

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus to which it relates, as amended or supplemented, and the documents incorporated or deemed to be incorporated by reference therein, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

The securities offered hereby have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "1933 Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the 1933 Act) except in reliance on an exemption from the registration requirements of the 1933 Act or in another transaction exempt from, or not subject to, the registration requirements of the 1933 Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States.

Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Senior Vice President, General Counsel and Secretary of Genworth MI Canada Inc. at 2060 Winston Park Drive, Suite 300, Oakville, Ontario L6H 5R7 (telephone 905-287-5484) and are also available electronically at [www.sedar.com](http://www.sedar.com).

## Prospectus Supplement To a Short Form Base Shelf Prospectus dated May 31, 2012

New Issue

March 26, 2014

# GENWORTH MI CANADA INC.

## \$160,000,000

### 4.242% Debentures due April 1, 2024

This prospectus supplement (the "Prospectus Supplement") qualifies the distribution (the "Offering") of an aggregate of \$160,000,000 4.242% Debentures due April 1, 2024 (the "Debentures") of Genworth MI Canada Inc. ("Genworth Canada" or the "Company"). The Debentures will be dated April 1, 2014. The Debentures will mature on April 1, 2024. Interest on the Debentures will be paid at the rate set out above, semi-annually in equal instalments in arrears on April 1 and October 1 in each year commencing October 1, 2014. The Debentures will be issued in denominations of \$1,000 and integral multiples thereof. See "Details of the Offering".

Genworth Canada may, at its option, redeem the Debentures, in whole or in part, from time to time, on not less than 30 and not more than 60 days' prior notice to the registered holder, at a redemption price which is equal to the greater of the Canada Yield Price (as defined herein) and par, together in each case with accrued and unpaid interest to the date fixed for redemption. In cases of partial redemption, the Debentures to be redeemed will be selected by the Trustee (as defined herein) *pro rata* or in such other manner as it shall deem appropriate. Any Debentures that are redeemed by Genworth Canada will be cancelled and will not be reissued. See "Details of the Offering".

**The Debentures will not be listed on any exchange or quotation system and, consequently, there is no market through which the Debentures may be sold and purchasers may not be able to resell the Debentures purchased under this Prospectus Supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices, the liquidity of the Debentures and the extent of issuer regulation. See "Risk Factors".**

	<u>Price to the Public</u>	<u>Agents' Fee</u>	<u>Net Proceeds to Genworth Canada</u> <sup>(1)(2)(3)</sup>
Per \$1,000 principal amount of Debentures	\$1,000	\$4.00	\$996.00
Total	\$160,000,000	\$640,000	\$159,360,000

Notes:

- (1) Plus accrued interest, if any, from April 1, 2014 to the date of delivery.
- (2) Before deduction of expenses of the issue (other than the Agents' Fee (as defined herein)) estimated to be approximately \$660,000 which will be paid from the proceeds of the Offering. See "Plan of Distribution".
- (3) The "Agents' Fee" and the "Net Proceeds to Genworth Canada" represent 0.40% and 99.60%, respectively, of the "Price to the Public".

**The effective yield of the Debentures if held to maturity is 4.242% per annum.**

Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc., CIBC World Markets Inc., Desjardins Securities Inc. and Casgrain & Company Limited (collectively, the "Agents"), as agents, conditionally offer the Debentures for sale, on a reasonable best efforts basis, subject to prior sale, if, as and when issued by Genworth Canada and accepted by the Agents in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution", and subject to approval of certain legal matters on behalf of Genworth Canada by Blake, Cassels & Graydon LLP, and on behalf of the Agents by Stikeman Elliott LLP. See "Plan of Distribution". There is no minimum amount of funds that must be raised under the Offering. This means that Genworth Canada could complete the Offering raising only a small proportion of the Offering amount set out above.

**Scotia Capital Inc. is an indirect, wholly-owned subsidiary of The Bank of Nova Scotia, which is a customer of Genworth Canada; BMO Nesbitt Burns Inc. is an indirect, wholly-owned subsidiary of Bank of Montreal, which is a customer of Genworth Canada; RBC Dominion Securities Inc. is an indirect, wholly-owned subsidiary of Royal Bank of Canada, which is a customer of Genworth Canada; TD Securities Inc. is an indirect, wholly-owned subsidiary of The Toronto Dominion Bank, which is a customer of Genworth Canada; National Bank Financial Inc. is an indirect, wholly-owned subsidiary of National Bank of Canada, which is a customer of Genworth Canada; CIBC World Markets Inc. is an indirect, wholly-owned subsidiary of Canadian Imperial Bank of Commerce, which is a customer of Genworth Canada; and Desjardins Securities Inc. is a direct wholly-owned subsidiary of Fédération des caisses Desjardins du Québec, which is a customer of Genworth Canada. Accordingly, Genworth Canada may be considered to be a "connected issuer" of Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc., CIBC World Markets Inc. and Desjardins Securities Inc. within the meaning of applicable securities legislation. See "Relationship between Genworth Canada and Agents".**

Genworth Canada has been advised that, in connection with the Offering, the Agents may effect transactions which stabilize, maintain or otherwise affect the market price of the Debentures at levels other than those which might otherwise prevail on the open market. These transactions may be commenced, interrupted or discontinued at any time. See "Plan of Distribution".

Subscriptions for Debentures will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. Book-entry only certificates representing the Debentures will be issued in registered form only to CDS Clearing and Depository Services Inc. ("CDS"), or its nominee, and will be deposited with CDS on closing of the Offering, which is expected to take place on April 1, 2014, but not later than April 15, 2014. A purchaser of the Debentures will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Debentures are purchased. See "Details of the Offering — Depository Services".

Genworth Canada's registered and head office is located at 2060 Winston Park Drive, Suite 300, Oakville, Ontario L6H 5R7.

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In this Prospectus Supplement, unless otherwise indicated, capitalized terms which are defined in the accompanying short form base shelf prospectus of Genworth Canada dated May 31, 2012 (the “**Prospectus**”) are used herein with the meanings defined therein. Unless otherwise specified, all references to currency amounts in this Prospectus Supplement are to Canadian dollars.

## **ELIGIBILITY FOR INVESTMENT**

In the opinion of Blake, Cassels & Graydon LLP, counsel to Genworth Canada, and Stikeman Elliott LLP, counsel to the Agents, provided the shares of Genworth Canada are listed on a designated stock exchange (which includes the Toronto Stock Exchange) for the purposes of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Tax Act**”), the Debentures offered by this Prospectus Supplement, if issued on the date hereof, would be on such date qualified investments under the Tax Act for a trust governed by a registered retirement savings plan (“**RRSP**”), a registered retirement income fund (“**RRIF**”), a registered education savings plan, a deferred profit sharing plan (other than a deferred profit sharing plan to which contributions are made by Genworth Canada or by an employer with which Genworth Canada does not deal at arm’s length within the meaning of the Tax Act), a registered disability savings plan or a tax-free savings account (“**TFSA**”).

