incurred divided by the Earned Claims Fund as calculated from the Profit Share Account or Ultimate Claims Cost divided by Earned Claims Fund, as calculated in the Claims Performance Statement;

“ **Material Change** ” has the meaning given to it in clause 20.2.3;

“ **Net Premium** ” means Gross Written Premium less any Sales Commission;

“ **New Business** ” has the meaning given to it in clause 3.2.2 and, for the avoidance of doubt, shall exclude Substitute Business;

“ **New Business Proposal** ” has the meaning given to it in paragraph 5 of Part A of Schedule 5;

“ **New Captive** ” means any entity forming part of an Acquired GECF Business which is the captive insurer of the Acquired GECF Business;

“ **New Direct Business** ” means all New Business that is not New Reinsurance Business and as agreed from time to time between the parties pursuant to clause 5.4.1;

“ **New Local Agreement** ” has the meaning given to it in clause 5.4.2;

“ **New Payment Protection Products** ” means products within the definition of Payment Protection Products but which are not Existing Payment Protection Products;

“ **New Reinsurance Business** ” means any New Business as agreed to be New Reinsurance Business from time to time between the parties pursuant to clause 5;

“ **New Territories** ” means \*\*, and such other countries as may be agreed in writing between the Parties from time to time;

“ **Payment Protection Products** ” means any of the following:

- (i) any insurance, guarantee or waiver style product (howsoever described) which assists consumers in meeting some or all of their payment obligations under financial commitments (including without limitation mortgages, personal and car loans and credit cards) which is linked to, or forms part of or is financed under any underlying financing or credit agreement or is a Committed Payments Product but excluding mortgage indemnity insurance, GAP insurance, long term care insurance and free-standing term life products and investment products, warranty, auto insurance covering damage to car or property, personal accident, travel insurance, and health cash plan; or
- (j) any product (howsoever described) which provides for the suspension or forgiveness either temporarily or permanently of any sort of debt owing by a consumer,

in each case including any derivatives or variations of any such products and/or the administration and management of any such products.

“ **Policies** ” means the Payment Protection Products provided by GEFA Companies as either the primary insurer or provider or the reinsurer (including the existing product details set out in Schedule 1) and such Payment Protection Products which GECF Group Companies are authorised to market and sell and which are brought within the scope of this agreement from time to time by the execution of an addendum and “ **Policy** ” shall be construed accordingly;

“ **Potential New Business** ” has the meaning given to it in clause 3.2.1;

“ **Potential Substitute Business** ” means any Potential New Business which falls within the criteria set out in Schedule 15 Substitute Business Criteria;

“ **Previous Relevant Period** ” means the period of 12 calendar months immediately preceding the Relevant Period;

“ **Profit Share** ” means the share (if any) of Underwriting Profits payable to or by a GECF Group Company in accordance with clause 6.1;

“ **Profit Share Account** ” has the meaning given to it in paragraph 1 of Schedule 3;

“ **Quarterly Performance Meeting** ” has the meaning given to it in Paragraph 1 of Part A of Schedule 6;

“ **Regulatory Event** ” means the receipt by a GEFA Company (the “ **Affected GEFA Company** ”) of a notice, from the Financial Services Regulator of the Territory in which the relevant GEFA Company operates, in which the Financial Services Regulator gives notice that it intends to revoke or suspend any authorisation required by the relevant GEFA Company to perform any of its obligations under this agreement or any Local Agreement to which it is a party;

“ **Relevant Period** ” means any period of 12 months during the Term starting on the first day of a calendar month and ending on the last day of the calendar month 12 months later;

“ **Replacement Supplier** ” means any entity succeeding a GEFA Company in the provision of Payment Protection Products substantially similar to those provided under this agreement;

“ **Risk Loss Ratio** ” means Ultimate Claims Cost divided by Earned Claims Fund;

“ **Risk Rate** ” means that part of a premium which covers the expected costs of claims;

“ **Run-Off Period** ” means the period commencing on the effective date of termination or expiration of this agreement and ending when GEFA certifies to GECF in writing that all risks under all Policies have expired and all valid claims under all Policies have been finalised, and no further Claims Reserves are required;

“ **Sales Commission** ” means in relation to:

- (k) Existing Business and Identified New Business, the proportion of Gross Written Premium payable by GEFA or a GEFA Company to GECC as shown in Schedule 1; and
- (l) New Direct Business and New Reinsurance Business, the proportion of Gross Written Premium as agreed between the relevant GECF Group Companies and the relevant GEFA Companies from time to time;

“ **Scheme** ” means a type or category of Policy marketed and sold by a GECF Group Company pursuant to this agreement and/or any Local Agreement;

“ **Service Credits** ” means the credits payable to the GECF Group in accordance with Schedule 2;

“ **Service Levels** ” means the service levels described in Schedule 2 as amended or varied in accordance with this agreement;

“ **Substitute Business** ” means Potential Substitute Business which following the procedure set out in Clause 9 and Schedule 16 becomes Substitute Business.

“ **Supplemental Sales Commission** ” shall have the meaning given to it in clause 5.3 and shall be calculated in accordance with Schedule 7;

“ **Tax/levy** ” means any tax, levy or stamp duty or any charge payable in respect of insurance premiums levied by any tax authority in any jurisdiction covered by this agreement to be charged to Insured Customers at the applicable rate from time to time

including any similar, equivalent, additional or replacement tax, levy or charge which may be imposed on or in relation to insurers or insurance transactions from time to time;

“ **Term** ” means the period of 5 (five) years following the Commencement Date;

“ **Territories** ” means the countries comprising the Existing Territories and the New Territories, and the term “Territory” shall mean any one of these;

“ **Ultimate Claims Cost** ” means claims payments plus Claims Reserves for future claims payments under the relevant Policies as at the date the Claims Performance Statement described in Schedule 4 is calculated; and

“ **Underwriting Profits** ” shall have the meaning given to it in Schedule 3, paragraph 3(c).

## 1.2 Interpretation

The following rules apply unless the context requires otherwise:

- 1.2.1 “holding company” and “subsidiary” shall be construed in accordance with section 736 of the Companies Act 1985, “subsidiary undertaking” shall be construed in accordance with section 258 of the Companies Act 1985 and “associated company” shall be construed in accordance with section 416 of the Income and Corporation Taxes Act 1988;
- 1.2.2 the Interpretation Act 1978 shall apply to this agreement in the same way as it applies to an enactment;
- 1.2.3 the words “including”, “include” and “includes” shall mean “including without limitation”, “include without limitation” and “includes without limitation”, as the case may be;
- 1.2.4 a “person” includes any person, individual, company, firm, corporation, government, state or agency of a state or any undertaking or organisation (whether or not having separate legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
- 1.2.5 any reference to a party to this agreement includes its successors in title and permitted assignees;
- 1.2.6 words denoting the singular shall include the plural and vice versa and words denoting any gender shall include all genders;
- 1.2.7 references to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
- 1.2.8 references to recitals, clauses, paragraphs or schedules are to recitals, clauses and paragraphs of and schedules to this agreement. The schedules form part of the operative provisions of this agreement and references to this agreement shall, unless the context otherwise requires, include references to the recitals and the schedules;
- 1.2.9 references to any agreement shall be construed as a reference to that agreement as amended, varied, supplemented or assigned from time to time;

- 1.2.10** if there is any inconsistency between the schedules or any Addendum and the main body of this agreement, then to the extent necessary to resolve such inconsistency the main body of this agreement shall prevail;
- 1.2.11** the index to and the headings in this agreement are for information only and are to be ignored for the purposes of construing the same;
- 1.2.12** references to a statutory provision include any subordinate legislation made from time to time under that provision; and
- 1.2.13** if a word or phrase is defined, its other grammatical forms have a corresponding meaning.

### **General Procurement Obligation**

- 1.2.14** GECC shall procure that the GECCF Group Companies fulfil their obligations under this agreement and comply with its terms.

## **2 Local Agreements**

### **2.1 Local Addendums**

The GECCF Group Companies party to an Existing Local Agreement shall, and GEFA shall procure that the relevant GEFA Companies party to an Existing Local Agreement shall, promptly enter into a Local Addendum to amend their Existing Local Agreement to give effect to the provisions of this agreement mutatis mutandis (subject only to including amendments or further provisions necessary to ensure compliance with Applicable Laws), including:

- 2.1.1** clause 2.3;
- 2.1.2** clause 3.1 and 3.2 (in respect of Existing Business, Substitute Business and Potential Substitute Business);
- 2.1.3** clause 4;
- 2.1.4** clause 6.1.1;
- 2.1.5** clause 8;
- 2.1.6** clause 9.1, 9.2, 9.4 and Schedule 2;
- 2.1.7** clause 10.2;
- 2.1.8** clause 11;
- 2.1.9** clause 12.1;
- 2.1.10** clause 13;
- 2.1.11** clause 15;
- 2.1.12** clause 16.2 and Schedule 6 Part B;
- 2.1.13** clause 17;
- 2.1.14** clause 18;
- 2.1.15** clause 20.4;
- 2.1.16** clause 21.3;

**2.1.17** clause 22;

**2.1.18** clause 23; and

**2.1.19** clause 24.

**2.1.20** In respect of each Local Addendum, the assignment and subcontracting provisions incorporated by virtue of clause 2.1.14 above shall be supplemented by the addition of the following sub-clause:

*“Notwithstanding anything in this Clause [Assignment Clause], all of the rights and obligations of the Financial Assurance Company Limited under this Agreement shall automatically transfer to Financial New Life Company Limited upon the transfer scheme for the transfer of all or substantially all of Financial Assurance Company Limited’s business to Financial New Life Company Limited pursuant to section 105 Financial Services and Markets Act 2000 becoming effective (with such amendments, deletions or additions to the scheme as the parties to the scheme may approve).”*

**2.1.21** GECC and GEFA shall procure that each Existing Local Agreement shall be amended to delete any provision which confers on any GECF Group Company which is a party to such Local Agreement any right to terminate such Local Agreement on a sale or disposal affecting the whole of or any part of any party to that Local Agreement (in either case, whether such sale or disposal is effected by way of an asset or business sale or a share sale or otherwise (including by the sale of a portfolio or by a change of the identity of the financing provider)).

## **2.2** Inconsistency between this Agreement and Local Agreements

Without prejudice to Clause 2.1, where there is a conflict or inconsistency between this agreement and a Local Agreement, the terms of this agreement shall prevail, except in relation to:

- (m) provisions in Local Agreements that are necessary to ensure compliance with Applicable Laws; and
- (n) provisions in Existing Local Agreements relating to sales commission, Retention Rates and the calculation of Profit Share,

and accordingly, GEFA will procure that each GEFA Company shall, to the extent relevant, comply with the provisions of this agreement and GECF will procure that each GECF Group Company shall, to the extent relevant, comply with the provisions of this agreement.

## **2.3** Term of Local Agreements

The Parties hereby agree and shall procure that notwithstanding the expiry dates specified in the Local Agreements, the term of each Local Agreement will be extended until close of business on the day preceding the fifth anniversary of the Commencement Date and shall not be varied during the Term unless both Parties agree otherwise.

## **3** Exclusive Appointment

### **3.1** Exclusive Appointment in respect of Existing Business

With effect from no later than the Commencement Date the GECF Group Companies shall appoint GEFA or the relevant GEFA Companies as their exclusive provider of Existing Payment Protection Products in the Existing Territories.

**3.2 Exclusive Appointment in respect of Identified New Business and New Business and Substitute Business**

**3.2.1** Potential New Business shall consist of a GECF Group Company's requirements for, in the case of an Existing Territory or New Territory:

- (a) New Payment Protection Products;
- (b) Payment Protection Products to be provided to an Acquired GECF Business; or
- (c) Identified New Business,

and any related services.

**3.2.2** Potential New Business shall become New Business in accordance with and subject to the provisions of Clauses 9.4 and Schedule 5. Potential Substitute Business shall become Substitute Business in accordance with and subject to the provisions of Clauses 9.4 and Schedule 16.

**3.2.3** Subject to clause 3.2.6, 20.4.1 and Schedule 5 and Schedule 15 (Potential Substitute Business), the relevant GECF Group Company shall appoint GEFA or the relevant GEFA Company as its exclusive provider of Payment Protection Products in the Territories in respect of New Business and Substitute Business.

**3.2.4** During the Term and in respect of Territories covered by a Local Agreement, GECC will ensure that no GECF Group Company other than in accordance with this agreement will offer to any third party or GECF Group Company customer any Payment Protection Product in any Territory which is in competition with, or interferes with or restricts the sale or provision of any Payment Protection Product provided by GEFA or any GEFA Company pursuant to the relevant Local Agreement;

provided that nothing in this Clause 3.2.4 shall prevent:

- (i) the GECF Captive from providing Payment Protection Products in the Territory provided that it does so in accordance with the terms of clause 5.2 of this agreement;
- (ii) any New Captive from providing on an ongoing basis Payment Protection Products in the relevant Territory to third parties and customers of the Acquired GECF Business of which it forms part. Save as provided in this agreement, the New Captive shall not supply Payment Protection Products to GECF Group Companies other than the Acquired GECF Business of which it forms part; and
- (iii) GECF Group Companies from concluding arrangements pursuant to Clause 9.4.6.

**3.2.5** Schedule 1C sets out in respect of all Identified New Business production estimates and whether premiums are single or monthly and whether such Identified New Business will be New Direct Business or New Reinsurance Business.

- (i) In respect of Potential New Business (where an addendum to a Local Agreement or a New Local Agreement in respect of such Potential New Business has been agreed pursuant to Schedule 5):
  - (a) The GECF Group Companies shall not \*\* (where such \*\* would be in breach of an addendum to a Local Agreement or a New Local Agreement as agreed pursuant to Schedule 5); and
  - (b) The GECF Group Companies shall not unless GEFA requests be required to \*\*.
- (ii) In respect of Potential New Business (where an addendum to a Local Agreement or a New Local Agreement in respect of such Potential New Business has been agreed pursuant to Schedule 5), the relevant GECF Group Company agrees that subject to Clause 3.2.5(i)(b), \*\*.

3.2.6 Where GECC or a GECF Group Company acquires a business or establishes any joint venture or partnership or any other business relationship in a Territory (an “Acquired GECF Business”) GECC shall, and GECC or the relevant GECF Group Company shall, use its reasonable efforts to \*\*.

In the event that GECC or the relevant GECF Group Company is, notwithstanding their reasonable efforts, unable to \*\*, GECC shall, and shall procure that the relevant GECF Group Company shall, use its reasonable efforts to \*\*.

3.2.7 GECC undertakes that it shall not acquire an interest in or establish, or take any steps to acquire an interest in or establish, any joint venture or partnership or any other business relationship (or permit any GECF Group Company to do any such thing) with the intention of avoiding any of its obligations under this agreement.

3.2.8 GECC represents and warrants to GEFA that all Identified New Business is owned as to 100 per cent. by GECC or the relevant GECF Group Company.

3.2.9 In the event of a termination of a Local Agreement, the relevant GECF Group Company which was party to such Local Agreement shall no longer be required to appoint, a GEFA Company as its exclusive provider of Payment Protection Products provided under that Local Agreement in a Territory. Where as a result of such termination there are no Local Agreements in the Territory then the requirements of this Clause 3 on GECC and the GECF Group Companies shall no longer apply in respect of that Territory.

#### **4 Regulatory Requirements**

**4.1** GEFA shall, and shall procure that each GEFA Company shall, and each GECF Group Company shall, have in place appropriate policies and procedures to ensure observation of and compliance with all Applicable Laws (including, all current and any future regulatory requirements, all applicable accounting rules and all codes of practice applicable to its Business activities in each relevant Territory) in the performance of their respective obligations, or the exercise of its rights, under or in connection with this agreement or Local Agreement, as the case may be, from time to time.

**4.2** In the event that there are any changes to an applicable regulatory regime within a Territory which will impact on the sale or distribution of Payment Protection Products under this agreement or the ability of GEFA or a GEFA Company to meet its Service Level

obligations, GEFA shall inform GECC, as soon as reasonably practicable after such change, and the Parties shall work together to agree a plan to enable the Parties to continue to perform their obligations under this agreement (the "Remediation Plan"). If the parties cannot agree a Remediation Plan within 10 Business Days of notice by GEFA, then the matter will be referred to the dispute resolution procedure in Clause 15.

**4.3** The Parties agree that if as a result of any changes in applicable law, regulation or regulatory requirements or GECC re-organisation:

- (a) the Tax/ levy in a Territory increases, any such increase shall be absorbed by the relevant GECC Group Company in that Territory; and/or
- (b) any GEFA Company is required to vary the level of regulatory capital maintained by it in respect of any Payment Protection Products underwritten and/or provided by GEFA pursuant to this agreement or any Local Agreement then GECC shall send to GEFA a written proposal setting out the steps to be taken so as to ensure that the relevant GEFA Company's regulatory capital requirement is the same as it was before any such changes. Within 5 Business Days of the date of issue of such proposal, the Parties shall commence working together with each using its best efforts to implement the proposal unless, before the expiry of such period of 5 Business Days, GEFA informs GECC in writing that, in its reasonable opinion, GEFA considers that the proposal will not have the effect of ensuring that the relevant GEFA Company's regulatory capital requirement is the same as it was before such changes, in which case the Parties shall negotiate in good faith such amendments to the proposal as are necessary to achieve this effect. If the Parties fail to agree the necessary amendments to the proposal within 30 Business Days of the date of commencement of the negotiations, the changes to pricing shall be effected by the application of the provisions of Schedule 4.

**4.4** Benefits of Changes

If the parties jointly devise a method (whether under clause 4.3 above or otherwise) which improves GEFA's and/or a GEFA Company's regulatory capital requirement as regards Payment Production Products provided pursuant to this agreement, GECC shall be entitled to the financial benefit of such improvement in regulatory capital requirement.

## **5 Financial Terms**

**5.1** Existing Direct Business and Substitute Business

Subject to clause 2, the Parties agree that all Existing Direct Business and Substitute Business shall continue to be underwritten on the terms set out in the Existing Local Agreements, as detailed in Part A of Schedule 1.

**5.2** Existing Reinsured Business

**5.2.1** Subject to clauses 2 and 5.2.2 the Parties agree that the Existing Reinsured Business shall continue on the terms set out in Part B of Schedule 1.

**5.2.2** When GECC has established the GECC Captive and the necessary arrangements are in place to allow the primary reinsurer to cede to GEFI Guernsey, the Existing Reinsured Business shall be migrated to become New Reinsurance Business (in accordance with Clause 5.6). Each Scheme to be migrated, and the timetable for such migration, shall take effect according to the terms of proposals which shall be

issued in writing from GECC to GEFA promptly upon the necessary arrangements being put in place, unless GEFA within 10 Business Days of the issue of any such proposal sends notice in writing to GECC that it, in its reasonable opinion, considers the terms or timetable for the relevant migration to be impractical, in which case the Parties shall negotiate in good faith such amendments to the relevant proposal as are necessary to allow the relevant Existing Reinsured Business to be migrated to the New Reinsurance Business to the satisfaction of the Parties, such Schemes continuing on the terms of Existing Business until the Parties reach agreement. Those Schemes that are not migrated will continue on the terms of Existing Reinsured Business in Schedule 1. For the avoidance of doubt, once any Existing Reinsured Business has been migrated it will still form part of the volume incentive calculations referred to in clause 5.3 below.

**5.2.3** The Parties agree and acknowledge that, in some of the Existing Business, GEFA or a GEFA Company acts as either the direct insurer or as a reinsurer to a primary insurer selected by GECC (the “**Existing Reinsurance Arrangements**”). GECC agrees that following termination of the Existing Reinsurance Arrangements with the primary insurer in accordance with clause 5.2.1, it will ensure that GEFA’s or a GEFA Company’s quota share is the same as that which existed under the previous primary insurer arrangements.

### **5.3** Volume Incentive

If the aggregate of the Gross Written Premium attributable to the Existing Direct Business, the Gross Written Premium for the Existing Reinsured Business and the Gross Written Premium attributable to any Substitute Business is in excess of Euro \*\* million (the “**Incentive Threshold**”) per calendar year as calculated in accordance with Schedule 7, then GEFA shall pay, or procure payment by the relevant GEFA Company, to GECC or its nominee as notified by GECC to GEFA from time to time a supplemental sales commission calculated on the amount of Gross Written Premium attributable to the Existing Direct Business in excess of the Incentive Threshold in accordance with Schedule 7 (the “**Supplemental Sales Commission**”). Any Supplemental Sales Commission due to GECC under this clause shall be paid annually in arrears within 100 days of the calendar year-end, with the first such payment being due to GECC within 100 days of 31st December 2004. For the avoidance of doubt, no Supplemental Sales Commission shall be payable in respect of Gross Written Premium for the calendar year ending 31st December 2003.

### **5.4** New Business

**5.4.1** New Business may be New Direct Business or New Reinsurance Business as determined in accordance with Schedule 5.

**5.4.2** Any New Local Agreement entered into relating to New Business in a Territory where there is no Local Agreement shall be in the form set out in Schedule 12 and shall give effect to the following provisions of this agreement, subject to the Applicable Laws:

- (a) the term of the New Local Agreement shall be from the date of the New Local Agreement and expire on 31 December 2008;
- (b) clause 3.2;
- (c) clause 4;

- (d) clause 5.5 or 5.6 (as applicable);
- (e) clause 6.1.2 and Schedule 3;
- (f) clause 8;
- (g) clause 9.1, 9.2, 9.4 and Schedule 2;
- (h) clause 10.2;
- (i) clause 11;
- (j) clause 12.2;
- (k) clause 13;
- (l) clause 15;
- (m) clause 16.2 and Schedule 6 Part B;
- (n) clause 17;
- (o) clause 18;
- (p) clause 20.4;
- (q) clause 21.3;
- (r) clause 22;
- (s) clause 23; and
- (t) clause 24.
- (u) In respect of each New Local Agreement, the assignment and subcontracting provisions incorporated by virtue of clause 5.4.2(q) above shall be supplemented by the addition of the following sub-clause:
 

*“Notwithstanding anything in this Clause [Assignment Clause], all of the rights and obligations of the Financial Assurance Company Limited under this Agreement shall automatically transfer to Financial New Life Company Limited upon the transfer scheme for the transfer of all or substantially all of Financial Assurance Company Limited’s business to Financial New Life Company Limited pursuant to section 105 Financial Services and Markets Act 2000 becoming effective (with such amendments, deletions or additions to the scheme as the parties to the scheme may approve).”*
- (v) For the avoidance of doubt, no New Local Agreement shall contain any provision which confers on the GECF Group Company which is a party to such Local Agreement any right to terminate such Local Agreement on a sale or disposal affecting the whole of or any part of any party to that Local Agreement (in either case, whether such sale or disposal is effected by way of an asset or business sale or a share sale or otherwise (including by the sale of a portfolio or by a change of the identity of the financing provider)).

Once executed, this shall become a “ **New Local Agreement** ”.

**5.4.3** The Parties agree that in respect of Identified New Business and New Business in Territories subject to a Local Agreement, the relevant GECF Group Company shall, and GEFA shall procure that the relevant GEFA Company shall, either:

- (i) enter into an addendum or variation to the Local Agreement and that, subject to Clauses 5.5 and 5.6 below, such Identified New Business or New Business shall be subject to the terms of that Local Agreement; or
- (ii) enter into a New Local Agreement.

## **5.5 New Direct Business**

Subject to Paragraph 5.2.2 of Part A of Schedule 5, New Direct Business will be subject to a GEFA Retention Rate of \*\* per cent. of Gross Written Premium and a \*\* GECC: GEFA Profit Share split.

## **5.6 New Reinsurance Business**

### **5.6.1**

- (w) Subject to Paragraph 5.2.2 of Part A of Schedule 5, when all necessary arrangements are in place with the primary reinsurer GECC will ensure that all Net Premium is duly ceded to GEFI Guernsey and that GEFI Guernsey receives a Retention Rate of \*\*% of Gross Written Premium.
- (x) In respect of all New Reinsurance Business, GEFA will pay the primary reinsurer \*\*% Profit Share. It is GECC's responsibility to ensure that all necessary arrangements are in place with the primary reinsurer to ensure GECC receives any monies owing to GECC from the primary reinsurer under any arrangement or agreement between the primary reinsurer and GECC. Neither GEFA or any GEFA Company shall have any liability or responsibility in respect of any monies owing between the primary reinsurer and GECC or to ensure any payments are made to GECC.
- (y) In the event that the New Reinsurance Business arrangements are not capable of being established in accordance with this clause 5.6 or cease to be effective for any reason during the Term, including for legal or regulatory prohibitions, then all New Reinsurance Business shall revert to either the Existing Business terms or New Direct Business terms, at the discretion of GECC which shall be communicated in writing to GEFA promptly following any such failure and which decision shall be binding upon GEFA unless, within 20 Business Days of the notice from GECC, GEFA (acting reasonably) objects in writing to the decision of GECC, in which case the matter shall be referred to the next Quarterly Performance Meeting for good faith negotiations between the Parties. Where, in the process of any good faith negotiations, the Parties agree a structure substantially similar to the current structure whereby the relevant GEFA Company acts as a reinsurer (whether primary, secondary or other), the Retention Rate will be that referred to in Clause 5.6.1(a). If any other structure is proposed then the Parties will enter into good faith negotiations to agree the pricing structure, taking into account all relevant factors including any capital adequacy requirements of the relevant GEFA Company and GECF Group Company.

## **6 Pricing - Profit Share and Financial Performance**

### **6.1 Profit Share - calculation and payment**

**6.1.1** The Parties agree that in respect of Existing Business, the calculation, payment and treatment of Profit Share during the term of and after termination or expiry of the Local Agreement shall continue in accordance with the terms of the relevant Local Agreement.

**6.1.2** The Parties agree that in respect of New Business, the relevant GECF Group Companies shall and GEFA shall procure that the relevant GEFA Companies shall incorporate terms for the calculation, payment and treatment of Profit Share in respect of the New Business in the relevant New Local Agreements in accordance with Schedule 3.

## **6.2** Financial Performance

The Parties agree to monitor the performance of the Payment Protection Products provided under this agreement in each Territory in accordance with the procedures set out in Schedule 4.

## **7** Marketing

Any marketing expenditure shall be determined between the Parties at a Territory level based on a cost / benefit analysis.

## **8** Non Solicit

During the Term, GEFA will ensure that no GEFA Company or member of Genworth Financial Inc.'s Group (with the exception of any GECF Group Companies) will directly canvass or solicit the custom of any customer of a GECF Group Company in any Territory in respect of any Payment Protection Product without the express written consent of GECC. GECC accepts that GEFA and any GEFA Company may notwithstanding this Clause 8 or any other provision of this agreement indirectly provide Payment Protection Products to a customer of a GECF Group Company via GEFA or a GEFA Company client or customer.

## **9** Service Levels, Service Credits, Product Development and Good Industry Practice

### **9.1** Service Levels and Service Credits

**9.1.1** The Parties hereby agree that GEFA shall procure that the GEFA Companies comply with the Service Levels in accordance with Schedule 2.

**9.1.2** Without prejudice to GECC's or any GECF Group Company's other rights or remedies under this agreement, GEFA shall procure that if a GEFA Company fails to meet the Key Service Levels, Service Credits shall be applied in accordance with Schedule 2.

**9.1.3** The provisions of clause 9.1.2 shall not apply in respect of breaches of Key Service Levels that occur within the first 6 months of the Term.

### **9.2** Good Industry Practice

**9.2.1** GEFA shall, and shall procure that the GEFA Companies shall, carry out their respective obligations under this agreement and the Local Agreements in accordance with Good Industry Practice.

**9.2.2** GEFA shall, and shall procure that the GEFA Companies shall, ensure that in the performance of their obligations they remain Best in Class throughout the Term. Any productivity gains or costs associated with remaining Best In Class shall be for the account of GEFA or the relevant GEFA Company.

### **9.3** Service Level Review

**9.3.1** Without limiting any other obligations under this agreement, on or before 90 days prior to each anniversary of the Commencement Date, the Parties shall review the Service Levels and shall amend them to ensure the Service Levels are and remain Best in Class. Where such amendments are required, they shall be implemented by GEFA with effect from the anniversary of the Commencement Date.

**9.3.2** GECC may engage a third party for the purposes of conducting a review of the kind described in Clause 9.3.1. GECC shall procure that the third party (the “**Independent Consultant**”) executes a confidentiality agreement in a form reasonably acceptable to GEFA.

**9.3.3** GEFA must make available a suitably qualified and experienced employee for up to ten days per annum to provide all necessary data and other information to GECC and any Independent Consultant engaged by GECC for the purposes of completing the review under Clause 9.3.1.

**9.3.4** If the Parties are not able to reach agreement on amendments required to the Service Levels in accordance with Clause 9.3.1, then that issue may be referred by either party to the Dispute procedure set out in Clause 15 for resolution.

### **9.4** Product Development and Marketing

**9.4.1** GEFA shall, or shall procure that the GEFA Companies shall, offer to the GECF Group Companies all:

- (z) Payment Protection Products;
- (aa) features of such Payment Protection Products; and
- (bb) related marketing services,

that are offered to consumers in the relevant Territory.

**9.4.2** GEFA shall, or shall procure that the GEFA Companies shall, produce a quarterly report advising the GECF Group Companies on the latest market developments in respect of Payment Protection Products and advising the GECF Group Companies on new products, new product features and new marketing channels and methods that GECF Group Companies should consider adopting in order to be a market leading provider of Payment Protection Products.

**9.4.3** Any GECF Group Company may at any time request that GEFA or a GEFA Company provide any Payment Protection Products, features of Payment Protection Products (provided that such features are not mutually exclusive) and/or related marketing services whether or not contained in the reports prepared by any GEFA Company pursuant to Clause 9.4.2 (together “**Offering(s)**”) that any GECF Group Companies wish GEFA or any GEFA Company to provide.

**9.4.4** In respect of each Offering(s) requested by any GECF Group Company, GEFA will as soon as reasonably practicable and in any event not later than 20 Business Days after receiving the request either:

- (a) provide the relevant GECF Group Company with a product development plan (“**Product Development Plan**”) for the creation and delivery of the relevant Offering(s). The Product Development Plan will:
  - (i) identify (with an explanation and reference to Schedule 15) whether the Offering will be considered as Potential New Business or Potential Substitute Business for the purpose of this agreement;
  - (ii) include a detailed specification of the Payment Protection Product, the features of the Payment Protection Product and/or related marketing services (as the case may be) that the relevant GECF Group Company wants included in the Offering and/or GEFA would be prepared to develop (the “**GEFA Proposal**”);
  - (iii) provide a reasonable timeframe for the creation and delivery of the Offering and/or the GEFA Proposal as the case may be, taking into consideration the complexity of the products and services, the regulatory environment in the relevant Territory, and the need for the GECF Group Companies to maintain their position as a market leading provider of Payment Protection Products. The relevant GECF Group Company shall not unreasonably withhold or delay its agreement to such timeframe; or
- (b) decline to develop the Offering in which case they will also provide detailed written reasons for declining to develop the Offering.

The relevant GECF Group Company shall provide such information as the relevant GEFA Group Company shall reasonably request in order for the relevant GEFA Company to formulate its response pursuant to this Clause 9.4.4. Such information shall be deemed to form part of the Offering.

**9.4.5** If GEFA provides the relevant GECF Group Company with a Product Development Plan which includes a GEFA Proposal pursuant to Clause 9.4.4(a)(ii) then:

- (i) the relevant GECF Group Company may accept the GEFA Proposal in which case it shall then notify GEFA that it intends to substitute the GEFA Proposal for the relevant Offering(s) and proceed in accordance with Clause 9.4.9; or
- (ii) the relevant GECF Group Company may reject the GEFA Proposal and then proceed in accordance with Clause 9.4.6.

**9.4.6** Where the relevant GECF Group Company rejects the GEFA Proposal or GEFA declines to develop any Offering(s), subject to 9.4.14, GECC and the relevant GECF Group Company shall have no obligation to appoint GEFA or any GEFA Company as its exclusive provider in respect of the relevant Local Agreement in respect of the Offering(s) and GECC and the relevant GECF Group Company shall be free to enter into discussions, tenders, negotiations, arrangements and agreements with third parties and/or other GECF Group Companies in respect of the relevant Offering(s). The relevant GECF Group Company shall invite GEFA to

take part in any subsequent tender process conducted by the relevant GECF Group Company in respect of the Offering(s) provided that GEFA agrees and shall procure that the relevant GEFA Company agrees that the provisions for determining the Retention Rate and the Risk Rate for the Offering as set out in Part II or Part III (as the case may be) of Schedule 16 (Business Proposal Pricing Process) shall apply to their submission save that, if an Actuary were to determine the Risk Rate pursuant to Paragraphs 5 or 9.2 of Schedule 16 (as the case may be), then the relevant GECF Group Company or the relevant GEFA Company would be entitled to reject the proposed Risk Rate. In either case, the relevant GECF Group Company would be entitled to award the tender to any third party.

- 9.4.7** GEFA's submission in accordance with Clause 9.4.4 shall be considered to be the creation of a "Product Development Plan" for the purpose of GEFA's compliance with Paragraph 6.3 of Part A of Schedule 5;
- 9.4.8** If the Parties cannot agree whether the Offering constitutes Potential New Business or Potential Substitute Business then the Parties shall refer the matter to the dispute resolution procedure set out in Clause 15.
- 9.4.9** The relevant GECF Group Company will then review the Product Development Plan and where the Offering constitutes:
- (c) Potential New Business the Parties will initiate the process set out in Schedule 5 (for New Business); or
  - (d) Potential Substitute Business, the Parties will initiate the process set out in Schedule 16 (for Substitute Business).
- 9.4.10** Where Potential Substitute Business is determined through the Schedule 16 process to be Substitute Business or Potential New Business is determined pursuant to the process in Schedule 5 to be New Business (as the case may be) GEFA shall, or shall procure that the relevant GEFA Company shall, make the Offering (including any amendments thereto agreed between the Parties) available to the relevant GECF Group Company in accordance with the terms of the Local Addendum or New Local Agreement agreed between the Parties.
- 9.4.11** Where the relevant GEFA Company and GECF Group Company are unable to agree on whether the timetable set out in the Product Development Plan is reasonable, having regard to the factors set out in Clause 9.4.4(a)(iii), either Party may refer the matter to the dispute resolution procedure set out in Clause 15.
- 9.4.12** Where the Offering is (i) Potential Substitute Business and is determined not to be Substitute Business pursuant to Schedule 16; or (ii) Potential New Business and is determined not to be New Business pursuant to the process set out in Schedule 5 then (subject to Clause 9.4.13 and 9.4.14) GECC and the relevant GECF Group Company shall have no obligation to appoint GEFA or any GEFA Company as its provider, whether exclusive or otherwise, in respect of the relevant Local Agreement in respect of the Offering and GECC shall be free to enter into discussions, tenders, negotiations, arrangements and agreements with third parties and/or other companies in the GECF Group in respect of the relevant Offering.
- 9.4.13** If GEFA or a GEFA Company make a GEFA Proposal in accordance with Clause 9.4.4 and the relevant GECF Group Company at any time during the Term of the relevant Local Agreement pursuant to which the GEFA Proposal was made decides

to implement the GEFA Proposal with a third party, then the relevant GECF Group Company shall be required to make a request pursuant to Clause 9.4.3 of the agreement.

**9.4.14** Where a tender process results pursuant to Clause 9.4.6 or 9.4.12, if:

- (i) a change is proposed to the Offering(s) during the tender process; and
- (ii) the result of such change is that the reason GEFA declined to develop the Offering no longer applies,

then the relevant GECF Group Company shall notify the relevant GEFA Company and both Parties shall be obliged to follow the procedure in Clause 9.4.3, save that Clause 9.4.4(b) shall not apply and the GEFA Company shall not have the option of providing a GEFA Proposal pursuant to Clause 9.4.4(a)(ii). For the avoidance of doubt, the tender process shall not be reactivated until such time as the GECF Group Company would be entitled to proceed to tender pursuant to Schedule 5 or Schedule 16.

**9.4.15** The Parties shall from time to time throughout the term of this agreement conduct a benchmarking exercise in respect of the Payment Protection Products and related marketing services provided pursuant to this agreement and GEFA's obligations pursuant to Clauses 9.4.1 and 9.4.2.

**9.4.16** Any benchmarking exercise must be initiated and conducted in accordance with Schedule 14.

**9.4.17** The first benchmarking exercise shall be completed by 30 September 2004 and subsequent benchmarking exercises shall be carried out at six month intervals thereafter.

**9.5** In the event that GECC or a GECF Group Company considers that GEFA or a GEFA Company is failing to comply with its obligations under clauses 9.2, 9.4.1 and 9.4.2, the Parties shall discuss the issue at the next following monthly meeting held in the relevant Territory pursuant to paragraph 2 of part B of Schedule 6. If the relevant representatives attending such meeting are unable to agree the action to be taken to resolve the issue, the matter shall, within 10 Business Days of such failure to agree, be referred to the Relationship Managers of GECC and GEFA who shall negotiate in good faith to resolve the matter.

## **10 Intellectual Property, Data and Data Protection**

### **10.1** Licence of Intellectual Property

**10.1.1** GECC licenses the GECF Marks to GEFA and the GEFA Companies for the Term and during the Run-Off Period for the purposes of this agreement in the Territories. All use of GECF Marks pursuant to this clause shall be subject to and in accordance with any trade mark use guidelines notified to GEFA by GECC in writing from time to time.

**10.1.2** GEFA licenses the GEFA Marks to GECC and the GECF Group Companies for the Term and during the Run-Off Period for the purposes of this agreement in the Territories. All use of the GEFA Marks pursuant to this clause shall be subject to and in accordance with any trade mark use guidelines notified to GECF by GEFA

from time to time in writing. For the avoidance of doubt, GECC has no obligation to use the GEFA Marks.

- 10.1.3** GECC shall indemnify GEFA and each member of the GEFA Group (each an “ **Indemnified Person** ”) in respect of any loss, cost, damage, liability or expense (including reasonable legal fees) suffered or incurred by an Indemnified Person in connection with any claim or action brought against that Indemnified Person to the effect that the use of the GECF Marks infringes the intellectual property rights of any third party, provided that (i) notice is given of any such claim or action so as to permit the person who owns the GECF Marks to assume and control the defence thereof and (ii) the person seeking to be indemnified under this clause does not enter into any settlement with respect to or compromise any such claim or action without the indemnifying party’s prior written consent.
- 10.1.4** GEFA shall indemnify GECC and each member of the GECF Group (each an “ **Indemnified Person** ”) in respect of any loss, cost, damage, liability or expense (including reasonable legal fees) suffered or incurred by an Indemnified Person in connection with any claim or action brought against that Indemnified Person to the effect that the use of the GEFA Marks infringes the intellectual property rights of any third party, provided that (i) notice is given of any such claim or action so as to permit the person who owns the GEFA Marks to assume and control the defence thereof and (ii) the person seeking to be indemnified under this clause does not enter into any settlement with respect to or compromise any such claim or action without the indemnifying party’s prior written consent.
- 10.1.5** Each Party (each individually a “ **Using Party** ”) acknowledges that all goodwill associated with the use by it of each of the GECF Marks or the GEFA Marks (as applicable) vests and shall vest in the owner of such mark and that the Using Party has no, and shall not by virtue of this agreement obtain any, rights in any of the GECF Marks or the GEFA Marks (as applicable) other than (to the extent owned by or licensed to the Using Party) as is necessary to fulfil its obligations hereunder. The Using Party undertakes that it shall make no claim to such goodwill and shall make no use of any of the GECF Marks or the GEFA Marks (as applicable) save as necessary to fulfil its obligations hereunder.
- 10.1.6** Without prejudice to clause 10.1.5, if any goodwill or proprietary right in relation to any of the GECF Marks or the GEFA Marks (as applicable) vests in the Using Party, the Using Party shall, immediately upon becoming aware of the vesting of such goodwill or right, assign, or procure the assignment of, such goodwill or right to the owner of such mark.
- 10.1.7** The Using Party shall within a reasonable time notify the other party (such notification to be accompanied by all relevant information which is in its possession) if at any time during the term of this agreement the Using Party is aware that any passing-off, infringement or act of unfair competition in relation to, or challenge to the validity of or proceedings for rectification in respect of, any of the GECF Marks or GEFA Marks (as applicable) is occurring, threatened or likely. The Using Party shall not have any right to take proceedings in respect of any infringement of the GECF Marks or GEFA Marks (as applicable) and neither shall the owner of any of the relevant marks be obliged to bring such proceedings.

## **10.2** Ownership of Intellectual Property Rights

- 10.2.1** GEFA acknowledges and shall procure that the GEFA Companies acknowledge that intellectual property rights arising in materials created by a GEFA Company specifically for a GECF Group Company in connection with the provision of the Payment Protection Products pursuant to this agreement shall vest in the relevant GECF Group Company. GEFA shall assign and shall procure that the GEFA Companies shall assign all rights in and to such intellectual property rights to the relevant GECF Group Company.
- 10.2.2** On the relevant GECF Group Company's request, GEFA shall and shall procure that the GEFA Companies shall execute any formal assignment or document required to give effect to Clause 10.2.1 and shall provide all reasonable assistance required by the relevant GECF Group Company to perfect, protect, defend or assert its interests in such intellectual property rights.

## **10.3** Ownership of Data

- 10.3.1** Save where expressly agreed otherwise in this agreement, all intellectual property rights (including database rights) and any other rights of whatever nature in the personal data and proprietary information of GEFA or any member of the GEFA Group (whether or not personal data as defined in the applicable data protection legislation in each Territory) disclosed by GEFA or any member of the GEFA Group to GECC or any member of the GECF Group under or in relation to this agreement shall remain at all times the property of GEFA or the relevant member of the GEFA Group.
- 10.3.2** Save where expressly otherwise agreed, all intellectual property rights (including database rights) and any other rights of whatever nature in the personal data and proprietary information of GECC or any member of the GECF Group (whether or not personal data as defined in the applicable data protection legislation in each Territory) disclosed by GECC or any member of the GECC Group to GEFA or any member of the GEFA Group under or in relation to this agreement shall remain at all times the property of GECC or the relevant member of the GECF Group.
- 10.3.3** During the Term and following termination or expiry of this agreement, GEFA undertakes and shall procure that the GEFA Companies undertake not to use data or information supplied by a GECF Group Company or received under the terms of this agreement or a Local Agreement other than for the purposes of performing their obligations under this agreement or the relevant Local Agreement (as the case may be) and for risk modelling and profiling purposes. GEFA shall not, and shall procure that the GEFA Companies shall not, use any data or information supplied by a GECF Group Company or received under the terms of this agreement or a Local Agreement:
- (a) for marketing purposes including, without limitation, producing marketing information containing information concerning GECF Group Company clients (even if anonymised); or
  - (b) for the purposes of directly or indirectly canvassing or soliciting the custom of any customer of the GECF Group.

## **11 Data Protection**

- 11.1** For the purposes of this clause 11, where terms and expressions used are not defined in this agreement they shall have the meaning assigned to them in the Data Protection Act 1998.
- 11.2** GEFA shall, and shall procure that the GEFA Companies shall and GECC and the GECF Group Companies shall, in performing their obligations under this agreement, comply in all respects with the Data Protection Legislation and otherwise in accordance with this clause 11.
- 11.3** Where either a GEFA Company or a GECF Group Company Processes Personal Data under this agreement GEFA or GECF, as appropriate, shall procure that the relevant GEFA Company or GECF Group Company shall:
- (iii) take appropriate technical and organisational measures against the unauthorised or unlawful processing of the Personal Data and against actual loss or destruction of, or damage to, the Personal Data, having regard to the state of technological development and the cost of implementing any measures, the measures must ensure a level of security appropriate to the harm that might result from unauthorised or unlawful processing or accidental loss, destruction or damage and the nature of the Personal Data;
  - (iv) process the Personal Data only in accordance with this agreement, the relevant GECF Group Company's or GEFA Company's instructions and having regard to the provisions of the Data Protection Legislation, or as is required by law or any relevant regulatory body in each Territory;
  - (v) notify the relevant GECF Group Company or GEFA Company if it breaches its obligations under the Data Protection Legislation in connection with this agreement or a Local Agreement and such breach is investigated by the data protection regulator in the relevant Territory; and
  - (vi) refrain from disclosing the Personal Data in respect of individuals with the EEA to any third party or transferring the Personal Data obtained or processed within the EEA, outside the EEA (other than to such jurisdiction as GECF or GEFA may agree, such agreement not to be unreasonably withheld or delayed, or as otherwise required by Applicable Law) except in accordance with the written instructions of the relevant GECF Group Company or GEFA Company.
- 11.4** The relevant GEFA Company or GECF Group Company may disclose the Personal Data to those of its employees and others (including contractors) as it reasonably considers necessary for the performance of its obligations under this agreement. The relevant GEFA Company or GECF Group Company shall take reasonable steps to ensure the reliability of employees who have access to the Personal Data and ensure that such employees and contractors are aware of the relevant GEFA Company's or GECF Group Company's obligations under this agreement and the Data Protection Legislation.

## **12 Gross Written Premiums and Collection**

### **12.1 Existing Business**

The Parties agree that the determination of and collection of Gross Written Premiums in respect of the Policies sold in the Existing Business shall continue in accordance with the terms of the relevant Existing Local Agreement.

### **12.2 New Business**

The Parties agree that, in respect of Identified New Business and New Business, the relevant GECF Group Companies shall, and GEFA shall procure that the relevant GEFA Companies shall, agree and incorporate terms in the relevant New Local Agreement for the determination and collection of Gross Written Premiums in respect of the Policies sold in the New Business. Such terms shall include a provision to the effect that, where the GECF Group Company collects Gross Written Premiums, it shall collect from the Insured Customers the Tax/levy element thereof.

## **13 Cancellations and Cancellation Fees**

### **13.1**

The Party responsible for calculating and making refunds to Insured Customers in respect of each sales channel shall be specified in the Local Agreements.

### **13.2**

The relevant GECF Group Companies shall, and GEFA shall procure that the relevant GEFA Companies shall, have good faith discussions to agree a cancellation fee (other than any cancellation fees due in the event of re-financing) to be charged to Insured Customers in the event of a cancellation of their Policy by the Insured Customer (provided cancellation fees are not prohibited by the Applicable Laws of the relevant Territory) in order to reflect the increased administration charges incurred by both the relevant GECF Group Company and the relevant GEFA Company and the cancellation terms on which they will share such cancellation fee (subject to local Applicable Laws).

## **14 Default Interest**

If any Party fails to pay any amount payable by it under this agreement, the other shall be entitled to interest on the overdue amount, payable forthwith upon demand from the due date until the date of actual payment, both before and after judgment, at the rate of 2 per cent. per annum above the base rate from time to time of Barclays Bank plc. Such interest shall accrue on a daily basis and shall be compounded quarterly. All sums payable under this agreement shall be paid in Euros.

## **15 Relationship Managers, and Informal Dispute Resolution and Arbitration**

### **15.1**

GEFA on the one hand and GECC on the other shall each appoint a representative (the “**Relationship Managers**”) who shall be primarily responsible for the day to day co-ordination and management of this agreement and the Business relationship between the Parties. Each Party shall notify the other in writing of the identity of its Relationship Manager. The Relationship Managers may delegate any and all of their responsibilities to

appropriate representatives. Each Party shall procure that its Relationship Manager and/or representative shall devote sufficient time and attention to his or her duties and responsibilities and shall be available to the other at all reasonable times.

**15.2** It is the intention of the Parties that any Dispute (as defined below), shall be settled amicably between the Parties as quickly as possible and accordingly:

**15.2.1** where a Dispute arises in relation to a Local Agreement, the relevant GECF Group Company shall, and GEFA shall procure that the relevant GEFA Company shall, first refer such Dispute to the respective representatives of the relevant GECF Group Company and the relevant GEFA Company. If such Dispute cannot be settled amicably within 5 Business Days, it shall be referred to the Relationship Managers of GECC and GEFA; and

**15.2.2** where a Dispute arises in relation to this agreement which cannot be settled amicably within 3 Business Days, such Dispute shall first be referred to the respective Relationship Managers of the Parties or such other appropriate persons as the Relationships Managers shall nominate.

If the Relationship Managers (or their nominees) are unable to resolve a Dispute within 5 Business Days after such referral, the Dispute shall be referred (upon the application of either Party or its Relationship Manager) for resolution to the respective Managing Director or Chief Executive Officer (or the person of equivalent seniority) of each of the Parties.

**15.3** For the purposes of this clause 15, “Dispute” means a difference or dispute of whatever nature between the Parties (or the parties to a Local Agreement) arising under, out of or in connection with this agreement or a Local Agreement (including any question of interpretation of this agreement or a Local Agreement).

**15.4** Save as otherwise provided in this agreement, any Dispute which is not resolved pursuant to Clause 15.2 within 5 Business Days of referral to the Parties’ respective Managing Directors or Chief Executives (or such other period as is specified in this agreement) shall be resolved by arbitration in London conducted in the English language by a single arbitrator pursuant to the rules of the London Court of International Arbitration (“LCIA”). The appointing authority shall be the LCIA. For the avoidance of doubt, the terms of the Arbitration Act 1996 shall apply to such arbitration and neither Party shall be prevented from exercising any rights available to the Parties under the Arbitration Act 1996 including, without limitation, the right to apply for injunctive relief.

## **16 Performance Meetings And Report Outs**

### **16.1 Framework Agreement Performance Meetings**

The Parties shall hold performance meetings in accordance with the terms of Part A of Schedule 6 and each Party shall ensure that the meetings are attended by its appropriate relevant personnel, to include the Relationship Managers and/or their representatives, and appropriate members of their respective finance, risk and operations teams.

### **16.2 Local performance meetings**

The relevant GECF Group Companies shall, and GEFA shall procure that the relevant GEFA Companies shall, hold performance meetings in accordance with Part B of Schedule 6.

## **17 Account s, Records and Access to Information**

- 17.1** The Parties will keep, and shall procure that the GECF Group Companies and the GEFA Companies (as the case may be) will keep, true and accurate accounts and records in connection with this agreement, such accounts and records to comply with all Applicable Laws including any applicable requirements of the relevant Financial Services Regulator or any other applicable regulator.
- 17.2** Subject to Applicable Laws and the confidentiality provisions of Clause 23, the Parties shall and shall procure that the GEFA Companies, in the case of GEFA, and the GECF Group Companies, in the case of GECF, shall permit (but not more often than twice in any Contract Year in a Territory unless required by the relevant Governmental Authority) authorised representatives, officers or employees of the other (at the cost of the requesting party) at all reasonable times on ten Business Days notice to carry out an audit of the GECF Group Company's obligations in relation to Profit Share [or any regulatory requirements or dependencies on the relevant GECF Group Company] under any Local Agreements, or any provision of services by GEFA or a GEFA Company, or GEFA's or a GEFA Company's pricing methodology for Schemes and claims reserving policy, including when relevant those accounts and records and any papers which can legally be disclosed relating in whole or in part to the subject matter of this agreement or any Local Agreement.
- 17.3** Without prejudice to any other right of either Party under this agreement and subject to Applicable Laws and the confidentiality provisions of clause 23, if any material complaint, claim or allegation is made (whether to or by any regulatory authority or by any Insured Customer or to any ombudsman or otherwise) or any proceedings (whether civil, criminal, investigative or administrative) shall be instituted against a Party or, any GEFA Company or any GECF Group Company (the "Affected Party") or any of their agents or sub-contractors which in any way relates to any Payment Protection Product comprising the Business or the marketing, sale, administration and fulfilment thereof or to any Insured Customer or prospective Insured Customer (or if a Party reasonably believes that any such claim or allegation may be made or such proceedings instituted), the other Party shall promptly make available (on the written request of the Affected Party or its legal advisers), and procure that any relevant GEFA Company or GECF Group Company (as the case may be) shall promptly make available, such documentation, information, files and papers and copies thereof as shall be in the possession of the other Party, GEFA Company or GECF Group Company (as the case may be) or any of its agents or sub-contractors which may relate in any way to the subject matter of such complaint, claim, allegation or proceedings and which it is not prevented from disclosing by virtue of any Applicable Law or any obligation of confidentiality.

## **18 Assignmen t, Agents and Sub-Contracting**

- 18.1** GECC shall not be entitled to and shall not, in each case without the prior written consent of GEFA (such consent not to be unreasonably withheld or delayed), assign, novate or otherwise transfer this agreement in whole or in part.
- 18.2** GEFA may at any time assign all or any part of the benefit of, or its rights or benefits under, this agreement to a purchaser of all or a substantial part of the business of the GEFA Group but shall otherwise not be entitled to and shall not, in each case without the prior written consent of GECC (such consent not to be unreasonably withheld or delayed), assign, novate or otherwise transfer this agreement in whole or in part.

- 18.3** Notwithstanding clauses 18.1 and 18.2 above, both Parties shall be entitled to assign, novate or otherwise transfer this agreement in whole or in part without the consent of the other Party to another Group company in the context of a solvent restructuring.
- 18.4** Notwithstanding anything contained in this Clause 18, GEFA shall not assign all or any part of the benefit of, or its rights or benefits under, this agreement without the written consent of GECC to all or any of Citibank, HSBC, Cetelem or any other entity engaged in a multinational consumer lending business which is a competitor of the GECF Group.
- 18.5** In respect of Existing Business, Substitute Business, Identified New Business and New Business in an Existing Territory:
- (i) GEFA and the GEFA Companies shall have the right to sub-contract any of their rights or obligations under this agreement or the relevant Local Agreement to an Approved Subcontractor; and
  - (ii) if GEFA or any of the GEFA Companies wishes to sub-contract any of its rights or obligations under this agreement or the relevant Local Agreement to a third party which does not fall within paragraph (i) above, GEFA shall seek the prior written consent of GECC (such consent not to be unreasonably withheld or delayed).
- 18.6** In respect of New Business in a New Territory GEFA and the GEFA Companies shall not, without GECC's prior written consent (such consent not to be unreasonably withheld or delayed), sub-contract any of their rights or obligations under this agreement other than to an Approved Subcontractor.
- 18.7** For the purposes of this agreement, any act or omission or failure to carry out any obligation under this agreement of any third party or GECF Group Company or GEFA Company (as the case may be) to whom a Party to this agreement has sub-contracted or otherwise delegated its obligations shall be deemed to be an act or omission or failure of the Party which appointed that third party or delegated to such Group company. The appointing Party shall not be relieved from its liability for any failure by that Party or any of its appointees to perform any obligation which it sub-contracts or otherwise delegates to any third party or Group company and shall remain liable for such failures, acts or omissions.
- 18.8** Without prejudice to clause 18.5, each Party shall act prudently in relation to the outsourcing of any functions under or relating to this agreement and shall comply with any Financial Services Regulator's provisions or any Territory-specific provisions relating to the outsourcing of any functions, duties or responsibilities under or in connection with this agreement.

## **19 Warranty of Authority**

Each Party warrants to the other that it has full authority and power to execute this agreement and to perform all of its duties and obligations under this agreement and any document to be executed pursuant hereto. Each Party shall provide evidence of such authority if and when required by the other.

## **20 Commencement, Term and Termination**

### **20.1 Commencement and Term**

**20.1.1** This agreement shall commence on the Commencement Date and, subject to clauses 20.2 and 20.3, shall continue in force until 31 December 2008.

**20.1.2** Any terms for extension of this agreement shall be agreed on or by 30 June 2008 failing which this agreement shall expire on 31 December 2008.

## **20.2** Termination Rights of GECC

**20.2.1** GECC may terminate this agreement at any time by written notice to GEFA if:

- (a) GEFA becomes Insolvent;
- (b) GEFA commits an irremediable material breach of this agreement;
- (c) GEFA commits a material breach of this agreement and fails to remedy such breach within 30 days of being required to do so by written notice given by GECC;
- (d) subject to Clause 20.2.2, GEFA commits a series of persistent breaches which when taken together constitute a material breach of this agreement;
- (e) the number of Local Agreements which have been terminated pursuant to clause 20.4 or its equivalent in the Local Agreement represents 50 per cent. or more of the total number of Local Agreements in existence from time to time;
- (f) Genworth Financial, Inc. ceases to have a financial strength rating of BBB or better according to Standard & Poor's;
- (g) a Material Change has occurred and paragraph 12 of the procedure set out in Part C of Schedule 5 applies (such procedure having been initiated pursuant to Clause 20.2.3);
- (h) 50 per cent. or more of the maximum available Service Credits in a month have been accumulated for each of nine months or more in any Relevant Period;
- (i) any one of Citibank, HSBC, Cetelem or any other entity engaged in a multi-national consumer lending business which is a competitor of the GECC Group has acquired Control of GEFA or any holding company of GEFA,

such notice shall set out the length of any required Exit Phase and the date the termination takes effect.

