Consolidated Financial Statements of

GENWORTH MI CANADA INC.

Three months and six months ended
June 30, 2010 and 2009
(Unaudited)

GENWORTH MI CANADA INC.

Consolidated Balance Sheet
(In thousands of dollars)

	June 30, 2010	December 31, 2009
	(Unaudited)	
Assets		
Invested assets:		
Cash and cash equivalents (note 5)	$ 535,415	$ 377,512
Short-term securities (note 5)	–	253,527
Bonds and debentures:		
Held-for-trading (note 5)	35,616	34,485
Available-for-sale (note 5)	3,988,879	3,743,867
Preferred shares (note 5)	58,960	423
Government guarantee fund (note 6)	614,504	576,417
	5,233,374	4,986,231
Other:		
Accrued investment income and other receivables	45,206	28,869
Income taxes recoverable (note 7)	16,501	-
Salvage and subrogation	24,669	13,646
Deferred policy acquisition costs	150,333	146,840
Goodwill	11,172	11,172
Intangible assets	16,076	16,307
Premises and equipment	3,520	3,844
Other assets	2,692	3,017
	270,169	223,695
	$ 5,503,543	$ 5,209,926

	June 30, 2010 (Unaudited)	December 31, 2009
Liabilities and Shareholders' Equity		
Policy liabilities:		
Loss reserves	$ 228,021	$ 236,181
Unearned premium reserves (note 4)	1,913,812	1,971,396
	2,141,833	2,207,577
Other liabilities:		
Accounts payable and accrued liabilities	78,806	27,811
Due to parent and companies under common control (note 8)	–	775
Income taxes payable	–	116,230
Long-term debt (note 12)	272,270	-
	351,076	144,816
Net future income taxes (note 7)	212,858	203,218
Accrued benefit liability under employee benefit plans	12,328	11,088
Total liabilities	2,718,095	2,566,699
Shareholders' equity:		
Share capital	1,734,376	1,734,376
Retained earnings	929,844	811,927
Accumulated other comprehensive income	121,228	96,924
	2,785,448	2,643,227
Subsequent event (note 13)		
	$ 5,503,543	$ 5,209,926

See accompanying notes to consolidated financial statements.

On behalf of the Board:

"Brian Hurley" Director

"Brian Kelly" Director

GENWORTH MI CANADA INC.

Consolidated Statements of Income
(In thousands of dollars, except per share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Gross premiums written	$ 160,619	$ 85,563	$ 258,293	$ 153,759
Net premiums written	$ 157,455	$ 81,791	$ 251,666	$ 146,129
Net premiums earned (note 4)	$ 153,516	$ 153,473	$ 309,251	$ 300,743
Initial impact of change in premium recognition curve (note 4)	–	–	–	100,144
Fees and other income	49	16	68	25
Underwriting revenues	153,565	153,489	309,319	400,912
Losses on claims and expenses:				
Losses on claims	49,496	71,086	108,793	131,429
Sales, underwriting and administrative (note 11)	23,480	23,695	49,400	43,078
Initial impact of change in premium recognition curve on change in deferred policy acquisition costs (note 4)	–	–	–	6,370
	72,976	94,781	158,193	180,877
Net underwriting income	80,589	58,708	151,126	220,035
Investment income:				
Interest	42,189	44,323	85,331	91,480
Dividends	398	–	484	–
Net realized gains on sale of investments	599	1,165	1,810	1,169
Change in unrealized loss on held-for-trading securities	(1,416)	5,510	1,132	1,470
Equity in earnings of government guarantee fund (note 6)	78	1,101	2,978	2,644
General investment expenses	(1,073)	(1,143)	(2,152)	(2,408)
	40,775	50,956	89,583	94,355
Interest on long-term debt (note 12)	(43)	–	(43)	–
Interest on related party debt	–	(717)	–	(1,409)
Income before income taxes	121,321	108,947	240,666	312,981
Income taxes (note 7):				
Current	30,122	31,158	62,827	95,429
Future	5,850	3,083	8,398	4,791
	35,972	34,241	71,225	100,220
Net income	$ 85,349	$ 74,706	$ 169,441	$ 212,761
Income per share (note 10):				
Basic	$ 0.73	$ 0.67	$ 1.45	$ 1.90
Diluted	0.72	0.67	1.43	1.90

See accompanying notes to consolidated financial statements.