Notwithstanding the foregoing, if the Debentures are a “prohibited investment” for the purposes of a TFSA, a RRSP or a RRIF, the holder of such TFSA or the annuitant of such RRSP or RRIF, as the case may be, will be subject to a penalty tax as set out in the Tax Act. The Debentures will not be a prohibited investment for a TFSA, RRSP or RRIF provided the holder or annuitant thereof, as the case may be, (i) deals at arm’s length with Genworth Canada, for purposes of the Tax Act and (ii) does not have a “significant interest” (as defined in the Tax Act) in Genworth Canada. Generally, a holder or annuitant will have a significant interest in Genworth Canada if the holder or annuitant and/or persons not dealing at arm’s length with the holder or annuitant own directly or indirectly 10% or more of the issued shares of any class of the capital stock of Genworth Canada or any corporation related to Genworth Canada within the meaning of the Tax Act. Prospective purchasers who intend to hold Debentures in a TFSA, RRSP or RRIF are advised to consult their own tax advisors.

## **CAUTION REGARDING FORWARD LOOKING INFORMATION AND STATEMENTS**

Certain statements made in this Prospectus Supplement contain forward-looking information within the meaning of applicable securities laws (“**forward-looking statements**”). When used in this Prospectus Supplement, the words “may”, “would”, “could”, “will”, “intend”, “plan”, “anticipate”, “believe”, “seek”, “propose”, “estimate”, “expect”, and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. Specific forward-looking statements in this document include, but are not limited to, statements with respect to the Company’s expectations regarding the effect of the Canadian government guarantee legislative framework and the effect of changes to the government guarantee mortgage eligibility rules, and the Company’s beliefs as to housing demand and home price appreciation, unemployment rates, the Company’s future operating and financial results, sales expectations regarding premiums written, capital expenditure plans, dividend policy and the ability to execute on its future operating, investing and financial strategies and the intended use of the proceeds of the Offering.

The forward-looking statements contained herein are based on certain factors and assumptions, certain of which appear proximate to the applicable forward-looking statements contained herein. Inherent in the forward-looking statements are known and unknown risks, uncertainties and other factors beyond the Company’s ability to control or predict, that may cause the actual results, performance or achievements of the Company, or developments in the Company’s business or in its industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Actual results or developments may differ materially from those contemplated by the forward-looking statements.

The Company’s actual results and performance could differ materially from those anticipated in these forward-looking statements as a result of both known and unknown risks, including risks related to the continued availability of the Canadian government’s guarantee of private mortgage insurance on terms satisfactory to the Company; the Company’s expectations regarding its revenues, expenses and operations; the Company’s plans to implement its strategy and operate its business; the Company’s expectations regarding the compensation of directors

and officers; the Company's anticipated cash needs and its estimates regarding its capital expenditures, capital requirements, reserves and its needs for additional financing; the Company's plans for and timing of expansion of service and products; the Company's ability to accurately assess and manage risks associated with the policies that are written; the Company's ability to accurately manage market, interest and credit risks; the Company's ability to maintain ratings; interest rate fluctuations; a decrease in the volume of high loan-to-value mortgage originations; the cyclical nature of the mortgage insurance industry; changes in government regulations and laws mandating mortgage insurance; the acceptance by the Company's lenders of new technologies and products; the Company's ability to attract lenders and develop and maintain lender relationships; the Company's competitive position and its expectations regarding competition from other providers of mortgage insurance in Canada; anticipated trends and challenges in the Company's business and the markets in which it operates; changes in the global or Canadian economies; a decline in the Company's regulatory capital or an increase in its regulatory capital requirements; loss of members of the Company's senior management team; potential legal, tax and regulatory investigations and actions; the failure of the Company's computer systems; and potential conflicts of interest between the Company and its majority shareholder, Genworth Financial, Inc.

This is not an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Some of these and other factors are discussed in more detail in the Company's annual information form dated March 17, 2014 (as amended and re-filed on March 24, 2014) (the "AIF") and herein under the heading "Risk Factors". Investors should carefully consider these and other factors and not place undue reliance on the forward-looking statements. Further information regarding these and other risk factors is included in the Company's public filings with provincial and territorial securities regulatory authorities and can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this Prospectus Supplement represent the Company's views only as of the date hereof. Forward-looking statements contained in this Prospectus Supplement are based on management's current plans, estimates, projections, beliefs and opinions and the assumptions related to these plans, estimates, projections, beliefs and opinions may change, and are presented for the purpose of assisting the Company's securityholders in understanding management's current views regarding those future outcomes and may not be appropriate for other purposes. While the Company anticipates that subsequent events and developments may cause the Company's views to change, the Company does not undertake to update any forward-looking statements, except to the extent required by applicable securities laws.

### **IFRS AND NON-IFRS MEASURES**

The Company's consolidated financial statements incorporated by reference in this Prospectus Supplement have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's key performance indicators and certain other information included or incorporated by reference in this Prospectus Supplement include non-IFRS financial measures. Such non-IFRS financial measures used by the Company to analyze performance include net operating income, operating earnings per common share (basic), operating earnings per common share (diluted), shareholders' equity excluding accumulated other comprehensive income ("AOCI"), operating return on equity and underwriting ratios such as loss ratio, expense ratio and combined ratio. Other non-IFRS financial measures used by the Company to analyze performance, include insurance in-force, new insurance written, Minimum Capital Test ratio, delinquency ratio, severity on claims paid, book value per common share (basic) including AOCI, book value per common share (basic) excluding AOCI, book value per common share (diluted) including AOCI, book value per common share (diluted) excluding AOCI, and dividends paid per common share. The Company believes that these non-IFRS financial measures provide meaningful supplemental information regarding its performance and may be useful to investors because they allow for greater transparency with respect to key metrics used by management in its financial and operational decision making. Non-IFRS financial measures do not have standardized meanings and are unlikely to be comparable to any similar measure presented by other companies. In addition, where applicable, non-IFRS measures used by the Company have been adjusted to analyze the impact of the reversal of the government guarantee fund exit fee. A reconciliation of non-IFRS financial measures to the most closely comparable measures calculated in accordance with IFRS can be found in the management's discussion and analysis filed with the Company's most recent financial statements, which are posted on the Company's website and available at [www.sedar.com](http://www.sedar.com). The information on our website is not part of this Prospectus Supplement and is not incorporated by reference herein.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of the Offering.