**20.2.2** GECC shall not provide a notice to terminate pursuant to Clause 20.2.1(d) without first referring the matter to the dispute resolution procedure referred to in Clause 15. If the dispute resolution procedure: (i) does not lead to the parties agreeing a remediation plan in respect of the breaches then GECC may terminate this agreement in accordance with Clause 20.2.1(d) or (ii) produces an agreed resolution plan but GEFA fails to comply with such plan, then the persistent breaches shall be deemed to be a material breach and GECC may terminate this agreement in accordance with Clause 20.2.1(c).

**20.2.3** If in any Relevant Period Eligible GWP is in excess of 20 per cent. lower than Comparable GWP in two or more Territories (a "**Material Change**"), GECC shall, have the right, by notice in writing to GEFA, within 10 Business Days of the occurrence of such Material Change, to initiate the procedure set out in Part C of

Schedule 5. For the avoidance of doubt, if a Material Change results or may be reasonably said to result from a general reduction in the amount of financing or other activity or a reduction due to any specific management decision of GECC or a GECF Group Company which results in a reduction in production in the relevant Territories, then the procedure in Part C of Schedule 5 shall not be initiated and a Material Change shall be deemed not to have occurred.

### **20.3** Termination Rights of GEFA

GEFA may terminate this agreement at any time by written notice to GECC if GECC becomes Insolvent.

### **20.4** Termination Rights under Local Agreements

**20.4.1** The Parties agree that the relevant GECF Group Companies shall, and GEFA shall procure that the relevant GEFA Companies shall, in respect of Existing Business, amend the terms of their Existing Local Agreements, or in respect of Identified New Business and New Business, enter into New Local Agreements, which grant the relevant GECF Group Company and the relevant GEFA Company as applicable the right to terminate such Local Agreement by written notice to the relevant counterparty if (and only if):

- (i) the relevant GECF Group Company or GEFA Company is Insolvent;
- (ii) the relevant GEFA Company commits an irremediable material breach of the Local Agreement;
- (iii) the relevant GEFA Company commits a material breach of the Local Agreement and fails to remedy such breach within 30 days of being required to do so by written notice given by GECC;
- (iv) subject to Clause 20.4.3, the relevant GEFA Company commits a series of persistent breaches which when taken together constitute a material breach of the Local Agreement;
- (v) a Local Material Change has occurred and paragraph 12 of the procedure set out in part C of Schedule 5 applies (such procedure having been initiated pursuant to Clause 20.4.4);
- (vi) subject to 20.4.2 if, in respect of the relevant Local Agreement, GEFA accumulates at least 27.5 per cent. of the maximum available Service Credits in any four consecutive months or for any nine months in a Relevant Period provided that if such period ends after 31 December 2005 the reference to 27.5 per cent. above shall be replaced by a reference to 25 per cent. ; or
- (vii) a Regulatory Event has occurred and sub-paragraph (ix) of the procedure set out in clause 20.4.5 applies,

such notice shall set out the length of any required Exit Phase and the date the termination takes effect.

**20.4.2** GECC shall not exercise its right to terminate any Local Agreement pursuant to Clause 20.4.1(vi) at any time (i) within 12 calendar months from the Commencement Date and (ii) in respect of a New Local Agreement within 6 calendar months from the commencement date of the relevant Local Agreement.

- 20.4.3** GECC shall not provide a notice to terminate pursuant to Clause 20.4.1(iv) without first referring the matter to the dispute resolution procedure referred to in Clause 15. If the dispute resolution procedure: (i) does not lead to the Parties agreeing a remediation plan in respect of the breaches then GECC may terminate this agreement pursuant to Clause 20.4.1(iv) or (ii) produces an agreed resolution plan but GEFA fails to comply with such plan, then the breach(es) shall be deemed to be material and GECC may terminate the Local Agreement in accordance with Clause 20.4.1(iii).
- 20.4.4** If in any Relevant Period, Local Eligible GWP is in excess of 50 per cent. lower than Local Comparable GWP (a “**Local Material Change**”) GECC shall within 10 Business Days of the occurrence of such Local Material Change have the right, by notice in writing to GEFA, to initiate the procedure set out in Part C of Schedule 5 with respect to the Local Agreement in question, provided that in respect of each Local Agreement in a Key Territory the figure of 50 per cent. above shall be replaced with 20 per cent. For the avoidance of doubt, if a Local Material Change results or may be reasonably said to result from a general reduction in the amount of financing activity or a reduction due to any specific management decision of GECF Group Companies which results in a reduction in production in the relevant Territory, then the procedure in Part C of Schedule 5 shall not be initiated and a Local Material Change shall be deemed not to have occurred.
- 20.4.5** The Parties agree that following the occurrence of a Regulatory Event, the following shall apply.
- (i) Within 5 Business Days of the occurrence of a Regulatory Event, the Affected GEFA Company shall give notice in writing of the Regulatory Event to each counterparty of each Local Agreement to which it is a party. Such notice shall include:
    - (a) details of the matter which gave rise to the Regulatory Event;
    - (b) details of any remedial action stipulated by the Financial Services Regulator which may be taken in order to avoid the threatened revocation or suspension of authorisation; and
    - (c) details of any deadlines by which such action must be taken.
  - (ii) Upon receipt of the notice referred to in clause (i) above the relevant GECF Group Company may begin contingency planning to change to a Replacement Supplier in respect of those Payment Protection Products which the Affected GEFA Company will be unable to provide in the event that its authorisation is revoked or suspended. Such contingency planning may include contacting potential replacement suppliers for the purposes of agreeing terms of supply but, for the avoidance of doubt, any such agreement shall be conditional on the revocation or suspension of the Affected GEFA Company’s authorisation.
  - (iii) Within 15 Business Days of the occurrence of the Regulatory Event, the Affected GEFA Company shall produce and provide to the relevant GECF Group Company a proposal updated from time to time as appropriate setting out the action which the Affected GEFA Company intends to take in

order to comply with the terms of the notice from the Financial Services Regulator and the timetable within which such action shall be taken.

- (iv) Promptly after the provision of the proposal pursuant to clause (iii) above, the Affected GEFA Company and the relevant GECF Group Company shall discuss the adequacy of the proposed action and timetable.
- (v) If the Affected GEFA Company and the relevant GECF Group Company, each acting reasonably, agree that the steps set out in the proposal will be sufficient to resolve the problem, the Affected Company shall implement the proposal in accordance with the agreed timetable. The Affected GEFA Company shall keep the relevant GECF Group Company regularly informed as to progress and shall promptly inform the relevant GECF Group Company of any further relevant communications from the Financial Services Regulator.
- (vi) If the relevant GECF Group Company, acting reasonably, considers that the proposal will not adequately address the problem identified by the Financial Services Regulator, the parties shall negotiate in good faith to make such amendments as they agree are necessary to resolve the problem.
- (vii) If at any time the Affected GEFA Company, in its reasonable opinion, considers that it will be unable to take the necessary action to avoid the revocation or suspension of its authorisation, it shall immediately inform the relevant GECF Group Company and the provisions of clause (ix) shall apply.
- (viii) If at any time the Financial Services Regulator notifies the Affected GEFA Company that its authorisation has been revoked or suspended, the provisions of clause (ix) shall apply.
- (ix) In the event that this clause (ix) applies, the relevant GECF Group Company shall have the right to terminate the relevant Local Agreement to the extent that it relates to Payment Protection Products in respect of which the Affected GEFA Company is or shall be unable to meet its obligations and shall have the right to enter arrangements for the supply of such Payment Protection Products with a Replacement Supplier.

## **21 Consequences of Termination**

### **21.1 Termination of this Agreement**

- 21.1.1** Upon the termination or expiration of this agreement pursuant to clauses 20.1, 20.2 or 20.3 the Local Agreements shall automatically terminate.
- 21.1.2** GECC and each GECF Group Company shall not during the Term or during the Run-Off Period, by way of any act or omission, encourage, induce or persuade any Insured Customer to terminate any Payment Protection Product which such Insured Customer has entered into with GEFA or a GEFA Company.

### **21.2 Surviving Clauses**

- 21.2.1** Termination or expiry of this agreement for whatever reason shall be without prejudice to the rights, obligations and liabilities of either Party then accrued due and shall not affect the coming into force or the continuation in force of this clause

21.2.1 or of any provision of this agreement which is expressly stated to continue in force at or after termination or expiry including , 10.3, 11, 15, 17, 21.3, 23, 30 and 31.

**21.2.2** During the Run-Off Period the following additional clauses shall remain in force: 5.3, 6, 9.1, 9.2, 12, 13, 14, 16, 18.

**21.3** Exit Plan and Termination Assistance

**21.3.1** If GECC so requests promptly following the commencement of an Exit Phase, GEFA shall and shall procure that the GEFA Companies shall as soon as reasonably practicable submit to GECC and the relevant GECF Companies a plan (the “ **Exit Plan** ”) which shall describe the activities and tasks to be performed by the Parties in order to facilitate the smooth transfer of the responsibility for the provision of Payment Protection Products to a Replacement Supplier.

**21.3.2** During the Exit Phase, the Parties shall perform their respective obligations as stated in the Exit Plan.

**21.3.3** Subject to the provisions of the Exit Plan, each Party shall and shall procure that the GEFA Companies or the GECF Group Companies (as applicable) shall during the Exit Phase provide to the other Party any assistance reasonably requested to allow the provision of Payment Protection Products to continue without material interruption or material adverse effect and to facilitate the transfer of, responsibility for and conduct of the provision of Payment Protection Products to a Replacement Supplier in accordance with the provisions of the Exit Plan. GEFA shall be responsible for any reasonable additional costs incurred by GEFA as a result of the provision of termination assistance services to GECC or GECF Group Companies.

**21.3.4** Except as otherwise stated in the Exit Plan, the obligations stated in Clauses 21.3.2 and 21.3.3 above shall be in addition to and not in substitution for the provision of the Payment Protection Products during the Exit Phase on the terms and conditions of this agreement.

**22** Force Majeure

**22.1** “Event of Force Majeure” means, in relation to any Party or a GECF Group Company or a GEFA Company (as the case may be), an event or circumstance beyond the reasonable control of that person (the “Claiming Party”) including, without limitation, strikes, lock-outs and other industrial disputes (in each case, whether or not relating to the Claiming Party’s workforce) but excluding any event under clause 4.

**22.2** The Claiming Party shall not be deemed to be in breach of this agreement or otherwise liable to any other party (the “Non-claiming Party”) for any delay in performance or any non-performance of any obligations under or pursuant to this agreement (and the time for performance shall be extended accordingly) if and to the extent that the delay or non-performance is due to an Event of Force Majeure provided that:

- (i) the Claiming Party could not have avoided the effect of the Event of Force Majeure by taking precautions, including disaster recovery arrangements, which, having regard to all matters known to it before the occurrence of the Event of Force Majeure and all relevant factors, it ought reasonably to have taken but did not take; and

(ii) the Claiming Party has used reasonable endeavours to mitigate the effect of the Event of Force Majeure and to carry out its obligations under this agreement in any other way that is reasonably practicable.

**22.3** The Claiming Party shall promptly notify the Non-claiming Party of the nature and extent of the circumstances giving rise to the Event of Force Majeure.

**22.4** If the Event of Force Majeure in question prevails for a continuous period in excess of two months after the date on which it began, the Non-claiming Party may require that the issue be included on the agenda of the next local performance meeting held pursuant to clause 16.2. At such meeting the Parties shall discuss in good faith the continued provision of the affected service or obligation and any necessary amendments to this agreement or the relevant Local Agreement.

## **23 Confidential Information**

**23.1** Each Party undertakes to each other and each member of the other party's Group that it will not, and will ensure that its directors, officers, employees and agents do not, without the prior written consent of the other Party:

**23.1.1** make available or disclose any Confidential Information of the other party which is provided to it by that other Party pursuant to this agreement to any person other than those of its directors, officers or employees or other persons (including subcontractors) who are necessarily required in the course of their duties to receive and consider the same for the purposes of performing its obligations or exercising its rights under this agreement and for risk modelling and profiling purposes, but not for marketing purposes or for the purposes of directly or indirectly canvassing or soliciting the custom of any customer of the GECF Group (including for the avoidance of doubt using anonymised information on clients of GECF Group Companies)(the "**Permitted Purposes**"); or

**23.1.2** use any Confidential Information of that other Party which is provided to it by the other Party pursuant to this agreement other than for the Permitted Purposes.

**23.2** The provisions of clause 23.1 shall not apply to the extent that any Confidential Information:

**23.2.1** is at the date of this agreement or any time thereafter becomes publicly known, other than as a result of any breach of this agreement or any other duty of confidence;

**23.2.2** can be shown by the receiving Party to the disclosing Party's reasonable satisfaction to have been known by the receiving Party before disclosure by the disclosing Party, other than as a result of any breach of this agreement or any other duty of confidence;

**23.2.3** is required to be disclosed by any court or governmental, administrative or regulatory authority competent to require such disclosure; or

**23.2.4** is required to be disclosed by any Applicable Law.

**23.3 Notwithstanding clause 23.1:**

**23.3.1** a Party may disclose Confidential Information relating to another to its professional advisers for the purposes of obtaining professional advice provided that the

disclosing Party shall advise any such person to whom such information is disclosed of the confidentiality obligations contained in this agreement and shall procure that such person complies with such obligations as if it were a party to this agreement; and

**23.3.2** no Party shall be prevented from using or disclosing any information which is independently developed without reference to or which does not refer to any Confidential Information of the other Party.

**23.4** Each Party shall, forthwith upon termination or expiry of this agreement for any reason or upon the receipt by it of written demand from the other, return all written Confidential Information provided to it by the other Party.

## **24 Waiver**

**24.1** A waiver of any term, provision or condition of this agreement shall be effective only if given in writing and signed by the waiving Party and then only in the instance and for the purpose for which it is given.

**24.2** No failure or delay on the part of any Party in exercising any right, power or privilege under this agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

**24.3** No breach of any provision of this agreement shall be waived or discharged except with the express written consent of the Parties.

## **25 Entire Agreement**

**25.1** This agreement constitutes the entire and only agreement between the Parties relating to the subject matter of this agreement and (to the extent permissible by law) supersedes and extinguishes any and all prior drafts, agreements, writings, negotiations, understandings, undertakings, representations, warranties and arrangements of any nature whatsoever, whether or not in writing, relating to or in connection with the subject matter of this agreement provided that neither Party is attempting to exclude any liability for fraudulent statements (including fraudulent pre-contractual misrepresentations) on which the other Party can be shown to have relied. All terms, conditions and warranties not stated expressly in this agreement, and which would in the absence of this provision be implied into this agreement by statute, common law, equity, trade, custom or usage or otherwise, are excluded to the maximum extent permitted by law.

**25.2** Each Party acknowledges that it has not been induced to enter into this agreement in reliance upon, nor has it been given, any warranty, representation, statement, assurance, covenant, agreement, undertaking, indemnity or commitment of any nature whatsoever other than as expressly set out in this agreement and, to the extent it has been, it unconditionally and irrevocably waives any claims, rights and remedies which it might otherwise have had in relation thereto.

**25.3** The provisions of this clause shall not exclude any liability which a Party would otherwise have to the other or any right which either of them may have to rescind this agreement in respect of any statements made fraudulently by the other prior to the execution of this agreement or any rights which either of them may have in respect of fraudulent concealment by the other.

**25.4** This agreement may be varied only by a document signed by both Parties.

**25.5** Any claim brought by either Party in respect of a breach by the other Party of the terms of this agreement may include a claim for actual or potential loss of profits.

**26 Costs and Expenses**

**26.1** Except as expressly provided in this agreement each of the Parties shall bear its own legal, accountancy and other costs, charges and expenses connected with the negotiation, preparation and implementation of this agreement and any other agreement incidental to or referred to in this agreement.

**26.2** Except as expressly provided in this agreement, GECC shall not be entitled to any other remuneration or to be reimbursed for any cost, charge or expense incurred by it in each case in connection with this agreement or the performance of its obligations hereunder. For the avoidance of doubt, this clause shall not operate to exclude or limit any liability of GEFA for breach of contract or its negligence.

**27 No Partnership**

Nothing in this agreement and no action taken by the Parties pursuant to this agreement shall constitute, or be deemed to constitute, a partnership, association, joint venture or other co-operative entity.

**28 Notices**

**28.1** Any notice, demand or other communication given or made under or in connection with the matters contemplated by this agreement shall be in writing and shall be delivered personally or sent by fax or prepaid first class post (air mail if posted to or from a place outside the United Kingdom):

In the case of GEFA to:

Address: Vantage West, Great West Road, Brentford, Middlesex TW8 9AG  
Fax: 44 20 8380 3300  
Attention: European Legal Director

In the case of GECC to:

GE Consumer Finance, Malvern House, Croxley Green Business Park, Watford, Herts, WD18 8YF  
Fax: 44 1923 426871  
Attention: General Counsel, Europe

and shall be deemed to have been duly given or made as follows:

**28.1.1** personally delivered, upon delivery at the address of the relevant Party;

**28.1.2** if sent by first class post, two Business Days after the date of posting;

**28.1.3** if sent by air mail, five Business Days after the date of posting; and

**28.1.4** if sent by fax, when sent provided that the sender receives a satisfactory transmission confirmations,

provided that if, in accordance with the above provision, any such notice, demand or other communication would otherwise be deemed to be given or made after 5.00 p.m., such notice, demand or other communication shall be deemed to be given or made at 9.00 a.m. on the next Business Day.

**28.2** A Party may notify the other party to this agreement of a change to its name, relevant addressee and address for the purposes of clause 28.1 provided that such notification shall only be effective on:

- (iii) the date specified in the notification as the date on which the change is to take place; or
- (iv) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

## **29 Invalidation and Severability**

**29.1** If any provision of this agreement is or becomes (whether or not pursuant to any judgement or otherwise) invalid, illegal or unenforceable in any respect under the law of any jurisdiction:

**29.1.1** the validity, legality and enforceability under the law of that jurisdiction of any other provision; and

**29.1.2** the validity, legality and enforceability under the law of any other jurisdiction of that or any other provision, shall not be affected or impaired in any way thereby.

**29.2** If any provision of this agreement shall be held to be void or declared illegal, invalid or unenforceable for any reason whatsoever, such provision shall be divisible from this agreement and shall be deemed to be deleted from this agreement and the validity of the remaining provisions shall not be affected. In the event that any such deletion materially affects the interpretation of this agreement then the Parties shall negotiate in good faith with a view to agreeing a substitute provision which as closely as possible reflects the commercial intention of the Parties.

## **30 Governing Law and Jurisdiction and Appointment of Process Agent**

**30.1** Governing Law and Jurisdiction

This agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this agreement or its formation) shall be governed by and construed in accordance with English law.

**30.2** Appointment of Process Agent

**30.2.1** GEFA hereby irrevocably appoints (Marked for the attention of Company Secretary) Financial Insurance Company Limited, [Vantage West, Great West Road, Brentford, Middlesex TW8 9AG], as its agent to accept service of process in England in any legal action or proceedings arising out of this agreement, service upon whom shall be deemed completed whether or not forwarded to or received by GEFA.

- 30.2.2** GEFA agrees to inform GECC in writing of any change of address of such process agent within 28 days of such change.
- 30.2.3** If such process agent ceases to be able to act as such or to have an address in England, GEFA irrevocably agrees to appoint a new process agent in England acceptable to GECC and to deliver to GECC within 14 days a copy of a written acceptance of appointment by the process agent.
- 30.2.4** GECC hereby irrevocably appoints (Marked for the attention of General Counsel, Europe) GE Capital Bank, [GE Consumer Finance, Malvern House, Croxley Green Business Park, Watford, Herts WD18 8YF], as its agent to accept service of process in England in any legal action or proceedings arising out of this agreement, service upon whom shall be deemed completed whether or not forwarded to or received by GECC.
- 30.2.5** GECC agrees to inform GEFA in writing of any change of address of such process agent within 28 days of such change.
- 30.2.6** If such process agent ceases to be able to act as such or to have an address in England, GECC irrevocably agrees to appoint a new process agent in England acceptable to GEFA and to deliver to GEFA within 14 days a copy of a written acceptance of appointment by the process agent.
- 30.2.7** Nothing in this agreement shall affect the right to serve process in any other manner permitted by law or the right to bring proceedings in any other jurisdiction for the purposes of the enforcement or execution of any judgment or other settlement in any other courts.

### **31 Exclusion of Third Party Rights**

The Parties to this agreement do not intend that any term of this agreement should be enforceable, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a Party to this agreement.

**IN WITNESS** whereof this agreement has been executed on the date first above written.

Signed by )

for and on behalf of )

**GEFA INTERNATIONAL HOLDINGS, INC.** )

in the presence of:

Signed by )

for and on behalf of )

**GE CAPITAL CORPORATION** )

in the presence of:

**Schedule 1  
Existing Business**

*[Note: To be checked]*

**Part A – Existing Direct Business**

<u>Territory</u>	<u>Product</u>	<u>**</u>	<u>**</u>	<u>**</u>
UK (GCF)	Bank Card Account Cover 3	**%	**%	**%
UK (GCF)	Bank Card Account Cover 3 over 70's	**%	**%	**%
UK (GCF)	Store Card Account Cover 3	**%	**%	**%
UK (GCF)	Store Card Account Cover 3 over 70's	**%	**%	**%
UK (GCF)	Monsoon Account Cover 3	**%	**%	**%
UK (GCF)	Monsoon Account Cover 3 over 70's	**%	**%	**%
UK (GCF)	3335 Comet, B&Q Revolving	**%	**%	**%
UK (GCF)	3334 Comet, B&Q fixed	**%	**%	**%
UK (GCF)	3303 Toys R Us	**%	**%	**%
UK (GCF)	3358 DFS	**%	**%	**%
UK (GCF)	3644 Kwik Fit	**%	**%	**%
UK (GCF)	Store Credit Card Beagle	**%	**%	**%
UK (GCF)	Matrix	**%	**%	**%
Sweden	NA0	**%	**%	**%
Sweden	NA1	**%	**%	**%
Sweden	RD1	**%	**%	**%
Sweden	RD2	**%	**%	**%
Sweden	RR1	**%	**%	**%
Sweden	GC1-6	**%	**%	**%
Sweden	GD9	**%	**%	**%
Sweden	RD3	**%	**%	**%
Denmark	G36	**%	**%	**%
Denmark	G37	**%	**%	**%
Denmark	G38	**%	**%	**%

Denmark	G39	**%	**%	**%
Denmark	G35 Compulsory Life	**%	**%	**%
Denmark	G34 Compulsory Life	**%	**%	**%
Denmark	G29 Compulsory Life	**%	**%	**%
Denmark	G2B Compulsory Life	**%	**%	**%
Denmark	G40 Compulsory Life	**%	**%	**%
Denmark	G41 Compulsory Life	**%	**%	**%
Denmark	G56 Xtra Tryghed	**%	**%	**%
Denmark	G57 Xtra Tryghed	**%	**%	**%
Denmark	G58 Xtra Tryghed	**%	**%	**%
Denmark	G59 Xtra Tryghed	**%	**%	**%
Denmark	AC1 AcceptCard	**%	**%	**%
Norway	6604	**%	**%	**%
Norway	6602	**%	**%	**%
	6612	**%	**%	**%
Norway	6701, 6801, 6702, 6802, 6901, 6902, 6712	**%	**%	**%
Norway	6812	**%	**%	**%
Norway	6703, 6803, 6903	**%	**%	**%
Norway	6603	**%	**%	**%
Norway	6613	**%	**%	**%
Norway	6913, 6914,6915	**%	**%	**%
Norway	6813	**%	**%	**%
Norway	6601	**%	**%	**%
Norway	6611	**%	**%	**%
Norway	6811	**%	**%	**%
Norway	6504a, 6504b	**	**	**
Switzerland	GC4 ProKredit	**%	**%	**%
Switzerland	GC5 Prolimit	**%	**%	**%
Switzerland	GC6 Unileasing	**%	**%	**%
Switzerland	GC7Sales Finance	**%	**%	**%
Italy	GE4 Finanziamento Sereno	**%	**%	**%

Italy	GE5 Finanziamento Sereno Plus	**%	**%	**%
Italy	GE6 Lease & Life	**%	**%	**%
Italy	GE7 Lease & Life Plus	**%	**%	**%
Italy	GEB Resolicitation	**%	**%	**%
France	Auto	**%	**%	**%
France	Vie 3011	**%	**%	**%
France	Vie 0007	**%	**%	**%
France	Vie 0011	**%	**%	**%
France	Vie 0029	**%	**%	**%
France	Vie 0039	**%	**%	**%
France	Vie 0052	**%	**%	**%
France	Vie 0091	**%	**%	**%
France	RD 0022	**%	**%	**%
France	RD 0029	**%	**%	**%
France	RD 0074	**%	**%	**%
France	RD 0116	**%	**%	**%
France	RD 0045	**%	**%	**%
France	RD 0057	**%	**%	**%
France	RD 0075	**%	**%	**%
France	RD 0120	**%	**%	**%
France	Mortgage	**%	**%	**%
France	0001	**%	**%	**%
France	0022	**%	**%	**%
France	0019	**%	**%	**%
France	1995	**%	**%	**%
France	0024	**%	**%	**%
France	0054	**%	**%	**%
France	0055	**%	**%	**%
France	0089	**%	**%	**%
France	0090	**%	**%	**%
France	0030	**%	**%	**%
France	3595	**%	**%	**%
France	0003	**%	**%	**%

France	0087	**%	**%	**%
France	0088	**%	**%	**%
France	0118	**%	**%	**%
France	0119	**%	**%	**%
France	0069	**%	**%	**%
France	0056	**%	**%	**%
France	GE branded	**%	**%	**%
France	Co-branded	**%	**%	**%
Germany	SG1-2	**%	**%	**%

**Part B – Existing Reinsured Business**

<u>Territory</u>	<u>Product</u>	<u>**</u>	<u>**</u>	<u>**</u>
UK (Woodchester)	BU, BU2 Cap care Premier HP	**%	**%	**%
UK (Woodchester)	BUR, 2BU Cap care Premier PCP	**%	**%	**%
UK (Woodchester)	CUB, 2CB Custom Finance	**%	**%	**%
UK (Woodchester)	K1B, K2B Keyman Basic	**%	**%	**%
UK (Woodchester)	K3B, K4B Keyman Standard	**%	**%	**%
UK (Woodchester)	K5B, K6B Keyman Premier	**%	**%	**%
UK (Woodchester)	BA, BA2 Cap Care Standard	**%	**%	**%
UK (Woodchester)	BL, BL2 Cap Care Basic HP	**%	**%	**%
UK (Woodchester)	BLR 2BL Cap care Basic PCP	**%	**%	**%
UK (Woodchester)	BAR, 2BA Cap care Standard PCP	**%	**%	**%
Ireland	PA – PN, TA – TR Auto business	**%	**%	**%
Ireland	WB – WY, XB – XY Consumer business	**%	**%	**%

Ireland	KA – KF Equipment business	**%	**%	**%
Germany	SPA-B	**%	**%	**%
Germany	SPG-J	**%	**%	**%
Germany	SPC-F	**%	**%	**%
Spain	BF20	**%	**%	**%
Spain	BF22	**%	**%	**%
Spain	Super PPI	**%	**%	**%
Spain	resolicitation	**%	**%	**%
Portugal	WAA, WNA, WFA	**%	**%	**%
Portugal	WAB – WAM, WNB – WNM, WFB – WFM	**%	**%	**%

**Part C**

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**Schedule 2**  
**GE Financial Insurance Service Level Standards**

**1 Glossary**

**Business Day** – means, for the purposes of this Schedule 2 only, a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in the relevant Territory;

**Confirmed/Confirmation** - New business and cancellation records accepted and made live on to the GEFA administration system.

**Decision Accuracy** - Accuracy of the decision to pay/reject a claim based on the terms and conditions of the policy against the detail put forth in the claim. The measure of the accuracy is Yes or No.

**Notification of Insurance Processing** - Electronic files, or other medium agreed between the Parties, in agreed format containing new business, cancellations, mid-term adjustments, premium payments and customer details for bulk premium, periodic premium, single premium and reinsurance products. Notification of Insurance Processing also includes correction of errors passed back to GECC for resolution.

**Processing Month End** - The period within the GEFA Group for which Insurance Processing is Confirmed. This follows a predefined accounting schedule of month ends, normally occurring on the last or second to last Friday in the calendar month, which GEFA will notify to GECC annually at the beginning of the year for the whole year.

**Pending** - Unconfirmed new business and cancellation records, which suffer validation errors and warning messages.

**Pending List** – A list of Notification of Insurance Processing that was not confirmed and put live on the GEFA administration system as at the Processing Month End.

**Processed** - The Notification of Insurance Processing has been Confirmed or Rejected or is Pending and Pending and Rejected data have been passed to GECC for correction.

**Processing Month** - The month GEFA has received the Notification of Insurance Processing from GECC to process.

**Reconciled/Reconciliation** – Notification of Insurance Processing which is allocated to one of the following categories (and communicated back to the client within agreed Service Levels) – Confirmed, Pending and Rejected – and reconciled with cash received.

**Rejected** - New business and cancellation records which result in a severe error as part of the interface validation process.

**Selling Month** - The month in which GECC sells the insurance to the customer.

**2 Hours Of Service**

Hours of service availability will be no less than 8 hours per day Monday to Friday excluding public holidays. Hours of service will vary in line with local working practices.

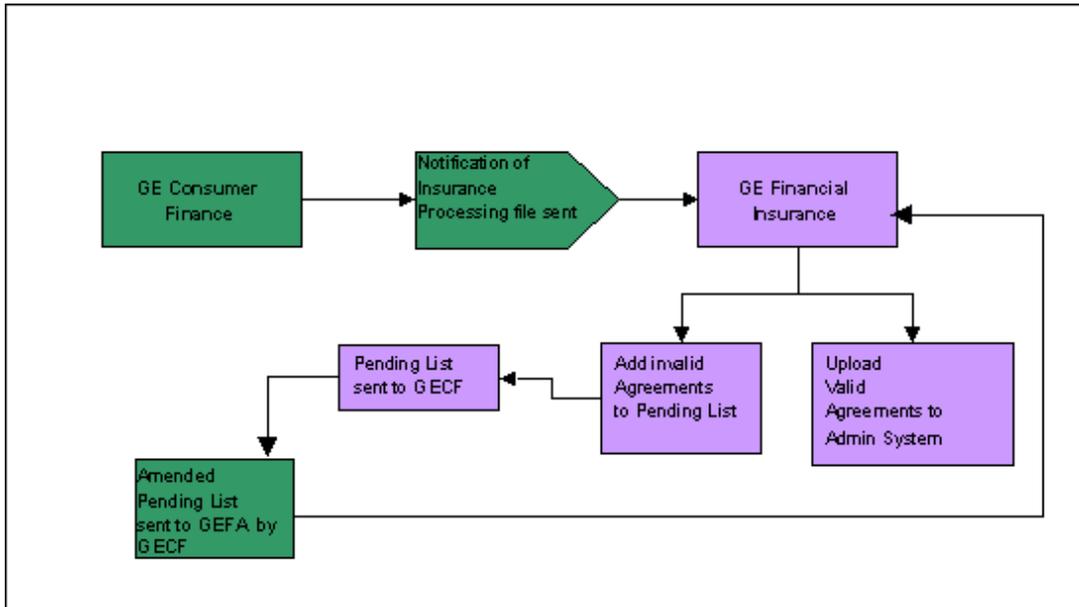
### 3 Notification and Reconciliation of Insurance Processing

GEFA will process bulk premium, periodic premium, single premium and reinsurance premium in respect of which collection is effected either by GECC or by GEFA.

The Service Levels in paragraph 3 are dependent on paragraph 12 and the dependencies set out in Table A in paragraph 17 below.

3.1 Chart 1 (Operating Reconciliation Process) outlines the process flow for processing the insurance records notified. The process includes the processing of all new business records, cancellation records and the Pending and Rejected records that arise from the process.

#### Operating Reconciliation Process (Chart 1)



The Service Levels that apply are:

- (i) 100% of Notifications of Insurance Processing notified to GEFA shall be Processed by GEFA within 5 Business Days of file receipt;
- (ii) Notifications of Insurance Processing notified by GECC to GEFA at least 5 Business Days prior to the end of the Processing Month will be Processed by GEFA in the month in which the notification occurred unless the terms of an Existing Local Agreement provide otherwise;
- (iii) subject to paragraph 3.1(ii), reasonable efforts will be made to Process Notifications of Insurance Processing received fewer than 5 Business Days before Processing Month End, but for the avoidance of doubt this is not guaranteed within the terms of the Service Levels;
- (iv) reconciliation between the number of Notifications of Insurance Processing received by GEFA and the number of Notifications of Insurance Processing Processed will be completed by the tenth Business Day following the Processing Month End; and

- (v) provided that GECC has complied with its obligations to respond within five Business Days to all Pending Notifications of Insurance Processing,
  - (a) at the end of a Processing Month, Notifications of Insurance Processing classified as Pending shall not exceed 1% of total Notifications of Insurance Processing notified to GEFA in that Processing Month (excluding Notifications of Insurance Processing notified to GEFA fewer than 5 Business Days from the end of the relevant Processing Month); and
  - (b) by the end of the next Processing Month there shall be no Pending Notifications of Insurance Processing which were notified to GEFA in the preceding Processing Month (excluding Notifications of Insurance Processing notified to GEFA fewer than 5 Business Days from the end of the previous Processing Month).

### 3.2 Financial Control Reconciliation Process

- (i) The financial control reconciliation process begins when the operating reconciliation process set out in paragraph 3.1 ends. The Reconciliation can only happen once all the policies have been Processed. The procedure for invoicing and settlement shall be as follows:
  - (a) **Premium Invoiced** - GEFA shall supply to GECC invoice and Pending List 10 Business Days after Processing Month End.
  - (b) **Premium & Cash** - GEFA shall supply to GECC statement, commission settlement (where applicable) and Pending List 10 Business Days after Processing Month End.
  - (c) **Cancellations** - GEFA shall supply to GECC credit note or cheque 10 Business Days after Processing Month End (if cancellation amount owed exceeds premium in the relevant Processing Month).
  - (d) **Payment of Invoices/Statements** - Each party shall make payment within 7 Business Days of the issue of an invoice in respect of premium by the other Party unless the terms of an Existing Local Agreement provide otherwise.
- (ii) The Service Level for Financial Control Reconciliation is: 100% of all Notifications of Insurance Processing to be Reconciled by GEFA each month by the 10<sup>th</sup> Business Day following the Processing Month End. For the avoidance of doubt, the cash reconciliation shall occur by the tenth Business Day following the end of the subsequent Processing Month.

### 4 Management Information associated with Processing

- (i) Dashboards by Local Agreement will be created monthly by GEFA and reviewed at the monthly joint management meetings that will show clearly the percentage of data Confirmed, Pending and Rejected for a given month.
- (ii) Dashboards by Local Agreement will be created monthly by GEFA reflecting the age of Notifications of Processing which are classified as Pending or Rejected.

- (iii) Dashboards by Local Agreement will be created monthly by GEFA in respect of cancellation data including number of policies cancelled, value of refunds, average expired term and average remaining term, in each case by policy year.
- (iv) Dashboards will be delivered by GEFA within 10 Business Days of the Processing Month End.

## **5 New Policy Fulfilment**

Where GEFA is responsible for new policy fulfilment, policy certificates and/or policy documentation as applicable will be issued by GEFA within 3 Business Days of the date of Confirmation unless an Existing Local Agreement or Applicable Law provides otherwise.

## **6 Telephony**

### **6.1 In-Bound**

- (i) A dedicated GECC line will be in place in respect of each Local Agreement.
- (ii) All calls shall be answered in the locally agreed format.
- (iii) 80% of calls will be answered within 20 seconds in any Processing Month. Where the required technology is not in place to provide metrics, an audit will be carried out by GEFA in respect of an appropriate number of calls relative to the volume normally received in respect of the relevant Local Agreement.
- (iv) In respect of calls to a GECC dedicated line and where the required telephony systems are in place for the purposes of measurement, the abandonment rate will not exceed 5% during any Processing Month.
- (v) Dashboards will be created monthly by GEFA and reviewed at the Monthly Performance Meetings. Such dashboards will show clearly the volume of calls, the percentage answered within the Service Level, the average response time and the abandon rate where applicable.
- (vi) GECC will monitor the average response time and, if it trends towards 20 seconds, the Parties will discuss at the next Monthly Performance Meeting the implementation of an improvement plan.

### **6.2 Out-Bound**

- (i) In the event of an out-bound call being required and where the initial attempt fails, two further attempts will be scheduled prior to falling back on written communication. The second attempt will be within 24 hours. The third attempt will be the next Business Day.
- (ii) Addressing the customer - the manner and format of the customer interaction (including greeting & company name) will be agreed at a local level.

## **7 General Queries & Correspondence**

- (i) GEFA shall date stamp 100% of incoming correspondence on the day of receipt or, if such day is not a Business Day (or if received after the end of the hours of service on a Business Day), on the next Business Day. In the event of uncertainty as to the date of receipt, the date of receipt shall be deemed to be the fourth

Business Day after the mean date on which the envelopes containing such correspondence (including claims) were franked.

- (ii) GEFA will respond to 100% of correspondence within 5 Business Days of receipt by GEFA.
- (iii) Unless otherwise stated in this agreement, GEFA will answer 100% of requests from GECC received by telephone, e-mail or post by the end of the next Business Day.

## **7.1 Claims Queries and Notification**

### **7.1.1 Telephone Requests**

- (i) GEFA will respond to requests received by telephone for information regarding individual policies or claims during the call or by the end of the next Business Day if further investigation is required.
- (ii) If the attempt to contact the customer is unsuccessful, 2 further attempts will be made. If these are unsuccessful, the response will be sent by post.
- (iii) Claim forms requested by telephone will be dispatched by the end of the next Business Day unless printing of name and address is required, in which case the claim form shall be dispatched within 3 Business Days of the request.

## **7.2 Claim Notification by Mail**

- (i) GEFA shall respond within 3 Business Days to 100% of all incoming new claim form requests received by mail.
- (ii) GEFA shall respond within 3 Business Days to 100% of all incoming continuing claim form requests received by mail.

## **7.3 Claim Handling**

- (i) 95% of all claims registration forms and continuing claims forms received will be assessed and the proper response issued by GEFA within 5 Business Days of receipt. 100% of all claims registration forms and continuing claims forms received will be assessed and the proper response issued by GEFA within 10 Business Days of receipt.
- (ii) The average elapsed time for assessing and responding to claims registration forms and continuing claims forms will be not more than 3 Business Days from receipt.
- (iii) At the end of a Processing Month, no more than 5% of claims which have not been assessed shall be claims which were received by GEFA more than 10 Business Days prior to the end of that Processing Month.
- (iv) GEFA will respond to 100% of all incoming claims correspondence within 5 Business Days of receipt.
- (v) Claims assessment shall result in one of the following:
  - (a) decision to decline;
  - (b) decision to accept/pay; or

(c) decision to request further information from a customer/third party,  
and, where appropriate, GEFA shall generate any documentation associated with the assessment.

(vi) Decline process:

A system generated letter is issued explaining the decision as part of the assessment process.

(vii) Decision to accept/pay process:

(a) A letter will be sent to the customer confirming the acceptance of the claim and the payment to be made, clarifying any continuing duty on the customer (e.g. monthly provision of evidence) and including a continuing claim form.

(b) A payment run will be executed at least weekly, unless otherwise stated in an Existing Local Agreement.

(viii) Further information required:

(a) Where further information is required from a third party it will be notified to that third party by mail with a pre-paid business reply envelope. A letter informing the customer of this action will be issued at the same time.

(b) Where further information is required from a customer he/she will be notified by mail with a pre-paid business reply envelope.

(c) 21-day follow up will occur if there is no response received back from the third party.

## **8 Management Information associated with managing claims**

**8.1** The monthly dashboard for claims will show as a minimum:

- (i) the claims activity for the month comprising new claims registered, continuing claims, claims accepted, claims declined and pending duration (comprising number of claims pending and maximum, median and mean number of days pending);
- (ii) number and percentage of claims processed within the Service Level criteria for the period and average claim resolution time;
- (iii) number of outstanding claims to be assessed and outlook for following month;
- (iv) percentage of correspondence responded to within the Service Level; and
- (v) report on the results of the Claims Accuracy Audit.

The monthly dashboard will be delivered to GECC within 10 Business Days of Processing Month End.

## **9 Claims Accuracy Audit**

**9.1** Claims accuracy will be measured through an audit mechanism operated by GEFA and on an ad-hoc basis by GECC. Claims Decision Accuracy is based on the decision to pay/reject the claim based on the terms and conditions of the policy against the criteria set out in the claim form.

**9.2** The Service Levels for Claims Decision Accuracy shall be:

- (i) GEFA shall allocate 100% of claims with a classification code (Redundancy/Disability/Critical illness etc).
- (ii) Accuracy of classification code allocated by GEFA shall exceed 99%.
- (iii) Decision Accuracy shall be:
  - (a) 97% or greater in calendar year 2004;
  - (b) 98% or greater in calendar year 2005; and
  - (c) 99% or greater in calendar year 2006,

on all GECC claims audited within the monthly audit period,

provided that, in respect of New Territories, Decision Accuracy shall be 97% or greater on all GECC claims audited within each monthly audit period in the 12 months following launch and thereafter shall be 99% or greater on all GECC claims audited within the monthly audit period.

**10 Customer Satisfaction Surveys**

**10.1** Twice in every 12 months GECC will have the right to commission or carry out customer surveys in order to gauge the overall customer satisfaction level of the customer base. The aspirational target will be 80% satisfaction. GECC and GEFA shall run base line surveys in respect of all Local Agreements in the first 12 months after the Commencement Date. The costs of such surveys shall be shared equally by the Parties. A mutually agreed action plan will be implemented and shall include a target for surveys conducted in the next period on the basis of the results of the base line surveys.

**10.2** Each Party, at the request of the other, shall on an ad hoc basis (but, save as otherwise provided below, in any event no more frequently than once in any 12 month period) conduct a satisfaction survey on the basis of a mutually agreed set of questions which shall seek to establish the degree to which the requesting party is satisfied with the performance by the other party of its obligations under this schedule. On the basis of such survey the Parties shall implement a mutually agreed action plan which shall include a target for the next survey. If the requesting Party is unhappy with the results of any survey, a further survey shall be conducted within six months of the results of the previous survey or such other period of time as the Parties shall agree.

**11 Complaints Handling Process**

**11.1** The definition of a complaint is “any expression of dissatisfaction whether justified or not”. Complaints shall, for the avoidance of doubt, include disputes in relation to claims decisions.

**11.2** A complaint must be dealt with to the customer’s satisfaction upon receipt of the phone call or the letter. If this is not possible, GEFA shall endeavour to provide the customer with a solution by close of business on next Business Day following receipt. Within 5 Business Days of receipt by GEFA of the complaint, the customer must be sent an acknowledgement letter advising them of a specific timeframe in which GEFA expects to resolve the problem. This should be recorded on a complaints log.

- 11.3** If the complaint remains unresolved by the end of the 10th Business Day following receipt by GEFA of the claim, GEFA must escalate the complaint to Level 2, escalate to the Claims Manager or equivalent and reflect this on the log. If the complaint is still not resolved by Business Day 19, the complaint must be passed to Level 3.
- 11.4** In Level 3 the complaint shall be escalated to the Operations Manager or equivalent. GEFA will endeavour to resolve the complaint within 8 weeks following initial receipt. If this is not achieved, the team will issue a holding response. If a solution is still not reached, the complaint handler will issue a final response. This will confirm to the customer that GEFA's complaints procedure has been exhausted, and advise the complainant that he or she may refer the complaint to the Financial Ombudsman Service within 6 months of the date of the issue of this response.
- 11.5** Where the Financial Ombudsman Service (or its equivalent in a Territory outside the UK) adheres to different guidelines than those outlined above at a local level then the local guidelines will be the service standard.
- 11.6** GEFA shall notify to GECC all complaints on reaching Level 3 and in the case of complaints which are sensitive or controversial GEFA shall notify GECC immediately.
- 11.7** Dashboard of Complaints showing volume, status and escalation level by type of complaint to be discussed at Monthly Performance Meetings with focus on root cause analysis.
- 12 IT Services**
- 12.1** New scheme launches in Existing Territories, re-pricing, rate changes and interface programme amendments shall be in place in time for GECC deadline. Such deadline will always be at least 5 Business Days after GECC has notified GEFA.
- 12.2** Performance of the obligation at paragraph 12.1 above shall be dependent on the following:
- (i) final product specifications including rates shall be provided as part of notification and at least 45 Business Days before implementation deadline;
  - (ii) mutually agreed file format for new Scheme launches in all Territories shall be agreed and finalised at least 45 Business Days before implementation deadline; and
  - (iii) representative and accurate test data which reflects the 'to be' file, in the previously agreed file format and with a sufficient level of detail to enable testing shall be provided by GECC 20 Business Days prior to commencement.
- 12.3** Ad hoc requests for IT work will be assessed on their merits.
- 13 Pricing Requests**
- 13.1** GEFA will deliver a response to pricing requests within 7 Business Days of receipt of a full product specification.
- 13.2** The full product specification supplied by GECC shall comprise the information set out at paragraph 4 of Part A of Schedule 5, to the extent applicable and, in addition, clarification of any change in the customer base characteristics and miscellaneous detail when compared with other products in the appropriate Territory, if available.

## **14 Finance Requests**

- 14.1** GEFA shall achieve 100% accuracy on profit share statements. Accuracy shall be measured by reference to the data used in GEFA's US GAAP accounts and subsequently entered into the GECC profit share accounts and the structure of such profit share accounts.
- 14.2** GEFA shall deliver profit share statements within 90 days of the end of each quarter.
- 14.3** In the event of a financial query arising, GEFA will communicate to GECC a proposed course of action (including proposed timescales for resolution) by the end of the following Business Day

## **15 Legal Requests**

- 15.1** Representatives of the Parties' legal and compliance teams shall meet at appropriate intervals to discuss the prioritisation and targets for delivery of the work to be performed by the Parties' legal and compliance teams pursuant to this agreement.
- 15.2** GEFA shall, subject to paragraphs 15.1, 15.3, 15.4 and 15.5, deliver:
- (i) initial comments on new policy documents or proposed changes to existing policy documents (in each case relating to Payment Protection Products provided pursuant to Existing Direct Business) by the later of:
    - (a) 10 Business Days after receipt by the GEFA legal and compliance team of the request to provide such comments and all of the relevant draft documents and information requested in relation thereto (including documents and/or information requested from GECC or any GECF Group Company); and
    - (b) the date by which the relevant GECF Group Company requests such comments to be provided;
  - (ii) initial comments on new fulfilment and marketing documents or proposed changes to existing fulfilment and marketing documents (in each case relating to Payment Protection Products provided pursuant to Existing Direct Business) by the later of:
    - (a) 10 Business Days after receipt by the GEFA legal and compliance team of the request to provide such comments and all of the relevant draft documents and information requested in relation thereto (including documents and/or information requested from GECC or any GECF Group Company); and
    - (b) the date by which the relevant GECF Group Company requests such comments to be provided;
  - (iii) subject to acceptance by GECC or the relevant GECF Group Company of a New Business Proposal (or Amended New Business Proposal) pursuant to paragraph 10 of Part A of Schedule 5 (if applicable), a first draft of a Local Addendum by the later of:
    - (a) 15 Business Days after receipt by the GEFA legal and compliance team of the request to provide such first draft and all of the relevant information requested in relation thereto (including information requested from GECC or any GECF Group Company); and

(b) the date by which the relevant GECF Group Company requests such draft to be provided,

subject in each case, to such Local Addendum being substantially in the form set out in Schedule 11; and

(iv) subject to acceptance by GECC or the relevant GECF Group Company of a New Business Proposal (or Amended New Business Proposal) pursuant to paragraph 10 of Part A of Schedule 5, a first draft of a New Local Agreement by the later of:

(a) 20 Business Days after receipt by the GEFA legal and compliance team of the request to provide such first draft and all of the relevant information requested in relation thereto (including information requested from GECC or any GECF Group Company); and

(b) the date by which the relevant GECF Group Company requests such draft to be provided,

subject in each case, to such New Local Agreement being substantially in the form set out in Schedule 12.

**15.3** GECC agrees and acknowledges that if any of the documents requested or provided from or to the GEFA legal and compliance team pursuant to paragraph 15.2 are not, or not required to be in English, the timescales set out in paragraph 15.2 for delivery of comments or draft documents (as the case may be) will, in each such case, be increased by 10 Business Days or such longer period as is reasonably required to obtain an English translation of all relevant documents.

**15.4** If changes are required to any Local Agreement or any documents relating to the Payment Protection Products provided by GEFA pursuant to this Agreement as a result of any proposed changes to any Applicable Law, GEFA will provide GECC with details of the proposed changes to the relevant documents at least 90 days before the implementation date of the proposed change to the relevant Applicable Law unless otherwise agreed by the parties (each acting in good faith), subject to receipt by the GEFA legal and compliance team of all of the relevant information requested in relation thereto (including information requested from GECC or any GECF Group Company).

**15.5** The period for the production or review of documents by the GEFA legal and compliance team for a GECF Group Company in all other circumstances not contemplated in sub-paragraphs 15.2-15.4 above will be agreed by the parties at the time (each acting in good faith).

## **16 Business Continuity**

**16.1** GEFA shall maintain a business recovery plan to make provision for the prompt and efficient handling of any incident which impairs GEFA's ability to perform the obligations required of it by this schedule.

(i) GECC shall be made aware of the details of the business recovery plan and be kept advised of any significant changes to those details.

(ii) The business recovery plan shall be subject to testing and review for effectiveness once a year.

**16.2** A major disruption in service that impairs GEFA’s ability to achieve a Service Level shall be notified to the agreed GECC escalation point if reasonably practicable on the Business Day on which the event occurs and otherwise within one Business Day of such event.

**17 Dependencies**

GEFA shall not be liable for, and Service Credits shall not accrue in respect of, any failure by GEFA to meet its obligations in relation to Service Levels, where such failure results in whole or in part from:

- (i) any failure by GECC to perform its obligations under this schedule, including those obligations set out in the third column of Table A below; or
- (ii) any other act or omission of GECC.

**Table A**

**GECC Dependencies**

<u>GEFA Key Service Levels</u>	<u>MEASUREMENT</u>	<u>GECC DEPENDENCY</u>
<b>Paragraphs 3.1(v) and 3.2(II) of this Schedule</b>	Monthly Dashboards of NIP - Confirmed, Pending and Rejected.	NIP file must be received in the agreed format by GEFA at least 5 Business Days prior to Processing Month End and be relevant to the previous selling month. Any files received less than 5 Business Days prior to Processing Month End will be included in the following processing month.  Pending list sent by GEFA to GECC must be reviewed, amended and sent back to GEFA within 5 Business Days of initial receipt by GECC. NIP which is missing information or information which is contrary to agreed parameters will be rejected and fall back in to the Pending process loop.
<b>Paragraph 3.2(II) of this Schedule</b>	[ ]	The cash reconciliation is subject to receipt by GEFA of all relevant cash amounts payable by GECC pursuant to paragraph 3.2(i) by the end of the Processing Month subsequent to the Processing Month in respect of which the Reconciliation is performed.

GEFA Key Service Levels	MEASUREMENT	GECF DEPENDENCY
<b>Paragraph 3 of this Schedule</b>	[ ]	<p>GEFA's Service Level obligations under paragraph 3 of this schedule shall commence on or shall be suspended until (as the case may be) the later of:</p> <p>(i)(a) in respect of New Scheme launches in Existing Territories, the expiry of 45 Business Days from the date on which the file format is agreed pursuant to paragraph 12.2(ii) above or, if later, the expiry of 45 Business Days from the date on which GECC notifies GEFA of the final product specification pursuant to paragraph 12.2(i) above; or</p> <p>(i)(b) in respect of re-pricing, rate changes and interface amendments, the expiry of 45 Business Days from the date on which GECC notifies GEFA of the final product specification pursuant to paragraph 12.2(i) above; and</p> <p>(ii) the expiry of 20 Business Days from the date on which GECC complies with its obligation in paragraph 12.2(iii) above.</p>
<b>Paragraphs 7.3(i) and 7.3 (iii) of this Schedule</b>	Monthly Dashboards/ Sampling as required.	GECC response required within one Business Day for claims against bulk business where input from GECC will be required.

**18 Key Service Levels**

Service Credits shall be weighted to the Key Service Levels as set out in Table B below:

**Table B**

**Primary Operational Metrics and Service Credits**

Primary Operational Metrics - Service Standards

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**Primary Operational Metrics - Service Standards**

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**19 Service Credit regime**

- 19.1** If GEFA fails to deliver the service as indicated by any of the above Key Service Level metrics in respect of a Local Agreement then GEFA shall reimburse GECC for the Service Credits.
- 19.2** Service Credits are applied to the specific Local Agreement that is in breach of Key Service Level.
- 19.3** One Service Credit equals \*\*% of the Retention Fee in respect of the relevant Local Agreement in that month:
- 19.4** Service Credits start accumulating in the same Processing Month in which a Key Service Level miss occurs.
- 19.5** Service Credits shall be paid in respect of a Key Service Level until such Key Service Level returns to agreed Service Levels.
- 19.6** No Service Credits shall accrue or be payable in respect of failures to meet Key Service Levels in the first six months of the Term.
- 19.7** Service Credits relate to new business going forward and not retrospectively to feeds received prior to the expiry of the period referred to in paragraph 19.6 above.
- 19.8** For the avoidance of doubt, clause 15 of the agreement shall apply to this schedule.

**Schedule 3**  
**New Local Agreement Profit Share Provisions**

- 1** GEFA shall draw up a profit and loss account in accordance with this Schedule and GEFA's standard US GAAP accounting policies and practices from time to time (the "**Profit Share Account**") including all Schemes grouped as agreed by the Parties in each Local Agreement separately (or, if only one Scheme has been in operation since the Commencement Date, for that Scheme only):
- as at the last day of each quarter of the term of the Local Agreement and annually during the Run-Off Period; or
  - as at the end of the Run-Off Period,
- (each a "**Relevant Date**").
- 2** GEFA shall deliver a copy of the Profit Share Account to GECC within 90 days (or as otherwise agreed between the Parties pursuant to Schedule 2) of the last day of each quarter of the term of this agreement and annually during the Run-Off Period and within 90 days of the last day of the Run-Off Period (as the case may be).
- 3** The Profit Share Account will be prepared to include all Business written since inception to date in each Scheme in each Territory as follows:
- (a) For each individual Scheme, GEFA shall calculate the Gross Earned Premiums
  - (b) From the total calculated under paragraph (a) above, the following shall be deducted:
    - (i) the Sales Commission incurred;
    - (ii) Earned Retention;
    - (iii) all claims payments made under the relevant Policies and related expenses incurred;
    - (iv) Claims Reserves as held on the GEFA balance sheet for future claims payments under the relevant Policies as at the date to which Profit Share is being calculated;
    - (v) all applicable Tax/levies;
    - (vi) all statutory, governmental or regulatory fees arising from or relating to a complaint made by an Insured Customer; and
    - (vii) agreed extraordinary expenses incurred.
  - (c) The resultant figure shall be the underwriting profits (the "**Underwriting Profits**") for the individual Scheme concerned. The Underwriting Profits for any individual Scheme may be positive or negative.
  - (d) Subject to this Schedule 3, the Profit Share for the individual Scheme concerned shall be calculated by multiplying the Underwriting Profits for that Scheme by the relevant GECC Profit Share Percentage pursuant to Clause 5. The Profit Share for any individual Scheme may also be positive or negative.

