RADIAN GROUP INC
Form PRE 14A
March 22, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant þ

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

Radian Group Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

þ No fee required.
¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.
¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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Radian Group Inc.

1601 Market Street

Philadelphia, Pennsylvania

19103-2337

800.523.1988

215.231.1000

April [ ], 2013

Dear Stockholder:

You are cordially invited to attend the 2013 Annual Meeting of Stockholders of Radian Group Inc., which will be held at The Sofitel Philadelphia, 120 South 17th Street, Philadelphia, Pennsylvania 19103, at 9:00 a.m. local time on May 15, 2013. The accompanying Notice of 2013 Annual Meeting of Stockholders and Proxy Statement describe the items to be considered and acted upon by the stockholders at the meeting.

Whether or not you plan to attend the annual meeting, please sign, date and return the enclosed proxy card as soon as possible so that your shares can be voted in accordance with your instructions. If you attend the meeting, you may revoke your proxy, if you wish, and vote personally. Because the representation of stockholders at the annual meeting is very important, we thank you in advance for your participation.

Sincerely,

Edward J. Hoffman

General Counsel and Corporate Secretary

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RADIAN GROUP INC.

1601 Market Street

Philadelphia, Pennsylvania 19103

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

Radian Group Inc. will hold its 2013 Annual Meeting of Stockholders as provided below:

Date and Time:	Wednesday, May 15, 2013, 9:00 a.m. local time
Place:	The Sofitel Philadelphia 120 South 17th Street Philadelphia, Pennsylvania 19103
Items of Business:	(1) Elect eleven directors, each for a one-year term, to serve until their successors have been duly elected and qualified;
	(2) Conduct an advisory vote to approve the overall compensation of our named executive officers;
	(3) Approve an amendment to the Radian Group Inc. Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 325,000,000 to 485,000,000;
	(4) Re-approve the amendment to the Radian Group Inc. Amended and Restated Certificate of Incorporation relating to Radian s tax benefit preservation strategy;
	(5) Re-approve the Radian Group Inc. Tax Benefit Preservation Plan, as amended;

(6) Ratify the appointment of PricewaterhouseCoopers LLP as Radian s independent registered public accounting firm for the year ending December 31, 2013; and

(7) Transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Record Date: Stockholders of record as of the close of business on March 18, 2013 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the meeting.

Whether or not you plan to attend Radian s annual meeting, please submit your proxy with voting instructions. To submit your proxy by mail, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. Any stockholder as of the record date who attends the Radian annual meeting may revoke any previous proxy and vote in person instead of by proxy. Also, a proxy may be revoked in writing at any time before the Radian annual meeting.

By Order of the Board of Directors,
Edward J. Hoffman
General Counsel and Corporate Secretary

Philadelphia, Pennsylvania

April [ ], 2013

Important Notice Regarding the Availability of Proxy Materials for the 2013 Annual Meeting of Stockholders to be held on May 15, 2013:

This proxy statement and our 2012 Annual Report to Stockholders are available at www.radian.biz/StockholderReports.

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RADIAN GROUP INC.

1601 Market Street

Philadelphia, Pennsylvania 19103-2337

www.radian.biz

PROXY STATEMENT

FOR

2013 ANNUAL MEETING OF STOCKHOLDERS

The board of directors of Radian Group Inc. (Radian or the Company) is furnishing this proxy statement to solicit proxies for use at Radian s 2013 Annual Meeting of Stockholders (the annual meeting). A copy of the Notice of 2013 Annual Meeting of Stockholders accompanies this proxy statement. These materials are also available on the internet at www.radian.biz/Stockholder Reports. This proxy statement and the accompanying proxy card are being mailed to stockholders beginning on or about April [ ], 2013, in order to furnish information relating to the business to be transacted at the meeting.

INFORMATION ABOUT VOTING

Who Can Vote

Only stockholders of record on the close of business on March 18, 2013, the record date, may vote at the annual meeting. On the record date, we had 172,864,500 shares of our common stock outstanding and entitled to vote at the annual meeting. For each share of common stock you held on the record date, you will be entitled to one vote on each matter submitted to a vote of stockholders. There is no cumulative voting.

What Shares Can Be Voted

You may vote all shares of our common stock owned by you as of the close of business on the record date. These shares include:

Shares held directly in your name as the stockholder of record; and

Shares of which you are the beneficial owner but not the stockholder of record. These are shares not registered in your name but registered in street name through an account with a bank, broker or other holder of record (a nominee), including shares owned by the Radian Group Inc. Savings Incentive Plan Stock Fund, as to which you are the beneficial owner.

How Shares May Be Voted

Before the annual meeting, you can vote by completing, signing and returning by mail the enclosed proxy card.

Many of our stockholders who hold their shares in street name through a nominee have the option to submit their proxies or voting instructions to their nominee electronically by telephone or the internet. These stockholders should review and follow the voting instructions forwarded by their nominee. Our stockholders of record may not vote by telephone or internet.

You also may vote your shares at the annual meeting if you attend in person. If you hold your shares in street name and wish to vote in person at the annual meeting, you must obtain a legal proxy from your nominee.

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You may revoke your proxy at any time before it is voted by providing to our Corporate Secretary a written instrument revoking it or a duly executed proxy bearing a later date. You also may revoke your proxy by attending the annual meeting and giving notice of revocation. Attendance at the annual meeting, by itself, will not constitute revocation of a proxy.

Your vote is important to Radian. We encourage you to complete, sign and return the proxy card accompanying this proxy statement even if you plan to attend the annual meeting. You can always change your vote before the meeting or at the meeting, as described above.

Quorum and Votes Required for Approval

A quorum is necessary for us to conduct the business of the annual meeting. This means that holders of at least a majority of the shares entitled to vote must be present at the meeting, either in person or represented by proxy. Your shares are counted as present at the annual meeting if you attend the annual meeting and vote in person or if you properly complete and return a proxy.

Our directors are elected by majority voting (Proposal 1). For an uncontested election of directors, a director is elected only if the number of shares voted For that director exceeds the number of shares voted Against that director. If a sitting director fails to receive a majority of the votes cast, our board of directors will determine within 90 days of the meeting whether to accept the resignation of such director, unless the director retires during this 90 day period. If a nominee fails to receive a majority of the votes cast, he or she would not be elected and, as a result, there would be a vacancy created on the board. Our board would then have the option under our By-Laws either to appoint someone to fill the vacancy or to reduce the size of the board.

In addition, each of the following proposals requires the affirmative vote of a majority of the shares present in person or by proxy and entitled to vote at the annual meeting:

- Approval of the advisory, non-binding vote on the overall compensation of the Company s named executive officers (Proposal 2);

- Re-approval of the 2010 amendment to the Radian Group Inc. Amended and Restated Certificate of Incorporation included in Section 4.4 thereof and relating to Radian s tax benefit preservation strategy (Proposal 4);

- Re-approval of the Radian Group Inc. Tax Benefit Preservation Plan (Proposal 5); and

- Ratification of the appointment of PricewaterhouseCoopers LLP as Radian s independent registered public accounting firm (Proposal 6).

The approval of the amendment to the Radian Group Inc. Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock (Proposal 3) requires the affirmative vote of a majority of the outstanding shares entitled to vote on such proposal.

A broker non-vote occurs when a member firm of the New York Stock Exchange (NYSE) that holds shares in street name for its customer votes the customer s shares on one or more, but not all, matters on the proxy card because: (1) the broker or other nominee was instructed not to vote on certain matters; or (2) the broker or other nominee did not receive instructions from its customer as to how to vote on the unvoted matter(s), and therefore, does not have authority to vote on such matter(s). The missing vote on each such matter is a broker non-vote. Under applicable rules and regulations, such member firms are not permitted to vote on certain matters without instructions from the beneficial owner of the underlying shares. We believe that brokers have the authority to vote their customers shares on the approval of the amendment to our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock (Proposal 3) and on the ratification of the appointment of our independent registered public accounting firm (Proposal 6), even if their customers do not instruct their nominees how to vote on these matters, and that brokers have no authority to vote their customers shares with respect to any other proposal unless instructed how to vote. Broker

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non-votes will be considered present for purposes of determining whether a quorum exists but are not considered to be shares present and entitled to vote and will not be counted as having voted on the applicable proposal. Because Proposal 2 requires the approval of the majority of outstanding shares, however, broker non-votes, if any, will have the same effect as votes Against such proposal.

Abstentions will be considered present for purposes of determining whether a quorum exists and entitled to vote, but will not be counted as votes cast. Accordingly, because they will not be counted as votes cast For Proposals 2 through 6, abstentions will have the same effect as votes Against such proposals.

How Will Proxies Be Voted

The shares represented by a validly completed proxy card will be voted at the meeting in accordance with the instructions given on the proxy card. If your shares are registered in your name and you complete your proxy card properly, but do not provide instructions on your proxy card as to how to vote your shares, your shares will be voted as follows:

Proposal 1: For the election of all directors nominated by our board of directors (and, if unforeseen circumstances make it necessary for our board of directors to substitute another person for any of the nominees, your shares will be voted for that other person);

Proposal 2: For approval of the overall compensation of the Company s named executive officers as described in the Compensation Discussion and Analysis and the accompanying tabular and narrative disclosures;

Proposal 3: For the approval of the amendment to our Amended and Restated Certificate of Incorporation to increase the number of shares of authorized common stock from 325,000,000 to 485,000,000;

Proposal 4: For the re-approval of the 2010 amendment to the Amended and Restated Certificate of Incorporation included in Section 4.4 thereof and relating to Radian s tax benefit preservation strategy;

Proposal 5: For the re- approval of the Radian Group Inc. Tax Benefit Preservation Plan, as amended;

Proposal 6: For the ratification of the appointment of PricewaterhouseCoopers LLP as Radian s independent registered public accounting firm for 2013; and

In accordance with the judgment of the individuals named as proxies on the proxy card as to any other matter properly brought before the annual meeting. We currently know of no other matter to be presented at the annual meeting.

Where to Find Voting Results

We will announce the voting results at the conclusion of the annual meeting, if practicable, and we will publish the voting results in a Current Report on Form 8-K that will be filed with the United States Securities and Exchange Commission (SEC) within four business days after the conclusion of the annual meeting.

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PROPOSAL 1

ELECTION OF DIRECTORS

Our Amended and Restated Certificate of Incorporation and our Amended and Restated By-Laws provide for the annual election of directors. These organizational documents also provide that the number of directors, which shall not be less than nine or more than fourteen, shall be determined by our board of directors.

Upon election, each of our directors serves a one-year term and until his or her successor has been duly elected and qualified, or until his or her earlier removal or resignation. Our board of directors currently consists of Herbert Wender, David C. Carney, Howard B. Culang, Lisa W. Hess, Stephen T. Hopkins, Sanford A. Ibrahim, Brian D. Montgomery, Ronald W. Moore, Gaetano Muzio, Jan Nicholson, Gregory V. Serio and Noel J. Spiegel.

Upon the completion of his current term at the annual meeting, Mr. Moore will be retiring from the board, and therefore, will not be standing for reelection. Consistent with Radian s previously disclosed intention to reduce the size of the board over time, the board has approved a reduction in the size of the board from 12 to 11 members, effective upon Mr. Moore s retirement from the board. Upon the recommendation of the Governance Committee of our board of directors, the board has nominated each of our current directors, other than Mr. Moore, for reelection. All nominees (other than Mr. Ibrahim) are independent under applicable independence rules of the SEC and NYSE, and all nominees have consented to be named in this proxy statement and to serve if elected. If, at the time of the annual meeting, any nominee is not available for election, proxies may be voted for another person nominated by the board, or the size of the board may be reduced.

Biographical Information for Director Nominees

Biographical information for each of the director nominees is provided below along with a discussion of each nominee s specific experience, qualifications, attributes or skills that have led the board to conclude that he or she should be nominated for election or reelection.

Herbert Wender

Mr. Wender, 75, has served as non-executive Chairman of our board of directors since May 2005. He also previously served in this role from August 1992 to May 1999 and as Lead Director from May 1999 until his current appointment. Mr. Wender served as Chairman of the Board and Chief Executive Officer of Radian Guaranty Inc., our principal mortgage insurance subsidiary (Radian Guaranty), from June 1983 until July 1992. Between 1998 and 2001, Mr. Wender also served as a director and Vice Chairman of LandAmerica Financial Group, Inc., a title insurance company. Before that, he was Chairman of the Board and Chief Executive Officer of LandAmerica Financial Group s predecessor, Commonwealth Land Title Insurance Company. He has been a director of Radian since July 1992.

Mr. Wender s extensive leadership experience on our board of directors, his intimate familiarity with Radian, his prior management experience as Chief Executive Officer of our mortgage insurance subsidiary and his industry experience give him the expertise, skills and judgment to serve as a director and non-executive Chairman. Under Mr. Wender s guidance, our board of directors oversaw our navigation through the recent financial crisis and economic downturn with a thoughtful,

measured approach that we believe has positioned Radian well for the future.

David C. Carney	Mr. Carney, 75, has served as President of Carney Consulting since March 1995. He served as Executive Vice President of Jefferson Health Systems, the parent company of a regional network of health care providers, from October 1996 until May 1999. Before that, he served as Chief Financial Officer of

CoreStates Financial Corp, a banking and financial services holding company. Mr. Carney is a Certified Public Accountant and served as Philadelphia Area Managing Partner for Ernst & Young LLP from 1980 through 1991. Mr. Carney served as Chairman of the Board of ImageMax, Inc., a provider of outsourced document management solutions, from 1999 through 2003. Mr. Carney currently serves as a director and Chairman of the Audit Committee of AAA Northern California, Nevada and Utah Insurance Exchange, a property and casualty insurer. He also serves as a director of AAA Mid-Atlantic, Inc. and AAA Club Partners. He has been a director of Radian since November 1992.

Mr. Carney s service as a director of Radian gives him significant knowledge of Radian, its history and its businesses. Mr. Carney s experience as a CPA, as managing partner of the Philadelphia area offices of one of the big four nationally recognized accounting firms, and as a Chief Financial Officer of a large, publicly-traded financial institution give him particular financial expertise and management experience relevant to his qualifications as a director and as the Chairman of the Audit Committee of our board of directors. In addition, Mr. Carney s consulting experience and service on other boards of directors give him a broad perspective and insight on effectively running and advising a business.

Howard B. Culang

Mr. Culang, 66, served as President of Laurel Corporation, a financial services firm, from January 1996 through December 2011. Mr. Culang was a Managing Member of JH Capital Management LLC, a management company for a private equity fund, from July 1998 to December 2010, and of Cognitive Capital Management LLC, a management company for a fund of hedge funds, from April 2001 to December 2005. In the past, he has served as Vice Chairman of Residential Services Corporation of America, the holding company for Prudential Home Mortgage, Lender s Service, Inc. and Prudential Real Estate Affiliates, and as a Managing Director and member of the Executive Committee of the Prudential Home Mortgage Company, where he worked from November 1985 to December 2005. Mr. Culang also held a number of senior management positions with Citibank, N.A., including as a Senior Credit Officer. Mr. Culang currently serves as a director of ioSemantics LLC, a privately owned software company. He has been a director of Radian since June 1999.

Mr. Culang s service as a director of Radian gives him significant knowledge of Radian, its history and its businesses. In addition, his significant management experience in the mortgage and financial services industries gives him valuable expertise and a broad understanding of the mortgage business. These experiences are particularly relevant in Mr. Culang s role as Chairman of the Credit Committee of our board of directors.

Lisa W. Hess

Ms. Hess, 57, has been President and Managing Partner of SkyTop Capital Management LLC, an investment fund, since October 2010. From October 2002 to December 2008, she was the Chief Investment Officer of Loews Corporation, a diversified holding company, where she was responsible for managing approximately $50 billion in assets. Ms. Hess was a Founding Partner of Zesiger Capital Group, a diversified money manager, and also has held positions at First Boston Corporation, Odyssey Partners and Goldman, Sachs & Co. and has served on the U.S. Treasury Debt Advisory Committee and the Federal Reserve Bank of New York Investors Advisory Committee. Since June 2009, Ms. Hess has been a Trustee of Teachers Insurance and Annuity Association (TIAA),

serving on the investment, real estate, customers and products and corporate governance committees. She has been a director of Radian since February 2011.

Ms. Hess s extensive experience managing financial assets, including in her current role with SkyTop Capital Management LLC, as a chief investment officer of Loews Corporation, and as a member of various investment and advisory committees, gives her a broad range of expertise with respect to investments and the capital markets that is particularly beneficial to the board and its Finance and Investment Committee. Her current position as President and Managing Partner of SkyTop Capital Management LLC brings a current, day-to-day business perspective that is valuable in enhancing board oversight during today s challenging operating environment. In addition, her experience serving on the corporate governance committee at TIAA brings an added perspective and insight to the board s consideration of corporate governance issues and the concerns of institutional shareholders.

Stephen T. Hopkins

Mr. Hopkins, 62, is President of Hopkins and Company LLC, a management consulting business he formed in February 1999. From 1976 to January 1999, he held a number of managerial positions with Federal Home Loan Mortgage Corporation, a government sponsored enterprise that purchases and securitizes qualified mortgage loans, serving as Senior Vice President and National Sales Director from April 1994 through August 1998. He has been a director of Radian since June 1999.