The following documents, filed with the securities commission or similar authority in each of the provinces and territories of Canada are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement:

- (a) the AIF;
- (b) the comparative audited consolidated financial statements of the Company as at and for the years ended December 31, 2013 and 2012 and the report of the auditors thereon;
- (c) management's discussion and analysis of the Company for the year ended December 31, 2013 (the "**2013 MD&A**");
- (d) the management information circular dated April 22, 2013 with respect to the annual meeting of shareholders of the Company held on June 6, 2013;
- (e) the template version of the investor presentation dated March 21, 2014 (the "**Investor Presentation**");
- (f) the template version of the indicative term sheet dated March 26, 2014 (the "**Indicative Term Sheet**"); and
- (g) the template version of the final term sheet dated March 26, 2014 (the "**Final Term Sheet**" and, together with the Indicative Term Sheet and the Investor Presentation, "**Marketing Materials**").

All documents of the Company of the type described in Section 11.1 of Form 44-101F1 — *Short Form Prospectus* to National Instrument 44-101 — *Short Form Prospectus Distributions*, if filed by the Company with the provincial and territorial securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and before completion of the Offering, shall be deemed to be incorporated by reference into this Prospectus Supplement.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus Supplement, to the extent that a statement contained herein or in any other subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

## MARKETING MATERIALS

The Marketing Materials are not part of this Prospectus Supplement or the Prospectus to the extent that the contents of the Marketing Materials have been modified or superseded by a statement contained in this Prospectus Supplement or any amendment. Any "template version" of "marketing materials" (each as defined in National Instrument 41-101 – *General Prospectus Requirements*) filed with the securities commission or similar authority in each of the provinces and territories of Canada in connection with this Offering after the date hereof but prior to the termination of the distribution of the Debentures under this Prospectus Supplement (including any amendments to,

or an amended version of, any of the Marketing Materials) is deemed to be incorporated by reference herein and in the Prospectus.

## CONSOLIDATED CAPITALIZATION

Since December 31, 2013, other than the issuance of Debentures pursuant to this Prospectus Supplement, there have been no other material changes to the share and loan capital of Genworth Canada on a consolidated basis.

The following table sets forth the consolidated share and loan capital of Genworth Canada as of December 31, 2013 before and after giving effect to the Offering and the use of the net proceeds from the Offering as described herein.

	Outstanding as at December 31, 2013 (\$ in millions)	Outstanding as at December 31, 2013 after giving effect to the Offering and use of proceeds <sup>(1)</sup> (unaudited) (\$ in millions)
Indebtedness		
Debentures	423	433
Preferred Shares	-	-
Shareholders' Equity		
Common Shares	3,087	3,087
Special Share	0	0
Total Capitalization	3,510	3,520

Note:

(1) The net proceeds of the Offering are estimated to be approximately \$158.7 million, after deducting the expenses of the Offering, estimated to be approximately \$660,000, and the Agents' Fee of \$640,000. See "Use of Proceeds" for a description of the intended use of proceeds of the Offering. The foregoing assumes the use of the net proceeds of the Offering as described under "Use of Proceeds".

## USE OF PROCEEDS

The net proceeds from the sale of Debentures under this Prospectus Supplement are estimated to be approximately \$158.7 million, after deduction of the Agents' Fee and the estimated expenses of the Offering. The Agents' Fee and the estimated expenses of the Offering will be paid out of the proceeds of the Offering.

The net proceeds to Genworth Canada from the sale of the Debentures under this Prospectus Supplement are expected to be used by Genworth Canada primarily to reduce existing indebtedness and for general corporate purposes.

## DETAILS OF THE OFFERING

The following is a summary of certain of the material attributes and characteristics of the Debentures offered hereby, which does not purport to be complete. Reference is made to the Trust Indenture and Third Series Supplement referred to below for the full text of such attributes and characteristics. A copy of the Trust Indenture and Third Series Supplement may be obtained from the Senior Vice President, General Counsel and Secretary of Genworth Canada upon payment of a reasonable copying fee, and is also available electronically at [www.sedar.com](http://www.sedar.com).

### General

The Debentures offered hereby will be issued under and pursuant to the provisions of a trust indenture, as amended and supplemented from time to time (the "**Trust Indenture**"), dated June 29, 2010 between Genworth Canada and BNY Trust Company of Canada as trustee (the "**Trustee**"). The third series supplement to the Trust Indenture to be dated on or about the closing date of the Offering (the "**Third Series Supplement**") will provide for the creation of the Debentures offered under this Prospectus Supplement. The Debentures will be limited to

\$160,000,000 aggregate principal amount, will be dated April 1, 2014 and will mature on April 1, 2024. The Debentures will be issued in denominations of \$1,000 and integral multiples thereof. The principal and interest on the Debentures will be paid in lawful money of Canada in the manner and on the terms set out in the Trust Indenture and the Third Series Supplement. The CUSIP and ISIN numbers for the Debentures will be 37252BAC6 and CA37252BAC69, respectively.

### **Depository Services**

Except as otherwise provided below, the Debentures will be issued in “book-entry only” form and must be purchased, transferred or redeemed through participants (“**CDS Participants**”) in the depository service of CDS. Each of the Agents is a CDS Participant or has arrangements with a CDS Participant. On the closing of the Offering, Genworth Canada will cause one or more certificate(s) (including book-entry only certificates or such other form of evidence of ownership) representing the Debentures to be delivered to the Agents and registered in the name of CDS or its nominee or such other name or names as the Agents may direct. Except as described below, no purchaser of Debentures will be entitled to a certificate or other instrument from the Company or CDS evidencing that purchaser’s ownership thereof, and no purchaser will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant acting on behalf of such purchaser. Each purchaser of Debentures will receive a customer confirmation of purchase from the registered dealer from or through which the Debentures are purchased in accordance with the practices and procedures of that registered dealer. The practices of registered dealers may vary, but generally customer confirmations are issued promptly after execution of a customer order. CDS will be responsible for establishing and maintaining book-entry accounts for its CDS Participants having interests in the Debentures. Reference in this Prospectus Supplement to a holder of Debentures (“**Debentureholder**”) means, unless the context otherwise requires, the beneficial holder of the Debentures.

### **Transfers**

Transfers of ownership in Debentures will be effected through the records maintained by CDS or its nominee for such Debentures with respect to interests of CDS Participants and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Debentureholders who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of or other interests in such Debentures, may do so only through CDS Participants. The ability of a Debentureholder to pledge a Debenture or otherwise take action with respect to such Debentureholder’s interest in a Debenture (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

### **Ranking**

The Debentures will be senior direct and unsecured obligations of Genworth Canada, and will rank *pari passu* with all other current and future unsecured and unsubordinated indebtedness of Genworth Canada, except to the extent of any mandatory preferences prescribed by applicable law and subject to, in the case of any other Debt Securities issued under the Trust Indenture, any sinking fund or defeasance provisions applicable to such securities.

