

*This document is important and requires your immediate attention. If you are in doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, lawyer, accountant or other professional advisor.*

## Genworth MI Canada Inc.

### OFFER TO PURCHASE FOR CASH

#### UP TO C\$325,000,000 IN VALUE OF ITS COMMON SHARES AT A PURCHASE PRICE OF NOT LESS THAN C\$24.00 AND NOT MORE THAN C\$28.00 PER COMMON SHARE

Genworth MI Canada Inc. (“Genworth Canada” or the “Company”) hereby offers to purchase common shares of the Company (the “Shares”) validly tendered and not properly withdrawn having an aggregate purchase price not exceeding C\$325,000,000. The purchase price per Share (the “Purchase Price”) will be determined by the Company in the manner described below but will not be less than C\$24.00 and not more than C\$28.00. The offer and all deposits of Shares are subject to the terms and conditions set forth in this Offer to Purchase, the accompanying Issuer Bid Circular (the “Circular”), the related Letter of Transmittal and the Notice of Guaranteed Delivery (which together constitute the “Offer”).

**The Offer will commence on the date set forth below and expires at 5:00 p.m. (Toronto time) on August 24, 2010 or at such later time and date to which the Offer may be extended by Genworth Canada (such time on such date, the “Expiration Date”).** Genworth Canada reserves the right to withdraw the Offer and not take up and pay for any Shares deposited under the Offer unless certain conditions are satisfied. See Section 7 of the Offer to Purchase – “Certain Conditions of the Offer”.

Shareholders of the Company (“Shareholders”) who wish to accept the Offer may do so in one of two ways: (a) by making an auction tender (“Auction Tender”) pursuant to which they agree to sell to the Company at a specified price per Share (not less than C\$24.00 and not more than C\$28.00 and in increments of C\$0.20 within that range) (“Auction Price”) a specified number of Shares owned by them; or (b) by making a proportionate tender (“Proportionate Tender”) pursuant to which they agree to sell to the Company at the Purchase Price that number of Shares owned by them that will result in them maintaining their proportionate Share ownership following completion of the Offer.

The Company will determine the Purchase Price based on the Auction Prices and the numbers of Shares specified in valid Auction Tenders. The Purchase Price will be the lowest price that enables the Company to purchase that number of Shares tendered pursuant to valid Auction Tenders having an aggregate purchase price not exceeding an amount (“Auction Tender Limit Amount”) equal to (a) C\$325,000,000 less (b) the product of (i) C\$325,000,000 and (ii) a fraction, the numerator of which is the aggregate number of Shares owned by Shareholders making valid Proportionate Tenders and the denominator of which is the aggregate number of Shares outstanding at the Expiration Date.

**Each Shareholder who has properly deposited Shares pursuant to an Auction Tender at or below the Purchase Price and who has not withdrawn such Shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased, on the terms and subject to the conditions of the Offer, including the provisions relating to proration described herein. The Company will purchase at the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), that portion of the Shares owned by Shareholders making valid Proportionate Tenders that results in the tendering Shareholders maintaining their proportionate Share ownership following completion of the Offer.**

*This document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made to, and deposits will not be accepted from or on behalf of, Shareholders in any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of that jurisdiction. However, Genworth Canada may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and to extend the Offer to Shareholders in such jurisdiction.*

*(continued on following page)*

#### The Dealer Managers for the Offer are:

**In Canada  
Scotia Capital Inc.**

**In the United States  
Scotia Capital (USA) Inc.**

**July 19, 2010**

If the aggregate purchase price for Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price is equal to or less than the Auction Tender Limit Amount, the Company will purchase at the Purchase Price all the Shares tendered pursuant to valid Auction Tenders. If the aggregate purchase price for Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price is more than the Auction Tender Limit Amount, the Company will purchase at the Purchase Price a portion of the Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price as follows: (a) first, the Company will purchase all the Shares tendered by tendering Shareholders who hold in aggregate less than 100 Shares (“Odd Lot Holders”), and (b) second, the Company will purchase on a *pro rata* basis that portion of the Shares tendered by the remaining tendering Shareholders having an aggregate purchase price equal to (i) the Auction Tender Limit Amount less (ii) the amount paid by the Company for the Shares tendered by Odd Lot Holders.

All Auction Tenders and Proportionate Tenders will be subject to adjustment to avoid the purchase of fractional Shares. Genworth Canada will return all Shares not purchased under the Offer, including Shares not purchased because of proration and Shares not accepted for purchase. All payments to Shareholders will be net of applicable withholding taxes.

Brookfield Life Assurance Company Limited (“Brookfield”), a subsidiary of Genworth Financial Inc. and the registered owner of 67,325,900 Shares (representing approximately 57.5% of the outstanding Shares), has advised the Company that it intends to make a Proportionate Tender.

The number of Shares that the Company will purchase pursuant to the Offer and the aggregate purchase price therefor will vary depending on whether the aggregate purchase price payable by the Company for Shares required to be purchased by it pursuant to valid Auction Tenders (“Auction Tender Purchase Amount”) is equal to or less than the Auction Tender Limit Amount. If the Auction Tender Purchase Amount is equal to the Auction Tender Limit Amount, the Company will purchase 11,607,142 Shares if the Purchase Price is C\$28.00 (the maximum Purchase Price) and 13,541,166 Shares if the Purchase Price is C\$24.00 (the minimum Purchase Price), in both cases for an aggregate purchase price of C\$325,000,000. If the Auction Tender Purchase Amount is less than the Auction Tender Limit Amount, the Company will purchase proportionately fewer Shares and the aggregate purchase price therefor will be proportionately less.

At July 16, 2010, 117,100,000 Shares were outstanding. The Shares are listed on the Toronto Stock Exchange (“TSX”). On July 14, 2010 (the last trading day before the Offer was announced), the closing price of the Shares on the TSX was C\$23.15 per Share. During the past 12 months, the closing prices of the Shares on the TSX has ranged from a low of C\$17.30 to a high of C\$30.50.

Neither Genworth Canada nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares under the Offer. Shareholders must make their own decisions as to whether to deposit Shares under the Offer. **Shareholders should carefully consider the income tax consequences of depositing Shares pursuant to the Offer. See Section 13 of the Circular – “Income Tax Considerations”.**

Shareholders wishing to deposit all or any portion of their Shares pursuant to the Offer must comply in all respects with the delivery procedures described herein. See Section 5 of the Offer to Purchase, “Procedure for Depositing Shares”.

**The Offer expires at 5:00 p.m. (Toronto time) on August 24, 2010, unless extended, varied or withdrawn.**

## FORWARD-LOOKING STATEMENTS

Certain statements made in the Offer contain forward-looking information within the meaning of applicable securities laws (“forward-looking statements”). When used in the Offer, 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, the trading price of the Shares not fully reflecting the value of the Company’s business and future prospects; the Company continuing to have sufficient financial resources and working capital and the Offer not being expected to preclude Genworth Canada from pursuing its foreseeable business opportunities for the future growth of the Company’s business; the market for the Shares after completion of the Offer not being materially less liquid than the market that exists at the time of the making of the Offer; future purchases of additional Shares following expiry of the Offer; and the prospect that the Company may from time to time in the future consider various acquisition or divestiture opportunities.

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: changes in government regulation; competition from other providers of mortgage insurance in Canada; a downturn in the global or Canadian economies; a decline in the Company’s regulatory capital or an increase in its regulatory capital requirements; changes to laws mandating mortgage insurance; a decrease in the volume of high loan-to-value mortgage originations; ineffective or unsuccessfully implemented risk management standards by the Company; a downgrade or potential downgrade in the Company’s financial strength ratings; interest rate fluctuations; the 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 22, 2010 (the “AIF”). Investors and others 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 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), including the AIF. The forward-looking statements contained in the Offer represent the Company’s views only as of the date hereof. Forward-looking statements contained in the Offer 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.

### INFORMATION FOR UNITED STATES SHAREHOLDERS ONLY

The Offer is made by Genworth Canada, a Canadian issuer, for its own securities, and while the Offer is subject to the disclosure requirements of the province of Ontario and the other provinces of Canada, U.S. Shareholders should be aware that these disclosure requirements are different from those of the United States. Financial statements of Genworth Canada have been prepared in accordance with Canadian generally accepted accounting principles and are subject to Canadian auditing and auditor independence standards and, therefore, they may not be comparable to financial statements of U.S. companies prepared in accordance with United States generally accepted accounting principles.

The enforcement by Shareholders of civil liabilities under U.S. federal securities laws may be adversely affected by the fact that the Company is incorporated under the provincial laws of Ontario, that a majority of

**its directors and officers are residents of Canada or other countries other than the United States, and that all of Genworth Canada's assets are located outside of the United States. Enforcement of civil liabilities under U.S. securities laws may be further adversely affected by the fact that some or all of the experts named in the Offer may be residents of Canada.**

**U.S. Shareholders should be aware that the acceptance of the Offer will have certain tax consequences under United States and Canadian law. See Section 13 of the Circular – "Income Tax Considerations".**

#### **CURRENCY**

**All dollar references in the Offer to Purchase and the Circular are in Canadian dollars, except where otherwise indicated.**

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## SUMMARY

*This general summary is solely for the convenience of Shareholders and is qualified in its entirety by reference to the full text and more specific details in the Offer.*

<b>Expiration Date</b>	The Offer expires at 5:00 p.m. (Toronto time) on August 24, 2010, or at such later time and date to which the Offer may be extended by Genworth Canada.
<b>Payment Date</b>	Genworth Canada will take up and pay for Shares as soon as reasonably practicable after the Expiration Date and in any event within 10 days after the Expiration Date.
<b>Currency of Payment</b>	The Purchase Price will be denominated in Canadian dollars and payments of amounts owing to depositing Shareholders will be made in Canadian dollars.
<b>Purchase Price</b>	<p>The Company will determine the Purchase Price, which will be not less than \$24.00 and not more than \$28.00 per Share, taking into account the Auction Prices and number of Shares deposited pursuant to Auction Tenders. The Purchase Price will be the lowest price that enables the Company to purchase that number of Shares tendered pursuant to valid Auction Tenders having an aggregate purchase price not exceeding the Auction Tender Limit Amount.</p> <p><b>All Shares purchased by the Company pursuant to the Offer (including Shares tendered at Auction Prices below the Purchase Price) will be purchased at the Purchase Price.</b></p> <p>The Company will return all Shares not purchased under the Offer, including Shares not purchased as a result of proration and Shares not accepted for purchase.</p>
<b>Number of Shares to be Purchased</b>	The Company will purchase Shares under the Offer to a maximum aggregate amount of \$325,000,000. Since the Purchase Price will only be determined after the Expiration Date, the number of Shares that will be purchased will not be known until after the Expiration Date.
<b>Proration</b>	If the aggregate purchase price for Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price is more than the Auction Tender Limit Amount, the Company will purchase at the Purchase Price a portion of the Shares tendered pursuant to valid Auction Tenders as follows: (a) first, the Company will purchase all the Shares tendered by Odd Lot Holders; and (b) second, the Company will purchase on a <i>pro rata</i> basis that portion of the Shares tendered by the remaining tendering Shareholders having an aggregate purchase price equal to the (i) Auction Tender Limit Amount less (ii) the amount paid by the Company for the Shares tendered by Odd Lot Holders. Shares deposited pursuant to an Auction Tender in compliance with the procedures set forth herein will be taken up and purchased only if the Auction Price specified in the Auction Tender is equal to or less than the Purchase Price. The Company will purchase at the Purchase Price that portion of the Shares owned by Shareholders making valid Proportionate Tenders that results in the tendering Shareholders maintaining their proportionate Share ownership following completion of the Offer.
<b>Delivery Procedures</b>	Each Shareholder wishing to deposit Shares pursuant to the Offer must either (a) complete and sign a Letter of Transmittal (in accordance with the instructions in such Letter of Transmittal) and deliver, together with all other required documents, to CIBC Mellon Trust Company, as depository (the "Depository"), along with the share certificate(s) for the Shares being deposited pursuant to the Offer, or (b) tender by following the procedures for book-entry transfer, provided that a confirmation of the book-entry

transfer (“Book-Entry Confirmation”) of such Shares through CDS Clearing and Depository Services Inc. (“CDS”) into the Depository’s account at CDS is received by the Depository at its office in Toronto, Ontario prior to the Expiration Date.

A Shareholder who is not able to deliver the certificate(s) for the Shares being deposited pursuant to the Offer or who does not tender through CDS must follow the guaranteed delivery procedure described in Section 5 of the Offer to Purchase – “Procedure for Depositing Shares”. **A Shareholder who wishes to deposit Shares under the Offer and who holds Shares through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.**

**Brokerage Commissions**

Shareholders depositing Shares will not be obligated to pay brokerage fees or commissions to the Company or the Depository. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their own brokers or other intermediaries in connection with a deposit of Shares pursuant to the Offer.

**Conditions of the Offer**

The obligation of the Company to take up and pay for any Shares deposited under the Offer is subject to the conditions described in Section 7 of the Offer to Purchase – “Certain Conditions of the Offer”.

**Withdrawal Rights**

Deposited Shares may be withdrawn (a) at any time prior to the Expiration Date, (b) at any time if the Shares have not been taken up by the Company before actual receipt by the Depository of a notice of withdrawal in respect of such Shares, or (c) at any time if the Shares have been taken up but not paid for by the Company within three business days of being taken up. See Section 6 of the Offer to Purchase – “Withdrawal Rights”.

**Position of the Company and its Directors**

Neither the Company nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares.

**Directors & Officers**

To the knowledge of management of the Company after reasonable inquiry, no director or officer of the Company or their respective associates, nor any person who beneficially owns or exercises control or direction over more than 10% of any class of equity securities of the Company, nor any associate or affiliate or person acting jointly or in concert with the Company, intends to deposit Shares under the Offer, except that Brookfield has indicated to the Company that it will make a Proportionate Tender under the Offer. See Section 12 of the Circular – “Intention to Purchase Shares”.

**Tax Considerations**

**Shareholders should carefully consider the income tax consequences of depositing Shares pursuant to the Offer. See Section 13 of the Circular – “Income Tax Considerations”.**

**Trading Information**

On July 14, 2010, the last full trading day prior to the announcement by Genworth Canada of the Offer, the closing price of the Shares on the TSX was \$23.15. During the past 12 months, the closing prices of the Shares on the TSX has ranged from a low of \$17.30 to a high of \$30.50. See Section 5 of the Circular – “Price Range of Shares”.