- (e) If more than one Scheme qualifying for Profit Share calculation purposes has been in operation, GEFA shall calculate the consolidated profit or loss for all such Schemes within each Local Agreement by aggregating together all and any positive and negative Profit Shares for all relevant individual Schemes calculated under paragraphs (a) to (d) above.
  - (f) The Profit Share calculated as at the relevant date (which may be positive or negative) shall be the amount calculated under paragraphs (a) to (d) above (or, if more than one Scheme has been in operation, paragraphs (a) to (e) above):
    - (i) *less* an amount equal to any payments made by GEFA to GECC under paragraph 4 below in respect of previous Profit Share calculations;
    - (ii) *plus* an amount equal to any payments made by GECC to GEFA under paragraph 5 below in respect of previous Profit Share calculations;
    - (iii) *less* an amount equal to any previous Profit Share payments made by GEFA to GECC which GECC has repaid or is due to repay to GEFA for any reason.
- 4** If the Profit Share calculation is \*\* then GEFA shall \*\* thereof to GECC within 30 Business Days of delivery of the Profit Share Account (which for the avoidance of doubt shall include the Profit Share Account at the end of the Run-Off Period).
- 5** If the Profit Share calculation in respect of any Local Agreement in any calendar year is \*\* then the \*\* amount shall be \*\* years. If at the termination of this agreement the Profit Share Calculation is \*\*, then \*\* shall be made and the \*\* amount shall be \*\* the end of the Run-Off Period. If at the end of the Run-Off Period the Profit Share calculation is still \*\* then GECC shall \*\* amount thereof to GEFA within 30 Business Days of delivery of the Profit Share Account. In no event will this sum \*\* Profit Share payment has been made.
- 6** For the avoidance of doubt, \*\* shall be \*\* to GECC or to GEFA in respect of any period ending after the end of the last day of the Run-Off Period.

**Schedule 4**  
**Product Performance Monitoring**

**The Claims Performance Statement**

GEFA will provide to GECC a Claims Performance Statement on a quarterly basis to show the following information for each Scheme, product and cover type in respect of each Local Agreement. The following information will be shown for each quarter for the last two years (the most recent quarter to be included will be that which ended six months prior to the date of the quarterly Profit Share Account):

- Earned Exposure in the quarter;
- Gross Earned Premium;
- Earned Claims Fund;
- Number of claims (including an estimate for claims which have occurred in that quarter but have not yet been reported);
- Claims paid;
- Claims reserved by type;
- Claims Frequency;
- Average duration of claims where relevant (e.g. for Accident and Sickness and Involuntary Unemployment claims);
- Gross Loss Ratio; and
- Risk Loss Ratio.

GEFA will include the data from the two quarters immediately preceding the end of the quarterly Profit Share Account, but the Parties acknowledge that the performance reflected by such data will not be mature because the development of reported claims takes two quarters and the detailed analysis will not yet be available.

Each claim will be allocated to a quarter in accordance with the date in which the claim occurred.

GEFA shall provide the first Claims Performance Statement to GECC based on data as at 31<sup>st</sup> December 2003 on or by 31<sup>st</sup> March 2004.

GECC and GEFA hereby agree that discussions relating to individual Schemes shall be restricted to those Schemes which are agreed to be of a size where the claims performance has stabilised but in determining whether or not such stabilisation has occurred the Parties shall have regard to the performance of the relevant Schemes before they become subject to a Local Agreement as well as after.

In respect of Existing Business, GECC hereby agrees that if a Local Agreement, product or individual Scheme is identified at the Quarterly Performance Meeting as running at Loss Ratio greater than \*\* per cent., the Parties shall as soon as reasonably practicable hold good faith discussions to attempt to agree a plan and timetable for actions to bring any such Scheme or product to a Loss Ratio of \*\* per cent. Such plan shall include one or more of the following:

- Make changes to the amount of premium allocated to a particular cover;
- Increase the Claims Fund as a percentage of the Gross Written Premium;
- Make a change to the terms and conditions of the Policies in a particular scheme; or
- Such other mechanism as agreed between the Parties.

In respect of New Business, GEFA hereby agrees that if a Local Agreement or individual Scheme is identified at the Quarterly Performance Meeting as running at a Loss Ratio less than \*\* per cent or more than \*\* per cent, the Parties shall as soon as reasonably practicable hold good faith discussions to attempt to agree a plan and timetable for actions to bring any such Scheme or product or cover to a Loss Ratio of \*\* per cent. Such plan shall include one or more of the following:

- Make changes to the amount of premium allocated to a particular cover;
- Decrease the Claims Fund as a percentage of the Gross Written Premium;
- Make a change to the terms and conditions of the Policies in a particular scheme; or
- Such other mechanism as agreed between the Parties.

Any losses not previously notified by the date of this agreement or in the relevant quarter will not be carried forward and shall be borne \*\* per cent. by the relevant GEFA Company.

If a Loss Ratio in respect of a Local Agreement is greater than \*\*% and Parties agree such plan and if GECC fails to implement the plan in accordance with the timetable agreed at the Quarterly Performance Meeting, the current profit share split and arrangements shall continue to apply in accordance with the relevant Local Agreement but GECC will carry forward GEFA's \*\*% share of such underwriting loss.

**Schedule 5**  
**Potential New Business and Payment Protection**  
**Products Set-up Process**

The processes for determining whether Potential New Business shall be New Business and the set-up of New Business in a Territory are set out below in Parts A and B. The processes for addressing Material Change and Local Material Change referred to in Clauses 20.2.3 and 20.4.4 are set out in Part C below.

**PART A Potential New Business in New Territories where there is no Local Agreement**

In relation to Potential New Business in New Territories where a Local Agreement is not in place (the following shall also apply to Potential New Business in Existing Territories or in Territories in which a Local Agreement is in place, subject to the provisions of Part B of this Schedule 5):

**1** Notification

- (i) GECC shall, or shall procure that the relevant GECF Group Company shall, notify in writing the relevant Country Manager, relevant Regional Manager and GECC Relationship Manager, as soon as reasonably practicable of any Potential New Business required, with details of the Payment Protection Product or package of Payment Protection Products required and related services together with details of the proposed implementation timetable (which is to be reasonable and have regard to all circumstances). Notification shall be deemed to be given upon receipt of the notice by GEFA.
- (ii) If GEFA or a GEFA Company shall advise GECC or the relevant GECF Group Company in writing of its intention to submit a New Business Proposal to GECC in respect of Potential New Business, this will initiate the process described from paragraph 4 below onwards.

**2** GEFA will then undertake basic fact finding on the insurance market, legal and regulatory systems in the prospective New Territory.

**3** Within 7 Business Days of notification pursuant to paragraph 1 by GECC, or the relevant GECF Group Company, to GEFA, or the relevant GEFA Company, the relevant GEFA Company may provide in writing to the relevant GECF Group Company an expression of interest in providing the Potential New Business.

**4** If the relevant GEFA Company has provided the expression of interest within 7 Business Days in accordance with paragraph 3 above, the relevant GECF Group Company will provide the relevant GEFA Company as soon as reasonably practicable with the following information in its or any GECF Group Company's possession or control on the Payment Protection Products and related services as set out in the notification given pursuant to paragraph 1, subject to Applicable Laws and any confidentiality obligations on it:

- Size, age, statistics, male/female split, average term (actual and written) and interest charged on loans
- Description of the required Payment Protection Products which is as complete as is possible or a copy of the existing policy wording(s)
- Projected finance volumes and the projected insurance penetration rates over 3 years

- Historic gross premium volumes or historic finance volumes and insurance penetration rates
- Existing gross premium rates
- Location of GECC, GECF Group Company or Acquired GECF Business offices in country
- Existing method of reporting (i.e. paper application, electronic file)
- Method of premium collection
- Number of insured customers
- Method of policy fulfilment (GECC or Insurer)
- Staffing levels and facilities costs per associate to locate in existing GECC or Acquired GECF Business offices per country and general GECC Human Resources support/advice (if available)
- Historic loss ratios and definition of loss ratios
- Any other pertinent information (including any renewal, termination or expiry dates of agreements with third parties)

Upon providing the above information to the relevant GEFA Company, the relevant GECF Group Company shall certify that, subject to confidentiality obligations and Applicable Laws, it has provided all such information.

- 5** Within 20 Business Days of the date of certification provided by the relevant GECF Group Company pursuant to paragraph 4 above, GEFA shall procure that the relevant GEFA Company shall prepare and submit to the relevant GECF Group Company a written proposal (the “**New Business Proposal**”) setting out its proposed terms and conditions for the provision of Payment Protection Products and related services for the Potential New Business, which shall include the following:
- 5.1** confirmation that the New Business Proposal is for the provision of the totality of the required Payment Protection Products and related services required for the relevant GECF Group Company or Acquired GECF Business as notified by GECC pursuant to paragraph 1;
- 5.2** the commercial terms for the provision of the Potential New Business which shall be:
- 5.2.1** in accordance with clause 5 of this agreement (for the avoidance of doubt, if the Potential New Business involves a New Channel, the retention rate may be altered pursuant to Paragraphs 7.1-7.3 of Part III of Schedule 16); and
- 5.2.2** in relation to Potential New Business required for \*\* (provided that the terms disclosed to GEFA pursuant to paragraph 4 above are the bona fide terms);
- 5.3** confirmation that, where the relevant GECF Group Company or Acquired GECF Business has existing arrangements or agreements with a third party or another company in its Group, the relevant GEFA Company will \*\* the relevant GECF Group Company or Acquired GECF Business in accordance with the terms of clause 3.2.5(i)(b) for \*\* (which have been disclosed pursuant to paragraph 4 by GECC or a GECF Group Company and which would be incurred in \*\*;

- 5.4** the proposed implementation timetable for providing the Payment Protection Products and related services;
- 5.5** confirmation that the relevant GEFA Company has obtained the required regulatory or other licences to provide the required Payment Protection Products and related services in the Territory to the relevant GECF Group Company or Acquired GECF Business or, if the relevant GEFA Company does not hold the required regulatory or other licences, the proposed steps and timetable for obtaining such licences;
- 5.6** details of:
- 5.6.1** a plan setting out the various steps, tasks and resources required to implement the Potential New Business with a timetable and responsibilities;
  - 5.6.2** any (i) branch set up with GEFA office & administration in the Territory; or (ii) office & administration set up in a neighbouring Territory; or (iii) partnership with local companies to provide administration and related services;
  - 5.6.3** GEFA IT & Operations support;
  - 5.6.4** GEFA Legal support on legal and regulatory issues in the Territory in relation to the provision of Payment Protection Products and related services;
  - 5.6.5** GEFA Finance and Risk support in relation to finance and risk issues in the Territory in relation to the provision of Payment Protection Products and related services;
  - 5.6.6** confirmation of applicable GEFA internal risk approval; and
  - 5.6.7** GECC HR support/advice required; and
- 5.7** whether it wishes the relevant GECF Group Company or Acquired GECF Business to host GEFA start up offices within their premises at a cost equivalent to GECF Group Companies or Acquired GECF Business \*\* from the Commencement Date of the relevant Local Agreement and the terms of such arrangement.
- 6** Upon receipt of the New Business Proposal, the relevant GECF Group Company shall assess the New Business Proposal according to the requirements of the Potential New Business and whether the following criteria have, in its reasonable opinion, in all material respects been met:
- 6.1** the New Business Proposal covers all of the Payment Protection Products and related services as set out in the notification made pursuant to paragraph 1 above;
  - 6.2** the New Business Proposal will be able to operate within the Loss Ratio target of \*\* per cent.;
  - 6.3** Subject to Clause 9.4.7, GEFA is in compliance with its obligations in respect of the Product Development Plan set out in Clause 9.4.4 in the relevant Territory and, where GECC has informed GEFA that GECC intends to provide the relevant Offering in an Existing Territory, GEFA must have created and be implementing a Product Development Plan in respect of the Existing Territory. Where GECC has informed GEFA that it intends to provide the Offering in a New Territory as well as Existing Territories, GEFA must have:
    - 6.3.1** created a Product Development Plan in respect of the New Territory; and

- 6.3.2** created and be implementing a Product Development Plan in respect of \*\* per cent. of the Existing Territories in which GECC has informed GEFA that it intends to provide the Offering;
- 6.4** the relevant GEFA Company will be able to provide all of the Payment Protection Products and related services as set out in the notification made pursuant to paragraph 1 above in compliance with the Service Levels;
- 6.5** the relevant GEFA Company will be able to commence provision of the Payment Protection Products and related services within the timetable set out in the notification made pursuant to paragraph 1 above;
- 6.6** the relevant GEFA Company has obtained or will have obtained the required regulatory or other licensing to provide the required Payment Protection Products and related services in the Territory in accordance with paragraph 5.5;
- 6.7** in relation to an Existing Territory or a Territory where a Local Agreement is in place, the relevant GEFA Company has a system and infrastructure in place which will be able to administer and support the Potential New Business;
- 6.8** in relation to a New Territory where there is no Local Agreement in place:
- 6.8.1** the relevant GEFA Company will have a system and infrastructure in place which will be able to administer and support the Potential New Business within the timetable set out in the notification made pursuant to paragraph 1 above; and
- 6.8.2** in at least one of the previous two months from the date of GEFA's proposal the relevant GEFA Companies shall either:
- (i) not have accrued Service Credits; or
  - (ii) (in the first six months of the Term) are and have been complying with the Key Service Levels,
- in at least 75 per cent. of the Territories where a Local Agreement is in place including all of the Key Territories; and
- 6.9** in relation to an Existing Territory, in at least one of the previous two months, the relevant GEFA Company shall either (i) not have accrued Service Credits or (ii) (in the first six months of the Term) is and has been complying with all the Key Service Levels; and
- 6.10** the New Business Proposal has been priced in accordance with the provisions of Paragraph 3 of Part II of Schedule 16 (if the New Business Proposal does not involve a New Channel) and Paragraphs 7.1-7.3 of Part III of Schedule 16 (if the New Business Proposal does involve a New Channel).
- 7.1** If the New Business Proposal satisfies the criteria set out in paragraph 6 above, the relevant GECF Group Company shall within 10 Business Days of receipt of such New Business Proposal, give written notice to the relevant GEFA Company of its acceptance of the New Business Proposal, subject to the relevant GEFA Company obtaining all necessary regulatory approvals.
- 7.2** If the relevant GECF Group Company rejects the New Business Proposal, it shall provide detailed written reasons for such rejection setting out the criteria that have not been satisfied. Where the relevant GECF Group Company rejects the New Business Proposal,

the relevant GEFA Company shall have the right within 5 Business Days of receipt of notification of such rejection to:

- (i) propose amendments to the New Business Proposal, in which case paragraph 8.2 shall apply; and/or
- (ii) refer the matter to the dispute resolution procedure set out in clause 15.2, in which case the Parties shall resolve the Dispute within 5 Business Days of the date of receipt by the relevant GEFA Company of the notice rejecting the New Business Proposal (or such longer period as the Parties may agree).

**7.3** If the requirements of paragraph 6 have not been satisfied the relevant GECF Group Company may propose to accept the New Business Proposal, subject to such amendments as it sees fit, in which case it shall inform the relevant GEFA Company in writing of such amendments together with the reasons for such amendments, and paragraph 8 shall apply.

**8** If the relevant GECF Group Company proposes amendments to the New Business Proposal:

**8.1** the relevant GEFA Company may, within 5 Business Days of the date of the notice of such proposed amendments, resubmit an amended proposal in writing (the “**Amended New Business Proposal**”); and

**8.2** upon receipt of the Amended New Business Proposal, the relevant GECF Group Company shall assess such Amended New Business Proposal according to the criteria set out in paragraph 6 above and shall provide detailed written notice to the relevant GEFA Company of its decision to accept or reject the Amended New Business Proposal (in the case of rejection, with detailed written reasons) within 5 Business Days .

**9.1** Where the relevant GECF Group Company rejects a New Business Proposal or Amended New Business Proposal according to the criteria set out in paragraphs 6 above (other than on the basis of the Risk Rate), GECC and the relevant GECF Group Company shall have no obligation to appoint GEFA or any GEFA Company as its provider, whether exclusive or otherwise, in the relevant Territory in respect of the New Business Proposal and GECC shall be free to enter into discussions, tenders, negotiations, arrangements and agreements with third parties and/or other GECF Group Companies in respect of the relevant New Business Proposal. The relevant GECF Group Company shall invite GEFA to take part in any subsequent tender process conducted by the relevant GECF Group Company in respect of the New Business Proposal provided that the relevant GEFA Company agrees that the provisions for determining the Retention Rate and the Risk Rate for the New Business Proposal as set out in Parts II and Part III (as the case may be) of Schedule 16 (Business Proposal Pricing Process) shall apply to their submission save that, if an Actuary were to determine the Risk Rate pursuant to Paragraphs 5 or 9.2 of Schedule 16 (as the case may be), then the relevant GECF Group Company or the relevant GEFA Company would be entitled to reject the proposed Risk Rate. In either case, the relevant GECF Group Company would be entitled to award the tender to any third party.

**9.2** Where the relevant GECF Group Company rejects a New Business Proposal or Amended New Business Proposal on the basis of the proposed Risk Rate, then the procedure commencing in Paragraph 5 of Part II of Schedule 16 (if the Business Proposal does not involve a New Channel) or the procedure commencing in paragraph 9.2 of Part III of Schedule 16 (if the Business Proposal does involve a New Channel) shall be implemented.

- 10** If pursuant to paragraph 7 or 8 or 9.2 above the relevant GECF Group Company and the relevant GEFA Company agree the terms of the New Business Proposal (or the Amended New Business Proposal), the relevant GECF Group Company and the relevant GEFA Company shall finalise the terms of the addendum to the Local Agreement or, where relevant, the terms of a New Local Agreement, provided that:
- (i) in relation to single premium Potential New Business, whether such Potential New Business shall be determined by the relevant GECF Group Company in its absolute discretion provided that Identified New Business shall be determined in accordance with Schedule 1C; and
  - (ii) in relation to monthly premium Potential New Business, such Potential New Business shall be determined unless the relevant GEFA Company, in its absolute discretion, consents to it being New Business.

The parties shall make available suitably senior representatives to finalise such terms.

- 11** Once the Local Addendum or New Local Agreement (as the case may be) has been finalised pursuant to paragraph 10 above then, subject to the relevant GEFA Company having obtained and providing written evidence to the relevant GECF Group Company that it has obtained the required regulatory or other licences to provide the required Payment Protection Products and related services in the relevant Territory, the relevant GECF Group Company and the relevant GEFA Company shall promptly enter into the addendum to the Local Agreement or New Local Agreement (as the case may be) at which point the Potential New Business shall be New Business for the purposes of this agreement.
- 12** If:
- 12.1** the relevant GEFA Company has not provided written notification of its expression of interest to the relevant GECF Group Company within the 7 Business Day period in accordance with paragraph 3 above;
  - 12.2** the relevant GEFA Company has not provided the New Business Proposal to the relevant GECF Group Company within the 20 Business Day period in accordance with paragraph 5 above;
  - 12.3** where applicable, the relevant GEFA Company has not provided the Amended New Business Proposal to the relevant GECF Group Company within the 5 Business Day period in accordance with paragraph 8.1 above; or
  - 12.4** where applicable, the relevant GECF Group Company has rejected the Amended New Business Proposal in accordance with paragraph 8.2 above,
  - 12.5** and provided GECC or the relevant GECF Group Companies have properly rejected the New Business Proposal or Amended New Business Proposal (as the case may be), for the remainder of the Term of this agreement, the relevant GECF Group Company or Acquired GECF Business shall have no obligation to appoint, GEFA or any GEFA Company as its provider, whether exclusive or otherwise, in the relevant Territory in respect of the relevant Potential New Business the subject of the notification pursuant to paragraph 1 and the relevant GECF Group Company or Acquired GECF Business shall have no obligation to terminate or give notice of termination in relation to any existing arrangements or agreements relating to the relevant Potential New Business and shall be free to enter into discussions, tenders, negotiations, arrangements and agreements with third parties and/or other companies in its Group in respect of the relevant Potential New Business.

## **Part B Potential New Business in Existing Territories or Territories where a Local Agreement is in place**

In relation to Potential New Business in Existing Territories or Territories where a Local Agreement is in place, the following paragraphs of Part A shall apply as amended below:

- 1 paragraph 1;
- 2 paragraph 3;
- 3 paragraph 4;
- 4 paragraph 5 provided that references to “20 Business Days” shall be read as references to “10 Business Days”
- 5 paragraph 6;
- 6 paragraph 7;
- 7 paragraph 8;
- 8 paragraph 9;
- 9 paragraph 10 ;
- 10 paragraph 11; and
- 11 paragraph 12 provided that references to “20 Business Days” in paragraph 12.2 shall be read as references to “10 Business Days”;

## **Part C: Material Change Process**

If, pursuant to clause 20.2.3 or 20.4.4, GECC has issued a written notice to GEFA, the procedure to be followed shall be as follows:

- 1 GECC shall, or shall procure that the relevant GECC Group Company shall, and GEFA shall, or shall procure that the relevant GEFA Company shall, enter into good faith discussions for a period of 30 Business Days commencing on the date of the notice issued pursuant to clause 20.2.3 or clause 20.4.4 (the “**Consultation Period**” ) to seek to agree an appropriate solution to the Material Change or Local Material Change (as the case may be).
- 2 On or by the date falling 20 Business Days after the end of the Consultation Period, GEFA shall, or GEFA shall procure that the relevant GEFA Company shall, prepare and submit to GECC or the relevant GECC Group Company a written proposal (the “**Material Change Proposal**” ) setting out its proposed or amended terms and conditions for the provision of Payment Protection Products and related services in response to the Material Change or Local Material Change (as the case may be) (the “**Material Change Business**” ), which shall include the following:
  - 2.1 confirmation that the Material Change Proposal is for the provision of all of the required Payment Protection Products and related services required by GECC or the relevant GECC Group Company as notified by GECC pursuant to clause 20.2.3 or clause 20.4.4;
  - 2.2 the commercial terms for the provision of the Material Change Business which shall be in accordance with clause 5 of this agreement;

- 2.3 the proposed timetable for providing the Payment Protection Products and related services in response to the Material Change or Local Material Change (as the case may be);
- 2.4 in relation to each relevant Territory, confirmation that the relevant GEFA Company holds the required regulatory or other licences to provide the required Payment Protection Products and related services in response to the Material Change or Local Material Change (as the case may be) to the relevant GECF Group Company or Acquired GECF Business or, if the relevant GEFA Company does not hold the required regulatory or other licences, the proposed steps and timetable for obtaining such licences;
- 2.5 details of its infrastructure in the Territory which shall be able to administer and support the Material Change Business;
- 3 Upon receipt of the Material Change Proposal, GECC or the relevant GECF Company shall assess the Material Change Proposal according to whether in its reasonable opinion the Material Change Proposal provides a solution to the Material Change or Local Material Change (as the case may be) and whether, in its reasonable opinion, the Material Change Proposal satisfies in all material respects in each relevant Territory the following criteria:
- 3.1 the Material Change Proposal covers all of the Payment Protection Products and related services as notified by GECC or the relevant GECF Group Company pursuant to clause 20.2.3 or clause 20.4.4;
- 3.2 the relevant GEFA Company will be in a position to provide the Payment Protection Products and related services as notified by GECC or the relevant GECF Group Company pursuant to clause 20.2.3 or clause 20.4.4 in compliance with applicable Service Levels;
- 3.3 the relevant GEFA Company will be able to commence provision of the Payment Protection Products and related services in response to the Material Change or Local Material Change (as the case may be) within the timetable as notified by GECC or the relevant GECF Group Company pursuant to clause 20.2.3 or clause 20.4.4;
- 3.4 the relevant GEFA Company has obtained or is in the process of obtaining the required regulatory or other licences to provide the required Payment Protection Products and related services in response to the Material Change or Local Material Change (as the case may be) pursuant to paragraph 2.4;
- 4 Within 10 Business Days of receipt of the Material Change Proposal, the relevant GECF Group Company shall give written notice of its decision to GEFA or the relevant GEFA Company to accept or reject the Material Change Proposal. If GECC or the relevant GECF Group Company rejects the Material Change Proposal, it shall provide detailed written reasons for such rejection. GECC or the relevant GECF Group Company may propose to accept the Material Change Proposal subject to such amendments as it sees fit in which case it shall inform GEFA or the relevant GEFA Company in writing of such amendments together with the reasons for such amendments.
- 5 If GECC or the relevant GECF Group Company rejects the Material Change Proposal or proposes amendments to the Material Change Proposal:
- 5.1 GEFA or the relevant GEFA Company may, within 5 Business Days of the date of the notice of such rejection or proposed amendments, resubmit an amended proposal in writing (the “**Amended Material Change Proposal**”); and

- 5.2** upon receipt of the Amended Material Change Proposal, GECC or the relevant GECF Group Company shall assess such Amended Material Change Proposal and shall provide written notice to GEFA or the relevant GEFA Company of its decision to accept or reject the Amended Material Change Proposal (in the case of rejection, with detailed written reasons) within 5 Business Days.
- 6** If pursuant to paragraph 4 or 5 above, GECC or the relevant GECF Group Company and GEFA or the relevant GEFA Group Company agree the terms of the Material Change Proposal (or the Amended Material Change Proposal), GECC or the relevant GECF Group Company and GEFA or the relevant GEFA Company shall finalise the terms of the addendum to the relevant Local Agreement, and the parties shall make available representatives to finalise such terms.
- 7** Once the Local Addendum has been finalised pursuant to paragraph 6 above, then subject in each relevant Territory to the relevant GEFA Company having obtained and providing written evidence to the relevant GECF Group Company that it has obtained the required regulatory or other licences to provide the required Payment Protection Products and related services in response to the Material Change or Local Material Change (as the case may be), the relevant GECF Group Company and the relevant GEFA Company shall enter into the addendum to the Local Agreement.
- 8** If:
- 8.1** GEFA or the relevant GEFA Company has not provided the Material Change Proposal to GECC or the relevant GECF Group Company within the 20 Business Day period in accordance with paragraph 2 above;
- 8.2** GEFA or the relevant GEFA Company has not provided the Amended Material Change Proposal to GECC or the relevant GECF Group Company within the 5 Business Day period in accordance with paragraph 5.1 above; or
- 8.3** GECC or the relevant GECF Group Company has rejected the Amended Material Change Proposal in accordance with paragraph 5.2 above;
- then paragraph 9 shall apply.
- 9** Where this paragraph 9 applies GECC or the relevant GECF Group Company shall have the right to contact, potential Replacement Suppliers in each relevant Territory, to agree terms for the provision of the Payment Protection Products provided by the relevant GEFA Company as at the date of the notice pursuant to clause 20.2.3 or 21.4.4 (as the case may be), any such agreements being conditional on the termination of the relevant Local Agreement.
- 10** If GECC or the relevant GECF Group Company is able to agree such terms with a potential Replacement Supplier in a Territory it shall \*\* by the potential Replacement Supplier in all material respects.
- 11** GEFA or the relevant GEFA Company shall within 20 Business Days of the date of the offer in paragraph 10 accept or reject the terms of the offer. In the event that the offer is accepted, the relevant parties shall promptly agree an addendum to the relevant Local Agreement which reflects the terms of the offer and the relevant GEFA Company shall continue to be the exclusive supplier to the relevant GECF Group Company of Payment Protection Products in the relevant Territory. If:

**11.1** GEFA or the relevant GEFA Company rejects the offer; or

**11.2** GEFA or the relevant GEFA Company does not respond within the timescale set out above,  
paragraph 12 shall apply.

**12** Where this paragraph 12 applies, GECC or the relevant GECF Group Company shall have the right to terminate this agreement (in the case of a Material Change) or the relevant Local Agreement (in the case of a Local Material Change).

**Schedule 6**  
**Part A: Framework Agreement Performance Meetings**

**1 Quarterly Performance Meetings**

On a quarterly basis, or as otherwise agreed between the parties, a formal review of the overall relationship between GECC and GEFA will take place. This will be attended by the Relationship Managers of GECC and GEFA, GEFA Regional Managers, GECC Regional Insurance Managers, and further representatives of GEFA and GECC as appropriate. Key agenda items for the quarterly meeting will include:

- (a) Profit Share Account - to be provided by GEFA to GECC in accordance with Schedule 3 and timeframe;
- (b) Scheme performance including the Claims Performance Statement to be provided by GEFA to GECC in accordance with Schedule 4 at least 10 Business days prior to the quarterly meeting;
- (c) Loss Ratio and action plans to ensure that the Loss Ratio is maintained at an adequate level in accordance with Schedule 4;
- (d) New Payment Protection Product development and penetration/growth initiatives;
- (e) Service Credits; and
- (f) Claims Reserve methodology and calculation.

**2 Monthly Performance Meetings**

On a monthly basis, or as otherwise agreed between the Parties, a formal review of the overall relationship between GECC and GEFA will take place. This will be attended by the Relationship Managers of GECC and GEFA, GEFA Regional Managers, GECC Regional Insurance Managers, and further representatives of GEFA and GECC (including finance, risk and operations) as appropriate. Key agenda items for the monthly meeting will include:

- (a) Service Levels (to include premium reconciliation, issues/risk log and escalated items);
- (b) Service Credits; and
- (c) Potential New Business opportunities.

**Part B: Local Agreement Performance Meetings**

**1 Weekly Meetings**

On a weekly basis, or as otherwise agreed between the Parties, a formal review will be held in each Territory. This may take place either by telephone or on a 'face-to-face' basis. As a minimum the attendees will include the GEFA Account Manager for the Territory and the local GECC Insurance Leader.

The results of the meeting will be recorded in a 'Meeting Log'. All issues/tasks relevant to the country concerned will be entered into this log and on a weekly basis the position will be updated. Specific reference will be made to parties responsible for actions and applicable deadlines.

At the end of each week, a joint communication is to be distributed to appropriate individuals within GECC and GEFA. This will update progress on key projects.

## **2 Monthly Meetings**

On a monthly basis, or as otherwise agreed between the Parties, a formal review will take place for each country on a regional basis. This will be attended by the GEFA Regional Manager and GECC Regional Insurance Manager, and will be held in one of the Territories within the region on a rotation basis. The local GEFA Account Managers and GECC Insurance Leaders will attend either by telephone or in person depending on the location of the meeting.

Key Agenda Items for this meeting will include: Service Levels, Scheme Performance by way of Management Information Reports, New Product Development and Penetration/Growth Initiatives.

**Schedule 7  
Supplemental Sales Commission**

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**Schedule 8  
Local Agreements**

**DENMARK**

**PARTIES:** FINANCIAL ASSURANCE COMPANY LIMITED and FINANCIAL INSURANCE COMPANY LIMITED, acting through their Danish branches: GE LIVSFORSIKRING and GE SKADESFORSIKRING and GE CAPITAL BANK, DENMARK, a Danish branch of GE CAPITAL BANK AB.

Addendum – 47

**COMMENCEMENT DATE** – 1 JANUARY 2001

**NORWAY**

**PARTIES:** FINANCIAL INSURANCE COMPANY LIMITED and FINANCIAL ASSURANCE COMPANY LIMITED and GE CAPITAL BANK AS.

**COMMENCEMENT DATE** – 1 JANUARY 2001

**SWEDEN**

**PARTIES:** FINANCIAL ASSURANCE COMPANY LIMITED and FINANCIAL INSURANCE COMPANY LIMITED represented by GE Financial Insurance Sverige and GE CAPITAL BANK AB

Addendum - TBC

**COMMENCEMENT DATE** - 1 AUGUST 2000

**UK**

**PARTIES:** FINANCIAL ASSURANCE COMPANY LIMITED and FINANCIAL INSURANCE COMPANY LIMITED and GE CAPITAL BANK LIMITED

Addendum – TBC

**COMMENCEMENT DATE** – 2000

**UK AUTO**

**PARTIES:** COMBINED LIFE ASSURANCE COMPANY LIMITED and LONDON GENERAL INSURANCE LIMITED and FINANCIAL ASSURANCE COMPANY LIMITED and FINANCIAL INSURANCE COMPANY LIMITED (Reinsurance Agreement). Corresponding Fronting insurance agreement in place with GECC.

Addendum – 1

**COMMENCEMENT DATE** – 1 JANUARY 2000

**IRELAND**

**PARTIES:** COMBINED LIFE ASSURANCE COMPANY OF EUROPE LIMITED and LONDON GENERAL INSURANCE COMPANY LIMITED and FINANCIAL ASSURANCE

COMPANY LIMITED and FINANCIAL INSURANCE COMPANY LIMITED (Reinsurance Agreement). Corresponding Fronting insurance agreement in place with GECC.

Addendum – 1

**COMMENCEMENT DATE – 1 JANUARY 2000**

**GERMANY**

**PARTIES:** COMBINED LIFE ASSURANCE COMPANY LIMITED and LONDON GENERAL INSURANCE COMPANY LIMITED acting through its German branch: London General Insurance Company Limited, Niederlassung Deutschland and FINANCIAL ASSURANCE COMPANY LIMITED and FINANCIAL INSURANCE COMPANY LIMITED acting through their German branches: Financial Assurance Company Limited, Lebensversicherung, Niederlassung Deutschland and Financial Insurance Company Limited, Niederlassung Deutschland. (Reinsurance Agreement). Corresponding Fronting insurance agreement in place with GECC.

Addendum – 6

**COMMENCEMENT DATE – 1 DECEMBER 2000**

**SWITZERLAND**

**PARTIES:** GE CAPITAL BANK and FINANCIAL INSURANCE COMPANY LIMITED

Addendum – 5

**COMMENCEMENT DATE – 1 APRIL 2000**

**SPAIN**

**PARTIES:** COMBINED LIFE ASSURANCE COMPANY OF EUROPE LIMITED acting through its Spanish branch: COMBINED LIFE ASSURANCE COMPANY OF EUROPE, SUCURSAL EN ESPAÑA and LONDON GENERAL INSURANCE COMPANY LIMITED acting through its Spanish branch: LONDON GENERAL INSURANCE COMPANY LIMITED, SUCURSAL EN ESPAÑA and GE Financial Assurance, Compañía de Seguros y Reaseguros de Vida, S.A. and GE Financial Insurance, Compañía de Seguros y Reaseguros, S.A. (Reinsurance Agreement). Corresponding Fronting insurance agreement in place with GECC.

Addendum – TBC

**COMMENCEMENT DATE – 1 JANUARY 2000**

**PORTUGAL**

**PARTIES:** COMBINED LIFE ASSURANCE COMPANY LIMITED and LONDON GENERAL INSURANCE COMPANY LIMITED acting through its Portuguese Branch: LONDON GENERAL INSURANCE COMPANY LIMITED, SUCURSAL EM PORTUGAL and Financial Insurance Company Limited (Company No. 1515187) and Financial Assurance Company Limited, acting through their Portuguese branches: Financial Insurance Company Limited, C.R.C.L and Financial Assurance Company Limited. (Reinsurance Agreement). Corresponding Fronting insurance agreement in place with GECC.

Addendum – TBC

**COMMENCEMENT DATE** – 1 MAY 2000

**ITALY**

**PARTIES:** Financial Insurance Company Limited and Financial Assurance Company Limited and GE Capital Servizi Finanziari S.r.l.

Addendum – TBC

**COMMENCEMENT DATE** – 1 JULY 2001

**FRANCE**

TBC

**Schedule 9**  
**GEFA Group Companies**

- GEFA International Holdings Inc.
- GEFA UK Finance Limited
- GEFA UK Holdings Limited
- CFI Administrators Limited
- Financial Insurance Guernsey PCC Limited
- FIG Ireland Limited
- RD Plus SA
- Financial Insurance Group Services Limited
- Financial Assurance Company Limited
- Financial New Life Company Limited
- Consolidated Insurance Group Limited
- Financial Insurance Company Limited
- GE Financial Insurance Compania de Seguros y Reaseguros S.A.
- GE Financial Assurance Compania de Seguros y Reaseguros de vida S.A.
- Vie Plus S.A.
- UK Group Holding Company Limited
- Assocred S.A.

**Schedule 10**  
**EXCHANGE RATES**

**Exchange rates**

	<u>Currency \$ 1=</u>	<u>1 Euro =</u>
<u>Existing</u>		
UK	UKP 0.630	0.720
Ireland	EUR 0.876	1.000
Germany	EUR 0.876	1.000
Spain	EUR 0.876	1.000
Portugal	EUR 0.876	1.000
Sweden	SEK 8.132	9.287
Denmark	DKK 6.525	7.452
Norway	NOK 7.334	8.375
Switzerland	CHF 1.340	1.530
Italy	EUR 0.876	1.000
France	EUR 0.876	1.000
<u>New</u>		
**	** 0.876	1.000
**	** **	**
**	** **	**
**	** **	**

**Schedule 11**  
**Form of Local Addendum**

This Addendum is made on [ ] between:

- (1) [ • ] whose registered office is at [ • ] (the “ **Insurer** ”); and
- (2) [ • ] whose registered office is at [ • ] (the “ **GECF Bank** ”).

Recitals

- (A) The Insurer and the GECF Bank are parties to a Master Agreement dated [ • ] (as amended) in relation to the provision of PPI Cover (the “ **Master Agreement** ”).
- (B) The Insurer and the GECF Bank wish to amend the Master Agreement in accordance with the terms of this Addendum.

It is agreed as follows:

**1 Interpretation**

In this Addendum words and expressions defined in the Master Agreement and the Framework Agreement have the same meanings herein unless the content otherwise requires or specifically defined below.

**2 Definitions**

“ **Framework Agreement** ” means the framework agreement dated [ • ] between GE Financial Assurance Holdings Inc. and [GE Consumer Finance].

**3 Amendment**

The parties agree that the terms of the Master Agreement will be amended in accordance with the provisions of this Addendum with effect from the date of this Addendum and references in the Master Agreement to “ **this Agreement** ” or otherwise to the agreement between the parties for the provision of PPI shall be deemed to be references to the Master Agreement as amended by this Addendum.

**4 Provisions of the Framework Agreement to apply to the Master Agreement**

The parties agree that the Master Agreement shall be amended to give effect to the Framework Agreement including the following clauses:

- 4.1** clause 2.3;
- 4.2** clause 3.1 and 3.2 (in respect of Existing Business, Substitute Business and Potential Substitute Business);
- 4.3** clause 4;
- 4.4** clause 6.1.1;
- 4.5** clause 8;
- 4.6** clause 9.1, 9.2, 9.4 and Schedule 2;
- 4.7** clause 10.2;

- 4.8 clause 11;
- 4.9 clause 12.1;
- 4.10 clause 13;
- 4.11 clause 15;
- 4.12 clause 16.2 and Schedule 6 Part B;
- 4.13 clause 17;
- 4.14 clause 18;
- 4.15 clause 20.4;
- 4.16 clause 21.3;
- 4.17 clause 22;
- 4.18 clause 23; and
- 4.19 clause 24.
- 4.20 In respect of each Local Addendum, the assignment and subcontracting provisions incorporated by virtue of clause 4.14 above shall be supplemented by the addition of the following sub-clause:
- 4.21 *“Notwithstanding anything in this Clause [Assignment Clause], all of the rights and obligations of the Financial Assurance Company Limited under this Agreement shall automatically transfer to Financial New Life Company Limited upon the transfer scheme for the transfer of all or substantially all of Financial Assurance Company Limited’s business to Financial New Life Company Limited pursuant to section 105 Financial Services and Markets Act 2000 becoming effective (with such amendments, deletions or additions to the scheme as the parties to the scheme may approve).”*
- 4.22 GECC and GEFA shall procure that each Existing Local Agreement shall be amended to delete any provision which confers on any GECF Group Company which is a party to such Local Agreement any right to terminate such Local Agreement on a sale or disposal affecting the whole of or any part of any party to that Local Agreement (in either case, whether such sale or disposal is effected by way of an asset or business sale or a share sale or otherwise (including by the sale of a portfolio or by a change of the identity of the financing provider)).

*[The parties should also include further provisions, or amendments to existing provisions, to the extent required to give effect to Applicable Laws]*

## 5. Governing Law

This Addendum shall be governed by and construed in all respects in accordance with [English] law.

**In witness** whereof this Addendum has been entered into on the date stated at the beginning.

**Schedule 12**  
**Form of New Local Agreement**

Pro forma New Local Agreement to be inserted to give effect to the following provisions of this agreement:

- (i) the term of the New Local Agreement shall be from the date of the New Local Agreement and expire on [31 December 2008];
- (ii) clause 3.2;
- (iii) clause 4;
- (iv) clause 5.5 or 5.6 (as applicable);
- (v) clause 6.1.2 and Schedule 3;
- (vi) clause 8;
- (vii) clause 9.1, 9.2, 9.4 and Schedule 2;
- (viii) clause 10.2;
- (ix) clause 11;
- (x) clause 12.2;
- (xi) clause 13;
- (xii) clause 15;
- (xiii) clause 16.2 and Schedule 6 Part B;
- (xiv) clause 17;
- (xv) clause 18;
- (xvi) clause 20.4;
- (xvii) clause 21.3;
- (xviii) clause 22;
- (xix) clause 23; and
- (xx) clause 24.
- (xxi) In respect of each New Local Agreement, the assignment and subcontracting provisions incorporated by virtue of clause (xv) above shall be supplemented by the addition of the following sub-clause:
- (xxii) *“Notwithstanding anything in this Clause [Assignment Clause], all of the rights and obligations of the Financial Assurance Company Limited under this Agreement shall automatically transfer to Financial New Life Company Limited upon the transfer scheme for the transfer of all or substantially all of Financial Assurance Company Limited’s business to Financial New Life Company Limited pursuant to section 105 Financial Services and Markets Act 2000 becoming effective (with such amendments, deletions or additions to the scheme as the parties to the scheme may approve).”*
- (xxiii) For the avoidance of doubt, no New Local Agreement shall contain any provision which confers on the GEFCF Group Company which is a party to such Local Agreement any right

to terminate such Local Agreement on a sale or disposal affecting the whole of or any part of any party to that Local Agreement (in either case, whether such sale or disposal is effected by way of an asset or business sale or a share sale or otherwise (including by the sale of a portfolio or by a change of the identity of the financing provider)).

*[Others].*

*[Please note the pro forma will need to cater for delay in the provision of PPP by agreed deadlines, acceptance testing of the relevant GEFA Company's ability to provide the PPP in accordance with the Service Levels and the criteria of Schedule 6]*

**Schedule 13**  
**APPROVED SUBCONTRACTORS**

Due Diligence from GEFCF On Subcontractors

Both Parties acting reasonably shall assess the responses of the relevant subcontractor to the questions set out in (i) the Due Diligence Detailed Plan and (ii) the Due Diligence Detailed List below and shall together determine whether they have satisfied the necessary criteria. If the Parties cannot agree whether the criteria have been satisfied, then the matter shall be referred to the dispute resolution procedure in Clause 15.

## **GE Consumer Finance**

- Due Diligence

### **Detailed Plan**

**ICT Group - Due Diligence for GE Consumer Finance**

**Index and Assigned Responsibilities**

<b>Page</b>	<b>Area</b>	<b>Owner</b>	<b>Completed</b>	<b>Reviewed</b>
<b>Pg.</b>	Personnel			
<b>Pg.</b>	Operations			
<b>Pg.</b>	Sales and Marketing			
<b>Pg.</b>	Quality Control			
<b>Pg.</b>	Facilities			
<b>Pg.</b>	Information Systems			

**Note:** Some areas or portions of areas may not apply to all vendors and / or products

## Personnel

Discuss with appropriate management the following items:

1. Are employees issued badges? Are photos included?
2. Are visitors issued badges? Logged in? Escorted?
3. Are employees restricted to certain areas of the plant?
4. If so, how?
5. Are the various work areas partitioned off?
6. Are background checks made on new employees?  
If so,
  - a) Drug tests :
  - b) Credit check:
  - c) Criminal history:
  - d) Other:

## Operations

Team member should tour a facility and processing center with company management and determine the following:

1. Customer Service
  - a) Hours of operation, # of Shifts, # of employees:
  - b) Obtain and review the status and operational reports of customer service levels. These are produced specifically for a client's program since desired hours and service levels vary.
  - c) Review of complaint resolution procedures.
  - d) Cancellation process:
  - e) Customer complaint process:
  - f) A copy of the company disaster recovery plan is needed: We will forward a copy under separate cover? Plan in place:  
Yes  No
  - g) Tenure of CSRs:
  - h) Training:
  - i) Monitoring
- i. Tapes available to observe customer service:
- ii. Samples of monitoring criteria/forms:
- iii. Review process for evaluating reps:
- iv. Disciplinary procedure for reps:

v. Review process for handling customer service center complaints:

v. Monitoring standards:

2. Describe operations of subsidiaries/divisions and connections between local, national and headquarter offices:

### **Sales and Marketing**

1. Obtain the following information pertaining to:

- a) Description, penetration, and geographical location of served markets. Also, describe any seasonal or cyclical aspects of these markets.
- b) Summary of product offerings including principal product features such as quality, price design, delivery channels, install requirements, strengths and weaknesses
- c) Customer satisfaction results.
- d) General terms of sales, terms, and any unusual financing or payment deferral arrangements offered to customers.

2. Describe the pricing and discounting policies. Have there been any significant changes in recent years? Are their Performance Related Telemarketing Programs in place? If so, explain.

3. Describe the List Control strategy.

4. Can there be separation from other client's campaign activity?

5. For channels used, address the following:

- a) Number of campaigns a year
- b) Capacity to develop and deliver per day
- c) Fulfillment of channel
- h) Quality control procedures for above

Telemarketing (Inbound/Outbound and customer service):

- a) Turnaround time for script development, implementation and legal review:
- b) Sales verification process- describe/timing:
- c) Key performance standards (handling of poor performers):
- d) Telemarketing Representative Incentive Plan — describe:
- e) Telemarketing Reports — (Daily sales & service level performance, weekly performance by TSR, Monthly summary analysis, etc.)
- f) Monitoring process and procedures — please provide:
- g) VRU/IVR capabilities (changes & turnaround time):
- h) Long distance carriers:
- i) Call routing capabilities:

- j) How do you prioritize jobs/clients
- k) How long do changes take to implement:
- l) How do you plan/forecast & how quickly can you add reps:
- m) System constraints:

**Quality Control**

1. Are any employees assigned solely to Quality Control?
2. Copy of quality control plans for detailing methodology and process for:
  - a. Marketing (development and delivery)
  - b. Enrollment –
  - c. Customer Service/Sales Verification:
  - d. Is quality checked during every stage of production?
3. Copy of management reports utilized to manage turnaround time of third party service providers.
4. Copy of quality control reports and audits of work provided on all third party providers related to products

**Facilities:**

1. Type of construction:
2. Number of Stories:
3. Window Locations: Are they alarmed?
4. Only Occupant? If Not:  
Describe how Separated from other Tenants:
5. Fire Detection Alarms?
6. Automatic Sprinkler System? Yes  No   
 Flotation Alarms? Yes  No   
 Heat Detectors? Yes  In IT area
7. Location of Parking Area:
  - a) Is access controlled by fencing, gate or guard?
8. Entrances: Number and locations of people doors:
  - i.) Are they double doored (man traps)?:
  - ii.) Can the exterior or the building, adjacent to all entrances, be observed from within?  
 Yes  No  How?
  - iii.) Are doors electrically alarmed? If so, where:
  - iv.) Is a receptionist protected from an armed intruder? Yes  No

How?

- b. How many freight doors?
  - i.) Are they double doored (man and/or truck trap?)
  - ii.) Can the exterior of the building, adjacent to the freight door be observed from within? How?
  - iii.) Does a delivery truck have to pass through a gate or check point before entering premises? How?
  - iv.) What procedure is followed before a trucker will be allowed access to plant's interior.
  - v.) Are doors electrically alarmed?  
To where?
  - vi.) Are loading docks raised above ground level?
  - vii.) Could a truck gain access to interior of the building by ramming a door?
- 9. Does firm utilize more than one building?
- 10. Is plant owned or leased?

### Security

- 1. Does the plant have a vault for secure storage?  
If so,
  - a) Type of construction:
  - b) Size in square feet:
  - c) Type of door:
  - d) Is vault alarmed? To where?
  - e) Are Tapes and Checks awaiting use stored there?
  - f) Who has access to vault?
  - g) Is it entered under dual control?
  - h) Is access logged?
  - i) How often are logs audited & by whom?
- 2. Does the plant have a shredder?
  - a) Is waste shredded daily?
  - b) Are precautions taken to ensure all waste is destroyed?
- 3. Does the plant employ security guards?  
If so,

- a) Are they armed?
  - b) How many per shift?
  - c) Are they present when plant is not in operation?
  - d) Are they company employees or those from a private guard force?
  - e) Do they have radio contact?
  - f) Is there ever a period when the plant is unoccupied?
4. Are tapes, printouts, etc., containing cardholder information kept in secure place?
5. Does plant utilize a log, work order, audit form or other similar method to account for all products during the printing and inserting process?  
If yes, does audit form provide ability to identify production status of a given piece or account?
6. Are employees bonded?  
Explain process
7. Describe the procedure for allowing employees to enter building when reporting for work  
How would an intruder be detected?
8. Are there any precautions taken to prevent employees from removing Tapes, Checks, or any Cardholder Information from the premises?

**Alarm Devices**

1. Does plant have any electric alarm alert systems?  
If so,
- a) Is it monitored by a private security firm?
  - b) Does alarm go directly to local police departments?
  - c) Distance to local police department?
  - d) Are all doors alarmed?                      All windows alarmed?
  - e) Does the building have panic or holdup alarms?  
If so, where does the signal go?
  - f) Does building have motion detectors?
  - g) Are heat or smoke detectors utilized?  
If so, who monitors?
  - h) Does fire alert go directly to fire departments?
  - i) Distance to local fire station?

j) Are TV cameras utilized?

If so, do they cover

- |       |                      |     |                          |    |                          |
|-------|----------------------|-----|--------------------------|----|--------------------------|
| i.)   | Parking Lot          | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| ii.)  | Exterior of Entrance | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| iii.) | Vault                | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| iv.)  | Interior Work Space  | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |
| v.)   | Other                | Yes | <input type="checkbox"/> | No | <input type="checkbox"/> |

k) In the event of a power outage, will alarms operate? Yes  No   
Alternate power source is?

l) Does vault have a separate alarm?

### Information Systems

1. Forms of connectivity:
2. Data Processing- Describe the internal and external handling of the data.
3. Schedule of systems limitations, constraints, expandability and capacity:

Backup procedures and disaster recovery plans:

### General Information

**The objective of this section is to gather general information relating to your business that applies to the products or services you may provide to GE Consumer Finance - Americas (GECF)**

1 What is the name of each company and/or division that may be providing products or services for GECF?

2 Please provide the address of the site(s) from which products or services may be provided to GECF?

3 What is the name, position & email address of the *primary contact* for GECF?

**Primary Contact:** The employee within your business that is responsible for managing the relationship between your company & GECF

4 **The responses in this document must be reviewed & approved by an executive within your company.**

Please list the name, position & email address of the Executive, that will be certifying this document (see question 90)

**Executive Level:** (Company Officer)

5 What are the names, positions & email addresses of the privacy & security leaders for your business?

**All questions below apply to each company and/or division that may be providing products or services for GECF.**

6 How many employees does your company have?

7 Are any of your locations outside the United States?

**Examples of a Location:** Sales offices, warehouses, manufacturing, etc.

8 **(If yes to question 7)** Please list all locations outside the United States.

9 What is the name of your parent company, if applicable?

### Information Security & Privacy

**The objective of this section is to determine how a 3rdparty provider will protect GECF information.**

**GECF Information:**

- Personally identifiable consumer information
- Non-public customer information
- Intellectual property
- Confidential GECF business information
- Confidential GECF employee data

10 Do you provide services to financial institutions?  
 No  Yes

11 **(If yes to question 10)** For your financial institution clients, does your company have a documented privacy program that supports requirements to protect your clients' customer information?  
 No  Yes

This question does not assume that your company, itself, is subject to state & federal privacy & security regulations. **Documented Privacy Program:** A documented privacy program would include written policies and procedures covering: (i) ownership of the privacy program; (ii) protecting against impermissible sharing of data (i.e., use of information for anything other than customer's approved purposes); (iii) use and maintenance of customer information in accordance with privacy and security laws; and (iv) reasonable security controls for systems and facilities

(including segregation of data, access controls).

- 12 Do you have documented policies that limit system access to a client's information to only those resources that require access to service that client?  
 No  Yes

- 13 Do your existing systems provide tiered system access levels that limit access to confidential client information?  
 No  Yes

- 14 Are there documented controls/procedures in place to ensure you will not reuse or share restricted GECF information with other parties or use for any purpose other than providing the goods or services to GECF?  
 No  Yes

**Tiered System Access Levels:**

Access rights to customer data fields generally should include more than 1 level of access. Depending on the services being performed, different users might have read, write/update, and delete access to specific data fields.

**Documented**

**Controls/Procedures:** The use of: (1) technology, (2) assignment of job responsibilities, (3) deployment of controls and (4) training in items (1)-(3) to ensure systematic compliance with the limits on use and disclosure of restricted GECF information.

15 Can you systematically label / flag GECF information that you cannot reuse or share with other parties?  
 No  Yes

**Label / Flag:** System codes, special databases, special filing arrangements or other methods to label data with the relevant restrictions on use and disclosure

16 Do you have a documented security risk assessment process?  
 No  Yes

**Security Risk Assessment**  
Process: A process to identify threats, vulnerabilities, attacks, probabilities of occurrence and outcomes.

17 Do you have a documented security incident management process?  
 No  Yes

**Documented Process:** A set of written instructions on how to report a security incident, including who to contact and what information is needed. **Incident Management Process:** A process for responding to security incidents that includes initial notification methods, escalation procedures, client notification, and incident response and investigation. **Security Incident Examples:** - Facilities break-ins- System intrusions- Theft of data- Internal fraud

## Laws, Regulations and Litigation

**The objective of this section is to determine that all 3rd-party providers have a process for identifying & complying with legal & regulatory requirements.**

(PRIMARY CONTACT MUST CONSULT WITH LEGAL COUNSEL IN ANSWERING THESE QUESTIONS)

18 Does your business have a documented process to maintain a current list of legal & regulatory requirements that govern the services to be provided to GEFCF?

No  Yes

Examples of requirements:

- Telemarketing Laws
- Privacy Laws
- Fair Practices Acts
- Collections Laws
- Truth in Advertising

19 Does your business have a documented process to communicate legal & regulatory updates to all employees, contractors, subcontractors and temporary personnel?

No  Yes

**Communicate:**

Communication can be by one or more of several means, including regular training, newsletters, e-mails, etc...

20 Is your business required to have a license to provide the proposed products or services to GEFCF?

No  Yes

**License:** registration with one or more state regulatory agencies, such as a state banking or finance department, to perform customer service operations (such as payment processing, collections, customer service inquiries).

21 **(If yes to question 20)** Is your company licensed in all necessary jurisdictions to provide the proposed products or services to GEFCF?

No  Yes

**All Necessary Jurisdictions:** certain states, including CA, CT, FL, MD, RI, require state licenses for certain types of entities to perform certain customer service operations

22 Is your company currently involved in any pending or threatened litigation that could have an adverse impact on the ability to provide products or services to GECF or how those service would be provided?  
 No  Yes

23 Is your company currently involved in any regulatory inquiries that could have an adverse impact on the ability to provide products or services to GECF or how those products or services would be provided?  
 No  Yes

24 Does your company have a documented process to proactively investigate & monitor intellectual property (IP) rights of technologies that your company either owns or uses?  
 No  Yes

25 Is your company currently involved in any pending or threatened intellectual property disputes that could have an adverse impact on the ability to provide products or services to GECF or how those products or services would be provided?  
 No  Yes

26 Is your company subject to any governmental consent orders, consent decrees or enforcement actions?

**Regulatory Inquiries:**

Investigations, complaints or inquiries by federal or state agencies, including attorney general offices and regulatory agencies such as the FTC.

There should be a process by which the service provider can meaningfully represent in the contract that it has all necessary rights to the intellectual property being used in the provision of products or services to GECF.

**Pending or Threatened IP**

**Disputes:** Pending litigation or a threat that alleges that you do not have the right to use certain intellectual property which will be used in the provision of services to GECF.

**Disaster Recovery**

**The objective of this section is to determine that all 3rd-party providers have plans in place to mitigate service disruptions for all products and services that may be provided to GECF.**

**Service disruption:** A break in the scheduled delivery of the product or service

- 27 Do you have a completed & documented disaster recovery plan (DRP) in effect that mitigates any potential service disruptions as related to products or services that may be provided to GECF?  
 No  Yes

**DRP:** Actions taken to mitigate the disruption across the entire business that enables a 3rd-party provider to deliver products or service to their customers. (The scope must cover the entire business process across all business functions as related to products or services that may be provided to GECF.) **Completed:** A plan that has been approved by executive level management & implemented.

- 28 Is your DRP based on an industry accepted risk assessment methodology?  
 No  Yes

**Industry Accepted Risk Assessment:** (ISO 9000, FMEA, Mission Critical Applications)

- 29 Do you electronically store your data related to products or services that may be provided to GECF?  
 No  Yes

**Example:** (Tapes, 3290, Fiche)  
**Your Data:** For questions (27-32) specifically references *Your* internal business process data.