### **Covenants**

Pursuant to the terms of the Trust Indenture, Genworth Canada covenants that, so long as any of the Debentures are outstanding:

1. Genworth Canada will not, and will not permit any Subsidiary to, directly or indirectly, create, assume or suffer to exist any Security Interest (other than Permitted Encumbrances) on any of its present or future property to secure any obligation unless at the same time the Debentures, and if Genworth Canada so elects, any other liabilities of Genworth Canada ranking at least *pari passu* with the Debentures, are secured equally and rateably with (or prior to) such obligation so long as such Security Interest is outstanding.
2. Genworth Canada will not, and will not permit any of its Subsidiaries to, amalgamate or consolidate or merge with or into any other Person or liquidate, wind-up or dissolve itself (or suffer any liquidation,

winding-up or dissolution or any proceedings therefor), or continue itself under the laws of any other statute or jurisdiction, or sell, transfer, convey or dispose of, in one transaction or a series of related transactions, and whether at the same time or over a period of time, all or substantially all of its property to any other Person unless (a) Genworth Canada or one of its wholly-owned Subsidiaries is the continuing or successor company following such transaction or the continuing or successor company, if other than Genworth Canada or one of its wholly-owned Subsidiaries, is a corporation existing under the laws of Canada, the United States, the United Kingdom or any other member country that is in the European Community or any political subdivision of the foregoing, and the continuing or successor company to Genworth Canada assumes all of Genworth Canada's obligations under the Trust Indenture by supplemental indenture, and (b) at the time of, and after giving effect to, such transaction, no Event of Default, and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing under the Trust Indenture; provided that this limitation shall not restrict any amalgamation, consolidation or merger of, any liquidation, dissolution or winding-up of, or any sale of assets or similar transaction between, any direct or indirect wholly-owned Subsidiary of Genworth Canada and Genworth Canada or any other such Subsidiary of Genworth Canada. A continuing or successor company to Genworth Canada pursuant to the preceding sentence which exists under the laws of a country other than Canada or any political subdivision of Canada shall deduct or withhold from any amounts of interest or premium payments it is required to pay under the Trust Indenture all amounts it is required to deduct or withhold on account of taxes (other than taxes imposed under the laws of Canada or any political subdivision of Canada) and shall remit such amount to the relevant governmental authority and shall pay such additional amounts to the Debentureholders so that the Debentureholders receive the amount they would have received if no such deduction or withholding had been made.

3. Genworth Canada will not request the rating agencies specified as rating the Debentures to withdraw their rating of the Debentures. In the event that a rating agency withdraws its rating of the Debentures with the result that the Debentures are no longer rated by a credit rating agency, Genworth Canada will use commercially reasonable efforts to obtain a credit rating from another credit rating agency acceptable to the Trustee, acting reasonably.

### Events of Default

The Trust Indenture and Third Series Supplement will provide that an "Event of Default" in respect of the Debentures will occur upon:

- (a) Genworth Canada's failure to pay any principal of or premium on the applicable Debentures when due and payable;
- (b) Genworth Canada's failure to pay any interest on the applicable Debentures when due and payable, which default continues for a period of 30 days; provided that no such default shall be considered to occur as a result of amounts that may be required to be deducted or withheld under the Tax Act or any other applicable taxation statute by Genworth Canada, the Trustee or the registrar or paying agent, if any, from any payment to be made to any Debentureholder having been so deducted or withheld and such amounts having been remitted to the appropriate governmental authority on behalf of such Debentureholder;
- (c) a default by Genworth Canada in the due performance of, or a breach of, any other covenant of Genworth Canada with respect to the Debentures under the Trust Indenture or the Third Series Supplement and the continuance of such default or breach for a period of 60 days after written notice thereof to Genworth Canada by the Trustee;
- (d) the declaration or otherwise becoming due and payable of any Indebtedness of Genworth Canada in an aggregate amount exceeding \$50,000,000 prior to the date on which it was otherwise due and payable (the "**Acceleration**"), if the Acceleration is not rescinded or annulled within 10 days after receipt by Genworth Canada of written notice from the Trustee or Debentureholders of at least 25% of the aggregate outstanding principal amount of the Debentures; provided that this Event of

Default will be remedied, cured or waived without further action upon the part of either the Trustee or any of the Debentureholders if the default under such other Indebtedness is remedied, cured or waived; or

- (e) certain events of insolvency or bankruptcy of Genworth Canada.

If an Event of Default (other than with respect of clause (e) above) has occurred and is continuing and the Trustee has received notice of such Event of Default, the Trustee may, in its discretion, and shall, upon request of holders of not less than 25% of the unpaid principal amount of the Debentures, by written notice to Genworth Canada, declare the Debentures to be immediately due and payable, and upon such declaration, the aggregate unpaid principal amount of Debentures (together with all accrued and unpaid interest thereon and any other amounts owing with respect thereto) shall become immediately due and payable.

### **Interest**

Interest on the Debentures at a rate of 4.242% per annum will be calculated and payable semi-annually in arrears in equal instalments on April 1 and October 1 of each year, commencing on October 1, 2014 and continuing until April 1, 2024. If any of the aforesaid dates upon which interest on the Debentures is payable is not a business day, such interest shall be payable on the next business day thereafter.

### **Redemption**

The Trust Indenture and Third Series Supplement will provide that Genworth Canada may, at its option, redeem the Debentures, in whole at any time or in part from time to time, on not less than 30 and not more than 60 days' prior notice to the registered holder at a redemption price equal to the greater of the Canada Yield Price and par, together in each case with accrued and unpaid interest to the date fixed for redemption. In cases of partial redemption, the Debentures to be redeemed will be selected by the Trustee *pro rata* or in such other manner as it shall deem appropriate. Any Debentures offered hereby that are redeemed by Genworth Canada will be cancelled.

### **Open Market Purchases**

Pursuant to the Trust Indenture, Genworth Canada has the right at any time and from time to time to purchase Debentures in the market or by tender or by private contract at any price that is agreed upon between Genworth Canada and the applicable Debentureholders. All Debentures that are purchased by Genworth Canada will be cancelled and will not be re-issued.

### **Modification**

The Trust Indenture and the rights of the Debentureholders may, in certain circumstances, be modified. The Trust Indenture contains provisions making "Holder Directions" binding upon the holders of Debt Securities issued under the Trust Indenture, either on a series by series basis or in respect of all of the holders of more than one series of Debt Securities issued under the Trust Indenture. A "Holder Direction" is defined in the Trust Indenture as an approval or direction to make, give or take a specified holder action given by the holders of not less than a majority (or such other percentage as is specifically prescribed with respect to a particular holder action) of the aggregate outstanding principal amount of the applicable series of Debt Securities issued under the Trust Indenture voted at a duly constituted meeting or an approval or direction to make, give or take a holder action pursuant to an instrument in writing signed by the holders of not less than a majority (or such other percentage as is specifically prescribed with respect to a particular holder action) of the aggregate outstanding principal amount of such applicable series of Debt Securities issued under the Trust Indenture.