**Further Information**

For further information regarding the Offer, Shareholders may contact the Depository, or consult their own brokers. The address and telephone and facsimile numbers of the Depository are set forth on the back cover of the Offer.

**NO PERSON HAS BEEN AUTHORIZED TO MAKE ANY RECOMMENDATION ON BEHALF OF THE COMPANY AS TO WHETHER SHAREHOLDERS SHOULD DEPOSIT OR REFRAIN FROM DEPOSITING SHARES PURSUANT TO THE OFFER. NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THE OFFER OTHER THAN AS SET FORTH IN THE OFFER. IF GIVEN OR MADE, ANY SUCH RECOMMENDATION OR ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY.**

## OFFER TO PURCHASE

### To the Holders of the Common Shares of Genworth MI Canada Inc.

#### 1. The Offer

The Company hereby offers to purchase for cancellation that number of Shares validly tendered and not properly withdrawn pursuant to the Offer having an aggregate purchase price not exceeding \$325,000,000, on the terms and subject to the conditions set forth in this Offer to Purchase, the accompanying Circular, the related Letter of Transmittal and the Notice of Guaranteed Delivery.

The Offer will commence on July 19, 2010, the date of this Offer to Purchase, and expire at 5:00 p.m. (Toronto time) on August 24, 2010, or at such later time and date to which the Offer may be extended by Genworth Canada.

**THE OFFER IS NOT CONDITIONAL UPON ANY MINIMUM NUMBER OF SHARES BEING DEPOSITED. THE OFFER IS, HOWEVER, SUBJECT TO CERTAIN OTHER CONDITIONS. SEE SECTION 7 OF THIS OFFER TO PURCHASE—“CERTAIN CONDITIONS OF THE OFFER”.**

Each Shareholder who has properly deposited Shares pursuant to an Auction Tender at or below the Purchase Price and who has not withdrawn such Shares will receive the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), for all Shares purchased, on the terms and subject to the conditions of the Offer, including the provisions relating to proration described herein. The Company will purchase at the Purchase Price, payable in cash (subject to applicable withholding taxes, if any), that portion of the Shares owned by Shareholders making valid Proportionate Tenders that results in the tendering Shareholders maintaining their proportionate Share ownership following completion of the Offer.

Genworth Canada will return all Shares not purchased under the Offer, including Shares not purchased because of proration and Shares not accepted for purchase.

Neither Genworth Canada nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing Shares. Shareholders must make their own decisions as to whether to deposit Shares under the Offer. **Shareholders should carefully consider the income tax consequences of depositing Shares pursuant to the Offer. See Section 13 of the Circular – “Income Tax Considerations”.**

The accompanying Circular and Letter of Transmittal contain important information and should be read carefully before making a decision with respect to the Offer.

#### 2. Purchase Price

As promptly as practicable following the Expiration Date, the Company will determine a single Purchase Price per Share (not less than \$24.00 and not more than \$28.00) that is the lowest price that enables the Company to purchase that number of Shares tendered pursuant to valid Auction Tenders having an aggregate purchase price not exceeding the Auction Tender Limit Amount. If no Auction Tenders are made pursuant to the Offer, no Shares will be purchased by the Company.

All Shares purchased by the Company pursuant to the Offer (including Shares tendered at Auction Prices below the Purchase Price) will be purchased at the Purchase Price. All Auction Tenders and Proportionate Tenders will be subject to adjustment to avoid the purchase of fractional Shares. Genworth Canada will return all Shares not purchased under the Offer, including Shares not purchased because of proration and Shares not accepted for purchase. All payments to Shareholders will be subject to deduction of applicable withholding taxes.

A Shareholder tendering Shares at \$24.00 per Share pursuant to a valid Auction Tender and a Shareholder tendering Shares pursuant to a valid Proportionate Tender will both have Shares purchased at the Purchase Price if any Shares are purchased by the Company under the terms of the Offer (the number of Shares purchased will be subject to the proration and other terms of the Offer). The Purchase Price will be denominated in Canadian dollars and payments of amounts owing to a depositing Shareholder will be made in Canadian dollars.

#### 3. Number of Shares, Auction Tender Proration and Proportionate Tender

At July 16, 2010, 117,100,000 Shares were outstanding. The number of Shares that the Company will purchase pursuant to the Offer and the aggregate purchase price will vary depending on whether the Auction Tender Purchase Amount is equal to or less than the Auction Tender Limit Amount. If the Auction Tender Purchase Amount is equal to the Auction Tender Limit Amount, the Company will purchase 11,607,142 Shares if the Purchase Price is \$28.00 (the maximum Purchase Price) and 13,541,666 Shares if the Purchase Price is \$24.00 (the minimum Purchase Price), in both cases for an aggregate purchase price of \$325,000,000. If the Auction Tender Purchase Amount is

less than the Auction Tender Limit Amount, the Company will purchase proportionately fewer Shares and the aggregate purchase price therefor will be proportionately less. The Offer is not conditional on any minimum number of Shares being tendered.

If the aggregate purchase price for Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price is equal to or less than the Auction Tender Limit Amount, the Company will purchase at the Purchase Price all the Shares tendered pursuant to valid Auction Tenders. If the aggregate purchase price for Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price is more than the Auction Tender Limit Amount, the Company will purchase at the Purchase Price a portion of the Shares tendered pursuant to valid Auction Tenders at Auction Prices at or below the Purchase Price as follows: (a) first, the Company will purchase all the Shares tendered by tendering Shareholders who are Odd Lot Holders and (b) second, the Company will purchase on a *pro rata* basis that portion of the Shares tendered by the remaining tendering Shareholders having an aggregate purchase price equal to the (i) Auction Tender Limit Amount less (ii) the amount paid by the Company for the Shares tendered by Odd Lot Holders.

The Company will purchase at the Purchase Price that portion of the Shares owned by Shareholders making valid Proportionate Tenders that results in the tendering Shareholders maintaining their proportionate Share ownership following completion of the Offer. Genworth Canada has filed an exemptive relief application with securities regulatory authorities in Canada from the proportionate take up and related disclosure requirements in order to permit Proportionate Tenders to be purchased under the Offer.

#### **4. Announcement of Purchase Price, Number of Shares Validly Tendered and Aggregate Purchase Price**

The Company will publicly announce the Purchase Price, the number of Shares validly tendered to the Offer and the aggregate purchase price as promptly as practicable after the Expiration Date.

#### **5. Procedure for Depositing Shares**

##### ***Proper Deposit of Shares***

To deposit Shares pursuant to the Offer, (a) the certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal must be received by the Depositary at one of the addresses listed in the Letter of Transmittal by the Expiration Date, (b) the guaranteed delivery procedure described below must be followed, or (c) such Shares must be transferred pursuant to the procedures for book-entry transfer described below (and a Book-Entry Confirmation must be received by the Depositary in lieu of a Letter of Transmittal).

**A non-registered Shareholder who desires to deposit Shares under the Offer should immediately contact such Shareholder's investment dealer, stock broker, commercial bank, trust company or other nominee in order to take the necessary steps to be able to deposit such Shares under the Offer.**

**Participants of CDS should contact CDS to obtain instructions as to the method of depositing Shares under the terms of the Offer. CDS will be issuing instructions to CDS participants as to the method of depositing Shares under the terms of the Offer.**

Shareholders who wish to accept the Offer may do so by making Auction Tenders or Proportionate Tenders. A Shareholder who wishes to make an Auction Tender will be required to specify, among other things, the number of Shares that it wishes to sell and the price per Share (not less than \$24.00 and not more than \$28.00 and in increments of \$0.20 within that range) at which it is prepared to sell those Shares. A Shareholder may make multiple Auction Tenders but not in respect of the same Shares (i.e., Shareholders may tender different Shares at different prices but cannot tender the same Shares at different prices). Shareholders who make an Auction Tender may not make a Proportionate Tender. Odd Lot Holders making an Auction Tender will be required to tender all Shares owned by the Shareholder and will be required to select a single price per Share at which they are prepared to sell such Shares. Proportionate Tenders or partial tenders will not be accepted from Odd Lot Holders.

A Shareholder who wishes to make a Proportionate Tender may not specify an Auction Price and will be required to tender the aggregate number of Shares beneficially owned by the Shareholder. A Shareholder who makes a Proportionate Tender will also be deemed to have agreed to sell to the Company at the Purchase Price that number of Shares that will result in the Shareholder maintaining its proportionate Share ownership following completion of the Offer. Shareholders who make a Proportionate Tender may not make an Auction Tender.

Shares deposited pursuant to an Auction Tender in compliance with the procedures set forth herein will be taken up only if the Auction Price specified in the Auction Tender is equal to or less than the Purchase Price.

### ***Signature Guarantees***

No signature guarantee is required on the Letter of Transmittal if (a) the Letter of Transmittal is signed by the registered holder of the Shares exactly as the name of the registered holder appears on the Share certificate deposited therewith, and payment is to be made directly to such registered holder, or (b) Shares are deposited for the account of a Canadian Schedule I chartered bank, a member of the Securities Transfer Agent Medallion Program (STAMP), a member of the Stock Exchanges Medallion Program (SEMP) or a member of the New York Stock Exchange Inc. Medallion Signature Program (MSP) (each such entity, an “Eligible Institution”). In all other cases, all signatures on the Letter of Transmittal must be guaranteed by an Eligible Institution.

If a certificate representing Shares is registered in the name of a person other than the signatory to a Letter of Transmittal, or if payment is to be made, or certificates representing Shares not purchased or deposited are to be issued, to a person other than the registered holder, the certificate must be endorsed or accompanied by an appropriate stock power, in either case, signed exactly as the name of the registered holder appears on the certificate with the signature on the certificate or stock power signature guaranteed by an Eligible Institution.

### ***Book-Entry Transfer Procedures***

An account with respect to the Shares will be established at CDS for purposes of the Offer. Any financial institution that is a participant in CDS may make book-entry delivery of the Shares through CDS’s on-line tendering system pursuant to which book-entry transfers may be effected (“CDSX”) by causing CDS to transfer such Shares into the Depository’s account in accordance with CDS’s procedures for such transfer. Delivery of Shares to the Depository by means of a book-entry transfer through CDSX will constitute a valid tender under the Offer.

Shareholders may accept the Offer by following the procedures for a book-entry transfer established by CDS, provided that a Book-Entry Confirmation through CDSX is received by the Depository at its Toronto, Ontario office address set forth on the back cover page of this Offer to Purchase and Circular prior to the Expiration Date. Shareholders, through their respective CDS participants, who utilize CDSX to accept the Offer through a book-entry transfer of their holdings into the Depository’s account with CDS shall be deemed to have completed and submitted a Letter of Transmittal and to be bound by the terms thereof and, therefore, such instructions received by the Depository are considered a valid tender in accordance with the terms of the Offer. **Delivery of documents to CDS does not constitute delivery to the Depository.**

### ***Method of Delivery***

The method of delivery of certificates representing Shares and all other required documents is at the option and risk of the depositing Shareholder. If certificates representing Shares are to be sent by mail, registered mail, properly insured, is recommended and it is suggested that the mailing be made sufficiently in advance of the Expiration Date to permit delivery to the Depository on or prior to such date. Delivery of a share certificate representing Shares will only be made upon actual receipt of such share certificate representing Shares by the Depository.

### ***Procedure for Guaranteed Delivery***

If a Shareholder wishes to deposit Shares pursuant to the Offer and cannot deliver certificates for such Shares, or the book-entry transfer procedures described above cannot be completed, prior to the Expiration Date, or time will not permit all required documents to reach the Depository by the Expiration Date, such Shares may nevertheless be deposited if all of the following conditions are met:

- (a) such deposit is made by or through an Eligible Institution;
- (b) a properly completed and duly executed Notice of Guaranteed Delivery substantially in the form provided by the Company through the Depository is received by the Depository, at its Toronto office listed in the Notice of Guaranteed Delivery, by the Expiration Date; and
- (c) the share certificates for all deposited Shares in proper form for transfer, together with a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) or Book-Entry Confirmation in lieu thereof relating to such Shares, with signatures that are guaranteed if so required in accordance with the Letter of Transmittal, and any other documents required by the Letter of Transmittal, are received by the Toronto office of the Depository, before 5:00 p.m. (Toronto time) on or before the third trading day on the TSX after the Expiration Date.

The Notice of Guaranteed Delivery may be hand delivered, couriered, mailed or transmitted by facsimile transmission to the Toronto office of the Depository listed in the Notice of Guaranteed Delivery, and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

Notwithstanding any other provision hereof, payment for Shares deposited and accepted for payment pursuant to the Offer will be made only after timely receipt by the Depository of certificates for such Shares, a properly completed and duly executed Letter of Transmittal (or a manually executed photocopy thereof) relating to such Shares with signatures that are guaranteed if so required and any other documents required by the Letter of Transmittal.

The tender information specified in a Notice of Guaranteed Delivery by a person completing such Notice of Guaranteed Delivery will, in all circumstances, take precedence over the tender information that is specified in the related Letter of Transmittal that is subsequently deposited.

#### ***Determination of Validity, Rejection and Notice of Defect***

All questions as to the number of Shares to be accepted, the form of documents and the validity, eligibility (including time of receipt) and acceptance for payment of any deposit of Shares will be determined by the Company, in its sole discretion, which determination shall be final and binding on all parties. Genworth Canada reserves the absolute right to reject any deposits of Shares determined by it not to be in proper form or completed in accordance with the instructions herein and in the Letter of Transmittal or the acceptance for payment of or payment for which may, in the opinion of the Company's counsel, be unlawful. Genworth Canada also reserves the absolute right to waive any of the conditions of the Offer or any defect or irregularity in the deposit of any particular Shares and Genworth Canada's interpretation of the terms of the Offer (including these instructions) will be final and binding on all parties. No individual deposit of Shares will be deemed to be properly made until all defects and irregularities have been cured or waived. Unless waived, any defects or irregularities in connection with deposits must be cured within such time as Genworth Canada shall determine. **None of Genworth Canada, the Depository nor any other person is or will be obligated to give notice of defects or irregularities in deposits, nor shall any of them incur any liability for failure to give any such notice.** The Company's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Notice of Guaranteed Delivery) will be final and binding.

Under no circumstances will interest be paid by the Company by reason of any delay in making payment to any person using the guaranteed delivery procedures, including without limitation any delay arising because the Shares to be delivered pursuant to the guaranteed delivery procedures are not so delivered to the Depository, and therefore payment by the Depository on account of such Shares is not made, until after the date the payment for the deposited Shares accepted for payment pursuant to the Offer is to be made by the Company.