Mr. Hopkins service as a director of Radian gives him significant knowledge of Radian, its history and its businesses. Additionally, Mr. Hopkins experience of more than 20 years with the Federal Home Loan Mortgage Corporation gives him specialized insight into the home mortgage industry and the role of government sponsored enterprises within the industry. Because Radian works closely on a regular basis with such government sponsored enterprises, Mr. Hopkins experience is especially valuable in this regard. Having served as an executive officer, he has broad general management experience and expertise to apply to many aspects of Radian s business, including in his role as Chairman of the Compensation and Human Resources Committee of our board of directors.

Sanford A. Ibrahim

Mr. Ibrahim, 61, has served as Radian s Chief Executive Officer since May 2005. Before joining Radian, from 1999 until April 2005, Mr. Ibrahim served in a number of executive capacities for GreenPoint Financial, including as President and Chief Executive of GreenPoint Mortgage Funding, Inc., a residential mortgage lender and as Chief Operating Officer of the combined mortgage businesses of GreenPoint Financial Corp., the former parent company of GreenPoint Mortgage Funding Inc. Mr. Ibrahim is a member of the board of directors of the California Mortgage Bankers Association and he currently serves on the board of the Institute for International Education, New York, as well as on the organization s Western Regional Advisory Board. In the past, he also has served on the Residential Board of Governors of the Mortgage Bankers Association of America and on the Fannie Mae National Advisory Council. He has been a director of Radian since joining Radian in May 2005.

Mr. Ibrahim was appointed to be our CEO because of his strong leadership skills and his exceptional industry knowledge, background and reputation. As discussed above, Mr. Ibrahim has extensive industry-specific management experience and expertise and has served in leadership roles in relevant

professional associations. In addition, in his role as both a board member and CEO, Mr. Ibrahim serves as an important liaison between the board and management, a role that is extremely valuable in helping the board perform its oversight function. Importantly, Mr. Ibrahim s strong leadership as CEO has been instrumental in guiding Radian through an extremely challenging economic and financial environment and in positioning Radian for long-term success.

Brian D. Montgomery

Mr. Montgomery, 56, serves as Chairman of The Collingwood Group, LLC (Collingwood), a business consulting firm that provides advice to corporate leadership on a range of issues within the financial services and mortgage banking industries. Prior to joining Collingwood in August 2009, Mr. Montgomery served as the Assistant Secretary for Housing and Commissioner of the Federal Housing Administration (FHA) within the U.S. Department of Housing and Urban Development from June 2005 to July 2009. Before serving as Commissioner of the FHA, from January 2003 to April 2005, Mr. Montgomery served in the White House as Deputy Assistant to the President and Cabinet Secretary, as well as Deputy Assistant to the President and Director of Presidential Advance. Mr. Montgomery was Chairman of the Hope for Homeowners Oversight Board from 2008 to 2009 and served as a board member of the Federal Housing Finance Board from 2005 to 2008. He has been a director of Radian since May 2012.

Mr. Montgomery brings with him a significant understanding of the mortgage industry, a deep knowledge of federal housing policies and significant experience in the federal regulation of housing. This expertise is extremely valuable to help guide the Company through the regulatory and legislative challenges that we are currently facing.

Gaetano Muzio

Mr. Muzio, 59, is the co-founder of Ocean Gate Capital Management, LP, an investment fund. For 27 years prior to founding Ocean Gate, Mr. Muzio worked at Goldman Sachs in various positions, including serving as a Managing Director from 1996 until 2004. In 1986, he became the first Global Mortgage and Asset Backed Sales Manager responsible for creating the sales team and strategy for, and was also one of the founding members of, Goldman s Mortgage and Asset Backed Department. In 1990, he became a general partner and Co-Head of the Mortgage Department, with responsibilities for overseeing trading, risk management, sales, research, structured finance and compliance for the department. He has been a director of Radian since May 2012.

Mr. Muzio brings to the board a broad understanding of the mortgage industry. In addition, his significant experience in finance, risk management and corporate governance and strategy gives him extensive expertise in several areas that are valuable to the board s oversight responsibilities.

Jan Nicholson

Ms. Nicholson, 68, has been President of The Grable Foundation, a private, charitable foundation that is dedicated to helping children and youth through improving their educational opportunities, since 1990. From 1998 to 2000, she was Managing Director of MBIA Insurance Corporation, a financial guaranty insurer, where she oversaw Portfolio Management and Strategic Risk Assessment functions. From 1994 to 1998, Ms. Nicholson was Managing Director in charge of Research and Development for Capital Markets Assurance Corporation, a financial guaranty insurer. Ms. Nicholson has been a director of

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Ball Corporation, a supplier of metal and plastic packaging products and of aerospace and other technologies, since 1994. She has been a director of Radian since September 2003.

Ms. Nicholson s management experience in the financial guaranty industry, and banking experience focused on derivatives, securitizations and workouts of large commercial real estate loans provide a breadth of knowledge regarding the financial sector. Her specific experience in debt portfolio management and risk assessment are particularly important in supporting the board s risk oversight responsibilities. Ms. Nicholson s extensive board experience, including her 10 years of service as a director of Radian and longstanding service on another public company board, allow her to provide thoughtful perspectives and strong leadership in her role as Chairwoman of the Governance Committee of our board of directors.

Gregory V. Serio

Mr. Serio, 51, has served as a partner with Park Strategies, LLC, a management and government relations consulting firm, since January 2005. He currently serves as the head of Park Strategies risk and insurance management practice group. Prior to joining Park Strategies, Mr. Serio served as Superintendent of Insurance for the State of New York from May 2001 to January 2005. Before serving as Superintendent, from January 1995 until his appointment as Superintendent in 2001, Mr. Serio served as First Deputy Superintendent and General Counsel of the New York Insurance Department. Mr. Serio also has served as the Chairman of the Government Affairs Task Force of the National Association of Insurance Commissioners (NAIC) and as a member of and NAIC representative on the Financial Services and Banking Information Infrastructure Committee of the United States Treasury. He has been a director of Radian since May 2012.

Mr. Serio brings to the board extensive knowledge and experience in the insurance industry. His in-depth understanding of insurance regulatory matters, combined with his risk management experience and expertise, further strengthens the board s oversight and perspective in these areas.

Noel J. Spiegel

Mr. Spiegel, 65, was a partner at Deloitte & Touche, LLP, where he practiced from September 1969 until May 2010. In his career at Deloitte, he served in numerous management positions, including as Deputy Managing Partner; member of Deloitte s Executive Committee; Managing Partner of Deloitte s Transaction Assurance practice, Global Offerings and IFRS practice and Technology, Media and Telecommunications practice (Northeast Region); and as Partner-in-Charge of Audit Operations in Deloitte s New York Office. Mr. Spiegel currently serves on the board of directors of American Eagle Outfitters, Inc. He was appointed as a director of Radian in February 2011.

Mr. Spiegel s significant prior service as a partner at Deloitte provides him with a depth of experience in management, financial reporting, risk management, and public accounting and finance that is of significant value to the board and its Audit Committee. In addition, his work with many public companies as an independent auditor provides him with a unique perspective and depth of insight with respect to corporate governance, board leadership and corporate strategy.

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Additional Information Regarding Directors

For additional information regarding our board of directors, its standing committees, and our standards for corporate governance and director independence, refer to the sections entitled Corporate Governance and Board Matters and Compensation of Executive Officers and Directors Director Compensation below.

Recommendation

RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE DIRECTOR NOMINEES. SIGNED PROXIES WILL BE VOTED FOR EACH OF THE DIRECTOR NOMINEES UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

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PROPOSAL 2

ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS

We are providing our stockholders with the opportunity to approve, on an advisory, non-binding basis, the compensation of our named executive officers (NEOs) as disclosed in the Compensation Discussion and Analysis section of this proxy statement and the accompanying tabular and narrative disclosures. Previously, at our 2011 Annual Meeting of Stockholders, the Company s stockholders voted on an advisory basis in favor of holding annual advisory votes on our executive compensation program. Following that vote, our board of directors determined that the advisory vote on our executive compensation program should be held annually. This vote is intended to provide an overall assessment of our executive compensation program rather than focus on any specific item of compensation.

Our executive compensation program is designed to attract, motivate and retain high quality executive officers and to link our pay-for-performance philosophy with sound risk management practices and our overall strategic objectives. As further discussed below in Compensation of Executive Officers and Directors Compensation Discussion and Analysis, 2012 represented an important transition year for the Company, both in terms of operating performance and with respect to our executive compensation program. In 2012, our total stockholder return (TSR) was 161.5%, outperforming all of the companies included on the NASDAQ Financial 100 Index and MGIC Investment Corporation, which collectively constitute the peer group against which we measure performance for purposes of our 2011 and 2012 long-term incentive (LTI) awards. At the same time, in 2012, we completed the transformation of our compensation program, instituting challenging LTI targets and price hurdles and reducing the overall LTI awards for our NEOs. In particular, we believe it is important to note the following with respect to our 2012 executive compensation program:

- Ø **42% Decrease in 2012 Total CEO Compensation.** Total CEO compensation decreased in 2012 compared to 2011, primarily related to a 40% decrease in the grant date fair value of the LTI awards granted to our CEO in 2012 and a reduction in the payout percentage for 2012 under our previously granted Non-Equity LTI Awards.

- Ø **2012 LTI Awards Consist Entirely of Performance-Based Equity Awards with Challenging Targets and Hurdles.** In 2012, the Company publicly committed to a number of changes to its LTI program for its NEOs. These changes, which were designed to further align the interests of our NEOs with those of our stockholders and to enhance long-term stockholder value, included the following:

  - The grant date fair value of the 2012 LTI awards for each of our NEOs was reduced by at least 20% from the level of the 2011 LTI awards, including a 40% reduction in the grant date fair value of the LTI awards granted to our CEO in 2012.

  - The performance-based restricted stock units (Performance-Based RSUs) granted to our NEOs in 2012 incorporate measures of our absolute performance in addition to performance relative to our peers. The 2012 Performance-Based RSUs require the Company to achieve at least a 150% TSR over a three year performance period for a NEO to be eligible to receive an award at 100% of target. Also, if the Company s TSR is negative, no payment will be made under these awards, regardless of how the Company has performed relative to its peer group. Similar to the 2011 awards, the 2012 awards will continue to be based on the Company s TSR performance as compared to its peer group, but with the addition of these absolute performance requirements.

The performance-based stock options (Performance-Based Stock Options) granted to our NEOs in 2012 only will vest if the closing price of our common stock exceeds 200% of the option exercise price for ten consecutive trading days ending on or after the third anniversary of the date of grant.

Ø **Improved Financial Strength and Business Outperformance Results in Short-Term Incentive (STI) Awards Funded at or above Target for First Time in Last Six Years.** We believe 2012 was

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a strong performance year for the Company, characterized by an improvement in our operating results, significant new business growth, and enhanced financial strength, which collectively translated into a 161.5% TSR during the year. Commensurate with these positive trends, the Committee awarded to our NEOs STI awards of between 114% and 125% of target. This represents the first time in the last six years that STI awards for our NEOs have been funded at or above target. During the six years prior to 2012, our NEOs have received, on average, STI awards of 46.3% of target, with our CEO receiving no STI award in three of these years.

Ø **Only 50% of 2012 STI Award Actually Paid to NEOs Remaining 50% Remains Contingent on Credit Performance of 2012 Portfolio.** In 2012, we continued to incorporate a medium-term incentive (MTI) award into our STI program. This program effectively makes payment of half of the annual STI compensation discussed above further contingent upon: (i) the performance of new mortgage insurance that was written during 2012; and (ii) the on-going integrity of our financial results.

Ø **Fixed Compensation Continues to Represent a Limited Portion of our NEOs Total Compensation.** Base salary represented only 16% of Mr. Ibrahim s 2012 total target compensation and, on average, only 26% of the total target compensation for our NEOs. A significant portion of the remaining target compensation is tied to Company and individual performance.

Ø **Perquisite Program Eliminated.** We eliminated our perquisite program for executive officers, effective January 1, 2012.

To fully appreciate and evaluate the Company s compensation program, we believe it is important to understand that the Company s circumstances are unique, both within the broader financial services industry and the specific industries in which we participate. In particular, more than most companies, our businesses were severely and negatively affected by the financial crisis and economic downturn that began in 2007. Given these circumstances, our story can be complex, both with respect to evaluating our performance and with respect to assessing our compensation program. In order to better understand our compensation program and our current and past performance, we urge you to read Understanding our Compensation Program and Performance as part of our Compensation Discussion and Analysis.

While this vote is advisory and non-binding, our board of directors values the opinion of our stockholders and will take into account the outcome of the vote when considering future executive compensation matters. We are asking our stockholders to indicate their support for the compensation of our NEOs by voting FOR this proposal and the following resolution:

 RESOLVED, that the Company s stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company s Proxy Statement for the 2013 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

Recommendation

RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT. SIGNED PROXIES WILL BE VOTED FOR APPROVAL UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

PROPOSAL 3

AMENDMENT TO THE RADIAN GROUP INC. AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

TO INCREASE AUTHORIZED COMMON STOCK

Proposed Amendment

Our board of directors has approved and declared it advisable and in the best interests of our stockholders to amend Article FOURTH, Section 4.1, of our Amended and Restated Certificate of Incorporation to increase the number of authorized shares of our capital stock from 345,000,000 shares to 505,000,000 shares and the number of authorized shares of our common stock from 325,000,000 shares to 485,000,000 shares (such proposed amendments, the Share Increase Amendment). The number of shares of authorized preferred stock would remain at 20,000,000. The full text of the Share Increase Amendment is set forth in Appendix A to this Proxy Statement.

Reasons for the Amendment

Currently, we are authorized to issue 325,000,000 shares of common stock. As of March 15, 2013, 172,864,500 shares of our common stock were issued and outstanding, 17,483,957 shares of our common stock were held in treasury, 7,660,943 shares of common stock were subject to outstanding grants or remained available for future grants under our stock-based compensation plans and 3,341,250 shares were reserved for future issuance pursuant to our employee stock purchase plan and our savings incentive plan. In addition, 51,020,370 shares of common stock were reserved for issuance upon the potential future conversion of our 3.00% convertible senior notes due 2017 and 50,000,000 shares of common stock were reserved for issuance upon the potential future conversion of our 2.25% convertible senior notes due 2019. As a result, of the 325,000,000 shares authorized for issuance, approximately 302,000,000 shares of common stock have been issued, are subject to outstanding equity awards or have been reserved for issuance under our compensation programs or upon the potential future conversion of our outstanding convertible debt. Consequently, of the common shares authorized under our Amended and Restated Certificate of Incorporation, less than 23,000,000 currently remain.

The board of directors believes it is desirable and in the best interests of Radian to have a sufficient number of shares of common stock available, as the occasion may arise, for possible future financing or acquisition transactions, stock dividends or splits, stock issuances in connection with stock-based compensation arrangements and other proper corporate purposes.

The Share Increase Amendment would give us greater flexibility to freely pursue new business opportunities by making such additional shares of common stock available without incurring the delay and expense of conducting a special meeting of our stockholders. Moreover, the Share Increase Amendment would help to ensure that we have sufficient authorized shares to satisfy our obligations under our outstanding and proposed stock-based compensation arrangements and to consider other transactions approved by our board of directors, including, among other things, subsequent public or private offerings, stock dividends or splits, acquisitions and other corporate transactions. As of the date of mailing this proxy statement, we did not have any plans to issue any additional shares of common stock, other than the possible issuance of reserved shares under our stock-based compensation plans.

Effects of the Amendment; Potential Dilution and Anti-Takeover Effects

Our stockholders do not have pre-emptive rights with respect to new issuances of our common stock. Under Delaware law, our board of directors may authorize the issuance of authorized but unissued shares without any further action or approval of our stockholders. If our board of directors elects to authorize the issuance of new shares, such issuance could have a dilutive effect on our earnings per share, our book value per share and the voting power and proportionate stock holdings of our current stockholders, depending upon the particular circumstances of such issuance.

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The availability of additional shares of common stock could render more difficult or discourage a possible takeover attempt. For example, additional shares of common stock could be issued and sold to purchasers who oppose a takeover bid that our board of directors believes is not in the best interests of Radian and our stockholders. Similarly, additional shares of common stock could be issued to increase the aggregate number of outstanding shares of common stock and thereby dilute the aggregate voting power of parties attempting to obtain control of Radian.

Vote Required for Approval of the Amendment

Approval of the Share Increase Amendment requires the affirmative vote of a majority of our outstanding shares of common stock entitled to vote.

If approved at the annual meeting, the Share Increase Amendment would become effective upon the filing of a Certificate of Amendment with the Secretary of State of the State of Delaware, which we would file promptly in the event this Proposal 3 is approved by our stockholders.