GENWORTH MI CANADA INC.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Share capital				
Common shares, beginning and end of period	$ 1,734,376	$ 1,642,709	$ 1,734,376	$ 1,642,709
Retained earnings				
Retained earnings, beginning of period	$ 870,257	$ 599,354	$ 811,927	$ 461,299
Net income	85,349	74,706	169,441	212,761
Dividends	(25,762)	(2,350)	(51,524)	(2,350)
Retained earnings, end of period	$ 929,844	$ 671,710	$ 929,844	$ 671,710
Accumulated other comprehensive income				
Accumulated other comprehensive income (loss), beginning of period (a)	$ 96,227	$ 10,527	$ 96,924	$ (14,912)
Change in unrealized gains/losses on available-for-sale assets (b)	24,166	47,710	25,044	73,149
Recognition of realized (gains) losses on available-for-sale assets (c)	835	(3,717)	(740)	(3,717)
Accumulated other comprehensive income, net of income taxes of $53,626 (2009 - $24,110), end of period	$ 121,228	$ 54,520	$ 121,228	$ 54,520
Total shareholders' equity	$ 2,785,448	$ 2,368,939	$ 2,785,448	$ 2,368,939

(a) Net of income taxes of $43,396 as of the beginning of the quarter ended June 30, 2010 ($43,484 for year-to-date) and $2,508 as of the beginning of the quarter ended June 30, 2009 (($5,984) for year-to-date).

(b) Net of income taxes of $10,340 for the quarter ended June 30, 2010 ($10,451 for year-to-date) and $23,213 for the quarter ended June 30, 2009 ($31,705 for year-to-date).

(c) Net of income taxes of ($110) for the quarter ended June 30, 2010 (($309) for year-to-date) and ($1,611) for the quarter ended June 30, 2009 (($1,611) for year-to-date).

See accompanying notes to consolidated financial statements.

GENWORTH MI CANADA INC.

Consolidated Statements of Comprehensive Income
(In thousands of dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net income	$ 85,349	$ 74,706	$ 169,441	$ 212,761
Other comprehensive income	25,001	43,993	24,304	69,432
Comprehensive income	$ 110,350	$ 118,699	$ 193,745	$ 282,193

See accompanying notes to consolidated financial statements.

GENWORTH MI CANADA INC.

Consolidated Statements of Cash Flows
(In thousands of dollars)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Cash provided by (used in):				
Operating activities:				
Net income	$ 85,349	$ 74,706	$ 169,441	$ 212,761
Items not involving cash:				
Amortization of premiums on investments	4,278	689	6,349	(4,189)
Amortization of intangible assets	1,055	742	1,919	1,475
Depreciation of premises and equipment	397	370	772	754
Change in deferred policy acquisition costs	(4,568)	(1,725)	(3,493)	4,063
Future income taxes	5,850	3,083	8,398	4,791
Net realized gains on sale of investments	(599)	(1,165)	(1,810)	(1,169)
Change in unrealized loss on held-for-trading securities	1,416	(5,510)	(1,132)	(1,470)
	93,178	71,190	180,444	217,016
Change in non-cash balances related to operations:				
Government guarantee fund	(17,199)	(10,161)	(30,253)	(18,790)
Accrued investment income and other receivables	27,569	17,449	(16,337)	3,460
Current income taxes	(11,383)	5,584	(141,623)	40,527
Other assets and subrogation recoverable	(4,002)	(208)	(10,698)	(7,066)
Accounts payable and accrued liabilities	6,020	(1,073)	50,995	693
Due to parent and companies under common control	(24)	2,702	(775)	(3,435)
Loss reserves	(4,631)	25,694	(8,160)	58,353
Unearned premium reserves	3,940	(71,683)	(57,584)	(254,758)
Accrued net benefit liability under employee benefit plans	(198)	282	1,240	642
	93,270	39,776	(32,751)	36,642
Investing activities:				
Purchase of bonds	(121,759)	(237,107)	(555,877)	(237,127)
Proceeds from sale of bonds	187,717	99,706	332,918	198,857
Purchase of short-term securities		(12,673)	–	(184,703)
Proceeds from sale of short-term securities	91,563	–	253,527	113,066
Purchase of preferred shares	(28,842)	–	(58,802)	–
Proceeds from sale of preferred shares	–	–	278	–
Purchase of intangible assets	(1,113)	(1,849)	(1,688)	(4,192)
Purchase of premises and equipment	(56)	(225)	(448)	(718)
	127,510	(152,148)	(30,092)	(114,817)
Financing activities:				
Net proceeds from long-term debt issuance	272,270	–	272,270	–
Dividends paid	(25,762)	(2,350)	(51,524)	(2,350)
	246,508	(2,350)	220,746	(2,350)
Increase (decrease) in cash and cash equivalents	467,288	(114,722)	157,903	(80,525)
Cash and cash equivalents, beginning of period	68,127	625,851	377,512	591,654
Cash and cash equivalents, end of period	$ 535,415	$ 511,129	$ 535,415	$ 511,129
Supplemental cash flow information:				
Income taxes paid	$ 41,515	$ 25,575	$ 204,460	$ 54,902
Interest paid on related party debt	–	–	–	1,273