#### ***Formation of Agreement***

The proper deposit of Shares pursuant to any one of the procedures described above will constitute a binding agreement between the depositing Shareholder and the Company, effective as of the Expiration Date, upon the terms and subject to the conditions of the Offer.

#### ***Further Assurances***

Each Shareholder accepting the Offer covenants under the terms of the Letter of Transmittal to execute, upon request of Genworth Canada, any additional documents, transfers and other assurances as may be necessary or desirable to complete the sale, assignment and transfer of the Shares to the Company. Each authority therein conferred or agreed to be conferred may be exercised during any subsequent legal incapacity of such Shareholder and shall, to the extent permitted by law, survive the death or incapacity, bankruptcy or insolvency of the Shareholder and all obligations of the Shareholder therein shall be binding upon the heirs, personal representatives, successors and assigns of such Shareholder.

### **6. Withdrawal Rights**

Except as otherwise provided in this Section 6, deposits of Shares pursuant to the Offer will be irrevocable. Shares deposited pursuant to the Offer may be withdrawn by the Shareholder (a) at any time prior to the Expiration Date, (b) at any time if the Shares have not been taken up by the Company before actual receipt by the Depository of a notice of withdrawal in respect of such Shares, or (c) at any time if the Shares have been taken up but not paid for by the Company within three business days of being taken up.

For a withdrawal to be effective, a written or printed copy of a notice of withdrawal must be actually received by the Depository by the applicable date specified above at the place of deposit of the relevant Shares. Any such notice of withdrawal must be signed by or on behalf of the person who signed the Letter of Transmittal or Notice of Guaranteed Delivery in respect of the Shares being withdrawn or, in the case of Shares tendered by a CDS

participant through CDSX, be signed by such participant in the same manner as the participant's name is listed on the applicable Book-Entry Confirmation, and must specify the name of the person who deposited the Shares to be withdrawn, the name of the registered holder, if different from that of the person who deposited such Shares, and the number of Shares to be withdrawn. If the certificates for the Shares deposited pursuant to the Offer have been delivered or otherwise identified to the Depository, then, prior to the release of such certificates, the depositing Shareholder must submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in Section 5 of this Offer to Purchase – "Procedure for Depositing Shares"), except in the case of Shares deposited by an Eligible Institution. **A withdrawal of Shares deposited pursuant to the Offer may only be accomplished in accordance with the foregoing procedure. The withdrawal shall take effect only upon actual receipt by the Depository of a written or printed copy of a properly completed and executed notice of withdrawal.**

**A Shareholder who wishes to withdraw Shares under the Offer and who holds Shares through an investment dealer, stock broker, bank, trust company or other nominee should immediately contact such nominee in order to take the necessary steps to be able to withdraw such Shares under the Offer. Participants of CDS should contact CDS with respect to the withdrawal of Shares under the Offer.**

**All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Company, in its sole discretion, which determination shall be final and binding. None of the Company, the Depository or any other person shall be obligated to give any notice of any defects or irregularities in any notice of withdrawal and none of them shall incur any liability for failure to give any such notice.**

Any Shares properly withdrawn will thereafter be deemed not deposited for purposes of the Offer. However, withdrawn Shares may be redeposited prior to the Expiration Date by again following the procedures described in Section 5 of this Offer to Purchase – "Procedure for Depositing Shares".

If the Company extends the period of time during which the Offer is open, is delayed in its purchase of Shares or is unable to purchase Shares pursuant to the Offer for any reason, then, without prejudice to the Company's rights under the Offer, the Depository may, subject to applicable law, retain on behalf of the Company all deposited Shares, and such Shares may not be withdrawn except to the extent that depositing Shareholders are entitled to withdrawal rights as described in this Section 6.

#### **7. Certain Conditions of the Offer**

Notwithstanding any other provision of the Offer, the Company shall not be required to accept for purchase, to purchase or to pay for any Shares deposited, and may terminate or cancel the Offer or may postpone the payment for Shares deposited, if, at any time before the payment for any such Shares, any of the following events shall have occurred (or shall have been determined by the Company to have occurred) which, in the Company's sole judgment, acting reasonably, in any such case and regardless of the circumstances, makes it inadvisable to proceed with the Offer or with such acceptance for purchase or payment:

- (a) there shall have been threatened, taken or pending any action or proceeding by any government or governmental authority or regulatory or administrative agency in any jurisdiction, or by any other person in any jurisdiction, before any court or governmental authority or regulatory or administrative agency in any jurisdiction (i) challenging or seeking to cease trade, make illegal, delay or otherwise directly or indirectly restrain or prohibit the making of the Offer, the acceptance for payment of some or all of the Shares by the Company or otherwise directly or indirectly relating in any manner to or affecting the Offer, or (ii) that otherwise, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the Shares or the business, income, assets, liabilities, condition (financial or otherwise), properties, operations, results of operations or prospects of the Company and its subsidiaries taken as a whole or has impaired or may materially impair the contemplated benefits of the Offer to the Company;
- (b) there shall have been any action or proceeding threatened, pending or taken or approval withheld or any statute, rule, regulation, stay, decree, judgment or order or injunction proposed, sought, enacted, enforced, promulgated, amended, issued or deemed applicable to the Offer or the Company or any of its subsidiaries by any court, government or governmental authority or regulatory or administrative agency in any jurisdiction that, in the sole judgment of the Company, acting reasonably, might directly or indirectly result in any of the consequences referred to in clauses (i) or (ii) of paragraph (a) above or would or might prohibit, prevent, restrict or delay consummation of or materially impair the contemplated benefits to the Company of the Offer;
- (c) there shall have occurred (i) any general suspension of trading in, or limitation on prices for, securities on

any securities exchange or in the over-the-counter market in Canada or the United States, (ii) the declaration of a banking moratorium or any suspension of payments in respect of banks in Canada or the United States (whether or not mandatory), (iii) the commencement of a war, armed hostilities or other international or national calamity directly or indirectly involving Canada or the United States, (iv) any limitation by any government or governmental authority or regulatory or administrative agency or any other event that, in the sole judgment of the Company, acting reasonably, might affect the extension of credit by banks or other lending institutions, (v) any significant decrease, in the sole judgment of the Company, acting reasonably, in the market price of the Shares since the close of business on July 19, 2010, (vi) any change in the general political, market, economic or financial conditions that, in the sole judgment of the Company, acting reasonably, has or may have a material adverse effect on the Company's business, operations or prospects or the trading in, or value of, the Shares, or (vii) any decline in any of the S&P/TSX Composite Index, the Dow Jones Industrial Average or the S&P 500 by an amount in excess of 10%, measured from the close of business on July 19, 2010;

- (d) there shall have occurred any change or changes (or any development involving any prospective change or changes) in the business, assets, liabilities, properties, condition (financial or otherwise), operations, results of operations or prospects of the Company or its subsidiaries that, in the sole judgment of the Company, acting reasonably, has, have or may have material adverse significance with respect to the Company and its subsidiaries taken as a whole;
- (e) any take-over bid or tender or exchange offer with respect to some or all of the securities of Genworth Canada, or any merger, business combination or acquisition proposal, disposition of assets, or other similar transaction with or involving Genworth Canada or any of its affiliates, other than the Offer, shall have been proposed, announced or made by any individual or entity;
- (f) the Company shall have determined, in its sole judgment, acting reasonably, that the Purchase Price for a Share exceeds the fair market value of such Share at the time of the acquisition of such Share by the Company pursuant to the Offer, determined without reference to the Offer;
- (g) the Company shall have concluded, in its sole judgment, acting reasonably, that the Offer or the take-up and payment for any or all of the Shares by the Company is illegal or not in compliance with applicable law, or that necessary exemptions under applicable securities legislation, including exemptions from proportionate take-up and related disclosure requirements and from the obligation to take up Shares in the event that the Offer is extended in certain circumstances, are not available to the Company for the Offer and, if required under any such legislation, the Company shall not have received the necessary exemptions from or waivers of the appropriate courts or securities regulatory authorities in respect of the Offer; or
- (h) any changes shall have occurred or been proposed to the Income Tax Act (Canada) (the "Tax Act") or the Internal Revenue Code (United States), to the publicly available administrative policies or assessing practices of the Canada Revenue Agency ("CRA") or the Internal Revenue Service ("IRS") or to relevant tax jurisprudence that, in the sole judgment of the Company, acting reasonably, are detrimental to Genworth Canada or a Shareholder.

The foregoing conditions are for the sole benefit of the Company and may be asserted by the Company in its sole discretion, acting reasonably, regardless of the circumstances (including any action or inaction by the Company) giving rise to any such conditions, or may be waived by the Company, in its sole discretion, in whole or in part at any time. The failure by the Company at any time to exercise its rights under any of the foregoing conditions shall not be deemed a waiver of any such right; the waiver of any such right with respect to particular facts and other circumstances shall not be deemed a waiver with respect to any other facts and circumstances; and each such right shall be deemed an ongoing right which may be asserted at any time or from time to time. Any determination by the Company concerning the events described in this Section 7 shall be final and binding on all parties.

Any waiver of a condition or the withdrawal of the Offer by the Company shall be deemed to be effective on the date on which notice of such waiver or withdrawal by the Company is delivered or otherwise communicated to the Depositary. Genworth Canada, after giving notice to the Depositary of any waiver of a condition or the withdrawal of the Offer, shall immediately make a public announcement of such waiver or withdrawal and provide or cause to be provided notice of such waiver or withdrawal to the TSX and the applicable Canadian securities regulatory authorities. If the Offer is withdrawn, the Company shall not be obligated to take up, accept for purchase or pay for any Shares deposited under the Offer, and the Depositary will return all certificates for deposited Shares, Letters of Transmittal and Notices of Guaranteed Delivery and any related documents to the parties by whom they were deposited.

## **8. Extension and Variation of the Offer**

Subject to applicable law, the Company expressly reserves the right, in its sole discretion, and regardless of whether or not any of the conditions specified in Section 7 of this Offer to Purchase – “Certain Conditions of the Offer” shall have occurred, at any time or from time to time, to extend the period of time during which the Offer is open or to vary the terms and conditions of the Offer by giving written notice, or oral notice to be confirmed in writing, of extension or variation to the Depositary and by causing the Depositary to provide to all Shareholders, where required by law, as soon as practicable thereafter, a copy of the notice in the manner set forth in Section 12 of this Offer to Purchase – “Notice”. Promptly after giving notice of an extension or variation to the Depositary, but, in the case of an extension, no later than 9:00 a.m. (Toronto time) on the next business day following the last previously scheduled or announced Expiration Date, the Company will make a public announcement of the extension or variation and provide or cause to be provided notice of such extension or variation to the TSX and the applicable Canadian securities regulatory authorities. Any notice of extension or variation will be deemed to have been given and be effective on the day on which it is delivered or otherwise communicated to the Depositary at its principal office in Toronto, Ontario.

Where the terms of the Offer are varied (other than a variation consisting solely of the waiver of a condition of the Offer), the period during which Shares may be deposited pursuant to the Offer shall not expire before 10 days (except for any variation increasing or decreasing the percentage of Shares to be purchased, the consideration provided for under the Offer or fees payable to the dealer manager of the Offer or any soliciting dealer, in which case the Offer shall not expire before 10 business days) after the notice of variation has been given to holders of Shares, unless otherwise permitted by applicable law. During any such extension or in the event of any variation, all Shares previously deposited and not taken up or withdrawn will remain subject to the Offer and may be accepted for purchase by the Company in accordance with the terms of the Offer, subject to Section 6 of this Offer to Purchase – “Withdrawal Rights”. An extension of the Expiration Date or a variation of the Offer does not constitute a waiver by the Company of its rights in Section 7 of this Offer to Purchase – “Certain Conditions of the Offer”.

If the Company makes a material change in the terms of the Offer or the information concerning the Offer, the Company will extend the time during which the Offer is open to the extent required under applicable Canadian and United States securities legislation.

Genworth Canada has filed an exemptive relief application with securities regulatory authorities in Canada to permit Genworth Canada to extend the Offer, in circumstances in which all of the terms and conditions of the Offer have either been satisfied or waived by Genworth Canada, without first taking up Shares which have been deposited (and not withdrawn) before the Offer was previously scheduled to expire. If such regulatory relief is not obtained, Genworth Canada will not be permitted to extend the Offer in the event the Offer is undersubscribed on the original Expiration Date and all conditions of the Offer have been satisfied or waived by Genworth Canada.

The Company also expressly reserves the right, in its sole discretion, (a) to terminate the Offer and not take up and pay for any Shares not theretofore taken up and paid for upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase – “Certain Conditions of the Offer”, and/or (b) at any time or from time to time, to vary the Offer in any respect, including increasing or decreasing the aggregate purchase price for Shares that the Company may purchase or the range of prices it may pay pursuant to the Offer, subject to compliance with applicable Canadian and United States securities legislation.

Any such extension, delay, termination or variation will be followed as promptly as practicable by a public announcement. Without limiting the manner in which the Company may choose to make any public announcement, except as provided by applicable law, the Company shall have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release through its usual news wire service, CNW Group.

## **9. Taking Up and Payment for Deposited Shares**

Upon the terms and provisions of the Offer (including proration) and subject to and in accordance with applicable securities laws, the Company will take up and pay for Shares properly deposited under the Offer in accordance with the terms thereof as soon as practicable after the Expiration Date, but in any event not later than 10 days after the Expiration Date, provided that the conditions of the Offer (as the same may be varied) have been satisfied or waived. Any Shares taken up will be paid for as soon as practicable, but in any event no later than three business days after they are taken up in accordance with applicable Canadian securities laws.

The Company reserves the right, in its sole discretion, to delay taking up or paying for any Shares or to terminate the Offer and not take up or pay for any Shares upon the occurrence of any of the conditions specified in Section 7 of this Offer to Purchase by giving written notice thereof or other communication confirmed in writing to the

Depository. The Company also reserves the right, in its sole discretion and notwithstanding any other condition of the Offer, to delay taking up and paying for Shares in order to comply, in whole or in part, with any applicable law or as permitted pursuant to the regulatory relief sought by the Company, as described above.

In the event of proration of Shares deposited pursuant to the Offer, the Company will determine the proration factor and pay for those deposited Shares accepted for payment as soon as practicable after the Expiration Date. However, the Company does not expect to be able to announce the final results of any such proration until approximately three business days after the Expiration Date.

Certificates for all Shares not purchased, including Shares not purchased due to proration, will be returned (in the case of certificates representing Shares all of which are not purchased), or replaced with new certificates representing the balance of Shares not purchased (in the case of certificates representing Shares of which less than all are purchased), as soon as practicable after the Expiration Date or termination of the Offer without expense to the depositing Shareholder.