Recommendation

FOR THE REASONS DISCUSSED ABOVE, RADIAN S BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR APPROVAL OF THE PROPOSAL TO AMEND OUR AMENDED AND RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE AUTHORIZED SHARES OF CAPITAL STOCK AND COMMON STOCK. SIGNED PROXIES WILL BE VOTED FOR APPROVAL UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

BACKGROUND INFORMATION FOR TAX BENEFIT PRESERVATION PROPOSALS

Background and Reasons for Proposals

Effective October 9, 2009, we entered into a Tax Benefit Preservation Plan with The Bank of New York Mellon, as rights agent, which we subsequently amended on February 12, 2010 and May 3, 2010. The Tax Benefit Preservation Plan, as amended, was approved by our stockholders at our 2010 annual meeting (as amended, the Preservation Plan). In 2009, we also adopted certain amendments to our Amended and Restated Bylaws (the Bylaw Amendment) and our stockholders also approved at our 2010 annual meeting certain amendments to our Amended and Restated Certificate of Incorporation (the Charter Amendment). The Preservation Plan, the Bylaw Amendment and the Charter Amendment are critical components of our tax benefit preservation strategy. By its terms, the Preservation Plan will expire unless re-approved by stockholders every three years and by their terms, the transfer restrictions (the Transfer Restrictions) in the Charter Amendment and the Bylaw Amendment will terminate unless the Charter Amendment is re-approved by stockholders every three years. Because, as discussed below, it is important to retain the protections provided by the Preservation Plan and the Transfer Restrictions, we are asking stockholders to re-approve both the Charter Amendment (Proposal 4) and the Preservation Plan (Proposal 5).

As of December 31, 2012, we estimate that we had approximately $1.9 billion of net operating losses and other tax attributes for U.S. federal income tax purposes (the NOLs) representing an increase of approximately $0.6 billion since December 31, 2009. Until the NOLs expire, the NOLs generally can be used to offset certain taxable income within the applicable NOL carryback period or to reduce certain future federal taxable income of the Company. Because we expect to have federal taxable income in the future, the NOLs are a very valuable asset to the Company.

Under Section 382 (Section 382) of the Internal Revenue Code (the Code), our ability to use the NOLs could be substantially impaired if we experience an ownership change, as determined under Section 382. In general, an ownership change will occur if our five-percent shareholders (as defined under Section 382 and subsequently referred to herein as Section 382 five-percent shareholders) collectively increase their ownership in Radian by more than 50 percentage points over the lowest percentage of Radian stock owned by those stockholders at any time during a rolling three-year testing period. If an ownership change occurs, Section 382 imposes an annual limit on the amount of NOL carryovers that we can use to offset future federal taxable income, which could result in a material amount of NOLs expiring unused and, therefore, significantly impair the value of the NOLs. While the complexity of Section 382 s provisions and the limited knowledge any public company has about the ownership of its publicly traded stock make it difficult to determine whether an ownership change has occurred, we currently believe that an ownership change has not occurred, which we attribute in large part to our tax benefit preservation strategy.

In 2010, our board of directors concluded that it was in the Company s best interests to prevent the imposition of limitations on the use of our NOLs by adopting the Charter Amendment, the Bylaw Amendment and the Preservation Plan. After careful consideration, including the current significant value of the NOLs as discussed above, our board has determined to seek re-approval of both the Charter Amendment and the Preservation Plan. Both the Charter Amendment and the Bylaw Amendment impose substantially identical transfer restrictions designed to block transfers of our common stock that could result in an ownership change. These amendments and the interrelationship between them are described below in the Questions and Answers and under Proposal 4, and their full terms can be found in *Appendix B-1* and *B-2*, respectively, to this proxy statement. The Preservation Plan, which is designed to deter transfers of our common stock that could result in an ownership change, is described below in the Questions and Answers and under Proposal 5, and its full terms can be found in *Appendix C* to this proxy statement.

None of these measures alone is a complete solution for preventing an ownership change; therefore, the Transfer Restrictions and the Preservation Plan are designed to work together to prevent an ownership change. The Charter Amendment, the Bylaw Amendment, and the Preservation Plan are intended to protect our valuable tax assets and are not intended as anti-takeover devices, although each may have some anti-takeover consequences. The Company was careful to incorporate stockholder-friendly features in the Charter Amendment,

the Bylaw Amendment, and the Preservation Plan, including: (i) limiting the definition of ownership to the definition used for purposes of Section 382, as opposed to the broader definition of beneficial ownership used for securities laws purposes; (ii) providing sunset provisions that will terminate the Preservation Plan and the Transfer Restrictions if Section 382 is repealed or if the potential loss from limitation of the NOLs is no longer material to the Company, which our board of directors has agreed to review annually; and (iii) requiring the re-approval by our stockholders of both the Charter Amendment and the Preservation Plan every three years. In any event, the Preservation Plan is limited to a ten-year term and will expire on the close of business on October 9, 2019 (unless that date is advanced or extended).

Our board of directors urges our stockholders to carefully read each proposal, the items discussed below and the full terms of the Charter Amendment, the Bylaw Amendment and the Preservation Plan. The Charter Amendment and the Preservation Plan require stockholder approval for the Transfer Restrictions and Preservation Plan to remain effective after our 2013 annual meeting.

Questions and Answers about Section 382 and our NOLs Generally

1. What are the NOLs?

The NOLs are the Company s net operating losses that generally can be used to offset taxable income within the applicable NOL carryback period or certain future federal taxable income, and therefore, reduce our future federal income tax liabilities. NOLs generally can be carried forward for up to 20 years. The Company s ability to use its NOL carryovers to offset future federal taxable income could be adversely affected if we experience an ownership change as defined under Section 382.

2. How important are the NOLs?

We had approximately $1.9 billion of NOLs as of December 31, 2012. We believe that the NOLs are a very valuable asset. Assuming a 35% federal income tax rate, and that we are able to use all of our NOLs to offset future federal taxable income, we potentially could save up to an aggregate of approximately $665 million in federal income taxes over the next 20 years. Because the NOLs can be carried forward over many years, we may need to manage our Section 382 risk for a significant period of time. Also, the amount and timing of our future federal taxable income, if any, cannot be accurately predicted; therefore, we cannot estimate the exact amount of NOLs that we can ultimately use to reduce our future federal taxable income.

3. What is Section 382?

Upon an ownership change, Section 382 of the Code imposes limitations on a corporation s use of its NOL carryovers that can be used to reduce its future federal taxable income.

4. When does an ownership change occur under Section 382?

The determination of whether an ownership change has occurred under the rules of Section 382 is very complex and is beyond the scope of this summary discussion. Generally, however, an ownership change will have occurred if, over a three-year period, there has been an aggregate increase of 50 percentage points or more in the percentage of our shares owned by one or more Section 382 five-percent shareholders. A stockholder that acquires 5% of our outstanding common stock as measured pursuant to Section 382 will be a Section 382 five-percent

shareholder for purposes of calculating this aggregate increase. For example, if a single investor acquired 50.1% of our common stock in a three-year period, an ownership change would be deemed to occur. Similarly, if ten unrelated persons, none of whom initially owned our common stock, each acquired slightly over 5% of our common stock as measured pursuant to Section 382 within a three-year period (so that those persons owned, in the aggregate, more than 50%), an ownership change also would be deemed to occur.

Some of the factors that must be considered in applying Section 382 include the following:

- All holders who each own less than 5% of a company s common stock are generally aggregated into one or more public groups, which are treated as Section 382 five-percent shareholders.

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Transactions in the public markets among stockholders who are not themselves Section 382 five-percent shareholders do not affect the ownership percentage of a public group, and, hence, generally do not contribute to a Section 382 ownership change.

Sales of our common stock by a Section 382 five-percent shareholder may, in turn, create a separate public group that is also treated as a Section 382 five-percent shareholder.

A public offering by us of our common stock may create a new, separate public group that is treated as a Section 382 five-percent shareholder and therefore would contribute to an ownership change for Section 382 purposes.

Any redemption or buyback of our shares may increase the percentage ownership of current Section 382 five-percent shareholders who do not participate in the redemption or buyback because it would decrease the number of shares of our outstanding common stock. In addition, it is possible that a redemption or buyback of shares could cause a stockholder who owned less than 5% of our outstanding common stock immediately before the redemption or buyback to become a Section 382 five-percent shareholder resulting in a five percentage point (or more) change in ownership. Similarly, in certain limited circumstances, a forfeiture of restricted stock may decrease the number of shares of our outstanding stock for Section 382 purposes.

Securities that are convertible into shares of our common stock do not count towards an ownership change under Section 382 until such securities are converted into shares of our common stock.

As described in Question and Answer 6, the determination of a particular stockholder s ownership level may be affected by certain constructive ownership rules.

In the case of a stockholder who owns slightly less than five percent of our outstanding shares, in the absence of the Transfer Restrictions, an acquisition of a very small number of additional shares could cause the holder to become a Section 382 five-percent shareholder and result in a five-percentage point (or more) change in our ownership under Section 382.

5. If there is an ownership change, what is the potential risk to Radian?

If we experience an ownership change, as defined under Section 382, our annual use of the NOLs to offset future federal taxable income, and thereby reduce our federal income tax liabilities, could be substantially limited. An ownership change can have the effect of substantially deferring our ability to use the NOLs. Moreover, to the extent the amounts are deferred past the 20-year time limit that applies to NOL carryovers, we may have to permanently write off a significant portion of these assets.

Upon an ownership change, Section 382 s limitations are based on the fair market value of our outstanding equity immediately before the date of the ownership change, which we estimate using our market capitalization, multiplied by the applicable federal long-term rate. For example, the following table illustrates, based on various assumptions for our market capitalization at the time of an ownership change : (i) the annual limit on NOLs that could be used by us to offset future federal taxable income; (ii) the aggregate limit on NOLs that could be used by us over 20 years; (iii) the potential disallowance over 20 years of our current NOLs based on the Section 382 limitations; and (iv) the potential negative cash impact to us (i.e., the amount of additional federal income tax we may have to pay due to the disallowance of NOLs):

Market Cap(1)	Annual Limitation(2)	Aggregate Limit (20 years)	Potential Disallowance(3)	Negative Cash Impact(4)
$1,250 million	$35 million	$693 million	$1,208 million	$423 million

$1,500 million	$42 million	$831 million	$1,069 million	$374 million
$1,750 million	$48 million	$970 million	$931 million	$326 million
$2,000 million	$55 million	$1,108 million	$792 million	$277 million
$2,250 million	$62 million	$1,247 million	$654 million	$229 million

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(1) Based on 172,865,500 shares of our common stock outstanding as of the record date. Radian s market capitalization would have ranged from approximately $757 million to approximately $1.6 billion between November 30, 2012 and March 1, 2013, based on the low and high closing per share price of our common stock on the NYSE of $4.38 and $9.17, respectively, during this period.

(2) Applying the interest factor of 2.77% applicable in March 2013.

(3) Based on net operating losses of approximately $1.9 billion as of December 31, 2012.

(4) Assuming a 35% federal income tax rate, the additional federal income taxes we could be required to pay (assuming future federal taxable income) due to the disallowance of NOL carryovers that would be caused by the Section 382 limitations.

6. How is ownership for Section 382 purposes different from ownership under SEC rules and regulations?

Ownership for Section 382 purposes is determined primarily by an economic test, while the Securities and Exchange Commission (the SEC) definition of beneficial ownership focuses generally on the right to vote or control disposition of the shares. In general, the Section 382 economic test looks to who has the right to receive dividends paid with respect to shares, and who has the right to receive proceeds from the sale or other disposition of shares. Section 382 also contains certain constructive ownership rules, which generally attribute ownership of stock held by estates, trusts, corporations, partnerships or other entities to the ultimate indirect individual owner of the shares, or to related individuals. Generally, a person s direct or indirect economic ownership interest in shares (rather than record title, voting control or other factors) is taken into account for Section 382 purposes.

For example, different portfolios in a single mutual fund complex and groups of customers advised by the same investment advisor will normally not be aggregated for Section 382 purposes even though they may be aggregated for determining beneficial ownership under SEC rules and reporting requirements. We believe that none of our stockholders that currently own more than 5% of our outstanding common stock for SEC beneficial ownership purposes are Section 382 five-percent shareholders under Section 382.

7. How does the Company monitor stockholder ownership to determine the aggregate increase of its Section 382 five-percent shareholders under Section 382?

For purposes of determining the existence and identity of, and the amount of common stock owned by, any stockholder, the Internal Revenue Service permits us to rely on the existence or absence of filings with the SEC of Schedules 13D, 13F and 13G (or similar filings) as of any date, subject to our actual knowledge of the ownership of our common stock.

Investors who file a Schedule 13G or Schedule 13D (or list our common stock in their Schedules 13F) may beneficially own 5% or more of our common stock for SEC reporting purposes but nonetheless may not be Section 382 five-percent shareholders and therefore their beneficial ownership will not affect our ownership change for purposes of Section 382.

General Questions and Answers about our Tax Benefit Preservation Strategy

8. How do the Charter Amendment and the Preservation Plan work to protect Radian s NOLs?

Increases in ownership by our Section 382 five-percent shareholders and the creation of new Section 382 five-percent shareholders can limit our ability to use NOL carryovers to reduce future federal taxable income. The Transfer Restrictions in the Charter Amendment and the Bylaw Amendment restrict direct and indirect transfers of our common stock that would create Section 382 five-percent shareholders or otherwise increase the percentage of stock that is owned by Section 382 five-percent shareholders. The Preservation Plan acts as an additional deterrent against any stockholder from becoming a Section 382 five-percent shareholder and any existing Section 382 five-percent shareholder from increasing their ownership under Section 382.

9. Why is our board of directors recommending retaining the Transfer Restrictions and the Preservation Plan?

Our board of directors is recommending retaining both the Transfer Restrictions and the Preservation Plan and, accordingly, re-approval of both the Charter Amendment and the Preservation Plan because none of these measures by itself is a complete solution.

The Charter Amendment and Bylaw Amendment impose substantially similar transfer restrictions, but there are limitations on their effectiveness and enforceability. The Bylaw Amendment does not cover shares issued before effectiveness of the amendment, but rather applies to shares of common stock issued after its effective date of October 9, 2009. The Charter Amendment does restrict transfers of shares issued before its adoption as well as transfers of shares issued thereafter, but these restrictions may not prevent all transfers that could result in such an ownership change. Delaware law provides that, with respect to shares of common stock issued before the effectiveness of the Charter Amendment, the transfer restrictions in the Charter Amendment are effective against (1) stockholders with respect to shares that were voted in favor of the Charter Amendment at the 2010 annual meeting (or are voted in favor of re-approval at the 2013 annual meeting) and (2) transferees of shares that were voted in favor of the Charter Amendment at the 2010 annual meeting (or are voted in favor of re-approval at the 2013 annual meeting) if (A) the transfer restriction is conspicuously noted on the certificates or book entry records representing such shares or (B) the transferee had actual knowledge of the transfer restrictions (even absent such conspicuous notation). Any shares of common stock issued after the effectiveness of the Charter Amendment have been, or will be, issued with the transfer restriction conspicuously noted on the certificates or book entry record representing such shares and therefore under Delaware law such shares are subject to the transfer restrictions in the Charter Amendment.

As noted above, shares of our common stock that were outstanding as of the date of the 2010 annual meeting and were not voted For approval of the Charter Amendment are not subject to the transfer restrictions, which is why the Preservation Plan also is required. As to those shares, the Preservation Plan will continue to apply to deter any person, entity or group from acquiring 4.9% or more of the outstanding shares of our common stock without the approval of our board of directors.

The Preservation Plan therefore works to complement the Transfer Restrictions to assist in protecting the NOLs. It applies to, and therefore deters, all transfers of our common stock that could contribute to an ownership change under Section 382 (regardless of when the shares were issued or how the particular shares were voted at an annual meeting). Although the Preservation Plan deters any transfer, it does not absolutely block the transfer or otherwise avoid the limitation under Section 382, which is why the Transfer Restrictions also are required. In the absence of the Transfer Restrictions, under the Preservation Plan, if a person were to acquire 5% or more of our outstanding common stock under Section 382, that person would become a Section 382 five-percent shareholder and those shares will count toward the aggregate ownership change even if the Preservation Plan applies to such acquisition or causes such person to subsequently hold less than 5% of our outstanding common stock. As to those shares, so long as the shares were voted in favor of the Charter Amendment (or are voted in favor of re-approval at the 2013 annual meeting) or were issued after the Bylaw Amendment or the Charter Amendment became effective, the Transfer Restrictions apply and will stop the transfer of shares that creates a new Section 382 five-percent shareholder or increases the ownership of an existing Section 382 five-percent shareholder.

10. Is stockholder approval necessary to retain the Transfer Restrictions and the Preservation Plan?

Yes. The Transfer Restrictions will expire unless the Charter Amendment is re-approved by our stockholders at our 2013 annual meeting. Similarly, the Preservation Plan will terminate and the Rights (as defined in Question and Answer 26 below) will expire if the Preservation Plan is not re-approved by our stockholders at the 2013 annual meeting.

11. Why should I vote For re-approval of the Charter Amendment and the Preservation Plan?

As described above, the Charter Amendment and the Preservation Plan are designed to protect our NOLs, which are valuable assets to the Company and your investment. Without these measures, which will expire following

the 2013 annual meeting unless we obtain stockholder approval, we believe that the Company is at significant risk of experiencing an ownership change in the future and therefore becoming subject to limitation under Section 382, which could result in a significant loss of our important tax benefits.

12. Why is the threshold under the Transfer Restrictions 5% and the threshold under the Preservation Plan 4.9%?

Since the Transfer Restrictions work to effectively block transfers that create new Section 382 five-percent shareholders, the threshold is set at 5%. Since the Preservation Plan works to deter, but does not prevent, an acquiring stockholder from becoming a Section 382 five-percent shareholder, the threshold is set at a lower rate to provide some cushion before the acquisition would affect the calculation of a potential ownership change under Section 382.