- 30 **(If yes to question 29)** Does your DRP include backup & recovery strategies for your data related to products or services that may be provided to GECF?  
 No  Yes

**Backup & Recovery Strategies:** Backup & recovery process that supports your company's internal business process.

- 31 **(If yes to question 29)** Are electronic backups of your data stored with a 3rd-Party data storage company?  
 No  Yes

32 Do you have hard copy files of your data related to products or services that may be provided to GECF?

No  Yes

33 **(If Yes to question 32)** Does your DRP include backup & recovery strategies for hard copy files of your data related to products or services that may be provided to GECF?

No  Yes

**Hard Copy File:** A physical document

34 **(If yes to question 32)** Are hard copy files of your data stored with a 3rd-Party data storage company?

No  Yes

35 Will you electronically store GECF information?

No  Yes

**Example:** (Tapes, 3290, Fiche)  
For questions (33-38) "**Will**" means effective upon engagement as a GECF product or service provider

36 **(If yes to question 35)** Will your DRP include backup & recovery strategies for GECF information?

No  Yes

**Backup & Recovery Strategies:** Backup & recovery process that supports your company's internal business process.

37 **(If yes to question 35)** Will your electronic backups of GECF information stored with a 3rd-Party data storage company?

No  Yes

38 Will you have hard copy files of GECF information?

No  Yes

39 **(If yes to question 38)** Will your DRP include backup & recovery strategies for hard copy files of GECF information?

No  Yes

**Hard Copy File:** A physical document

40 **(If yes to question 38)** Will hard copy files of GECF information be stored with a 3rd-Party data storage company?

No  Yes

41 Does your DRP include alternative suppliers that are pre-qualified & can promptly be engaged in the event of a service disruption?  
 No  Yes

**Alternative Suppliers:**  
Suppliers capable of providing similar products or services.  
**Pre-qualified:** Suppliers' capability already assessed by your company to be acceptable

42 Does your DRP include redundant systems or processes that can be promptly enabled in the event of a service disruption?  
 No  Yes

**Redundant Systems/Processes:**  
a back up system/process with capacity and functionality to deliver the product or service to GECCF, in the absence of the primary system.

43 Does your DRP include a communication plan for regular communication to your affected customers during a service disruption?  
 No  Yes

44 Do you have a dedicated resource assigned as the DRP owner?  
 No  Yes

45 Does the DRP owner report on DRP to an executive level employee or executive level committee?  
 No  Yes

**Executive Level:** reports directly to the President or CEO of your company

46 Do you have a documented process as part of your DRP to review and update your plan for changes to your business processes?  
 No  Yes

**Documented :** written document that includes the key requirements for the process, how you execute the process and who is the owner of the process.

47 Do you test changes to your DRP?  
 No  Yes

**Test:** a simulation of a service disruption in which you execute your DRP to meet or exceed you established performance criteria.

- 48 If there are no changes to your DRP within a year (12 month period), do you test your disaster recovery plans annually?  
 No  Yes

### Facilities

**The objective of this section is to determine that 3rd-party providers have reasonable measures in place to physically secure confidential information.**

**Reasonable Measures:**  
Systems & processes that protect access to facilities that contain confidential information.

- 49 Do you have a physical facilities security program for all locations that will process or house GECF information?  
 No  Yes

**Physical Facilities Security Program:** To includes access control for employees, contractors, subcontractors, temporary personnel & visitors

- 50 Does your business use or intend to use *subcontractors* to provide products or services to GECF?  
 No  Yes

**Subcontractors:** a 3rd-party provider that your company has engaged to deliver products & services to GECF.

- 51 **(If yes to question 50)** Do your subcontractors have a physical facilities security program for all locations that will process or house GECF information?  
 No  Yes

- 52 Do you have restricted access to internal data rooms which will process or house GECF information?  
 No  Yes

**Data room:** Server room or hard copy file archive

- 53 Do you have restricted access to phone closets which will process or house GECF information?  
 No  Yes

**Phone Closet:** A closet which houses telecommunication wiring & telecom wiring equipment (Voice & Data)

- 54 Do you have access control processes which require employees, contractors, subcontractors & temporary personnel to physically present badges to obtain access to all locations that will process or house GECF information?  
 No  Yes

55 Do you have a visitor access control process?  
 No  Yes

**Visitor:** Anyone who is not an employee, or a contractor, subcontractor, temporary resource employed at the site **Visitor Access Control Process:** Visitors are escorted in your facilities, & a visitor reconciliation process exists

56 Is access to your facilities revoked for all terminated employees, contractors, subcontractors & temporary personnel within a 48 hour period?  
 No  Yes

57 Do you have a documented process to destroy all physical media that contains your confidential information & the confidential information of your clients after it is no longer actively used or actively archived?  
 No  Yes

**Examples of Physical Media:-**  
Paper- Tapes- Fiche- Embossing Foil..... **Destroy:** To make unreadable & unusable

58 Do you utilize a 3rd-party provider for physical media destruction?  
 No  Yes

59 Do you have a documented process to destroy all electronic media that contains your confidential information & the confidential information of your clients after it is no longer actively used or actively archived?  
 No  Yes

**Examples of Electronic Media:**

- Chip Sets
- Electronic storage devices

60 Do you utilize a 3rd-party provider for electronic media destruction?  
 No  Yes

61 Do you audit your 3rd-party providers for electronic & physical media destruction?  
 No  Yes

### Personnel

**The objective of this section is to determine that the 3rd-party provider has appropriate processes & procedures for hiring, training & monitoring employees.**

62 Are all new hires subject to Federal Criminal background checks covering the last 10 years?  
 No  Yes

**New Hires:** All employees, contractors & Temporary personnel

63 Are all new hires subject to State Criminal background checks covering the last 10 years?  
 No  Yes

**State Criminal Background Requirements:** Must be executed for all states & counties in which the individual has resided and / or worked

64 Are all new hires subject to credit bureau checks?  
 No  Yes

65 Are all new hires subject to employment verification?  
 No  Yes

66 Are all new hires subject to education verification?  
 No  Yes

67 Are all US based new hire employees subject to drug tests?  
 No  Yes

68 Do you provide services to financial institutions?  
 No  Yes

69 **(If yes to question 68)** For your financial institution clients, Do you require formal privacy & security training for your employees with access to their confidential information?  
 No  Yes

**Privacy & Security Training:** Classroom or Computer Based Training covering privacy laws & appropriate handling of confidential information

70 **(If yes to question 68)** Do you require annual privacy & security training?  
 No  Yes

71 Will your employees, contractors or temporary personnel directly interact with GECF customers?  
 No  Yes

**GECF Customers:** Cardholders & / or clients of GECF

72 **(If yes to question 71)** Are employees, contractors & Temporary personnel who will directly interact with GECF customers subject to quality assurance monitoring for compliance & service level requirements?  
 No  Yes

**Examples of Monitoring:**

- Call monitoring
- Mystery shopping
- Customer satisfaction surveys

73 Does your company comply with the Fair Labor Standards Act (FLSA) or equivalent Employment standards acts if not based in the US?  
 No  Yes

- 74 Does your company have a documented policy & process that complies with environmental health & safety regulations  
 No  Yes

### Subcontracting

**The objective of this section is to determine that the 3rd-party provider has appropriate processes & procedures for engaging, training & monitoring contractors, subcontractors & temporary personnel.**

- 75 Does your business use or intend to use subcontractors to provide products or services to GECF?  
 No  Yes

**Subcontractors:** a 3rd-party provider that your company has engaged to deliver products & services to **GECF**. **Note:** If the answer to this question is “No”, you may skip to the finance section

- 76 **(If yes to question 75)** Are any of your subcontracted service providers on the OFAC list?  
 No  Yes

- 77 **(If yes to question 75)** Do you have a documented security incident management process for subcontractors?  
 No  Yes

- 78 Will your subcontractors have access to GECF information?  
 No  Yes

- 79 **(If yes to question 78)** Are subcontractors who will access to GECF information subject to the same background checks as your permanent employees who have access to GECF information?  
 No  Yes

- 80 **(If yes to question 78)** Do you require formal privacy & security training for contractors, subcontractors and temporary personnel who will have access to GECF information?  
 No  Yes

- 81 **(If yes to question 78)** Do you require annual privacy & security training?  
 No  Yes

82 Will GECF *information be passed to a 3rd-party managed IT system* ?

No  Yes

**3rd-Party Managed IT**

**System:** Database or other technology systems that are maintained by a contracted supplier

83 **(If yes to question 82)** Will you actively monitor the security of outsourced IT systems?

No  Yes

84 **(If yes to question 82)** Will you actively monitor the transfer, storage & disposal of GECF *information* ?

No  Yes

85 Will your subcontractors directly interact with GECF customers?

No  Yes

86 **(If yes to question 85)** Are subcontractors who will directly interact with GECF customers subject to quality assurance monitoring for compliance & service level requirements?

No  Yes

**Finance**

**The objective of this section is to determine if there are sound financial practices & controls in place?**

87 Does your company prepare stand-alone financial statements?

No  Yes

**Stand-Alone:** Separate set of financial statements for your division, subsidiary, company or enterprise

88 **(If yes to question 87)** Have you received an unqualified audit opinion letter from your independent accounting firm in each of the last 3 years?

No  Yes

89 Do you have a parent company?

No  Yes

90 **(If yes to question 89)** Does your parent company prepare stand-alone financial statements?

No  Yes

91 **(If yes to question 90)** Have you received an unqualified audit opinion letter from your independent accounting firm in each of the last 3 years?

No  Yes

92 Does either your company or your parent company prepare a SAS70 or have an independent 3rd-party review of internal controls?

No  Yes

### **Certification**

Are the responses provided in this document accurate & complete to the best knowledge of the 3rd-party provider executive (listed above), based upon investigation & review with those management individuals who have responsibility for the business processes & issues evaluated in this questionnaire?

**Schedule 14**  
**Benchmarking**

- 1** The first benchmarking exercise shall be undertaken by an organisation recognised as having benchmarking capability (the “**Benchmarking Adviser**”). The following provisions shall apply in respect of the selection of the Benchmarking Adviser:
    - 1.1** GECC shall identify three potential candidates to act as the Benchmarking Adviser. GEFA shall then eliminate one of the three choices and GECC shall choose which of the remaining candidates shall become the Benchmarking Adviser.
  - 2** The Parties shall bear the costs of the first benchmarking exercise in equal shares and GEFA shall bear the costs of all subsequent benchmarking exercises.
  - 3** The Benchmarking Adviser shall be required to submit to the parties the name(s) and curriculum vitae of its personnel proposed to be deployed on this matter and the estimated costs (which shall be reasonable). Each Party shall have the right to object to the deployment of proposed personnel and to require the Benchmarking Adviser to propose (and submit particulars of) alternative personnel, provided that the reasons for its objections are reasonable, and are supplied to the other Party and the Benchmarking Adviser in writing within five Business Days of the parties receiving the particulars of the personnel. GEFA shall have the right to object to the estimated costs and to negotiate such costs. The Benchmarking Adviser shall be required to enter into a confidentiality agreements with GECF and GEFA on no less onerous terms than those which apply to the Parties under this agreement.
  - 4** In order that there are no ambiguities in relation to each Party’s understanding of how the benchmarking activity is to be undertaken, its findings interpreted and any resulting actions taken, the Benchmarking Adviser will be instructed to conduct the benchmarking activity in accordance with a set of instructions (the “**Benchmarking Terms of Reference**”). GECC will prepare the first draft of the Benchmarking Terms of Reference and deliver it to GEFA. GECC and GEFA shall endeavour to agree the Benchmarking Terms of Reference (acting reasonably and in good faith). If GECC and GEFA are unable to agree the Benchmarking Terms of Reference within 10 Business Days of the date on which the first draft was delivered to GEFA, either party may request the Benchmarking Adviser to prepare a draft Terms of Reference. Neither party shall unreasonably withhold or delay its approval of the draft Benchmarking Terms of Reference prepared by the Benchmarking Adviser. Following agreement of the Benchmarking Terms of Reference, a representative of each Party shall sign the Benchmarking Terms of Reference, which shall then be delivered to the Benchmarking Adviser.
  - 5** As a minimum, the Benchmarking Terms of Reference will instruct the Benchmarking Adviser to gather in each Territory, using generally accepted benchmarking processes, the following information in respect of at least five members of the Benchmarking Pool (or where there are not five members of the Benchmarking Pool, then as many as is reasonably practicable) in the relevant Territory at that time:
    - 5.1** types of Payment Protection Products offered to consumers;
    - 5.2** features of Payment Protection Products offered to consumers including:
-

- (a) marketing channels (including direct mail, inbound and outbound telemarketing, email and internet campaigns);
- (b) details of types of cover;
- (c) details of benefit;
- (d) consumer price and mechanism for charging consumer;
- (e) length of time on the market; and
- (f) such other information as agreed between the Parties.

**5.3** The Benchmarker shall set out the information gathered in a report (the “ **Benchmarking Report** ”).

**6** In respect of each six-monthly benchmarking exercise carried out after the first benchmarking exercise, GEFA shall gather the information set out in paragraphs 5.1 and 5.2 above. For the avoidance of doubt, the Benchmarking Adviser shall not be involved in any Benchmarking Exercise subsequent to the first Benchmarking Exercise. If the Parties agree to involve the Benchmarking Adviser in a Subsequent Benchmarking Exercise, the Parties shall bear the costs equally.

**7** The Parties shall, within a reasonable time, assess, in the light of the information provided in accordance with paragraph 5 or paragraph 6 as appropriate, whether there are any Payment Protection Products or features of Payment Protection Products that are offered by GECF Group Companies’ Competitors to consumers in the relevant Territory but that the relevant GEFA Company does not offer to the relevant GECF Group Company.

**8** For the avoidance of doubt the information specific to GECC in any and all Benchmarking Reports and Product Development Plans produced under this agreement shall be treated in the same way as if it were Confidential Information disclosed by a party under the agreement.

**9** If:

**9.1** GECC considers that the information provided by GEFA in accordance with paragraph 6 does not provide an accurate view of the market for Payment Protection Products in the relevant Territory; or

**9.2** the Parties are not able to agree on the assessment carried out under paragraph 7; or

**9.3** the Parties are not able to agree a Product Development Plan in accordance with Clause 9.4.4,  
then Clause 15 of this agreement shall apply

**Schedule 15**  
**Potential Substitute Business**

Criteria for determining when Potential Substitute Business becomes Substitute Business

The Parties agree that any substitute Payment Protection Products which directly replace the Existing Business will be Substitute Business and will be subject to the existing terms, both the Retention Rate and Profit Share as set out in Schedule 1 and the Local Agreements.

The Parties agree that the following scenarios shall fall within or outside the definition of Substitute Business, as set out below. This is not an exhaustive list and any additional scenarios that may arise from time to time will be agreed between the senior management of GEFA and GECC centrally.

Furthermore, if the senior management of GEFA and GECC centrally agree a Payment Protection Product is partly Substitute Business and partly New Business, they will agree terms based on a weighted average of the Existing Business and New Business terms.

<u>Scenario</u>	<u>Type of Business</u>	<u>Exceptions</u>
Any modification to Existing Business its terms, conditions or exclusions whether a minor change is made or a change in benefits to meet GECC finance agreements by modification to cover or an addition or removal of a cover section or sections.	Is Substitute Business	
Resolicitation activity GEFA currently does not offer on the back of Existing Business. <b>“Resolicitation”</b> means resolicitation activity in the marketing of a Payment Protection Product by mail or phone to uninsured GECC finance customers who have not opted to purchase the GEFA Payment Protection Product at the point of sale of the finance agreement.	Is New Business	If GECC intends to replace the Existing Business provided at initial point of sale of the finance agreement with a Resolicitation Payment Protection Product it will be Substitute Business and GECC will advise GEFA of its intent. If GECC stops actively promoting the Existing Business provided at the initial point of sale of the finance agreement by means of training or account management or incentives or other method which adversely impacts on the Existing Business performance, measured by insurance penetration of the Existing Business, then any Resolicitation Scheme will be restructured as Substitute Business with the appropriate Retention Rate and Profit Share terms applied.

Scenario	Type of Business	Exceptions
A joint borrower cover Payment Protection Product where GEFA currently only offers a single cover Payment Protection Product.	Is Substitute Business for the first named principal borrower. Is New Business for the second named borrower.	As GEFA cannot split terms within one Payment Protection Product, aggregate terms will be provided combining the proportion of the Risk Rate allocated to the first named principal borrower and the second named borrower.
New GECC business partnership. This shall include new partnerships with retailers, dealers or broker groups.	Is New Business	It is not intended to include individual additions of a retailer, dealer or broker which will be provided with terms as Substitute Business, unless a separate Scheme is required.
A Payment Protection Product offered to an age range excluded from Existing Business or other Payment Protection Product targeting another specific group of customers not currently provided under Existing Business.	Is New Business	
Committed Payments Products designed to protect in whole or in part GECC finance commitments if they are in replacement of Existing Business.	Is Substitute Business	
Committed Payments Products not designed to protect GECC finance commitments.	Is New Business	

<u>Scenario</u>	<u>Type of Business</u>	<u>Exceptions</u>
A Payment Protection Product provided for a new and distinct GECC finance activity including any new and distinct loan product, which does not replace an existing loan product, offered by GECC.	Is New Business	Any Payment Protection Product provided to a new or distinct loan product, which replaces an existing loan product, will be Substitute Business. If the new loan product increases the volume of Existing Business's Gross Written Premium then blended terms will be agreed.
Acquired GECF Business.	Is New Business	If Existing Business is transferred to the Acquired GECF Business, the terms for the Existing Business will remain unchanged.

**Schedule 16**  
**Business Proposal Pricing Process**

**Part I**

- 1** Where:
- 1.1** GECC or any GECF Group Company request an Offering pursuant to Clause 9.4.4 and such an Offering described in the relevant Product Development Plan constitutes Potential Substitute Business; or
- 1.2** paragraph 9.2 of Part A of Schedule 5 applies and the Parties need to determine the pricing of a New Business Proposal or Amended New Business Proposal,
- the procedure set out in this Schedule shall apply.
- 2** Where the Offering, New Business Proposal or Amended Business Proposal as appropriate (in any case the “**Business Proposal**”):
- 2.1** does not include the establishment of a new form of distribution channel for the relevant Payment Protection Product (a “**New Channel**”), the process set out in Part II of this Schedule shall apply; or
- 2.2** does involve a New Channel for the relevant Payment Protection Product then the process set out in Part III of this Schedule shall apply.

**PART II**

- 3** Where the Business Proposal does not include a New Channel, GEFA or the relevant GEFA Company will provide GECC or the relevant GECF Group Company with a pricing proposal for the Business Proposal. The pricing proposal shall comprise two elements (i) the Retention Rate as has already been agreed by the Parties for the relevant Payment Protection Product as set out in Schedule 1 of this agreement (for Potential Substitute Business) or Clause 5 of this agreement (for Potential New Business) as the case may be; and (ii) the Risk Rate.
- 4** Where GECC or the relevant GECF Group Company agrees to the pricing proposal, then the Parties shall proceed to implement the Product Development Plan.
- 5** Where GECC or the relevant GECF Group Company does not agree to the pricing proposal, then the dispute shall be referred to the dispute resolution process set out in Clauses 15.2 of the agreement. If the Parties are not able to resolve the dispute within 10 Business Days of the matter being referred to the dispute resolution process then either Party may refer the pricing proposal to Watson Wyatt or other independent actuary as agreed by the Parties (the “**Actuary**”). The Actuary shall determine the price by calculating the Risk Rate. The Actuary shall act as an Expert and not as an arbitrator and the Actuary’s decision shall be final and binding on the parties. The Actuary shall then determine his own pricing proposal for the Business Proposal. Either Party shall be entitled to receive a copy of the assumptions upon which the Actuary determined the Risk Rate.
- 6** Where the Parties refer the matter to the Actuary, the price shall be calculated by adding the Risk Rate as determined by the Actuary to the Retention Rate. Where:
- 6.1** the Parties agree to the price, then the Parties will proceed to implement the Business Proposal and (where the New Business Proposal is a New Business Proposal or Amended

Business Proposal) the terms of Paragraphs 10 and 11 of Part A of Schedule 5 shall apply; or

- 6.2 GECC or the relevant GECC Company does not accept the price, then the Product Development Plan will be abandoned; or
- 6.3 GEFA or the relevant GEFA Company does not accept the price, then (i) GECC and the relevant GECC Group Company shall have no obligation to appoint GEFA or any GEFA Company as its provider, whether exclusive or otherwise, for the relevant Local Agreement in respect of the Business Proposal and (ii) GECC shall be free to enter into discussions, tenders, negotiations, arrangements and agreements with third parties and/or other companies in the GECC Group in respect of the Business Proposal and (iii) the relevant GECC Group Company shall not be obliged to invite the relevant GEFA Company to participate in the tender process but shall provide the relevant GEFA Company with a copy of the tender documentation.

### **Part III**

7 Where:

7.1 The Business Proposal does include a New Channel and \*\*.

7.2 Any increase in the Retention Rate set out in the relevant Local Agreement must \*\*. GEFA shall provide substantiation for the revised Retention Rate based on a proposed pricing unit for each premium sold via the New Channel.

7.3 GEFA shall also provide:

7.3.1 (if the New Channel is to be provided by GEFA or a GEFA Company directly) the benchmarked costings of the New Channel;  
or

7.3.2 (if the New Channel is to be provided by an outsourced supplier) the relevant tender documentation for such outsourcing.

The pricing and capabilities offered by GEFA must be competitive with the benchmarked or tender costings identified.

7.4 If the pricing and capabilities offered by GEFA pursuant to paragraph 7.3 are competitive and the Risk Rate is accepted by GECC, then the Parties shall finalise the terms of the addendum to the Local Agreement or, where relevant, the terms of a New Local Agreement.

8 Where GECC or the relevant GECC Group Company does not agree to the proposed revised Retention Rate then the matter will be referred to the dispute resolution process set out in Clause 15.

9 Where:

9.1 GECC or the relevant GECC Group Company agrees to the revised Retention Rate and the Risk Rate proposed by GEFA, then the Parties shall proceed to implement the Product Development Plan, or

9.2 GECC or the relevant GECC Group Company does not agree to the Risk Rate, then the dispute shall be referred to the dispute resolution process set out in Clause 15.2 of the agreement. If the Parties are not able to resolve the dispute within 10 Business Days of the matter being referred to the dispute resolution process then either Party may refer the dispute to the Actuary. The Actuary shall determine the price by calculating the Risk Rate.

The Actuary shall act as an Expert and not as an arbitrator and the Actuary's decision shall be final and binding on the parties. The Actuary shall then determine his own pricing proposal for the Business Proposal. Either Party shall be entitled to receive a copy of the assumptions upon which the Actuary determined the Risk Rate.

- 10** Where the Parties refer the matter to the Actuary, the price shall be calculated by adding the Risk Rate as determined by the Actuary to the revised Retention Rate.

Where:

- 10.1** the Parties agree to the price, then the Parties will proceed to implement the Business Proposal and (where the Business Proposal is a New Business Proposal or Amended Business Proposal) the terms of Paragraphs 10 and 11 of Part A of Schedule 5 shall apply; or
- 10.2** GECC or the relevant GECF Company does not accept the price, then the Product Development Plan will be abandoned; or
- 10.3** GEFA or the relevant GEFA Company does not accept the price, then (i) GECC and the relevant GECF Group Company shall have no obligation to appoint GEFA or any GEFA Company as its provider, whether exclusive or otherwise, for the relevant Local Agreement in respect of the Business Proposal and (ii) GECC and the relevant GECF Group Company shall be free to enter into discussions, tenders, negotiations, arrangements and agreements with third parties and/or other companies in the GECF Group in respect of the Business Proposal and (iii) the relevant GECF Group Company shall not be obliged to invite the relevant GEFA Company to participate in the tender process but shall provide the relevant GEFA Company with a copy of the tender documentation.

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BUSINESS SERVICES AGREEMENT

dated           , 2004

between

GNA CORPORATION

and

UNION FIDELITY LIFE INSURANCE COMPANY

**CONFIDENTIAL TREATMENT REQUESTED**

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTED AND IS NOTED WITH "\*\*\*". AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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This Business Services Agreement, dated \_\_\_\_\_, 2004 (this “Agreement”), is made by and between GNA CORPORATION, a Washington corporation (“GNA”) and UNION FIDELITY LIFE INSURANCE COMPANY, an insurance company organized under the laws of the State of Illinois (the “Company”).

## RECITALS

- A. WHEREAS, GNA, General Electric Company, a New York corporation (“General Electric”), and certain of its other affiliates entered into a Master Agreement, dated as of \_\_\_\_\_, 2004 (the “Master Agreement”); and
- B. WHEREAS, it is contemplated by the Master Agreement that after the date hereof GNA will continue to perform, or GNA will cause its Subsidiaries and Affiliates to continue to perform, certain administrative and support services with respect to the Reinsured Businesses (as defined below) in accordance with the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree as follows:

## **ARTICLE I**

### **DEFINITIONS**

SECTION 1.01 . Certain Defined Terms . Unless otherwise defined herein, all capitalized terms used herein shall have the same meaning as in the Master Agreement.

The following capitalized terms used in this Agreement shall have the meanings set forth below:

“CPR Arbitration Rules” shall have the meaning specified in Section 5.04(a)

“GEFA” means GE Financial Assurance Holdings, Inc.

“Governmental Authority” means any foreign or national government, any state or other political subdivision thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Initial Notice” shall have the meaning specified in Section 5.02.

“Long-Term Care Retroceded Business” means the long-term care insurance business reinsured by the Company pursuant to those Reinsurance Agreements identified as numbered items 7 and 8 on Schedule B hereto.

“Reinsurance Agreements” means those reinsurance agreements relating to the Reinsured Businesses and which are listed on Schedule B hereto.

“Reinsured Businesses” means collectively, the Long-Term Care Retroceded Business, the Structured Settlement Annuity Reinsured Business and the Variable Annuity Reinsured Business.

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“Response” shall have the meaning specified in Section 5.02.

“Structured Settlement Annuity Reinsured Business” means the structured settlement annuity business reinsured by the Company pursuant to those Reinsurance Agreements identified as numbered items 1 through 6 on Schedule B hereto.

“Termination Date” means the effective date of any termination, in whole or in part, of this Agreement as provided in Section 6.01.

“Variable Annuity Reinsured Business” means the variable annuity business reinsured by the Company pursuant to those Reinsurance Agreements identified as numbered items 9 and 10 on Schedule B hereto.

SECTION 1.02. Other Terms. For purposes of this Agreement, the following terms have the meanings set forth in the sections or agreements indicated.

<u>Term</u>	<u>Section</u>
Affiliate	Master Agreement
Agreement	Preamble
Closing	Master Agreement
Company	Recitals
Force Majeure	Master Agreement
GE Confidential Information	Master Agreement
General Electric	Preamble
Genworth Confidential Information	Master Agreement
Laws	Master Agreement
Master Agreement	Recitals
Services	Section 2.01(a)
Service Charges	Section 3.01(a)
Service Provider	Section 4.03
Standard for Services	Section 4.01
Subsidiary	Master Agreement
Taxes	Section 7.03
Third Party Claim	Master Agreement

## ARTICLE II

### SERVICES AND TERMS

SECTION 2.01. Services; Scope

(a) During the period commencing on the date hereof and ending on the Termination Date, subject to the terms and conditions set forth in this Agreement, GNA shall perform, or cause its Subsidiaries and Affiliates to perform, with respect to the Reinsured Businesses the services listed in Schedule A hereto (the “Service(s)”).

(b) The Services shall include, and the Service Charges reflect charges for, such maintenance, support, error correction, training, updates and enhancements normally and

customarily performed by GNA or its applicable Subsidiaries and Affiliates in connection with providing such services.

(c) The Services shall not include any services GNA and its Subsidiaries and Affiliates performs or causes to be performed pursuant to (i) that certain Transition Services Agreement, dated as of \_\_\_\_\_, 2004, by and among General Electric Company, General Electric Capital Corporation, GEI, Inc., GEFAHI, GE Asset Management Incorporated, Genworth Financial, Inc., and GNA or (ii) the Reinsurance Agreements.

### ARTICLE III

#### COSTS AND DISBURSEMENTS

##### SECTION 3.01. Costs and Disbursements.

(a) As reimbursement for expenses incurred by GNA and its Subsidiaries and Affiliates in performing the Services with respect to the Reinsured Businesses, the Company shall pay to GNA with respect to each calendar month ending after the Inception Date of each reinsurance agreement listed on Schedule B hereto, a service charge (the “Service Charges”) in an amount calculated in accordance with Schedule C hereto, as subsequently adjusted, in part, in accordance with the methodology and procedures set forth in Schedule C.

(b) GNA shall deliver an invoice to the Company on a monthly basis in arrears for the Service Charges due to GNA under this Agreement. The Company shall pay the amount of such invoice to GNA in U.S. dollars within seventy-five (75) days of the date of such invoice. In the event that all or any portion of any payment due GNA pursuant to this Agreement becomes overdue, the portion of the amount overdue shall bear interest at an annual rate equal to the then current thirty (30) day U.S. Treasury Bill discount rate on the date that the payment becomes overdue plus 200 basis points, for the period that the amount is overdue. As soon as practicable after receipt by GNA of any reasonable written request by the Company, GNA shall provide the Company with reasonably detailed data and documentation sufficient to support the calculation of any amount due to GNA under this Agreement for the purpose of verifying the accuracy of such calculation. If, after reviewing such data and documentation, the Company disputes GNA’s calculation of any amount due to GNA, then the dispute shall be resolved pursuant to Article V.

### ARTICLE IV

#### STANDARD FOR SERVICE; COMPLIANCE WITH LAWS; LIMITED LIABILITY

SECTION 4.01. Standard for Service. Except as otherwise provided in this Agreement (including in Schedule A hereto), GNA shall perform, or cause its Subsidiaries and Affiliates to perform, the Services (a) in the same manner as they conduct their own businesses not subject to this Agreement and (b) in accordance with the administrative performance standards of GNA and its applicable Subsidiaries and Affiliates in effect on the date hereof, with such revisions to such standards as are made in the ordinary course (the “Standard for Services”).

SECTION 4.02. Compliance with Laws. GNA shall comply, and shall cause its Subsidiaries and Affiliates to comply, with all applicable Laws when providing the Services or when performing obligations under this Agreement. Nothing in this Agreement shall require GNA or its Subsidiaries or Affiliates to act or refuse to act other than in compliance with Law.

SECTION 4.03. Limited Liability. Notwithstanding the provisions of Section 4.01, GNA and its Subsidiaries and Affiliates and their respective directors, officers or employees (or any of the heirs, executors, successors or assigns of any of the foregoing) (each, a “Service Provider”) shall have no liability to the Company or its Subsidiaries and Affiliates in excess of \$10,000,000 in the aggregate for any and all claims in contract, tort or otherwise for or in connection with any breach of its obligations under this Agreement; provided, however, that such limitation on liability shall not extend to or otherwise limit any liabilities that result directly from such Service Provider’s gross negligence or willful misconduct.

## ARTICLE V

### DISPUTE RESOLUTION

SECTION 5.01. General Provisions. (a) Any dispute, controversy or claim arising out of or relating to this Agreement or the validity, interpretation, breach or termination thereof or otherwise relating to any of the Services performed hereunder (a “Dispute”), shall be resolved in accordance with the procedures set forth in this Article V, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) Commencing with the request contemplated by Section 5.02, 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 5.03, 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) In connection with any Dispute, the parties expressly waive and forego any right to (i) special, indirect, punitive, incidental or consequential, lost profits, exemplary, statutorily-enhanced or similar damages, losses or expenses (provided that any such liability with respect to a Third Party Claim (as defined in the Master Agreement) shall be considered direct 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 Article V are pending. The parties will take such action, if any, required to effectuate such tolling.

SECTION 5.02. 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.

SECTION 5.03. Mediation. If a Dispute is not resolved by negotiation as provided in Section 5.02 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, but such mediator must have prior U.S. reinsurance experience either as a lawyer or as a present or former officer or management employee of a reinsurance company, but not of GNA, or the Company, or any of their respective affiliates. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties' relative positions.

SECTION 5.04. Arbitration. (a) If a Dispute is not resolved by mediation as provided in Section 5.03 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 who are each experienced in the U.S. reinsurance business, 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 non-party appointed arbitrator must have prior U.S. reinsurance experience as a present or former officer or management employee of a reinsurance company, but not of GNA or the Company or any of their respective affiliates. 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 Illinois, 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 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 hereunder and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 5.04 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 5.04(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. Notwithstanding paragraph (d) above, each party acknowledges that in the event of any actual or threatened breach of certain of the provisions of this Agreement, the remedy at law would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.

(f) Each party will bear its own attorneys fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article V.

## ARTICLE VI

### TERMINATION

#### SECTION 6.01. Termination of the Agreement .

(a) This Agreement will terminate in its entirety on the earliest of:

- (i) the date the Company's liability under all of the Reinsurance Agreements is terminated in accordance with the terms thereof;
- (ii) the date that all of the Reinsurance Agreements are terminated in accordance with the terms thereof; or
- (iii) the date that this Agreement has been terminated with respect to all of the Reinsured Businesses under Section 6.02(d).

(b) This Agreement is subject to immediate termination at the option of the Company, upon written notice to GNA, on the occurrence of any of the following events:

- (i) A voluntary or involuntary proceeding is commenced in any jurisdiction by or against GNA or its Subsidiaries or Affiliates performing Services pursuant to this Agreement for the purpose of conserving, rehabilitating or liquidating GNA or such Subsidiaries or Affiliates, but only if the Services performed by the subject of such proceeding are not assumed or performed by GNA or its Subsidiaries or Affiliates that are not the subject of such proceeding; or

(ii) GNA or its Subsidiaries and Affiliates are unable to perform the services required under this Agreement for a period of thirty (30) consecutive days for any reason other than as a result of a Force Majeure.

(c) This Agreement may be terminated at any time upon the mutual written consent of the parties hereto, which writing shall state the effective date of termination.

SECTION 6.02. Termination with Respect to Any Reinsured Business. The term of this Agreement will terminate with respect to the portion of any Reinsured Business under any given Reinsurance Agreement on the earliest of:

(a) the date the Company's liability under such Reinsurance Agreements is terminated in accordance with the terms thereof;

(b) the date that such Reinsurance Agreement is terminated in accordance with the terms thereof;

(c) the date that the Company or its assignee becomes entitled to assume administration of the portion of the Reinsured Business reinsured under such Reinsurance Agreement;

(d) seventy-five (75) days following written notice by the Company of GNA's willful, material breach of its obligations under Articles II and IV of this Agreement with respect to such Reinsured Business (provided that the Company shall not have the right to terminate this Agreement (A) for so long as the GNA and its Subsidiaries and Affiliates are making good faith effort to cure such breach, not to exceed an additional one hundred eighty (180) days or (B) during the pendency of any dispute resolution proceedings as set forth in Article V regarding an alleged material breach); or

(e) such other date as agreed by the Company and GNA.

SECTION 6.03. Effect of Termination. Upon termination of this Agreement in accordance with its terms, GNA will have no further obligation to perform any Service, and the Company will have no obligation to pay any Service Charges relating to any Service or make any other payments under this Agreement (other than for Services performed prior to such termination). Upon termination of this Agreement with respect to a Reinsured Business in accordance with this Agreement's terms, GNA will have no further obligation to perform, or cause its Subsidiaries or Affiliates to perform any Service with respect to such Reinsured Business, and the Company will have no obligation to pay any Service Charges relating to any Service with respect to such Reinsured Business or make any other payments under this Agreement with respect to such Reinsured Business (other than for Services performed prior to such termination).

SECTION 6.04. Survival. Article III (Costs and Disbursements) (but only in connection with Service Charges incurred and accrued as of the date of termination of this Agreement and the terms of Section 3.01(b) as applied to such Service Charges), Section 4.03 (Limitation of Liability), Article V (Dispute Resolution), Section 6.03 (Effect of Termination),

Section 6.04 (Survival), and Article VII (General Provisions) shall survive the expiration or other termination of this Agreement and remain in full force and effect.

SECTION 6.05. Force Majeure. GNA (and any Person acting on its behalf including its Subsidiaries and Affiliates) shall not have any liability or responsibility for failure to fulfill any obligation under this Agreement 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. As soon as reasonably practicable after the occurrence of any such event GNA shall: (a) notify the Company of the nature and extent of any such Force Majeure condition and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as feasible.

## ARTICLE VII

### GENERAL PROVISIONS

SECTION 7.01. Subcontractors. GNA and its Subsidiaries and Affiliates may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided that if such subcontractors are used solely in connection with the Reinsured Business, then the prior written consent of the Company to the use of any such subcontractors shall be required, which consent will not be unreasonably withheld; provided further that GNA shall in all cases remain liable for all its obligations under this Agreement, including, without limitation, with respect to the scope of the Services, the Standard for Services and the content of the Services performed in respect of the Reinsured Businesses. Under no circumstances shall the Company be responsible for making any payments directly to any subcontractor engaged by GNA or its Subsidiaries or Affiliates.

SECTION 7.02. Additional Services; Books and Records.

(a) If, during the term of this Agreement, either party identifies any additional or other service that GNA or its Subsidiaries or Affiliates are performing or that is necessary for GNA to start performing in respect of the Reinsured Businesses, the parties hereto agree to negotiate in good faith with respect to the Service Charge for such service (provided that such services are of a type generally performed in respect of business like the Reinsured Businesses) and the applicable service fees, payment procedures, and other rights and obligations with respect thereto. To the extent practicable, such additional or other services shall be performed on terms substantially similar to those applicable to Services of similar types and otherwise on terms consistent with those contained in this Agreement.

(b) All books, records and data maintained by GNA and its Subsidiaries and Affiliates with respect to the performance of a Service with respect to the Reinsured Businesses shall be the exclusive property of GNA and its applicable Subsidiaries and Affiliates. The Company, at its sole cost and expense, shall have the right to inspect, and make copies of, any such books, records and data during regular business hours upon reasonable advance notice to the Company.

SECTION 7.03. Taxes.

- (a) Each party shall be responsible for any personal property taxes on property it owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.
- (b) The Company may report and (as appropriate) pay any sales, use, excise, value-added, services, consumption, and other taxes and duties (“Taxes”) directly if the Company provides GNA with a direct pay or exemption certificate.
- (c) The parties agree to cooperate with each other to enable each to more accurately determine its own tax liability and to minimize such liability to the extent legally permissible. GNA’s invoices shall separately state the amount of any Taxes GNA is proposing to collect from the Company.
- (d) GNA shall promptly notify the Company of any claim for Taxes asserted by applicable taxing authorities for which the Company is alleged to be financially responsible hereunder. GNA shall coordinate with the Company the response to and settlement of, any such claim. Notwithstanding the above, the Company’s liability for such Taxes is conditioned upon GNA providing the Company notification within twenty (20) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by GNA.
- (e) The Company shall be entitled to receive and to retain any refund of Taxes paid to GNA pursuant to this Agreement. In the event GNA shall be entitled to receive a refund of any Taxes paid by the Company to GNA, GNA shall promptly pay, or cause the payment of, such refund to the Company.

SECTION 7.04. Confidential Information. GNA agrees to maintain and safeguard, and cause its Subsidiaries and Affiliates to maintain and safeguard, all GE Confidential Information pursuant to Section 6.2 of the Master Agreement and the Company agrees to maintain and safeguard, and cause its Subsidiaries and Affiliates to maintain and safeguard, all Genworth Confidential Information pursuant to Section 6.2 of the Master Agreement and each party hereto agrees that Section 6.2 of the Master Agreement is hereby incorporated by reference into, and made a part of, this Agreement. The parties hereto agree to comply with the terms of the Business Associate Addendum attached as Schedule D.

SECTION 7.05. Non-disclosure; Privilege; Conflicts of Interest. Neither GNA, the Company nor any of their respective Subsidiaries or Affiliates shall be required to disclose any of their respective trade secret information or other information that provides GNA and its Subsidiaries and Affiliates, or the Company and its Subsidiaries and Affiliates, as applicable, a significant competitive advantage. Further, neither GNA, the Company, nor any of their respective Subsidiaries or Affiliates will be required to provide any information in connection with this Agreement if the provision of such information would serve as a waiver of any attorney-client privilege or other applicable privilege afforded such information. In no event will GNA or its Subsidiaries and Affiliates be required to perform any Services if doing so would constitute a conflict of interest or a breach of any applicable ethical rules governing the conduct of attorneys; provided that GNA shall use its commercially reasonable efforts to resolve any such conflict of interest or prevent any breach of any such ethical rules.

SECTION 7.06. Headings and Schedules. Headings used herein are not a part of this Agreement and shall not affect the terms hereof. The attached Schedules are a part of this Agreement.

SECTION 7.07. Notices. All notices, requests, demands and other communications under this Agreement must be in writing and will be deemed to have been duly given or made as follows: (a) if sent by registered or certified mail in the United States return receipt requested, upon receipt; (b) if sent by reputable overnight air courier, two business days after mailing; (c) if sent by facsimile transmission, with a copy mailed on the same day in the manner provided in (a) or (b) above, when transmitted and receipt is confirmed by telephone; or (d) if otherwise actually personally delivered, when delivered, and shall be delivered as follows:

If to GNA:

[                    ]  
[                    ]  
[                    ]  
Facsimile: [                    ]  
Attention: [                    ]

With a copy to:

[                    ]  
[                    ]  
[                    ]  
Facsimile: [                    ]  
Attention: [                    ]

If to the Company:

Union Fidelity Life Insurance Company  
200 North Martingale Road  
Shaumburg, IL 60173-2096  
Facsimile: (847) 330-3404  
Attention: Chief Financial Officer

With a copy to:

Union Fidelity Life Insurance Company  
200 North Martingale Road  
Shaumburg, IL 60173-2096  
Facsimile: (847) 605-3044  
Attention: General Counsel

or to such other address or to such other Person as either party may have last designated by notice to the other party.

SECTION 7.08. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, permitted assigns and legal representatives. Neither this Agreement, nor any right or obligation hereunder, may be assigned by any party without the prior written consent of the other party hereto. Any assignment in violation of this Section 7.08 shall be void and shall have no force and effect.

SECTION 7.09. Execution in Counterpart. This Agreement may be executed by the parties hereto in any number of counterparts, and by each of the parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 7.10. Currency. Whenever the word "Dollars" or the "\$" sign appear in this Agreement, they shall be construed to mean United States Dollars, and all transactions under this Agreement shall be in United States Dollars.

SECTION 7.11. Amendments. This Agreement may not be changed, altered or modified unless the same shall be in writing executed by GNA and the Company.

SECTION 7.12. Governing Law. This Agreement will be construed, performed and enforced in accordance with the laws of the State of Illinois without giving effect to its principles or rules of conflict of laws thereof to the extent such principles or rules would require or permit the application of the laws of another jurisdiction.

SECTION 7.13. Entire Agreement; Severability. (a) This Agreement constitutes the entire agreement between the parties hereto relating to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, statements, representations and warranties, negotiations and discussions, whether oral or written, of the parties and there are no general or specific warranties, representations or other agreements by or among the parties in connection with the entering into of this Agreement or the subject matter hereof except as specifically set forth or contemplated herein.

(b) If any provision of this Agreement is held to be void or unenforceable, in whole or in part, (i) such holding shall not affect the validity and enforceability of the remainder of this Agreement, including any other provision, paragraph or subparagraph, and (ii) the parties agree to attempt in good faith to reform such void or unenforceable provision to the extent necessary to render such provision enforceable and to carry out its original intent.

SECTION 7.14. No Waiver; Preservation of Remedies. No consent or waiver, express or implied, by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance of obligations hereunder by such other party hereunder. Failure on the part of any party to complain of any act or failure to act of any other party or to declare any other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first party of any of its rights hereunder. The rights and remedies provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or equity.

SECTION 7.15. Cooperation. Each party hereto shall cooperate fully with the other in all reasonable respects in order to accomplish the objectives of this Agreement including making available to each their respective officers and employees for interviews and meetings with Governmental Authorities and furnishing any additional assistance, information and documents as may be reasonably requested by a party from time to time.

SECTION 7.16. Third Party Beneficiary. Nothing in this Agreement will confer any rights upon any Person that is not a party or a successor or permitted assignee of a party to this Agreement.

SECTION 7.17. Negotiated Agreement. This Agreement has been negotiated by the parties and the fact that the initial and final draft will have been prepared by either party or an intermediary will not give rise to any presumption for or against any party to this Agreement or be used in any respect or forum in the construction or interpretation of this Agreement or any of its provisions.

SECTION 7.18. Interpretation. Wherever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.” In addition, interpretation of this Agreement 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, and Schedule are references to the Articles, Sections, paragraphs, and Schedules to this Agreement unless otherwise specified, (c) provisions shall apply, when appropriate, to successive events and transactions, and (d) this Agreement 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.

SECTION 7.19. No Right to Set-Off. The Company shall pay the full amount of costs and disbursements incurred under this Agreement, and shall not set-off, counterclaim or otherwise withhold any other amount owed to GNA on account of any obligation owed by GNA to the Company.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

GNA CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

UNION FIDELITY LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A

### SERVICES

The Services are broadly defined as activities performed by GNA and its Subsidiaries and Affiliates that benefit the Reinsured Businesses. The Services are more fully defined, without limitation, below by functional area under the general headings “Business Overhead Services” and “Corporate Overhead Services.”

#### Business Overhead Services

The services below will be provided by the “WIM” business unit of GNA and its Subsidiaries and Affiliates with regards to the Structured Settlement Annuity Reinsured Business and the Variable Annuity Reinsured Business:

##### Executive:

General support, counsel, strategy and leadership provided by WIM’s Chief Executive Officer.

##### Human Resources:

General business level Human Resource related activities including but not limited to leadership development, employee recruitment and staffing, implementation of compensation policies and practices, payroll and benefit administration, organizational communication, training, general security and employee issue resolution and guidance.

##### Finance:

Cost of finance activities including but not limited to product financial support and analysis, account reconciliations, state reporting, product profitability analysis, investment income planning & analysis, expense management, audit support, statutory & GAAP accounting, reporting & analysis and ad hoc financial analysis.

##### Legal/Compliance:

Cost of support and coordination of litigation, government relations, human resource, intellectual property, insurance regulatory, consumer privacy, contract, compliance, and public relations matters.

##### Risk:

Cost of Risk Management and reinsurance support—Monitor production vs. authority limits, monitor and review key risk measures. General oversight of inforce product performance analysis and reviews. Reinsurance oversight and treaty management including settlement with reinsurers.

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Facilities:

Campus expenses including building rent and maintenance, parking garage, cafeteria, campus lawn care and utilities.

Information Technology:

General business technology infrastructure costs including but not limited to general management, help desk assistance, data center management, disaster recovery plans and digitization of processes.

Six Sigma Quality:

Costs including business project management and process improvement coaching, execution and leadership.

Product Management:

Costs for product line managers to manage inforce policies and general product line maintenance activities such as risk assessment, return on equity (“ROE”) variance analysis and related ROE improvement projects.

Operations:

Costs including management, project leadership and administrative support for service operations supporting customers, policyholders and other stakeholders.

Other:

Costs including corporate insurance allocation to product lines ( e.g., cost of building insurance and other property, plant and equipment).

Retention:

Costs including monitoring of inforce policy retention levels, design and execute programs to retain inforce business.

Corporate Overhead Services

The services listed below will be provided by the “HQ” or corporate functions at GNA with regard to each of the Reinsured Businesses:

Executive Office:

Costs including general support, counsel, strategy and leadership provided by CEO, various HQ business insurance charges and allocations.

Human Resources:

Costs of general HR related activities such as leadership development, employee recruitment and

staffing, compensation policies and practices, payroll and benefit administration, organizational communication, that which is currently known as the “GEFA University” learning center including online course development and administration, physical security of the business locations and employee issue resolution and guidance.

**Actuarial Department and Capital Management:**

Costs including rating agency coordination such as answering queries, making presentations, and providing other required information for rating agencies; state insurance department regulatory support, NAIC lobbying and investor relations, including issues related to risk based capital; completion of various actuarial and capital management functions such as: reserve calculations, experience analysis, asset/liability management, cash flow testing support, dividend forecasting, capital management, reinsurance and capital markets support.

**Finance:**

HQ related finance costs, such as business level financial planning and analysis, Statutory and GAAP accounting, reinsurance accounting, reporting and analysis, annual statement (“blue book”) preparation and related disclosures and schedules, statutory audit support, tax information needed to prepare returns, treasury services, financial systems related support, maintenance and infrastructure, technical accounting expertise.

**Product Management:**

Costs including general product management and product marketing compliance, support pricing and retention initiatives.

**Legal:**

Costs including support and coordination of litigation, government relations, human resource, intellectual property, insurance regulatory, consumer privacy, contract, compliance, and public relations matters.

**Risk:**

Costs including business risk policies (currently known as “Policy 5.0/6.0”) development and monitoring, treaty management, reinsurance and controllership oversight. These policies are developed and implemented by the Risk team with others at Headquarters to manage assets and liabilities, control business risks associated with investments, controllership, systems infrastructure, process management, etc. Various metrics are used to “trigger” leadership decision points in an effort to reduce business risks. Includes the leadership of projects to reduce the business risks associated with various systems and processes across the business.

**Sourcing (Purchasing) and Facilities:**

Costs including sourcing related services including Purchasing card (“P-card”) Administration, Oracle sourcing/purchasing/receiving system (know as the “SSS System”) Administration, requisition processing, competitive bidding/auction services, spend data tracking/analysis, and

contract definition/negotiation. Leadership of certain expense reduction projects currently known as “Bullet Trains” (which focus across the business on reducing individual expense categories (PC leasing, postage, consulting, telecommunications, office supplies, etc.) and other projects related to the increase in purchasing efficiency and reduction of costs.

#### IT and e-Solutions:

General management costs associated with IT infrastructure, management of on and off shore contractors, help desk, asset management (PC’s, printers, servers, etc.), email service, Wide Area Networks (WAN), desktop support (visiting actual users to assist them with IT needs), web hosting, Unix and NT system administration, global computer operations, intellectual property, contract and licenses of software, services and hardware, U.S.-based consulting and control over remote infrastructure (for example, those systems currently housed in Alpharetta, GA). Costs of HQ security team, who provides disaster recovery, including risk analysis & coordination of all IT associated with Disaster Recovery. In addition, security includes coordination with all local business security officers, relating to intrusion detection, anti-virus and other protections of systems.

Costs including project management, oversight and project manager certification, using several industry standard processes including Six Sigma “DMAIC” process improvement and other process improvement/development regimes.

Costs of developing and monitoring architectural plans for future operations including technology related standards, guidelines and policies.

Costs of IT Vendor Management — includes negotiations and oversight for vendor agreements on hardware, software and services.

Costs of IT Solutions — delivers IT solutions that meet business needs through digitization of processes and deployment of web applications.

#### Operations Excellence:

Costs of Consolidation, Analysis, Management Strategy, and Leadership for Operations and Shared Services. Provide strategic leadership and oversight to all operations departments, ensuring that best practices are shared.

Costs of managing services used by all GEFA businesses, including Xerox (current outsourced document processing provider), “1-800 Think GE” call center (a point of contact for all GEFA products), and One Front Door (inbound imaging strategy).

#### Changes in Services

The Business Overhead Services and Corporate Overhead Services shall include such other comparable and/or successor Services implemented or maintained from time to time by GNA and its Subsidiaries and Affiliates.

SCHEDULE B

REINSURED BUSINESSES

**Structured Settlement Annuities**

1. Coinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and GE Life and Annuity Assurance Company, a Virginia domiciled life insurance company
2. Coinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and Federal Home Life Insurance Company, a Virginia domiciled life insurance company
3. Coinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and First Colony Life Insurance Company, a Virginia domiciled life insurance company
4. Coinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and General Electric Capital Assurance Company, a Delaware domiciled life insurance company
5. Coinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and GE Capital Life Assurance Company of New York, a New York domiciled life insurance company
6. Coinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and American Mayflower Life Insurance Company of New York, a New York domiciled life insurance company

**Long Term Care**

7. Retrocession Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and General Electric Capital Assurance Company, a Delaware domiciled life insurance company
8. Retrocession Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and GE Capital Life Assurance Company of New York, a New York domiciled life insurance company

**Variable Annuities**

9. Reinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and GE Life and Annuity Assurance Company, a Virginia domiciled life insurance company
  10. Reinsurance Agreement, dated as of \_\_\_\_\_, 2004, by and between the Company and GE Capital Life Assurance Company of New York, a New York domiciled life insurance company
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SCHEDULE C

SERVICE CHARGES

The "Annual Expense Reimbursement Factors" used to calculate the Service Charges for each respective line of business are as follows:

Structured Settlement Annuity Reinsured Business :

Corporate Overhead Factor	\$** per Annum
Business Overhead Factor	\$** per Policy

Variable Annuity Reinsured Business

Corporate Overhead Factor	\$** per Annum
Business Overhead Factor	\$** per Policy

Long-Term Care Retroceded Business

Corporate Overhead Factor	\$** per Annum
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The Service Charges will be determined quarterly and billed to the Company in three equal installments at the end of the month during the quarter. Each monthly installment billed for a particular line of business will be determined by (a) multiplying the actual number of units at the beginning of the quarter covered by this Agreement times the Business Overhead Factor (divided by twelve), if applicable, and (b) adding the applicable Corporate Overhead Factor (divided by twelve).

The Annual Expense Reimbursement Factors for each respective line of business will be adjusted (i) for the year beginning January 1, 2005 and, thereafter, every three (3) years during the term of this Agreement based on a triennial cost/time study prepared in accordance with the methodology set forth below (the "Triennial Study") and (ii) for the years between the Triennial Studies based on a report setting forth the Annual Expense Reimbursement Factors prepared in accordance with the methodology set forth below (the "Annual Expense Reimbursement Factors Report").

(a) Triennial Study. As soon as practicable (and in any event within sixty (60) days) prior to January 1, 2005 and prior to the beginning of every third calendar year thereafter during the term of this Agreement, GNA shall cause to be prepared and delivered to the Company the Triennial Study which sets forth the Annual Expense Reimbursement Factors for the next calendar year, together with all supporting data used in preparing the Triennial Study and work papers, in reasonable detail, setting forth the determination of such Annual Expense Reimbursement Factors based on such Triennial Study (such documents, together with the Triennial Study, the "Triennial Study Documents").

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(b) Annual Expense Reimbursement Factors Report. As soon as practicable (and in any event within thirty (30) days) prior to January 1, 2006 and prior to the beginning of each calendar year thereafter in which no Triennial Study is prepared, GNA shall cause to be prepared and delivered to the Company the Annual Expense Reimbursement Factors Report, together with all supporting data used in preparing the Annual Expense Reimbursement Factors Report and work papers, in reasonable detail, setting forth the determination of such Annual Expense Reimbursement Factors for the next calendar year (such documents, together with the Annual Expense Reimbursement Factors Report, the “Annual Expense Reimbursement Factors Documents”).

(c) Methodology. At the time of the Triennial Study, historical costs (to include costs for those services identified as Business Overhead Services and Corporate Overhead Services in Schedule A and any changes thereto pursuant to Schedule A) will be determined for the Annual Expense Reimbursement Factors identified above. For a given Business Overhead Factor (identified above in this Schedule C) the identified or allocated costs, as applicable, will be divided by the total number of remaining Reinsured Policies or Reinsured Contracts (as such terms are defined in the applicable Reinsurance Agreement), as applicable, and the Company’s current in-force business to derive an historical cost per unit. The historical cost per unit will be used as a prospective cost per unit for the next calendar year. For the purposes of allocating costs of providing Business Overhead Services, actual identified costs allocable to each of the lines of business specified above (Structured Settlement Annuity Reinsured Business and Variable Annuity Reinsured Business) shall be allocated to such lines of business. For the purpose of allocating costs of providing the Corporate Overhead Services, the historical costs of such services shall be allocated equally to each of the lines of business specified above.

For the two succeeding years in the period between the Triennial Studies the historical dollar amounts by Annual Expense Reimbursement Factors will be adjusted (rolled forward) for current year cost changes agreed to by GNA and the Company (in accordance with the procedures set forth above). The costs for Business Overhead Services will then be divided by the total number of remaining Reinsured Policies or Reinsured Contracts (as such terms are defined in the applicable Reinsurance Agreement) for the current period to determine a prospective cost per unit for the next calendar year. The costs for Corporate Overhead Services shall be allocated equally to each of the lines of business specified above.

An additional adjustment, positive or negative, to the prospective cost per unit for Business Overhead Services or per annum for Corporate Overhead Services determined by either the Triennial Study or the two succeeding years may be negotiated between the parties. The additional adjustment is for special projected costs or benefits of productivity, process improvements, inflation, loss of scale, and any other cost variation which was not included in the prior Triennial Study or the succeeding roll forward.