The Company will pay for Shares taken up under the Offer by providing the Depository with sufficient funds (by bank transfer or other means satisfactory to the Depository) for transmittal to depositing Shareholders. **Under no circumstances will interest accrue or be paid by the Company or the Depository on the Purchase Price of the Shares purchased by the Company, regardless of any delay in making such payment or otherwise.**

Depositing Shareholders will not be obligated to pay brokerage fees or commissions to the Company or the Depository. However, Shareholders are cautioned to consult with their own brokers or other intermediaries to determine whether any fees or commissions are payable to their brokers or other intermediaries in connection with a deposit of Shares pursuant to the Offer. Genworth Canada will pay all fees and expenses of the Depository in connection with the Offer.

The Depository will act as agent of persons who have properly deposited Shares in acceptance of the Offer and have not properly withdrawn them, for the purposes of receiving payment from the Company and transmitting payment to such persons. Receipt by the Depository from Genworth Canada of payment for such Shares will be deemed to constitute receipt of payment by persons depositing Shares.

The settlement with each Shareholder who has deposited Shares under the Offer will be effected by the Depository by forwarding a cheque, payable in Canadian funds, representing the cash payment for such Shareholder's Shares taken up under the Offer. The cheque will be issued in the name of the person as specified by properly completing Box B – "Payment Instructions" in the Letter of Transmittal. Unless the depositing Shareholder instructs the Depository to hold the cheque for pick-up by checking Box F – "Hold For Pick-Up" in the Letter of Transmittal, the cheque will be forwarded by first class mail, postage prepaid, to the payee at the address specified in the Letter of Transmittal. If no such address is specified, the cheque will be sent to the address of the depositing Shareholder as it appears in the registers maintained in respect of the Shares. Cheques mailed in accordance with this paragraph will be deemed to have been delivered at the time of mailing.

All Shares purchased by the Company pursuant to the Offer shall be cancelled.

#### **10. Payment in the Event of Mail Service Interruption**

Notwithstanding the provisions of the Offer, cheques in payment for Shares purchased under the Offer and certificates for any Shares to be returned will not be mailed if the Company determines that delivery by mail may be delayed. Persons entitled to cheques or certificates that are not mailed for this reason may take delivery at the office of the Depository at which the deposited certificates for the Shares were delivered until the Company has determined that delivery by mail will no longer be delayed. Genworth Canada will provide notice, in accordance with Section 12 of this Offer to Purchase, of any determination not to mail under this Section 10 as soon as reasonably practicable after such determination is made.

#### **11. Liens and Dividends**

Shares acquired pursuant to the Offer shall be acquired by the Company free and clear of all liens, charges, encumbrances, security interests, claims, restrictions and equities whatsoever, together with all rights and benefits arising therefrom, provided that any dividends or distributions that may be paid, issued, distributed, made or transferred on or in respect of such Shares to Shareholders of record on or prior to the date upon which the Shares are taken up and paid for under the Offer shall be for the account of such Shareholders. Each Shareholder of record on that date will be entitled to receive that dividend or distribution whether or not such Shareholder deposits Shares pursuant to the Offer.

## 12. Notice

Without limiting any other lawful means of giving notice, any notice to be given by the Company or the Depositary under the Offer will be deemed to have been properly given if it is mailed by first-class mail, postage prepaid, to the registered holders of Shares at their respective addresses as shown on the share registers maintained in respect of the Shares and will be deemed to have been received on the first business day following the date of mailing. These provisions apply despite (i) any accidental omission to give notice to any one or more Shareholders, and (ii) an interruption of mail service following mailing. In the event of an interruption of mail service following mailing, the Company will use reasonable efforts to disseminate the notice by other means, such as publication. If post offices are not open for deposit of mail, or there is reason to believe there is or could be a disruption in all or any part of the postal service, any notice which the Company or the Depositary may give or cause to be given under the Offer will be deemed to have been properly given and to have been received by Shareholders if it is issued by way of a news release and if it is published once in The Globe and Mail or the National Post and in a French language daily newspaper of general circulation in the Province of Québec.

## 13. Other Terms

No broker, dealer or other person has been authorized to give any information or to make any representation on behalf of the Company other than as contained in the Offer, and, if any such information or representation is given or made, it must not be relied upon as having been authorized by the Company.

It is a term of the Offer that for the purposes of subsection 191(4) of the Tax Act, the “specified amount” in respect of each Share shall be \$24.00.

**Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 13 of the Circular – “Income Tax Considerations”.**

The Offer and all contracts resulting from the acceptance thereof shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Genworth Canada, in its sole discretion, shall be entitled to make a final and binding determination of all questions relating to the interpretation of the Offer, the validity of any acceptance of the Offer and the validity of any withdrawals of Shares. The Offer is not being made to, and deposits of Shares will not be accepted from or on behalf of, Shareholders residing in any jurisdiction in which the making of the Offer or the acceptance thereof would not be in compliance with the laws of such jurisdiction. Genworth Canada may, in its sole discretion, take such action as it may deem necessary to make the Offer in any such jurisdiction and extend the Offer to Shareholders in any such jurisdiction.

The accompanying Circular, together with this Offer to Purchase, constitutes the issuer bid circular required under Canadian provincial securities legislation applicable to Genworth Canada with respect to the Offer.

**The accompanying Circular contains additional information relating to the Offer.**

**DATED** this 19<sup>th</sup> day of July, 2010,  
at Toronto, Ontario.

**GENWORTH MI CANADA INC.**

By:  
(Signed) Brian Hurley  
Chairman and Chief Executive Officer

## CIRCULAR

This Circular is being furnished in connection with the Offer by Genworth Canada to purchase for cash Shares validly tendered pursuant to the Offer having an aggregate purchase price of not more than \$325,000,000. Terms defined in the Offer to Purchase and not otherwise defined herein have the same meaning in this Circular. The terms and conditions of the Offer to Purchase, Letter of Transmittal and the Notice of Guaranteed Delivery are incorporated into and form part of this Circular. Reference is made to the Offer to Purchase for details of its terms and conditions.

### **1. Genworth MI Canada Inc.**

Genworth Canada was incorporated under the *Canada Business Corporations Act* pursuant to a Certificate of Incorporation dated May 25, 2009. From 1995 to 2004, the Company's business was operated by Genworth Financial, Inc. (when it operated as a wholly-owned subsidiary of the General Electric Company ("General Electric")). In 2004, General Electric completed an initial public offering of Genworth Financial, Inc., the Company's indirect parent company. Pursuant to a reorganization on July 6, 2009, the Company acquired Genworth Canada Holdings I Limited and Genworth Canada Holdings II Limited, which control Genworth Financial Mortgage Insurance Company Canada. The principal business office and registered office of the Company is located at 2060 Winston Park Drive, Suite 300, Oakville, Ontario L6H 5R7 and the telephone number is 905-287-5300.

Genworth Canada is the largest private residential mortgage insurer in Canada and has been providing private mortgage insurance in Canada since 1995. The Company has built a broad underwriting and distribution platform across the country that provides customer-focused products and support services to the vast majority of Canada's residential mortgage lenders and originators. Today, Genworth Canada underwrites mortgage insurance for residential properties in all provinces and territories of Canada and has the leading market share among private mortgage insurers. Canada Mortgage and Housing Corporation, a crown corporation, is the Company's major competitor.

Genworth Canada is subject to the continuous disclosure requirements of applicable Canadian provincial and territorial securities legislation and the rules of the TSX, and in accordance therewith, files periodic reports and other information with Canadian provincial and territorial securities regulators and the TSX relating to its business, financial condition and other matters. Shareholders may access documents filed with Canadian provincial and territorial securities regulators through the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at [www.sedar.com](http://www.sedar.com).

Genworth Canada intends to enter into certain transactions with its Canadian wholly owned subsidiaries to reorganize its corporate structure. Following such transactions, each of Genworth Canada Holdings I Limited, Genworth Canada Holdings II Limited and Genworth Financial Mortgage Insurance Company Canada will remain direct or indirect wholly owned subsidiaries of Genworth Canada.

### **2. Authorized Capital**

The authorized capital of the Company consists of an unlimited number of common shares, an unlimited number of preferred shares issuable in series and one special share. As of July 16, 2010, 117,100,000 common shares, no preferred shares and one special share were issued and outstanding.

### **3. Purpose and Effect of the Offer**

The Company believes that the purchase of Shares represents an appropriate use of its available cash on hand. The Company also believes that the Offer represents an opportunity for the Company to return up to \$325,000,000 of capital to Shareholders who elect to tender while at the same time increasing the proportionate Share ownership of Shareholders who elect not to tender.

At its meeting on July 15, 2010 and for the reasons set out below, the Board of Directors determined that it would be in the best interests of the Company and its Shareholders to proceed with an issuer bid. In considering whether the Offer would be in the best interests of the Company and its Shareholders, the Board of Directors gave careful consideration to a number of factors, including, without limitation, the following:

- (a) that the recent trading price range of the Shares is not considered to be fully reflective of the value of the Company's business and future prospects, consequently the repurchase of Shares represents an attractive investment and an appropriate and desirable use of available funds;
- (b) the positive impact that the purchase of Shares would have on the Company's earnings calculated on a per Share basis, as well as on the return on equity on the Shares;

- (c) after giving effect to the Offer, the Company will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude Genworth Canada from pursuing its foreseeable business opportunities or the future growth of the Company's business;
- (d) after giving effect to the Offer, the Company will retain capital levels that are above regulatory and internal target thresholds;
- (e) the Offer provides Shareholders with an opportunity to realize on all or a portion of their investment in the Company;
- (f) the deposit of Shares under the Offer is optional, the option is available to all Shareholders, and all Shareholders are free to accept or reject the Offer;
- (g) Shareholders wishing to tender Shares may do so pursuant to Auction Tenders or Proportionate Tenders;
- (h) the Offer provides Shareholders who are considering the sale of all or a portion of their Shares with the opportunity to sell such Shares for cash without the usual transaction costs associated with market sales;
- (i) the Offer is not conditional on any minimum number of Shares being deposited;
- (j) Shareholders who do not deposit their Shares under the Offer will realize a proportionate increase in their equity interest in the Company to the extent that Shares are purchased by the Company pursuant to the Offer;
- (k) the advice of the Company's financial advisor, Scotia Capital Inc., in respect of the Offer, including an opinion from Scotia Capital Inc. regarding the liquidity of the market for the Shares after completion of the Offer; and
- (l) whether it would be reasonable to conclude that, following the completion of the Offer, there will be a market for beneficial owners of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer (see "Liquidity of Market" below).

The Board of Directors of the Company has approved the making of the Offer, the pricing of the Offer, the Offer to Purchase, this Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery.

Subject to certain exceptions, Canadian provincial securities legislation prohibits the Company and its affiliates from acquiring any Shares, other than pursuant to the Offer, until at least 20 business days after the Expiration Date or date of termination of the Offer. Subject to applicable law, Genworth Canada may in the future purchase additional Shares in the future on the open market, in private transactions, through issuer bids or otherwise. Any such purchases may be on the same terms or on terms that are more or less favourable to Shareholders than the terms of the Offer. Any possible future purchases by the Company will depend on many factors, including the market price of the Shares, the Company's business and financial position, the results of the Offer and general economic and market conditions.

**Neither Genworth Canada nor its Board of Directors makes any recommendation to any Shareholder as to whether to deposit or refrain from depositing any or all of such Shareholder's Shares. No person has been authorized to make any such recommendation. Shareholders are urged to evaluate carefully all information in the Offer, consult their own investment and tax advisors and make their own decisions whether to deposit Shares and, if so, how many Shares to deposit. Shareholders should carefully consider the income tax consequences of accepting the Offer. See Section 13 of this Circular – "Income Tax Considerations".**

#### *Liquidity of Market*

Genworth Canada is relying on the "liquid market exemption" specified in Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* ("MI 61-101") from the requirement to obtain a formal valuation applicable to the Offer. Accordingly, the valuation requirements of securities regulatory authorities in Canada applicable to issuer bids generally are not applicable in connection with the Offer.

Genworth Canada has determined that there is a liquid market in the Shares because:

- (a) there is a published market for the Shares (the TSX);

- (b) during the 12 months before July 15, 2010 (the date the Offer was announced):
- (i) the number of outstanding Shares was at all times at least 5,000,000 (excluding Shares beneficially owned, or over which control and direction was exercised, by related parties and securities that were not freely tradeable);
  - (ii) the aggregate trading volume of Shares on the TSX was at least 1,000,000 Shares;
  - (iii) there were at least 1,000 trades in the Shares on the TSX; and
  - (iv) the aggregate value of the trades in the Shares on the TSX was at least \$15,000,000; and
- (c) the market value of the Shares on the TSX, as determined in accordance with MI 61-101, was at least \$75,000,000 for June 2010 (the calendar month preceding the calendar month in which the Offer was announced).

Genworth Canada has also received a liquidity opinion of Scotia Capital Inc. to the effect that a liquid market for the Shares existed as of July 15, 2010 (being the date on which the Offer was publicly announced) and that it is reasonable to conclude that, following the completion of the Offer, there will be a market for beneficial owners of Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer. A copy of the liquidity opinion of Scotia Capital Inc. is attached hereto as Schedule A.

Based on the liquid market test set out above and the liquidity opinion of Scotia Capital Inc., the Company determined that it is reasonable to conclude that, following the completion of the Offer, there will be a market for beneficial owners of the Shares who do not tender to the Offer that is not materially less liquid than the market that existed at the time of the making of the Offer.

#### 4. Financial Statements

The comparative audited consolidated financial statements of Genworth Canada as at and for the year ended December 31, 2009 and the comparative unaudited consolidated financial statements of Genworth Canada as at and for the three months ended March 31, 2010 are available on SEDAR at [www.sedar.com](http://www.sedar.com). Shareholders may obtain copies of available financial statements, without charge, upon request to the Company at 2060 Winston Park Drive, Suite 300, Oakville, Ontario, Canada L6H 5R7 (Telephone: 905-287-5482), Attention: Investor Relations.