See accompanying notes to consolidated financial statements.

1. Status of the Company:

Genworth MI Canada Inc. ('the Company") was incorporated under the Canada Business Corporations Act pursuant to a Certificate of Incorporation dated May 25, 2009. The Company is a subsidiary of Brookfield Life Assurance Company Limited ("Brookfield'), and its ultimate parent company is Genworth Financial Inc., a public company listed on the New York Stock Exchange.

The direct subsidiary of Genworth MI Canada Inc., Genworth Financial Mortgage Insurance Company Canada ("Genworth Mortgage Insurance Canada" or "Insurance Subsidiary"), is engaged in mortgage insurance in Canada and is regulated by the Office of the Superintendent of Financial Institutions Canada ("OSFI") as well as financial services regulators in each province.

2. Basis of presentation:

These current period financial statements and the prior period comparative financial statements reflect the consolidation of Genworth MI Canada Inc. and its subsidiaries Genworth Canada Holdings I Limited ("Holdings I") and Genworth Canada Holdings II Limited ("Holdings II"), including the subsidiary of Holdings I, Genworth Financial Mortgage Insurance Company Canada.

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") using the same accounting policies as were used in the consolidated financial statements for the year ended December 31, 2009. The interim consolidated financial statements do not contain all disclosures required by GAAP and, accordingly, should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2009.

3. Accounting Policies - long-term debt:

The Company's senior unsecured debentures issued during the current quarter together with associated issuance costs are classified as long-term debt on the consolidated balance sheet and are accounted for at amortized cost using the effective interest rate method.

4. Change in estimate of unearned premium reserves:

Mortgage insurance premiums are taken into underwriting revenue over the terms of the related policies. The unearned portion of premiums is included in the liability for unearned premium reserves. The rates or formulae under which premiums are earned relate to the loss emergence pattern in each year of coverage as estimated by management based primarily on the past incidence of losses on claims, and are referred to as the "premium recognition curve".

The Company performs actuarial studies of its multi-year loss experience on a quarterly basis, which have indicated an acceleration of premium recognition. The impact of the experience update for the three months ended and six months ended June 30, 2010 was an increase of premiums earned of $10,856 and $23,675 respectively. The cumulative impact of the initial update of the premium recognition curve for the three months and six months ended June 30, 2009 was $12,051 and $112,195, respectively.

5. Investments:

The fair values of invested assets, excluding the government guaranteed fund, are summarized as follows:

	June 30, 2010				December 31, 2009			
	Market value	Amortized cost	Unrealized gain (loss)	% market value	Market value	Amortized cost	Unrealized gain (loss)	% market value
	(Unaudited)							
Cash and cash equivalents:								
Government treasury bills	$ 253,375	$ 253,375	$ –	5.5	$ 231,519	$ 231,519	$ –	5.3
Bankers' acceptances	34,132	34,132	–	0.7	64,898	64,898	–	1.5
Time deposits	57,962	57,962	–	1.3	65,943	65,943	–	1.5
Commercial paper	153,372	153,372	–	3.3	–	–	–	–
Cash	36,574	36,574	–	0.8	15,152	15,152	–	0.3
	535,415	535,415	–	11.6	377,512	377,512	–	8.6
Available-for-sale securities:								
Government bonds:								
Canadian federal	916,187	893,619	22,568	19.9	1,073,117	1,053,507	19,610	24.3
Canadian provincial	694,039	668,271	25,768	15.0	637,602	614,647	22,955	14.5
	1,610,226	1,561,890	48,336	34.9	1,710,719	1,668,154	42,565	38.8
Corporate bonds:								
Financial	1,400,696	1,342,058	58,638	30.3	1,420,446	1,370,884	49,562	32.2
Energy	278,346	266,529	11,817	6.0	230,456	220,195	10,261	5.2
Infrastructure	236,431	226,490	9,941	5.1	206,310	199,534	6,776	4.7
All other sectors	206,311	196,058	10,253	4.5	175,425	166,394	9,031	4.0
	2,121,784	2,031,135	90,649	45.9	2,032,637	1,957,007	75,630	46.1
Preferred shares:								
Financial	52,753	52,678	75	1.2	423	421	2	–
Industrial	1,399	1,405	(6)	–	–	–	–	–
Energy	4,808	4,858	(50)	0.1	–	–	–	–
	58,960	58,941	19	1.3	423	421	2	–
Asset backed bonds	256,869	249,142	7,727	5.5	254,038	252,116	1,922	5.8
	4,047,839	3,901,108	146,731	87.6	3,997,817	3,877,698	120,119	90.7
Held-for-trading securities:								
Financial	35,616	50,000	(14,384)	0.8	34,485	50,000	(15,515)	0.7
Total securities	$ 4,618,870	$ 4,486,523	$ 132,347	100.0	$ 4,409,814	$ 4,305,210	$ 104,604	100.0