The combined prospective unit cost, per annum cost and additional adjustment for a respective line of business is the Annual Expense Reimbursement Factor for that line of business.

(d) Review of Documents. Following the delivery of the Annual Expense Reimbursement Factors Documents or the Triennial Study Documents, as applicable, GNA shall (i) provide to

the Company or its designated representative copies of such additional work papers and other documents relating to its preparation of the Annual Expense Reimbursement Factors Report or Triennial Study, as applicable, as the Company or its designated representative may reasonably request, including, without limitation, claims files and practices and (ii) cooperate with, and make its personnel and facilities reasonably available to, the Company and the Company's designated representative for the purpose of providing such other information as the Company or the Company's designated representative may reasonably request concerning Annual Expense Reimbursement Factor Documents or the Triennial Study Documents, as applicable, and the calculation of the Annual Expense Reimbursement Factors.

(e) Notice of Disagreement . In the event that the Company has any disagreement with any of the Annual Expense Reimbursement Factor Documents or the Triennial Study Documents, as applicable, the Company shall give written notice of all such disagreements (a "Notice of Disagreement") to GNA within thirty (30) days after the Annual Expense Reimbursement Factors Documents or the Triennial Study Documents, as applicable, are delivered to the Company. Any Notice of Disagreement shall set forth each item in disagreement and shall provide reasonable specificity as to the basis for each disagreement and shall specify the total adjustment to the Annual Expense Reimbursement Factors as proposed by GNA as a result of such items in disagreement.

(f) Dispute Resolution . If the Company does not deliver a Notice of Disagreement to the Company within such thirty (30) day period, the Annual Expense Reimbursement Factors Documents and the Triennial Study Documents, as applicable, shall be final and binding upon the parties hereto and shall constitute the final calculation of the Annual Expense Reimbursement Factors for the next calendar year. If the Company delivers a Notice of Disagreement to GNA within such thirty (30) day period, the parties shall (and shall cause their respective designated representatives to) negotiate in good faith to resolve all disagreements as promptly as practicable. Any changes in the Annual Expense Reimbursement Factors, if any, that are agreed to by the Company and GNA within sixty (60) days of the aforementioned delivery of the Annual Expense Reimbursement Factors Documents or the Triennial Study Documents, as applicable, shall be incorporated into a final calculation of the Annual Expense Reimbursement Factors. If the parties and their respective designated representatives are unable to resolve all disagreements within sixty (60) days of delivery of the Annual Expense Reimbursement Factors Documents or the Triennial Study Documents, as applicable, then all unresolved disagreements will be submitted within ten (10) days after the end of such sixty (60) day period for resolution in accordance herewith to an independent certified public accounting firm of national standing and reputation (the "Accounting Firm") mutually acceptable to the Company and GNA. The parties shall cooperate in good faith with the Accounting Firm and shall give the Accounting Firm access to all data and other information requested by the Accounting Firm for purposes of such resolution. The Accounting Firm shall, within thirty (30) days after its engagement, deliver to the Company and GNA a definitive calculation of the Business Overhead Factors, which shall be final and binding upon the parties hereto and shall be so reflected in the calculation of the Business Overhead Factors. The Company and GNA shall each pay one-half of the fees and expenses of the Accounting Firm.

(g) Service Charges Pending Resolution . In the event of a dispute with respect to any Annual Expense Reimbursement Factors for the next succeeding Calendar year, the Company and GNA

agree that the Annual Expense Reimbursement Factors then in effect under this Agreement shall remain in effect pending resolution of such dispute and adjustment, if any, in accordance with the dispute resolution procedure set forth in paragraph (f) above.

## SCHEDULE D

### BUSINESS ASSOCIATE ADDENDUM

#### I Purpose.

In order to disclose certain information to GNA (for purposes of this Addendum, the “Provider”) under this Addendum, some of which may constitute Protected Health Information (“PHI”) (defined below), the Company (for purposes of this Addendum, the “Recipient”) and Provider mutually agree to comply (and Provider shall cause its Subsidiaries and Affiliates performing Services to comply) with the terms of this Addendum for the purpose of satisfying the requirements of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and its implementing privacy regulations at 45 C.F.R. Parts 160-164 (“HIPAA Privacy Rule”). These provisions shall apply to Provider and its Subsidiaries and Affiliates to the extent that any or Provider or its Subsidiaries and Affiliates is considered a “Business Associate” under the HIPAA Privacy Rule and all references in this section to Business Associates shall refer to Provider or such Subsidiary or Affiliate. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Agreement. 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.

Business Associate agrees to use or disclose Protected Health Information (“PHI”) that it creates for or receives from Recipient or its Subsidiaries only as follows. The capitalized term “Protected Health Information or PHI” has the meaning set forth in 45 Code of Federal Regulations 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, Recipient’s or its Subsidiaries’ health benefit plans. All other terms used in this Addendum shall have the meanings set forth in the applicable definitions under the HIPAA Privacy Rule.

A. Functions and Activities on Company’s Behalf. Business Associate is permitted to use and disclose PHI it creates for or receives from Recipient or its Subsidiaries 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 whichever of the Recipient or its Subsidiary or Affiliate 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 Recipient or its Subsidiaries.

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B. Business Associate's Operations. Business Associate is permitted by this Agreement to use PHI it creates for or receives from Recipient or its Subsidiaries: (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 Recipient or its Subsidiaries 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 whichever of the Recipient or its Subsidiary or Affiliate 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.

C. Minimum Necessary Standard. In performing the functions and activities on Recipient's or its Subsidiaries' behalf 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.

D. Prohibition on Unauthorized Use or Disclosure. Business Associate will neither use nor disclose PHI it creates or receives for or from Recipient, its Subsidiaries, or from another business associate of Recipient or its Subsidiaries, 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 whichever of the Recipient or its Subsidiary or Affiliate for which the relevant PHI was created or from which the relevant PHI was received.

E. De-identification of Information. Business Associate agrees neither to de-identify PHI it creates for or receives from Recipient or its Subsidiaries or from another business associate of Recipient or its Subsidiaries, 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 Recipient's or its Subsidiaries' 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 Recipient or its Subsidiaries, 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 Recipient or its Subsidiaries, 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 Recipient's or its Subsidiaries' activities for purposes of "treatment", "payment" or "health care operations", as those terms are defined under the HIPAA Privacy Rule.

F. 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 Recipient or its Subsidiaries. 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 Recipient or its Subsidiaries, to the extent that Business Associate will conduct Standard Transactions for or on behalf of Recipient or its Subsidiaries, 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 Recipient or its Subsidiaries 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 Recipient's or the relevant Subsidiary's or Affiliate's prior written approval) to disclose any of the PHI Business Associate creates or

receives for or from Recipient or its Subsidiaries, 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.

G. Access. Business Associate will promptly upon Recipient's or its Subsidiary's or Affiliate's request make available to Recipient, its Subsidiary, its Affiliate, or, at Recipient's or such Subsidiary's or Affiliate's direction, 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 Recipient or its Subsidiary or Affiliate and that is in Business Associate's custody or control, so that Recipient or its Subsidiary or Affiliate may meet its access obligations under 45 Code of Federal Regulations § 164.524.

H. Amendment. Upon Recipient's or its Subsidiary's or Affiliate's request Business Associate will promptly amend or permit Recipient or its Subsidiary or Affiliate access to amend any portion of the PHI which Business Associate created for or received from Recipient or its Subsidiary or Affiliate, and incorporate any amendments to such PHI, so that Recipient or its Subsidiary or Affiliate may meet its amendment obligations under 45 Code of Federal Regulations § 164.526.

I. Disclosure Accounting. So that Recipient or its Subsidiaries or Affiliates 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 Recipient or its Subsidiaries of PHI that Business Associate creates for or receives from Recipient or its Subsidiaries, (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 Recipient or its Subsidiaries) 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 Recipient or its Subsidiaries promptly upon Recipient's or its Subsidiaries' request.

2. Exceptions from Disclosure Tracking. Business Associate need not record disclosure information or otherwise account for disclosures of PHI that this Addendum or Recipient or the relevant Subsidiary or Affiliate in writing permits or requires (i) for the purpose of Recipient's or its Subsidiaries' 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 Recipient and its Subsidiaries the disclosure information required by this section for the 6 years preceding Recipient's or its Subsidiaries' 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

J. Reporting of Breach of Privacy Obligations. Business Associate will provide written notice to whichever of the Recipient or its Subsidiary or Affiliate 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 Recipient or the relevant Subsidiary or Affiliate promptly after Business Associate learns of such non - permitted use or disclosure. Business Associate's report will at least:

- (i) Identify the nature of the non-permitted use or disclosure;
- (ii) Identify the PHI used or disclosed;
- (iii) Identify who made the non-permitted use or received the non-permitted disclosure;
- (iv) Identify what corrective action Business Associate took or will take to prevent further non-permitted uses or disclosures;
- (v) Identify what Business Associate did or will do to mitigate any deleterious effect of the non-permitted use or disclosure; and
- (vi) Provide such other information, including a written report, as Recipient or the relevant Subsidiary or Affiliate may reasonably request.

K. 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 Recipient or its Subsidiaries to Business Associate of such obligations. Business Associate's continued performance of services under the Agreement shall be deemed acceptance of these additional obligations.

L. Audit and Review of Policies and Procedures. Business Associate agrees to provide, upon Recipient request, 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 Recipient's 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 Recipient or its Subsidiaries, for purposes of Recipient's or its Subsidiaries' review of such internal practices, books, and records.

**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**

**DATED AS OF           , 2004**

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**THIS DERIVATIVES MANAGEMENT SERVICES AGREEMENT** (the “Agreement”) is made and entered into as of the \_\_\_\_\_ day of \_\_\_\_\_, 2004 (the “Effective Date”), by and among GE LIFE AND ANNUITY ASSURANCE COMPANY, an insurance company domiciled in the Commonwealth of Virginia (“GELAAC”), FEDERAL HOME LIFE INSURANCE COMPANY, an insurance company domiciled in the Commonwealth of Virginia (“FHL”), FIRST COLONY LIFE INSURANCE COMPANY, an insurance company domiciled in the Commonwealth of Virginia (“FCL”), GENERAL ELECTRIC CAPITAL ASSURANCE COMPANY, an insurance company domiciled in the State of Delaware (“GECA”; GECA, GELAAC, FHL and FCL are individually a “Client” and collectively, the “Clients”), Genworth Financial, Inc., a Delaware corporation (“GENWORTH”), GNA CORPORATION, a Washington corporation (“GNA”) and GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (“GECC”).

### ***RECITALS***

WHEREAS, the Clients are subsidiaries of GENWORTH, and the Clients and GENWORTH are all majority-owned subsidiaries of GECC; and

WHEREAS, each Client, from time to time, has desired and may in the future desire to hedge certain risks, including but not limited to interest rate risk, associated with its assets through the use of instruments commonly referred to as derivatives; and

WHEREAS, resolutions adopted by the GECC Board and related policy statements require that GECC’s Treasury Operation (“GECC Treasury”) executes, manages and administers all derivative transactions on behalf of GECC and its subsidiaries; and

WHEREAS, GNA performs certain investment management services for the Clients, including oversight of derivatives transactions; and

WHEREAS, GECC Treasury may from time to time, at the request of GNA, appoint certain individuals at GNA as representatives of GECC Treasury with limited authority to execute, manage and administer certain derivative transactions on behalf of the Clients; and

WHEREAS, each of the Clients has or shall enter into ISDA Master Agreements together with related schedules and confirmations (the “Contracts”) with various unaffiliated counterparties (individually, a “Counterparty” and collectively, the “Counterparties”); and

WHEREAS, each of the Clients, GENWORTH, GECC and GNA desire to enter into this Agreement to set forth the services that each of GENWORTH, GECC and GNA will provide to the Clients in connection with the Contracts;

**NOW, THEREFORE**, in consideration of the premises and mutual covenants contained herein, the Clients, GENWORTH, GECC and GNA hereby agree as follows:

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**ARTICLE I**  
**DEFINITIONS AND USAGE**

**1.1** **Definitions.** The following capitalized terms, as used in this Agreement, have the following meanings:

“Affiliate” of a Person means a Person who, directly or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Person.

“Applicable Law” or “Applicable Laws” means any domestic or foreign federal, state or local statute, law, ordinance or code, including the insurance code of the domiciliary state of each Client (as applicable to such Client), or any rules, regulations, administrative interpretations or orders issued by any Governmental Authority, including any Insurance Authority, pursuant to any of the foregoing, and any order, writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the parties hereto.

“Board” means the Board of Directors of a Client as the same may be elected from time to time by the shareholders of such Client.

“Contracts” shall have the meaning set forth in the recitals to this Agreement.

“Effective Date” shall have the meaning set forth in the introductory paragraph.

“GAAP” means generally accepted accounting principles in effect, from time to time, in the United States.

“Governmental Authority” means any Insurance Authority or any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any federal, national, state, municipal, county, city or other political subdivision.

“Insurance Authority” means the department, bureau, commission or other agency responsible for overseeing insurance matters within any state that a Client is authorized to do business (as applicable to such Client).

“Investment Committee” means, with respect to any Client, a committee designated by such Client’s Board to oversee such Client’s investment activities, including the execution and management of derivative transactions.

“Investment Guidelines” shall, with respect to each Client, mean the resolutions pertaining to derivatives transactions adopted by the Board of such Client.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or any other entity or organization, including governmental or political subdivision or an agency or instrumentality thereof.

“Records” shall have the meaning set forth in Section 2.5.

“Representatives” means, as applicable, a Client’s or GENWORTH’s directors, officers, employees, accountants and legal and financial advisors.

“Representer” shall have the meaning set forth in Section 6.2.

“SAP” means statutory accounting procedures and principles prescribed or permitted by Applicable Law.

- 1.2** **Headings; Rules of Construction.** The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement. Except as otherwise expressly provided in this Agreement, the following rules of interpretation apply to this Agreement: (i) the singular includes the plural and the plural includes the singular; (ii) “or” and “any” are not exclusive and “include” and “including” are not limiting; (iii) a reference to any agreement or other contract includes permitted supplements and amendments; (iv) a reference to a law includes any amendment or modification to such law and any rules or regulations issued thereunder; (v) a reference to a person includes its successors and permitted assigns; and (vi) a reference in this Agreement to an article, section, annex, exhibit or schedule is to the article, section, annex, exhibit or schedule of this Agreement.

## **ARTICLE II SERVICES**

- 2.1** **Execution and Management.** As to each Client, subject to the provisions of this Section 2.1, GECC Treasury will establish and confirm the terms of derivative transactions from time to time in the name of such Client and shall execute and deliver or otherwise enter into from time to time one or more derivatives confirmations or agreements evidencing such derivative transactions on behalf of and in the name of such Client as requested by such Client. In its performance of the foregoing obligations, GECC Treasury may appoint, from time to time, at the request of GNA, certain employees of GNA as representatives of GECC Treasury with authority to execute, manage and administer certain derivative transactions on behalf of the Clients in accordance with the terms of such appointment; provided, however, that such appointment shall be in writing and any action taken by any such GNA employee shall be in accordance with GECC’s policies with respect to derivatives transactions as in effect from time to time.
- 2.2** **Credit Support.** With respect to each Contract, unless otherwise agreed by GECC and the applicable client, GENWORTH will provide a guaranty in favor of the Counterparty

to such Contract.

**2.3 Administrative Services** . With respect to the Contracts, GECC will provide certain administrative services, including without limitation certain legal services and paying agent services, on behalf of each Client, as set forth in the Administrative Services Agreement (in the form attached as Exhibit A hereto), dated as of the date hereof, among GECC and the Clients. In its performance of the foregoing obligations, GECC may appoint, from time to time, certain employees of GNA as representatives of GECC Treasury with authority to execute, manage and administer certain derivative transactions on behalf of the Clients in accordance with the terms of such appointment; provided, however, that any such appointment shall be in writing and any action taken by any such GNA employee shall be in accordance with GECC's policies with respect to derivatives transactions as in effect from time to time.

**2.4 Covenants of GECC and GNA** .

- (a) Each of GECC and GNA shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters should use in the conduct of an enterprise of a like character and with like aims. Further, each of GECC and GNA shall use the same skill and care in the management of each Client's derivative transactions and in its other duties hereunder as it uses in the administration of other similar matters for which it has comparable responsibility.
- (b) In the performance of its duties and obligations to each Client under this Agreement, each of GECC and GNA shall act in conformity with (i) the Articles/Certificate of Incorporation and Bylaws of the Client, (ii) the Client's Investment Guidelines or other written instructions of the Client's Board, (iii) the Client's Investment Committee or Representatives of Client, as applicable, (iv) GECC's policies, including with respect to derivatives transactions, as in effect from time to time, and (v) all Applicable Laws.

**2.5 Recordkeeping and Reports; Review and Inspection** .

- (a) GENWORTH, GECC and GNA shall, unless such parties agree otherwise with one or more of the Clients, maintain all records, memoranda, instructions or authorizations (collectively, "Records") relating to the execution, management and administration of derivative transactions on behalf of each Client as required by Applicable Laws, GAAP or SAP. Such Records will be the property of the applicable Client. On a timely basis, GENWORTH, GECC and GNA shall make available to a Client, at its administrative offices or such other location as may be designated by such Client, copies or originals of such Records upon reasonable request and, as necessary, to comply with Applicable Laws.

- (b) All Records, both internal and external with third parties, to the extent within the control of GENWORTH, GECC and GNA, will clearly specify the ownership interest of the applicable Client with respect to the relevant derivative transactions.
- (c) Records concerning derivative transactions executed or managed on behalf of a Client that are not maintained physically on such Client's premises or in such Client's care, custody and control shall be subject to review and audit at any time by such Client, its Representatives, any Insurance Authority and any other Governmental Authority, or any other entity designated by such Client, and GENWORTH, GECC and GNA shall cooperate with and provide reasonable assistance to any such person, including any auditor appointed by such Client to conduct an audit of or for the Client. Such Records shall be maintained for the time periods and in a format required by Applicable Law. GENWORTH, GECC and GNA shall notify the applicable Client prior to destruction of such Client's Records (in order that such Client may request transfer of such Records to such Client as an alternative to destruction); provided that GENWORTH, GECC and GNA may not, in any event, destroy such Records prior to expiration of all applicable statutes of limitation.
- (d) GENWORTH, GECC and GNA shall provide to each Client such other documents and information pertaining to this Agreement and the derivative transactions executed or managed on behalf of such Client at such times as such Client may reasonably request including, but not limited to, information required to prepare reports to any Insurance Authority or any other entity designated by such Client or as may be required to comply with GAAP, SAP or Applicable Law.
- (e) GENWORTH, GECC and GNA will fully cooperate with each Client with respect to unsettled or unreconciled transactions and daily transmission of trading activity.

**2.6 Information Furnished to GENWORTH, GECC or GNA.** Each Client shall furnish to GENWORTH, GECC or GNA in a timely manner any information that GENWORTH, GECC or GNA may reasonably request with respect to the services performed under this Agreement for such Client. In determining the requirements of Applicable Laws with respect to a Client, GENWORTH, GECC and GNA may rely on an interpretation of law by legal counsel to such Client. In determining the requirements of applicable accounting rules with respect to a Client, GENWORTH, GECC and GNA may rely on an interpretation of such rules by accountants for such Client.

**ARTICLE III  
TERM AND TERMINATION**

- 3.1** This Agreement shall continue in effect for an initial term beginning on the Effective Date and ending December 31, 2004. Unless earlier terminated, this Agreement shall automatically renew on January 1, 2005 and on each January 1 thereafter for successive periods of one (1) year. This Agreement may be terminated (i) at any time during the initial term or any renewal term by GENWORTH, GECC or any Client (but only with respect to such Client's participation in the Agreement) without payment of any penalty upon sixty (60) days prior written notice to the other parties (which notice shall specify the effective date of termination), and (ii) immediately for cause by any Client, but only with respect to such Client's participation in the Agreement (cause being understood as any material breach, action or omission by GENWORTH, GECC or GNA that, in the reasonable belief of such Client, is inconsistent with the terms of this Agreement). This Agreement also shall automatically terminate in the event of its unauthorized assignment by any party or, unless otherwise agreed, if any party ceases to be a majority-owned direct or indirect subsidiary of General Electric Company. Termination in any manner shall not affect the rights of any party, including the status of any guarantees issued pursuant to Section 2.2 of this Agreement that accrued prior to termination.
- 3.2** Within sixty (60) days of the termination of this Agreement, GENWORTH, GECC and GNA shall transfer all Records of a Client to such Client or its designee. All reasonable costs to transfer a Client's Records shall be paid by such Client.

**ARTICLE IV  
COMPENSATION**

Each of GENWORTH, GNA and GECC agree that if services are performed under this agreement, the parties will determine appropriate compensation at the time the services are rendered, provided, that such compensation shall be fair and reasonable. Such agreement, however, shall not extend to reimbursement of losses, damages and other expenses contemplated under Section 7.2 and for reimbursement of out-of pocket expenses incurred on behalf of a Client.

**ARTICLE V  
CONFIDENTIALITY**

Subject to the duty of GENWORTH, GECC, GNA or a Client to comply with Applicable Laws, each party hereto shall treat as confidential all information with respect to any other party received pursuant to this Agreement. No party shall use or disclose another party's confidential information except as contemplated by this Agreement.

**ARTICLE VI  
REPRESENTATIONS AND WARRANTIES**

**6.1** **By Client.** Each Client represents and warrants that:

- (a) It is an insurance company duly organized, validly existing and in good standing under the laws of its state of incorporation and has the power and authority (including approval from the relevant Insurance Authority, if required) to execute, deliver and perform this Agreement; and
- (b) This Agreement is the valid and binding obligation of the Client enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies.

**6.2** **By GENWORTH, GECC and GNA.** Each of GENWORTH, GECC and GNA (each a "Representer") represents and warrants with respect only to itself that:

- (a) It is a corporation duly organized, validly existing and in good standing under the laws of its domiciliary state, has the power and authority to execute, deliver and perform this Agreement;
- (b) This Agreement is the valid and binding obligation of the Representer enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies; and
- (c) Neither the execution and delivery nor the performance of this Agreement by the Representer will violate any law, statute, order, rule or regulation or judgment, order or decree by any federal, state, local or foreign court or governmental authority, domestic or foreign, to which the Representer is subject nor will the same constitute a breach of, or default under, provisions of any agreement or contract to which it is a party or by which it is bound.

**ARTICLE VII  
MISCELLANEOUS**

**7.1** **Limitation of Liability.** In furnishing each Client with services as provided herein, none of GENWORTH, GECC or GNA nor any officer, director or agent thereof shall be held liable to such Client, its creditors or the holders of its securities for good faith errors of judgment or for anything except willful misfeasance, bad faith or negligence in the performance of its duties, or reckless disregard of its obligations and duties under the terms of this Agreement. It is further understood and agreed that GENWORTH, GECC

and GNA may rely upon information furnished to it by a Client that GENWORTH, GECC or GNA (as applicable) reasonably believes to be accurate and reliable. Certain federal laws, including federal securities laws, impose liabilities under certain circumstances on persons who act in good faith and therefore nothing contained herein shall in any way constitute a waiver or limitation of any rights that a Client may have under any such federal laws.

**7.2 Indemnification**

- (a) Notwithstanding any limitation of liability contained in Section 7.1, GENWORTH, GECC and GNA shall indemnify and hold each Client harmless from and against any losses, damages, expenses (including reasonable attorneys' fees), liabilities, penalties, demands and claims of any nature whatsoever with respect to or arising out of the breach or violation by GENWORTH, GECC or GNA of any agreement, covenant, representation or warranty made by GENWORTH, GECC or GNA herein.
- (b) Each Client shall indemnify and hold GENWORTH, GECC or GNA harmless from and against any losses, damages, expenses (including reasonable attorneys' fees), liabilities, penalties, demands and claims of any nature whatsoever with respect to or arising out such Client's breach or violation of any agreement, covenant, representation or warranty made by such Client herein.

**7.3 Assignment**. No assignment (by operation of law or otherwise) of this Agreement, in whole or in part, nor any of the rights, interests or obligations under this Agreement by any party shall be effective without the prior written consent of the other parties and any necessary approvals from the relevant Insurance Authority. Subject to the provisions of this Section 7.3, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns.

**7.4 Independent Contractor**. GENWORTH, GNA and GECC shall be deemed to be independent contractors and, except as expressly provided or authorized in this Agreement, shall have no authority to act for or represent any Client. Each Client shall always retain the ultimate authority to make decisions regarding the execution or management of derivative transactions on its own behalf.

**7.5 Right to Contract with Third Parties**. Nothing herein shall be deemed to grant to GENWORTH, GNA or GECC an exclusive right to provide the services described herein to a Client, and each Client retains the right to contract with any third party, affiliated or unaffiliated, for the performance of services or for the use of facilities as are available to or have been requested by such Client pursuant to this Agreement; provided, however, GECC Treasury shall exclusively execute all derivatives transactions of any subsidiary with which GECC has direct or indirect voting control in accordance with the GECC Derivatives Policy.

**7.6** **Governing Law.** With respect to each Client, this Agreement shall be governed by the laws of the state in which such Client is domiciled, without giving effect to its conflict of laws principles.

**7.7** **Notices.** Any notice under this Agreement shall be given in writing, addressed, and delivered by hand or facsimile, or mailed postpaid by U.S. Mail or overnight courier service, to the party to this Agreement entitled to receive such notice, at such party's principal place of business as set out here:

If to GECC:

General Counsel — Treasury  
General Electric Capital Corporation  
201 High Ridge Road  
Stamford, Connecticut 06927-9400  
Facsimile: (203) 357-3490

If to GNA:

General Counsel  
GNA Corporation  
6620 West Broad Street  
Richmond, Virginia 23230  
Facsimile: (804) 662-2414

If to GENWORTH:

General Counsel  
Genworth Financial, Inc.  
6620 West Broad Street  
Richmond, Virginia 23230  
Facsimile: (804) 662-2414

If to Client #1:

General Counsel  
GE Life and Annuity Assurance Company  
6610 West Broad Street  
Richmond, Virginia 23230  
Facsimile: (804) 281-6005

If to Client #2:

General Counsel  
Federal Home Life Insurance Company  
700 Main Street  
Lynchburg, Virginia 24504  
Facsimile: (434) 948-5819

If to Client #3:

General Counsel  
First Colony Life Insurance Company  
700 Main Street  
Lynchburg, Virginia 24504  
Facsimile: (434) 948-5819

If to Client #4

General Counsel  
General Electric Capital Assurance Company  
6620 West Broad Street  
Richmond, Virginia 23230  
Facsimile: (804) 662-2414

or to such other address as each party may designate in writing mailed to the other parties. Unless otherwise permitted by the terms hereof, whenever any notice is required to be given hereunder, such notice shall be deemed given and such requirement satisfied only when such notice is delivered by hand, or, if delivered by facsimile, overnight courier or mail, when received.

- 7.8** **Severability**. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- 7.9** **Amendments**. No term or provision of this Agreement may be modified, amended, waived, discharged or terminated except by an agreement in writing, executed by each of the parties hereto; provided that any material amendment shall be subject to the approval, if required, of the relevant Insurance Authority. Any amendment that is applicable only to certain Clients or to a single Client need not be executed by any Client to which the amendment does not apply.

- 7.10** **Entire Agreement**. This Agreement supersedes any and all oral or written agreements or understandings heretofore made, and contains the entire agreement of the parties, with respect to the subject matter hereof.
- 7.11** **Counterparts**. This Agreement may be executed in one or more counterparts, and such counterparts together shall constitute one and the same agreement.
- 7.12** **Additional Parties**. Additional insurance company subsidiaries of Genworth Financial, Inc. may become party to and bound by the provisions of this Agreement subject only to executing the Adoption Agreement attached hereto as Exhibit 1 and obtaining any necessary regulatory approvals. Each such additional insurance company becoming a party to this Agreement shall be deemed a “Client” hereunder.

[THE REST OF THIS PAGE IS LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

GENERAL ELECTRIC CAPITAL CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GENWORTH FINANCIAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

GNA CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

GENERAL ELECTRIC CAPITAL ASSURANCE  
COMPANY

By: \_\_\_\_\_  
Name:  
Title:

GE LIFE AND ANNUITY ASSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

FEDERAL HOME LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

FIRST COLONY LIFE INSURANCE COMPANY

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT 1**

**ADOPTION AGREEMENT**

**(DERIVATIVES MANAGEMENT SERVICES AGREEMENT)**

By executing this Adoption Agreement, the undersigned corporation, an insurance company subsidiary of General Electric Capital Corporation, hereby adopts and agrees to be bound by the terms and provisions of the Derivatives Management Services Agreement between General Electric Capital Corporation, Genworth Financial, Inc., GNA Corporation, General Electric Capital Assurance Company, GE Life and Annuity Assurance Company, Federal Home Life Insurance Company and First Colony Life Insurance Company dated as of \_\_\_\_\_, 2004 (the "Agreement"), as provided in Section 7.12 of the Agreement.

This Adoption Agreement shall become effective on the date executed unless otherwise noted.

[Name and Address of Corporation]

By: \_\_\_\_\_

Name:

Title:

Date:

**AGREEMENT REGARDING  
CONTINUED REINSURANCE OF INSURANCE PRODUCTS**

THIS AGREEMENT REGARDING CONTINUED REINSURANCE OF INSURANCE PRODUCTS (this “Agreement”) is dated as of this day of \_\_\_\_\_, 200\_\_\_\_, by and between General Electric Capital Company, a Delaware corporation (“GECC”), and Viking Insurance Company Ltd., a Bermuda insurance company (“Viking”).

**RECITALS**

WHEREAS, certain credit card customers of GECC’s GE Consumer Finance-Americas Unit (“GECFA”) in the United States and Canada are provided and/or offered credit insurance underwritten by American Bankers Insurance Company of Florida, American Bankers Life Assurance Company of Florida, First Fortis Life Insurance Company and Financial Insurance Exchange (collectively “ABIG”), covering the GECFA credit card accounts of such customers (“Credit Insurance”);

WHEREAS, such Credit Insurance is reinsured by Viking;

WHEREAS, GECC’s Vendor Financial Services Unit (“VFS”) purchases from ABIG, on behalf of lessees, property and casualty insurance covering certain equipment leased by VFS to lessees (“Collateral Protection Insurance”);

WHEREAS, such Collateral Protection Insurance is reinsured by Viking; and

WHEREAS, GECC and Viking desire to make certain agreements with respect to the continued use of Viking as the reinsurer for Credit Insurance and Collateral Protection Insurance.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

**AGREEMENTS**

**1. Agreements Relating to Card Services.**

(a) GECC agrees that it shall cause GECFA to take all commercially reasonable efforts to maintain the following contractual relationships: (i) ABIG as the insurer for any Credit Insurance provided or offered by GECFA and (ii) Viking as the reinsurer of such Credit Insurance.

(b) GECC shall provide incentives, as appropriate, to GECFA to maintain the arrangements described in clause (a) above, including

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“management reporting” of credit for profits Viking earns on reinsurance contracts relating to Credit Insurance.

(c) Viking acknowledges and agrees that GECC and GECFA maintain the right to agree to any changes in underwriting standards proposed by ABIG that GECFA deems appropriate, consistent with past practice, to maximize the profitability of the reinsurance.

(d) Notwithstanding clause (a) above, GECC and GECFA may, at any time, in whole or in part, terminate Credit Insurance, replace Credit Insurance with another product and/or terminate new Credit Insurance enrollments; provided, however, that in the event of the termination or replacement of existing Credit Insurance by GECC or GECFA, GECC shall pay Viking, in accordance with the terms set forth in Schedule A hereto, an amount equal to the net underwriting income Viking was projected to receive as the reinsurer of the terminated or replaced Credit Insurance during the period beginning on the date of termination or replacement through December 31, 2008; provided, however, that terminations (i) initiated by someone other than GECC or GECFA, (ii) required by the terms of the Credit Insurance or (iii) pursuant to a sale or transfer of the underlying credit card accounts shall not trigger any such payments from GECC to Viking.

2. **Agreements Relating to VFS.** Except to the extent inconsistent with that certain Final Approval Order and Judgment dated December 11, 2003 entered by the Circuit Court of Mobile County, Alabama (Docket Number CV- 02-1133) :

(a) GECC agrees that until March 1, 2004, to the extent that Collateral Protection Insurance is placed with respect to certain equipment leased by VFS to third parties, GECC shall cause VFS to continue to use ABIG as insurer and Viking as reinsurer.

(b) GECC shall provide incentives, as appropriate, to VFS to maintain the arrangements described in clause (a) above, including “management reporting” of credit for profits Viking earns on reinsurance contracts relating to Collateral Protection Insurance.

3. **Agreements Relating to Viking.** Viking shall report to GECC, no less frequently than monthly, the net underwriting profits earned by Viking on reinsurance contracts relating to Credit Insurance and Collateral Protection Insurance.

4. **Records and Audits.** Viking shall maintain such books and records related to this Agreement as are reasonably necessary for an accurate audit and verification of Viking’s duties and obligations under this Agreement for at least two (2) years following termination of this Agreement and shall provide GECC or its designees who are authorized to view such records with access to such records upon request.

5. **Compliance with Law.** Each party shall comply with all laws applicable to such party's performance under this Agreement.

6. **Assignment.** This Agreement may not be assigned, in whole or in part, whether by operation of law or otherwise.

7. **Confidentiality.** This Agreement, any of the terms thereof and all non-public information exchanged by the parties pursuant to this Agreement are confidential ("Confidential Information") and no party shall disclose any Confidential Information of the other party, except as otherwise required by law, or pursuant to a subpoena or order issued by a court of competent jurisdiction, or to enforce their rights under this Agreement. In the event that a party receives a request to disclose any Confidential Information of the other party under such subpoena or order, such party shall (i) notify such other party within ten (10) days after receipt of such request; (ii) consult with that party on the advisability of taking steps to resist or narrow such request; and (iii) if disclosure is required or deemed advisable, cooperate with that party in any attempt that such party may make to obtain an order or other reliable assurance that confidential treatment will be accorded to designated portions of the Confidential Information. Information will not be deemed Confidential Information if (a) the information is already in the possession of or was independently developed by the party with respect to which the Confidential Information is not concerned and is not otherwise subject to an agreement as to confidentiality; (b) the information becomes generally available in the public domain other than as a result of a disclosure by such party in breach of this Agreement; or (c) the information is not acquired from any party known to be in breach of an obligation of secrecy.

8. **Severability.** The provisions of this Agreement are severable and if any clause or provision of this Agreement shall be held to be invalid, illegal or unenforceable in whole or in part under any rule of law or public policy, all other provisions of this Agreement shall nevertheless remain in full force and effect.

9. **Captions.** The captions in this Agreement are used for means of reference only and shall not affect in any way the interpretation or construction of this Agreement.

10. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to principles of conflicts of laws.

11. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but such counterparts together shall constitute one and the same instrument.

12. **Exclusions.** For purposes of clarity, the term "Credit Insurance" does not mean mortgage insurance, debt cancellation contracts or debt suspension contracts.

13. **Termination.** Except as otherwise provided in Section 4 above and in this Section 13, the parties' obligations under this Agreement shall terminate on the earlier of (i) December 31, 2008 or (ii) after termination of all Viking reinsurance contracts relating to Credit Insurance and/or Collateral Protection Insurance, the date of final payment of any amounts due to GECC or Viking under this Agreement. Notwithstanding the foregoing, if Viking continues to reinsure Credit Insurance and/or Collateral Protection Insurance after December 31, 2008: (a) Viking shall pay to GECC, in accordance with the terms set forth in Schedule A hereto, an amount equal to 90% of any net underwriting income on such reinsured business; and (b) GECC shall pay to Viking, in accordance with the terms set forth in Schedule A hereto, an amount equal to 110% of any net underwriting loss on such reinsured business.

14. **Dispute Resolution.** The parties agree to the dispute resolution procedures set forth in Schedule A attached hereto.

IN WITNESS WHEREOF , the parties hereto have executed this Agreement as of the date first above written.

**GENERAL ELECTRIC CAPITAL  
CORPORATION**

By: \_\_\_\_\_  
Name:  
Title:

**VIKING INSURANCE COMPANY LTD.**

By: \_\_\_\_\_  
Name:  
Title:

**Schedule A to  
Agreement Regarding  
Continued Reinsurance of Insurance Products**

**PAYMENTS**

Section 1.01      **Payments by GECC to Viking .**

With respect to payments to be made by GECC to Viking pursuant to Sections 1(d) or 13 of the Agreement, GECC shall deliver to Viking on each April 30, July 31, October 31 and January 31, commencing April 30, 2004, a quarterly statement in arrears with respect to the immediately preceding calendar quarter detailing payments due to Viking. GECC shall pay to Viking the amount set forth in each quarterly statement within thirty (30) days of the date of such statement. In the event that all or any portion of any payment due Viking pursuant to the Agreement becomes overdue, the portion of the amount overdue shall bear interest at an annual rate equal to the then current thirty (30) day U.S. Treasury Bill discount rate on the date that the payment becomes overdue plus 200 basis points, for the period that the amount is overdue. As soon as practicable after receipt by GECC of any reasonable written request by Viking, GECC shall provide Viking with reasonably detailed data and documentation sufficient to support the calculation of any amount due to Viking under Sections 1(d) or 13 of the Agreement for the purpose of verifying the accuracy of such calculation. If, after reviewing such data and documentation, Viking disputes GECC's calculation of any amount due to Viking, then the dispute shall be resolved pursuant to the dispute resolution procedure set forth in Sections 2.01 through 2.05 below.

Section 1.02      **Payments by Viking to GECC .**

With respect to payments to be made by Viking to GECC pursuant to Section 13 of the Agreement, Viking shall deliver to GECC on each each April 30, July 31, October 31 and January 31, commencing April 30, 2004, a quarterly statement in arrears with respect to the immediately preceding calendar quarter detailing payments due to GECC. Viking shall pay to GECC the amount set forth in each quarterly statement within thirty (30) days of the date of such statement. In the event that all or any portion of any payment due GECC pursuant to the Agreement becomes overdue, the portion of the amount overdue shall bear interest at an annual rate equal to the then current thirty (30) day U.S. Treasury Bill discount rate on the date that the payment becomes overdue plus 200 basis points, for the period that the amount is overdue. As soon as practicable after receipt by Viking of any reasonable written request by GECC, Viking shall provide GECC with reasonably detailed data and documentation sufficient to support the calculation of any amount due to GECC under Section 13 of the Agreement for the purpose of verifying the accuracy of such calculation. If, after reviewing such data and documentation, GECC disputes Viking's calculation of

any amount due to GECC, then the dispute shall be resolved pursuant to the dispute resolution procedure set forth in Sections 2.01 through 2.05 below.

## **DISPUTE RESOLUTION**

### **Section 2.01      General Provisions .**

(a) Any dispute, controversy or claim arising out of or relating to the Agreement or the validity, interpretation, breach or termination thereof (a “ Dispute ”), shall be resolved in accordance with the procedures set forth in this Schedule A, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified below.

(b) Commencing with the request contemplated by Section 2.02, 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 2.03, 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) In connection with any Dispute, 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 Schedule A are pending. The parties will take such action, if any, required to effectuate such tolling.

### **Section 2.02      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 any Dispute by negotiation between executives who are officers of the respective business entities involved in the Dispute. Either party may initiate the executive negotiation process by written notice to the other. Fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and 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 initial notice to seek a resolution of the Dispute.

Section 2.03      Mediation.

If a Dispute is not resolved by negotiation as provided in Section 2.02 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 (“CPR”) Model Mediation Procedure as then in effect. The parties will select a mediator from the CPR Panels of Distinguished Neutrals, but such mediator must have prior U.S. reinsurance experience either as a lawyer or as a present or former officer or management employee of a reinsurance company, but not of Viking or GECC, or any of their respective affiliates. Either party at commencement of the mediation may ask the mediator to provide an evaluation of the Dispute and the parties’ relative positions.

Section 2.04      Arbitration.

(a) If a Dispute is not resolved by mediation as provided in Section 2.03 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 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 who are each experienced in the U.S. reinsurance business, of whom each party shall appoint one in accordance with the “screened” appointment procedure provided in Rule 5.4 of the CPR Rules. The non-party appointed arbitrator must have prior U.S. reinsurance experience as a present or former officer or management employee of a reinsurance company, but not of Viking or the GECC, or any of their respective affiliates. 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 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 hereunder and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 2.04 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 2.04(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. Notwithstanding paragraph (d) above, each party acknowledges that in the event of any actual or threatened breach of certain of the provisions of this Agreement, the remedy at law would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.

(f) Each party will bear its own attorneys fees and costs incurred in connection with the resolution of any Dispute in accordance with this Schedule A.

[ ] 2004

**TRANSITIONAL SERVICES AGREEMENT**

**between**

**FINANCIAL INSURANCE GROUP SERVICES LIMITED**

**and**

**GE LIFE SERVICES LIMITED**

**WEIL, GOTSHAL & MANGES**

One South Place London EC2M 2WG  
Tel: +44 (0) 20 7903 1000 Fax: +44 (0) 20 7903 0990

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SCHEDULE 2 EXCLUDED ASSETS

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**THIS AGREEMENT** is made on [ ] 2004 between the following parties:

- (1) **FINANCIAL INSURANCE GROUP SERVICES LIMITED** , a company incorporated in England and Wales (registered number 1670707) whose registered office is at Vantage West, Great West Road, Brentford, Middlesex, TW8 9AG (“ **FIGSL** ”); and
- (2) **GE LIFE SERVICES LIMITED** , a company incorporated in England and Wales (registered number 4330120) whose registered office is at The Priory, Hitchin, Hertfordshire, SG5 2DW (“ **GELS** ”).

**WHEREAS:**

- (A) General Electric Company (“ **GE** ”), General Electric Capital Corporation, GEI, Inc., GE Financial Assurance Holdings, Inc. (“ **GEFAHI** ”) and Genworth Financial, Inc. (“ **Genworth** ”) entered into a Master Agreement, dated [ ] (the “ **Master Agreement** ”).
- (B) In connection with the Master Agreement, GE, General Electric Capital Corporation, GEI, Inc., GEFAHI, GNA Corporation, GE Asset Management Incorporated, General Electric Mortgage Holdings LLC and Genworth entered into a Transition Services Agreement dated [ ] (the “ **Global Transition Services Agreement** ”) pursuant to which (i) GE and its subsidiaries will provide or cause to be provided certain administrative and support services and other assistance to Genworth together with its subsidiaries, including GNA Corporation, on a transitional basis and (ii) Genworth and its subsidiaries will provide or cause to be provided certain administrative and support services and other assistance to GE together with its subsidiaries, including General Electric Capital Corporation, GEFAHI and GE Asset Management Incorporated.
- (C) Further to and in connection with the Global Transition Services Agreement the parties hereto are to provide transitional administrative and support services to each other and its group companies on a reciprocal basis on the terms and conditions of this Agreement.
- (D) Certain FIGSL Group Companies and GEIH Group Companies (both as defined below) which are incorporated in France are parties to a Contrat de Groupement de Fait dated 20 November 1998 (the “ **Contrat de Groupement de Fait** ”) pursuant to which they enjoy certain tax benefits. The parties to the Contrat de Groupement de Fait desire that, so far as is possible, such tax benefits shall continue to apply and that equivalent tax benefits be obtained in respect of the Services to be provided as between the parties to the Contrat Groupement de Fait pursuant to this Agreement, subject to the terms and conditions of this Agreement.

**IT IS AGREED** as follows:

**1 INTERPRETATION**

- 1.1** As used herein, the following terms shall have the following meanings, unless the context otherwise requires:

“ **Affiliate** ” means in respect of 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;

“ **Agreement** ” means this agreement, including the Clauses and the Schedules and all other written schedules, annexes, attachments and amendments which are signed in writing by all parties and which are made a part hereof in accordance with this Agreement;

“ **Closing Date** ” means the date on which the underwriting agreement between Genworth, GEFAHI and the managing underwriters in connection with the offering of common stock in Genworth by GEFAHI in the initial public offering of stock in Genworth is executed;

“ **Commencement Date** ” means [ *the Blue Ridge IPO date* ] save in respect of the French Services where it shall mean the French Scheme Transfer Date;

“ **Consents** ” shall have the meaning given to it in Clause 4.5;

“ **Consents Costs** ” shall have the meaning given to it in Clause 4.5;

“**Control**” or “**Controlled**” means, with respect to any Intellectual Property, the right to grant a license or sublicense to such Intellectual Property as provided for herein without (i) violating the terms of any agreement or other arrangement with any third party, (ii) requiring any consent, approvals or waivers from any third party, or any breach or default by the party being granted any such license or sublicense being deemed a breach or default affecting the rights of the party granting such license or sublicense or (iii) requiring the payment of material compensation to any third party;

“ **Conversion Costs** ” shall have the meaning given to it in Clause 3.3;

“ **Cross License** ” means the Intellectual Property Cross License and Non-Assertion Agreement dated [ ] between GE and Genworth;

“ **European Tax Matters Agreement** ” means the European Tax Matters Agreement dated [ ] between, *inter alia* , GE, Consolidated Insurance Holdings Limited, UK Group Holding Company Limited and Genworth;

“ **FIGSL Group** ” means (i) FIGSL, CFI Administrators Limited, CFI Pension Trustees Limited, FIG Ireland Limited, Financial Insurance Guernsey PCC Limited, Financial New Life Company Limited, GEFA UK Finance Limited, GEFA UK Holdings Limited, Assocred S.A., RD Plus S.A. and UK Group Holding Company Limited, (ii) with effect from the UK Transfer Date, Financial Insurance Company Limited, Consolidated Insurance Group Limited, GE Financial Assurance, Compania de Seguros y Reaseguros de Vida S.A. and GE Financial Insurance, Compania de Seguros y Reaseguros S.A., (iii) with effect from the date (if ever) that all the shares in Financial Assurance Company Limited are transferred to GEFA UK Holdings Limited, Financial Assurance Company Limited, and (iv) any other company that the parties shall agree from time to time shall be included within this definition;

“ **French Services** ” means those GEIH Services set out in Part A of Schedule 1 to be provided to RD Plus S.A. and Assocred S.A. and those FIGSL Services set out in Part B of Schedule 1 to be provided to Vie Plus S.A. and [ *SCI Laborde* ], in each case following the French Scheme Transfer Date;

“ **French Scheme Transfer Date** ” means the date on which the Minister of the Economy, Finance and Industry for France grants an order approving the transfer of Vie Plus S.A.’s payment protection insurance business to Financial New Life Company Limited pursuant to the provisions of Article L.324-1 of the Insurance Code;

“ **FSA** ” means the United Kingdom’s Financial Services Authority or its successors;

“ **GEIH** ” means GE Insurance Holdings Limited (registered number 2221244);

“ **GEIH Group** ” means (i) GELS, GEIH, Consolidated Insurance Holdings Limited, Ennington Properties Limited, GE Asset Management Limited, GE Financial Asset Management Limited, GE Life Equity Release Limited, GE Life Fund Management Limited, GE Life Group Limited, GE Life Limited, GE Life Residential Limited, GE Life Trustees Limited., GE Pensions Limited, GE Pensions Trustees Limited, NAMULAS Pension Trustees Limited, National Mutual Life Assurance Society, National Mutual Pension Trustees Limited, Vie Plus S.A., [ *SCI Laborde* ] and Three X Communication Limited, (ii) until the UK Transfer Date, Financial Insurance Company Limited, Consolidated Insurance Group Limited, GE Financial Assurance, Compania de Seguros y Reaseguros de Vida S.A. and GE Financial Insurance, Compania de Seguros y Reaseguros S.A., (iii) until such time (if ever) as all the shares in Financial Assurance Company Limited are transferred to GEFA UK Holdings Limited, Financial Assurance Company Limited, and (iv) any other company that the parties shall agree from time to time shall be included within this definition;

“ **Goods** ” means any goods or materials which are supplied by a Provider;

“ **Group** ” means, in relation to any party, its Group as defined hereunder;

“ **Group Companies** ” means in relation to any party, any member of that party’s Group and “ **Group Company** ” means any such company;

“**Improvement**” means any modification, derivative work or improvement of any Technology;

“ **Information Systems** ” means computing telecommunications or other digital operating or processing systems or environments, including, without limitation, computer programs, data, databases, computers, computer libraries, communications equipment, networks and systems. When referenced in connection with Services, Information Systems shall mean the Information Systems accessed and/or used in connection with the Services;

“ **Intellectual Property** ” means all of the following, whether protected, created or arising under the laws of England and Wales or any other foreign jurisdiction: (i) patents, patent applications and statutory invention registrations, including divisions,

continuations, continuations-in-part, substitute application of the foregoing and any extensions, reissues, restorations and re-examinations thereof, and all rights therein provided by international treaties or conventions, (ii) copyrights and mask work 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, (iii) trademarks, service marks, 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, (iv) intellectual property rights arising from or in respect of domain names, domain name registrations and reservations, (v) trade secrets, (vi) intellectual property rights arising from or in respect of Technology, and (vii) all other applications and registrations related to any of the intellectual property rights set forth in the foregoing clauses (i) — (vi) above;

“ **negligence** ” means negligence as defined in Section 1 of the Unfair Contract Terms Act 1977 being “the breach (a) of any obligation, arising from the express or implied terms of a contract, to take reasonable care or exercise reasonable skill in the performance of the contract; (b) of any common law duty to take reasonable care or exercise reasonable skill (but not any stricter duty); or (c) of the common duty of care imposed by the Occupiers’ Liability Act 1957 or the Occupiers’ Liability Act (Northern Ireland) 1957”;

“ **Provider** ” means in relation to any Service, the party providing or causing the provision of such Service under this Agreement;

“ **Provider’s Group** ” means in relation to a Provider, its Group as defined hereunder;

“ **Provider Indemnified Party** ” shall have the meaning given to it in Clause 13.3;

“ **Recipient** ” means in relation to any Service, the party to whom such Service is being provided under this Agreement;

“ **Recipient’s Group** ” means in relation to a Recipient, its Group as defined hereunder;

“ **Recipient Group Companies** ” means in relation to a Recipient, each of its Group Companies as defined hereunder;

“ **Recipient Indemnified Party** ” shall have the meaning given to it in Clause 13.2;

“ **Representatives** ” means in relation to a person means any director, officer, employee, agent, consultant, sub-contractor, accountant, auditor, financing source, attorney, investment banker or other representative of such person;

“ **Service Charges** ” means in relation to any Services, the charges to be paid by the relevant Recipient to the relevant Provider pursuant to Clause 6.1 in respect of the Services provided by the relevant Provider to the relevant Recipient and its Group. The charges for each Service or the basis for calculation thereof are set out opposite that Service in column 2 of the relevant Part of Schedule 1;

“ **Service Termination Date** ” means, in relation to any Service, the date set out opposite it in column 3 of Parts A and B of Schedule 1, or such earlier date as provided hereunder;

“ **Services** ” means the FIGSL Services or the GEIH Services (each as defined in Clause 2.1) as appropriate and “ **Service** ” means any individual service to be provided as part of the Services;

“ **Software** ” means the object and source code versions of computer programs and any associated documentation therefore.

“ **Standard for Services** ” shall have the meaning given to it in Clause 8;

“ **subsidiary** ” and “ **holding company** ” shall have the meanings given to them respectively in Sections 736 and 736A of the Companies Act 1985;

“ **Technology** ” means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, software, programs, models, routines, confidential and proprietary information, databases, tools, inventions, invention disclosures, 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** ” means the term of this Agreement;

“ **Total Consents Cost Amount** ” shall have the meaning given to it in Clause 4.5;

“ **Total Conversion Cost Amount** ” shall have the meaning given to it in Clause 3.3;

“ **Transfer Regulations** ” means the Transfer of Undertakings (Protection of Employees) Regulations 1981;

“ **Trigger Date** ” means the first date after which GE no longer beneficially owns more than fifty percent (50%) of the outstanding common stock of Genworth (excluding for such purposes common stock of Genworth 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 of a mutual or similar fund that beneficially owns common stock of Genworth. For the avoidance of doubt, a member of the Genworth group is not an Affiliate of GE);

“ **UK Transfer Date** ” means the earlier of (i) the date on which the Scheme for the transfer of the insurance business of Financial Assurance Company Limited to Financial New Life Company Limited pursuant to Part VII of the Financial Services and Markets Act 2000 becomes effective in accordance with its terms or (ii) the date on which all of the shares of Financial Assurance Company Limited are transferred to GEFA UK Holdings Limited; and

“ **Virus** ” means any computer instructions (i) that adversely affect the operation, security or integrity of a computing telecommunications or other digital operating or processing system or environment, including without limitation, other programs, data, databases, computer libraries and computer and communications equipment, by altering, destroying, disrupting or inhibiting such operation, security or integrity; (ii)

that without functional purpose, self-replicate without manual intervention; or (iii) that purport to perform a useful function but which actually perform either a destructive or harmful function, or perform no useful function and utilize substantial computer, telecommunications or memory resources.

- 1.2 As used herein unless the context otherwise requires the singular includes the plural and vice versa and words importing the masculine gender shall include the feminine.
- 1.3 References in this Agreement to any enactment, order, regulation or other similar instrument shall be construed as a reference to the enactment, order, regulation or instrument as amended by any subsequent enactment, order, regulation or instrument or as contained in any subsequent re-enactment thereof.
- 1.4 References in this Agreement to a party shall be construed as a reference to that party, its successors and permitted assigns.
- 1.5 The Schedules form part of this Agreement.
- 1.6 The headings in this Agreement are for the convenience of the parties only and are in no way intended to affect, describe, interpret, define or limit the scope, extent, intent or interpretation of this Agreement or any provision of this Agreement.
- 1.7 References in this Agreement to Clauses and Schedules are to the clauses and schedules of this Agreement. In the event of any conflict or inconsistency between any provision of the Clauses and any provision of the Schedules, the former shall prevail, but only to the extent of the conflict or inconsistency. These terms and conditions shall prevail over any terms and conditions of the Providers now or in the future.

## 2 THE SERVICES

- 2.1 From the Commencement Date until the relevant Service Termination Date:
  - 2.1.1 GELS shall provide, or cause to be provided, the services listed in Schedule 1, Part A to the FIGSL Group (together with any additional services to be provided to the FIGSL Group pursuant to Clause 2.8 and any GEIH Substitute Services, the “**GEIH Services**”); and
  - 2.1.2 FIGSL shall provide, or cause to be provided, the services listed in Schedule 1, Part B to the GEIH Group (together with any additional services to be provided to the GEIH Group pursuant to Clause 2.8 and any FIGSL Substitute Services, the “**FIGSL Services**”).
- 2.2 The scope of each Service shall be substantially the same as the scope of such service provided by the Provider, or, if applicable, its predecessor, prior to the date hereof. The use of each Service by a Recipient Group Company shall include use by the Recipient Group Company’s contractors in substantially the same manner as used by the contractors of that Recipient Group Company or its predecessor, if applicable, prior to the Closing Date. Save as provided in Clause 15 (*Assignment and Sub-contracting*), nothing in this Agreement shall require that any Service be provided other than for use in, or in connection with, the Recipient’s business and the Recipient

Group Companies' businesses. For the avoidance of doubt, nothing in this Clause 2.2 or in this Agreement shall be deemed to restrict or otherwise limit the volume or quantity of any Service, provided that certain changes in a Recipient's requirements for the volume or quantity of a Service may require the parties to negotiate in good faith and use their commercially reasonable efforts to agree upon a price adjustment to the Service Charges for such Service pursuant to Clause 15.3.

- 2.3** If for any reason FIGSL is unable to provide any FIGSL Service to the GEIH Group pursuant to the terms of this Agreement, FIGSL shall provide to the GEIH Group a substantially equivalent service (a “**FIGSL Substitute Service**”) for not more than the Service Charge for the substituted FIGSL Service set forth in Schedule 1, Part B and otherwise in accordance with the terms of this Agreement, including the Standard for Services.
- 2.4** If for any reason GELS is unable to provide any GEIH Service to the FIGSL Group pursuant to the terms of this Agreement, GELS shall provide to the FIGSL Group a substantially equivalent service (a “**GEIH Substitute Service**”) for not more than the Service Charge for the substituted GEIH Service set forth in Schedule 1, Part A and otherwise in accordance with the terms of this Agreement, including the Standard for Services.
- 2.5** The Services shall include:
- 2.5.1** such maintenance, support, error correction, training, updates and enhancements normally and customarily provided by the Provider to its Group Companies that receive such services; and
- 2.5.2** all functions, responsibilities, activities and tasks, and the materials, documentation, resources, rights and licenses to be used, granted or provided by the Provider that are not specifically described in this Agreement as a part of the Services, but are incidental to, and would normally be considered an inherent part of, or necessary subpart included within, the Services or are otherwise necessary for the Provider to provide, or the Recipient or the Recipient Group Companies to receive, the Services.
- 2.6** In addition, a Recipient may request that the Provider provides a custom modification to any Service. For the avoidance of doubt, to the extent any custom modification constitutes Software and such Software and all the Intellectual Property therein is owned by the Provider, the Provider hereby assigns or agrees to cause the assignment of such Software and all Intellectual Property therein to the relevant Recipient Group Company and the Recipient hereby grants the Provider or agrees to cause the grant to the Provider of a perpetual, worldwide, fully paid up, irrevocable, transferable, royalty-free, non-exclusive licence, with the right to sub-licence, to use and modify such Software.
- 2.7** This Agreement shall not assign any rights to Technology or Intellectual Property between the parties other than as specifically set forth herein.
- 2.8** If from time to time during the Term any party identifies a need for additional services to be provided by or on behalf of a Provider, the parties hereto agree to negotiate in good faith to provide such requested services (provided that such services

are of a type generally provided by the relevant Provider at such time) and the applicable Service Charges, Service Termination Date and other rights and obligations with respect thereto. To the extent practicable, such additional services shall be provided on terms substantially similar to those applicable to Services of similar types and in all other respects be provided on terms consistent with those contained in this Agreement.