### **Defeasance**

The Trust Indenture and the Third Series Supplement will contain provisions requiring the Trustee to release Genworth Canada from its obligations under the Trust Indenture and the Debentures provided that (i) at least 91 days prior to the time the defeasance is to become effective, Genworth Canada shall have irrevocably deposited

funds with the Trustee to pay and discharge all principal and interest and other amounts due or to become due on the Debentures, (ii) Genworth Canada delivers to the Trustee an opinion of counsel acceptable to the Trustee to the effect that the Debentureholders (resident in Canada for purposes of the Tax Act) will not recognize a gain or loss for Canadian income tax purposes as a result of the exercise by Genworth Canada of its defeasance option and that they will thereafter be subject to Canadian income taxes on the same amounts, in the same manner and at the same time or times as would have been the case if such option had not been exercised, (iii) no Event of Default, and no occurrence that with notice, the lapse of time or both would become an Event of Default, with respect to the Debentures shall have occurred and be continuing at the time of the deposit of funds by Genworth Canada and no Event of Default with respect to certain events of insolvency shall have occurred at any time after the date of deposit and prior to the effective date of the defeasance, and (iv) other conditions specified in the Trust Indenture are satisfied.

## Definitions

**“Canada Yield Price”** with respect to any redemption date, means a price which, if the Debentures were to be issued at such price on such date, would provide a yield thereon from such date to the scheduled maturity date of the Debentures equal to the Government of Canada Yield, plus 45 basis points (0.45%), compounded semi-annually and calculated on the day that is three business days prior to the redemption date.

**“Government of Canada Yield”** on any date means the average of the bid side yields to maturity on such date provided by two independent investment dealers selected by Genworth Canada and approved by the Trustee, assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would produce, if issued at par on such date, in Canadian dollars in Canada, with a term to maturity equal to the remaining term to the scheduled maturity date of the Debentures.

**“Indebtedness”** means, with respect to any Person, (i) all indebtedness of such Person for borrowed money and all liabilities of such Person to pay money, whether originally incurred or subsequently assumed, and whether or not evidenced by notes, debentures or other like written instruments and (ii) all indebtedness and liabilities of the nature referred to in the preceding clause (i) of any other Person which such Person has guaranteed.

**“Permitted Encumbrances”** means, with respect to a series of Debt Securities issued under the Trust Indenture, Security Interests on the property of Genworth Canada or a Subsidiary of Genworth Canada which are:

- (a) Security Interests for taxes, rates, assessments, customs duties or other governmental charges or levies not yet due, or which are being contested diligently and in good faith and by appropriate proceedings and for the payment of which appropriate provision, if any, has been made in accordance with IFRS;
- (b) undetermined or inchoate or statutory Security Interests, rights of distress and charges incidental to current operations which have not at such time been filed or which relate to obligations not due or payable;
- (c) reservations, limitations, provisos and conditions expressed in any original grants from the Government of Canada or the government of any of its provinces or territories or other grants of real or immovable property, or interests therein, which do not materially affect the use of the affected land for the purpose for which it is used including zoning laws and ordinances, municipal by-laws and regulations, ground leases, leases and subleases;
- (d) licences, easements, rights-of-way and rights in the nature of easements which do not materially impair the use of the affected land for the purpose for which it is used;
- (e) title defects, or irregularities or other matters relating to title which are of a minor nature and which in the aggregate do not materially impair the use of the affected property for the purpose for which it is used;

- (f) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, licence, franchise, grant or permit acquired or by any statutory provision to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (g) Security Interests in connection with contracts, tenders or expropriation proceedings, or to secure worker's compensation, employment insurance, liens and claims incidental to current construction, mechanics', warehousemen's, carriers' and other similar liens, and public, statutory and other like obligations incurred in the ordinary course of business, provided that, in the case of Security Interests in respect of which payment is alleged to be due, the validity thereof is being contested diligently and in good faith and appropriate provision, if any, is being made for the payment thereof in accordance with IFRS;
- (h) Security Interests provided in connection with the insurance or reinsurance activities of Genworth Canada or any of its Subsidiaries, including any interest of the Government of Canada in the government guarantee fund;
- (i) additional non-material Security Interests disclosed to and accepted by the Trustee on or before the date of the Trust Indenture or the applicable series supplement;
- (j) Security Interests existing on any property of a Person at the time that such Person is acquired by Genworth Canada or any of its Subsidiaries;
- (k) any Security Interest existing on property or assets acquired by Genworth Canada or any of its Subsidiaries at the time such property or assets are acquired by Genworth Canada or any of its Subsidiaries;
- (l) Security Interests granted by a Subsidiary of Genworth Canada in favour of Genworth Canada or another of its Subsidiaries;
- (m) Security Interests for any judgment rendered, or claim filed, against Genworth Canada or any of its Subsidiaries, which is being contested diligently and in good faith and by appropriate proceedings, that does not constitute an Event of Default, if during such contestation a stay of enforcement of such judgment or claim is in effect;
- (n) Security Interests encumbering customary initial deposits and margin deposits and other Security Interests granted in the ordinary course of business, in each case securing repurchase and reverse repurchase transactions, non-speculative hedging obligations and forward contracts, options, futures contracts, futures options, equity hedges or similar agreements or arrangements designed to protect Genworth Canada or any of its Subsidiaries from fluctuations in interest rates, currencies, equities or the price of commodities;
- (o) Security Interests granted under sale and lease-back transactions, and any renewals or extensions thereof, so long as the Indebtedness secured thereby does not exceed \$50,000,000 in the aggregate;
- (p) Security Interests arising in connection with asset securitization transactions;
- (q) the extending, renewing or refinancing by Genworth Canada or any of its Subsidiaries of any of the obligations referred to above, provided that the principal amount of the Indebtedness secured thereby is not in excess of the principal amount thereof on the date of such extension, renewal or refinancing, the security does not extend to any additional property or assets, and immediately after such extension, renewal or refinancing, no Event of Default under the Trust Indenture (or event which would, with notification or with the lapse of time or otherwise, constitute an Event of Default under the Trust Indenture) would exist; or

- (r) Security Interests not otherwise permitted to be incurred pursuant to the provisions in (a) through (q) above and securing an amount not exceeding 5%, in the aggregate, of shareholders' equity as of the date of the Company's financial statements most recently filed with the Canadian Securities Administrators.