13. Are there exemptions to the Transfer Restrictions and the terms of the Preservation Plan?

Yes. Our board of directors may exempt an acquisition from the Transfer Restrictions if our board determines that the acquisition would not be likely to limit the availability of the NOLs or is otherwise in Radian s best interests. Similarly, under the Preservation Plan, our board may exempt particular persons or transactions from the terms of the Preservation Plan if it determines that the acquisition would not jeopardize Radian s NOLs or is otherwise in Radian s best interests. Acquisitions by Radian, our subsidiaries, and our employee benefit plans and related entities or trustees are exempt from the terms of the Preservation Plan. Further, direct issuances of common stock by Radian are not prohibited transfers.

14. When will the Transfer Restrictions expire and when will the Rights expire or the Preservation Plan terminate?

Stockholder approval is required for the Transfer Restrictions and the Preservation Plan to continue (see Question and Answer 10). If the Charter Amendment is not re-approved at the 2013 annual meeting, the Transfer Restrictions in both the Charter Amendment and the Bylaw Amendment will terminate on the close of business on the second business day following adjournment. Further, if the Preservation Plan is not re-approved at the 2013 annual meeting, it will terminate and the Rights will expire on the close of business on the second business day following adjournment.

Both the Transfer Restrictions and the Preservation Plan are intended to protect our NOLs and will remain effective only for so long as a limitation under Section 382 on the use of the NOLs would be material to the Company. The Transfer Restrictions will terminate and the Rights will expire upon the earliest of:

- the beginning of the first taxable year to which our board of directors determines that no NOLs may be carried forward;

- the repeal of Section 382 or any successor statute if our board of directors determines that the Transfer Restrictions are no longer necessary for the preservation of our NOLs;

- such date as our board of directors determines that a limitation under Section 382 on the use of the NOLs would no longer be material to the Company, which our board has agreed to review annually; or

the close of business on the second business day after adjournment of the third consecutive annual meeting of the Company s stockholders after the Charter Amendment or the Preservation Plan was most recently approved or re-approved by the stockholders of the Company unless re-approved at that meeting.

In any event, the Preservation Plan is limited to a ten-year term and will expire on the close of business on October 9, 2019 (unless that date is advanced or extended). Our board also has the right to redeem the Rights or exchange the Rights for common stock.

15. Have other companies adopted similar plans and charter amendments to protect NOLs?

Yes, many other companies have adopted similar plans, and some companies have adopted similar charter amendments to implement transfer restrictions, in order to protect their NOLs.

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16. Where can I find the full text of the Charter Amendment, the Bylaw Amendment and the Preservation Plan?

The full text of the Charter Amendment is found in Section 4.4 of our Amended and Restated Certificate of Incorporation included as *Appendix B-1*, the full text of the Bylaw Amendment is found in Section 6.06 of our Amended and Restated Bylaws included as *Appendix B-2*, and the full text of the Preservation Plan is included as *Appendix C* to this proxy statement. Additionally, our Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws and the Preservation Plan are all incorporated by reference as exhibits to our Annual Report on Form 10-K.

Additional Questions and Answers about the Transfer Restrictions

17. What transfers do the Charter Amendment and the Bylaw Amendment prohibit?

The Charter Amendment and the Bylaw Amendment each prohibit a person from becoming a Section 382 five-percent shareholder by restricting transfers, directly or indirectly, that would cause a person to own, directly or by attribution, 5% or more of the outstanding shares of our common stock and they would also generally restrict existing Section 382 five-percent shareholders, if any, from increasing their ownership interest under Section 382.

18. How do the Charter Amendment and the Bylaw Amendment block prohibited transfers?

Subject to the enforceability of the Charter Amendment as discussed in Question and Answer 19 below, transfers that violate the Transfer Restrictions are prohibited and will not be registered on our records. In the case of a purchase of shares on a national securities exchange that would create a Section 382 five-percent shareholder or increase the ownership of an existing Section 382 five-percent shareholder, the excess shares will be required to be transferred to an agent of the Company, and the agent will be required to sell the shares in an arms-length transaction and to apply the proceeds generally as follows: first, to cover the agent s own costs; second, to reimburse the transferee to the extent of the price paid by the transferee for the shares; and third, if there are any remaining proceeds, to donate these proceeds to a charity determined by our board of directors. The seller of any shares on a national securities exchange will not be affected by the Transfer Restrictions where the seller cannot determine whether the acquirer is currently or will become a Section 382 five-percent shareholder. See Question and Answer 21 below regarding sales on a national securities exchange.

19. What happens if I did not vote For the Charter Amendment at the 2010 annual meeting? Am I still subject to the transfer restrictions if the Charter Amendment is re-approved at the annual meeting?

Shares issued after the 2010 annual meeting are subject to the transfer restrictions in the Charter Amendment. In general, Delaware law provides that the transfer restrictions included in the Charter Amendment are enforceable with respect to shares of common stock issued before the effectiveness of the Charter Amendment only if approved by the holder of those shares. If you owned shares at the time of the 2010 annual meeting and did not vote those shares in favor of the Charter Amendment at that time, to the extent you still hold those shares, they are not subject to the transfer restrictions in the Charter Amendment. If, however, you vote FOR re-approval of the Charter Amendment at the 2013 annual meeting, even if your shares were not previously subject to the transfer restrictions included in the Charter Amendment, they will become subject to those restrictions. Further, if you, subsequent to the 2010 annual meeting, acquired or acquire additional shares that were either voted in favor of the Charter Amendment or issued after the effectiveness of the Charter Amendment, those shares will be subject to the transfer restrictions in the Charter Amendment. We intend to presume, with regard to each share of common stock issued before the effectiveness of the Charter Amendment that such share was voted in favor of the Charter Amendment (and in favor of the re-approval of the Charter Amendment at our 2013 annual meeting) unless a stockholder can demonstrate otherwise to our reasonable satisfaction. For open-market transactions that have occurred or do occur after our 2010 annual meeting, it will likely be impossible for an acquiring stockholder to demonstrate that the shares subject to the transaction were voted against the Charter Amendment. See Question and Answer 21 below regarding sales on a national

securities exchange.

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See Question and Answer 11 above for the reasons to vote For re-approval of the Charter Amendment. In addition, if the Preservation Plan is re-approved, it will be enforceable against all holders of our common stock, whether or not they voted in favor of the Charter Amendment at the 2010 annual meeting or for re-approval of the Charter Amendment or the Preservation Plan at the 2013 annual meeting.

20. If I do not vote For re-approval of the Charter Amendment and it is re-approved at the annual meeting, can I purchase or sell additional shares of common stock?

Generally, if the Charter Amendment is re-approved but you do not vote For such re-approval, the Transfer Restrictions will nonetheless preclude you from purchasing additional shares of common stock if by doing so you would become a Section 382 five-percent shareholder (or, if you are already a Section 382 five-percent shareholder, would increase your ownership) unless you can establish that those additional shares were not voted For the Charter Amendment at the 2010 annual meeting and were issued before the Bylaw Amendment was adopted. In addition, if re-approved at our 2013 annual meeting, you will continue to be subject to the Preservation Plan and its potential dilutive impact on your ownership if you become a Section 382 five-percent shareholder.

You can freely sell your shares of common stock unless the sale would create a Section 382 five-percent shareholder or increase the ownership of an existing Section 382 five-percent shareholder. See Question and Answer 21 below regarding sales on a national securities exchange.

21. Will the Transfer Restrictions affect my ability to sell on a national securities exchange (such as the NYSE) if I cannot determine whether the acquirer is currently or will become a Section 382 five-percent shareholder ?

No, the Transfer Restrictions will not preclude any such sale of shares on a national securities exchange. See Question and Answer 18 above for treatment of such sales that are prohibited transfers under the Charter Amendment and the Bylaw Amendment.

Additional Questions and Answers about the Preservation Plan

22. Will I experience any of the dilutive effects under the Preservation Plan if I own less than 4.9% of the common stock under Section 382?

No, unless you or your affiliate enters into a transaction or other agreement by which you or your affiliate would own 4.9% or more of our common stock under Section 382, you will share the benefits of the Rights on a pro rata basis.

23. Under the Preservation Plan, what is the dividend of Rights?

In connection with the Preservation Plan our board of directors declared a dividend distribution of one preferred share purchase right (each a Right and together the Rights) for each outstanding share of our common stock, which was paid to holders of record on October 19, 2009. In addition, Rights are issued with any shares of our common stock issued after October 19, 2009. The Rights are not initially exercisable.

24. How are my Rights evidenced before the Preservation Plan is triggered?

Unless and until the Preservation Plan is triggered and the Rights become exercisable, the Rights are essentially stapled to the common stock and are deemed to be represented solely by the common stock certificates or the book entry records for the common stock. The Rights may only be transferred with the corresponding shares of common stock. Also, Rights are issued with any shares of our common stock issued after October 19, 2009.

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25. When would the Preservation Plan be triggered and the Rights first become exercisable?

The Rights currently are not exercisable. The Rights will detach from the common stock and become exercisable only if the Preservation Plan is triggered. This generally occurs upon the earlier of: (1) 10 business days following the public announcement that any person has acquired ownership of 4.9% or more of our common stock as measured pursuant to Section 382; or (2) 10 business days after the date of commencement of a tender offer or exchange that would result, upon consummation, in that person, entity or group owning 4.9% or more of our common stock as measured pursuant to Section 382. For stockholders who currently hold 4.9% or more of our common stock under Section 382, in the absence of the Transfer Restrictions, any further increase in ownership under Section 382 would trigger the Preservation Plan and cause the Rights to detach and become exercisable. Our board of directors can exempt transactions and persons from the impact of the Preservation Plan if it determines that the acquisition would not jeopardize our NOLs or is otherwise in Radian s best interests. See Question and Answer 13 above.

26. What happens if the Preservation Plan is triggered and the Rights detach and become exercisable?

After a triggering event under the Preservation Plan, each holder of a Right (other than the stockholder that triggered the Preservation Plan) its related persons and transferees, will be entitled to purchase shares of our common stock, or if we do not have sufficient shares of common stock authorized for issuance, common stock equivalents, with a value of twice the exercise price of the Rights. The initial exercise price is set at $70.00 and is subject to anti-dilution adjustments under the terms of the Preservation Plan. This creates a dilutive effect for the stockholder that triggered the Preservation Plan, because our other stockholders have the opportunity to buy our common stock, or its equivalent, at a discount. See also Questions and Answers 28 and 29 below for other options available to our board of directors in the event the Preservation Plan is triggered.

27. How are my Rights evidenced if the Preservation Plan is triggered?

If the Preservation Plan is triggered, the Rights will detach from each share of our common stock and certificates representing the rights (Right Certificates) will be distributed to the holders (except for an acquiring stockholder that triggers the Preservation Plan, related persons, and transferees, who will not be able to exercise the Rights). After that time, the Rights will be solely evidenced by the Right Certificates and will trade separately from the common stock.

28. How can the Rights be exercised after a triggering event?

If the Preservation Plan is triggered, the Rights Agent will mail Right Certificates representing the Rights to holders of record (except for the stockholder that triggered the Preservation Plan, its related persons and transferees), who may then return a completed Form of Election to Purchase along with the exercise price.

Additionally, if the Preservation Plan is triggered, our board of directors has the discretion to permit a cashless exercise of the Rights. A cashless exercise means that our board may permit the Rights to be exercised by the holders of Rights without payment of the exercise price simply by surrendering the Right Certificates and associated Rights for half the number shares of common stock (or common stock equivalents) that would otherwise be received upon exercise and payment.

29. May our board of directors exchange the Rights following a triggering event?

Yes, after a triggering event and before the stockholder that triggered the Preservation Plan acquires 50% or more of the shares of our common stock, our board may choose to exchange the Rights into shares of common stock (or common stock equivalents) at a one-to-one ratio. The holders of Rights would not be required to pay an exercise price. An exchange effected by our board would likely give each holder of a Right fewer shares than the holder would receive under the two methods of exercise described in Question and Answer 28 and, therefore, would have a less dilutive effect on the stockholder who triggered the Preservation Plan.

30. What stockholder rights do the Rights holders have?

Rights holders are not entitled to any additional rights as a stockholder, including voting or dividend rights, until a Right is exercised or exchanged as described in Questions and Answers 28 and 29.

31. Where will the Rights be traded?

Before the Preservation Plan is triggered, the Rights are essentially stapled to Radian s common stock and are deemed to be represented by the common stock certificates or the book entry records for Radian common stock. The Rights are listed and traded on the NYSE with Radian s common stock. There is no separate trading market for the Rights.

32. May our board of directors redeem the Rights and at what price?

In general, our board of directors may redeem the Rights at any time until the Rights become exercisable. The redemption price is $0.001 per Right, subject to rounding to the nearest $0.01.

33. May additional Rights be issued after the date the Preservation Plan was adopted?

As described in Question and Answer 24, before the Preservation Plan is triggered, Rights are issued with any shares of our common stock issued after October 19, 2009.

If the Preservation Plan were triggered and Right Certificates were distributed, Rights would be issued in connection with future issuances of the common stock only in limited circumstances, such as (i) upon the exercise of stock options or under any employee plan or arrangement; (ii) upon the exercise, conversion or exchange of securities, including our convertible debt; or (iii) in connection with our contractual obligations, where such options, employee plans, securities, or obligations existed before the Preservation Plan was triggered.

34. May our board of directors amend the provisions of the Preservation Plan?

As long as the Rights are redeemable, our board has the flexibility to amend the terms of the Preservation Plan other than to decrease the redemption price. Once the Rights become exercisable and Right Certificates are distributed, our board is free to amend the terms of the Preservation Plan so long as such amendment does not adversely affect the interests of holders of outstanding Rights.

Certain Considerations

As described above in Background and Reasons for Proposals, we have significant NOL carryovers, which may be limited if an ownership change under Section 382 were to occur. The Transfer Restrictions included in the Charter Amendment and the Bylaw Amendment, and the Preservation Plan are important complementary tools in preventing such an ownership change and, therefore, in protecting our significant tax

assets.

The Charter Amendment is contained in Section 4.4 of Article FOURTH to our Amended and Restated Certificate of Incorporation which is attached as *Appendix B-1* to this proxy statement, the Bylaw Amendment is contained in Section 6.06 of our Amended and Restated Bylaws which are attached as *Appendix B-2* to this proxy statement and the full text of the Preservation Plan is attached as *Appendix C* to this proxy statement and each document is incorporated by reference as an exhibit to our Annual Report on Form 10-K. We urge you to read the Charter Amendment, the Bylaw Amendment, and the Preservation Plan in their entirety, as the discussion in this proxy statement is only a summary. The Transfer Restrictions will terminate following the 2013 annual meeting unless the Charter Amendment is re-approved by the requisite vote of stockholders, and the Preservation Plan will terminate unless it is re-approved by the requisite vote of stockholders at our 2013 annual meeting.

Enforceability

We intend to continue to presume, with regard to each share of common stock issued before the effectiveness of the Charter Amendment, that such share was voted in favor of the Charter Amendment (and in favor of re-approval of the Charter Amendment at our 2013 annual meeting) unless it is shown otherwise to our reasonable satisfaction. In certain circumstances, we also intend to assert that stockholders have waived the right to challenge or are estopped from challenging the enforceability of the Charter Amendment, unless it is established, to our reasonable satisfaction, that the shares proposed to be transferred were not voted in favor of the Charter Amendment (or in favor of re-approval of the Charter Amendment at our 2013 annual meeting). However, it is possible that one or more stockholders could challenge the enforceability of the transfer restrictions contained in the Charter Amendment, and a court could find that the Charter Amendment is unenforceable, either in general or as applied to a particular stockholder or particular fact situation. This potential for litigation regarding the enforceability of the transfer restrictions may discourage investors from acquiring shares of our common stock. However, as we intend to retain our Preservation Plan (subject to stockholder re-approval), we think it is unlikely that an investor would benefit from a challenge to our Charter Amendment, because avoiding the related Transfer Restrictions would still leave that investor at risk of the dilutive effect of triggering the Preservation Plan.

Potential IRS Challenge

The amount of our NOLs has not been audited or otherwise validated by the IRS. The IRS could challenge the amount of the NOLs, which could result in an increase in the amount of future federal income taxes that we may be required to pay. As mentioned above, calculating whether an ownership change has occurred is subject to uncertainty, both because of the complexity and ambiguity of Section 382 and because of limitations on a publicly traded company s knowledge as to the ownership of, and transactions in, its securities. Therefore, we cannot assure you that the IRS will not claim that we experienced an ownership change and attempt to reduce or eliminate the benefit of our NOLs even if the Charter Amendment, the Bylaw Amendment or the Preservation Plan is in place.