**2.9** Each party will, promptly following the date of this Agreement, designate a services account manager (the “ **Services Manager** ”) who will be directly responsible for coordinating and managing the delivery of the Services and will have authority to act on that party’s behalf with respect to matters relating to this Agreement. The Services Managers will work with each other to address any problems arising in connection with the Services and manage the parties’ relationship under this Agreement.

**2.10** The following provisions shall apply to the Services:

**2.10.1** the Provider and Recipient shall comply and where appropriate shall cause their Group Companies to comply with their own security guidelines as in force from time to time which are applicable to the performance, access and/or use of the Services and the Information Systems;

**2.10.2** the parties hereto shall take commercially reasonable measures to ensure that no Viruses or similar items are coded or introduced into the Services or Information Systems. If a Virus is found to have been introduced into such Services or Information Systems, the parties hereto shall use their commercially reasonable efforts to cooperate and to diligently work together to eliminate the effects of the Virus; and

**2.10.3** the Provider and Recipient shall exercise and where appropriate shall cause their Group Companies to exercise reasonable care in providing, accessing and using the Services to (i) prevent access to the Services by unauthorised persons and (ii) not damage, disrupt or interrupt the Services.

**2.11** Any Software delivered by a Provider hereunder shall be delivered at the election of the Provider either (i) with the assistance of the Provider, through electronic transmission or downloaded by the Recipient from the GE intranet or (ii) by installation by Provider on the relevant equipment with retention by Provider of all tangible media on which such Software resides. Provider and Recipient acknowledge and agree that no tangible medium containing such Software (including any enhancements, upgrades or updates) will be transferred to Recipient at any time for any reason under the terms of this Agreement, and that Provider will, at all times, retain possession and control of any such tangible medium used or consumed by Provider in the performance of this Agreement. Each party shall comply with all reasonable security measures implemented by the other party in connection with the delivery of Software.

### **3 CONVERSION SERVICES**

**3.1** During the Term, FIGSL shall provide or cause to be provided, in addition to the FIGSL Services, the following support for no extra charge except for actual out-of-pocket

costs and expenses approved in advance in writing by the GEIH Services Manager:

- 3.1.1** FIGSL shall provide, or cause to be provided, current and reasonably available historical data related to the FIGSL Services and predecessor services thereto as reasonably required by GELS, in a manner and within a time period as mutually agreed by the parties;
  - 3.1.2** FIGSL shall make reasonably available or cause to be made reasonably available to GELS the services of those employees, contractors and consultants of the FIGSL Group whose assistance, expertise or presence is necessary to assist GELS' transition team in establishing a fully functioning stand-alone environment in respect of the GEIH Group Companies' businesses and the timely assumption by GELS, or by a supplier of GELS, of the FIGSL Services; and
  - 3.1.3** with respect to any Software or other electronic content (“ **Electronic Materials** ”) licensed to the FIGSL Group under the Cross License and used to provide a GEIH Service, GELS shall make available or deliver to FIGSL a copy of such Software or Electronic Materials that are in existence and current as of the Service Termination Date for such GEIH Service, including any upgrades, updates and other modifications made to such Software and Electronic Materials since the Closing Date. Any upgrades, updates or other modifications to Software and Electronic Materials made available or delivered to the FIGSL Group pursuant to this Clause shall be deemed to be GE Intellectual Property under the Cross License and licensed to the FIGSL Group pursuant to the terms of the Cross License, notwithstanding that such upgrades, updates or other modifications (x) were not used, held for use or contemplated to be used by the FIGSL Group as of the Closing Date, (y) were not Controlled by the GEIH Group as of the Closing Date or (z) may constitute Improvements made after the Closing Date.
- 3.2** During the Term, GELS shall provide or cause to be provided, in addition to the GEIH Services, the following support for no extra charge except for actual out-of-pocket costs and expenses approved in advance in writing by the FIGSL Services Manager:
- 3.2.1** GELS shall provide, or cause to be provided current and reasonably available historical data related to GEIH Services and predecessor services thereto as reasonably required by FIGSL, in a manner and within a time period as mutually agreed by the parties;
  - 3.2.2** GELS shall make reasonably available or cause to be made reasonably available to FIGSL the services of those employees, contractors and consultants of the GEIH Group whose assistance, expertise or presence is necessary to assist FIGSL's transition team in establishing a fully functioning stand-alone environment in respect of the FIGSL Group Companies' businesses and the timely assumption by FIGSL, or by a supplier of FIGSL, of the GEIH Services and

**3.2.3** with respect to any Software or other Electronic Materials licensed to the GEIH Group under the Cross License and used to provide a FIGSL Service, FIGSL shall make available or deliver to GELS a copy of such Software or Electronic Materials that are in existence and current as of the Service Termination Date for such FIGSL Service, including any upgrades, updates and other modifications made to such Software and Electronic Materials since the Closing Date. Any upgrades, updates or other modifications to Software and Electronic Materials made available or delivered to the GEIH Group pursuant to this Clause shall be deemed to be Genworth Intellectual Property under the Cross License and licensed to the GEIH Group pursuant to the terms of the Cross License, notwithstanding that such upgrades, updates or other modifications (x) were not used, held for use or contemplated to be used by the GEIH Group as of the Closing Date, (y) were not Controlled by the FIGSL Group as of the Closing Date or (z) may constitute Improvements made after the Closing Date.

**3.3** The parties acknowledge and agree that in connection with the implementation, provision, receipt and transition of the Services, the parties will incur certain non-recurring out-of-pocket conversion costs and expenses (“ **Conversion Costs** ”):

**3.3.1** GEIH Services Conversion Costs

Following the termination of a GEIH Service, the GEIH Group shall either reimburse FIGSL for all actual Conversion Costs incurred by FIGSL in respect of such GEIH Service or, after consultation with FIGSL, pay such Conversion Costs directly, in either case whether FIGSL replaces the GEIH Service with the same application, system, vendor or other means of effecting the GEIH Service provided however that the GEIH Group’s payment and reimbursement obligations under this Clause 3.3.1 and GE’s payment and reimbursement obligations under Section 2.01(i) of the Global Transition Services Agreement shall not in the aggregate exceed the Total Conversion Cost Amount. For the purposes of this Clause, the “ **Total Conversion Cost Amount** ” means US\$[ ], which amount represents the parties’ agreed-upon good faith estimate of (i) the anticipated Conversion Costs with respect to the transition of the GEIH Services pursuant to the terms of this Agreement and (ii) the anticipated, non-recurring, out-of-pocket conversion costs with respect to the transition of the GE Services (as such term is defined in the Global Transition Services Agreement) pursuant to the terms of the Global Transition Services Agreement.

**3.3.2** FIGSL Services Conversion Costs

The GEIH Group shall be solely responsible without limitation for paying any Conversion Costs in respect of the FIGSL Services and any such Conversion Costs or related costs shall not be included in the Total Conversion Cost Amount.

**3.4** Prior to receiving any reimbursement for Conversion Costs pursuant to Clause 3.3 above, FIGSL shall provide GELS with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the Conversion Costs for which FIGSL is seeking reimbursement. Upon receipt of such invoice and data and

documentation, GELS shall, except as otherwise provided in Clause 3.3, pay the amount of such invoice to FIGSL within 30 days of the date of receipt of such invoice. If GELS in good faith disputes the invoiced amount, then the parties shall work together to resolve such dispute. If the parties are unable to resolve such dispute within 30 days, the dispute shall be resolved pursuant to Clause 25.

( *Applicable Law and Dispute Resolution*) The parties acknowledge and agree that no prior approval shall be required from the GEIH Group or GELS in order for FIGSL to seek any reimbursement pursuant to Clause 3.3 and this Clause.

#### 4 OTHER ARRANGEMENTS/ADDITIONAL AGREEMENTS /CONSENTS

- 4.1 During the period beginning on the date hereof and ending on the Trigger Date, the FIGSL Group is or may become a party to certain corporate purchasing contracts, master services agreements, vendor contracts, software and other Intellectual Property licenses or similar agreements unrelated to the FIGSL Services (the “ **FIGSL Vendor Agreements** ”) under which (or under open work orders thereunder) the GEIH Group purchases goods or services, licenses rights to use Intellectual Property and realises certain other benefits and rights. The parties hereby agree that the GEIH Group shall continue to retain the right to purchase goods or services and continue to realise such other benefits and rights under each FIGSL Vendor Agreement to the extent allowed by such FIGSL Vendor Agreement until the expiration or termination of such FIGSL Vendor Agreement for any reason. Additionally, for so long as the purchasing or other rights remain in full force and effect under a FIGSL Vendor Agreement and the GEIH Group continues to exercise its purchasing or other rights and benefits under such FIGSL Vendor Agreement and for a period of six months thereafter, FIGSL shall use its commercially reasonable efforts, upon the written request of GELS, to assist the GEIH Group in obtaining a purchasing contract, master services agreement, vendor contract or similar agreement directly with the third party provider that is a party to the FIGSL Vendor Agreement.
- 4.2 During the period beginning on the date hereof and ending on the Trigger Date, the GEIH Group is or may become a party to certain corporate purchasing contracts, master services agreements, vendor contracts, software and other Intellectual Property licenses or similar agreements unrelated to the GEIH Services (the “ **GEIH Vendor Agreements** ”) under which (or under open work orders thereunder) the FIGSL Group purchases goods or services, licenses rights to use Intellectual Property and realises certain other benefits and rights. The parties hereby agree that the FIGSL Group shall continue to retain the right to purchase goods or services and continue to realise such other benefits and rights under each GEIH Vendor Agreement to the extent allowed by such GEIH Vendor Agreement until the expiration or termination of such GEIH Vendor Agreement for any reason. Additionally, for so long as the purchasing or other rights remain in full force and effect under a GEIH Vendor Agreement and the FIGSL Group continues to exercise its purchasing or other rights and benefits under such GEIH Vendor Agreement and for a period of six months thereafter, GELS shall use its commercially reasonable efforts, upon the written request of FIGSL, to assist the FIGSL Group in obtaining a purchasing contract, master services agreement, vendor contract or similar agreement directly with the third party provider that is a party to the GEIH Vendor Agreement.
- 4.3 Prior to the Trigger Date, each party shall continue to have access to the other party’s Information Systems. On and after the Trigger Date, a party shall not have access to

all or any part of the other party's Information Systems, except to the extent necessary for that party to provide and receive Services (subject to that party complying with all reasonable security measures implemented by the other party as deemed necessary by that other party to protect its Information Systems, provided that the first party shall have had a commercially reasonable period of time in which to comply with such security measures).

- 4.4** Each party will allow the other party and its Representatives reasonable access to its facilities as necessary for the performance of the Services.
- 4.5** The parties acknowledge and agree that certain software and other licences, consents, approvals, notices, registrations, recordings, filings and other actions need to be obtained in order to allow the Services to be provided (collectively, “**Consents**”). The GEIH Group shall, after consultation with FIGSL, either directly pay the out-of-pocket costs of obtaining, performing or satisfying such Consents (the “**Consents Costs**”) or, after any Consent is obtained, satisfied or performed, reimburse FIGSL for all actual Consents Costs incurred by FIGSL in connection with obtaining, performing or satisfying such Consents, provided however that the GEIH Group's payment and reimbursement obligations in respect of the Consents Costs under this Clause and GE's payment and reimbursement obligations under Section 4.04(a) of the Global Transition Services Agreement shall not in the aggregate exceed the Total Consents Cost Amount. For the purposes of this Clause, the “**Total Consents Cost Amount**” means US\$10 million which amount represents the parties' agreed-upon good faith estimate of the anticipated out-of-pocket costs with respect to obtaining, performing or otherwise satisfying (i) the Consents pursuant to the terms of this Agreement and (ii) the Consents (as such term is defined in the Global Transition Services Agreement) pursuant to the terms of the Global Transition Services Agreement. The GEIH Group shall be solely responsible for paying any costs or fees in connection with any Consents with respect to the FIGSL Services and any such costs or fees shall not be included in the Total Consents Cost Amount.
- 4.6** Prior to receiving any reimbursement pursuant to Clause 4.5 above, FIGSL shall provide GELS with an invoice accompanied by reasonably detailed data and documentation sufficient to evidence the Consents Costs for which FIGSL is seeking reimbursement. Upon receipt of such invoice and data and documentation, GELS shall, except as otherwise provided in Clause 4.5, pay the amount of such invoice to FIGSL within 30 days of the date of receipt of such invoice. If GELS in good faith disputes the invoiced amount, then the parties shall work together to resolve such dispute. If the parties are unable to resolve such dispute within 30 days, the dispute shall be resolved pursuant to Clause 25 (*Applicable Law and Dispute Resolution*). The parties acknowledge and agree that no prior approval shall be required from the GEIH Group or GELS in order for FIGSL to seek any reimbursement pursuant to Clause 4.5 and this Clause.
- 4.7** The parties agree that the leases and sub-leases listed in Part C of Schedule 1 shall have been assigned to or granted by the appropriate party by the Commencement Date, subject to obtaining any necessary third party consents or approvals. A party to whom a lease or sub-lease is to be assigned or granted agrees to accept such assignment or grant. To the extent that any such leases or sub-leases shall not have been granted or assigned by the Commencement Date, the parties agree to work

together in good faith to effect the grants or assignments (as appropriate) of any such leases or subleases.

**4.8** The parties agree that all those employees of FIGSL who are wholly dedicated to providing support to the GEIH Group Companies (excluding for these purposes Financial Insurance Company Limited, Financial Assurance Company Limited, Consolidated Insurance Group Limited, GE Financial Assurance, Compania de Seguros y Reaseguros de Vida S.A. and GE Financial Insurance, Compania de Seguros y Reaseguros S.A., Assocred S.A, Vie Plus S.A. and [ *SCI Laborde* ]) shall be transferred to GELS on or before the Commencement Date. In the event any such employees shall not have been transferred to GELS by the Commencement Date:

**4.8.1** the parties agree to work together in good faith to effect the transfers of any such employees to GELS;

**4.8.2** GELS agrees that it shall reimburse FIGSL for all costs incurred in continuing to employ such employees, having reference to such employees' existing contracts of employment and FIGSL's past practice; and

**4.8.3** GELS agrees to reimburse FIGSL for any costs FIGSL incurs if FIGSL makes such employees redundant, subject to FIGSL having consulted GELS prior to making any such redundancies.

FIGSL agrees that it shall at all times act reasonably and in good faith in relation to the transfer of the relevant employees to GELS and the recovery of costs in respect of employees who shall not have been transferred to GELS by the Commencement Date, including without limitation the costs of making such employees redundant, from GELS.

**4.9** The parties intend that any supplier contracts which need to be transferred from the GEIH Group to FIGSL or from the FIGSL Group to GELS to allow the Services to be provided or to enable the provision by GELS and FIGSL of services to their respective Group Companies shall have been transferred by the Commencement Date. To the extent that any such contracts shall not have been transferred by the Commencement Date, the parties agree to work together in good faith to effect the transfers of any such contracts.

**4.10** The parties intend that any Intellectual Property which needs to be transferred from the GEIH Group to FIGSL or from the FIGSL Group to GELS to allow the Services to be provided or to enable the provision of GELS and FIGSL of services to their respective Group Companies shall have been transferred by the Commencement Date. To the extent that any such Intellectual Property shall not have been transferred by the Commencement Date, the parties agree to work together in good faith to effect the transfers of any such Intellectual Property.

## **5 THE PROVIDER'S RESPONSIBILITIES**

**5.1** The Provider shall act on behalf of the Recipient Group Companies but in respect of each Recipient Group Company, only to the extent of the authority given from time to time by such Recipient Group Company. A Recipient Group Company may vary its instructions to the Provider at any time.

- 5.2** The Provider shall comply with all reasonable security requirements of the Recipient Group Companies and shall procure that all of its employees, agents and sub-contractors shall likewise comply with such requirements.
- 5.3** The Provider shall notify the Recipient Group Companies of any special health and safety hazards of which it is aware (after making all reasonable enquiries) and which may be involved in performing the Services. The Provider shall further notify the Recipient Group Companies in advance of the Commencement Date of any information or requirements affecting the Recipient Group Companies under any legislation concerning health and safety at work.

## **6 CHARGES**

- 6.1** In consideration of the Provider providing the Services to the Recipient and its Group Companies, the Recipient shall pay to the Provider the Service Charges.
- 6.2** In addition, in connection with the performance of the Services, the Provider may incur certain out-of-pocket costs (“**Other Costs**”), which shall, without duplication, either be paid directly by the Recipient or reimbursed to the Provider by the Recipient; provided that any Other Costs shall only be payable by the Recipient if such Other Costs have been authorised by the relevant Services Manager prior to having been incurred by the Provider and subject to receipt by the Recipient of data and other documentation reasonably required to support the calculation of amounts due to the Provider as a result of such Other Costs.
- 6.3** The parties acknowledge that the Service Charges reflect charges for such maintenance, support, error correction, training, updates and enhancements as shall be provided by the Provider pursuant to Clause 2.5.
- 6.4** If the Recipient requests that the Provider provide a custom modification in connection with any Service pursuant to Clause 2.6, the Recipient shall be responsible for the cost of such custom modification.

## **7 TERMS OF PAYMENT**

- 7.1** The Provider shall deliver an invoice to the Recipient on a quarterly basis (or at such other frequency as is consistent with the basis on which the Service Charges are determined and, if applicable, charged to Affiliates of the Provider) in arrears for the Service Charges and any Other Costs in respect of all Services provided to and Other Costs incurred in respect of the Recipient and its Group during that quarter.
- 7.2** The Recipient shall pay such invoice in full to the Provider in UK sterling or in Euros, as appropriate, according to the terms of the invoice, within seventy-five (75) days of the date of such invoice in cleared funds to the bank nominated by the Provider.
- 7.3** If the Recipient fails to pay any amount due to the Provider under this Agreement (excluding any amount contested in good faith) by the due date for payment, the Recipient shall pay to the Provider, in addition to the amount due, interest on such amount at the rate of 2% per annum over Barclays Bank plc’s base rate from time to time from the date the payment was due until the payment is made in full, both before and after any judgment.

- 7.4** As soon as practicable after receipt by the Provider of any reasonable written request by the Recipient, the Provider shall provide the Recipient with data and documentation supporting the calculation of any amount due to the Provider under this Agreement the subject of the request for the purpose of verifying the accuracy of such calculation. If after reviewing such data and documentation the Recipient disputes the calculation of any amount due to the Provider then the dispute shall be resolved pursuant to Clause 25 (*Applicable Law and Dispute Resolution*).
- 7.5** All sums due under this Agreement are exclusive of VAT which shall where applicable be paid by the appropriate Recipient.
- 7.6** The Provider shall be responsible for the payment of all invoices due to third party suppliers in respect of Goods, equipment or services supplied in connection with the Services.
- 7.7** The Recipient shall pay the full amount of costs and disbursements including Other Costs incurred under this Agreement, and shall not set-off, counterclaim or otherwise withhold any other amount owed to the Provider on account of any obligation owed by the Provider to the Recipient.

## **8 COMPLIANCE WITH LAWS AND STANDARD FOR SERVICES**

- 8.1** Each Provider will perform the Services in compliance with all applicable laws, enactments, orders, regulations, standards and other similar instruments and all other applicable provisions hereof and will obtain and maintain in force for the Term all licences, permissions, authorisations, consents and permits required to comply with all laws, enactments, orders standards and regulations relevant to the performance of the Services under this Clause including for the avoidance of doubt the rules of any regulatory authority (whether the FSA or any other regulator) to the extent they apply to the provision of the Services hereunder.
- 8.2** Except as otherwise provided in this Agreement (including the Schedules hereto), the Provider agrees to perform the Services such that the nature, quality, standard of care and the service levels at which such Services are performed are no less than the nature, quality, standard of care and service levels at which the substantially same services were previously performed by or on behalf of the Provider or its predecessors, if applicable, prior to the Commencement Date (the “**Standard for Services**”).
- 8.3** The parties shall co-operate with each other and use their good faith commercially reasonable efforts to effect the efficient, timely and seamless provision and receipt of the Services.

## **9 WARRANTIES**

- 9.1** All of the warranties specified in this Clause 9 are without prejudice to any other warranties expressed in this Agreement. Each such warranty shall be construed as a separate warranty and shall not be limited or restricted by reference, or inference from, the terms of any other warranty or any other term.

**9.2** Each Provider hereby acknowledges and agrees that compliance by it with each such warranty shall not relieve it of any of its other obligations under this Agreement.

**9.3** Each Provider warrants that, in the event that it delivers any Goods, as at the date of delivery of any Goods:

**9.3.1** subject to any valid retention of title to the Goods by a third party, it has good title to the Goods and such title is free of all liens, charges and encumbrances; and

**9.3.2** the Goods are of satisfactory quality, conform with the manufacturer's specifications and are free from defects in design, manufacture use of or materials for a period of twelve (12) months from the date of delivery;

and in the event this is discovered not to be the case during such twelve (12) month period, without prejudice to any other right or remedy which the Recipient may have, the Provider shall, at the Recipient's option, replace or repair the Goods free of charge. For the avoidance of doubt, the costs to the Provider of replacing or repairing the Goods shall be subject to and count towards the overall cap on that Provider's liability under this Agreement contained in Clause 13.2.

**9.4** Each Provider further warrants that:

**9.4.1** it has taken all requisite corporate and other action to approve the execution, delivery and performance of the Agreement, and agrees to produce to the Recipient evidence of such action upon reasonable request; and

**9.4.2** it will not breach any rights (including but not limited to rights relating to Intellectual Property) or commit, or involve the Recipient in the commission of, any tort by entering into this Agreement and that this Agreement will constitute valid and legally binding obligations on the Provider in accordance with its terms when executed by such Provider.

## **10 CONTRAT DE GROUPEMENT DE FAIT**

In view of the tax benefits enjoyed by RD Plus S.A., Vie Plus S.A. and Assocred S.A. (all such companies being either a FIGSL Group Company or a GEIH Group Company, and being together the "**Groupement de Fait Parties**") pursuant to the Contrat de Groupement de Fait and their wish to preserve such tax benefits and for equivalent tax benefits to be obtained in respect of the Services to be provided as between the Groupement de Fait Parties pursuant to this Agreement, the parties hereto agree that the provisions of the Contrat de Groupement de Fait shall continue to apply so far as is possible as between the Groupement de Fait Parties to the extent necessary to preserve the tax benefits currently enjoyed by the Groupement de Fait Parties and to obtain equivalent tax benefits in respect of Services provided as between the Groupement de Fait Parties pursuant to this Agreement, provided however that in the event of any inconsistency between any of the provisions of this Agreement and the Contrat de Groupement de Fait, the provisions of this Agreement shall prevail as between the parties and the Groupement de Fait parties in respect of the matters dealt with hereunder.

## 11 RECORDS AND AUDIT

- 11.1** The Provider shall maintain proper records (“ **Records** ”) in connection with all Services provided by it under this Agreement. The Provider shall allow the Recipient, its employees, independent consultants, duly authorised agents, regulators and any other third parties notified by the Recipient to the Provider (to which notified parties the Provider does not reasonably object) to inspect and take copies of or extracts from such Records at all reasonable times (i) in connection with audits carried out pursuant to this Clause 10 to the extent reasonably necessary for the purpose of verifying the proper performance by the Provider of its obligations hereunder and the amounts due to the Provider hereunder or (ii) in connection with any agreements entered into by the Recipient pursuant to which the Recipient has agreed to provide information to the third party. The Provider shall afford the Recipient’s employees, independent consultants, authorised agents, regulators and the third parties notified by the Recipient to the Provider (to which notified parties the Provider does not reasonably object) reasonable access to all other relevant information, reports, documents, records, payments to suppliers, wage slips (whether in human or machine readable form) and data. All confidential information of the Provider made available to the Recipient’s employees, independent consultants, authorised agents and regulators under this Clause 10 shall be treated in accordance with Clause 16 ( *Confidentiality* ).
- 11.2** The Recipient reserves the right to conduct periodic audits to verify the Provider’s proper performance of the Services and the cost effectiveness and efficiency thereof. Such audits may be carried out by the Recipient’s employees, independent consultants, duly authorised agents and regulators and shall be carried out at the Recipient’s expense. The Provider hereby grants the Recipient, its employees, independent consultants, duly authorised agents and regulators a right of access to such of its records, employees and premises as the Recipient may reasonably request for the purposes of conducting such audits. The Provider shall make available such facilities and give such assistance as the Recipient may reasonably request in connection with the carrying out of any such audit.
- 11.3** Where an audit is to be carried out pursuant to this Clause 10, the audit shall be conducted with reasonable notice and shall be subject to the consent of the relevant Provider, which shall not be unreasonably withheld or delayed.
- 11.4** If as a result of an audit carried out pursuant to this Clause 10 a Recipient is unable to verify Service Charges previously demanded by its Provider and paid by that Recipient, the Recipient shall have the right to receive a refund of or proportionate reduction in the Service Charges for any such amount that cannot be verified. In the event that a Recipient is entitled to such a refund or reduction following an audit carried out pursuant to this Clause 10, that Recipient may request, and the Provider shall be obliged to pay, a reasonable proportion of the cost of carrying out the audit, bearing in mind the amount of refund or reduction to which the Recipient is entitled.

## 12 INTELLECTUAL PROPERTY

- 12.1** The Recipient shall be the owner of and has title to all property and Intellectual Property in any data, procedures, documentation or materials provided to the Provider hereunder by the Recipient or prepared or maintained by the Provider on behalf of the Recipient in connection with the provision of the Services. The Provider hereby

agrees from time to time to execute such documents and do such further acts or things as may be necessary to vest title to such Intellectual Property in the Recipient. The Recipient shall be entitled, at its sole cost and expense, to inspect and make copies of any such data, documentation and materials during normal office hours upon reasonable advance notice to the Provider. All such materials or documentation must be returned in good order and condition at the sole cost and expense of the Provider on request or on termination of this Agreement in a mutually agreed upon format and shall not be copied or used for any other purpose other than for carrying out the Services pursuant to this Agreement provided that the Provider shall be entitled, at its sole cost and expense, to retain one copy of all such data, documentation and materials for archiving purposes and for the purposes of responding to any dispute which may arise in connection with the Services.

**12.2** Each Provider represents and warrants that:

**12.2.1** save for the Consents, it has all necessary rights, authorisations and licences to provide the Services;

**12.2.2** it has the authority to grant the rights to be granted to the Recipient hereunder;

**12.2.3** neither the supply to the Recipient of the Services (or any Goods where relevant) or any part thereof nor the use by the Recipient of the Services (or any Goods) or any part thereof shall in any way constitute an infringement or other violation of any Intellectual Property of any third party; and

**12.2.4** it owns or has obtained valid licences for all Intellectual Property which are necessary to the performance of any of its obligations hereunder.

### **13 LIMITATION OF LIABILITY AND INDEMNITIES**

**13.1** Save as provided in Clauses 13.2 and 13.4, and subject to Clause 13.6, no Provider or its Affiliates or any of their respective directors, officers or employees or any of the heirs, executors, successors and or assigns of any of the foregoing (each, a “**Provider Indemnified Party**”) shall have any liability in contract, tort or otherwise to the Recipient or its Affiliates or Representatives for or in connection with any Services rendered or to be rendered by any Provider Indemnified Party pursuant to this Agreement, (ii) the transactions contemplated by this Agreement or (iii) any Provider Indemnified Party’s actions or inactions in connection with any such Services or transactions. For the avoidance of doubt this Clause shall not preclude a Recipient from exercising any remedies expressly provided elsewhere in this Agreement.

**13.2** Each Provider shall indemnify, defend and hold harmless each relevant Recipient and each of its subsidiaries and each of their respective directors, officers and employees, and each of the heirs, executors, successors and assigns of any of the foregoing (each a “**Recipient Indemnified Party**”), from and against any and all liabilities of the Recipient Indemnified Parties relating to, arising out of, or resulting from:

(i) the gross negligence or wilful misconduct of a Provider Indemnified Party in connection with the Provider Indemnified Party’s provision of the Services;

- (ii) the improper use or disclosure of information of, or regarding, a customer or potential customer of a Recipient Indemnified Party in connection with the Provider Indemnified Party's provision of the Services; or
- (iii) any violation of applicable law or regulation by a Provider Indemnified Party in connection with the Provider Indemnified Party's provision of the Services including without limitation any breach of the FSA's rules or any other regulator's rules, save where the Provider Indemnified Party was acting in compliance with the Recipient Indemnified Party's express instructions,

provided that, subject to Clause 13.6, (a) the aggregate liability of FIGSL as a Provider pursuant to this Clause shall in no event exceed £5 million and (b) the aggregate liability of GELS as a Provider pursuant to this Clause shall not exceed £5 million.

- 13.3** Each Recipient shall indemnify, defend and hold harmless each relevant Provider Indemnified Party from and against any and all liabilities of the Provider Indemnified Parties relating to, arising out of, or resulting from the provision of the Services by any Provider or any of its subsidiaries (including without limitation any liabilities arising out of any violation of applicable law or regulation or any breach of the FSA's rules or any other regulator's rules by a Recipient Indemnified Party in connection with the Services) except for (A) any liabilities that result from a Provider Indemnified Party's negligence in connection with the provision of the Services, (B) any liabilities that result from a Provider Indemnified Party's breach of this Agreement or (C) any liabilities for which the Provider is required to indemnify a Recipient Indemnified Party pursuant to Clause 13.2. For the avoidance of doubt, a Recipient's liability under this Clause 13.3 shall be unlimited save as provided in Clause 13.5.
- 13.4** In addition, save as provided in Clause 4.8, the parties agree they shall share equally any liability incurred by a party or any of its Group Companies in connection with any claim brought against a party or any of its Group Companies pursuant to the Transfer Regulations by any employee of either party or any of the parties' Group Companies in connection with the termination of any Service under this Agreement or of the Agreement as a whole (an "**Employee Claim**"). Each party shall indemnify the other party and each of the other party's Group Companies against fifty per cent. (50%) of all expenses, damages, compensation, fines and other liabilities including reasonable legal costs arising out of or in connection with any Employee Claim.
- 13.5** Subject to Clause 13.6 but notwithstanding any other provision contained in this Agreement, neither party shall be liable to the other for any special, indirect, punitive, incidental or consequential losses, damages or expenses of the other, including, without limitation, loss of profits, arising from any claim relating to breach of this Agreement or otherwise relating to any of the Services provided hereunder save that the limitations contained in this Clause 13.5 shall not apply to:
- 13.5.1** damages awarded to a third party pursuant to a third party claim for which a Provider is required to indemnify, defend and hold harmless any Recipient Indemnified Party under Clause 13.2; or

**13.5.2** damages awarded to a third party pursuant to a third party claim for which a Recipient is required to indemnify, defend and hold harmless any Provider Indemnified Party under Clause 13.3.

**13.6** Nothing in this Agreement shall exclude or limit the liability of a party in respect of:

**13.6.1** death or personal injury caused by the negligent or malicious acts or omissions of such party;

**13.6.2** fraud;

**13.6.3** the indemnities in respect of Employee Claims contained in Clause 13.4; or

**13.6.4** GELS' payment obligations in respect of employees under Clause 4.8.

**13.7** Nothing in this Clause 13 shall be deemed to eliminate or limit in any respect GELS or FIGSL's express obligations under this Agreement to pay, as applicable, Service Charges, Other Costs, the Total Conversion Cost Amount and the Total Consents Cost Amount.

## **14 CONDUCT OF CLAIMS**

**14.1** If a party entitled to indemnification under Clause 13 (the "**Indemnified Party**") becomes aware of a matter which may give rise to a claim by a third party in respect of which the other party (the "**Indemnifying Party**") may be required to indemnify the Indemnified Party (a "**Relevant Claim**") or any proceedings shall be instituted against the Indemnified Party which may give rise to a Relevant Claim, the Indemnified Party shall give notice thereof in writing to the Indemnifying Party within 20 days of becoming aware of such Relevant Claim or such proceedings, stating in reasonable detail the nature of the matter on a without prejudice basis, if practicable and the amount claimed. Notwithstanding the foregoing, the failure of any Indemnified Party to give notice pursuant to this Clause 14.1 shall not relieve the Indemnifying Party of its obligations under Clause 13.

**14.2** The Indemnifying Party shall have the option, at its own expense and subject to the Indemnified Party being indemnified by the Indemnifying Party against all costs and liabilities incurred by the Indemnified Party in relation thereto, to assume the defence of a Relevant Claim, including the instruction of legal advisers reasonably satisfactory to the Indemnified Party to represent the Indemnified Party and any others which the Indemnifying Party may designate in such proceedings and the Indemnifying Party shall pay the fees and disbursements of such legal advisers related to such proceedings. Within 30 days of the receipt of notice from the Indemnified Party pursuant to Clause 14.1 (or sooner, if the nature of the Relevant Claim requires), the Indemnifying Party shall notify the Indemnified Party whether it chooses to assume the defence of the Relevant Claim, which notice shall specify any reservations or exceptions.

**14.3** If the Indemnifying Party exercises the option referred to in Clause 14.2:

**14.3.1** the Indemnified Party shall provide to the Indemnifying Party and its advisers reasonable access to its personnel and to its premises, assets and

documents and records in its possession or under its control, and give the Indemnifying Party any information and assistance as it shall reasonably request, and the Indemnifying Party may, at its cost, take copies of such documents and records as it reasonably requires;

**14.3.2** the Indemnified Party shall take any action and institute any proceedings, to enable the Indemnifying Party to dispute, resist, appeal, compromise, defend, remedy or mitigate the Relevant Claim or enforce against another person the Indemnified Party's rights in relation to the Relevant Claim;

**14.3.3** the Indemnifying Party shall, if so required by the Indemnified Party, maintain consultation with the Indemnified Party on all aspects of such proceedings and shall provide the Indemnified Party with all information reasonably requested by it in relation to such proceedings; and

**14.3.4** the Indemnified Party shall have the right to retain its own legal advisers, but the fees and expenses of such legal advisers shall be at the expense of the Indemnified Party unless:

- (a) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such legal advisers; or
- (b) the named parties to any such proceedings (including any added parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same legal advisers would be inappropriate due to actual or potential differing interests between them.

**14.4** If the Indemnifying Party does not exercise its option contained in Clause 14.2, or fails to notify the indemnified Party that it chooses to exercise such option within the relevant timetable set out in that Clause, in the event of a Relevant Claim the Indemnified Party shall, subject to being indemnified by the Indemnifying Party against all costs and liabilities incurred in so doing:

**14.4.1** take or procure such action to be taken as the Indemnifying Party shall reasonably request to deal with a Relevant Claim;

**14.4.2** if so required by the Indemnifying Party, maintain consultation with the Indemnifying Party on all aspects of any proceedings in defence of a Relevant Claim; and

**14.4.3** provide the Indemnifying Party with all information reasonably requested by it in relation to such proceedings.

**14.5** Unless the Indemnifying Party has failed to assume the defence of a Relevant Claim, the Indemnified Party shall not admit liability in respect of a Relevant Claim, nor compromise, nor settle any proceedings in defence of a Relevant Claim, without the written consent of the Indemnifying Party (such consent not to be unreasonably withheld or delayed). No Indemnifying Party shall consent to entry of any judgment or settle any proceedings in defence of a Relevant Claim without the consent of the Indemnified Party if the effect thereof is to permit any injunction, declaratory

judgment, other order or other non-monetary relief to be entered directly or indirectly against the Indemnified Party.

- 14.6** No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending or threatened Relevant Claim in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Relevant Claim.
- 14.7** Any liabilities for which an Indemnified Party is entitled to indemnification or contribution under Clause 13 shall be paid by the Indemnifying Party to the Indemnified Party as such liabilities are incurred. The indemnity and contribution agreements contained in Clause 13 shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnified Party and (ii) any termination of this Agreement.
- 14.8** Any claim on account of a liability which does not result from a Relevant Claim shall be asserted by written notice given by the Indemnified Party to the applicable Indemnifying Party. Such Indemnifying Party shall have a period of 30 days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such 30-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such 30-day period or rejects such claim in whole or in part, such Indemnified Party shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement.
- 14.9** If payment is made by or on behalf of any Indemnifying Party to any Indemnified Party in connection with any Relevant Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right, defence or claim relating to such Relevant Claim against any claimant or plaintiff asserting such Relevant Claim or against any other Person. Such Indemnified Party shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defence or claim.
- 14.10** In an action in which the Indemnifying Party is not a named defendant, if either the Indemnified Party or Indemnifying Party shall so request, the parties shall endeavour to substitute the Indemnifying Party for the named defendant if they conclude that substitution is desirable and practical. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the action as set forth in this Clause, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the action (including court costs, sanctions imposed by a court, legal fees, experts' fees and all other external expenses), the costs of any judgment or settlement, and the cost of any interest or penalties relating to any judgment or settlement.
- 14.11** The Indemnified Party shall have no right to an indemnity under Clause 13 in respect of any liability to the extent that it actually recovers any monies in respect of such liability under any insurances it maintains. If an Indemnified Party receives a

payment in respect of a liability pursuant to the indemnities contained in Clause 13 from the Indemnifying Party and subsequently recovers monies under its insurances in respect of such liability, the Indemnified Party shall reimburse the Indemnifying Party an amount equal to the monies received under its insurances.

**14.12** The Indemnified Party shall use its commercially reasonable efforts to seek or collect or recover any insurance monies (save from any captive insurance subsidiary) to which the Indemnified Party is entitled in connection with any liability for which it is indemnified under Clause 13.

**14.13** The Indemnified Party shall use its commercially reasonable endeavours to mitigate any loss in respect of which it is indemnified under Clause 13.

## **15 ASSIGNMENT AND SUB-CONTRACTING**

**15.1** This Agreement shall not be assigned or transferred by a party hereto without the prior written consent of the other party save as provided in Clause 15.2.

**15.2** In the event a Recipient sells the whole or part of any Recipient Group Company (a “ **Recipient Divested Company** ”) or the whole or part of the business of any Recipient Group Company (a “ **Recipient Divested Business** ”) to a third party, the Provider shall remain obliged to continue to provide Services to such Recipient Divested Company or the purchaser of such Recipient Divested Business (but not otherwise to such purchaser) to the extent it was providing such Services immediately prior to such divestiture, pursuant to the terms of this Agreement, unless otherwise agreed upon by the parties hereto, provided however that the Provider’s obligation to provide Services to a Recipient Divested Company or the purchaser of a Recipient Divested Business shall be subject to:

- (i) the implementation of new Service Charges as between the Provider and such Recipient Divested Company or the third party purchaser of such Recipient Divested Business for such Services, which new Service Charges shall be proposed by the Provider at its sole discretion save that such new Service Charges shall be consistent with applicable market rates for such Services;
- (ii) the Recipient or the Recipient Divested Company or the third party purchaser of such Recipient Divested Business agreeing to pay or cause to be paid any incremental fees or expenses incurred by the Provider in connection with establishing or transferring the provision of such Services to the third party;
- (iii) obtaining any consents that are necessary to enable the Provider to provide the Services to the Recipient Divested Company or the third party purchaser of such Recipient Divested Business; provided, that FIGSL and GELS shall each use commercially reasonable efforts to obtain any such consents;
- (iv) the Recipient Divested Company or the third party purchaser of such Recipient Divested Business agreeing to any reasonable security measures implemented by the Provider in providing the Services as deemed necessary by the Provider to protect its Information Systems; and

(v) the Recipient Divested Company or the third party purchaser of such Recipient Divested Business agreeing in writing to be bound by all applicable provisions of this Agreement.

**15.3** In the event a Recipient Group Company acquires a business or portion thereof by merger, stock purchase, asset purchase, reinsurance or other means that engages in the same type of business as the relevant Recipient Group, (a “ **Recipient Acquired Company** ”), then the Provider shall be obliged to provide the Services to such Recipient Acquired Company, to the extent applicable, pursuant to the terms of this Agreement, unless otherwise agreed upon by the parties hereto provided however that in the event the acquisition of a Recipient Acquired Company results in a change to the volume or quantity of any Service which causes a material increase in the Provider’s costs of providing such Service, the parties shall negotiate in good faith and use their commercially reasonable efforts to agree upon a price increase to the Service Charges for such Service to compensate the Provider for the increase in the cost of providing such Service.

**15.4** Nothing in this Clause shall be deemed to waive any party’s rights to relieve or otherwise satisfy any party’s non-compete obligations between GE and Genworth provided for under the Master Agreement.

**15.5** The parties may sub-contract any of their obligations under this Agreement but a sub-contracting party must ensure that its subcontractor complies with all of that party’s obligations under this Agreement and the sub-contracting party shall remain responsible at all times for the performance of such obligations.

## **16 CONFIDENTIALITY**

**16.1** GELS shall not, and shall cause its Affiliates and Representatives not to, directly or indirectly, disclose, reveal, divulge or communicate to any person other than its Representatives or its Affiliates who reasonably need to know such information in providing services to any member of the FIGSL Group or use or otherwise exploit for its own benefit or for the benefit of any third party, any FIGSL Confidential Information. For purposes of this Clause, “ **FIGSL Confidential Information** ” means any information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by any member of the FIGSL Group furnished to or in possession of the GEIH Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the GEIH Group or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents. FIGSL 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 any member of the GEIH Group in breach of this Clause, or (ii) GELS can demonstrate was or became available to the GEIH Group from a source other than the FIGSL Group or their Affiliates provided however that the source of such information was not known by the GEIH Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, FIGSL or any member of the FIGSL Group with respect to such information.

- 16.2** FIGSL shall not, and shall cause its Affiliates and Representatives, not to, directly or indirectly, disclose, reveal, divulge or communicate to any person other than its Representatives or its Affiliates who reasonably need to know such information in providing services to any member of the GEIH Group or use or otherwise exploit for its own benefit or for the benefit of any third party, any GEIH Confidential Information. For purposes of this Clause, “ **GEIH Confidential Information** ” means any information, material or documents relating to the businesses currently or formerly conducted, or proposed to be conducted, by any member of the GEIH Group furnished to or in possession of the FIGSL Group, irrespective of the form of communication, and all notes, analyses, compilations, forecasts, data, translations, studies, memoranda or other documents prepared by the FIGSL Group or their respective officers, directors and Affiliates, that contain or otherwise reflect such information, material or documents. GEIH 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 any member of the FIGSL Group in breach of this Clause, or (ii) FIGSL can demonstrate was or became available to the FIGSL Group from a source other than the GEIH Group or their Affiliates; provided however that the source of such information was not known by the FIGSL Group to be bound by a confidentiality agreement with, or other contractual, legal or fiduciary obligation of confidentiality to, the GEIH Group or any member of the GEIH Group with respect to such information.
- 16.3** If either party is 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 or regulation to disclose or provide any FIGSL Confidential Information or GEIH Confidential Information, as applicable, the entity or person receiving such request or demand shall (where permitted by law) 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 FIGSL Confidential Information or GEIH Confidential Information, as the case may be, to the extent required by such law (as so advised by counsel) or regulation or by lawful process or such governmental authority.
- 16.4** Notwithstanding anything to the contrary set forth in this Agreement or in any other agreement to which the parties hereto are parties or by which they are bound, the obligations of confidentiality contained herein and therein, as they relate to the transactions contemplated by the Master Agreement, shall not apply to the tax structure or tax treatment of such transactions, and each party hereto (and any employee, Representative, or agent of any party thereto) may disclose to any and all persons, without limitation of any kind (including opinions or other tax analysis) that are provided to such party relating to such tax treatment and tax structure; provided, however, that such disclosure shall not include the name (or other identifying information not relevant to the tax structure or tax treatment) of any person and shall

not include information for which nondisclosure is reasonably necessary in order to comply with applicable securities laws.

## **17 TERMINATION**

### **17.1 Automatic Termination**

**17.1.1** This Agreement shall terminate automatically in relation to an individual Service on the applicable Service Termination Date unless the Provider and Recipient agree to extend the Service Termination Date in which case this Agreement shall terminate in relation to that Service on the extended Service Termination Date.

**17.1.2** This Agreement shall terminate automatically on the date on which the last remaining Service being provided under this Agreement shall terminate.

### **17.2 Failure to Perform**

If at any time during the Term a party commits a breach of its material obligations hereunder and in the case of a breach capable of remedy, fails to remedy such breach within sixty (60) working days after receipt of notice from the other party to remedy the same, the other party shall be entitled to terminate this Agreement with immediate effect by written notice in respect of any or all of the Services provided or received by the party in breach provided however that no Service may be terminated pursuant to this Clause 17.2 until the parties have completed the dispute resolution process set out in Clause 25.2.2 with respect to such Service and the Chief Executive Officers of the parties have failed to resolve matters.

### **17.3 Insolvency**

If at any time during the Term a party:

**17.3.1** passes a resolution for voluntary winding up or a court of competent jurisdiction makes an order that such party be wound up except for the purposes of bona fide reconstruction while solvent; or

**17.3.2** makes a composition or arrangement with its creditors; or

**17.3.3** has a receiver or manager or provisional liquidator or administrator appointed over the whole or a substantial part of its business or undertaking or circumstances arise which would entitle a court of competent jurisdiction or a creditor to appoint the same; or

**17.3.4** is unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986,

then the other party shall be entitled to terminate this Agreement with immediate effect by written notice.

#### **17.4 On Notice**

A Recipient shall be entitled to terminate this Agreement in respect of any or all of the Services provided to it at its absolute discretion at any time by giving not less than sixty (60) days' notice of its intention to do so to the Provider (or such shorter period of time as is agreed in writing by the parties). Subject to payment of the Service Charges payable under the Agreement which are due to the Provider for the period up to the effective date of termination, a Recipient shall have the right to require the relevant Provider to cease provision of the Services during the sixty (60) day notice period and to instruct its sub-contractors, if any, to do similarly.

#### **17.5 Force Majeure Event of Longstanding Duration**

If any Force Majeure Event (as defined in Clause 20) prevents a party from performing all of its obligations hereunder for a period in excess of one (1) month, the other party may terminate this Agreement in respect of the Services provided to or by the party so prevented with immediate effect on written notice.

#### **17.6 Accrued Rights**

Termination in accordance with this Clause 17 shall not prejudice or affect any right of action or remedy which shall have accrued or shall thereafter accrue to either party.

### **18 THE PROVIDER'S OBLIGATIONS ON TERMINATION**

**18.1** In the event that a Recipient requires a different organisation to take on the provision of any or all of the Services provided to it by its Provider on the termination of this Agreement in respect of such Services, the Provider, that Provider shall co-operate in the transfer, under any arrangements to be notified to it by the Recipient, to effect a full and orderly transition of such Services to the succeeding contractor by the Service Termination Date or thereafter and will furnish any succeeding contractor with any information or documentation required to perform such Services.

**18.2** The Provider shall comply with all reasonable instructions from the Recipient with regard to termination of the Services and take reasonable steps to mitigate any costs which the Recipient will incur as a result of the termination.

**18.3** Upon the written request of the Recipient, the Provider will, for a reasonable period of time after the effective date of any termination (which shall not exceed six months after the effective date of termination) of a Service pursuant to Clause 17.2 above, continue to provide the terminated Service on the terms of this Agreement (subject to the timely payment, when due and payable, by the Recipient of all Service Charges related to such terminated Service). The Service Charges for a Service provided pursuant to this Clause 18.3 shall be the same as were in effect prior to the termination of such Service.

**18.4** In the event that the Agreement is terminated as provided for herein:

**18.4.1** each party shall return to the other party all property belonging to the other party then in its possession in good working order; and

**18.4.2** in the event the Recipient has paid Service Charges in advance for Services not received as at the date of termination, the Provider shall refund the Recipient such Service Charges.

**18.5** In the event that the Agreement is terminated for fundamental breach the Recipient shall have the following rights (but not obligations) to require the Provider to:

**18.5.1** provide a schedule of all equipment, labour, resources and subcontracts used exclusively or primarily to provide the Services;

**18.5.2** transfer any or all assets which are exclusively or primarily used for the performance of the Services to the Recipient at a fair market value which may be verified by an independent valuer who is acceptable to both parties; and

**18.5.3** assign any or all software licences or other licences or agreements that are used exclusively or primarily in the provision of the Services for the benefit of the Recipient, where this is permitted by the terms of the licence.

**18.6** On termination of this Agreement the Provider shall comply with its obligations to return documentation and materials provided by the Recipient under Clause 12.1.

## **19 SURVIVAL OF OBLIGATIONS ON TERMINATION**

Following the termination of this Agreement as provided for herein, no party shall have any further right or obligation with respect to any other party except as set forth in the following Clauses:

<i>Clause 1</i>	-	<i>Interpretation</i>
<i>Clause 4.7</i>	-	<i>Leases</i>
<i>Clause 8</i>	-	<i>Warranties</i>
<i>Clause 12</i>	-	<i>Intellectual Property</i>
<i>Clause 13</i>	-	<i>Limitation of Liability and Indemnities</i>
<i>Clause 14</i>	-	<i>Conduct of Claims</i>
<i>Clause 16</i>	-	<i>Confidentiality</i>
<i>Clause 18</i>	-	<i>The Provider's Obligations on Termination</i>
<i>Clause 25</i>	-	<i>Applicable Law and Dispute Resolution</i>
<i>Clause 26</i>	-	<i>Data Protection</i>
<i>Clause 27</i>	-	<i>Further Assurance</i>
<i>Clause 29</i>	-	<i>Notices</i>

## **20 FORCE MAJEURE/BUSINESS CONTINUITY**

**20.1** Each party shall maintain and comply with a reasonable disaster recovery, crisis management and business continuity plan designed to help ensure that it can continue to provide the Services in accordance with this Agreement in the event of a disaster or other significant event that might otherwise impact its operations. Each party shall ensure that any disaster recovery, crisis management and business continuity plan shall comply with any relevant regulatory requirements, whether of the FSA or any other regulator. Upon the written request of a Recipient, a Provider shall (i) disclose to the Recipient the Provider's disaster recovery, crisis management and business

continuity plans and procedures applicable to a Service and (ii) permit the Recipient to participate in testing of such disaster recovery, crisis management and business continuity plans and procedures, in each case so that the Recipient may assess such plans and procedures and develop or modify its own such plans and procedures in connection with the Services as the Recipient reasonably deems necessary.

- 20.2** Neither party hereto (or any person acting on its behalf) shall have any liability or responsibility for failure to fulfil any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfilment of such obligation is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure Event, provided that such party shall have first exhausted, to the extent commercially reasonably to do so, the procedures described in its disaster recovery, crisis management, and business continuity plan.
- 20.3** 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 party of the nature and extent of any such Force Majeure Event and (ii) use all reasonable endeavours to remove any such causes and resume performance under this Agreement as soon as feasible.
- 20.4** For the purposes of this Clause, a “ **Force Majeure Event** ” means, with respect to a party, an event beyond the 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, and includes, without limitation, acts of God, storms, floods, riots, fires, sabotage, civil commotion or civil unrest, interference by civil or military authorities, acts of war (declared or undeclared) or armed hostilities or other national or international calamity or one or more acts of terrorism or failure of energy sources.

## **21 INCONSISTENCY/PREVAILING AGREEMENT**

In the event of an inconsistency between any of the provisions of this Agreement and the Global Transition Services Agreement and the Master Agreement, the provisions of this Agreement shall prevail as between the parties in respect of the matters dealt with hereunder.

## **22 MASTER AGREEMENT**

- 22.1** The parties agree that for the purposes of Section 2.2(b) of the Master Agreement, the assets listed in Schedule 2 shall be “Excluded Assets”.
- 22.2** The parties hereby agree that notwithstanding the provisions of Section 2.4(a) of the Master Agreement, any intercompany accounts payable or accounts receivable outstanding between the parties’ Groups as at the Closing Date shall continue to be outstanding following that date provided however that, subject to the provisions of the European Tax Matters Agreement, the parties shall settle all such intercompany accounts payable or accounts receivable within 60 days following the Closing Date.

## 23 REGULATORY APPROVAL AND COMPLIANCE

Each party shall be responsible for its own compliance with any and all laws and requirements of any regulator (whether in the UK or elsewhere) applicable to its performance under this Agreement; provided, however, that each party shall at the request of the other party and subject to reimbursement of out-of-pocket expenses by the requesting party, cooperate and provide one another with all reasonably requested assistance (including, without limitation, the execution of documents and the provision of relevant information) required by the requesting party to ensure compliance with all applicable laws and regulations or in connection with any regulatory action, inquiry or examination.

## 24 SEVERABILITY

If any provision of the Agreement is held invalid, illegal or unenforceable for any reason, such provision shall be severed and the remainder of the provisions hereof shall continue in full force and effect as if the Agreement had been executed with the invalid provision eliminated. In the event a provision hereof is severed, the parties shall negotiate in good faith to modify this Agreement in order to effect the original intent of the parties as closely as possible and enable the transactions contemplated by the parties to be consummated as originally contemplated as far as is possible.

## 25 APPLICABLE LAW AND DISPUTE RESOLUTION

25.1 The Agreement shall be governed by and construed in accordance with the law of England and Wales.

25.2 In the event of any dispute, controversy or claim arising out of or relating to this Agreement or the breach, termination or validity hereof or thereof (a “**Dispute**”), the parties shall follow the dispute resolution procedure set out in this Clause:

- 25.2.1 upon a party serving written notice requesting that the parties attempt to resolve a Dispute (“**Notice**”) the Service Managers of the parties shall attempt in good faith to resolve such Dispute;
- 25.2.2 if the Service Managers are for any reason unable to resolve a Dispute within 30 days of delivery of a Notice, the Dispute shall be referred to the Chief Executive Officers of FIGSL and GELS who shall attempt in good faith to resolve such dispute; and
- 25.2.3 if the Chief Executive Officers of FIGSL and GELS are for any reason unable to resolve a Dispute within 45 days of such Dispute being referred to them for resolution then either party may submit the Dispute for resolution by mediation pursuant to the procedures of the Centre for Effective Dispute Resolution as then in effect. The mediation shall be heard by a mediator appointed by the parties but if they cannot agree upon a mediator within 14 days of either of them submitting the Dispute to mediation, such mediator shall be appointed by the Centre for Effective Dispute Resolution. Either party may at the commencement of mediation ask the mediator to provide an evaluation of the Dispute and the parties’ relative positions;

**25.2.4** If a Dispute is not resolved by mediation within 30 days of the selection of a mediator (unless the mediator chooses to withdraw sooner), then either party may refer the Dispute to be settled and finally resolved by arbitration in accordance with the UNCITRAL Arbitration Rules as in force at the time of the election (the “**Rules**”) by a panel of three arbitrators (or a sole arbitrator as the parties may agree) appointed in accordance with the Rules.

**25.3** The seat of any reference to arbitration shall be London, England the procedural law of any reference to arbitration shall be English law and the language of any arbitration proceedings shall be English.

**25.4** The appointing authority for the purposes set forth in Article 7(2) of the Rules shall be the London Court of International Arbitration.

**25.5** Any right of appeal or reference of points of law to the courts is hereby waived, to the extent that such waiver can be validly made.

**25.6** The arbitral tribunal shall have the power to order on a provisional basis any relief which it would have power to grant in a final award.

## **26 DATA PROTECTION**

Each Provider agrees that it is registered in accordance with the Data Protection Act 1998 so far as is necessary to provide the Services and agrees to maintain such registrations in full force and effect. Each Provider undertakes that it will comply and agrees to ensure that its sub-contractor will comply with its appropriate obligations under all data protection legislation in force from time to time.

## **27 FURTHER ASSURANCE**

Each party agrees at its own expense to execute such documents and generally do everything further that may be necessary to fulfil its obligations under and achieve the objectives of this Agreement.