“**Person**” includes an individual, a corporation, a limited liability company, a partnership, a trust, an unincorporated organization, a joint venture, the government of a country or any political subdivision of a country, or an agency or department of any such government, any other governmental authority and the executors, administrators or other legal representatives of an individual in such capacity.

“**Security Interest**” means, for any Person, any assignment, security interest, mortgage, charge (whether fixed or floating), hypothec, pledge, lien or other encumbrance on or interest in property that secures payment of any Indebtedness of such Person, or secures any other item which in accordance with IFRS would be included as a liability on the liability side of the balance sheet of such Person, or secures any contingent liability of such Person.

“**Subsidiary**” has the meaning attributed to such term in the *Canada Business Corporations Act*.

### CREDIT RATINGS

The Debentures have a preliminary rating of AA (low) by DBRS Limited (“**DBRS**”). The “AA” rating assigned to the Debentures represents the second highest of the ten rating categories available from DBRS for long-term debt. According to DBRS, debt securities rated AA are of superior credit quality, and protection of interest and principal is considered high. Entities rated AA are also considered to be strong credits, typically exemplifying above-average strength in key areas of consideration and unlikely to be significantly affected by reasonably foreseeable events. A reference to “high” or “low” reflects the relative strength within the rating category, while the absence of either a “high” or “low” designation indicates the rating is placed in the middle of the category.

The Debentures have a preliminary rating of A- by Standard & Poor's Ratings Services (“**S&P**”). The “A-” rating assigned to the Debentures is the third highest of the 10 major rating categories of S&P for long-term debt and indicates S&P's view that Genworth Canada's capacity to meet its financial commitment on the obligations is still strong, but the obligations are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either or both rating agencies if in its judgment circumstances so warrant. Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

The Company has paid customary rating fees to DBRS and S&P in the past two years in connection with the above-mentioned ratings, ratings of its outstanding debt securities and its issuer ratings. The Company has not made any payments to DBRS or S&P in respect of any other service provided to the Company by DBRS or S&P.

### EARNINGS COVERAGE RATIOS

The following consolidated earnings coverage ratios are calculated for the 12-month period ended December 31, 2013. The ratios give effect to the issuance of the Debentures offered pursuant to this Prospectus Supplement and the use of the net proceeds as described herein (see “**Use of Proceeds**”).

**Twelve-Month Period Ended**

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**December 31, 2013**

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Consolidated earnings coverage ratio on long-term debt 23.5 times

**The earnings coverage ratio set out above does not purport to be indicative of an earnings coverage ratio for any future periods.**

Genworth Canada's borrowing cost requirements, after giving effect to the issue of the Debentures and use of proceeds to reduce existing indebtedness, amounted to \$22.7 million for the 12 months ended December 31, 2013. Genworth Canada's profit or loss attributable to owners of the parent before borrowing costs and income tax for the 12 months then ended was \$534.0 million, which is 23.5 times Genworth Canada's borrowing cost requirements for this period.

### **RISK FACTORS**

Before deciding whether to invest in the Debentures, investors should consider carefully the risks set out herein and incorporated by reference in this Prospectus Supplement, including the disclosure under the heading "Risk Factors" in the AIF and under the headings "Risk Management" and "Significant Judgments and Estimates" in the 2013 MD&A. These documents discuss, among other things, known material trends and events, and risks or uncertainties that may reasonably be expected to have a material effect on Genworth Canada's business, financial condition or results of operations or on the Debentures.

There are certain risks inherent in the activities of Genworth Canada and in an investment in the Debentures, including the following, which investors should consider carefully before investing in the Debentures. This description of the risks does not include all possible risks, and there may be other risks of which Genworth Canada is not currently aware.

#### **Changes in Creditworthiness**

There is no assurance as to the creditworthiness of Genworth Canada or that any credit rating assigned to Genworth Canada or the Debentures will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency. See "*Credit Ratings*". An actual or perceived reduction of Genworth Canada's creditworthiness, or a lowering or withdrawal of any such rating, may have an adverse effect on the market price or value or the liquidity of the Debentures.

#### **Market Value Risk**

Prevailing interest rates will affect the market value of the Debentures. The price or market value of the Debentures will decline as prevailing interest rates for comparable securities rise. Genworth Canada may choose to redeem Debentures from time to time, in accordance with its rights described under "*Details of the Offering — Redemption*", including when prevailing interest rates are lower than the yield borne by the Debentures. If prevailing rates are lower at the time of redemption, a holder may not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Debentures being redeemed.

#### **Liquidity Risk**

The Debentures constitute a new issue of securities with no established trading market. In addition, Genworth Canada does not intend to list the Debentures on any exchange. As a result, the trading market for the Debentures may not be active or liquid and purchasers may not be able to resell Debentures purchased under this Prospectus Supplement. This may affect the pricing of the Debentures in the secondary market, the transparency and availability of trading prices and the liquidity of the Debentures.

If the Debentures are traded after their initial issuance, they may trade at a discount from their initial public offering price depending on prevailing interest rates, the market for similar securities, the performance of the Company and other factors. No assurance can be given as to whether an active trading market will develop or be sustained or that Debentureholders will be able to sell their Debentures at any particular price or at all. To the extent that an active trading market for the Debentures does not develop, the liquidity and trading prices for the Debentures may be adversely affected.

### **Ranking of the Debentures**

The Debentures are senior direct and unsecured obligations of Genworth Canada and will not be secured by any of its assets. Therefore, holders of secured Indebtedness of Genworth Canada will have a claim on the assets securing such Indebtedness that ranks in priority to the claims of holders of the Debentures and will have a claim that ranks equally with the claims of holders of Debentures to the extent that such security is insufficient to satisfy the secured Indebtedness. Furthermore, although covenants given by Genworth Canada in certain agreements may restrict incurring secured Indebtedness, such Indebtedness may, subject to certain conditions, be incurred.

### **No Limitation on Indebtedness**

The Trust Indenture and the Third Series Supplement will not limit Genworth Canada or any of its Subsidiaries from incurring additional Indebtedness. The degree to which Genworth Canada is leveraged on a consolidated basis could have important consequences, including:

- (a) Genworth Canada's ability to obtain additional financing for working capital, investment or other purposes may be limited;
- (b) Genworth Canada may be unable to refinance Indebtedness coming due on terms acceptable to Genworth Canada or at all; and
- (c) defaults under other Indebtedness may cause an Event of Default under the Debentures.

### **No Event Risk Protection**

The Trust Indenture does not contain any provision that would afford Debentureholders protection should Genworth Canada be involved in a highly leveraged or similar transaction.