#### 5. Price Range of Shares

The Shares are listed on the TSX under the symbol “MIC”. The following table sets forth the high and low closing prices per Share and the average daily trading volume of Shares traded on the TSX, as compiled from published financial sources for each month the periods shown below:

Period	High (\$)	Low (\$)	Volume
July 7 to 31, 2009	19.55	17.89	464,311
August 2009	24.50	19.50	193,685
September 2009	25.00	23.59	119,995
October 2009	24.30	23.25	64,776
November 2009	26.80	23.80	238,105
December 2009	27.69	25.60	80,100
January 2010	27.05	25.56	131,866
February 2010	28.19	26.38	66,867
March 2010	27.75	26.65	51,725
April 2010	28.74	27.21	222,329
May 2010	28.40	24.01	262,780
June 2010	24.97	22.98	127,631
July 1 to 14, 2010	23.23	22.49	72,179

On July 14, 2010, the last full trading day prior to the date of the announcement by Genworth Canada of the approval by its Board of Directors of the Offer, the closing price of the Shares on the TSX was \$23.15.

**Shareholders are urged to obtain current market quotations for the Shares.**

#### 6. Dividend Policy

Genworth Canada has established a dividend policy (the “Dividend Policy”) pursuant to which, following quarterly review and approval by the Board of Directors, the Company endeavours to declare and pay to holders of Shares a quarterly dividend of \$0.22 per Share. The first such dividend was declared and paid by the Company in the fourth

quarter of 2009, and subsequent dividends have been declared and paid each quarter thereafter. Genworth Canada may alter or terminate the Dividend Policy at any time in its sole discretion, after taking into account such factors as the Company's financial condition, results of operations, current and anticipated cash needs, regulatory capital requirements, the requirements of any future financing agreements and other factors that the Board of Directors of the Company may deem relevant, with a view to paying dividends whenever operational circumstances permit.

## 7. Previous Distributions and Purchases of Securities

During the 12 months preceding the Offer, the Company has not distributed any securities other than its offering of \$275,000,000 of 5.68% Debentures due June 15, 2020 completed on June 29, 2010 for gross proceeds of \$274,862,500. The proceeds of the offering will be used by the Company in connection with the reorganization transactions described in Section 1 above.

On July 7, 2009, pursuant to the Company's initial public offering, the Company issued 5,100,000 Shares at \$19.00 per Share for aggregate proceeds of \$96,900,000 and Brookfield sold 39,640,000 Shares at \$19.00 per Share for aggregate proceeds of \$753,160,000. On July 30, 2009, pursuant to an over-allotment option granted in connection with such initial public offering, Brookfield sold an additional 5,034,100 Shares at \$19.00 per Share for aggregate proceeds of \$95,647,900.

## 8. Interest of Directors and Officers and Transactions and Arrangements Concerning Shares

*Interest of Directors and Officers.* Except as set forth in the Offer, neither the Company nor, to the Company's knowledge, any of its officers or directors or any of the officers or directors of its subsidiaries, is a party to any contract, arrangement or understanding, formal or informal, with any securityholder relating, directly or indirectly, to the Offer or with any other person or company with respect to any securities of the Company in relation to the Offer, nor are there any contracts or arrangements made or proposed to be made between the Company and any of its directors or officers and no payments or other benefits are proposed to be made or given by way of compensation for loss of office or as to such directors or officers remaining in or retiring from office if the Offer is successful.

Except as disclosed in the Offer, neither the Company nor, to the Company's knowledge, any of its officers or directors has current plans or proposals which relate to, or would result in, any extraordinary corporate transaction involving the Company, such as a merger, a reorganization, the sale or transfer of a material amount of its assets or the assets of any of its subsidiaries (although the Company from time to time may consider various acquisition or divestiture opportunities), any material change in its present Board of Directors or management, any material change in its indebtedness or capitalization, any other material change in its business or corporate structure, any material change in its Articles or By-laws, or any actions similar to any of the foregoing.

*Ownership of the Shares of the Company.* To the knowledge of the Company, after reasonable inquiry, the following table indicates, as at July 16, 2010 except as otherwise indicated, the number of securities of the Company beneficially owned, directly or indirectly, or over which control or direction is exercised, by each director and officer of the Company and their respective associates, each person or company who beneficially owns or exercises control or direction over more than 10% of any class of equity securities of the Company, and each associate or affiliate or person or company acting jointly or in concert with the Company:

Name	Relationship with Company	No. of Shares	% of o/s Shares	No. of Options	% of o/s Options	No. of PSUs <sup>1</sup>	No. of RSUs <sup>2</sup>	No. of DSUs <sup>3</sup>
Brian Hurley	Chairman and Chief Executive Officer and Director	15,576	0.01%	310,000	31.3%	6,456	16,714	-
Peter Vukanovich	President and Chief Operating Officer and Director	13,200	0.01%	222,700	22.5%	5,145	15,402	-
Robert Brannock	Director	-	-	-	-	-	-	-
Robert Gillespie	Director	1,000	<0.01%	-	-	-	-	2,199
Sidney Horn	Lead Director, Compensation & Nominating Committee Chair	4,000	<0.01%	-	-	-	-	2,199
Brian Kelly	Director, Audit Committee Chair	1,000	<0.01%	-	-	-	-	2,199

Name	Relationship with Company	No. of Shares	% of o/s Shares	No. of Options	% of o/s Options	No. of PSUs <sup>1</sup>	No. of RSUs <sup>2</sup>	No. of DSUs <sup>3</sup>
Samuel Marsico	Director, Risk, Capital & Investment Committee Chair	3,624	<0.01%	-	-	-	-	-
Leon Roday	Director	3,020	<0.01%	-	-	-	-	-
Jerome Upton	Director	906	<0.01%	-	-	-	-	-
Samantha Cheung	Vice President, Investor Relations	431	<0.01%	13,400	1.4%	-	706	-
Stuart Levings	Senior Vice President and Chief Risk Officer	2,800	<0.01%	65,200	6.6%	1,614	6,743	-
Winsor Macdonell	Senior Vice President, General Counsel	3,344	<0.01%	47,200	4.8%	807	3,371	-
Philip Mayers	Senior Vice President and Chief Financial Officer	4,615	<0.01%	83,200	8.4%	1,916	7,045	-
Deborah McPherson	Senior Vice President, Sales and Marketing	3,689	<0.01%	57,900	5.9%	1,412	4,489	-
Cecilia Carbonelli	Officer of Subsidiary of Issuer	-	-	18,400	1.9%	-	706	-
John Gibbins	Director of Subsidiary of Issuer	3,500	<0.01%	-	-	-	-	-
Gordon MacDonald	Officer of Subsidiary of Issuer	135	<0.01%	17,000	1.7%	807	807	-
Robert Kirby	Officer of Subsidiary of Issuer	-	-	18,400	1.9%	-	706	-
Stephanie Messier	Officer of Subsidiary of Issuer	-	-	15,000	1.5%	-	-	-
Susan Noonan	Officer of Subsidiary of Issuer	1,386	<0.01%	18,300	1.9%	-	706	-
John Walker	Director of Subsidiary of Issuer	5,000	<0.01%	-	-	-	-	-
Brookfield Life Assurance Company Limited	10% holder	67,325,900	57.5%	-	-	-	-	-
Michael Frazier	Officer of 10% holder	6,040	<0.01%	-	-	-	-	-
Ronald Joelson	Officer of 10% holder	604	<0.01%	-	-	-	-	-
Patrick Kelleher	Officer of 10% holder	1,208	<0.01%	-	-	-	-	-
Michael Laming	Officer of 10% holder	1,510	<0.01%	-	-	-	-	-
Scott McKay	Officer of 10% holder	3,020	<0.01%	-	-	-	-	-
Joseph Pehota	Officer of 10% holder	1,510	<0.01%	-	-	-	-	-
Michel Perrault	Officer of 10% holder	4,530	<0.01%	-	-	-	-	-
Pamela Schutz	Officer of 10% holder	1,812	<0.01%	-	-	-	-	-

1 – performance share units

2 – restricted share units

3 – deferred share units

As of July 16, 2010, all directors and senior officers of Genworth Canada as a group beneficially owned or exercised control or direction over an aggregate of 55,244 Shares representing less than 1% of the outstanding Shares. To the knowledge of the directors and officers of the Company and based on publicly available information, the only Shareholder that currently holds greater than 10% of the Shares is Brookfield, which holds 67,325,900 Shares, representing approximately 57.5% of the outstanding Shares, and the sole issued and outstanding special share of the Company.

## 9. Commitments to Acquire Shares

Genworth Canada has no commitments to purchase Shares, other than pursuant to the Offer. To the knowledge of the Company, after reasonable inquiry, no person or company named under “Interest of Directors and Officers and Transactions and Arrangements Concerning Shares – Ownership of the Shares of the Company” has any commitment to acquire Shares.

## 10. Benefits from the Offer and Effect on Interested Parties

No person or company named under “Interest of Directors and Officers and Transactions and Arrangements Concerning Shares – Ownership of the Shares of the Company” will receive any direct or indirect benefit from

accepting or refusing to accept the Offer other than the Purchase Price for any Shares tendered to the Offer and purchased by the Company in accordance with the terms of the Offer.

### **11. Material Changes in the Affairs of the Company**

Except as described or referred to in the Offer, the directors and officers of the Company are not aware of any plans or proposals for material changes in the affairs of the Company, or of any undisclosed material changes that have occurred since December 31, 2009, the date of the most recent comparative consolidated annual financial statements of the Company.

### **12. Intention to Purchase Shares**

To the knowledge of management of the Company after reasonable inquiry, no person named in the table under “Interest of Directors and Officers and Transactions and Arrangements Concerning Shares – Ownership of the Shares of the Company” intends to deposit Shares under the Offer, except that Brookfield has indicated to the Company that it will make a Proportionate Tender.

### **13. Income Tax Considerations**

**The summary in this Section 13 is of a general nature only and is not intended to be, nor should it be considered to be, legal or tax advice to any particular Shareholder and no representation is made with respect to the income tax consequences to any particular Shareholder. Due to the general nature of this summary, the income tax considerations described below may not apply to particular Shareholders depending on their own circumstances. Accordingly, Shareholders should consult their own tax advisors with respect to their particular circumstances.**

#### *Certain Canadian Federal Income Tax Considerations*

Genworth Canada has been advised by Blake, Cassels & Graydon LLP that the following summary describes, as at the date hereof, the principal Canadian federal income tax considerations under the Tax Act generally applicable to a sale of Shares pursuant to the Offer by a Shareholder who, for purposes of the Tax Act, at all relevant times: (i) is not exempt from tax under the Tax Act; (ii) holds such Shares as capital property; and (iii) is not affiliated with and deals at arm’s length with Genworth Canada. Generally, Shares will be considered to be capital property of a Shareholder that is resident in Canada provided that such Shareholder does not hold the Shares 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. A Shareholder that is resident in Canada whose Shares might not otherwise qualify as capital property may, in certain circumstances, make an irrevocable election under subsection 39(4) of the Tax Act to have the Shares and every other “Canadian security”, as defined in the Tax Act, owned by such Shareholder in the taxation year in respect of which the election is made, and in all subsequent taxation years, deemed to be capital property.

This summary is not applicable to a Shareholder (i) that is a “financial institution” (as defined in the Tax Act for purposes of the mark-to-market rules), (ii) that is a “specified financial institution” or a “restricted financial institution” for purposes of the Tax Act, (iii) an interest in which is a “tax shelter investment” (as defined in the Tax Act), or (iv) that has elected to report its “Canadian tax results” (as defined in the Tax Act) in a currency other than Canadian currency. Such Shareholders should consult their own tax advisors regarding their particular circumstances. The Offer may cause a Share to be treated as a “term preferred share” for the purposes of the Tax Act. Shareholders that are “specified financial institutions” or “restricted financial institutions” for the purposes of the Tax Act should consult their own tax advisors in this regard.

This summary is based on the provisions of the Tax Act as of the date hereof, the regulations thereunder, all specific proposals to amend the Tax Act and the regulations thereunder publicly announced by the Minister of Finance (Canada) prior to the date hereof, and counsel’s understanding of the current administrative policies and assessing practices of the CRA made publicly available prior to the date hereof. This summary is not exhaustive of all Canadian federal income tax considerations. Except as referred to above, this summary does not take into account or anticipate changes in income tax law, administrative policies or assessing practices, nor does it take into account provincial, territorial or foreign tax considerations, which may differ significantly from those discussed herein.

**THE DEEMED DIVIDEND TAX TREATMENT DESCRIBED BELOW ON THE SALE OF SHARES PURSUANT TO THE OFFER DIFFERS FROM THE CAPITAL GAIN (OR CAPITAL LOSS) TREATMENT WHICH WOULD GENERALLY APPLY TO A SALE IN THE MARKET. ACCORDINGLY, SHAREHOLDERS THAT ARE NOT GENERALLY EXEMPT FROM CANADIAN FEDERAL INCOME TAX MAY WISH TO CONSIDER SELLING THEIR SHARES IN THE MARKET PRIOR TO THE EXPIRATION DATE IN ORDER TO RECEIVE CAPITAL GAIN (OR CAPITAL LOSS)**

**TREATMENT ON THE DISPOSITION OF THEIR SHARES. SHAREHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS TO DETERMINE WHETHER DOING SO WOULD BE ADVANTAGEOUS FOR THEM IN THEIR PARTICULAR CIRCUMSTANCES.**

This summary assumes that at all relevant times the Shares will be listed on a designated stock exchange for purposes of the Tax Act (which currently includes the TSX).

Shareholders Resident in Canada

This portion of the summary applies to Shareholders that, at all relevant times, are, or are deemed to be, resident in Canada for purposes of the Tax Act and any relevant treaty or convention.

*Individual Shareholders Resident in Canada.* A Shareholder that is an individual (including a trust) resident in Canada (“Individual Resident Shareholder”) and who sells a Share to Genworth Canada pursuant to the Offer will be deemed to receive a taxable dividend (on a separate class of shares comprising the Shares so sold by all Shareholders) equal to the excess of the amount paid by Genworth Canada for the Share over its paid-up capital for purposes of the Tax Act. Genworth Canada estimates that on the Expiration Date the paid-up capital per Share will be equal to approximately \$14.86 for purposes of the Tax Act.

The deemed dividend will be included in computing an Individual Resident Shareholder’s income, and will generally be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individual shareholders from a taxable Canadian corporation, including the enhanced gross-up and dividend tax credit if the dividend is properly designated by Genworth Canada as an “eligible dividend”. Genworth Canada shall designate the deemed dividend arising as a result of the sale of Shares to Genworth Canada pursuant to the Offer as an “eligible dividend” for these purposes.