5. Investments (continued):

The fair value of invested assets, excluding the government guarantee fund, preferred shares, and cash and cash equivalents, is shown by contractual maturity of the security. Yields are based upon fair value.

	June 30, 2010		December 31, 2009	
Terms to maturity	Fair value	Yield %	Fair value	Yield %
	(Unaudited)			
Investment securities issued or guaranteed by Canadian federal government:				
1 year or less	$ 297,615	5.0	$ 397,527	1.8
1 - 3 years	254,986	4.7	432,129	4.3
3 - 5 years	701,248	3.6	645,613	3.7
5 - 10 years	270,538	5.0	155,254	5.1
Over 10 years	85,839	4.7	80,196	4.8
	1,610,226	4.3	1,710,719	3.6
Corporate debt:				
1 year or less	269,999	5.1	147,569	4.9
1 - 3 years	596,015	5.0	547,022	5.0
3 - 5 years	488,161	4.9	524,177	5.3
5 - 10 years	432,471	5.2	463,090	5.2
Over 10 years	627,623	5.8	639,302	5.9
	2,414,269	5.2	2,321,160	5.3
	$ 4,024,495	4.9	$ 4,031,879	4.6

6. Guarantee fund and Government of Canada Guarantee Agreement:

The government guarantee fund reflects the Company's proportionate interest in the assets held in the government guarantee fund established under the Government Guarantee Agreement, including accrued income and net of applicable exit fees. The fair value of the government guarantee fund as at June 30, 2010 is $614,504 (December 31, 2009 - $576,417).

The Company records the results of income from the fund less exit fees of $10,853 (June 30, 2009- $7,518) in equity in earnings of government guarantee fund.

6. Guarantee fund and Government of Canada Guarantee Agreement (continued):

The following table summarizes the components of the government guarantee fund:

	June 30, 2010	December 31, 2009
Invested assets at fair value (a)	$ 743,859	$ 699,207
Accrued contribution and accrued income (b)	20,924	14,700
Accrued exit fee and MICC liability (c)	(150,279)	(137,490)
	$ 614,504	$ 576,417

(a) Investments held under the Government Guarantee Agreement including government bonds and bonds unconditionally guaranteed by the Government of Canada and cash; plus

(b) The Company's accrued contributions of 10.5% of premiums written on insured mortgages for the six months ended June 30, 2010 and accrued interest on invested assets; less

(c) The cumulative exit fee applicable to the fair value of the Company's proportionate interest in investments held under the Government Guarantee Agreement and accrued contributions, and the Company's liability for the net proportionate interest in the guarantee fund of its predecessor the Mortgage Insurance Company of Canada ("MICC").

7. Income taxes:

Provision for income taxes is comprised of the following:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Consolidated statements of income				
Provision for income taxes:				
Current	$ 30,122	$ 31,158	$ 62,827	$ 95,429
Future	5,850	3,083	8,398	4,791
	$ 35,972	$ 34,241	$ 71,225	$ 100,220
Consolidated shareholders' equity				
Income taxes related to:				
Change in unrealized gains on available-for-sale securities	$ 10,340	$ 23,213	$ 10,451	$ 31,705
Recognition of realized gains on available-for-sale securities	(110)	(1,611)	(309)	(1,611)
	$ 10,230	$ 21,602	$ 10,142	$ 30,094

Income taxes are payable on the change in unrealized gains or losses reported in the Company's consolidated statement of comprehensive income in the year in which they are incurred, and are included in the income taxes payable balance on the Company's consolidated balance sheet.