### **Holding Company Status**

Genworth Canada acts as an indirect holding company for Genworth Financial Mortgage Insurance Company Canada and does not have any significant operations of its own. Dividends or other distributions from Genworth Financial Mortgage Insurance Company Canada and, in turn, Genworth Canada's other Subsidiaries are Genworth Canada's principal source of cash to pay shareholder dividends, if declared, and to meet its obligations. These obligations include Genworth Canada's operating expenses, taxes and interest and principal on its borrowings, including debt issued by the Company in an offering of \$275 million principal amount of 5.68% debentures due June 15, 2020 and an offering of \$150 million principal amount of 4.59% debentures due December 2015. In addition, there are or may be statutory, contractual, tax or other limitations on the ability of Subsidiaries to make distributions to Genworth Canada. If the cash Genworth Canada receives from its Subsidiaries pursuant to these distributions is insufficient for it to fund its obligations, or if Genworth Financial Mortgage Insurance Company Canada or its other Subsidiaries are unable to make such distributions, Genworth Canada may be required to raise cash through the incurrence of debt, the issuance of additional equity or the sale of assets. However, there can be no assurance that Genworth Canada would be able to raise cash by any of these means in a timely manner or on terms that may be beneficial to the Company. The likelihood that holders of the Debentures will receive interest payments will therefore be dependent upon the performance, financial position and creditworthiness of the Subsidiaries of Genworth Canada.

## Structural Subordination of Debentures

Genworth Canada is a holding company with substantially all of its consolidated assets held by various Subsidiaries. As a parent entity, Genworth Canada is entitled to the residual equity of its Subsidiaries after all the debt obligations of its Subsidiaries are discharged. The Debentures will be obligations of Genworth Canada and will not be guaranteed by any of its Subsidiaries. As a result, the Debentures will be structurally subordinated to all debt and other liabilities of Genworth Canada's Subsidiaries. In the event of a bankruptcy, liquidation or reorganization of Genworth Canada or its Subsidiaries, holders of Indebtedness of Genworth Canada (including holders of Debentures) will be subordinate to holders of Indebtedness of, or the interests of policyholders of, the Subsidiaries of Genworth Canada.

In addition, in the event of a bankruptcy, liquidation or reorganization of any of Genworth Canada's Subsidiaries, holders of Indebtedness of Genworth Canada (including the holders of Debentures), as well as shareholders of Genworth Canada, will have no right to proceed against the assets of the Subsidiaries. Creditors of Genworth Canada's Subsidiaries would be entitled to payment in full from such assets before Genworth Canada, as a shareholder, would be entitled to any distribution therefrom.

## Prevailing Economic Conditions

Longer term volatility and continued disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation of financial institutions, reduced alternatives or failures of significant financial institutions could adversely affect Genworth Canada's access to the credit needed for its business in the longer term. Such disruptions could require Genworth Canada to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding for its business needs can be arranged. Continued market disruptions could cause broader economic downturns, which may lead to lower demand for certain of Genworth Canada's products and services. Events such as these adversely impact Genworth Canada's results of operations, cash flows and financial position.

## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Blake, Cassels & Graydon LLP, counsel to Genworth Canada, and Stikeman Elliott LLP, counsel to the Agents, the following is, as of the date of this Prospectus Supplement, a summary of the principal Canadian federal income tax considerations generally applicable under the Tax Act to a prospective purchaser who acquires, as beneficial owner, Debentures pursuant to the Offering and who, at all relevant times, for purposes of the Tax Act, is resident or deemed to be resident in Canada, deals at arm's length and is not affiliated with Genworth Canada and holds the Debentures as capital property (a "**Holder**"). Generally, Debentures will be considered to be capital property to a purchaser provided that the purchaser does not acquire or hold the Debentures in the course of carrying on a business and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain purchasers who might not otherwise be considered to hold their Debentures as capital property may be entitled to make the irrevocable election permitted by subsection 39(4) of the Tax Act to have the Debentures, and every other "Canadian security" (as defined in the Tax Act) owned by such purchaser in the taxation year of the election and each subsequent taxation year, deemed to be capital property. Such purchasers should consult their own tax advisors regarding their particular circumstances.

This summary is not applicable to a Holder (i) that is a "financial institution" (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) an interest in which is a "tax shelter investment" (as defined in the Tax Act), (iii) who has elected to report its "Canadian tax results" (as defined in the Tax Act) in a currency other than Canadian currency, or (iv) that has entered into or will enter into a "derivative forward agreement" (as defined in the Tax Act) with respect to any Debentures. Such Holders should consult their own tax advisors regarding their particular circumstances.

This summary is based on the facts set out in this Prospectus Supplement, the current provisions of the Tax Act and counsel's understanding of the current administrative policies and assessing practices of the Canada Revenue Agency made publicly available in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada)

prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative policies or assessing practices whether by legislative, administrative or judicial action nor does it take into account tax legislation or considerations of any province, territory or foreign jurisdiction, which may be different from those discussed herein.

**This summary is not exhaustive of all possible Canadian federal income tax considerations applicable to the transactions described herein. Moreover, the income and other tax consequences will vary depending on the Holder's particular circumstances, including the jurisdiction in which the Holder resides or carries on business. Accordingly, this summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any purchaser. Prospective Holders should consult their own tax advisors for advice with respect to the tax consequences of these transactions based on their particular circumstances.**

### **Taxation of Interest on the Debentures**

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on a Debenture that accrues or is deemed to accrue to the Holder to the end of that taxation year, or becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such amount was included in the Holder's income for a preceding taxation year. Any other Holder, including an individual, will be required to include in computing its income for a taxation year any interest on a Debenture that is received or receivable by such Holder in that year (depending upon the method regularly followed by the Holder in computing income), to the extent that such amount was not otherwise included in the Holder's income for a preceding taxation year.

A Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may also be liable for a refundable tax on investment income. For this purpose, investment income will generally include interest income.

On a disposition or deemed disposition of a Debenture, including a redemption, payment on maturity or purchase for cancellation, a Holder will generally also be required to include in income the amount of interest accrued or deemed to accrue on the Debenture to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a preceding taxation year, and such amount will be excluded in computing the Holder's proceeds of disposition of the Debentures as described below.

### **Disposition of Debentures**

In general, a disposition or deemed disposition of a Debenture, including a redemption, payment on maturity or other purchase for cancellation, will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Debenture to the Holder immediately before the disposition or deemed disposition and any reasonable costs of disposition. As discussed above, the amount of interest accrued on the Debenture to the date of disposition or deemed disposition (as well as any amounts deemed to be interest discussed below) will be generally excluded from proceeds of disposition and will generally be included as interest in computing the Holder's income for the taxation year in which the disposition takes place except to the extent such amount has otherwise been included in income for that or a preceding taxation year.

Any premium paid by Genworth Canada to a Holder as a result of Genworth Canada's exercise of its optional redemption right or any other premium, will generally be deemed to be interest received by the Holder at the time of the redemption to the extent that it can reasonably be considered to relate to, and does not exceed the value at the time of the redemption of the interest that would have been paid or payable by Genworth Canada on the Debenture for a taxation year ending after the redemption and will be required to be included in computing the Holder's income as described above.