Potential Effects on Liquidity

The Transfer Restrictions and the Preservation Plan are all designed to deter a stockholder from acquiring, directly or indirectly, additional shares of common stock in excess of the specified limitations. Furthermore, a stockholder s ability to dispose of common stock may be limited as a result of the reduction in the class of potential acquirers for such common stock and a stockholder s ownership of common stock may become subject to the Transfer Restrictions or the Preservation Plan upon actions taken by persons related to, or affiliated with, them. The Transfer Restrictions may result in the delay or refusal of certain requested transfers of our common stock. As a result of these rules, the Transfer Restrictions could result in prohibiting ownership (thus requiring dispositions) of our common stock as a result of a change in the relationship between two or more persons or entities, or of a transfer of an interest in an entity other than us, such as an interest in an entity that, directly or indirectly, owns our common stock. Stockholders are advised to carefully monitor their ownership of our stock and consult their own legal advisors and/or us to determine whether their ownership of our stock approaches the proscribed level.

Potential Impact on Value

It is possible that the Preservation Plan and the Transfer Restrictions could deter certain buyers, including persons who wish to acquire more than 4.9% of our common stock (as calculated pursuant to Section 382), and that this could result in diminished demand for and, therefore, potentially decrease the value of our common stock. We believe the value protected as a result of the preservation of the NOLs would outweigh any such potential decrease in the value of our common stock.

Potential Anti-Takeover Impact

The Transfer Restrictions and the Preservation Plan are designed to preserve the long-term value of our accumulated NOLs and are not intended to prevent a takeover of Radian. However, they could be deemed to have an anti-takeover effect because, among other things, they each restrict the ability of a person, entity or group to accumulate our common stock above the applicable thresholds, without the approval of our board of directors.

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PROPOSAL 4

RE-APPROVAL OF THE AMENDMENT TO THE RADIAN GROUP INC.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

We are asking our stockholders to re-approve the Amendment to our Amended and Restated Certificate of Incorporation that imposes certain restrictions on transfers of our common stock that could otherwise adversely affect our ability to use the NOLs. In 2010, with the approval of our stockholders, we adopted the Charter Amendment as part of our tax benefit preservation strategy, and on February 13, 2013, our board of directors recommended that we seek our stockholders re-approval of the Charter Amendment. For more information regarding the Charter Amendment and our tax benefit preservation strategy, see Background Information for Tax Benefit Preservation Proposals above.

If our stockholders do not re-approve the Charter Amendment, neither the Charter Amendment nor the Bylaw Amendment will remain effective and the Transfer Restrictions will terminate on the close of business on the second business day following adjournment of our 2013 annual meeting of stockholders.

Description of Charter Amendment

The following is a summary of the Charter Amendment. This summary is qualified in its entirety by reference to the full text of the Charter Amendment, which is contained in Section 4.4 of Article FOURTH of our Amended and Restated Certificate of Incorporation and is set forth in the accompanying *Appendix B-1*. Stockholders are urged to read in its entirety the Charter Amendment set forth in the accompanying *Appendix B-1*.

Prohibited Transfers. The transfer restrictions contained in the Charter Amendment generally restrict any direct or indirect transfer of our common stock if the effect would be to:

- increase the direct or indirect ownership of our common stock for purposes of Section 382 by any person from less than 5% to 5% or more of our common stock; or
- increase the percentage of our common stock owned directly or indirectly by any existing Section 382 five-percent shareholder as of May 12, 2010 (the effective time of the Charter Amendment), subject to limited exceptions.

Transfers restricted by the Charter Amendment include sales to persons whose resulting percentage ownership (direct or indirect) of common stock would equal or exceed the 5% threshold discussed above, or to persons whose direct or indirect ownership of common stock would by attribution cause another person to equal or exceed such threshold. Complicated rules of constructive ownership, aggregation, segregation, combination and other ownership rules prescribed by the Code (and related regulations) apply in determining whether a person or group of persons constitute a Section 382 five-percent shareholder and whether there exist public groups, each of which is treated as a Section 382 five-percent shareholder. For purposes of determining the existence and identity of, and the amount of common stock owned by, any stockholder, we rely on the existence or absence of filings with the SEC of Schedules 13D, 13F and 13G (or any similar filings) as of any date, subject to our actual knowledge of the ownership of our common stock. The transfer restrictions also apply to proscribe the creation or transfer

of certain options (which are broadly defined by Section 382) in respect of our common stock to the extent that, in certain circumstances, creation, transfer or exercise of the option would result in a proscribed level of ownership.

Consequences of Prohibited Transfers. Under the Charter Amendment, any direct or indirect transfer in violation of the restrictions would be void as of the date of the purported transfer as to the purported transferee (or, in the case of an indirect transfer, the ownership of the direct owner of common stock would terminate simultaneously with the transfer), and the purported transferee (or in the case of any indirect transfer, the direct

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owner) would not be recognized as the owner of the shares owned in violation of the restrictions for any purpose, including for purposes of voting and receiving dividends or other distributions in respect of such common stock, or in the case of options, receiving common stock in respect of their exercise. In this proxy statement, common stock purportedly acquired in violation of the transfer restrictions is referred to as excess stock. See Additional Questions and Answers about the Transfer Restrictions Question and Answer 18 above.

In addition to the purported transfer being void as of the date of the purported transfer, upon demand, the purported transferee must transfer the excess stock to our agent along with any dividends or other distributions paid with respect to such excess stock. Our agent is required to sell such excess stock in an arms length transaction (or series of transactions) that would not constitute a violation under the Transfer Restrictions. The net proceeds of the sale, together with any other distributions with respect to such excess stock received by our agent will be distributed first to reimburse the agent for its costs and expenses, second to the purported transferee in an amount, if any, up to the cost (or in the case of gift, inheritance or similar transfer, the fair market value of the excess stock on the date of the violative transfer) incurred by the purported transferee to acquire such excess stock, and the balance of the proceeds, if any, will be distributed to the original transferor (or, if the original transferor cannot be readily identified, to a charity designated by our board of directors). If the excess stock is sold by the purported transferee, such person will be treated as having sold the excess stock on behalf of the agent, and will be required to remit all proceeds to our agent (except to the extent we grant written permission to the purported transferee to retain an amount not to exceed the amount such person otherwise would have been entitled to retain had our agent sold such shares).

To the extent permitted by law, any stockholder who knowingly violates the Transfer Restrictions will be liable for any and all damages suffered by us as a result of such violation, including any professional fees incurred in connection with addressing such violation.

With respect to any indirect or other transfer of common stock that does not involve a transfer of securities of the Company within the meaning of the Delaware General Corporation Law but which would cause any Section 382 five-percent shareholder to violate the Transfer Restrictions, the following procedure applies instead of those described above. In such case, no such Section 382 five-percent shareholder will be required to dispose of any interest that is not a security of the Company. Instead, such Section 382 five-percent shareholder and/or any person whose ownership of securities of the Company is attributed to such Section 382 five-percent shareholder will be deemed to have disposed of (and will be required to dispose of) sufficient securities, simultaneously with the transfer, to cause such Section 382 five-percent shareholder not to be in violation of the transfer restrictions, and such securities will be treated as excess stock to be disposed of through the agent under the provisions summarized above, with the maximum amount payable to such Section 382 five-percent shareholder or such other person that was the direct holder of such excess stock from the proceeds of sale by the agent being the fair market value of such excess stock at the time of the prohibited transfer.

Modification and Waiver of Transfer Restrictions. Our board of directors has the discretion to approve a transfer of our common stock that would otherwise violate the Transfer Restrictions if our board determines that such transfer will not be likely to limit the availability of the NOLs or is in the Company s best interests. To date, our board has not granted any waivers. In deciding whether to grant a waiver, our board may seek the advice of counsel and tax advisors with respect to the preservation of our federal tax attributes pursuant to Section 382. In addition, our board may request relevant information from the acquirer and/or selling party in order to determine compliance with the Charter Amendment or the status of our federal NOLs, including an opinion of counsel selected by our board (the cost of which will be borne by the transferor and/or the transferee) that the transfer will not result in any limitation on the use of our NOLs under Section 382. In considering a waiver, we expect our board of directors to consider, among others, the following factors:

- the impact of the proposed transfer on our Section 382 change in ownership percentage;

- the then existing level of our Section 382 change in ownership percentage;

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- the timing of the expected roll-off of our existing ownership change;
- the economic impact of any Section 382 limitation that might result, taking into account factors such as our current and expected market capitalization and cash position;
- the impact on possible future issuances or purchases of our common stock by us; and
- any changes or expected changes in applicable tax law.

If our board decides to grant a waiver, it may impose conditions on the acquirer or selling party.

Recommendation

RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RE-APPROVAL OF THE CHARTER AMENDMENT. SIGNED PROXIES WILL BE VOTED FOR RE-APPROVAL UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

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PROPOSAL 5

RE-APPROVAL OF THE RADIAN GROUP INC.

TAX BENEFIT PRESERVATION PLAN, AS AMENDED

We are asking our stockholders to re-approve our Tax Benefit Preservation Plan, which was adopted by our board of directors as part of our tax benefit preservation strategy effective on October 9, 2009, and which we subsequently amended on February 12, 2010 and May 3, 2010. The Preservation Plan was approved by our stockholders at our 2010 annual meeting. The Preservation Plan is intended to deter certain acquisitions of our common stock, which could otherwise adversely affect our ability to use the NOLs. For more information regarding the Preservation Plan and our tax benefit preservation strategy, see Background Information for Tax Benefit Preservation Proposals above.

If our stockholders do not re-approve the Preservation Plan, the Preservation Plan will terminate and the Rights will expire on the close of business on the second business day following adjournment of our 2013 annual meeting of stockholders.

Description of the Preservation Plan and Rights

The following is a summary of our Preservation Plan. This summary is qualified in its entirety by reference to the full text of the Preservation Plan, which is set forth in the accompanying *Appendix C*. Stockholders are urged to read in its entirety the Preservation Plan set forth in the accompanying *Appendix C*.

Dividend of Rights

Pursuant to the Preservation Plan, our board of directors declared a dividend of one Right for each outstanding share of our common stock, par value $0.001 per share. The dividend was paid on October 19, 2009 (the Rights Record Date) to the stockholders of record as of the close of business on that date. Rights have been issued with all shares of our common stock after the Rights Record Date and will continue to be issued with any shares of our common stock. The Rights are not currently exercisable. If they were exercisable, each Right would entitle the registered holder to purchase one one-thousandth of a share of our Series A Junior Participating Preferred stock, par value $0.001 per share, at a price of $70.00 per one one-thousandth of a share of preferred stock (the Purchase Price), subject to adjustment. If the Rights become exercisable in connection with a Distribution Date (as defined below), each Right would entitle the registered holder to acquire shares of common stock or, in certain circumstances, common stock equivalents, rather than Series A Junior Participating Preferred stock. See Additional Questions and Answers about the Preservation Plan Question and Answer 23 above.

Unless and until the Preservation Plan is triggered and the Rights become exercisable, the Rights are essentially stapled to the common stock and are deemed to be represented solely by the common stock certificates or the book entry records for the common stock. Currently, the Rights may only be transferred with the corresponding shares of common stock.

Distribution Date

The Preservation Plan is triggered upon the earlier to occur of (i) the close of business on the tenth business day following the first date of public announcement that a person, entity or group (each, a person) has become an Acquiring Person (as described below) or the first date that our board has concluded that a person has become an Acquiring Person, or (ii) the close of business on the tenth business day (or, except in certain circumstances, such later date as may be specified by our board) following the commencement of, or announcement of an intention to make, a tender offer or exchange offer the consummation of which would result in the person becoming an Acquiring Person (the earlier of such dates being called the Distribution Date). See Additional Questions and Answers about the Preservation Plan Question and Answer 25 above.

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Acquiring Person

An Acquiring Person under the Preservation Plan is generally a person who acquires ownership of 4.9% or more of our common stock under Section 382. Any person that owned 4.9% or more of the outstanding shares of our common stock on October 9, 2009 will not be deemed an Acquiring Person unless and until such person acquires ownership of additional shares of common stock. Under the Preservation Plan, our board of directors may, in its sole discretion, exempt any person from being deemed an Acquiring Person for purposes of the Preservation Plan if our board determines that such person s ownership of common stock will not jeopardize or endanger the availability of our NOLs or is otherwise in Radian s best interests. See General Questions and Answers about our Tax Benefit Preservation Strategy Question and Answer 13 above. For purposes of the Preservation Plan, ownership is determined pursuant to applicable rules and regulations of the Code for Section 382 purposes, and not by the definition of beneficial ownership under federal securities laws. See Questions and Answers about Section 382 and our NOLs Generally Question and Answer 6 above.

Terms of Rights

The Rights are not exercisable until the Distribution Date. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights will be mailed to holders of record of the common stock as of the close of business on the Distribution Date and the Rights will thereafter be evidenced solely by such separate Right Certificates. The Rights will expire upon the earliest of: (i) the close of business on October 9, 2019 unless that date is advanced or extended; (ii) the time at which the Rights are redeemed or exchanged under the Preservation Plan; (iii) the repeal of Section 382 or any successor statute if our board determines that the Preservation Plan is no longer necessary for the preservation of our NOLs; (iv) the beginning of a taxable year to which our board determines that no NOLs may be carried forward; (v) such date as our board determines that a limitation on the use of the NOLs under Section 382 would no longer be material to the Company, which the board has agreed to review annually; or (vi) the close of business on the second business day after the final adjournment of the third consecutive annual meeting of the Company s stockholders after the Preservation Plan was most recently re-approved by the stockholders of the Company unless the Preservation Plan is re-approved by the stockholders at that meeting (which includes the final adjournment of our 2013 annual meeting of stockholders if stockholder re-approval of the Preservation Plan has not been received before such time).

The Purchase Price payable and the number of shares of preferred stock or other securities or property issuable upon exercise of the Rights are subject to adjustment: (i) in the event of a stock dividend on, or a subdivision, combination or reclassification of, the preferred stock; (ii) upon the grant to holders of the preferred stock of certain rights or warrants to subscribe for or purchase preferred stock at a price, or securities convertible into preferred stock with a conversion price, less than the then-current market price of the preferred stock; or (iii) upon the distribution to holders of the preferred stock of evidences of indebtedness or assets (excluding regular periodic cash dividends or dividends payable in preferred stock) or of subscription rights or warrants (other than those referred to above).

The number of outstanding Rights is subject to adjustment in the event of a stock dividend on the common stock payable in shares of common stock or subdivisions, consolidations or combinations of the common stock occurring, in any such case, before the Distribution Date.

Terms of Preferred Stock

The following is a description of the Series A Junior Participating Preferred Stock underlying the Rights, which are not currently exercisable. See Additional Questions and Answers about the Preservation Plan Question and Answer 26 above.

Shares of the Series A Junior Participating Preferred Stock will not be redeemable. Each share of preferred stock will be entitled, when, as and if declared, to a minimum preferential quarterly dividend payment of an

amount equal to 1,000 times the dividend declared per share of common stock. In the event of Radian s liquidation, dissolution or winding up, the holders of the preferred stock will be entitled to a minimum preferential payment of the greater of: (a) $1.00 per share (plus any accrued but unpaid dividends) or (b) an amount equal to 1,000 times the payment made per share of common stock. Each share of preferred stock will have 1,000 votes, voting together with the common stock. Finally, in the event of any merger, consolidation or other transaction in which outstanding shares of common stock are converted or exchanged, each share of preferred stock will be entitled to receive 1,000 times the amount received per share of common stock. These rights are protected by customary antidilution provisions.

Because of the nature of the preferred stock s dividend, liquidation and voting rights, the value of the one one-thousandth interest in a share of preferred stock purchasable upon exercise of each Right should approximate the value of one share of common stock.

Exercise and Exchange of Rights

The Rights are not currently exercisable. The Rights become exercisable upon the Distribution Date, in which event, they will be exercisable for shares of common stock or, in certain circumstances, common stock equivalents, instead of preferred stock. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights will be mailed to holders of record of the common stock as of the close of business on the Distribution Date and the Rights will thereafter be evidenced solely by such separate Right Certificates. See Additional Questions and Answers about the Preservation Plan Question and Answer 27 above. Each holder of a Right, other than Rights owned by the Acquiring Person, related persons, and transferees (which will thereupon become null and void), will thereafter have the right to receive upon exercise of a Right (including payment of the Purchase Price) that number of shares of common stock or, in certain circumstances, common stock equivalents (subject to any delay of exercisability approved by our board) having a market value of two times the Purchase Price. See Additional Questions and Answers about the Preservation Plan Question and Answer 26 above.

If any person becomes an Acquiring Person, our board, in its sole discretion, may permit the Rights, other than Rights owned by the Acquiring Person, related persons, and transferees (which will thereupon become void), to be exercisable for 50% of the shares of common stock that would otherwise be purchasable upon the payment of the Purchase Price in consideration of the surrender of the exercised Rights and Right Certificates. See Additional Questions and Answers about the Preservation Plan Question and Answer 28 above.

At any time after any person becomes an Acquiring Person but before the acquisition by such Acquiring Person of ownership of 50% or more of the shares of common stock then outstanding, our board may exchange the Rights other than Rights owned by such Acquiring Person, related persons, and transferees (which will have become null and void), in whole or in part, for shares of common stock or preferred stock (or a series of the Company s preferred stock having equivalent rights, preferences and privileges), at an exchange ratio of one share of common stock, or a fractional share of preferred stock of equivalent value, per Right (subject to adjustment). See Additional Questions and Answers about the Preservation Plan Question and Answer 29 above.