7. Income taxes (continued):

Income taxes reflect an effective tax rate that differs from statutory tax rate for the following reasons:

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Income before income taxes	$ 121,321	$ 108,947	$ 240,666	$ 312,981
Combined basic Canadian federal and provincial income tax rate	30.0%	32.0%	30.0%	32.0%
Income tax expense based on statutory rate	$ 36,396	$ 34,863	$ 72,200	$ 100,154
Increase (decrease) in income tax expense resulting from:				
Non-deductible (non-taxable) expenses	(206)	427	417	508
Effect of decrease in rates on future income taxes	(218)	(868)	(1,392)	(1,632)
Effect of tax rate adjustment relating to enactment of new legislation	–	–	–	1,144
Other	–	(181)	–	46
Income tax expense	$ 35,972	$ 34,241	$ 71,225	$ 100,220

7. Income taxes (continued):

Future income tax liability is comprised of the following:

	June 30, 2010	December 31, 2009
	(Unaudited)	
Future income tax assets:		
Employee post employment benefits	$ 2,878	$ 2,881
Policy liabilities	2,964	3,070
	5,842	5,951
Future income tax liabilities:		
Investments, including unrealized losses on available-for-sale securities	(15,395)	(15,221)
Guarantee fund reserve	(152,556)	(144,594)
Policy reserves	(48,038)	(46,929)
Capital assets and intangible assets	(2,711)	(2,425)
	(218,700)	(209,169)
Net future income tax liability	$ (212,858)	$ (203,218)

Management reviews the valuation of future income taxes on an ongoing basis to determine if a valuation allowance is necessary. The Company expects to fully utilize the benefits available from existing future income tax assets. No valuation allowance is required as at June 30, 2010 (December 31, 2009 - nil).

The aggregate amount of income taxes paid for the six months ended June 30, 2010 was $204,450 (2009 - $54,902).

8. Related party balances and transactions:

Following the closing of the Company's IPO on July 7, 2009, the Company and its Insurance Subsidiary entered into a Transition Services Agreement ("TSA") with Genworth Financial Inc., the Company's ultimate parent company. The agreement prescribes that these companies will provide certain services to one another, with most services being terminated if Genworth Financial Inc. ceases to beneficially own more than 50% of the common shares of the Company. The services rendered by Genworth Financial Inc. and affiliated companies consist of information technology, finance, human resources, legal and compliance and other specified services. The services rendered by the Company and the Insurance Subsidiary relate mainly to financial reporting and tax compliance support services. These transactions are in the normal course of business. Accordingly, they are measured at fair value. Balances owing for service transactions are non-interest bearing and are settled on a quarterly basis. The Company incurred net related party charges of $3,233 for the six months ended June 30, 2010.

Prior to the existence of the TSA agreement, the Company was engaged in an agreement dated August 1, 2006 with Genworth Mortgage Insurance Corporation, a subsidiary of Genworth Financial, Inc., for data processing and administrative services. The transactions incurred under this agreement were in the normal course of business and were measured at fair value. Balances owing for service transactions were non-interest bearing and were settled on a quarterly basis. The Company incurred related party charges of $3,522 for the six months ended June 30, 2009.

The balance owed for related party services at June 30, 2010 is nil (December 31, 2009 - $775).

9. Pensions and other post-employment benefits:

The expense related to the Company's defined contribution pension plan was $1,315 for the six months ended June 30, 2010 (June 30, 2009 - $1,118).

The expense related to the Company's defined benefit plan was $528 for the six months ended June 30, 2010 (June 30, 2009 - $400).

The expense related to the Company's other non-pension post-employment benefits was $383 for the six months ended June 30, 2010 (June 30, 2009 - $322).

10. Earnings per share:

Basic and diluted earnings per share have been calculated using the weighted average and dilutive number of shares outstanding during the six months ended June 30, 2010 of 117,100,000 (2009 -111,999,999) and 118,158,448 (2009 -111,999,999), respectively. The difference between basic and diluted earnings per share is caused by the grant of employee stock options, Restricted Stock Units ("RSUs") and Directors' Deferred Share Units ("DSUs").