If interest has accrued on a Debenture, a Holder who disposes of or is deemed to dispose of the Debenture for consideration equal to its fair market value will generally be entitled to deduct in computing income for the year of disposition an amount equal to any such interest included in income for that or any preceding year to the extent that no amount was received or became receivable by the Holder in respect of the interest so accrued.

One half of the amount of any capital gain (a “taxable capital gain”) realized by a Holder in a taxation year generally must be included in the Holder’s income in that year, and, subject to and in accordance with the provisions of the Tax Act, one half of the amount of any capital loss (an “allowable capital loss”) realized by a Holder in a taxation year generally must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains in any particular year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years to the extent and under the circumstances described in the Tax Act. As discussed above, a Holder that is a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable for an additional refundable tax on investment income. For this purpose, investment income will generally include taxable capital gains.

Capital gains realized by individuals (other than certain trusts) may give rise to a liability for alternative minimum tax.

### **PLAN OF DISTRIBUTION**

Under an agency agreement (the “**Agency Agreement**”) dated March 26, 2014 between Genworth Canada and the Agents, the Agents have agreed to use their reasonable best efforts to attempt to sell, if as and when issued by Genworth Canada, \$160,000,000 principal amount of Debentures plus accrued interest, if any, from April 1, 2014 to the date of delivery, payable in cash against delivery of such Debentures. The obligations of the Agents under the Agency Agreement may be terminated at their discretion upon the occurrence of certain stated events. Such events include, but are not limited to, (i) a material change or change in material fact which, in the reasonable opinion of the Agents, would be expected to have a significant adverse effect on the market price or value of the Debentures, and (ii) certain major financial or other occurrences which, in the reasonable opinion of the Agents, materially adversely affect Canadian financial markets or the business of Genworth Canada. The Offering is anticipated to close on April 1, 2014 or such later date as may be agreed upon by Genworth Canada and the Agents, but not later than April 15, 2014.

The Agency Agreement provides that the Agents will be paid the Agents’ Fee of \$4.00 per \$1,000 principal amount of Debentures sold, on account of services rendered in connection with the Offering. While the Agents have agreed to use their reasonable best efforts to attempt to sell the Debentures offered hereby, they are not obligated to purchase any Debentures which are not sold.

The determination of the terms of the Offering, including the issue price of the Debentures, was made through negotiations between Genworth Canada and the Agents.

The Agents may not, throughout the period of distribution under this Prospectus Supplement, bid for or purchase the Debentures. The foregoing restriction is subject to certain exceptions, as long as the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in or raising the price of the Debentures. These exceptions include a bid or purchase permitted under the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities and a bid or purchase made for and on behalf of a customer when the order was not solicited during the period of distribution.

In connection with the Offering, the Agents may effect transactions which stabilize, maintain or otherwise affect the market price of the Debentures at levels other than those which might otherwise prevail on the open market. These transactions may be commenced, interrupted or discontinued at any time.

The Debentures have not been and will not be registered under the 1933 Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the

United States or to or for the account or benefit of a U.S. person (as defined in Regulation S under the 1933 Act) except in reliance on an exemption from the registration requirements of the 1933 Act or in another transaction exempt from, or not subject to, the registration requirements of the 1933 Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. The distribution of this Prospectus Supplement and the offering and sale of the Debentures are also subject to certain restrictions under the laws of certain other jurisdictions outside of Canada. Each Agent has agreed that it will not offer for sale or sell or deliver the Debentures in any such jurisdiction except in accordance with the laws thereof.

## **RELATIONSHIP BETWEEN GENWORTH CANADA AND AGENTS**

Scotia Capital Inc. is an indirect, wholly-owned subsidiary of The Bank of Nova Scotia, which is a customer of Genworth Canada; BMO Nesbitt Burns Inc. is an indirect, wholly-owned subsidiary of Bank of Montreal, which is a customer of Genworth Canada; RBC Dominion Securities Inc. is an indirect, wholly-owned subsidiary of Royal Bank of Canada, which is a customer of Genworth Canada; TD Securities Inc. is an indirect, wholly-owned subsidiary of The Toronto Dominion Bank, which is a customer of Genworth Canada; National Bank Financial Inc. is an indirect, wholly-owned subsidiary of National Bank of Canada, which is a customer of Genworth Canada; CIBC World Markets Inc. is an indirect, wholly-owned subsidiary of Canadian Imperial Bank of Commerce, which is a customer of Genworth Canada; and Desjardins Securities Inc. is a direct wholly-owned subsidiary of Fédération des caisses Desjardins du Québec, which is a customer of Genworth Canada. Accordingly, Genworth Canada may be considered to be a “connected issuer” of Scotia Capital Inc., BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., National Bank Financial Inc., CIBC World Markets Inc. and Desjardins Securities Inc. within the meaning of applicable securities legislation.

None of the Agents will receive any benefit from the Offering other than their respective share of the Agents’ Fee.

None of the above-referenced banks, credit unions or other affiliates of the Agents had any involvement in the decision to distribute the Debentures.

To the knowledge of Genworth Canada, none of the above-referenced Agents nor their parent entities will receive any proceeds of the Offering other than the applicable Agent’s portion of the Agents’ Fee.

## **PURCHASERS’ STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revision of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

## **LEGAL MATTERS**

In connection with the issue and sale of the Debentures, certain legal matters will be passed upon on behalf of Genworth Canada by Blake, Cassels & Graydon LLP and on behalf of the Agents by Stikeman Elliott LLP. As of the date hereof, the partners and associates of Blake, Cassels & Graydon LLP and Stikeman Elliott LLP each as a group beneficially own, directly or indirectly, less than 1% of the outstanding securities of Genworth Canada or any associated party or affiliate of Genworth Canada.

## **AUDITORS AND INDENTURE TRUSTEE**

KPMG LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation.

The Trustee is BNY Trust Company of Canada, at its office in Toronto, Ontario.

## CERTIFICATE OF AGENTS

Dated: March 26, 2014

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of all the provinces and territories of Canada.

SCOTIA CAPITAL INC.

BMO NESBITT BURNS INC.

RBC DOMINION SECURITIES INC.

TD SECURITIES INC.

(signed) Graham Fry

(signed) Michal Cegielski

(signed) John Bylaard

(signed) Greg McDonald

NATIONAL BANK FINANCIAL INC.

(signed) Maxime Brunet

CIBC WORLD MARKETS INC.

DESJARDINS SECURITIES INC.

(signed) Shannan M. Levere

(signed) Michael Giansante

CASGRAIN & COMPANY LIMITED

(signed) Stephen McHarg