Adjustments; Redemption

No fractional shares of common stock or preferred stock will be issued (other than fractions of preferred stock which are integral multiples of one one-thousandth of a share of preferred stock, which may, at the election of the Company, be evidenced by depositary receipts), and instead an adjustment in cash will be made based on the current market price of the preferred stock or the common stock. At any time before the time an Acquiring Person becomes such, our board may redeem the Rights in whole, but not in part, at a price of $0.001 per Right (the Redemption Price) payable, in cash, shares of common stock or such other form of consideration as our board shall determine. The redemption of the Rights may be made effective at such time, on such basis and with

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such conditions as our board in its sole discretion may establish. Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price as rounded to the nearest $0.01.

Amendments

For so long as the Rights are then redeemable, we may, except with respect to the Redemption Price, amend the Preservation Plan in any manner. After the Rights are no longer redeemable, we may, except with respect to the Redemption Price, amend the Preservation Plan in any manner that does not adversely affect the interests of holders of the Rights (other than the Acquiring Person, related persons, and transferees). Until a Right is exercised or exchanged, the holder thereof, as such, will have no additional rights as a stockholder, including, without limitation, the right to vote or to receive dividends. In February 2010, we amended the Preservation Plan to (i) allow our board to delegate to a committee its powers to administer and interpret the Preservation Plan and (ii) to provide that the Rights will expire if our board determines that a limitation on the use of the NOLs under Section 382 would no longer be material to the Company, which our board has agreed to review annually. In May 2010, we amended the Preservation Plan to require the Preservation Plan to be re-approved by our stockholders every three years.

Recommendation

RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RE-APPROVAL OF THE TAX BENEFIT PRESERVATION PLAN. SIGNED PROXIES WILL BE VOTED FOR RE-APPROVAL UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

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PROPOSAL 6

RATIFICATION OF THE APPOINTMENT

OF PRICEWATERHOUSECOOPERS LLP

General

The Audit Committee of our board of directors is responsible for selecting an independent registered public accounting firm to perform the annual audit of our financial statements. The Audit Committee s appointment of PricewaterhouseCoopers LLP (PwC) as our independent registered public accounting firm for 2013 is being submitted to our stockholders for ratification. A representative of PwC is expected to attend our annual meeting, will have an opportunity to make a statement if he or she desires, and will be available to respond to questions.

If the stockholders fail to ratify the appointment of PwC, the Audit Committee will reconsider whether or not to retain the firm. You should note that, even if the appointment of PwC is approved at the annual meeting, the Audit Committee, in its discretion, may select a new independent registered public accounting firm at any time if it determines that such a change would be in our best interests and those of our stockholders.

Independent Registered Public Accounting Firm Fees and Services

The following is a summary of the fees billed for professional services rendered to Radian by PwC for the fiscal years ended December 31, 2012 and December 31, 2011:

Type of Fees	2012	2011
Audit Fees	$ 4,845,000	$ 4,456,000
Audit-Related Fees		40,000
Tax Fees	85,827	131,928
All Other Fees	488,186	23,261
Total	$ 5,419,013	$ 4,651,189

For purpose of the above table, in accordance with the SEC s definitions and rules:

Audit Fees are fees for professional services for the audit of the financial statements included in our Annual Report on Form 10-K (which includes an audit of our internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002), for the review of our financial statements included in our Quarterly Reports on Form 10-Q, the filing of registration statements under the Securities Act of 1933, and for services that normally are provided in connection with statutory and regulatory filings.

Audit-Related Fees are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and which are not reported under Audit Fees, including services related to employee benefit plan audits and consultation on reporting matters.

Tax Fees are fees for tax compliance, tax advice and tax planning.

All Other Fees are fees for products and services provided by our independent registered public accounting firm other than those services reported above, including advisory services provided in connection with information technology projects in 2012 and 2011.

All services provided by PwC and listed in the table above were pre-approved by the Audit Committee. The Audit Committee considered the nature and proposed extent of the non-audit services provided by the independent registered public accounting firm and determined that those services were in compliance with the provision of independent audit services by such firm.

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Pre-Approval Policy

In addition to retaining PwC to audit our consolidated financial statements for 2012, we retained PwC to provide other auditing and advisory services as discussed above. We understand the need for PwC to maintain objectivity and independence in its audit of our financial statements. To minimize relationships that could appear to impair the objectivity of PwC, our Audit Committee is required to pre-approve all non-audit work performed by PwC in accordance with applicable SEC rules and our pre-approval policy.

Recommendation

RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS RADIAN S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2013. SIGNED PROXIES WILL BE VOTED FOR RATIFICATION UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

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CORPORATE GOVERNANCE AND BOARD MATTERS

Board of Directors and its Standing Committees

Our board of directors holds regular quarterly meetings, and holds special meetings as and when necessary. Our full board held five regular and 20 special meetings during 2012. Our non-management directors meet in executive session at the conclusion of each regularly scheduled board meeting and frequently meet in executive session following each special meeting of the board. Each director participated in at least 75% of the meetings of the board and the committees on which he or she served during 2012. Herbert Wender, non-executive Chairman of the Board, presides over all meetings of the board, including meetings of the independent members of the board.

As discussed below, all of our directors, except our Chief Executive Officer, satisfy the requirements for independent directors under the NYSE listing standards and SEC rules. Our policy is that all of our director nominees are expected to attend our annual meeting, and all of the current directors attended last year s annual meeting.

The board of directors maintains the following standing committees:

Audit Committee. The current members of the Audit Committee are Mr. Carney (Chairman), Ms. Hess, Mr. Serio and Mr. Spiegel, each of whom is independent under the NYSE s listing standards, and each of whom meets the additional NYSE independence criteria applicable to audit committee members. All current members of the Audit Committee served on the committee in 2012; Ms. Hess and Mr. Serio were appointed to the committee on May 30, 2012. This committee is responsible for appointing and overseeing the work of our independent registered public accounting firm, reviewing our annual audited and interim financial results, and reviewing our accounting and reporting principles and policies. Our board has determined that Mr. Carney qualifies as an audit committee financial expert under the SEC s rules and that he is independent under all applicable NYSE and SEC rules. The Audit Committee met 12 times during 2012. See Audit Committee Report below for additional information regarding the work of this committee.

Compensation and Human Resources Committee. The current members of the Compensation and Human Resources Committee are Messrs. Hopkins (Chairman), Culang, Montgomery and Moore. All current members of the Compensation and Human Resources Committee served on the committee in 2012; Mr. Montgomery was appointed to the committee on May 30, 2012. This committee oversees compensation and benefit policies and programs for Radian and its subsidiaries, including compensation of the Company s executive officers, and reviews the quality and depth of officers throughout Radian as well as our management development and succession practices and programs. The Compensation and Human Resources Committee met eight times during 2012. See Compensation of Executive Officers and Directors Compensation Discussion and Analysis for additional information regarding the work of this committee.

Credit Committee. The current members of the Credit Committee are Mr. Culang (Chairman), Mr. Carney, Ms. Nicholson, and Mr. Spiegel. All current members of the Credit Committee served on the committee in 2012; Mr. Spiegel was appointed to the committee on May 30, 2012. This committee oversees our credit and related risk management policies and procedures, including oversight of our systems for identifying and quantifying emerging matters that could pose significant risk implications for Radian. This committee reviews our credit-based risks, credit policies and overall credit management. Specifically, this committee reviews the quality of our mortgage insurance and financial guaranty portfolios, and assesses general compliance with underwriting and diversification guidelines. The Credit Committee met four times during 2012.

Governance Committee. The current members of the Governance Committee are Ms. Nicholson (Chairwoman) and Messrs. Carney, Culang and Hopkins. All current members of the Governance Committee served on the committee in 2012; Ms. Nicholson and Mr. Culang were appointed to the committee on May 30, 2012. This committee oversees the process of board governance, which includes: identifying and recommending

candidates to become members of our board of directors, including any candidates recommended by stockholders; recommending committee membership and chairperson appointments; conducting regular board and individual director assessments; and examining our governance process. The Governance Committee met nine times during 2012.

For a discussion of our board nomination process, see Consideration of Director Nominees below.

Finance and Investment Committee. The current members of the Finance and Investment Committee are Mr. Moore (Chairman), Ms. Hess and Messrs. Hopkins, Muzio and Spiegel. All current members of the Finance and Investment Committee served on the committee in 2012; Messrs. Hopkins, Muzio and Spiegel were appointed to the committee on May 30, 2012. Subject to her being elected at the annual meeting, Ms. Hess has been appointed Chairwoman of this committee, effective upon Mr. Moore s retirement upon the conclusion of the annual meeting. This committee establishes investment policy guidelines for Radian and its subsidiaries and monitors progress towards achieving our investment objectives. This committee also regularly reviews the performance of the investment portfolio and of the investment professionals overseeing the portfolio to ensure adherence to our investment policy guidelines. The Finance and Investment Committee met five times during 2012.

For a discussion of our board and its committees roles in risk oversight of the Company, see Board and Board Committee Roles in Risk Oversight below.

Board Leadership Structure

Since May 2005, we have separated the positions of Chairman of the Board and Chief Executive Officer. We believe that the separation of these positions enhances the independent oversight of the Company and the monitoring and objective evaluation of the Chief Executive Officer s performance, and ensures that the board is fully engaged with the Company s strategy and can effectively evaluate its implementation.

Mr. Wender, serving as non-executive Chairman of our board of directors, is independent of management and, as provided in our Guidelines of Corporate Governance, is responsible for the management, development and effective performance of the board and for serving in an advisory capacity to the Chief Executive Officer and to other members of management in all matters concerning the interests of the board. The non-executive Chairman of the Board sets the agenda for board meetings and presides over meetings of the board. Mr. Ibrahim, in his role as the Chief Executive Officer, is responsible for the strategic direction of the Company and the day to day leadership and performance of the Company. As described in our Guidelines of Corporate Governance, the responsibilities of the Chief Executive Officer include determining corporate strategies and policies, ensuring complete and accurate disclosures of financial, operational and management matters to the board, and informing the board so they are current with respect to Company, industry, and corporate governance matters.

Board and Board Committee Roles in Risk Oversight

Our board of directors is actively involved in the oversight of risks that could affect the Company. The full board is responsible for the general oversight of risks. In this regard, the board seeks to understand and oversee the most critical risks relating to our business, allocates responsibilities for the oversight of risks among the full board and its committees, and ensures that management has in place effective systems and processes for managing all current risks facing us, as well as those that could arise in the future. On a quarterly basis, the board meets with management to review the Company s enterprise risk management (ERM) process, which is designed to identify, assess, manage and mitigate risks. As part of this process, the board discusses the significant risks and exposures facing the Company and assesses the steps management is

taking to minimize such risks.

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The board conducts certain aspects of its risk oversight function through its committees. Each committee has full access to management, and has the ability to engage advisors as appropriate. Specifically, each committee is charged with the following risk oversight responsibilities:

The Audit Committee regularly inquires of management, the Company s Chief Audit Executive, and the Company s independent auditors regarding significant risks or exposures facing the Company and the steps taken by management to minimize such risks. In particular, the Audit Committee reviews and discusses our financial risk exposures, including the risk of fraud, and legal and compliance risks.

The Credit Committee provides oversight of our credit and related risk management policies and procedures, including the potential effect of developing risk trends in our insured portfolio. The Credit Committee regularly considers significant credit-based risks and exposures faced by the Company and assesses the steps management has taken to manage those risks, as well as our surveillance activities for identifying problem credits and emerging matters with significant risk implications.

The Compensation and Human Resources Committee monitors our executive compensation programs to ensure that they are appropriately aligned with our compensation philosophy, are achieving their intended purposes, and are not encouraging inappropriate risk-taking. See Compensation Discussion and Analysis Compensation Principles and Objectives In addition, the Compensation and Human Resources Committee annually reviews with management a risk assessment of all of the Company s compensation policies and procedures. Based on this review, the Company has concluded that its compensation policies and procedures are not reasonably likely to have a material adverse effect on the Company or to encourage inappropriate risk-taking.

The Finance and Investment Committee establishes and regularly reviews compliance with our investment guidelines and monitors risk in our investment portfolio. The Finance and Investment Committee also oversees risks related to our capital management.

The Governance Committee oversees our related person transaction policy to ensure that we do not engage in transactions that would create or otherwise give the impression of a conflict of interest that could result in harm to us. See Certain Relationships and Related Person Transactions.

The board conducts its oversight responsibility through reports provided by each committee chair regarding each committee s considerations and actions, as well as through discussions and reports from management regarding any significant and other known risks.

Director Independence

Our Guidelines of Corporate Governance provide that a substantial majority of our board of directors must consist of independent directors, as independence is determined under the NYSE s listing standards and applicable SEC rules. Our board of directors has determined that all of the members of the board, except Sanford A. Ibrahim, are independent under current NYSE listing standards and SEC rules. In evaluating the independence of each of these directors, the board concluded that no material direct or indirect relationship exists between the Company and any of these directors, other than those compensatory matters that are a direct consequence of serving on our board of directors and which are detailed below in Compensation of Executive Officers and Directors Director Compensation.

Compensation and Human Resources Committee Interlocks and Insider Participation

Messrs. Hopkins (Chairman), Culang, Montgomery and Moore served on the Compensation and Human Resources Committee during 2012; Mr. Montgomery was appointed to the committee on May 30, 2012. No member of the Compensation and Human Resources Committee during 2012: (i) has ever been an officer or employee of Radian or any of its subsidiaries, or (ii) had any relationship with Radian or its subsidiaries during 2012 that would require disclosure under Item 404 of the SEC s Regulation S-K.

During 2012, none of our executive officers served as a director or member of the compensation committee (or other board committee performing equivalent functions or, in the absence of any such committee, the entire board of directors) of any other entity, one of whose executive officers is or has been a director of Radian or a member of our Compensation and Human Resources Committee.

Certain Relationships and Related Person Transactions

No relationship or related person transaction existed in 2012 that is required to be reported under Item 404 of the SEC s Regulation S-K.

Our board of directors has adopted a written policy regarding related person transactions to document procedures pursuant to which such transactions are reviewed, approved or ratified. The policy applies to any transaction, other than certain excluded transactions (e.g., compensation arrangements with executive officers or directors that have been approved by the Compensation and Human Resources Committee), in which: (1) Radian or any of its subsidiaries was or is to be a participant; and (2) any related person had or will have a direct or indirect material interest. For purposes of this policy, a related person is any of our directors or nominees for director, any of our executive officers, any stockholder known to us to own in excess of 5% of Radian, and any immediate family member of one of our directors, nominees for director or executive officers. Under the policy, our Governance Committee is responsible for reviewing, pre-approving or ratifying any related person transaction. The Governance Committee may delegate its pre-approval (but not ratification) authority under the policy to the chairperson of the committee.

The policy provides that the Governance Committee may approve or ratify a related person transaction (including, if applicable, as modified) only upon affirmatively concluding that the transaction: (1) is on terms comparable to those that could be obtained in arm s length dealings with an unrelated third party; (2) is consistent with the applicable independence rules of the SEC and NYSE; and (3) does not create or otherwise give the impression of a conflict of interest that could result in harm to us. If the Governance Committee determines that an existing related person transaction has failed to meet this standard for ratification, the transaction must be unwound promptly unless the Governance Committee further determines that: (i) the transaction was entered into in good faith (*i.e.*, in the absence of fraud and not with the intention of circumventing the pre-approval requirements of our related person transactions policy); and (ii) the risks to us of unwinding the transaction outweigh the risks associated with not unwinding the transaction.

Information on Our Website

The Corporate Governance section of our website (www.radian.biz) includes the following, each of which is also available in print and free of charge upon request:

Board Committee Charters. Each of the standing committees of our board of directors operates under a written charter adopted by the full board. Each committee regularly considers the need for amendments or enhancements to its charter.

Guidelines of Corporate Governance. Upon the Governance Committee s recommendation, our board of directors adopted our Guidelines of Corporate Governance. Among other things, these guidelines delineate the qualifications for our directors and the relative responsibilities of our board, its committees, our non-executive Chairman, our Chief Executive Officer and our Corporate Responsibility Officer. The Governance Committee and board regularly consider the need for amendments or enhancements to our Guidelines of Corporate Governance.

Code of Conduct and Ethics. Our Code of Conduct and Ethics is binding on all of our employees and directors, and includes a code of ethics applicable to our senior executive officers. Certain provisions of the

code also apply to former employees and directors. We intend to post on our website any amendments to, or waivers of, any provision of the Code of Conduct and Ethics that applies to our Chief Executive Officer, principal financial officer or principal accounting officer or that relates to any element of the SEC s definition of a code of ethics.

Stockholder Communications. We encourage stockholders to freely communicate with management and our board. In that regard, we have established an email address that enables stockholders to convey their concerns, questions and comments to the members of our board. The address is: directors@radian.biz. In addition, interested persons may write to the non-executive Chairman, Radian Group Inc., 1601 Market Street, Philadelphia, Pennsylvania 19103-2337 or to Edward J. Hoffman, General Counsel and Corporate Secretary, at the same address. This contact information also is available on our website.

Annual Report and Proxy Statement. This Proxy Statement and our Annual Report to Stockholders are available at www.radian.biz/StockholderReports.

Any updated or amended versions of the items listed above will be posted to our website promptly after adoption. The information contained on our website is not deemed to be incorporated by reference into this proxy statement.