The effect is computed below:

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Basic earnings per share:				
Net income	$ 85,349	$ 74,706	$ 169,441	$ 212,761
Weighted average common shares outstanding	117,100,000	111,999,999	117,100,000	111,999,999
Basic net earnings per common share	$ 0.73	$ 0.67	$ 1.45	$ 1.90
Diluted earnings per share				
Weighted average common shares outstanding	118,219,662	111,999,999	118,158,448	111,999,999
Diluted net earnings per common share	$ 0.72	$ 0.67	$ 1.43	$ 1.90

11. Share-based compensation:

During the six months ended June 30, 2010, the Company granted 181,700 stock options ("Options"), 42,450 Restricted Share Units ("RSU"s) and 3,271 Directors' Deferred Share Units ("DSU"s) to its employees and directors.

On February 18, 2010, the Company granted 18,000 Performance Share Units ("PSU"s) to its senior executive employees. The PSUs vest three years from the date of grant provided that certain performance conditions are met by the Company. The performance conditions are based on the Company's earnings per share, net income, contribution margin, underwriting income and investment income. Upon vesting, the PSUs entitle the senior executive employees to receive an amount equal to the fair market value of the Company's shares and may be settled in shares or cash.

PSUs granted by the Company are measured at the quoted market value of the Company's shares at the end of each reporting period. These awards are recorded as compensation expense over the PSU vesting period, with a corresponding entry to accrued liability under employee benefit plans based on management's best estimate of the outcome of the performance conditions.

PSUs may participate in dividend equivalents at the discretion of the Company's Board of Directors. Dividend equivalents are calculated based on the market value of the Company's shares on the date the dividend equivalents are credited to the PSU account and are recorded as additional compensation expense.

11. Share-based compensation (continued):

The following table summarizes information about these share-based compensation plans:

	Number of stock options	Weighted average exercise price	Weighted average fair value at June 30, 2010	Number of RSUs	Weighted average fair value at June 30, 2010	Number of DSUs	Weighted average fair value at June 30, 2010	Number of PSUs	Weighted average fair value at June 30, 2010
Outstanding, beginning of period	810,000	$ 19.16	$ 3,289	84,406	$ 1,960	3,257	$ 75	–	$ –
Granted	181,700	27.12	–	42,450	986	3,271	76	18,000	418
Dividends equivalents granted	–	–	–	1,787	41	70	2	160	4
Forfeited	2,500	19.00	11	2,627	61	–	–	–	–
Outstanding, end of period	989,200	$ 19.16	$ 3,278	126,016	$ 2,926	6,598	$ 153	18,160	$ 422
Weighted average period (in years) over which expense is recognized	2.6	–	–	2.7	–	–	–	3.0	–
Outstanding as a percentage of outstanding shares	0.84%	–	–	0.11%	–	0.01%	–	0.02%	–

The total compensation expense related to stock options, RSUs, DSUs and PSUs for the six months ended June 30, 2010 is ($12), $437, $47 and $25 respectively for a total of $497 recognized in sales, underwriting and administrative expenses (June 30, 2009 - nil). For the three months ended June 30, 2010, the total compensation expense related to stock options, RSUs, DSUs and PSUs is $(738), $167, $3 and $8 respectively for a total of $(560) recognized in sales, underwriting and administrative expenses (June 30, 2009 – nil).

12. Long-term debt:

On June 29, 2010, the Company completed an offering of $275,000 principal amount of senior unsecured debentures (the "Debentures"). The Debentures were issued for gross proceeds of $274,862 or a price of 99.95, before issuance costs of $2,592. The issuance costs of $2,592 and the discount of $138 will be amortized over the term of the Debentures using the effective interest rate method. The Debentures bear interest at a fixed annual rate of 5.68% until maturity on June 15, 2020, payable semi-annually commencing on December 15, 2010. The Debentures may be redeemed at the option of the issuer, in whole or in part at any time.

The fair value of the Debentures as at June 30, 2010 is $279,391.

The Company incurred interest expense of $43 for the period ended June 30, 2010, with accrued interest payable of $43 at June 30, 2010.

13. Subsequent event:

On July 19, 2010, the Company made an offer (the “Offer”) to repurchase up to $325 million of its common shares validly tendered to the Offer. The Offer expires on August 24, 2010, unless extended, varied or withdrawn. Upon completion of the Offer, the Company's share capital will be reduced by an amount equal to the stated value of the repurchased shares, with any excess of aggregate purchase price over the stated value recorded as a reduction to retained earnings.

14. Comparative figures:

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current period.