The difference between the amount paid by Genworth Canada for a particular Share and the amount deemed to be received by an Individual Resident Shareholder as a dividend in respect of the Share will be treated as proceeds of disposition of the Share for purposes of computing any capital gain or capital loss arising on the disposition of the Share. The Individual Resident Shareholder will realize a capital loss (or capital gain) as a result of such disposition equal to the amount by which the Individual Resident Shareholder’s proceeds of disposition, net of any reasonable costs of disposition, are less than (or exceed) the adjusted cost base to the Individual Resident Shareholder of such Share. Under the Tax Act, one-half of any capital loss (or capital gain) realized by an Individual Resident Shareholder represents an allowable capital loss (or taxable capital gain, as the case may be). A taxable capital gain must be included in the Individual Resident Shareholder’s income. Allowable capital losses may be deducted only against taxable capital gains in the year in which such allowable capital losses are realized subject to and in accordance with the provisions of the Tax Act. Any allowable capital losses in excess of such taxable capital gains may generally be applied to reduce taxable capital gains realized by the Individual Resident Shareholder in the three preceding taxation years or in any subsequent taxation year to the extent and under the circumstances specified in the Tax Act in this regard.

An Individual Resident Shareholder (other than a trust) that has realized a capital loss on the sale of Shares pursuant to the Offer could have all or a portion of that loss denied under the “superficial loss” rules set out in the Tax Act. In general, these rules apply where the Individual Resident Shareholder or a person affiliated with the Individual Resident Shareholder has acquired Shares in the period beginning 30 days before the sale of Shares pursuant to the Offer and ending 30 days after the sale of Shares pursuant to the Offer, and such acquired Shares are owned by such Individual Resident Shareholder or by a person affiliated with such Individual Resident Shareholder at the end of such period. If these rules apply, the capital loss realized will be deemed to be nil and the amount of such denied capital loss will be added in computing the adjusted cost base of the Shares so acquired. Trusts are also subject to “stop-loss” rules that apply in circumstances similar to those described above. The loss denied to a trust may be utilized only in the circumstances specified in the Tax Act in this regard. Shareholders are urged to consult with their own tax advisors with respect to the application of the “superficial loss” rules and “stop-loss” rules having regard to their own circumstances.

If the Shareholder is a trust of which a corporation is a beneficiary, the amount of any such capital loss will be reduced by the amount of dividends received or deemed to have been received on the Share (including any dividends deemed to be received as a result of the sale of the Share to Genworth Canada under the Offer) to the extent and under the circumstances specified in the Tax Act. Similar rules will apply where a partnership or a trust is a beneficiary of a trust or such a trust is a member of a partnership that disposes of a Share pursuant to the Offer.

Individual Resident Shareholders (including certain trusts) who realize a capital gain as a result of a sale of Shares under the Offer may be subject to “alternative minimum tax” under the Tax Act, and should consult their own tax advisors in this regard.

*Corporate Shareholders Resident in Canada.* A Shareholder that is a corporation resident in Canada and that sells a Share to Genworth Canada pursuant to the Offer (“Corporate Resident Shareholder”) will (subject to the potential application of subsection 55(2) of the Tax Act as described below) be deemed to receive a taxable dividend (on a separate class of shares comprising the Shares so sold by all Shareholders) equal to the excess of the amount paid by Genworth Canada for the Share over its paid-up capital for purposes of the Tax Act. Genworth Canada estimates that on the Expiration Date the paid-up capital per Share will be equal to approximately \$14.86 for purposes of the Tax Act.

In the case of a Corporate Resident Shareholder, any such dividend that is not required to be recognized as proceeds of disposition under subsection 55(2) of the Tax Act as described below will be included in computing the Shareholder’s income as a dividend and will ordinarily be deductible in computing its taxable income. To the extent that such a deduction is available, private corporations (as defined in the Tax Act) and certain other corporations may be liable to pay a refundable tax under Part IV of the Tax Act equal to 33⅓% of the amount of the deemed dividend. Corporate Shareholders should consult their own tax advisors for specific advice with respect to the possible application of these provisions.

Under subsection 55(2) of the Tax Act, a Corporate Resident Shareholder may be required to treat all or a portion of a deemed dividend that is deductible in computing taxable income as proceeds of disposition and not as a dividend. Generally, subsection 55(2) will apply to recharacterize the deemed dividend arising on the disposition of a Share under the Offer as proceeds of disposition if the result of the deemed dividend is to effect a significant reduction in the portion of the capital gain that would otherwise have been realized on a disposition of the Share at fair market value. However, subsection 55(2) of the Tax Act does not apply to the portion (if any) of the dividend that is subject to tax under Part IV of the Tax Act where that tax is not refunded under the circumstances specified in subsection 55(2). Corporate Resident Shareholders should consult their own tax advisors for specific advice with respect to the potential application of subsection 55(2) of the Tax Act.

The difference between the amount paid by Genworth Canada for a particular Share and the amount deemed to be received by a Corporate Resident Shareholder as a dividend in respect of the Share (after application of subsection 55(2) of the Tax Act), will be treated as proceeds of disposition of the Share for purposes of computing any capital gain or capital loss arising on the disposition of the Share. The Corporate Resident Shareholder will realize a capital loss (or capital gain) as a result of such disposition equal to the amount by which the Corporate Resident Shareholder’s proceeds of disposition, net of any reasonable costs of disposition, are less than (or exceed) the adjusted cost base to the Corporate Resident Shareholder of such Share. Under the Tax Act, one-half of any capital loss (or capital gain) realized by a Corporate Resident Shareholder represents an allowable capital loss (or taxable capital gain, as the case may be). A taxable capital gain must be included in computing the Corporate Resident Shareholder’s income. Allowable capital losses may be deducted only against taxable capital gains in the year in which such allowable capital losses are realized subject to and in accordance with the provisions of the Tax Act. Any allowable capital losses in excess of such taxable capital gains may generally be applied to reduce taxable capital gains realized by the Corporate Resident Shareholder in the three preceding taxation years and in any subsequent taxation year to the extent and under circumstances specified in the Tax Act in this regard.

The amount of any such capital loss realized by a Corporate Resident Shareholder will be reduced by the amount of dividends received or deemed to have been received on the Share (including any dividends deemed to be received as a result of the sale of the Share to Genworth Canada under the Offer) to the extent and in the circumstances specified in the Tax Act. Similar rules apply where a corporation is a member of a partnership or a beneficiary of a trust that disposes of a Share pursuant to the Offer, and where a corporation is a beneficiary of a trust and such trust is a member of a partnership that disposes of a Share pursuant to the Offer.

A Corporate Resident Shareholder that has realized a capital loss on the sale of Shares pursuant to the Offer could have all or a portion of that loss denied under the “stop-loss” rules set out in the Tax Act. In general, these rules apply where the Corporate Resident Shareholder or a person affiliated with the Corporate Resident Shareholder has acquired Shares in the period beginning 30 days before the sale of Shares pursuant to the Offer and ending 30 days after the sale of Shares pursuant to the Offer, and such acquired Shares are owned by such Corporate Resident Shareholder or by a person affiliated with such Corporate Resident Shareholder at the end of such period. If these rules apply, the capital loss realized will be deemed to be nil and the amount of such denied loss may be utilized only as allowed under the Tax Act. Corporate Resident Shareholders are urged to consult their own tax advisors with respect to the application of the “stop-loss” rules having regard to their own circumstances.

A Shareholder that is a Canadian-controlled private corporation (as defined in the Tax Act) throughout the year may be liable to pay an additional refundable tax of 6⅔% on its “aggregate investment income” for the year, which is defined to include an amount in respect of taxable capital gains (but not to include dividends or deemed dividends, that are deductible in computing taxable income).

#### Shareholders Not Resident in Canada

This portion of the summary applies to a Shareholder who, for purposes of the Tax Act and any relevant treaty or applicable convention, and at all relevant times (i) is neither resident nor deemed to be resident in Canada, (ii) does not use or hold, and is not deemed to use or hold, Shares in connection with carrying on a business in Canada, (iii) has not, either alone or in combination with persons with whom the Shareholder does not deal at arm’s length, owned (or had an option to acquire) 25% or more of the issued shares of any class or series of the capital stock of Genworth Canada at any time within the 60 months preceding the sale of the Shares under the Offer and whose Shares are not otherwise deemed to be taxable Canadian property and (iv) in the case of a Shareholder that carries on an insurance business in Canada and elsewhere, establishes that the Shares are not “designated insurance property” as defined in the Tax Act (a “Non-Canadian Holder”).

A Non-Canadian Holder will not be subject to tax under the Tax Act in respect of any capital gain realized on the disposition of a Share under the Offer.

If a Share of a Non-Canadian Holder is purchased by Genworth Canada under the Offer, a taxable dividend will be deemed to arise as discussed under “Individual Shareholders Resident in Canada”. Such dividend will be subject to Canadian withholding tax at a rate of 25%, or such lower rate as may be provided under the terms of an applicable international tax treaty between Canada and the Non-Canadian Holder’s jurisdiction of residence. Under the *Canada-United States Income Tax Convention (1980)*, as amended (the “U.S. Convention”) the rate of withholding tax applicable to a deemed dividend received by a Shareholder resident in the United States for purposes of the U.S. Convention and entitled to the benefits of the U.S. Convention in respect of such dividend will generally be reduced to 15%. **Non-Canadian Holders are urged to consult their own tax advisers to determine their entitlement to relief under the U.S. Convention, or any other applicable income tax treaty, based on their particular circumstances.**

**IN VIEW OF THE DEEMED DIVIDEND TAX TREATMENT DESCRIBED ABOVE ON A SALE OF SHARES PURSUANT TO THE OFFER, AND THE RESULTING CANADIAN WITHHOLDING TAX, SHAREHOLDERS THAT ARE NOT RESIDENT IN CANADA ARE URGED TO CONSULT THEIR OWN ADVISORS REGARDING THE POSSIBILITY OF SELLING SHARES IN THE MARKET PRIOR TO THE EXPIRATION DATE AS AN ALTERNATIVE TO ACCEPTING THE OFFER.**

#### *Certain United States Federal Income Tax Considerations*

The following describes the material U.S. federal income tax consequences generally applicable to U.S. Holders (as defined below) who tender and sell Shares to the Company pursuant to the Offer. This discussion is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed Treasury regulations under the Code, published rulings, and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

This is not a complete description of all of the U.S. federal income tax consequences applicable to U.S. Holders participating in the Offer and, in particular, does not address U.S. federal income tax considerations applicable to Shareholders that are subject to special rules (including, without limitation, financial institutions, regulated investment companies, dealers in securities or currencies, traders that mark to market, Shareholders that own an interest in a partnership or other pass-through entity that holds Shares, Shareholders that hold their Shares as part of a hedge, straddle or conversion transaction, insurance companies, tax-exempt entities, persons that have owned, or are deemed to have owned, 10% or more of the voting shares of the Company at any time during the five-year period ending on the date on which the Company acquires Shares pursuant to the Offer, Shareholders who acquired their Shares in connection with a stock option plan or in any other compensatory transaction, Shareholders subject to the alternative minimum tax, Shareholders that have a “functional currency” other than the U.S. dollar and Shareholders that do not hold the Shares as “capital assets” (generally, property held for investment) within the meaning of Section 1221 of the Code). Shareholders that are subject to special treatment or that are not U.S. Holders may be subject to different tax consequences, including different information reporting and withholding consequences, and should consult their own tax advisors.

In addition, this summary does not discuss any aspect of U.S. state and local tax laws or non-U.S. tax laws that may be applicable to any Shareholder, or any other tax considerations besides U.S. federal income tax considerations.

U.S. Holders should review the discussion above entitled “Certain Canadian Federal Income Tax Considerations – Shareholders Not Resident In Canada” for an indication of potential Canadian withholding taxes that may apply.

**This summary is of a general nature only. It is not intended to constitute nor should it be construed as legal, business, or tax advice to any particular U.S. Holder. No representation is made with respect to the income tax consequences to any particular U.S. Holder. Accordingly, U.S. Holders are strongly urged to consult their own tax advisors concerning the applicable tax consequences effective in their particular circumstances.**

Except as otherwise set forth below, and subject to the qualifications noted above, the following discussion is limited to the U.S. federal income tax consequences relevant to a U.S. Holder. A “U.S. Holder” is a U.S. Person that is a beneficial owner of Shares. A “U.S. Person” is:

- an individual who is a citizen or resident of the United States for federal income tax purposes;
- a corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or a political subdivision thereof (including the District of Columbia);
- a foreign corporation that has made a valid election under Code section 953(d);
- an estate, the income of which (other than income that is effectively connected with a U.S. trade or business) is subject to U.S. federal income taxation regardless of source; or
- a trust, if (1) a U.S. court is able to exercise primary supervision over the trust’s administration and one or more U.S. persons, as defined under Section 7701(a)(30) of the Code, have authority to control all of the trust’s substantial decisions; or (2) that was in existence on August 20, 1996, was treated as a U.S. person under the Code on the previous day and has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

The tax treatment of a partner in a partnership, or other entity taxable as a partnership, may depend on both the partnership’s and the partner’s status. Partnerships tendering Shares pursuant to the Offer and persons holding beneficial interests in Shares through a partnership are urged to consult their own tax advisors.

**The foregoing general summary is not intended to be a complete description of all potential U.S. federal income tax considerations with respect to U.S. Holders participating in the Offer, and it does not describe any other U.S. federal, state, local, or any non-U.S. tax considerations. As indicated, the summary is not intended to constitute tax advice to any particular U.S. Holder, and U.S. Holders should consult their own tax advisors as to the specific tax consequences of the Offer to them, including tax return reporting requirements, the applicability and effect of U.S. federal, state, and local and any non-U.S. tax laws, and the effect of any proposed changes in applicable tax laws.**

#### U.S. Holders Who Receive Cash Pursuant to the Offer

For U.S. federal income tax purposes, if a U.S. Holder tenders and sells Shares for cash pursuant to the Offer, such transaction will be treated either as a “sale or exchange” of the Shares by such U.S. Holder or as a “distribution” by the Company in respect of such U.S. Holder’s Shares. As described below, the specific treatment will depend, in part, upon the U.S. Holder’s particular circumstances.

#### Sale or Exchange of Shares

Under Section 302 of the Code, a U.S. Holder whose Shares are tendered and sold for cash pursuant to the Offer will be treated as having engaged in a “sale or exchange” of such Shares, and thus will recognize gain or loss, if the transaction (a) has the effect of a “substantially disproportionate” distribution by the Company with respect to such U.S. Holder, (b) results in “complete termination” of such U.S. Holder’s equity interest in the Company, or (c) is “not essentially equivalent to a dividend” with respect to the U.S. Holder. These tests (the “Section 302 tests”) are explained more fully below.