Consideration of Director Nominees

Director Qualifications. Our Governance Committee recommends candidates for nomination to our board of directors based on a number of factors, including the following minimum criteria: (i) the highest standards of personal character, conduct and integrity and the intention and ability to act in the best interests of our stockholders; (ii) the ability to understand and exercise sound judgment on issues related to Radian and its businesses; (iii) the ability and commitment to devote the time and effort required to serve effectively on our board, including preparation for and attendance at board and committee meetings; (iv) the ability to draw upon relevant experience and expertise in contributing to board and committee discussions; and (v) freedom from interests or affiliations that could give rise to a biased approach to directorship responsibilities and/or a conflict of interest, actual or perceived.

The board does not have a formal diversity policy. The board and the Governance Committee do consider diversity as a factor in identifying and evaluating director nominees. The Company considers diversity in a broad sense to mean differences of viewpoint, background, professional experience, and skill resulting in naturally varying perspectives, as well as diversity of race, gender, national origin and age. The board believes that diversity helps ensure comprehensive discussion of an issue from multiple perspectives before the board reaches a decision.

Identifying and Evaluating Director Nominees. In evaluating candidates for the board, the Governance Committee and the board of directors seek to foster a board that collectively possesses the qualifications discussed above and the appropriate mix of skills, experience and diversity to oversee the Company s business. The Governance Committee does not aim to find directors who represent a single category or trait, but seeks nominees that supplement and complement the breadth and depth of board expertise.

When seeking and researching candidates for a new director nominee, the Governance Committee considers all qualified candidates identified by members of the Governance Committee, by other members of the board, by senior management, by stockholders (so long as such stockholders recommendations of candidates are submitted in accordance with the procedures described below), and, if necessary, by national search firms. In all cases, the Governance Committee will facilitate several interviews of a candidate if it believes the candidate to be suitable

after an initial evaluation, and will perform a comprehensive background investigation on such candidate. The Governance Committee also may discuss a candidate at multiple meetings and have the candidate meet with members of senior management and the full board.

Stockholder Nominations and Recommendations. Our By-Laws describe the procedures for stockholders to follow in nominating candidates to our board of directors. For our 2014 annual meeting of stockholders, stockholders may nominate a candidate for election to our board of directors by sending written notice to our Corporate Secretary at our principal office, which must be received on or before February 14, 2014, but no earlier than January 15, 2014 (except that if the date of the 2014 annual meeting of stockholders is more than 30 days before or more than 60 days after the anniversary date of the 2013 annual meeting, notice by the stockholder must be received between the close of business on the 120th day before and the close of business on the 90th day before the date of the 2014 annual meeting or, if the first public announcement of the date of the 2014 annual meeting is less than 100 days before the date of the meeting, then the notice by the stockholder must be received by the 10th day after the public announcement).

The notice to our Corporate Secretary must contain or be accompanied by the information required by Section 4.13 of our By-Laws, which includes, among other things: (i) the name, age, principal occupation, and business and residence address of each person nominated; (ii) the class and number of shares of our capital stock which are directly or indirectly beneficially owned by each person nominated; (iii) the name and record address of the stockholder making the nomination and the beneficial owner, if any, on whose behalf the nomination is made; (iv) the class and number of shares of our capital stock owned by the stockholder making the nomination or the beneficial owner, if any, on whose behalf the nomination is made; and (v) a description of any direct or indirect compensation or other monetary agreements, arrangements or understandings, or any other material relationships (including any familial relationships) between the stockholder giving notice (or the beneficial owner) and the nominee or any respective affiliates, associates or others with whom they are acting, as well as certain other information. A copy of the full text of the relevant By-Law provisions, which includes the complete list of the information that must be submitted to nominate a director, may be obtained upon written request directed to our Corporate Secretary at our principal office. A copy of our By-Laws is also posted on the Corporate Governance section of our website (www.radian.biz).

In addition to a stockholder s ability to nominate candidates to serve on our board of directors as described above, stockholders also may recommend candidates to the Governance Committee for its consideration. The Governance Committee is pleased to consider recommendations from stockholders regarding director nominee candidates that are received in writing and accompanied by sufficient information to enable the Governance Committee to assess the candidate s qualifications, along with confirmation of the candidate s consent to serve as a director if elected. Such recommendations should be sent to our Corporate Secretary at our principal office. Any recommendation received from a stockholder after January 1 of any year is not assured of being considered for nomination in that year.

Evaluations of Board Performance

The Governance Committee conducts an annual assessment of each director s board performance and reviews the performance of the board as a whole and each of its committees. The board and each standing committee of the board also perform an annual self-assessment. As part of its annual assessment, the board may hire an independent governance expert to provide an unbiased perspective on the effectiveness of the board and its committees as well as director performance and board dynamics. The contributions of individual directors were considered by the Governance Committee as part of its determination of whether to recommend their nomination for re-election to our board of directors.

Audit Committee Report

The functions of the Audit Committee are outlined in its charter posted on the Corporate Governance section of our website (www.radian.biz) and include general responsibilities within the categories of oversight, audit and financial reporting, compliance and risk. The Audit Committee is directly responsible for the appointment, retention, compensation and oversight of a registered independent public accounting firm to audit our financial statements each year. The committee is also assigned other responsibilities, including, without

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limitation, to: (i) monitor the auditor s independence; (ii) monitor the professional services provided by the independent auditors, including pre-approving all audit and permissible non-audit services provided by the independent auditors in accordance with federal law and the rules and regulations of the SEC; (iii) review audit results with the independent auditors; (iv) review and discuss with management and the independent auditors our financial statements and other financial disclosures in our filings with the SEC; (v) establish procedures for receiving, retaining and treating complaints regarding our accounting and internal accounting controls or other auditing matters; and (vi) review with management, the independent auditors and our internal audit department our accounting and reporting principles, practices and policies and the adequacy of our internal control over financial reporting.

Before our Annual Report on Form 10-K for the year ended December 31, 2012 was filed with the SEC, the Audit Committee reviewed and discussed with management our audited Consolidated Financial Statements for the year ended December 31, 2012 and the notes thereto and other financial information included in the report, including the section of the report entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. The Audit Committee also discussed with PwC, our independent registered public accounting firm for 2012, the matters required to be discussed by PCAOB Auditing Standard 16 including, among other things, matters related to the conduct of the audit of our financial statements. The Audit Committee has received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding PwC s communications with the Audit Committee concerning independence, and has discussed with PwC their independence from us.

Based on its reviews and discussions described above, the Audit Committee recommended to our board of directors that our audited financial statements be included in our Annual Report on Form 10-K for the year ended December 31, 2012 for filing with the SEC.

Members of the Audit Committee

David C. Carney (Chairman)

Lisa W. Hess

Gregory V. Serio

Noel J. Spiegel

EXECUTIVE OFFICERS

The following information is provided with respect to each of our current executive officers. Our executive officers are appointed by our board of directors to serve in their respective capacities until their successors are duly appointed and qualified or until their earlier resignation or removal.

Sanford A. Ibrahim	Information about Mr. Ibrahim appears in the section of this proxy statement entitled Proposal 1 Election of Directors.
C. Robert Quint	Mr. Quint, 53, Executive Vice President and Chief Financial Officer of Radian, has served in this role since April 1999. Mr. Quint joined Radian Guaranty in August 1990 as Vice President, Administration and Controller. In January 1995, Mr. Quint was named Vice President, Finance and Controller of Radian and Radian Guaranty. He was appointed Senior Vice President, Chief Financial Officer of Radian and Radian Guaranty in January 1996.
Teresa Bryce Bazemore	Ms. Bazemore, 53, President of Radian Guaranty, was appointed President of our mortgage insurance business in July 2008. She joined Radian in October 2006 as Executive Vice President, General Counsel and Corporate Secretary and also served as Radian s Chief Risk Officer from January 2007 to July 2008. Before joining Radian, Ms. Bazemore served as General Counsel, Senior Vice President and Secretary of Nexstar Financial Corporation, a provider of mortgage outsourcing solutions to financial institutions. Prior to that, she was General Counsel for Bank of America Mortgage and held other senior legal leadership roles for PNC Mortgage Corporation and Prudential Home Mortgage Company. Since July 2011, Ms. Bazemore has been serving as President of Mortgage Insurance Companies of America (MICA), the trade association representing the private mortgage insurance industry. Ms. Bazemore also serves as a member of the Residential Board of Governors of the Mortgage Bankers Association and, in the past, Ms. Bazemore has served on the board of directors of the Mortgage Bankers Association, on the Consumer Advisory Council of the Federal Reserve and on the Fannie Mae National Advisory Council.
Richard I. Altman	Mr. Altman, 46, Executive Vice President and Chief Operating Officer of Radian Guaranty, was appointed to this role in June 2012. Mr. Altman joined Radian in July 2003 as Vice President, Operations, Finance and Planning and has held several positions while at Radian, including Executive Vice President and Chief Risk Officer and Chief Administrative Officer. Before joining Radian, Mr. Altman served as Vice President of Sales and Operations for the International Group at Pearson Education, a global publisher of educational, financial and technical materials. Prior to that, Mr. Altman held other senior operational and strategy roles at American Express and Citibank, and also served as a Change Management Consultant with Accenture, a global management consulting, technology services and outsourcing company.
Edward J. Hoffman	Mr. Hoffman, 39, Executive Vice President, General Counsel and Corporate Secretary of Radian, was appointed General Counsel and Corporate Secretary in July 2008. Since April 2011, Mr. Hoffman also has provided executive oversight for the Company s compensation and human resources function. Mr. Hoffman joined Radian in August 2005 as Vice President, Assistant General Counsel and was promoted to Senior Vice President, Assistant General Counsel in February 2008. Prior to joining Radian, Mr. Hoffman practiced in the Corporate and Securities Group of Drinker Biddle & Reath LLP in Philadelphia. Mr. Hoffman also currently serves as our Corporate Responsibility Officer.

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H. Scott Theobald	Mr. Theobald, 52, Executive Vice President, Chief Risk Officer, Radian Guaranty, was appointed Senior Vice President, Chief Risk Officer of Radian Guaranty in October 2007 and Executive Vice President in November 2008. He joined Radian in April 1997 and has served in various pricing and risk-related roles, including Vice President of Structured Transactions of Radian Guaranty, Vice President of Enterprise Risk Management of Radian and Senior Vice President of Risk Management of Radian. Before joining Radian, Mr. Theobald worked in various analytical roles at Freddie Mac. Prior to that, he was an economist at the Bureau of Labor Statistics.
Catherine M. Jackson	Ms. Jackson, 50, Senior Vice President, Controller of Radian, joined Radian in this role in January 2008. Before joining Radian, Ms. Jackson served eight years with Capmark Financial Group Inc., a financial services company, including as Chief Accounting Officer from June 2004 to August 2007. Prior to Capmark, she served eight years with Salomon Smith Barney as manager of accounting policy. She began her career in the audit practice at KPMG in Philadelphia.

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BENEFICIAL OWNERSHIP OF COMMON STOCK

Security Ownership of Management

The following table shows all shares of our common stock that were beneficially owned, as of March 15, 2013, by: (1) each of our current directors, nominees for director at the annual meeting and our executive officers named in the 2012 Summary Compensation Table below; and (2) all of our current directors and executive officers as a group. In general, a person beneficially owns shares if he or she has, or shares with others, the right to vote or dispose of them, or if he or she has the right to acquire them within 60 days of March 15, 2013 (such as by exercising options).

Name (1)	Shares Beneficially Owned (2)	Percent of Class
Herbert Wender	360,485	*
David C. Carney	131,697	*
Howard B. Culang	125,665	*
Lisa W. Hess	0	*
Stephen T. Hopkins	135,665	*
Sanford A. Ibrahim	1,076,064	*
Brian D. Montgomery	0	*
Ronald W. Moore	128,497	*
Gaetano Muzio	5,000	*
Jan Nicholson	126,855	*
Gregory V. Serio	0	*
Noel J. Spiegel	30,000	*
C. Robert Quint	214,493	*
Teresa Bryce Bazemore	256,614	*
Edward J. Hoffman	76,414	*
H. Scott Theobald	126,187	*
All current directors and executive officers as a group (18 persons)	2,923,847	1.68%

* Less than one percent of class. Percentages are calculated in accordance with Rule 13d-3 under the Securities Exchange Act of 1934.

(1) The address of each person listed is c/o Radian Group Inc., 1601 Market Street, Philadelphia, Pennsylvania 19103-2337.

(2) Each individual (including each current executive officer) has or is entitled to have within 60 days of March 15, 2013, sole voting or dispositive power with respect to the shares reported as beneficially owned, other than: (i) Mr. Hopkins, who shares voting and dispositive power with his spouse with respect to 10,000 of the shares reported as beneficially owned; (ii) Mr. Spiegel, whose spouse owns 10,000 of the shares reported as beneficially owned and as to which shares Mr. Spiegel disclaims beneficial ownership; (iii) Mr. Quint, whose spouse owns 1,600 of the shares reported as beneficially owned; and (iv) Mr. Hoffman, who shares voting and dispositive power with his spouse with respect to 12,000 of the shares reported as beneficially owned. In addition to shares owned outright, the amounts reported include:

Shares of our common stock allocable to our NEOs based on their holdings in the Radian Group Inc. Stock Fund under the Radian Group Inc. Savings Incentive Plan as of March 15, 2013.

Shares that may be acquired within 60 days of March 15, 2013 through the exercise of non-qualified stock options, as follows: Mr. Ibrahim 340,900 shares; Mr. Quint 61,200 shares; Ms. Bazemore 95,800 shares; Mr. Hoffman 35,900 shares; Mr. Theobald 65,350 shares; and all current directors and executive officers as a group 643,425 shares.

Shares that may be acquired within 60 days of March 15, 2013 upon the conversion of stock-settled restricted stock units awarded to our non-employee directors and executive officers as follows

(assuming payout at 100% of target for each NEO): Mr. Wender 125,573 shares; Mr. Carney 67,167 shares; Mr. Culang 67,167 shares; Mr. Hopkins 67,167 shares; Mr. Ibrahim 72,800 shares; Mr. Moore 67,167 shares; Ms. Nicholson 67,167 shares; Mr. Quint 18,200 shares; Ms. Bazemore 36,400 shares; Mr. Hoffman 9,100 shares; Mr. Theobald 12,800 shares; and all current directors and executive officers as a group 625,908 shares. Stock-settled restricted stock units granted to NEOs could pay out between 0% and 150% of the target amount represented. All stock-settled restricted stock units granted to a director will be converted into shares of our common stock upon the director s departure from our board. The restricted stock units vest three years from the date of grant or earlier upon a director s retirement, death or disability. Stock-settled restricted stock unit amounts reflect all shares payable upon retirement for all directors who are currently eligible to retire.

Shares that may be issued within 60 days of March 15, 2013 upon the conversion of phantom stock awards granted to our non-employee directors as follows: Mr. Wender 57,242 shares; Mr. Carney 59,330 shares; Mr. Culang 58,498 shares; Mr. Hopkins 58,498 shares; Mr. Moore 59,330 shares; Ms. Nicholson 55,188 shares; and all current directors and executive officers as a group 348,086 shares. All vested phantom stock awards granted to a director will be converted into shares of our common stock upon the director s departure from our board. The amounts set forth in the table also include dividend equivalents to be settled in shares of our common stock upon conversion of a director s phantom shares.

Shares of restricted stock held by our NEOs as follows: Mr. Ibrahim 69,762 shares; Mr. Quint 13,000 shares; Ms. Bazemore 22,500 shares; Mr. Hoffman 3,750 shares; Mr. Theobald 6,750 shares; and all current directors and executive officers as a group 123,512 shares. The individuals holding these shares possess voting power with respect to such unvested shares of restricted stock.

500,000 shares owned by a trust for the benefit of Mr. Ibrahim s son as to which Mr. Ibrahim retains voting and investment control.

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Security Ownership of Certain Stockholders

The following table provides information concerning beneficial ownership of our common stock by the only persons shown by our records or the SEC s public records as beneficially owning more than 5% of our common stock. As described in Questions and Answers about Section 382 and our NOLs Generally Question and Answer 6, beneficial ownership for purposes of the federal securities laws is measured differently than for purposes of our Charter Amendment, Bylaw Amendment and the Preservation Plan. For purposes of determining the existence and identity of, and the amount of common stock owned by, any stockholder, we rely on the existence or absence of filings with the SEC of Schedules 13D, 13F and 13G (or any similar filings) as of any date, subject to our actual knowledge of the ownership of our common stock.

Name and Business Address	Shares Beneficially Owned	Percent of Class*
FMR LLC (1) 82 Devonshire Street Boston, MA 02109	13,351,166	9.99%
Rima Senvest Management, LLC (2) 110 East 55th Street, Suite 1600 New York, NY 10022	9,735,213	7.28%
Dimensional Fund Advisors LP (3) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	8,857,856	6.63%
The Vanguard Group (4) 100 Vanguard Blvd. Malvern, PA 19355	7,207,489	5.39%

* Based on 133,647,216 shares of common stock outstanding at December 31, 2012.

(1) Based on a Schedule 13G/A filed with the SEC on February 14, 2013. These securities are beneficially owned by various investment management subsidiaries and affiliates of FMR LLC. FMR LLC reports that it has sole dispositive power with respect to13,351,166 shares. Members of the family of Edward C. Johnson 3d, Chairman of FMR LLC, may be deemed to control FMR LLC.