## **28 WAIVER OF REMEDIES**

No waiver of any rights arising under this Agreement shall be effective unless agreed (where possible in writing and signed by a duly authorised signatory) by the party against whom the waiver is to be enforced. No failure or delay by a party in exercising any right, power or remedy under this Agreement (except as expressly provided herein) shall operate as a waiver of any such right, power or remedy.

## **29 NOTICES**

**29.1** Any notice, invoice or other communication which a party is required by the Agreement to be served on the other party shall be sufficiently served if addressed to the Company Secretary of the other party and sent to the other party at its specified address as follows:

**29.1.1** by hand;

**29.1.2** by registered or first class post or recorded delivery; or

**29.1.3** by facsimile transmission confirmed by registered or first class post or recorded delivery.

Notices sent by registered post or first class post or recorded delivery shall be deemed to be served three (3) working days following the day of posting. Notices sent by facsimile transmission shall be deemed to be served on the day of transmission if transmitted before 4:00 p.m. on a working day, but otherwise on the next following working day. In all other cases, notices are deemed to be served on the day when they are actually received. All notices, invoices and other communications served hereunder shall expressly refer to the Clause or sub-Clause pursuant to which they are served.

**29.2** For the purposes of this Clause 29 the authorised address of each party shall be the address set out at the head of this Agreement or such other address (and details) as that party may notify to the other party from time to time in accordance with the requirements of this Clause 29.

**30 NO PARTNERSHIP**

Nothing in the Agreement is intended or shall be construed to create a partnership between the parties or unless expressly stated in a relationship of agency. Unless otherwise authorised, neither party shall have any authority to act or make representations on behalf of the other party, and nothing herein shall impose any liability on either party in respect of any liability incurred by the other party to a third party.

**31 ENTIRE AGREEMENT**

This Agreement together with any Schedules thereto contains the entire agreement between the parties and supersedes any previous understandings, commitments, contracts or representations whatsoever whether oral or written, except in respect of any fraudulent representation made by any party. This Agreement shall not be varied except by an instrument in writing of date even herewith or subsequent hereto executed by all parties by their duly authorised representatives.

**32 RIGHTS OF THIRD PARTIES**

With the exception of any Recipient Group Company which is entitled to receive Services hereunder and any person expressly indemnified hereunder by a party to this Agreement, this Agreement is for the sole benefit of the parties to this Agreement and nothing in this Agreement, 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. A person who is not a party to this Agreement has no rights under the Contracts (Rights of Third Parties) Act 1999 or otherwise to enforce any term of this Agreement but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

**33 COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute an original of this Agreement, but all the

counterparts shall together constitute one and the same agreement. No counterpart shall be effective until each party has executed at least one part or counterpart.

**IN WITNESS WHEREOF** this Agreement was executed by the parties hereto on the date set out on Page 1.

**SCHEDULE 1**

**SERVICES**

**SCHEDULE 2**  
**EXCLUDED ASSETS**

[ ]

**SIGNED** by )  
 )  
for and on behalf of )  
**FINANCIAL INSURANCE** )  
**GROUP SERVICES** )  
**LIMITED** )

**SIGNED** by )  
 )  
for and on behalf of )  
**GE LIFE SERVICES** )  
**LIMITED** )

**AMENDED AND RESTATED  
INVESTMENT MANAGEMENT AND SERVICES AGREEMENT**

**BETWEEN**

**[Subsidiary]**

**AND**

**GE ASSET MANAGEMENT INCORPORATED**

**DATED AS OF                      , 2004**

**CONFIDENTIAL TREATMENT REQUESTED**

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN  
REQUESTED IS OMITTED AND IS NOTED WITH “\*\*\*”.  
AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED  
SEPARATELY WITH THE SECURITIES AND  
EXCHANGE COMMISSION.

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**THIS AMENDED AND RESTATED INVESTMENT MANAGEMENT AND SERVICES AGREEMENT** (the “Agreement”) is made and entered into as of the      day of      , 2004 (the “Effective Date”), by and between [Subsidiary], an insurance company domiciled in the State of [      ] (“Client”), and GE ASSET MANAGEMENT INCORPORATED, a Delaware corporation (“Manager”).

***RECITALS***

WHEREAS, Client and Manager previously entered into an investment management and services agreement (the “Original Agreement”) dated as of May 1, 2002 pursuant to which Client retained Manager to provide investment management and other services for Client’s investment portfolio and Manager agreed to provide those services on the terms and conditions contained in the Original Agreement; and

WHEREAS, Client and Manager now desire to amend and restate the Original Agreement in its entirety as more specifically provided below.

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein, Client and Manager agree as follows:

**ARTICLE I  
DEFINITIONS AND USAGE**

**1.1**      **Definitions** . The following capitalized terms, as used in this Agreement, have the following meanings:

“Account” shall have the meaning set forth in Section 2.1.

“Account Assets” means the assets and any unrealized income, profit or gain (or loss) from, those assets in the Account from time to time. Unless specifically described otherwise, Account Assets shall be valued at market.

“Actual Costs” shall have the meaning set forth in Article IV(b).

“Affiliate” of a Person means a Person who, directly or indirectly through one or more intermediaries, Controls or is Controlled by, or is under common Control with, such Person.

“Applicable Law” means, as applicable to each of the parties hereto, any domestic or foreign federal, state or local statute, law, ordinance or code (including, with respect to Client, the Delaware insurance code and, with respect to Manager, the Investment Advisers Act), any rules, regulations, administrative interpretations or orders issued by any Governmental Authority (including with respect to Client, the Insurance Authority and, with respect to Manager, the SEC) pursuant to any of the foregoing, and any order,

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writ, injunction, directive, judgment or decree of a court of competent jurisdiction applicable to the parties hereto.

“Board” means the Board of Directors of Client as the same may be elected from time to time by the shareholders of Client.

“Budgeted Costs” shall have the meaning set forth in Article IV(a).

“Control” means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlled”, “under common Control with” and “Controlling” shall have correlative meanings.

“Control Event” means, with respect to either party, the occurrence of: (a) any event which results in the Control of the party transferring from a Person that was an Affiliate immediately prior to the occurrence of such event to a Person that is not an Affiliate; (b) the sale or transfer of substantially all of a party’s assets to a Person that is not an Affiliate; or (c) the merger or consolidation of a party with or into another Person and the surviving Person is not an Affiliate.

“CPR” shall have the meaning set forth in Section 8.3.

“CPR Arbitration Rules” shall have the meaning set forth in Section 8.4(a).

“Custodian” shall have the meaning set forth in Section 2.6.

“Directed Brokers” shall have the meaning set forth in Section 2.7(b)

“Directed Trades” shall have the meaning set forth in Section 2.7(b).

“Dispute” shall have the meaning set forth in Section 8.1(a).

“Effective Date” shall have the meaning set forth in the introductory paragraph.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“First Extension” shall have the meaning set forth in Article III(a).

“GAAP” means generally accepted accounting principles in effect, from time to time, in the United States.

“GE” means General Electric Company, a New York corporation.

“GE Change” shall have the meaning set forth in Article III(a).

“Governmental Authority” means the SEC, the Insurance Authority or any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States or any federal, national, state, municipal, county, city or other political subdivision.

“Initial Notice” shall have the meaning set forth in Section 8.2.

“Initial Termination Date” shall have the meaning set forth in Article III(a).

“Insurance Authority” means the Delaware Department of Insurance.

“Investment Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Investment Committee” means a committee directed by the Board to oversee Client’s investment activities.

“Investment Guidelines” shall mean certain guidelines and procedures concerning the investment and management of the Account Assets (and which may be specific as to any particular Account) as may be adopted from time to time by the Board or the Investment Committee all of which shall be compliant in all respects and at all times with all Applicable Law, and as may from time to time be modified or amended by the Board or the Investment Committee; provided that any such modification or amendment shall be provided by Client to Manager in writing in advance.

“Investment Objectives” shall mean any investment objectives set forth in the Investment Guidelines or otherwise communicated in writing from time to time by Client to Manager.

“Investment Reports” means statements, reports, analyses, data, summaries, calculations, formulas and the like concerning Account Assets, investment strategy, security selection and performance results, whether in written, oral or electronic form.

“Management Percentage” shall have the meaning set forth in Article IV(a).

“Original Agreement” shall have the meaning set forth in the Recitals.

“Person” means an individual, corporation, partnership, limited liability company, association, trust or any other entity or organization, including governmental or political subdivision or an agency or instrumentality thereof.

“Proposal” shall have the meaning set forth in Article IV(c).

“Records” shall have the meaning set forth in Section 2.9.

“Regulatory Change” shall have the meaning set forth in Article III(a).

“Remaining Term” shall have the meaning set forth in Article III(a).

“Representatives” means, as applicable, Client’s or Manager’s directors, officers, employees, accountants and legal and financial advisors.

“Response” shall have the meaning set forth in Section 8.2.

“SAP” means statutory accounting procedures and principles prescribed or permitted by Applicable Law.

“Second Extension” shall have the meaning set forth in Article III(a).

“SEC” means the U.S. Securities and Exchange Commission.

“SEC Termination” shall have the meaning set forth in Article III(a).

“Taxes” shall have the meaning set forth in Section 7.18(b).

“True-up” shall have the meaning set forth in Article IV(b).

**1.2** **Headings**. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

## **ARTICLE II SERVICES**

**2.1** **Investment Management**. With respect to accounts and/or investment portfolios designated by Client from time to time in writing and which may include, without limitation, an account established to hold assets of Client placed into a trust or other special purpose vehicle utilized to secure performance of Client’s obligations (collectively, the “Account”), Manager will provide continuous, discretionary investment management services to Client, which services may include (but not be limited to) the following:

- (a) Research and identify investment opportunities;
- (b) Open (or direct the Custodian to open) and maintain brokerage accounts for securities and other property for and in the name of Client and execute for Client, as its agent and attorney-in-fact, standard customer agreements;
- (c) Invest Account Assets in income earning investments, such as bonds and cash equivalents, and such other investments as are permitted by Applicable Law, subject to any restrictions or limitations imposed by the Investment Guidelines, the Board or the Investment Committee, in each case, as communicated to Manager in writing;

- (d) Exercise, on behalf of Client or direct the exercise by the Custodian where appropriate, all rights and remedies conferred by any investment including, without limitation, voting rights (as discussed more fully in Section 2.8 below) with respect to the Account Assets;
- (e) Sell or dispose of investments as appropriate, subject to any restrictions or limitations imposed by the Investment Guidelines, the Board or the Investment Committee; provided, however, that the proceeds from any such sales will be deposited in the relevant Account on the date of receipt;
- (f) Assist in developing an overall investment strategy for the Account Assets; provided that in all cases Client shall have sole responsibility for approving and adopting any such strategy;
- (g) Conduct inspections, valuations, projections or other due diligence activities with respect to investments;
- (h) Negotiate the terms and conditions of investments and review and participate in the preparation of any documentation relating to such investments and execute for Client, as its agent and attorney-in-fact, such documentation;
- (i) Keep the Account under review and confer at regular intervals with Client regarding the investment and management of the Account;
- (j) Prepare a summary of all purchases and sales of investments with respect to the Account for approval and ratification by the Board or the Investment Committee not less than quarterly and more frequently if the Board or the Investment Committee so requests;
- (k) Assist with cash management and cash flow forecasting;
- (l) Participate in meetings of the Board, the Investment Committee and such other meetings with Client Representatives as Client may request from time to time;
- (m) Provide Client, in a timely manner, with such reports, documentation and information as Client may reasonably request in connection with monthly, quarterly and annual closing activities;
- (n) Provide Client with such additional investment management services relating to the Account as Client may reasonably request from time to time; and
- (o) Provide other support and analysis concerning investments, which, by way of example, may include due diligence in connection with potential business acquisitions or dispositions by Client and its Affiliates, reinsurance transactions and capital markets structures; provided, however, such support and analysis shall

be similar in scope to that which Manager has previously provided to Client and shall be consistent with the range of services provided in the normal course by Manager under this Agreement.

**2.2 [Reserved]**

**2.3 Appointment of Manager**. Client appoints Manager and Manager accepts appointment by Client as investment adviser for the Account with full discretion subject to the terms of this Agreement; provided that, and without limitation to any right or remedy of Client under this Agreement, the ultimate control of Client's accounts and/or investment portfolios shall remain with the Board, and nothing contained in this Agreement shall be deemed to transfer or delegate such control to Manager.

**2.4 Non-Exclusivity**. Manager shall perform its services described in this Agreement on a nonexclusive basis. Client shall be free to retain at any time one or more additional investment advisers to perform similar services in connection with any of its assets. Manager may give advice and take action with respect to other clients that differs from advice given or action taken with respect to the Account, so long as Manager attempts in good faith to allocate investment opportunities to Client and the Account over a period of time on a fair and equitable basis compared to investment opportunities extended to other clients. Manager is not obligated to initiate the purchase or sale of any security for Client or the Account that Manager, or its Affiliates or the respective Representatives of either of them, may purchase or sell for its or their own accounts or for the account of any other client if, in the reasonable opinion of Manager, such transaction or investment appears unsuitable or undesirable for Client or the Account.

**2.5 Covenants of Manager**.

- (a) Manager shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters should use in the conduct of an enterprise of a like character and with like aims. Further, Manager shall use the same skill and care in the management of the Account and other duties hereunder as it uses in the administration of other similar accounts for which it has investment responsibility.
- (b) Manager shall use its commercially reasonable efforts to achieve the Investment Objectives. Notwithstanding the foregoing, Client understands that Manager makes no representation regarding its ability to achieve any Investment Objective and Manager shall have no liability hereunder for such failure provided it has otherwise complied with the terms of this Agreement.
- (c) Manager shall notify Client in writing within seven (7) business days of: (i) Manager's failure or inability to comply with any material term or provision of this Agreement; (ii) any change in Manager's senior officers who exercise investment discretion in respect of the Account; (iii) any change in Manager's

condition, financial or otherwise, or in its business or any other change which is reasonably likely to be materially adverse to Manager, the Account or the Account Assets; (iv) the occurrence of any happening or event which is reasonably likely to cause or has caused any breach of any representation or warranty made by Manager below and the nature and scope of the breach; (v) any threatened or actual material adverse change in the Account or nature of the Account Assets of which it is aware; (vi) if it is unable to comply with the Investment Guidelines including any change resulting from an amendment to such Investment Guidelines or any instruction or direction given by Client pursuant to this Agreement; or (vii) if an instruction, direction or guideline given by Client is: (A) in Manager's opinion, inconsistent with the Investment Guidelines; or (B) in Manager's opinion, ambiguous or unclear in any respect, and the instruction, direction or guideline must be clarified by Client.

- (d) In the performance of its duties and obligations under this Agreement, Manager shall act in conformity with the Investment Guidelines or other written instructions of the Board, the Investment Committee or Representatives of Client, in each case as supplied to Manager by Client, and all Applicable Law. At Client's request, Manager shall provide to Client certificates or other evidence of compliance relating to any Applicable Law or other legal requirements, in each case in form and substance satisfactory to Client.
- (e) Manager shall at all times maintain sufficient and knowledgeable personnel to perform the services under this Agreement.
- (f) Manager shall inform Client of, and comply with, Manager's policy regarding the receipt by Manager of all services received in connection with soft dollar commissions in relation to the investment or management of the Account.
- (g) Manager shall account to Client for any monetary benefits, fees or commissions received by Manager or any Affiliate of Manager in relation to the investment of the Account other than benefits or amounts permitted to be received in accordance with Section 2.7 and Article IV.
- (h) Manager shall exercise due care in selecting, appointing and reviewing the performance of any agent of Manager in connection with the Account or any broker engaged by Manager.
- (i) Except as otherwise disclosed in this Agreement, Manager does not have and will not have any interest, direct or indirect, which would conflict in any manner with its obligations under this Agreement.

**2.6 Custodial Matters.** All transactions authorized by this Agreement with respect to the Account will be consummated through a custodian designated in writing by Client (the "Custodian"). Manager (who shall not act as Custodian) may issue such instructions to the Custodian as may be appropriate in connection with the settlement of transactions

initiated by Manager under this Agreement, either in writing or sent electronically or orally and confirmed in writing or electronically as soon as practical thereafter. Manager shall instruct all brokers, dealers or other persons executing orders on behalf of the Account to forward to the Custodian copies of all brokerage or dealer confirmations promptly after execution of all transactions. Manager shall not be authorized to take custody or possession of any Account Assets. Manager shall not be responsible for the fees of the Custodian or for any loss incurred by reason of any act or omission of the Custodian. Client may, at any time in its sole discretion, appoint one or more additional or substitute custodians to hold the Account Assets. Manager will be advised of the appointment of any substitute custodians in writing by Client.

## **2.7 Brokerage Matters.**

- (a) Manager may place orders directly with brokers or dealers for executing transactions for the Account. In selecting brokers or dealers, Manager is authorized to use its discretion and may take into account such relevant factors as (i) total transaction price (including commissions, as a component of price); (ii) the broker's facilities, reliability and financial responsibility; (iii) the ability of the broker to effect the securities transaction, particularly with regard to such aspects as timing, size and execution of orders; and (iv) the research services provided by such broker to Manager (either directly or by arrangement with third parties) which may enhance Manager's general investment decision-making process, notwithstanding that the Account may not be the direct or exclusive beneficiary of such services. Specifically, Manager may pay a broker a commission in excess of the amount another broker would have charged for effecting such transaction, so long as, in the good faith judgment of Manager, the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by such broker, viewed in terms of that particular transaction or Manager's overall investment management business. Client shall be responsible for the total transaction costs, including all reasonable broker's commissions with respect to transactions of the Account and all taxes or government fees, domestic or foreign, attributable to such transactions. Manager may enter into arrangements with brokers to open "average price" accounts wherein orders during a trading day are placed on behalf of Client and other clients and are allocated (along with an equivalent portion of the expenses related thereto) among the Account and the accounts of the other clients using an average price. Manager may execute any and all transactions for the Account with or through brokers or dealers that are Affiliates of Manager so long as such transactions are executed on terms no less favorable than those available from an unaffiliated broker or dealer.
- (b) Client may direct Manager to effect securities transactions for the Account ("Directed Trades") through broker-dealer(s) identified by Client in writing ("Directed Brokers") in a separate agreement acceptable to Manager. Client acknowledges that: (i) Directed Trades may not enable Client to obtain the cost and execution benefits, if any, of participating in aggregated trades with other clients; and (ii) Directed Trades may be executed before or after Manager effects

the execution of transactions for other accounts with the result that Client may pay or receive, as the case may be, a different price for securities which were also the subject of trades by Manager for its other clients. Client represents that Directed Trades are not prohibited by Applicable Law or Client's governing documents.

**2.8 Exercise of Rights.** Subject to the Investment Guidelines and any other written instructions of the Board, the Investment Committee or Representatives of the Client provided to Manager, Manager shall use its best judgment to exercise or instruct the Custodian to exercise, in a manner that Manager deems to be in the best interests of Client, all voting rights, consent rights, subscription rights, conversion rights or any other rights arising in connection with any investment in the Account. Manager shall determine whether to consent to modifications of any documents governing securities held in the Account. Unless provided herein or requested in writing by Client, Manager need not forward any proxy material, consent solicitations or similar material to Client.

**2.9 Recordkeeping and Reports; Review and Inspection.**

- (a) Manager shall maintain all records, memoranda, instructions or authorizations (collectively, "Records") relating to the acquisition or disposition of securities or other investments in the Account as required by the Investment Advisers Act. Such Records will be the property of Client. On a timely basis, Manager shall make available to Client, at its administrative offices or such other location as may be designated by Client, copies or originals of such Records upon reasonable request.
- (b) All Records, both internal and external with third parties, to the extent within the control of Manager, will clearly specify the ownership interest of Client in the Account Assets.
- (c) Records relating solely to the Account and/or the Account Assets that are not maintained physically on Client's premises or in Client's care, custody and control shall be subject to review and audit at any time by Client, its Representatives, the Insurance Authority and any other Governmental Authority, or any other entity designated by Client, and Manager shall cooperate with and provide reasonable assistance to any such Person, including any auditor appointed by Client to conduct an audit of the Account. Such Records shall be maintained for the time periods and in a format required by the Investment Advisers Act. Manager shall notify Client prior to destruction of such Records (in order that Client may request transfer of such Records to Client as an alternative to destruction).
- (d) Manager shall provide to Client such other documents and information pertaining to this Agreement, the Account and/or Account Assets at such times as Client may reasonably request including, but not limited to, information required to prepare reports to the Insurance Authority or any other entity designated by Client

or as may be required in order for Client to comply with GAAP, SAP or Applicable Law.

- (e) Manager will cooperate fully with Client with respect to unsettled or unreconciled transactions and daily transmission of trading activity.

**2.10** **Information Furnished to Manager**. Client shall furnish to Manager in a timely manner any information that Manager may reasonably request with respect to the services performed under this Agreement. In determining the requirements of Applicable Law, Manager may rely on an interpretation of law by legal counsel to Client.

### **ARTICLE III TERM AND TERMINATION**

- (a) This Agreement shall continue in effect for a term beginning on the Effective Date and ending on the third anniversary of the Effective Date (the “Initial Termination Date”). Not less than one (1) year prior to the Initial Termination Date, Client shall notify Manager in writing of its intent to terminate this Agreement on the Initial Termination Date or to extend this Agreement for an additional one (1) year term (the “First Extension”). If Client exercises the First Extension, Client shall, no later than the Initial Termination Date, notify Manager in writing of its intent to terminate this Agreement at the end of the First Extension or to further extend this Agreement for an additional one (1) year term (the “Second Extension”). This Agreement may only be terminated by Client (i) for any reason with one (1) year prior written notice (which notice shall specify the effective date of termination) to the Manager or (ii) immediately (A) for cause (“cause” being understood as any fraud or willful misconduct by Manager in managing the Account, Manager’s material breach of this Agreement, materially deficient investment performance with respect to the Account or Manager’s material or repeated non-compliance in managing the Account in accordance with the Investment Guidelines or Investment Objectives; provided that, except with respect to Manager’s fraud or willful misconduct, Manager shall have thirty (30) days from notice of such material breach or non-compliance to cure the material breach or non-compliance to the reasonable satisfaction of Client in which case “cause” shall not be deemed to have occurred) or (B) upon a Control Event with respect to Client. If Client terminates this Agreement with less than one (1) year prior notice and if such termination is not for cause or due to a Control Event with respect to Client, Client will then continue to pay to Manager the lesser of (1) the unpaid balance of the Budgeted Costs (as defined in Article IV (a)) for the remaining portion of the calendar year plus the pro-rata portion of the Budgeted Costs for the following calendar year but only for the number of days which when added to the time elapsed since the giving of such notice would equal one (1) year (such remaining period, the “Remaining Term”) or (2) the Actual Costs incurred by Manager for providing services under this Agreement for the Remaining Term (in each case as adjusted to reflect the pro-rata portion of the True-up (as defined below) from the prior year and entire True-up for the following year, or portion

thereof, if applicable). Manager shall use reasonable efforts to mitigate the incurrence of such costs and expenses. This Agreement may be terminated by Manager if the SEC suspends or withdraws Manager's investment adviser registration ("SEC Termination") or a change in Applicable Law occurs that would materially and adversely affect Manager's ability to provide services hereunder ("Regulatory Change"). Manager shall provide prompt written notice of a SEC Termination or Regulatory Change to Client and Manager shall use best efforts to extend the termination date for this Agreement to the maximum date consistent with the requirements of the SEC or the date of implementation of the Regulatory Change, as applicable, and in a manner consistent with subsection (d) of this Article III. This Agreement may be terminated by Manager (i) upon a Control Event with respect to Manager; (ii) if GE decides to dissolve Manager and commences dissolution proceedings; or (iii) if GE decides to engage other investment managers to provide substantially all advisory services to the fixed income allocation of the General Electric Pension Trust (each event a "GE Change"); provided that Manager shall give prompt written notice of a GE Change to Client and the date of termination shall occur on the later of the Initial Termination Date or one (1) year from the giving of notice of the GE Change to Client. This Agreement also shall automatically terminate in the event of its unauthorized assignment by either party. Termination in any manner shall not affect the rights of either party that accrued prior to termination.

- (b) Client acknowledges that Manager has and will continue to expend substantial fixed costs in providing services to Client and such costs would not have been incurred but for Manager providing services to Client. Furthermore, Client acknowledges that Manager has agreed to provide services hereunder for the fees noted in Article IV in part because Client has expressed a good faith intention to engage Manager for not less than three (3) years following the Effective Date. Therefore, Client acknowledges that the management fees still to be paid to Manager following a termination by Client of this Agreement for reasons other than cause or upon a Control Event with respect to Client and with less than one (1) year prior notice should not be construed as a penalty but as a reasonable approximation of the additional costs incurred by Manager due to the failure of Client to meet the parties' expectations.
- (c) Within sixty (60) days of the termination of this Agreement, Manager shall transfer all Records to Client or its designee provided that Manager shall be entitled to maintain a copy of such Records. All reasonable costs to transfer such Records shall be paid by Client.
- (d) In the event of any termination of this Agreement, Client may request that Manager continue to serve as a manager hereunder (at the then-existing compensation level) in order to assist Client in effecting a smooth and orderly transfer of services and all Records to any successor manager (which may be Client); provided that such transition period shall not exceed 3 months unless otherwise agreed to by the parties. Manager shall consent to such request

provided termination is not the result of a SEC Termination or Regulatory Change.

#### **ARTICLE IV COMPENSATION**

- (a) Subject to the provisions of this Article IV, Client agrees to pay Manager a management fee on a quarterly basis in arrears for services provided by Manager to Client pursuant to this Agreement. The management fee shall be equal to **\*\* basis points (\*\*%)** (the "Management Percentage") multiplied by the value of the Account Assets as of the end of the relevant calendar quarter, as determined by the Custodian's records, divided by four (4). The parties acknowledge that the initial Management Percentage has been, and the Management Percentage applicable for each calendar year thereafter will be, equal to the percentage resulting from dividing Manager's budgeted direct and indirect costs and expenses for such period (the "Budgeted Costs") as adjusted by any True-up (as defined below) for the prior year by Client's estimated aggregate Account Assets for the next calendar year, all as determined in good faith.
- (b) The parties will reestablish the Management Percentage for each calendar year in accordance with the following process; provided, however, that if the Management Percentage for such period exceeds by more than ten percent (10%) the Management Percentage applicable during the prior calendar year or portion thereof, such increase shall be submitted to the Insurance Authority for prior approval. By each September 15, Client shall provide Manager with a provisional forecast of Client's Account Assets for the following calendar year together with an outline of any significant changes that Client proposes to implement to its investment strategy during the following calendar year. By each October 1, Manager shall provide Client with a detailed budget setting forth the expected Budgeted Costs to be incurred by Manager in order to provide services to Client for the following calendar year along with reasonable documentation in support of such budget (collectively, the "Proposal"). Client shall promptly review the Proposal and shall accept or reject the Proposal, in Client's reasonable discretion, by no later than November 1; provided, however, if Client rejects the Proposal it shall provide Manager with a written explanation for such rejection. If Client rejects the Proposal, Client and Manager will work in good faith to resolve all issues so that the Proposal is acceptable to both parties no later than December 1. As promptly as possible, but in no event later than January 15 of each year, Client shall provide Manager its final forecast of Account Assets for the calendar year and any significant changes to Client's investment strategy that Client proposes to implement during the calendar year. Within five (5) business days following receipt of such information, Manager shall calculate the difference between the management fees paid or payable by Client to Manager for the prior year under this Agreement (and under the Original Agreement for the portion of 2004 that such agreement remained in effect) and Manager's actual direct and indirect costs and expenses of providing services ("Actual Costs") during such period (such

difference is referred to as the “True-up”) and shall provide the True-up and proposed Management Percentage to Client. The calculation of any True-up shall not give effect to fees received by Manager or reductions in fees otherwise owed to Manager as a result of a prior True-up. The True-up shall be added to or subtracted from, as applicable, the Budgeted Costs set forth in the approved Proposal and shall be reflected in the Management Percentage established for the following calendar year. If Manager is entitled to the benefit of the True-up because Actual Costs exceeded Budgeted Costs, the True-up added to Budgeted Costs for the following calendar year shall be the lesser of the actual True-up or an amount equal to 10% of Budgeted Costs for the prior calendar year; provided however, that any Actual Costs that were not included in the approved Proposal for the year but were previously approved in writing by Client in consultation with Manager during such year shall not be included when applying the 10% cap. The Manager shall provide Client with reasonable back-up documentation supporting Manager’s calculation of the True-up. Client shall approve or reject the True-Up and the Management Percentage not later than five (5) business days after receipt thereof from Manager. The Management Percentage shall be implemented as if it were effective as of the prior January 1. If the parties are unable to agree on a revised Proposal, the True-up or the Management Percentage, the then existing Management Percentage shall remain in effect until the parties agree on a revised Proposal and True-up. If the parties are unable to agree on the Proposal, the Management Percentage and the True-up by February 15, the Budgeted Costs and Management Percentage (which shall reflect the True-up) shall be established pursuant to the Arbitration process described in Article VIII of this Agreement. Both parties understand that time is of the essence with respect to this subsection. For purposes of all dates set forth in this subsection, if such date is not a business day, then such date shall be deemed to be the next calendar day that is a business day.

- (c) Manager shall submit to Client within thirty (30) days following each calendar quarter, a written statement of the amount owed by Client for the previous quarter. Client shall pay Manager undisputed amounts within thirty (30) days following receipt of such statement.

#### **ARTICLE V CONFIDENTIALITY**

Subject to the duty of Manager or Client to comply with Applicable Law, each party hereto shall treat as confidential all information with respect to the other party received pursuant to this Agreement. No party shall use or disclose the other party’s confidential information except as contemplated by this Agreement.

Manager shall establish and maintain reasonable procedures to keep Investment Reports, the information supplied by Client to Manager for the Investment Reports and other non-public information provided hereunder confidential and to prevent disclosure or distribution to any Person other than to Client’s Representatives or to Manager’s Representatives or Manager’s

service providers who have a reasonable need to know or have access to such information in connection with providing services hereunder; provided that Manager may include information from such Investment Reports when presenting Manager's performance as long as Client is not identified as the source of such information. Manager will be responsible for compliance with the terms of this Article V by its Representatives.

Investment Reports provided by Manager to Client are privileged and may include proprietary information. Investment Reports will be used solely for the purpose of monitoring and evaluating the performance of the Account and for use by Client in testing the Account Assets for regulatory compliance and similar purposes. Client shall establish and maintain reasonable procedures to keep Investment Reports confidential and to prevent disclosure or distribution to any Person other than to Client's Representatives who have a reasonable need to know or have access to such Investment Reports in connection with the receipt of services hereunder. Client will be responsible for compliance with the terms of this Article V by its Representatives.

Each party hereto will obtain the other party's approval before sending or making available any Investment Report to third parties. If a party is required by Applicable Law or requested (by legal process, civil investigative demand or similar process) to disclose any confidential information of the other party, the party being required or requested to make such disclosure will promptly notify the other party so that the other party may seek an appropriate protective order or waive compliance with this confidentiality covenant.

## **ARTICLE VI REPRESENTATIONS AND WARRANTIES**

**6.1**     **By Client.** Client represents and warrants that:

- (a)     It is an insurance company duly organized, validly existing and in good standing under the laws of Delaware and has the power and authority (including approval from the Insurance Authority, if required) to execute, deliver and perform this Agreement;
- (b)     This Agreement is the valid and binding obligation of the Client enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies; and
- (c)     Except as set forth on Schedule 6.1 attached hereto, none of the Account Assets are "plan assets" within the meaning of ERISA and if any Account Assets ever become "plan assets" within the meaning of ERISA, Client will immediately so notify Manager.

**6.2**     **By Manager.** Manager represents and warrants that:

- (a) It is a corporation duly organized, validly existing and in good standing under the laws of Delaware, has the power and authority to carry on the business of an investment adviser, and has the power and authority to execute, deliver and perform this Agreement;
- (b) This Agreement is the valid and binding obligation of Manager enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditors' rights generally or by the principles governing the availability of equitable remedies;
- (c) Other than approval from the Insurance Authority, if any, it has made, obtained and performed all other registrations, filings, approvals, authorizations, consents, licenses or examinations required by any government or governmental or quasi-governmental authority, domestic or foreign, or required by any other person, corporation or other entity in order to execute, deliver and perform this Agreement and to be an investment adviser;
- (d) Neither the execution and delivery nor the performance of this Agreement by Manager will violate any law, statute, order, rule or regulation or judgment, order or decree by any federal, state, local or foreign court or governmental authority, domestic or foreign, to which Manager is subject nor will the same constitute a breach of, or default under, provisions of any agreement or contract to which it is a party or by which it is bound;
- (e) It is registered as an investment adviser under the Investment Advisers Act and has at least 48 hours prior to entering into this Agreement furnished to Client a true and complete copy of Part II of its most recent Form ADV; and since the date of such Form ADV, there has not been, occurred or arisen any material adverse change in the financial condition or in the business of Manager or any event, condition, or state of facts which materially and adversely affects, or to its knowledge threatens to materially affect, the business or financial condition of Manager; and
- (f) In terms of intellectual property, it is the sole owner of all right, title and interest in and to the intellectual property used by it to perform its obligations hereunder or, to its knowledge, possesses all appropriate rights to use the intellectual property; has not sold, granted, conveyed, licensed or assigned to any third party, or in any way encumbered, the intellectual property in a manner that interferes with Manager's obligations under this Agreement; and the intellectual property used by Manager does not to Manager's knowledge infringe the rights of any third party.

**ARTICLE VII  
MISCELLANEOUS**

- 7.1** **Limitation of Liability**. In furnishing Client with services as provided herein, neither Manager nor any officer, director or agent thereof shall be held liable to Client, its creditors or the holders of its securities for good faith errors of judgment or for anything except willful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the terms of this Agreement. It is further understood and agreed that Manager may rely upon information furnished to it by Client that Manager reasonably believes to be accurate and reliable. Certain federal laws, including federal securities laws, impose liabilities under certain circumstances on persons who act in good faith and therefore nothing contained herein shall in any way constitute a waiver or limitation of any rights that Client may have under any such federal laws.
- 7.2** **Indemnification**.
- (a) Notwithstanding any limitation of liability contained in Section 7.1, Manager shall indemnify and hold Client harmless from and against any losses, damages, expenses (including reasonable attorneys' fees), liabilities, penalties, demands and claims of any nature whatsoever with respect to or arising out of Manager's breach or violation of any agreement, covenant, representation or warranty made by Manager herein.
  - (b) Client shall indemnify and hold Manager harmless from and against any losses, damages, expenses (including reasonable attorneys' fees), liabilities, penalties, demands and claims of any nature whatsoever with respect to or arising out of Client's breach or violation of any agreement, covenant, representation or warranty made by Client herein.
- 7.3** **Assignment**. No assignment (by operation of law or otherwise) of this Agreement, in whole or in part, nor any of the rights, interests or obligations under this Agreement by either party shall be effective without the prior written consent of the other party and the Insurance Authority. For purposes of this section, the term "assignment" with respect to Manager as assignor shall have the same meaning as defined in Section 202 of the Investment Advisers Act. Subject to the provisions of this Section 7.3, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and permitted assigns.
- 7.4** **Independent Contractor**. Manager shall be deemed to be an independent contractor and, except as expressly provided or authorized in this Agreement, shall have no authority to act for or represent Client. Client shall always retain the ultimate authority to make investment decisions on its own behalf.
- 7.5** **[Reserved]**
- 7.6** **Specimen Signatures**. From time to time, Client shall provide Manager with a certificate setting forth the names and specimen signatures of the Representatives who are authorized to act on behalf of Client (including, but not limited to, the Investment

Committee). From time to time, Manager will provide Client with a certificate setting forth the names and specimen signatures of the Representatives who are authorized to act on behalf of Manager. The parties hereto shall be fully protected in relying upon any written notice, instruction, direction or other communication (based upon the most recent certificate that has been received by the party) which is reasonably believed to have been executed by an individual who is authorized to act on behalf of the other party.

**7.7** [Reserved]

**7.8** [Reserved]

**7.9** **Advertising and Promotion**. A party shall not engage in any advertising or promotional activity that refers to the other party without receiving the written consent of the other party prior to publication or announcement. Manager shall however be entitled to disclose Client's name and the size of the Account Assets in client listings and other similar material.

**7.10** **Governing Law**. This Agreement shall be governed by the laws of the State of Delaware, without giving effect to its conflict of laws principles.

**7.11** **Notices**. Any notice under this Agreement shall be given in writing, addressed, and delivered, or mailed postpaid, to the party to this Agreement entitled to receive such, at such party's principal place of business as set out here:

Manager:

General Counsel  
GE Asset Management Incorporated  
3003 Summer Street  
Stamford, CT 06905

Client:

General Counsel  
[Subsidiary]  
[Address]

or to such other address as either party may designate in writing mailed to the other. Whenever any notice is required to be given hereunder, such notice shall be deemed given and such requirement satisfied only when such notice is delivered, or, if mailed, when received unless otherwise permitted by the terms hereof.

- 7.12 Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- 7.13 Amendments.** No term or provision of this Agreement may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by both parties.
- 7.14 Electronic Notices, Waivers and Amendments.** For purposes of providing notices required or permitted by this Agreement, waiving any right under this Agreement, or amending any term of this Agreement and notwithstanding any law recognizing electronic signatures or records, “a writing signed,” “in writing” and words of similar meaning, shall mean only a writing in a tangible form bearing an actual “wet” signature in ink manually applied by the person authorized by the respective party, unless both parties agree otherwise by making a specific reference to this section.
- 7.15 Entire Agreement.** This Agreement supersedes any and all oral or written agreements or understandings heretofore made, and contains the entire agreement of the parties, with respect to the subject matter hereof.
- 7.16 Counterparts.** This Agreement may be executed in one or more counterparts, and such counterparts together shall constitute one and the same agreement.
- 7.17 Additional Parties.** Insurance company Affiliates of Genworth Financial, Inc. may become party to and bound by the provisions of this Agreement subject only to executing the Adoption Agreement attached hereto as Exhibit 1 and obtaining any necessary

regulatory approvals. Each such additional insurance company becoming a party to this Agreement shall be deemed a “Client” hereunder. If and when the Agreement involves two or more Clients, any one Client may terminate this Agreement, but only with respect to such Client’s participation in the Agreement, in accordance with Article III.

**7.18 Taxes.**

- (a) Each party shall be responsible for any personal property taxes on property it owns or leases, for franchise and privilege taxes on its business, and for taxes based on its net income or gross receipts.
- (b) Client may report and (as appropriate) pay any sales, use, excise, value-added, services, consumption, and other taxes and duties (“Taxes”) directly if Client provides Manager with a direct pay or exemption certificate.
- (c) The parties agree to cooperate with each other to enable each to more accurately determine its own tax liability and to minimize such liability to the extent legally permissible. Manager’s invoices shall separately state the amounts of any Taxes Manager is proposing to collect from Client.
- (d) Manager shall promptly notify Client of any claim for Taxes asserted by applicable taxing authorities for which Client is alleged to be financially responsible hereunder. Manager shall coordinate with Client the response to and settlement of, any such claim. Notwithstanding the above, Client’s liability for such Taxes is conditioned upon Manager providing Client notification within twenty (20) business days of receiving any proposed assessment of any additional Taxes, interest or penalty due by Manager.
- (e) Client shall be entitled to receive and to retain any refund of Taxes paid to Manager pursuant to this Agreement. In the event Manager shall be entitled to receive a refund of any Taxes paid by Client to Manager, Manager shall promptly pay, or cause the payment of, such refund to Client.

**ARTICLE VIII  
DISPUTE RESOLUTION**

**8.1 General Provisions.**

- (a) 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 Article VIII, 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 8.2 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 8.3 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) Except as provided in Section 8.1(f) in connection with any Dispute, 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 Article VIII are pending. The parties will take such action, if any, required to effectuate such tolling.
- (f) The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located within the State of Delaware over any such Dispute and each party hereby irrevocably agrees that all claims in respect of any such Dispute or any suit, action proceeding related thereto may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by Applicable Law any objection which they may now or hereafter have to the laying of venue of any such Dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such Dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

**8.2** 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.

**8.3** Mediation. If a Dispute is not resolved by negotiation as provided in Section 8.2 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.

#### **8.4 Arbitration**

- (a) If a Dispute is not resolved by mediation as provided in Section 8.3 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 State of Delaware, without giving effect to any conflict of law rules or other rules that might render law inapplicable or unavailable, and shall apply this Agreement 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 8.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 8.4 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 8.4(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 State of Delaware.
- (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. Notwithstanding Section 8.4(d) above, each party acknowledges that in the event of any actual or

threatened breach of Article V, the remedy at law would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.

- (f) Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article VIII.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

GE ASSET MANAGEMENT INCORPORATED

By: \_\_\_\_\_  
Name:  
Title:

[SUBSIDIARY]

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE 6.1**

**PLAN ASSETS**

**EXHIBIT 1**

**ADOPTION AGREEMENT**

**(AMENDED AND RESTATED INVESTMENT MANAGEMENT AND SERVICES AGREEMENT)**

By executing this Adoption Agreement, the undersigned corporation, an insurance company Affiliate of [Subsidiary], hereby adopts and agrees to be bound by the terms and provisions of the Amended and Restated Investment Management and Services Agreement between GE Asset Management Incorporated and [Subsidiary] dated as of \_\_\_\_\_, 2004 (the "Agreement"), as provided in Section 7.17 of the Agreement.

This Adoption Agreement shall become effective on the date executed unless otherwise noted.

[Name and Address of Corporation]

By:

Name:

Title:

Date:

**DATED** \_\_\_\_\_, 2004

INVESTMENT MANAGEMENT AGREEMENT

Between

[SUBSIDIARY]

-and-

GE ASSET MANAGEMENT LIMITED

**CONFIDENTIAL TREATMENT REQUESTED**

CONFIDENTIAL TREATMENT REQUESTED: INFORMATION FOR WHICH CONFIDENTIAL TREATMENT HAS BEEN REQUESTED IS OMITTEED AND IS NOTED WITH "\*\*\*". AN UNREDACTED VERSION OF THIS DOCUMENT HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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This INVESTMENT MANAGEMENT AGREEMENT (this “Agreement”), made the     day of             2004.

BETWEEN:

- (1)     [Subsidiary] (Registered Number [     ]) whose registered office is at [     ] (the “Customer”); and
- (2)     GE ASSET MANAGEMENT LIMITED (Registered Number 3084561) whose registered office is at 6 Agar Street, London, WC2N 4HR (the “Investment Manager”).

WHEREAS:

- (A)     The Customer wishes the Investment Manager to provide it with investment management services and the Investment Manager has agreed to do so on the terms and subject to the conditions contained in this Agreement.
- (B)     The Investment Manager is authorised and regulated by the FSA (as defined below) and has the appropriate Part IV permission under the FSMA (as defined below) to provide the Services (as defined below) and nothing in this Agreement shall exclude any liability of the Investment Manager to the Customer arising under the FSMA or the FSA Rules (as defined below) as modified or re-enacted or both from time to time.
- (C)     The Investment Manager is registered as an investment adviser under the Investment Advisers Act (as defined below).
- (D)     The Investment Manager is treating the Customer as a Market Counterparty as defined in the FSA Rules.

IT IS AGREED:

## **ARTICLE I DEFINITIONS AND USAGE**

### **1.     Interpretation.**

1.1     In this Agreement the following expressions shall have the following meanings:

“ **Account** ” shall have the meaning ascribed to it in clause 2.1.

“ **Account Assets** ” means the assets and any unrealized income, profit or gain (or loss) from those assets in the Account from time to time. Unless specifically described otherwise, Account Assets shall be valued at market.

“ **Actual Costs** ” shall have the meaning ascribed to it in clause 4(b).

“ **Applicable Requirements** ” means all applicable laws and regulations (including with respect to the Customer, the FSMA to the extent applicable to an insurance company and, with respect to the Investment Manager, the Investment Advisers Act and the FSMA to the extent applicable to an investment manager) and, if applicable, the prevailing rules, regulations, requirements, determinations, practice and guidelines of the Board of Inland Revenue of the United Kingdom, or any other governmental, market or regulatory authority (including with respect to the Customer,

the FSA and with respect to the Investment Manager, the SEC (as long as the Investment Manager is registered as an investment adviser with the SEC) and the FSA), in each case for the time being in force.

“ **Associate** ” in this Agreement has the meaning ascribed to it in the FSA Rules.

“ **Board** ” means the board of directors from time to time of the Customer.

“ **Brokers** ” means dealers, brokers, agents or other similar persons selected by the Investment Manager in its discretion through whom dealings for the Account shall be effected.

“ **Budgeted Costs** ” shall have the meaning ascribed to it in clause 4(a).

“ **Control** ” means, as to any Person, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The terms “Controlled”, “under common Control with” and “Controlling” shall have correlative meanings.

“ **Control Event** ” means, with respect to either party, the occurrence of: (a) any event which results in the Control of the party transferring from a Person that was an Associate immediately prior to the occurrence of such event to a Person that is not an Associate; (b) the sale or transfer of substantially all of a party’s assets to a Person that is not an Associate; or (c) the merger or consolidation of a party with or into another Person and the surviving Person is not an Associate.

“ **CPR** ” shall have the meaning set forth in Section 9.3.

“ **CPR Arbitration Rules** ” shall have the meaning set forth in Section 9.4.

“ **Custodian** ” shall have the meaning ascribed to it in clause 2.5.

“ **Custody Agreement** ” shall have the meaning ascribed to it in clause 2.5.

“ **Directed Brokers** ” shall have the meaning ascribed to it in clause 2.4(c).

“ **Directed Trades** ” shall have the meaning ascribed to it in clause 2.4(c).

“ **Dispute** ” shall have the meaning set forth in Section 9.1(a).

“ **Effective Date** ” means the date of this Agreement.

“ **First Extension** ” shall have the meaning ascribed to it in clause 3(a).

“ **FSA** ” means the Financial Services Authority.

“ **FSA Rules** ” means the designated rules made, from time to time, by the FSA under and in accordance with the FSMA, including under the FSA Handbook of Rules and Guidance.

“ **FSA Termination** ” shall have the meaning ascribed to it in clause 3(e)(i).

“ **FSMA** ” means the Financial Services and Markets Act 2000, as amended.

“ **GAAP** ” means generally accepted accounting principles in effect, from time to time, in the United States and/or in the United Kingdom as applicable, including all applicable SEC requirements.

“ **GE** ” means General Electric Company, a New York corporation.

“ **GE Change** ” shall have the meaning ascribed to it in clause 3(e)(iii).

“ **Initial Notice** ” shall have the meaning set forth in Section 9.2.

“ **Initial Termination Date** ” shall have the meaning ascribed to it in clause 3(a).

“ **Investment Advisers Act** ” means the United States Investment Advisers Act of 1940, as amended.

“ **Investment Committee** ” means a committee appointed by the Board to oversee the Customer’s investment activities.

“ **Investment Guidelines** ” shall mean certain guidelines and procedures concerning the investment and management of the Account Assets (and which may be specific as to any particular Account) as may be adopted from time to time by the Board or the Investment Committee and which shall in all respects and at all times be compliant with all Applicable Requirements, a copy of which will be delivered to Investment Manager upon execution of this Agreement and from time to time thereafter as the same may be modified or amended by the Board or the Investment Committee; provided that any such modification shall be provided by the Customer to the Investment Manager in writing in advance.

“ **Investment Objectives** ” shall mean any investment objectives set forth in the Investment Guidelines or otherwise communicated in writing from time to time by the Customer to the Investment Manager.

“ **Investment Reports** ” means statements, reports, analyses, data, summaries, calculations, formulas and the like concerning Account Assets, investment strategy, security selection and performance results, whether in written, oral or electronic form.

“ **Losses** ” shall have the meaning ascribed to it in clause 8.2(c).

“ **Management Percentage** ” shall have the meaning ascribed to it in clause 4(a).

“ **Person** ” means an individual, corporation, partnership, limited liability company, association, trust or any other entity or organization, including governmental or political subdivision or an agency or instrumentality thereof

“ **Proposal** ” shall have the meaning ascribed to it in clause 4(c).

“ **Records** ” shall have the meaning ascribed to it in clause 2.7(a).

“ **Regulatory Change** ” shall have the meaning ascribed to it in clause 3(e)(ii).

“ **Remaining Term** ” shall have the meaning ascribed to in clause 3(d).

“ **Representatives** ” means, as applicable, the Customer’s or the Investment Manager’s directors, officers, employees, agents, auditors, delegates, sub-contractors and legal and financial advisors.

“ **Response** ” shall have the meaning set forth in Section 9.2.

“ **SAP** ” means statutory accounting procedures and principles prescribed or permitted by Applicable Requirements.

“ **SEC** ” means the United States Securities and Exchange Commission.

“ **Second Extension** ” shall have the meaning ascribed to it in clause 3(b).

“ **Securities Valuation Date** ” shall have the meaning ascribed to it in clause 2.9(b).

“ **Services** ” shall have the meaning as described in clause 2.1.

“ **True-up** ” shall have the meaning ascribed to it in clause 4(b).

1.2 **Headings**. The headings contained in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

1.3 **Exhibits**. The Exhibits to this Agreement shall be regarded as incorporated into, and forming part of, this Agreement.

## ARTICLE II SERVICES

### 2.1 Appointment as Investment Manager.

The Customer appoints the Investment Manager and the Investment Manager accepts appointment by the Customer as investment adviser for the Account with full discretion subject to the terms of this Agreement; provided that, and without limitation to any right or remedy of the Customer under this Agreement, the ultimate control of the Customer's accounts shall remain with the Board, and nothing contained in this Agreement shall be deemed to transfer or delegate such control to the Investment Manager. The Investment Manager, acting in good faith and with due diligence will provide continuous discretionary investment management services ("Services") to the Customer, which services may include (but not limited to) the following:

- (a) Research and identify investment opportunities;
- (b) Open (or direct the Custodian to open) and maintain brokerage accounts for securities and other property for and in the name of the Customer and execute for the Customer, as its agent and attorney-in-fact, standard customer agreements;
- (c) Invest Account Assets in income earning investments, such as bonds and cash equivalents, and such other investments as are permitted by Applicable Requirements, subject to any restrictions or limitations imposed by the Investment Guidelines, the Board or the Investment Committee, in each case, as communicated to the Investment Manager in writing;
- (d) Exercise, on behalf of the Customer or direct the exercise by the Custodian where appropriate, all rights and remedies conferred by any investment including, without limitation, voting rights (as set out in clause 2.6 below) with respect to the Account Assets;
- (e) Sell or dispose of investments as appropriate, subject to any restrictions or limitations imposed by the Investment Guidelines, the Board or the Investment Committee; provided, however, that the proceeds from any such sales will be deposited in the relevant Account on the date of receipt;
- (f) Assist in developing an overall investment strategy for the Account Assets; provided that in all cases the Customer shall have sole responsibility for approving and adopting any such strategy;
- (g) As requested by the Customer, conduct inspections, valuations, projections or other due diligence activities with respect to investments;
- (h) Negotiate the terms and conditions of investments and review and participate in the preparation of any documentation relating to such investments and execute for the Customer, as its agent and attorney-in-fact, such documentation;
- (i) Keep the Account under review and confer at regular intervals with the Customer regarding the investment and management of the Account;
- (j) Prepare a summary of all purchases and sales of investments with respect to the Account for approval and ratification by the Board or the Investment Committee not less than quarterly and more frequently if the Board or the Investment Committee so requests;

- (k) Assist with cash management and cash flow forecasting;
- (l) Participate in meetings of the Board, the Investment Committee and such other meetings with Customer Representatives as the Customer may request from time to time;
- (m) Provide the Customer, in a timely manner, with such reports, documentation and information as the Customer may reasonably request in connection with monthly, quarterly and annual closing activities;
- (n) Provide the Customer with such additional investment management services relating to the Account as the Customer may reasonably request from time to time; and
- (o) Provide other support and analysis concerning investments, which, by way of example, may include due diligence in connection with potential business acquisitions or dispositions by the Customer and its Associates, reinsurance transactions and capital markets structures; provided, however, such support and analysis shall be similar in scope to that which Financial Insurance Group Services Limited had previously provided to the Customer and shall be consistent with the range of Services provided in the normal course by the Investment Manager under this Agreement.

2.2 **Non-Exclusivity**. The Investment Manager shall perform the Services on a nonexclusive basis. The Customer shall be free to retain at any time one or more additional investment advisers to perform similar services in connection with any of its assets. The Investment Manager may give advice and take action with respect to other customers that differs from advice given or action taken with respect to the Account, so long as the Investment Manager attempts in good faith to allocate investment opportunities to the Customer and the Account over a period of time on a fair and equitable basis compared to investment opportunities extended to other customers. The Investment Manager is not obligated to initiate the purchase or sale of any security for the Customer or the Account that the Investment Manager, its Associates or the respective Representatives of either of them may purchase or sell for its or their own accounts or for the account of any other the customer if, in the reasonable opinion of the Investment Manager, such transaction or investment appears unsuitable or undesirable for the Customer or the Account.

2.3 **Covenants of the Investment Manager**.

During the term of this Agreement :

- (a) The Investment Manager shall discharge its duties with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with such matters should use in the conduct of an enterprise of a like character and with like aims. Further, the Investment Manager shall use the same skill and care in the management of the Account and other duties hereunder as it uses in the administration of other similar accounts for which it has investment responsibility. The Investment Manager shall at all times comply with its applicable duties under the FSA Rules.
- (b) The Investment Manager shall use its commercially reasonable efforts to achieve the Investment Objectives. Notwithstanding the foregoing the, Customer understands that the Investment Manager makes no representation regarding its ability to achieve any Investment Objective and the Investment Manager shall have no liability hereunder for such failure provided it has otherwise complied with the terms of this Agreement.

- (c) The Investment Manager shall notify the Customer in writing within seven (7) business days of the Investment Manager becoming aware of: (i) the Investment Manager's failure or inability to comply with any material term or provision of this Agreement; (ii) any change in the Investment Manager's senior officers who exercise investment discretion in respect of the Account; (iii) any change in the Investment Manager's condition, financial or otherwise or in its business or any other change which is reasonably likely to be materially adverse to the Investment Manager, the Account or the Account Assets; (iv) the occurrence of any happening or event which is reasonably likely to cause or has caused any breach of any representation or warranty made by the Investment Manager in Article VI and the nature and scope of the breach; (v) any threatened or actual material adverse change in the Account or nature of the Account Assets of which it is aware; (vi) its inability to comply with any part of the Investment Guidelines including any change resulting from an amendment to such Investment Guidelines or any instruction or direction given by the Customer pursuant to this Agreement; (vii) an instruction, direction or guideline given by the Customer that is: (A) in the Investment Manager's opinion, inconsistent with the Investment Guidelines; or (B) in the Investment Manager's opinion, ambiguous or unclear in any respect, and the instruction, direction or guideline must be clarified by the Customer; (viii) a breach of any FSA Rule, which breach will or is expected to have a material adverse effect on the Investment Manager's ability to provide the Services; or (ix) actual or potential non-routine investigation by the FSA or any other regulator into the Investment Manager's condition, financial or otherwise or in its business or any actual or threatened withdrawal or suspension of any of the Investment Manager's authorisations, permission or licences necessary to provide the Services.
- (d) In the performance of its duties and obligations under this Agreement, the Investment Manager shall act in conformity with the Investment Guidelines or other written instructions of the Board, the Investment Committee or Representatives of the Customer, in each case as supplied to the Investment Manager by the Customer, and all Applicable Requirements. At the Customer's request, the Investment Manager shall provide to the Customer certificates or other evidence of compliance relating to any Applicable Requirements or other legal requirements, in each case in form and substance satisfactory to the Customer.
- (e) The Investment Manager shall at all times maintain sufficient and knowledgeable personnel to perform the Services.
- (f) The Investment Manager shall inform the Customer of, and comply with, the Investment Manager's policy regarding the receipt by the Investment Manager of all services received in connection with soft dollar commissions in relation to the investment or management of the Account.
- (g) The Investment Manager shall account to the Customer for any monetary benefits, fees or commissions received by the Investment Manager or any Associate of the Investment Manager in relation to the investment of the Account other than such monetary benefits or amounts permitted to be received in accordance with Article IV.
- (h) The Investment Manager shall exercise due diligence in selecting, appointing and reviewing the performance of any agent of the Investment Manager in connection with the Account or any Brokers engaged by the Investment Manager.
- (i) Except as otherwise disclosed in this Agreement, the Investment Manager does not have and will not have any interest, direct or indirect, which would conflict in any manner with its obligations under this Agreement.

