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## Genworth Financial, Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions) Your first question comes from Edward Spehar - BAS-ML.

#### Edward Spehar - BAS-ML

I had a few quick questions. I guess the first is, Mike, you mentioned the possibility of bringing cash down and investing longer, and I'm just wondering why would you bring cash balances down right now? Where the stock is trading, it's clearly not about earnings, so how do you balance that versus just the comfort, maybe, that's provided by a higher cash balance?

And then on the statutory side, is there any ongoing statutory earnings impact from the realization of this derivative gain? And maybe you could give us some indication of what the preliminary stat operating earnings for '08, and is there any reason to think that that will change materially in '09 - again, that's operating, not net.

#### Michael D. Fraizer

Let me provide a perspective and then hand it over to Pat for some more specifics.

I think we've been very clear and I'll try to always emphasize that we will always manage this business in this type of environment first for capital and liquidity. And we built strong capital positions or stronger capital positions, as you've seen, and excellent liquidity. And we will maintain that; no doubt about that. And we'll be prudent and thoughtful about it.

It's just, when we do look at results, we do have some opportunities, we think, to gradually reinvest some excess cash levels, but we're going to do that always with prudence in mind.

So with that as a backdrop, Pat, do you want to pick up and provide some more specifics, please?

#### Patrick B. Kelleher

Yes, I will, Mike. A big portion of our cash position, about \$4.5 billion, is in the U.S. life companies. And here we're holding cash for two reasons - first, a portion of the cash will be used for funding agreements that are maturing throughout 2009 and second, we've increased our cash position to ensure flexibility to meet policyholder needs for cash withdrawals as the economy slows and as markets decline. And in this context, I should note that our lapses at the end of the year and heading into 2009 for both the single premium deferred annuities and the guaranteed investment contracts

were less than planned and they're trending lower. And as a result, we're being cautious, but we're currently planning to redeploy some of the current cash holdings.

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