#### Constructive Ownership of Shares

In determining whether any of the Section 302 tests is satisfied, a U.S. Holder must take into account not only Shares actually owned, but also Shares that are constructively owned within the meaning of Code section 318, by the U.S. Holder. Under Code section 318, a U.S. Holder may constructively own Shares that are actually owned, and in some cases constructively owned, by certain related individuals and certain entities in which the U.S. Holder has an interest or that have an interest in the U.S. Holder, as well as any Shares the U.S. Holder has a right to acquire by exercise of an option or by the conversion or exchange of a security.

### The Section 302 Tests

One of the following tests must be satisfied in order for the sale of Shares pursuant to the Offer to be treated as a sale or exchange rather than as a distribution. U.S. Holders should consult their own tax advisors concerning the application of the following tests to their particular circumstances.

- (a) “Substantially Disproportionate” Test. The receipt of cash by a U.S. Holder will have the effect of a “substantially disproportionate” distribution by the Company with respect to the U.S. Holder if the percentage of the outstanding voting shares of the Company actually and constructively owned by the U.S. Holder immediately following the sale of Shares pursuant to the Offer (treating Shares purchased pursuant to the Offer as not outstanding) is less than 80% of the percentage of the outstanding voting shares of the Company actually and constructively owned by the U.S. Holder immediately before the exchange (treating Shares purchased pursuant to the Offer as outstanding).
- (b) “Complete Termination” Test. The receipt of cash by a U.S. Holder will be treated as a complete termination of the U.S. Holder’s equity interest in the Company if either (a) all of the Shares actually and constructively owned by the U.S. Holder are sold pursuant to the Offer, or (b) all of the Shares actually owned by the U.S. Holder are sold pursuant to the Offer and the U.S. Holder is eligible to waive, and effectively waives, the attribution of all Shares constructively owned by the U.S. Holder in accordance with the procedures described in Section 302(c)(2) of the Code and the applicable Treasury regulations promulgated thereunder.
- (c) “Not Essentially Equivalent to a Dividend” Test. The receipt of cash by a U.S. Holder will generally be treated as “not essentially equivalent to a dividend” if the U.S. Holder’s sale of Shares pursuant to the Offer results in a “meaningful reduction” of the U.S. Holder’s proportionate interest in the Company. Whether the receipt of cash by the U.S. Holder will be treated as not essentially equivalent to a dividend will depend on the U.S. Holder’s particular facts and circumstances. In the case of a U.S. Holder holding a small minority interest (for example, less than 1%) in the Shares and exercising no control over corporate affairs, a small reduction in such interest is likely to be treated as a “meaningful reduction” in that Holder’s interest, and thus satisfy the “not essentially equivalent to a dividend” test.

Under certain circumstances, it may be possible for a tendering U.S. Holder to satisfy one of the Section 302 tests by contemporaneously selling or otherwise disposing of all or some of the Shares that are actually or constructively owned by the U.S. Holder but that are not purchased pursuant to the Offer. Conversely, a U.S. Holder may fail to satisfy any of the Section 302 tests because of contemporaneous acquisitions of Shares by the U.S. Holder or by a related party whose Shares are constructively owned by the U.S. Holder. U.S. Holders should consult their tax advisors regarding the consequences of such sales or acquisitions in their particular circumstances.

As described above, the Company will purchase only a portion of the Shares owned by a U.S. Holder who makes a Proportionate Tender and, therefore, a U.S. Holder making a Proportionate Tender generally will fail to satisfy the Section 302 tests (unless the U.S. Holder otherwise disposes of a sufficient amount of Shares that are not purchased pursuant to the Offer). In addition, if the Offer is over-subscribed, the Company’s purchase of Shares deposited may be prorated. Thus, even if a U.S. Holder makes an Auction Tender and all of the Shares actually and constructively owned by such U.S. Holder are deposited, it is possible that not all of such Shares will be purchased by the Company, which in turn may affect the U.S. federal income tax consequences, in particular, the U.S. Holder’s ability to satisfy one of the Section 302 tests described above.

### Tax Treatment of a “Sale or Exchange” of Shares

If a U.S. Holder is treated as having engaged in a “sale or exchange” of such U.S. Holder’s Shares under any of the Section 302 tests described above, such U.S. Holder will recognize gain or loss equal to the difference between the amount received by such U.S. Holder (taking into account certain currency adjustments and before any withholding tax) and such U.S. Holder’s adjusted tax basis in the Shares exchanged. Such gain will generally be treated as United States source gain, which may limit the U.S. Holder’s ability to claim a foreign tax credit for any Canadian withholding tax imposed on the payment made to such U.S. Holder by the Company. If a U.S. Holder is eligible for the benefits of the U.S. Convention, an election may be available pursuant to which the U.S. Holder would, for purposes of computing the foreign tax credit limitation solely with respect to the amount received in exchange for deposited Shares, be entitled to treat such gain as foreign source income. U.S. Holders should consult their tax advisors regarding the availability of such an election as well as the application of the foreign tax credit limitation rules in their particular situations. Any gain or loss recognized by a U.S. Holder upon a sale or exchange of Shares will be capital gain or loss if the Shares are held as a capital asset, and such capital gain or loss will be long-term

capital gain or loss if the holding period of the Shares exceeds one year as of the date of the sale. Long-term capital gain of a non-corporate U.S. Holder is generally taxed at a maximum rate of 15%.

Code section 1248 provides that if a U.S. Person sells or exchanges stock in a foreign corporation and such person owned (directly, indirectly through certain foreign entities, or constructively) 10% or more of the voting power of the corporation at any time during the five-year period ending on the date of disposition when the corporation was a controlled foreign corporation (“CFC”), any gain from the sale or exchange of the shares will be treated as a dividend to the extent of the CFC’s earnings and profits (determined under U.S. federal income tax principles) during the period that the shareholder held the shares and the corporation was a CFC (with certain adjustments). A foreign corporation is a CFC if 10% U.S. Shareholders (defined below) own (directly, indirectly through foreign entities or by attribution by application of certain constructive ownership rules) more than 50% of the total combined voting power of all classes of voting stock of such foreign corporation, or more than 50% of the total value of all of the stock of such corporation on any day during the taxable year of such corporation. For purposes of this rule, a “10% U.S. Shareholder” is a U.S. Person who owns (directly, indirectly through foreign entities or constructively) at least 10% of the total combined voting power of all classes of stock entitled to vote of the foreign corporation. For purposes of taking into account insurance income, a CFC also includes a foreign insurance company in which more than 25% of the total combined voting power of all classes of stock (or more than 25% of the total value of the stock) is owned by 10% U.S. Shareholders on any day during the taxable year of such corporation. As the Company’s majority Shareholder (Brookfield) is a U.S. Person that owns more than 50% of the stock of the Company by vote and value, the Company is a CFC. If you are a 10% U.S. Shareholder of the Company, you should consult your tax advisor.

Under a special rule in Code section 953(c)(7), Code section 1248 also applies to a sale or exchange of shares in certain foreign corporations that are treated as CFCs under Code section 953 regardless of whether the selling U.S. Person is a 10% U.S. Shareholder. Existing proposed regulations do not address whether Code section 1248 applies to the disposition of stock in a CFC by a U.S. Person who is not a 10% U.S. Shareholder (and thus not subject to Code section 1248 under the generally applicable rules) in a situation where (i) the CFC is a holding company and thus is not itself an insurance company but (ii) the CFC owns a subsidiary that is also a CFC and that subsidiary would be taxed as an insurance company if it were a domestic corporation. The Company believes that Code section 953(c)(7) should not apply to dispositions of Shares by U.S. Holders who are not 10% U.S. Shareholders because the Company will not be directly engaged in the insurance business. The Company cannot be certain, however, that the IRS will not take a contrary view. U.S. Holders should consult their tax advisors regarding the effect of these rules on a sale or exchange of their Shares.

#### *Tax Treatment of a Distribution in Respect of Shares*

If a U.S. Holder who sells Shares pursuant to the Offer is not treated under Section 302 of the Code as having engaged in a “sale or exchange” of such U.S. Holder’s Shares, then the amount received (taking into account certain currency adjustments and before any withholding tax) by a U.S. Holder will be treated as a distribution by the Company in respect of such U.S. Holder’s Shares. In such case, a U.S. Holder will be required to include in gross income as ordinary income a dividend equal to the amount of any distribution paid on the Shares, without reduction for any Canadian taxes withheld from the amount paid, on the date the distribution is received to the extent the distribution is paid out of the Company’s current or accumulated “earnings and profits” as determined for U.S. federal income tax purposes. The Company expects that its current and accumulated earnings and profits will be less than the amount of the distribution, and thus only a portion of the distribution will be treated as a dividend. However, the Company’s current earnings and profits will depend on the Company’s performance for its entire taxable year and, thus, there can be no assurance that the Company’s earnings and profits will not be equal to or greater than the amount of the distribution. Provided certain holding period requirements are satisfied, non-corporate U.S. Holders generally will be subject to U.S. federal income tax at a maximum rate of 15% on the amounts treated as a dividend. Any amount treated as a dividend received by a corporate U.S. Holder generally will not be eligible for the dividends received deduction.

Distributions in excess of the Company’s earnings and profits will be treated as a non-taxable return of capital to the extent of the U.S. Holder’s adjusted tax basis in the Shares and, to the extent in excess of such basis, will be treated as gain from the sale or exchange of the Shares, with the consequences described above under the heading “Tax Treatment of a ‘Sale or Exchange’ of Shares.” To the extent that the U.S. Holder has any remaining adjusted tax basis in the tendered Shares (after reduction of such basis by the amount of the distribution in excess of the Company’s earnings and profits), such remaining adjusted basis will be added to the tax basis of any Shares owned by such U.S. Holder.

Any portion of a distribution that is treated as a dividend will constitute foreign source income for foreign tax credit limitation purposes. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends with respect to the Shares will constitute “passive category income” or, in the case of certain U.S. Holders, “general category income.” The rules governing the foreign tax credit are complex, and the availability of the credit is subject to significant limitations. Recipients of dividends from the Company may not be able to claim a full U.S. foreign tax credit for Canadian withholding tax paid on such dividends. U.S. Holders should consult their tax advisors regarding the application of the foreign tax credit limitations in their particular situations.

#### Passive Foreign Investment Companies

Special rules apply (i) to distributions by a passive foreign investment company (“PFIC”), (ii) to gain on the disposition of PFIC shares, and (iii) for calculating the amount of the foreign tax credit with respect to distributions by a PFIC. In general, a foreign corporation will be a PFIC during a given year if (i) 75% or more of its gross income constitutes “passive income” (the “75% test”) or (ii) 50% or more of its assets produce or are held for the production of passive income (the “50% test”). The PFIC provisions also contain a look-through rule under which a foreign corporation shall be treated as if it “received directly its proportionate share of the income” and as if it “held its proportionate share of the assets” of any other corporation in which it owns at least 25% of the value of the stock. Taking into account assets and gross income of its subsidiaries in accordance with the look-through rule, the majority of the Company’s assets and gross income are derived from Genworth Financial Mortgage Insurance Company Canada’s insurance business. The PFIC rules provide that income “derived in the active conduct of an insurance business by a corporation which is predominantly engaged in an insurance business . . . is not treated as passive income.” The insurance income exception is intended to ensure that income derived by a bona fide insurance company is not treated as passive income, except to the extent such income is attributable to insurance reserves in excess of the reasonable needs of the insurance business. The Company believes that in 2009, the year of formation, and expects that in 2010, for purposes of the PFIC rules, Genworth Financial Mortgage Insurance Company Canada has been and will be predominantly engaged in an insurance business and has not had and is unlikely to have significant financial reserves in excess of the reasonable needs of its insurance business in any year of operations. Accordingly, little of the income or assets of Genworth Financial Mortgage Insurance Company Canada should be treated as passive. Additionally, the Company believes that in 2009, and expects that in 2010, the passive income and assets of the Company and its non-insurance subsidiaries has not and will not exceed the 75% test or 50% test thresholds. As a result, the Company believes that neither it nor its subsidiaries should be treated as a PFIC during the 2009 and 2010 tax years. However, as there are currently no regulations regarding the application of the PFIC provisions to an insurance company and new regulations or pronouncements interpreting or clarifying these rules may be forthcoming, the Company cannot be certain that the IRS will not successfully challenge this position. U.S. Holders should consult their tax advisor as to the effect of the PFIC rules with respect to a U.S. Holder’s sale of Shares to the Company.

#### United States Backup Withholding and Information Reporting

The sale of Shares pursuant to this Offer may be subject to information reporting to the IRS and to U.S. Holders. The Company may report the full amount of the proceeds paid to each U.S. Holder as a distribution in respect of such U.S. Holder’s Shares (and not as a sale or exchange). As discussed above, however, each U.S. Holder should separately determine, in consultation with the U.S. Holder’s tax advisor and taking into account the particular facts and circumstances applicable to such U.S. Holder, whether the U.S. Holder’s sale of Shares to the Company constitutes a distribution or constitutes a sale or exchange.

U.S. Holders that do not properly complete the Substitute Form W-9 included in the Letter of Transmittal may be subject to United States “backup withholding tax” (currently at a rate of 28%) with respect to payments made to them. In addition, U.S. Holders that do not appropriately complete the Substitute Form W-9 may be subject to penalties levied by the IRS. Backup withholding is not an additional tax. The amount of backup withholding tax will be allowed as a credit against such U.S. Holder’s U.S. federal income tax liability and, if backup withholding tax results in an overpayment of U.S. federal income taxes, may entitle such U.S. Holder to a refund or credit, provided that the required information is furnished to the IRS in a timely manner.

#### **14. Legal Matters and Regulatory Approvals**

Genworth Canada is not aware of any license or regulatory permit that is material to the Company’s business that might be adversely affected by the Company’s acquisition of Shares pursuant to the Offer or, except as noted below, of any approval or other action by any government or governmental, administrative or regulatory authority or agency in any jurisdiction, that would be required for the acquisition of Shares by the Company pursuant to the Offer and that has not been obtained on or before the date hereof. Should any such approval or other action be

required, the Company currently contemplates that such approval will be sought or other action will be taken. Genworth Canada cannot predict whether it may determine that it must delay the acceptance for payment of Shares deposited pursuant to the Offer pending the outcome of any such matter.

There can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to the Company's business.

The Company has filed applications with certain securities regulatory authorities in Canada seeking exemptive relief from proportionate take-up and related disclosure requirements, and from the obligation to take up Shares in the event that the Offer is extended in certain circumstances, contained in securities legislation of certain provinces and territories in connection with the Offer. Obtaining such exemptive relief is a condition of the Offer. See Section 7 of the Offer to Purchase – "Certain Conditions of the Offer".