## 2.4 **Transactions Involving Brokers.**

- (a) In performing the Services, the Investment Manager shall have full power, right, and authority to issue orders for the purchase or sale of securities for the Account, directly to Brokers, as well as to exercise or abstain from exercising any option, privilege or right held in the Account. In selecting a Broker with respect to effecting any securities transaction on behalf of the Customer, the Investment Manager may take into account such relevant factors as (i) total transaction price (including commissions, as a component of price), (ii) the Broker's facilities, reliability and financial responsibility, (iii) the ability of the Broker to effect securities transactions, particularly with regard to such aspects as timing, size and execution of orders, and (iv) the research services provided by such Broker to the Investment Manager (either directly or by arrangement with third parties) which may enhance the Investment Manager's general investment decision-making process, notwithstanding that the Customer may not be the direct or exclusive beneficiary of such services. Specifically, the Investment Manager may pay a Broker a commission in excess of the amount another broker would have charged for effecting such transaction, so long as, subject to the overriding principles of suitability and in the good faith judgment of the Investment Manager, the amount of the commission is reasonable in relation to the value of the brokerage and research services provided by such Broker, viewed in terms of that particular transaction or the Investment Manager's overall investment management business. The Investment Manager will make periodic disclosure to the Customer regarding transactions subject to soft dollar arrangements as required.
- (b) Subject to FSA Rules, the Investment Manager may enter into arrangements with Brokers to open "average price" accounts wherein orders during a trading day are placed on behalf of the Customer and other customers of the Investment Manager and its Associates and of its employees without prior reference to the Customer and will allocate such transactions (along with an equivalent portion of the expense related thereto) on a fair and reasonable basis using an average price.
- (c) The Customer may direct the Investment Manager to effect securities transactions for the Account ("Directed Trades") through broker-dealer(s) identified by the Customer in writing ("Directed Brokers") in a separate agreement acceptable to the Investment Manager. The Customer acknowledges that: (i) Directed Trades may not enable the Customer to obtain the cost and execution benefits, if any, of participating in aggregated trades with other customers; and (ii) Directed Trades may be executed before or after the Investment Manager effects the execution of transactions for other accounts with the result that the Customer may pay or receive, as the case may be, a different price for securities which were also the subject of trades by the Investment Manager for its other customers. The Customer represents that Directed Trades are not prohibited by Applicable Requirements or the Customer's governing documents.
- (d) The Investment Manager may provide typical investment representations and warranties on behalf of the Customer, including but not limited to those representations and warranties contained in clause 6.2 hereof, in connection with the purchase or sale of securities by the Customer.

2.5 **Custody Arrangements.** The Customer has established an agreement with JPMorgan Chase Bank (the "Custodian" and such agreement, the "Custody Agreement"). The Custodian shall be responsible for arranging custody and safekeeping of the Account Assets, the collection of income and other entitlements,

the carrying out of any foreign exchange transaction and all other administrative functions in relation to such Account Assets. All Account Assets will be held by the Custodian in accordance with the provisions of the Custody Agreement. The Customer, during the term of this Agreement, shall promptly provide to the Investment Manager copies of any amendments to the Custody Agreement that may affect the Investment Manager in providing the Service and shall give to the Investment Manager notice of any termination of the Custody Agreement. The Customer shall be responsible for the payment of all custodial fees to the Custodian. The Investment Manager shall have no responsibility including supervisory responsibility or liability with respect to the acts, omissions or other conduct of the Custodian.

2.6 **Exercise of Rights**. Subject to the Investment Guidelines and any other written instructions of the Board, the Investment Committee or Representatives of the Customer provided to the Investment Manager, the Investment Manager shall use its best judgment to exercise or instruct the Custodian to exercise, in a manner that the Investment Manager deems to be in the best interests of the Customer, all voting rights, consent rights, subscription rights, conversion rights or any other rights arising in connection with any investment in the Account. The Investment Manager shall determine whether to consent to modifications of any documents governing securities held in the Account. Unless provided herein or requested in writing by the Customer, the Investment Manager need not forward any proxy material, consent solicitations or similar material to the Customer.

2.7 **Record Keeping and Inspection**.

- (a) The Investment Manager shall maintain all books, accounts, vouchers, records, memoranda, instructions or authorizations (collectively, "Records") relating to the acquisition or disposition of securities or other investments in the Account in accordance with FSA Rules. Such Records will at all times be the property of the Customer. On a timely basis, the Investment Manager shall make available to the Customer, at its administrative offices or such other location as may be designated by the Customer, copies or originals of such Records upon reasonable request.
- (b) All Records, both internal and external with third parties, to the extent within the control of the Investment Manager, will clearly specify the ownership interest of the Customer in the Account Assets.
- (c) Records relating solely to the Account and/or the Account Assets that are not maintained physically on the Customer's premises or in the Customer's care, custody and control shall be subject to review and audit at any time by the Customer, its Representatives, the FSA and any other governmental or regulatory authority, or any other entity designated by the Customer, and the Investment Manager shall cooperate with and provide reasonable assistance to any such Person, including any Representative appointed by the Customer to conduct an audit of the Account. The Investment Manager shall notify the Customer prior to destruction of such Records (in order that the Customer may request transfer of such Records to the Customer as an alternative to destruction).
- (d) The Investment Manager shall provide to the Customer such other documents and information pertaining to this Agreement, the Account and/or Account Assets at such times as the Customer may reasonably request including, but not limited to, information required to prepare reports to the FSA or any other entity designated by the Customer or as may be required in order for the Customer to comply with GAAP, SAP or Applicable Requirements.

- (e) The Investment Manager will cooperate fully with the Customer with respect to unsettled or unreconciled transactions and daily transmission of trading activity.
- (f) The Investment Manager shall permit representatives of the FSA to have access, with or without notice, during reasonable business hours to:
  - (i) any of the Investment Manager's business premises;
  - (ii) any records, files, tapes, computer systems, computer data or other material within the Investment Manager's possession or control related to the provision of the Services; and
  - (iii) any facilities which the FSA representatives may reasonably request, and at the Investment Manager's reasonable expense to make and remove copies of any such Records are referred to in (ii) above.
- (g) The Investment Manager shall make itself readily available for meetings with FSA representatives as reasonably requested and shall answer truthfully, fully and promptly all questions that are reasonably put to them by FSA representatives.
- (h) The Investment Manager shall give the Customer's duly appointed auditors entitlement to such information and explanations from its officers as they reasonably consider necessary for the performance of their duties.

2.8 **Information Furnished to the Investment Manager .**

- (a) The Customer shall furnish to the Investment Manager in a timely manner any information that the Investment Manager may reasonably request with respect to the Services. In determining the requirements of Applicable Requirements, the Investment Manager may rely on an interpretation of law by legal counsel to the Customer.
- (b) The Customer shall furnish to the Investment Manager in a timely manner details of inflows of cash to the Account in the first instance by e-mail followed by post in accordance with clause 8.3.
- (c) The Investment Guidelines may be modified or amended by the Board or the Investment Committee from time to time, provided that any such modification or amendment shall be provided by the Customer to the Investment Manager in writing in advance. The Investment Manager shall have a reasonable amount of time to bring the Account into compliance with any modification and amendment.

2.9 **Reporting and valuation**

- (a) The Investment Manager shall meet the Customer at such frequency as the Customer may reasonably require to review the performance of the Account and to discuss the Investment Guidelines. The Investment Manager shall (provided it receives no less than two weeks' notice of the meeting) provide the Customer not less than one week before each such meeting a written submission reviewing developments since the last meeting and outlining the major topics on which it proposes to comment at the forthcoming meeting.
- (b) The Investment Manager shall promptly deliver to the Chief Financial Officer of the Customer monthly statements showing all investments in each Account as of the close of business on the last business day of each month (the "Securities Valuation Date"). Said statements shall be sent to the Customer promptly following the end of each month and shall include:

- (i) a statement summarizing the transactions subsequent to the immediately prior Securities Valuation Date; and
  - (ii) a report, if any, assessing the negative performance of the Custodian with respect to the custody of the Account Assets, to the extent known by the Investment Manager.
- (c) The Investment Manager shall agree with the Customer on any other statements to be provided and in the absence of such agreement, shall have no obligation to provide any statements other than as expressly provided herein.
- (d) For the purposes of these statements and any other statements or reports requested by the Customer, unless otherwise agreed upon in writing by the Customer and the Investment Manager, the basis for valuing Account Assets shall be determined in good faith by the Investment Manager.
- (e) The Customer shall provide the Investment Manager with a certificate (substantially in the form set out in Exhibit A) setting forth the names and specimen signatures of the individuals who are authorized to act on behalf of the Customer. The Customer may from time to time amend or vary such certificate by written notice to the Investment Manager.

**ARTICLE III  
TERM AND TERMINATION**

**3. Term and Termination .**

- (a) This Agreement shall continue in effect for a term beginning on the Effective Date and ending on the third anniversary of the Effective Date (the “Initial Termination Date”). Not less than one (1) year prior to the Initial Termination Date, the Customer shall notify the Investment Manager in writing of its intent to terminate this Agreement on the Initial Termination Date or to extend this Agreement for an additional one (1) year term (the “First Extension”).
- (b) If the Customer exercises the First Extension, the Customer shall, no later than the Initial Termination Date, notify the Investment Manager in writing of its intent to terminate this Agreement at the end of the First Extension or to further extend this Agreement for an additional one (1) year term (the “Second Extension”).
- (c) This Agreement may only be terminated by the Customer:
- (i) for any reason (including, without any limitation, if the GE Life Group decides to engage other investment managers to provide substantially all advisory services to its fixed income assets) with six (6) months prior notice (which notice shall specify the effective date of termination) to the Investment Manager, provided, that the Customer may provide less than six (6) months notice subject to clause 3(d) below; or
  - (ii) immediately (A) for cause (“cause” being understood as any fraud or wilful misconduct by the Investment Manager in managing the Account, the Investment Manager’s material breach of this Agreement, materially deficient investment performance with respect to the Account or the Investment Manager’s material or repeated non-compliance in managing the Account in accordance with the

Investment Guidelines or Investment Objectives; provided that, except with respect to Manager's fraud or wilful misconduct, the Investment Manager shall have thirty (30) days from notice of such non-compliance or material breach to cure such non-compliance or material breach to the reasonable satisfaction of the Customer in which case cause shall not be deemed to have arisen); (B) upon a Control Event with respect to the Customer or the Investment Manager; or (C) following the occurrence of a FSA Termination or Regulatory Change (each as defined in clause 3(e) below) or the occurrence of an event described in clause 3(e)(iii)(A) below.

- (d) If the Customer terminates this Agreement with less than six (6) months prior notice and if such termination is not due to the occurrence of any event set forth in clause 3(c)(ii) above, the Customer will pay to the Investment Manager, in addition to all fees applicable for the period from notice to termination, the lesser of (1) the unpaid balance of the Budgeted Costs that have been applicable for providing the Services during the period from the termination date through the date that is six (6) months from the date that notice was received (the "Remaining Term") or (2) the Actual Costs incurred by the Investment Manager for providing the Services for the Remaining Term (in each case as adjusted to reflect the pro-rata portion of the True-up for the following year, or portion thereof, if applicable). The Investment Manager shall use reasonable efforts to mitigate the incurrence of such costs and expenses.
- (e) This Agreement may be terminated by the Investment Manager:
  - (i) if the FSA suspends or withdraws the Investment Manager's investment adviser registration or permission to carry on investment management activities ("FSA Termination");
  - (ii) if a change in Applicable Requirements occurs that would materially and adversely affect the Investment Manager's ability to provide the Services ("Regulatory Change"); or
  - (iii) if (A) GE or an Associate thereof, as the case may be, decides to dissolve the Investment Manager and commences dissolution or other winding up proceedings; (B) a Control Event with respect to the Investment Manager occurs; or (C) the GE Life Group decides to engage other investment managers to provide substantially all advisory services to its fixed income assets (each such event in (A), (B) or (C), a "GE Change"); provided that the Investment Manager shall give prompt written notice of a GE Change to the Customer and the date of termination shall occur on the later of the Initial Termination Date or six (6) months from the giving of notice of the GE Change to the Customer.
- (f) The Investment Manager shall provide prompt written notice of a FSA Termination or Regulatory Change to the Customer and the Investment Manager shall use best efforts to extend the termination date of this Agreement to the maximum date consistent with the requirements of the FSA or the date of implementation of the Regulatory Change, as applicable, and in a manner consistent with regard to clause 3(k).
- (g) This Agreement also shall automatically terminate in the event of its unauthorized assignment by either party.
- (h) Termination in any manner shall not affect the rights of either party that accrued prior to termination.
- (i) The Customer acknowledges that the Investment Manager has and will continue to expend substantial fixed costs in providing the Services to the

Customer and such costs would not have been incurred but for the Investment Manager providing the Services. Furthermore, the Customer acknowledges that the Investment Manager has agreed to provide the Services for the fees payable pursuant to Article IV in part because the Customer has expressed a good faith intention to engage the Investment Manager for not less than three (3) years following the Effective Date. Therefore, the Customer acknowledges that the management fees still to be paid to the Investment Manager following a termination by the Customer of this Agreement for reasons other than pursuant to clause 3(c)(ii) above and with less than six (6) months prior notice should not be construed as a penalty but as a reasonable approximation of the additional costs incurred by the Investment Manager due to the failure of the Customer to meet the parties' expectations.

- (j) Within sixty (60) days of the termination of this Agreement, the Investment Manager shall transfer all Records to the Customer or its designee provided that Investment Manager shall be entitled to maintain a copy of such Records. All reasonable costs (but not any copying costs) to transfer such Records shall be paid by the Customer.
- (k) In the event of any termination of this Agreement, the Customer may request that the Investment Manager continue to serve as an investment manager hereunder (at the then-existing compensation level) in order to assist the Customer in effecting a smooth and orderly transfer of services and all Records to any successor Investment Manager (which may be Customer); provided that such transition period shall not exceed 3 months unless otherwise agreed to by the parties. The Investment Manager shall consent to such request provided termination is not the result of a FSA Termination or Regulatory Change.

#### **ARTICLE IV COMPENSATION**

#### **4. Compensation.**

- (a) Subject to the provisions of this Article IV, the Customer agrees to pay the Investment Manager a management fee on a quarterly basis in arrears for the Services. The management fee shall be equal to \*\* basis points (\*\*%) (the "Management Percentage") multiplied by the value of the Account Assets as of the end of the relevant calendar quarter, as determined by the Custodian's records, divided by four (4). The Customer agrees to pay an estimate (determined in good faith by the Investment Manager) of this amount in monthly installments in advance with any difference between the amount paid and the amount due being set against the actual quarterly fee. The parties acknowledge that the initial Management Percentage has been, and the Management Percentage applicable for each calendar year thereafter, will be equal to 105% of the percentage resulting from dividing the Investment Manager's budgeted direct and indirect costs and expenses for providing the Services for such period (the "Budgeted Costs") as adjusted by any True-up for the prior year by the Customer's estimated average Account Assets for the next calendar year.
- (b) The parties will reestablish the Management Percentage for each calendar year in accordance with the following process. By each September 15, the Customer shall provide the Investment Manager with a provisional forecast of the Customer's Account Assets for the following calendar year together with an outline of any significant changes that the Customer proposes to

implement to its investment strategy during the following calendar year. By each October 1, the Investment Manager shall provide the Customer with a detailed budget setting forth the expected Budgeted Costs to be incurred by the Investment Manager in order to provide the Services for the following calendar year along with reasonable documentation in support of such budget (collectively, the "Proposal"). The Customer shall promptly review the Proposal and shall accept or reject the Proposal, in the Customer's reasonable discretion, by no later than November 1; provided, however, if the Customer rejects the Proposal it shall provide the Investment Manager with a written explanation for such rejection. If the Customer rejects the Proposal, the Customer and the Investment Manager will work in good faith to resolve all issues so that the Proposal is acceptable to both parties no later than December 1. As promptly as possible, but in no event later than January 15 of each year, the Customer shall provide the Investment Manager its final forecast of Account Assets for the calendar year and any significant changes to the Customer's investment strategy that the Customer proposes to implement during such calendar year. Within five (5) business days following receipt of such information, the Investment Manager shall calculate the difference between the management fees paid or payable by the Customer to the Investment Manager for the prior year under this Agreement and the Investment Manager's actual direct and indirect costs and expenses of providing services ("Actual Costs") during such period (such difference is referred to as the "True-up") and shall provide the True-up and proposed Management Percentage to the Customer. The calculation of any True-up shall not give effect to fees received by the Investment Manager or reductions in fees otherwise owed to the Investment Manager as a result of a prior True-up. The True-up shall be added to or subtracted from, as applicable, the Budgeted Costs set forth in the approved Proposal and shall be reflected in the Management Percentage established for the following calendar year. If the Investment Manager is entitled to the benefit of the True-up because Actual Costs exceeded Budgeted Costs, the True-up added to Budgeted Costs for the following calendar year shall be the lesser of the actual True-up or an amount equal to 10% of Budgeted Costs for the prior calendar year; provided however, that any Actual Costs that were not included in the approved Proposal for the year but were previously approved in writing by the Customer in consultation with the Investment Manager during such year shall not be included when applying the 10% cap. The Investment Manager shall provide the Customer with reasonable back-up documentation supporting the Investment Manager's calculation of the True-up. The Customer shall approve or reject the True-Up and the Management Percentage not later than five (5) business days after receipt thereof from the Investment Manager. The Management Percentage shall be implemented as if it were effective as of the prior January 1. If the parties are unable to agree on a revised Proposal, the True-up or the Management Percentage, the then existing Management Percentage shall remain in effect until the parties agree on a revised Proposal and True-up. If the parties are unable to agree on the Proposal, the Management Percentage and the True-up by February 15, the Budgeted Costs and Management Percentage (which shall reflect the True-up) shall be established pursuant to the Arbitration process described in Article IX of this Agreement. In accordance with the foregoing procedure, if the GE Life Group decides to engage other investment managers to provide substantially all advisory services to its fixed income assets, the Manager agrees that Budgeted Costs (without giving effect to any True-up) for the calendar year immediately following such change shall not increase by more than 5% unless mutually agreed by the parties. Both parties understand that time is of the essence with respect to this clause 4(b). For purposes of all dates set forth in this clause, if such date is not a business day, then such date shall be deemed to be the next calendar day that is a business day.

- (c) The Customer agrees to pay an estimate (determined in good faith by the Investment Manager) of the quarterly charge contemplated in clause 4(a) above in monthly installments in advance with any difference between the amount paid and the amount due being set against the actual quarterly fee. The Investment Manager shall submit to the Customer at the beginning of each month, a written statement of the amount owed by the Customer for that month. The Customer shall pay the Investment Manager undisputed amounts within twenty eight (28) days following receipt of such statement. Fees to be paid in GBP. VAT will be added and paid, where applicable, by the Customer. The Customer will inform the Investment Manager as soon as possible when it is no longer within the GE Capital Bank Limited VAT Group.

## **ARTICLE V CONFIDENTIALITY**

Subject to the duty of the Investment Manager or the Customer to comply with Applicable Requirements, each party hereto shall treat as confidential all information with respect to the other party received pursuant to this Agreement. No party shall use or disclose the other party's confidential information except as contemplated by this Agreement.

The Investment Manager shall establish and maintain reasonable procedures to keep Investment Reports, the information supplied by the Customer to the Investment Manager for the Investment Reports and other non-public information provided hereunder confidential and to prevent disclosure or distribution to any Person other than to the Customer's Representatives or the Investment Manager's Representatives or their service providers who have a reasonable need to know or have access to such information in connection with providing the Services; provided that the Investment Manager may include information from such Investment Reports when presenting the Investment Manager's performance as long as the Customer is not identified as the source of such information. The Investment Manager will be responsible for compliance with the terms of this clause by its Representatives.

Investment Reports provided by the Investment Manager to the Customer are privileged and may include proprietary information. Investment Reports will be used solely for the purpose of monitoring and evaluating the performance of the Account and for use by the Customer in testing the Account Assets for regulatory compliance and similar purposes. The Customer shall establish and maintain reasonable procedures to keep Investment Reports confidential and to prevent disclosure or distribution to any Person other than to the Customer's Representatives who have a reasonable need to know or have access to such Investment Reports in connection with the receipt of the Services. The Customer will be responsible for compliance with the terms of this clause by its Representatives.

Each party hereto will, to the extent legally possible, obtain the other party's approval before sending or making available any Investment Report to third parties. If a party is required by Applicable Requirements or requested (by legal process, civil investigative demand or similar process) to disclose any confidential information of the other party, the party being required or requested to make such disclosure will to the extent legally possible promptly notify the other party so that the other party may to the extent legally and practically possible seek an appropriate protective order or waive compliance with this confidentiality covenant.

## **ARTICLE VI REPRESENTATIONS AND WARRANTIES**

### **6.1. Representations and Warranties of the Investment Manager.**

The Investment Manager represents, warrants and covenants that:

- (a) It is duly incorporated under the laws of England and Wales.

- (b) It has and will maintain throughout the term of this Agreement, all of the powers, rights and authorities to carry on the business of an investment manager under Applicable Requirements (including, without limitation, the appropriate permissions from the FSA, but excluding solely for this purpose any registrations with the SEC).
- (c) Neither the execution and delivery nor the performance of this Agreement will violate any Applicable Requirements or applicable court order, nor will the same constitute a breach of, or default under, provisions of any agreement or contract to which it is a party or by which it is bound and assuming the accuracy of sub-clause 6.2(b) below, all required regulatory filings and notices, if any, have been made and, if necessary, approvals received (or applicable waiting or notice periods lapsed) in connection with this Agreement.
- (d) It has the power, right and authority to execute, deliver and perform this Agreement and any transaction contemplated by the terms of this Agreement.
- (e) It has, at least 48 hours prior to entering into this Agreement furnished to the Customer a true and complete copy of Part II of its most recent Form ADV; and since the date of such Form ADV, there has not been, occurred or arisen any material adverse change in the financial condition or in the business of the Investment Manager or any event, condition, or state of facts which materially and adversely affects, or to its knowledge threatens to materially affect, the business or financial condition of the Investment Manager.
- (f) In terms of intellectual property, it is the sole owner of all right, title and interest in and to the intellectual property used by it to perform its obligations hereunder or, to its knowledge, possesses all appropriate licenses to use the intellectual property; has not sold, granted, conveyed, licensed or assigned to any third party, or in any way encumbered, the intellectual property in a manner that interferes with the Investment Manager's obligations under this Agreement; and the intellectual property used by the Investment Manager does not to the Investment Manager's knowledge infringe the rights of any third party.

## **6.2 Representations and Warranties of the Customer.**

The Customer hereby represents and warrants that:

- (a) It has the power to enter into and perform its obligations under this Agreement, and has duly executed this Agreement so as to constitute a valid and binding obligation of the Customer.
- (b) Neither the execution and delivery nor the performance of this Agreement (including the payment of fees to the Investment Manager) will violate any Applicable Requirements or applicable court order, nor will the same constitute a breach of, or default under, provisions of any agreement or contract to which it is a party or by which it is bound and, assuming the accuracy of sub-clause 6.1(c) above, all required regulatory filings and notices, if any, have been made, and if necessary, approvals received (or applicable waiting or notice periods lapsed) in connection with this Agreement.

**ARTICLE VII  
NATURE OF RELATIONSHIP**

**7. Nature of Relationship; Conflicts of Interest.**

- (a) The Investment Manager acts as the agent of the Customer, who will therefore be bound by the Investment Manager's acts under this Agreement providing the Investment Manager acts within the authority granted to it by the Customer. Nevertheless, none of the Services nor any other matter shall give rise to any fiduciary or equitable duties which would prevent or hinder the Investment Manager from providing similar services to other customers or otherwise from acting as provided in this Agreement.
- (b) The Investment Manager may effect transactions in which the Investment Manager or an Associate has or may have, directly or indirectly, a material interest or relationship of any description with another party which may involve a potential conflict with the Investment Manager's duty to the Customer, without reference to the Customer, provided that such transactions are at arm's length. Neither the Investment Manager nor any Associate shall be liable to account to the Customer for any profit, commission or remuneration made or received from or by reason of such transactions or any connected transactions and the Investment Manager's fees shall not, unless otherwise provided, be abated thereby.
- (c) The Investment Manager will ensure that such transactions are effected on terms which are no less favourable to the Customer than if the potential conflict had not existed.
- (d) The Investment Manager shall (subject to receiving instructions from the Customer to the contrary) take all necessary steps (acting always in the best interests of the Account) to ensure that the Investment Guidelines are fully complied with, and to rectify any breach of such Investment Guidelines which may occur through movements in the market as soon as reasonably practicable after such breach occurs.
- (e) In accordance with the FSA Rules, the Investment Manager notifies the Customer that the potential conflicting interest or duties referred to in clause (b) above may arise because:
  - (i) any of the Investment Manager's directors or employees (or those of an Associate) is a director of, holds or deals in securities of, or is otherwise interested in any company whose securities are held or dealt in on behalf of the Customer;
  - (ii) the transaction is in relation to an investment in respect of which the Investment Manager or an Associate benefits from a commission, fee, mark-up or mark-down payable otherwise than by the Customer, and/or the Investment Manager or an Associate is also remunerated by the counterparty to any such transaction;
  - (iii) the Investment Manager acts as agent for the Customer in relation to a transaction in which it is also acting as an agent for the account of other Customers and/or Associate;
  - (iv) the Investment Manager or an Associate deals in investments as principal with the Customer, or acting as principal, sells to or purchases from the Customer currency other than sterling;
  - (v) a transaction is effected in securities issued by an Associate or the Customer of an Associate;

- (vi) the Investment Manager deals on behalf of the Customer with or in securities of an Associate;
- (vii) the transaction is in units or shares of a collective investment scheme (e.g. a unit trust) or of any company of which in either case the Investment Manager or an Associate is the investment manager, operator, banker, adviser or trustee;
- (viii) the transaction is in the securities of a company for which the Investment Manager or an Associate has underwritten, managed or arranged an issue within the period of 12 months before the date of the transaction;
- (ix) the Investment Manager may effect transactions involving placings and or new issues with an Associate who may be acting as principal or receiving agents commission;
- (x) the Investment Manager or an Associate receives remuneration or other benefits by reason of acting in corporate finance or similar transactions involving companies whose securities are held by the Customer; and
- (xi) the transaction is in securities in respect of which the Investment Manager or an Associate or a director or employee of either is contemporaneously trading or has traded on its own account has either a long or short position.

**ARTICLE VIII  
MISCELLANEOUS**

**8.1 Other Charges.**

The Investment Manager shall direct the Custodian to pay out of the relevant Account Assets the total transaction costs including all reasonable Broker's commissions with respect to transactions of the Account and all taxes or governmental fees, domestic or foreign, attributable to such transactions.

**8.2 Investment Manager's Conduct.**

- (a) In furnishing the Customer with the Services, neither the Investment Manager nor any officer, director or agent thereof shall be held liable to the Customer, its creditors or the holders of its securities for good faith errors of judgment or for anything except wilful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the terms of this Agreement. It is further understood and agreed that the Investment Manager may rely upon information furnished to it by the Customer that the Investment Manager reasonably believes to be accurate and reliable.
- (b) No warranty is given by the Investment Manager as to the performance or profitability of the Account any part thereof and there is no guarantee that the Investment Objectives will be achieved, including without limitation any risk control, risk management or return objectives. The Account may suffer loss of principal, and income, if any, may fluctuate. The value of investments may be affected by a variety of factors, including, but not limited to, economic and political developments, interest rates and issuer-specific events, market conditions, sector positioning, or other reasons.
- (c) Notwithstanding any limitation of liability contained in sub-clause (a) above, the Investment Manager shall indemnify and hold the Customer harmless from and against any losses, damages, expenses (including reasonable attorneys' fees), liabilities, penalties, demands and claims of any nature whatsoever (collectively, "Losses") with respect to or arising out of the Investment Manager's breach or violation of this Agreement or any Applicable Requirement or the wilful misfeasance, bad faith or gross negligence by the Investment Manager in the performance of its duties, or reckless disregard of its obligations and duties under the terms of this Agreement.
- (d) The Customer shall indemnify and hold the Investment Manager harmless from and against all Losses with respect to or arising out of the Customer's breach or violation of this Agreement or any Applicable Requirement or with respect to or arising out of the Investment Manager's actions or inactions in providing the Services as long as such Losses did not result from the Investment Manager's breach of this Agreement or any Applicable Requirements, wilful misfeasance, bad faith or gross negligence in the performance of its duties, or reckless disregard of its obligations and duties under the terms of this Agreement.
- (e) The Investment Manager shall be entitled to rely upon any notice, designation, instruction, direction, request or other communication given it hereunder (whether given in writing by letter, fax, email teletype, order or other document, or orally by telephone or in person) by or on behalf of any person notified by the Customer from time to time as being authorised to instruct the Investment Manager in respect of the Account Assets without being required to determine the authenticity or correctness thereof, provided



8.6 **Independent Contractor.**

The Investment Manager shall be deemed to be an independent contractor and, except as expressly provided or authorized in this Agreement, shall have no authority to act for or represent the Customer. The Customer shall always retain the ultimate authority to make investment decisions on its own behalf.

8.7 **Advertising and Promotion.**

A party shall not engage in any advertising or promotional activity that refers to the other party without receiving the written consent of the other party prior to publication or announcement. The Investment Manager shall however be entitled to disclose the Customer's name and the size of the Account Assets in the client listings and other similar material.

8.8 **Severability.**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

8.9 **Amendments.**

No term or provision of this Agreement may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by both parties.

8.10 **Counterparts.**

This Agreement may be executed in one or more counterparts, and such counterparts together shall constitute one and the same agreement

8.11 **Complaints.**

If the Customer has any complaint about the Investment Manager, it should be directed to the Compliance Officer at the Investment Manager's address at the head of this Agreement. The Customer acknowledges that it is not an eligible complainant as defined by the FSA Rules and as such does not have a right to refer a complaint to the Financial Ombudsman Service.

8.12 **Contracts (Rights of Third Parties) Act of 1999.**

Other than as specifically provided for, the parties to this Agreement do not intend that any term of this Agreement should be enforceable by virtue of the Contracts (Right of Third Parties) Act of 1999, by any person who is not a party to this Agreement.

8.13 **Entire Agreement.**

This Agreement (including the Exhibits to this Agreement which shall be regarded as incorporated into, and forming part of, this Agreement) embodies the entire understanding of the parties hereto with respect to its subject matter, supersedes any prior or contemporaneous agreements or understandings between the parties with respect to such subject matter and cannot be altered, waived, amended, supplemented or abridged except by the written agreement of the parties.

8.14 **Exclusion or Termination of Liability.**

Nothing in this Agreement shall exclude any liability of the Investment Manager to the Customer arising under Applicable Requirements (including, without limitation, the FSMA or the FSA Rules).

**ARTICLE IX  
DISPUTE RESOLUTION**

**9.1 General Provisions .**

- (a) 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 Article IX, 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 9.2 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 9.3 set forth below, shall be deemed to be without prejudice communications and to have been delivered in furtherance of a Dispute settlement and shall be exempt from inspection, 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) In connection with any Dispute, 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) The running of time shall be suspended in respect of any Dispute for the purposes of any defences based upon the passage of time (whether under the Limitation Act 1980 (in its present form or as subsequently amended or replaced or otherwise) while the procedures specified in this Article IX are pending. The parties will take such action, if any, required to effectuate this suspension.

**9.2 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.

**9.3 Mediation.** If a Dispute is not resolved by negotiation as provided in Section 9.2 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.

**9.4 Arbitration**

- (a) If a Dispute is not resolved by mediation as provided in Section 9.3 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 London, England. 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 England, without giving effect to any conflict of law rules or other rules that might render law inapplicable or unavailable, and shall apply this Agreement according to its terms.

- (c) The parties agree to be bound by any award or order resulting from any arbitration conducted in accordance with this Section 9.4 and further agree that judgment on any award or order resulting from an arbitration conducted under this Section 9.4 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 9.4(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 England.
- (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. Notwithstanding Section 9.4(d) above, each party acknowledges that in the event of any actual or threatened breach of Article V, the damages would not be adequate, and therefore injunctive or other interim relief may be sought immediately to restrain such breach. 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.
- (f) Each party will bear its own attorneys' fees and costs incurred in connection with the resolution of any Dispute in accordance with this Article IX

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the day and year first above written.

[Subsidiary]

By: \_\_\_\_\_  
Name:  
Title:

GE ASSET MANAGEMENT LIMITED

By: \_\_\_\_\_  
Name:  
Title:

**Financial Assurance Insurance Company Limited**  
**Duly Authorised Representatives**  
**Exhibit A**

The following persons are duly authorized to act on behalf of the above captioned for accounts managed by GE Asset Management Limited.

Signature: \_\_\_\_\_  
Name:  
Title:  
Firm Name:

Type of Authorisation  
Bind Firm (sign/amend contracts)  
Authorise Contributions/Withdrawals  
Comments:

Signature: \_\_\_\_\_  
Name:  
Title:  
Firm Name:

Type of Authorisation  
Bind Firm (sign/amend contracts)  
Authorise Contributions/Withdrawals  
Comments:

Signature: \_\_\_\_\_  
Name:  
Title:  
Firm Name:

Type of Authorisation  
Bind Firm (sign/amend contracts)  
Authorise Contributions/Withdrawals  
Comments:

Signature: \_\_\_\_\_  
Name:  
Title:  
Firm Name:

Type of Authorisation  
Bind Firm (sign/amend contracts)  
Authorise Contributions/Withdrawals  
Comments:

**ASSET MANAGEMENT SERVICES AGREEMENT**

**THIS ASSET MANAGEMENT SERVICES AGREEMENT**, made this        day of January, 2004, effective the 1st day of January, 2004 (this "Agreement") by and among Genworth Financial, Inc. ("Genworth"), a Delaware corporation, General Electric Financial Assurance Holdings, Inc. ("GEFAHI"), a Delaware corporation, and GE Asset Management Incorporated ("GEAM"), a Delaware corporation.

**WHEREAS**, Genworth desires to make an initial public offering of shares of its common stock;

**WHEREAS**, GEFAHI owns preferred stock of GEAM, an affiliated company of GEFAHI, and relies on fees generated by GEAM's institutional asset management clients to receive dividends in respect of such preferred stock;

**WHEREAS**, Genworth and subsidiaries or predecessors were previously responsible for overseeing the growth and development of GEAM's institutional asset management business and have distributed certain mutual fund assets which are being managed for a fee by GEAM, and will continue to distribute certain mutual funds managed by GEAM under a separate agreement;

**WHEREAS**, Genworth has developed expertise in consulting and analytical services related to the retention of assets under management which it is and has been providing to GEFAHI and GEAM;

**WHEREAS**, Genworth has developed expertise in broker-dealer regulatory compliance matters which it is and has been providing to GEAM and certain affiliated entities;

**WHEREAS**, Genworth may have regular contacts with corporate and other institutions that may have an interest in obtaining asset management services provided by GEAM;

**WHEREAS**, GEFAHI and GEAM desire to engage Genworth to continue providing certain services, subject to Genworth entering into this Agreement.

**NOW, THEREFORE**, the parties hereto hereby agree as follows:

- 1. Asset Under Management and Retention Services** . Genworth will assist in the retention of GEAM assets under management. Part of this assistance will include providing to GEAM services such as statistical and data mining for the purpose of identifying customer trends, identifying industry best practices regarding client retention, and providing training on client retention strategies to GEAM personnel involved in sales and client-relationship management, all of which help identify at-risk clients and achieve customer satisfaction that
-

results in the retention of asset management customers. Genworth will provide such reasonably requested services within thirty days of receiving a written request from GEAM.

**2. Broker-Dealer Regulatory Compliance .** Genworth will provide to GEAM and certain affiliated entities assistance in meeting broker-dealer regulatory compliance requirements, including with respect to required filings, and will make reasonably available to GEAM and such affiliated entities broker-dealer compliance experts for consultation. These services will include:

- (a) Preparation of monthly or quarterly FOCUS filings for GE Investment Distributors, Inc. (“GEID”) as required by the National Association of Securities Dealers, Inc. (“NASD”);
- (b) Preparation of Annual Financial Statements for GEID to be filed with the NASD;
- (c) Maintenance of the financial records necessary to support the annual independent audit requirements for GEID and the periodic examination by the NASD and/or the U.S. Securities and Exchange Commission (the “SEC”); and
- (d) Provision of broker-dealer compliance consultation which shall consist of up to twenty hours per week of consultation by an experienced compliance professional with respect to broker-dealer operations and mutual fund compliance requirements in relationship to the distribution of products for which GEID serves as distributor.

**3. Introduction Services .** Genworth will use commercially reasonable efforts to identify corporate and other institutional investors that it believes are appropriate for, and may be interested in the institutional asset management services offered by, GEAM. Upon identifying any such potential clients, Genworth will notify GEAM promptly in writing of the name and address of any such potential clients. Genworth also will use commercially reasonable efforts to assist GEAM in establishing relationships with potential clients identified by Genworth.

**4. Representations, Warranties and Covenants of Genworth .**

- (a) Genworth is a company duly organized, validly existing and in good standing under the laws of Delaware and has the power and authority to execute, deliver and perform this Agreement.
- (b) This Agreement is the valid and binding obligation of Genworth enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditor’s rights generally or the principles governing the availability of equitable remedies.
- (c) Genworth shall perform its introduction services as described in Section 3 in accordance with this Agreement; GEAM’s instructions; applicable federal, state and local law;

and any additional agreement(s) as may be required if, at any time that this Agreement remains in effect, Genworth is no longer under common control (as that term is defined in the Investment Advisers Act of 1940, as amended (the "Advisers Act")) with GEAM. Genworth shall notify GEFAHI and GEAM when it is no longer under common control with GEAM and will suspend all introduction services as described in Section 3 until such time as the additional agreement(s) is in place.

(d) Genworth (and its officers, directors and employees, including those of its subsidiaries) are not authorized to enter into any agreement or undertaking on behalf of GEAM; and will make clear their affiliation with GEAM whenever making initial contact with potential GEAM clients in conjunction with any introduction services they may provide as described in Section 3.

(e) No officer, director or employee of Genworth or of its respective subsidiaries who engages in introduction services as described in Section 3 is or will be a person who is or has been: (a) subject to an SEC order issued under Section 203(f) of the Advisers Act; (b) convicted within the past 10 years of any felony or misdemeanor involving conduct described in Section 203(e)(2)(A)-(D) of the Advisers Act; (c) found by the SEC to have engaged, or been convicted of engaging, in any of the conduct specified in paragraphs (1), (5) or (6) of Section 203(e) of the Advisers Act; or (d) subject to an order, judgment or decree described in Section 203(e) of the Advisers Act.

(f) Due to the reliance that GEAM intends to place on Genworth's asset retention and introductory services, as well as the confidential information that Genworth possesses, and may in the future obtain, about GEAM's business processes and procedures, the parties agree that Genworth will exclusively provide introductory services to GEAM with respect to large domestic or foreign defined benefit or defined contribution plans, as described in Section 7(c)(i) of this Agreement, and that Genworth is required to exert commercially reasonable efforts in connection with the introduction services on behalf of GEAM, unless otherwise agreed to in writing.

## **5. Representation, Warranties and Covenants of GEFAHI and GEAM .**

(a) GEFAHI is a company duly organized, validly existing and in good standing under the laws of Delaware and has the power and authority to execute, deliver and perform this Agreement.

(b) This Agreement is the valid and binding obligation of GEFAHI enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditor's rights generally or the principles governing the availability of equitable remedies.

(c) GEAM is a company duly organized, validly existing and in good standing under the laws of Delaware and has the power and authority to execute, deliver and perform this Agreement.

(d) This Agreement is the valid and binding obligation of GEAM enforceable against it in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other similar laws affecting creditor's rights generally or the principles governing the availability of equitable remedies.

(e) GEAM represents, warrants and covenants that it is registered, and will maintain its registration, as an investment adviser with the SEC and that GEAM has made, and will make, all notice filings as required by any state in which GEAM is required to do so.

(f) Except with respect to any contractual or other restrictions prohibiting the disclosure or sharing of certain information, GEAM will make all data related to the services to be provided herein available for the performance of those services, including but not limited to transactional and financial data required for the preparation of regulatory filings and customer and other relevant data required for the performance of retention services.

(g) GEAM will make customer and assets under management data available for verification of the fee payment under the fee schedule.

**6. Compensation .** In consideration for its agreements set forth herein, GEFAHI shall compensate Genworth according to the schedule attached herein at Exhibit A. The compensation will be calculated based upon the ending asset balance as of the last business day of March, June, September and December on which the New York Stock Exchange is open for business. The quarterly payments shall be made no later than the last business day of each of April, July, October and January on which banks in both New York, New York and Richmond, Virginia are generally open for business. All payments will be made by wire transfer to an account designated by Genworth. Except in those instances where GEFAHI specifically agrees in writing to reimburse Genworth for reasonable travel, entertainment or other expenses, Genworth shall bear all expenses incurred by Genworth in providing services identified in Sections 1, 2 and 3 of this Agreement, including any compensation to be paid to its officers, directors and employees with respect to any introduction services performed hereunder as described in Section 3 of this Agreement. In no case shall the amount of compensation payable to Genworth exceed \$10 million on an annual basis, except to the extent GEFAHI has specifically agreed in advance in writing to make certain reimbursements of expenses as provided above.

**7. Termination .**

(a) This Agreement shall terminate on the fourth anniversary of the effective date of this Agreement.

(b) Notwithstanding Section 7(a):

(i) GEFAHI and GEAM jointly may terminate this Agreement at any time on sixty days written notice to Genworth if they reasonably determine that Genworth has failed to provide the services described in Sections 1, 2 and 3 of this Agreement and Genworth has not cured its failure in a reasonably acceptable manner by the end of the sixty day period;

(ii) GEFAHI and GEAM jointly may terminate this Agreement immediately without any further obligation if, during the term of this Agreement, Genworth or any affiliated entity engages in the institutional asset management business;

(iii) Genworth may terminate this Agreement for any reason on sixty days written notice to GEFAHI, in which case GEFAHI shall pay Genworth within thirty days following the termination date (i.e., the last day of such sixty-day notice period) a pro rata portion of the quarterly fee referred to in Section 6 of this Agreement based on the number of days elapsed during the year and the ending asset balance on the termination date; and

(iv) Genworth may terminate this Agreement if GEFAHI or GEAM is in breach of any representation, warranty or covenant in Section 5 of this Agreement and GEFAHI and GEAM jointly may terminate this agreement if Genworth is in breach of any representation, warranty or covenant in Section 4 of this Agreement, provided, however, that the party seeking to terminate the Agreement has provided to the other party a written notification at least sixty days in advance specifying the representation, warranty or covenant that the other party has breached and the other party has failed to cure the breach by the end of the sixty day period.

(c) For purposes of Section 7(b)(ii):

(i) The term “institutional asset management services” means (A) serving as an investment adviser or sub-adviser to any large domestic or foreign defined benefit or defined contribution plans (meaning those over \$10 million in assets), including, but not limited to, employer-sponsored pension and profit sharing plans and plans that meet the requirements for qualification under Section 401(a), 403(b) or 457 of the Internal Revenue Code, or to any mutual funds or other commingled accounts offered principally to such investors, or (B) providing solicitation or introduction services (as described in Section 3) with respect to any large plans as described above for itself, any affiliated entity that is an investment adviser or any other investment adviser. Notwithstanding the foregoing and the limitation set forth in Section 4(f) hereof, the term “institutional asset management services” shall not include serving as investment adviser for, or providing solicitation or introduction services (as described in Section 3) with respect to, any domestic or foreign defined benefit or defined contribution plan, provided that (X) the advice is given to, or services relate to, no more than \$50 million of the plan’s total investment portfolio and (Y) the advice exclusively consists of, or the services exclusively relate to, recommendations provided on a discretionary or non-discretionary basis through an investment advisory program (including a mutual fund asset allocation program) that

substantially meets the conditions of Rule 3a-4 under the Investment Company Act of 1940, as amended, and is commonly referred to as a “wrap” or “mini” account program. Notwithstanding Section 7(c)(i)(X) above, the total value of large defined benefit or defined contribution plan assets with respect to which the investment advice is provided constitutes no more than 15% of the aggregate value of all assets under management by Genworth and its affiliated entities, and no more than 15% of the gross revenue received by Genworth or its affiliated entities from solicitation or introduction services is derived from providing such services to unaffiliated entities (excluding GEAM) with respect to investment advice that is provided to any large plans, as described above. This definition is not intended to limit the ability of Genworth to provide advice in connection with the offering of its annuity or insurance products or managing the underlying assets supporting such products.

(ii) The term “affiliated entity” means (A) any entity controlled by Genworth for so long as Genworth and GEAM are under common control with each other and, (B) any entity that controls, is controlled by and is under common control with Genworth if Genworth and GEAM are no longer under common control with each other. The term “control” shall have the same meaning as used in the Advisers Act.

(iii) The terms “Genworth” and “affiliated entity” do not include any person engaged by Genworth or an affiliated entity as an independent contractor to the extent such person is (A) acting outside the scope of such engagement and (B) receiving no compensation from Genworth or an affiliated entity for such outside activities.

**8. Notices .** Any written notices pursuant to this Agreement shall be sent by hand, facsimile transmission, or certified mail, return receipt requested, as follows:

If to Genworth:

Genworth Financial, Inc.  
6604 West Broad Street  
Richmond, VA 23230  
Attn: Chief Financial Officer- Retirement  
Income & Investments or General Counsel-  
Retirement Income & Investments  
Telecopier Numbers: 804-281-6165 (CFO)  
804-281-6005 (GC)

If to GEFAHI or GEAM:

GE Financial Assurance Holdings, Inc.  
GE Asset Management Incorporated  
3003 Summer Street  
Stamford, CT 06904  
Attn: GEAM General Counsel  
Telecopier Numbers: 203-326-4177  
203-708-3107

**9. Indemnification .** Each party (as such, an “indemnifying party” hereunder) agrees to indemnify, hold harmless, reimburse and defend the other party, and such other party’s officers, directors and employees (in such capacity collectively, “indemnified parties” and, individually, an “indemnified party”), from and against any and all claims (whether asserted against an indemnified party or otherwise), losses, damages, liabilities, obligations and expenses, including, without limitation, settlement costs and any reasonable legal, accounting and other expenses for

defending any actions brought or threatened in writing, (collectively, "Losses") reasonably incurred by such indemnified parties arising out of or in connection with the breach of any representation, warranty, covenant or obligation in this Agreement by the indemnifying party, except to the extent arising out of or based on a breach of any representation, warranty, covenant or obligation in this Agreement by the indemnified parties or any grossly negligent act or omission of the indemnified parties with respect to the subject matter of this Agreement.

Whenever any claim for indemnification arises under this Section 9, the indemnified party will promptly notify the indemnifying party of the claim and, when known, the facts constituting the basis for such claim and the amount or an estimate of the amount of the liability arising therefrom. At its option, the indemnified party may defend itself against any claim subject to indemnification under this Section 9, in which case the indemnifying party will pay all reasonable attorney's fees and costs thus incurred but will no longer be obligated to defend the indemnified party against such claim. In each case in which the indemnified party does not exercise the foregoing option, the indemnified party may require the indemnifying party to defend the former against the claim(s) and to bear all costs and fees incurred in doing so. In such event, the indemnified party may participate in defense of the claim(s) by retaining its own counsel, whose fees and costs it then will pay, and whether or not the indemnified party elects to participate in the defense, the indemnifying party may not settle or compromise such claim(s) in a manner which adversely affects the indemnified party without the latter's written consent beforehand, which consent will not be unreasonably withheld.

**10. Arbitration** . Any controversy or claim between the parties hereto arising out of this Agreement or its breach, shall be settled by arbitration to be held in New York, New York. Each party will choose one arbitrator, and the arbitrators shall then appoint a third arbitrator. The arbitrators shall hold a hearing and render an award in accordance with the rules of the American Arbitration Association. Judgment upon the award rendered by a majority of the arbitrators may be entered in any court having jurisdiction. The arbitrators shall base their decision upon the custom and usage of the business in the spirit of equity, and are relieved from judicial formalities and from following strict rules of evidence. The expenses of the arbitrator chosen by each of the parties shall be borne by the respective party, and the expenses of the third arbitrator shall be borne equally by the opposing sides to the controversy or claim.

**11. Governing Law** . This Agreement is made and shall be construed under the laws of the State of New York.

**12. Confidentiality** . Each party agrees to hold all information it receives from another party relating to this Agreement in strict confidence. Any information provided by one party to another party under this Agreement shall be used solely for the purposes of this Agreement. Each party may disclose such information only (i) as may be required by law, or (ii) to its affiliates and their respective personnel who have a need to know and agree to such duty to keep it confidential and to use it solely for the purposes of this Agreement. Each party agrees to take all reasonable steps to safeguard the information provided to it by another party under this Agreement, including

without limitation, those steps it takes to protect its own confidential or proprietary information. Upon written request by a party that provides information to another party under this agreement, such other party shall either return such information or destroy it (and provide a certification of such action taken). In addition, in the case of a request to return or destroy written information provided under this Agreement, the recipient party shall retain no copies of such information, except as may be required by law. Notwithstanding the foregoing, no party to this Agreement shall be under any obligation to restrict the use or disclosure of, or to refrain from retaining copies of, any information that (i) is already available to, or in the possession of the party prior to its receipt of such information under this Agreement, and not otherwise subject to an obligation of confidentiality, (ii) is independently developed by the party, (iii) is or becomes available in the public domain on or after the date it is received by the party (other than as a result of a disclosure by the party or any of its employees in breach of this Agreement), or (iv) is acquired from a person who is not known by the party to be in breach of an obligation of confidentiality to the party that provides such information.

**13. Assignability** . No party may assign this Agreement without the written consent of the other parties.

**14. Entire Agreement** . This Agreement represents the entire agreement by and among the parties (except as referred to in Section 4(a)) and may not be modified or amended except by a writing signed by the parties.

**15. Severability** . If for any reason any provision of this Agreement is held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

**16. Nature of Relationship** . In performing obligations under this Agreement, each party will be an independent contractor (rather than an employee, agent or representative) of the other parties (except that certain persons who are financial and operations principals may be deemed to be employees or officers of both Genworth and GEFAHI and/or their affiliates) and shall have no power to bind the other except as provided in this Agreement. This Agreement shall not be construed as creating a joint venture, partnership, franchise, or agency relationship between the parties.

**17. Third Party Beneficiary** . This Agreement is between the parties hereto and is not intended to confer any benefits on third parties, except that the parties acknowledge that GEID is an intended beneficiary with respect to certain services described in this Agreement.

**18. Miscellaneous** .

(a) As used in this Agreement, any references to the singular shall, as and if appropriate, include the plural.

(b) All paragraph headings in this Agreement are for convenience of reference only, do not form part of this Agreement, and shall not affect in any way the meaning or interpretation of this Agreement.

(c) This Agreement may be executed in several counterparts, each of which shall be deemed an original.

(d) The provisions of Sections 9 and 12 will survive the termination of this Agreement.

Agreed to as of the date first above written.

Genworth Financial, Inc.

By: \_\_\_\_\_  
Name:  
Title:

General Electric Financial Assurance Holdings, Inc.

By: \_\_\_\_\_  
Name:  
Title:

GE Asset Management Incorporated

By: \_\_\_\_\_  
Name:  
Title:

**EXHIBIT A**

**COMPENSATION SCHEDULE**

**Compensation / Fee** . In consideration for its agreements set forth herein, GEFAHI shall compensate Genworth according to the following schedule:

<b>Current AUM Balance Expressed As A % Of Initial AUM Balance</b>	<b>1. Compensation / Fee Paid Quarterly Over Term Of This Agreement</b>	
100+ - 81%	\$	2,500,000
80 - 61%	\$	2,100,000
60 - 41%	\$	1,700,000
40 - 21%	\$	1,300,000
20 - 11%	\$	900,000
10 - 0%	\$	500,000

Definitions:

**“Assets Under Management and/or AUM”** means the dollar balance of assets under management (AUM) for all third party client accounts managed and serviced by GEAM, which includes any GEAM-managed account other than a corporate, pension plan, benefit plan or employees’ securities company (as defined in the Investment Company Act of 1940) account sponsored or maintained by Genworth, GEFAHI, GEAM or their affiliates, or any insurance general account maintained by Genworth, GEAM or their affiliates.

**“Initial AUM Balance”** means beginning balance of AUM as of the last day of the month preceding the execution date of this agreement.

**LIST OF SUBSIDIARIES**

Name of Subsidiary	State of Organization
American Agriculturist Services, Inc.	New York
American Mayflower Life Insurance Company of New York	New York
Assigned Settlement, Inc.	Virginia
Assocred S.A.	France
Brookfield Life Assurance Company Limited	Bermuda
California Benefits Dental Plan	California
Capital Brokerage Corporation	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 Pension Trustees Limited	England
Consolidated Insurance Group Limited	England
Dental Holdings, Inc.	Connecticut
Federal Home Life Insurance Company	Virginia
Fee For Service, Inc.	Florida
FFRL of New Mexico, Inc.	New Mexico
FFRL Re Corp.	Virginia
FIG Ireland Ltd.	Ireland
Financial Assurance Company Limited	England
Financial Insurance Company Limited	England
Financial Insurance Group Services Limited	England
Financial Insurance Guernsey PCC Limited	Guernsey
Financial New Life Company Limited	England
First Colony Life Insurance Company	Virginia
Forth Financial Resources Insurance Agency of Massachusetts, Inc.	Massachusetts
Forth Financial Resources of Alabama, Inc.	Alabama
Forth Financial Resources of Hawaii, Inc.	Hawaii
Forth Financial Resources of Oklahoma Agency, Inc.	Oklahoma
Forth Financial Resources of Texas, Inc.	Texas
GE Capital Insurance Agency, Inc.	Delaware
GE Capital Life Assurance Company of New York	New York
GE Capital Mortgage Insurance Company (Canada)	Canada
GE Center for Financial Learning, L.L.C.	Delaware
GE Financial Assurance Holdings, Inc.	Delaware
GE Financial Assurance Mortgage Funding Corporation	Delaware
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.	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
GE Mortgage Insurance (Guernsey) Limited	Guernsey
GE Mortgage Insurance Co. 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 del Centro, S.A. de C.V.	Mexico
GEFA International Holdings, Inc.	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 Limited	England
GEMIC Holdings Company	Canada
General Electric Capital Assurance Company	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 Financial Asset Management, LLC	Virginia
GFCM LLC	Delaware
GNA Corporation	Washington
GNA Distributors, Inc.	Washington
HGI Annuity Service Corporation	Delaware
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
Professional Insurance Company	Texas
RD Plus S.A.	France
River Lake Insurance Company	South Carolina
Security Funding Corporation	Delaware
Sponsored Captive Re, Inc.	Vermont
Sub XXI, Inc.	Delaware
Terra Financial Planning Group, Ltd.	Illinois
Terra Securities Corporation	Illinois
The Terra Financial Companies, Ltd.	Illinois
UK Group Holding Company Limited	England
United Pacific Structured Settlement Company	Florida
Verex Assurance, Inc.	Wisconsin
Viking Insurance Company, Ltd.	Bermuda
WorldCover Direct Ltd.	England

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QuickLinks

[LIST OF SUBSIDIARIES](#)

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**EXHIBIT 23.1**

WHEN THE TRANSACTIONS REFERRED TO IN NOTE 1 TO THE AUDITED COMBINED FINANCIAL STATEMENTS ON PAGE F-7 HAVE BEEN CONSUMMATED, WE WILL BE IN A POSITION TO RENDER THE FOLLOWING CONSENT.

/s/ KPMG LLP

**Independent Auditors' Consent**

The Board of Directors  
Genworth Financial, Inc.:

We consent to the use of our reports on the combined financial statements and the related schedule of Genworth Financial, Inc. as of December 31, 2003 and 2002, and our report on the statement of financial position of Genworth Financial, Inc. as of December 31, 2003 included herein and to the reference to our firm under the headings "Selected Historical and Pro Forma Financial Information" and "Experts" in the prospectus. Our report dated February 6, 2004, except for note 1 which is as of \_\_\_\_\_, 2004, with respect to the combined statement of financial position of Genworth Financial, Inc. as of December 31, 2003 and 2002 and the related combined statements of earnings, stockholder's interest, and cash flows for each of the years in the three-year period ended December 31, 2003 refers to a change in accounting for variable interest entities in 2003, goodwill and other intangible assets in 2002, and derivative instruments and hedging activities in 2001.

Richmond, Virginia  
March 3, 2004

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[Independent Auditors' Consent](#)