The Company's obligations under the Offer to take up and pay for Shares are subject to certain conditions. See Section 7 of the Offer to Purchase – "Certain Conditions of the Offer".

#### **15. Source of Funds**

The Company will fund any purchases of Shares pursuant to the Offer from available cash on hand.

#### **16. Dealer Manager**

Scotia Capital Inc. has been retained to serve as dealer manager of the Offer. Scotia Capital Inc. may form a soliciting dealer group comprising members of the Investment Industry Regulatory Organization of Canada and members of the TSX to solicit tenders to the Offer from Shareholders resident in Canada.

#### **17. Depositary**

Genworth Canada has appointed CIBC Mellon Trust Company to act as a depositary for, among other things, (a) the receipt of certificates representing Shares and related Letters of Transmittal deposited under the Offer, (b) the receipt of Notices of Guaranteed Delivery delivered pursuant to the procedures for guaranteed delivery set forth in Section 6 of the Offer to Purchase, (c) the receipt from the Company of cash to be paid in consideration of the Shares acquired by the Company under the Offer, as agent for the depositing Shareholders, and (d) the transmittal of such cash to the depositing Shareholders, as agent for the depositing Shareholders. The Depositary may contact Shareholders by mail, telephone or facsimile and may request brokers, dealers and other nominee Shareholders to forward materials relating to the Offer to beneficial owners.

#### **18. Fees and Expenses**

Scotia Capital Inc. has been retained by the Company to serve as dealer manager in connection with the Offer and to deliver a liquidity opinion in connection with the Offer to the Board of Directors for which it has received a fee from Genworth Canada. Genworth Canada has agreed to reimburse Scotia Capital Inc. for certain reasonable out-of-pocket expenses incurred in connection with the Offer and to indemnify Scotia Capital Inc. against certain liabilities to which it may become subject as a result of its engagement.

Genworth Canada has retained CIBC Mellon Trust Company to act as the depositary in connection with the Offer. The Depositary will receive reasonable and customary compensation for its services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection with the Offer, including certain liabilities under Canadian provincial securities laws. Genworth Canada will not pay any fees or commissions to any broker or dealer or any other person for soliciting deposits of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will, upon request, be reimbursed by the Company for reasonable and necessary costs and expenses incurred by them in forwarding materials to their customers.

Genworth Canada is expected to incur expenses of approximately \$700,000 in connection with the Offer, which includes filing fees, advisory fees, the fees of Scotia Capital Inc., legal, translation, accounting, depositary and printing fees.

#### **19. Statutory Rights**

Securities legislation in the provinces and territories of Canada provides Shareholders with, in addition to any other rights they may have at law, one or more rights of rescission, price revision or to damages, if there is a misrepresentation in a circular or notice that is required to be delivered to the Shareholders. However, such rights must be exercised within prescribed time limits. Shareholders should refer to the applicable provisions of the securities legislation of their province or territory for particulars of those rights or consult a lawyer.

**APPROVAL AND CERTIFICATE**

July 19, 2010

The Board of Directors of Genworth MI Canada Inc. (the "Company") has approved the contents of the Offer to Purchase and the accompanying Circular dated July 19, 2010 and the delivery thereof to Shareholders. The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(Signed) Brian Hurley  
Chairman and  
Chief Executive Officer

(Signed) Philip Mayers  
Senior Vice President and  
Chief Financial Officer

On behalf of the Board of Directors:

(Signed) Sidney Horn  
Director

(Signed) Peter Vukanovich  
Director

**CONSENT OF SCOTIA CAPITAL INC.**

TO: The Board of Directors of Genworth MI Canada Inc.

We consent to the inclusion of our liquidity opinion dated July 15, 2010 as Schedule A to the Circular dated July 19, 2010, which schedule is incorporated by reference in the Circular and consent to the inclusion of our name and reference to our liquidity opinion in the sections titled "Purpose and Effect of the Offer – Liquidity of Market" and "Fees and Expenses".

July 19, 2010

(Signed)

Scotia Capital Inc.

**CONSENT OF BLAKE, CASSELS & GRAYDON LLP**

TO: The Board of Directors of Genworth MI Canada Inc.

We consent to the inclusion of our name in the sections titled "Income Tax Considerations – Certain Canadian Federal Income Tax Considerations" in the Circular dated July 19, 2010 of Genworth MI Canada Inc. in connection with its offer to the holders of its Shares.

July 19, 2010

(Signed)

Blake, Cassels & Graydon LLP

**SCHEDULE A - LIQUIDITY OPINION OF SCOTIA CAPITAL INC.**

July 15, 2010

The Board of Directors of

Genworth MI Canada Inc.  
2060 Winston Park Drive  
Suite 300  
Oakville, ON L6H 5R7

To the Board of Directors:

Scotia Capital Inc. ("Scotia Capital", "we" or "us") understands that Genworth MI Canada Inc. (the "Company") is considering a transaction whereby the Company would make an offer (the "Offer") to acquire common shares of the Company (the "Shares") having an aggregate purchase price not exceeding C\$325,000,000.

We also understand that:

- a) holders of Shares (the "Shareholders") who wish to accept the Offer may do so in one of two ways: (i) by making an auction tender ("Auction Tender") pursuant to which they agree to sell to the Company at a specified price per Share (not less than C\$24 and not more than C\$28 and in increments of C\$0.20 within that range) ("Auction Price") a specified number of Shares owned by them; or (ii) by making a proportionate tender ("Proportionate Tender") pursuant to which they agree to sell to the Company at the Purchase Price (defined below) that number of Shares owned by them that will result in them maintaining their proportionate Share ownership following completion of the Offer;
- b) the "Purchase Price" will be the lowest price that enables the Company to purchase that number of Shares tendered pursuant to valid Auction Tenders having an aggregate purchase price not exceeding an amount equal to C\$325,000,000 less the product of (i) C\$325,000,000 and (ii) a fraction, the numerator of which is the aggregate number of Shares owned by Shareholders making valid Proportionate Tenders and the denominator of which is the aggregate number of Shares outstanding at the expiry of the Offer;
- c) the Offer will constitute an "issuer bid" for purposes of Multilateral Instrument 61-101 of the Ontario Securities Commission and the Autorité des marchés financiers du Québec ("Rule 61-101");
- d) Brookfield Life Assurance Company Limited, a wholly owned subsidiary of Genworth Financial, Inc. (the "Major Shareholder"), which owns 67,325,900 Shares (representing approximately 57.5% of the aggregate number of outstanding Shares), has advised the Company that it intends to make a Proportionate Tender; and
- e) the terms and conditions of the Offer will be described in an Offer to Purchase and Issuer Bid Circular that will be prepared by the Company and mailed to registered Shareholders in connection with the Offer.

### ***Engagement of Scotia Capital Inc.***

By letter agreement dated July 2, 2010 (the "Engagement Agreement"), the Company retained Scotia Capital Inc. to act as its financial advisor in connection with the Offer. Pursuant to the Engagement Agreement, the Company has requested that we prepare and deliver this letter (the "Opinion") to the Board of Directors of the Company (the "Board of Directors") with respect to the liquidity of the market for the Shares both as at the date hereof and on completion of the Offer. The Company will pay Scotia Capital a fee for delivering this Opinion. None of the fees payable to Scotia Capital are contingent upon the conclusions reached by Scotia Capital in the Opinion or on the completion of the Offer. In addition, the Company has agreed to reimburse Scotia Capital for our reasonable out-of-pocket expenses and to indemnify Scotia Capital in respect of certain liabilities that might arise out of our engagement.

### ***Credentials of Scotia Capital***

Scotia Capital represents the global corporate and investment banking and capital markets business of Scotiabank Group ("Scotiabank"), one of North America's premier financial institutions. In Canada, Scotia Capital is one of the country's largest investment banking firms with operations in all facets of corporate and government finance, mergers and acquisitions, equity and fixed income sales and trading and investment research. The Opinion expressed herein represents the opinion of Scotia Capital and the form and content hereof have been approved for release by a committee of its directors, each of whom is experienced in merger, acquisition, divestiture and opinion matters.

### ***Relationship with Interested Parties***

None of Scotia Capital or any of its affiliates:

- (a) is an "issuer insider", "associated entity" or "affiliated entity" (as such terms are used in Rule 61-101) of the Company or the Major Shareholder;
- (b) is a financial advisor to the Major Shareholder in connection with the Offer;
- (c) has a financial incentive with respect to the conclusions reached in this Opinion or the completion of the Offer; or
- (d) has a material financial interest in the completion of the Offer or in any future business under any agreement, commitment or understanding involving the Company, the Major Shareholder or their respective affiliates or associates.

Prior to entering into the Engagement Agreement, Scotia Capital has provided various financial advisory services to the Company in connection with transactions unrelated to the Offer and, pursuant to a supplemented PREP prospectus dated June 29, 2009, acted as a co-lead manager and joint book-runner for the Company's initial public offering. In addition, pursuant to a prospectus supplement dated June 18, 2010 to the short form base shelf prospectus dated May 7, 2010, Scotia Capital acted as co-lead agent and joint book-runner for the Company's offering of \$275 million 5.68% Debentures due June 15, 2020.

Scotia Capital acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had, and may in the future have, positions in the securities of the Company, the Major Shareholder or their respective affiliates and, from time to time, may have executed, or may execute, transactions on behalf of such entities. Scotia Capital is an indirect subsidiary of the Bank of Nova Scotia (“BNS”) and BNS or its affiliated entities have made, or may in the future make, loans or provide other financial services in the normal course to Company, the Major Shareholder or their affiliates and have been, or in the future may be, customers of the Company.

### ***Scope of Review***

In connection with rendering our Opinion, we have reviewed and relied upon, among other things, the following:

- (a) a draft dated July 8, 2010 of the Offer to Purchase and Issuer Bid Circular;
- (b) the twelve-month historical trading activity and volumes of the Shares on the Toronto Stock Exchange (the “TSX”);
- (c) the distribution of ownership of the Shares;
- (d) the number of Shares proposed to be purchased under the Offer relative to (i) the number of issued and outstanding Shares on the date hereof less (ii) the number of Shares beneficially owned by the Major Shareholder and other Shares that are known by us to be not freely tradeable (colloquially, the “public float”);
- (e) the customary difference (colloquially, the “spread”) between bid and ask prices in trading activity in the Shares; and
- (f) such other information, analyses, investigations, and discussions as we considered appropriate in the circumstances.

### ***Assumptions and Limitations***

Our Opinion is subject to the assumptions, explanations and limitations set forth below.

We have not been asked to prepare and have not prepared a formal valuation or appraisal of the assets and securities of the Company or any of its affiliates and our Opinion should not be construed as such. This Opinion does not constitute an opinion concerning the fairness, from a financial point of view, of the consideration offered to the Shareholders pursuant to the Offer. In addition, we have not been requested to identify, solicit or assess potential alternatives to the Offer.

With your permission and as provided in the Engagement Agreement, we have relied upon, and have assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by us from public sources, or provided to us by the Company and its advisors or otherwise obtained by us pursuant to our engagement, and our Opinion is conditional upon such completeness, accuracy and fair presentation. We have not been requested or attempted to verify independently the accuracy, completeness or fairness of presentation of any such information, data, advice, opinions and representations.

We have assumed that the Offer to Purchase and Issuer Bid Circular will contain all material facts relating to the Offer, the Offer will comply with all applicable legal requirements and that the Major Shareholder will make a valid Proportionate Tender prior to the expiry of the Offer.

We are not legal, tax or accounting experts and make no representation as to the adequacy or the appropriateness of this letter for your purposes and express no view as to the legal, tax or accounting aspects of the Offer. Our Opinion is not to be construed as a recommendation to any Shareholder as to whether to accept the Offer or tender any Shares pursuant to the Offer. In addition, we are not expressing any opinion as to the value of the Shares or the prices at which the Shares will trade after completion of the Offer.

Our Opinion is rendered on the basis of securities markets, economic and general business and financial conditions prevailing as at the date hereof and the conditions and prospects, financial and otherwise, of the Company as they are reflected in the information contained under the heading "Scope of Review" and as they were represented to us in our discussions with management of the Company.

The Opinion has been provided to the Board of Directors and may not be relied upon for any other purpose or, other than its inclusion in the Offer to Purchase and Issuer Bid Circular, published without the prior written consent of Scotia Capital.

The Opinion is given as of the date hereof and, although we reserve the right to change or withdraw the Opinion if we learn that any of the information that we relied upon in preparing the Opinion was inaccurate, incomplete, or misleading in any material respect, we disclaim any obligation to change or withdraw the Opinion, to advise any person of any change that may come to our attention or to update the Opinion after today.

In this Opinion, the term "liquid market" has the meaning ascribed thereto in section 1.2(1)(a) of Rule 61-101.

### **Opinion**

Based upon and subject to the foregoing, it is our opinion as at the date hereof that:

- (a) a liquid market for the Shares exists on the date hereof; and
- (b) it is reasonable to conclude that, following the completion of the Offer, there will be a market for Shareholders who do not tender their Shares to the Offer that is not materially less liquid than the market that exists on the date hereof.

Yours very truly,

**Scotia Capital Inc.**

Scotia Capital Inc.

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The Letter of Transmittal or the Notice of Guaranteed Delivery, certificates for Shares and any other required documents must be sent or delivered by each depositing Shareholder or the depositing Shareholder's broker, commercial bank, trust company or other nominee to the Depository at one of its addresses specified below.

**OFFICES OF THE DEPOSITARY, CIBC MELLON TRUST COMPANY, FOR THE OFFER:**

**By Mail**

*CIBC Mellon Trust Company*  
P.O. Box 1036  
Adelaide Street Postal Station  
Toronto, ON M5C 2K4  
Attn: Corporate Restructures

**By Hand, Registered Mail or Courier**

*CIBC Mellon Trust Company*  
199 Bay Street  
Commerce Court West, Securities Level  
Toronto, Ontario M5L 1G9  
Attn: Courier Window  
Telephone: (416) 643-5500  
Toll Free: (800) 387-0825

E-mail: [inquiries@cibcmellon.com](mailto:inquiries@cibcmellon.com)

**Any questions or requests for assistance may be directed to the Depository at the addresses and telephone number specified above. Shareholders also may contact their broker, commercial bank or trust company for assistance concerning the Offer. Additional copies of the Offer to Purchase, the Circular, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Depository. Manually executed photocopies of the Letter of Transmittal or the Notice of Guaranteed Delivery will be accepted.**