(2) Based on a Schedule 13G/A filed with the SEC on February 14, 2013 by Rima Senvest Management, LLC and Richard Mashaal who share voting and dispositive power for these shares.

(3) Based on a Schedule 13G/A filed with the SEC on February 11, 2013. Dimensional Fund Advisors LP reports that it has sole voting power for 8,736,953 shares and sole dispositive owner with respect to 8,857,856 shares. These shares are beneficially owned by funds for which Dimensional Fund Advisors LP or its subsidiaries act as an investment advisor, sub-advisor and/or manager.

(4) Based on a Schedule 13G filed with the SEC on February 13, 2013, The Vanguard Group reports that it has sole dispositive power with respect to 7,026,289 shares, sole voting power with respect to 128,900 shares and shared dispositive power with respect to 181,200 shares. These shares are beneficially owned by funds and accounts managed by The Vanguard Group, Inc. and its subsidiaries.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and to furnish copies of these reports to us. Based on our review of the copies of the reports we have received, and written representations received from our executive officers and directors with respect to the filing of reports on Forms 3, 4 and 5, we believe that all filings required to be made during 2012 were made on a timely basis except as follows: On November 15, 2012, Mr. Muzio amended his Form 3 filing, which was timely filed on June 1, 2012, to report certain shares of common stock that were held by him prior to joining our board of directors on May 30, 2012 and which were inadvertently omitted from the original Form 3.

COMPENSATION OF EXECUTIVE OFFICERS

AND DIRECTORS

Compensation Discussion and Analysis

I. Executive Summary and Compensation Philosophy

The following is a review of our senior executive compensation programs and policies, including the material decisions affecting 2012 compensation under these programs with respect to the following executive officers, whom we refer to as our named executive officers or NEOs :

Sanford A. Ibrahim, Chief Executive Officer (our principal executive officer)

C. Robert Quint, Chief Financial Officer (our principal financial officer)

Teresa Bryce Bazemore, President, Radian Guaranty

Edward J. Hoffman, Executive Vice President, General Counsel and Corporate Secretary

H. Scott Theobald, Executive Vice President, Chief Risk Officer, Radian Guaranty

Overview of 2012 Performance and Compensation

2012 represented an important transition year for the Company, both in terms of operating performance and with respect to our executive compensation program. In 2012, our TSR was 161.5%, outperforming all of the companies included on the NASDAQ Financial 100 Index and MGIC Investment Corporation, which collectively constitute the peer group against which we measure performance for purposes of our 2011 and 2012 LTI awards. At the same time, our CEO total compensation decreased 42% from 2011, in part because of a public commitment that we made in 2012 to reduce the grant date fair value of the 2012 LTI awards for each of our NEOs by at least 20% from the level of the 2011 LTI awards.

2012 Performance. We insure mortgages and structured and public finance credits. Consequently, since the beginning of the financial crisis and economic downturn in 2007, our performance has been negatively impacted by the slow macroeconomic recovery, including weakness in the housing market and high unemployment. During this period, we focused on two principal objectives surviving the turbulent loss environment and repositioning the Company to capitalize on an eventual recovery in the mortgage insurance sector. Both of these objectives were embedded into our core executive compensation programs, as discussed below.

Heading into 2012, we had positioned the Company to take advantage of improving market trends, including by restructuring our sales force to diversify our customer base, strengthening our statutory capital and liquidity positions, and improving our risk management function to produce strong credit results and projected high levels of profitable returns on new insurance written. Consequently, as the operating environment for our businesses improved in 2012, including a broad-based improvement in the housing market and a reduction in unemployment, we were ready to capitalize on these trends. By the end of 2012, the Company was the market leader in the private mortgage insurance sector, ending the year with an industry leading market share for the fourth quarter of 2012 of 28.5%, after having written $37.1 billion in new insurance in 2012, approximately 94% above our projected level of new business for the year. At the same time, our incurred losses were reduced, with a 22% decline in new primary mortgage insurance defaults in 2012 compared to 2011 and further stabilization of credit performance in our financial guaranty portfolio. These positive trends translated into improved returns for our stockholders in 2012, which have continued during 2013.

2012 Compensation. Similar to the recent improvement in our performance, 2012 has been a year of transition and improvement in our executive compensation program. Since 2010, as the operating environment has become increasingly more certain and predictable for the Company, our overall compensation approach has become less qualitative, less dependent on Committee discretion, and more formula based, with a heavier focus on more traditional measures of performance such as TSR. In 2012, we completed the transformation of our

compensation program, instituting challenging LTI targets and price hurdles and reducing the overall LTI awards for our NEOs. In particular, we believe it is important to note the following with respect to our 2012 executive compensation program:

- ***42% Decrease in 2012 Total CEO Compensation.***

Total CEO compensation decreased in 2012 compared to 2011, primarily related to a 40% decrease in the grant date fair value of the LTI awards granted to our CEO in 2012 and a reduction in the payout percentage under our previously granted Non-Equity LTI Awards as discussed below.

- ***2012 LTI Awards Consist Entirely of Performance-Based Equity Awards with Challenging Targets and Hurdles.***

In 2012, the Company publicly committed to a number of changes to its LTI program for its NEOs. These changes, which were designed to further align the interests of our NEOs with those of our stockholders and to enhance long-term stockholder value, included the following:

- The grant date fair value of the 2012 LTI awards for each of our NEOs was reduced by at least 20% from the level of the 2011 LTI awards, including a 40% reduction in the grant date fair value of the LTI awards granted to our CEO in 2012.

- The 2012 Performance-Based RSUs incorporate measures of absolute performance in addition to performance relative to the Company s peers. The 2012 Performance-Based RSUs require the Company to achieve at least a 150% TSR over a three-year performance period for an NEO to be eligible to receive an award at 100% of target. Also, if the Company s TSR is negative, no payment will be made under these awards, regardless of how the Company has performed relative to its peer group. Similar to the 2011 awards, the 2012 awards will continue to be based on the Company s TSR performance as compared to its peer group, but with the addition of these absolute performance requirements.

- The 2012 Performance-Based Stock Options only will vest if the closing price of the Company s common stock exceeds 200% of the option exercise price for ten consecutive trading days ending on or after the third anniversary of the grant date.

- ***Improved Financial Strength and Business Outperformance Results in STI Awards Funded at or above Target for First Time in Last Six Years.***

We believe 2012 was a strong performance year for the Company, characterized by an improvement in our operating results, significant new business growth, and enhanced financial strength, which collectively translated into a 161.5% TSR during the year. Commensurate with these positive trends, the Committee awarded to our NEOs 2012 short-term incentive (STI) awards of between 114% and 125% of target. This represents the first time in the last six years that STI awards for our NEOs have been paid at or above target. During the six years prior to 2012, our NEOs have received, on average, STI awards of 46.3% of target, with our CEO receiving no STI award in three of these years.

- ***Strong Credit Performance of 2011 Mortgage Insurance Portfolio Results in Above Target MTI Awards.***

In 2009, we replaced our short-term bonus plan with a program consisting of short-term and medium-term cash incentive awards. This plan, the Radian Group Inc. Short-Term and Medium-Term Incentive Plan for Executive Employees (the STI/MTI Plan), enhanced our pay-for-performance and risk-based approach to compensation by reducing cash awards for short-term (one-year) performance periods and introducing a medium-term (two-year) performance period during which our executive

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officers continue to have pay at risk associated with: (i) the performance of insurance written during the initial, short-term performance period; and (ii) the on-going integrity of our financial results. The 2011 MTI award was based on the credit performance of our 2011 mortgage insurance portfolio through the end of 2012. Due to the strong credit performance of this portfolio through 2012 and the expected profitability of this portfolio, the Committee paid to each of our NEOs the 2011 MTI award at 135% of target.

Ø ***Fixed Compensation Continues to Represent a Limited Portion of our NEOs Total Compensation.***

Base salary represented only 16% of Mr. Ibrahim s 2012 total target compensation and, on average, only 26% of the total target compensation for our NEOs. A significant portion of the remaining target compensation is tied to Company and individual performance.

Ø ***Perquisite Program Eliminated.***

We eliminated our perquisite program for executive officers, effective January 1, 2012. See Other Compensation Perquisites below.

Understanding our Compensation Program and Performance

As both a mortgage insurer and financial guarantor, the Company s circumstances are unique within the broader financial services industry and the specific industries in which we participate. In particular, more than most companies, our businesses were severely and negatively affected by the financial crisis and economic downturn that began in 2007. Given these circumstances, our story can be complex, both with respect to evaluating our performance and with respect to assessing our compensation program. In an effort to help you better understand our compensation program and our past and current performance, we offer the following questions and answers for your consideration.

v ***Why is Radian s one-year TSR significantly better than its three-year TSR?***

As discussed above, the Company s circumstances are unique within the financial services industry. Following the financial crisis and economic downturn that began in 2007, many financial services companies benefited reasonably quickly from a rebound in the economy, and (unlike us) received financial support from the federal government through the U.S. Treasury s TARP program. We, however, have been particularly exposed to the protracted weakness in the housing market, including the impact of the job market and unemployment rates, which has recovered much slower than the overall economy. Therefore, as this sector continued to languish, our performance also continued to be affected negatively, and this has further delayed our return to profitability compared to many financial services companies and resulted in a comparatively worse TSR over the past three years. As discussed above, however, during this period, we focused on repositioning the Company to take advantage of an eventual improvement in market trends, including by restructuring our sales force, strengthening our statutory capital and liquidity positions, and improving our risk management function. Consequently, in 2012, as the operating environment for our business improved, including a broad-based improvement in the housing market and a reduction in unemployment, we were ready to capitalize on these trends. In 2012, we experienced improvement in our results of operations, with a material decline in new mortgage insurance defaults and further stabilization of credit performance in our financial guaranty portfolio, and we further enhanced our position as a market leader in the private mortgage insurance industry. This has translated into significant improvement in our TSR during the one-year period, which has continued in 2013.

- ***Why does Radian continue to pay STI awards in light of the Company s net operating losses?***

Our STI program is intended to encourage and recognize achievement of the Company s annual business plan. Accordingly, STI awards focus on more than earnings performance and include: (i) core business metrics such as the expected profitability of new business, market share, and capital management; (ii) our success in executing upon strategic initiatives; and (iii) how we perform relative to our mortgage insurance peers. We believe our financial performance depends on our success in these areas, and so we continue to pay our NEOs commensurate with their performance against our annual plans. Of course, our operating performance also continues to influence the amounts, if any, of STI awards that are paid to our NEOs, and in 2012, overall STI awards were negatively affected by our failure to achieve our projected operating results for the year.

- ***The total compensation of Radian s CEO decreased significantly in 2012 after having increased in 2011. What are the primary reasons for this?***

The changes in our CEO s total compensation have been driven primarily by two factors (1) the structure of our LTI awards and the applicable SEC reporting requirements relative to these awards and (as discussed above) and (2) our public commitment in 2012 to reduce the grant date fair value of LTI awards for our NEOs. With respect to the form of our LTI awards, in response to economic and business conditions during the economic downturn, the Committee granted cash-based awards to our NEOs beginning in 2008 that were designed to reward management based on their performance against a business plan focused on the survival and repositioning of the Company for future long-term success (Non-Equity LTI Awards). The Committee granted these cash-based awards rather than equity due to the limited amount of equity available for issuance under our equity plan at that time. In addition, the Non-Equity LTI Awards also allowed the Committee greater flexibility for assessing NEO performance during a period in which reliable projections were extremely difficult to develop and also to provide significant upside to NEOs for a high-level of performance. In 2011, the first and largest (measured by target and maximum payout) of these Non-Equity LTI Awards was paid to our NEOs and reported as part of our NEOs total compensation in 2011. 2011 also happened to be the first year since the financial crisis in which the Committee granted LTI awards to our NEOs that consisted entirely of equity-based awards. In accordance with applicable SEC rules, equity-based awards are reported at their total grant date fair value when granted (as compared to the Non-Equity LTI Awards, which are not reported until paid). As a result, beginning in 2011, our NEOs total reported compensation has been significantly impacted by the combination of the cycle-end payouts under the Non-Equity LTI Awards granted in prior years and the Committee s granting of equity-based LTI awards to motivate future performance. The following table illustrates the compounding effect this had on our CEO s total reported compensation in 2011 and 2012.

(1) The larger payout under our Non-Equity LTI Awards in 2011 compared to 2012 is due to the following factors: (i) the vesting period of the awards the award that paid out in 2011 vested 100% over a three-year vesting performance period that ended in 2011, while the award that paid out in 2012 is part of an award that vests over three and four year periods, with 50% vesting in 2012 and the remaining 50% vesting in 2013; and (ii) the actual payout under the awards, with the Committee assessing a payout of 167.5% of target for the award that paid out in 2011, compared to 75% of target for the award that paid out in 2012.

To further illustrate the impact of the form and timing of our LTI awards on total reported compensation, the following table illustrates what our CEO s total reported compensation would have been had his LTI awards been granted entirely in the form of equity-based awards during the three-year period of 2008 through 2010. As discussed above, the Committee initially chose to grant the Non-Equity LTI Awards because of a lack of available shares under our 2008 Equity Plan at that time. More important, however, the Non-Equity LTI Awards provided the Committee with greater flexibility to customize a performance plan for our CEO and our other NEOs with a focus on the significant challenges confronting the Company during this period.

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v ***Has Radian maintained a strong connection between pay and performance?***

In light of the discussion above, we believe that we have maintained a strong connection between pay and performance. However, we also recognize that based on our three-year TSR, this may not be immediately apparent. We believe that a deeper consideration of our unique circumstances, the critical performance achieved by our CEO and other NEOs and our overall performance relative to other similarly situated companies, reflects a strong connection between pay and performance. Our NEOs have successfully led the Company through a period of crisis by executing a business plan aimed at positioning the Company to deliver long-term stockholder value. We believe the Company is better positioned today due to these achievements, which is reflected in the Company s one-year TSR. This is particularly true when considering that a number of the Company s former competitors failed to survive the financial downturn.

v ***Who are Radian s most comparable peers for purposes of measuring corporate performance?***

We believe there are very few direct comparable peers against which to measure our corporate performance. As discussed above, given our lines of business and particular exposure to the performance of the housing market, we are unique within the financial services industry. In addition, direct comparisons also are difficult within our own specific sectors given that: (i) we are the only participant in these sectors with significant operations in both mortgage insurance and financial guaranty; and (ii) many participants in these industries are subsidiaries of larger, more diversified companies. In evaluating our performance, however, we believe that Mortgage Guaranty Insurance

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Corporation (MGIC) serves as the most relevant comparator for purposes of evaluating our performance. MGIC is a publicly traded mortgage insurance company with a sizable portfolio of insured business. As you can see from the following table, our performance (measured by TSR) over the past five years (through December 31, 2012) has exceeded that of MGIC.

II. Compensation Principles and Objectives

We have designed our executive compensation program under the direction of the Committee to attract, motivate and retain high quality executive officers and to align our pay-for-performance philosophy with sound risk management practices and our overall strategic objectives. This pay-for-performance philosophy is intended to connect our executive officers interests with those of our stockholders, while not encouraging inappropriate actions, including unnecessary or excessive risk taking. We have developed the following set of principles and objectives for executive compensation. We use these to make decisions about how to compensate executive officers appropriately for their contributions toward achieving our strategic, operational and financial objectives.

Radian s executive compensation program should:

- Support the execution of Radian s business strategy and performance;
- Maintain an appropriate balance between incentive compensation and total compensation;
- Focus executives on long-term performance that aligns with stockholders interests;
- Manage risk with appropriate protection/controls;
- Maintain pay practices that are externally competitive and reasonable; and
- Remain flexible to respond to current market developments.

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III. Compensation Process and Oversight

A. Committee Process and Role

The Committee provides direction and oversight for our compensation and human resources programs, processes and functions. The Committee is supported by our General Counsel and Head of Human Resources, who serve as liaisons between management and the Committee. The Committee has the sole authority to engage and terminate consulting firms and legal counsel as the Committee deems appropriate to advise the Committee with respect to executive compensation and human resources matters, including the sole authority to approve the compensation and other terms related to their engagement. The Committee currently retains Pay Governance as its sole independent compensation consultant. As described below, at the Committee s direction, Pay Governance annually prepares a summary and analysis of competitive market data for each NEO position. Other than providing services relating to non-employee director and executive officer compensation, Pay Governance currently performs no other work for the Company. The Committee chairman pre-approves all work performed by the independent compensation consultant for the Company, and the Committee annually reviews the performance of Pay Governance. The Committee has also assessed the independence of Pay Governance and concluded that its work for the Committee does not raise any conflict of interest. The Committee also engages, from time to time, external legal counsel to provide legal advice in connection with executive compensation matters. For a complete discussion of the responsibilities delegated by our board of directors to the Committee, please see the Committee charter, which is available on our website at www.radian.biz.

B. Consideration of Stockholder Input Regarding our Executive Compensation Program

At our Annual Meeting of Stockholders on May 30, 2012, approximately 82% of the votes cast were in support of the overall compensation of our NEOs. We appreciate the support we received from our stockholders at last year s meeting. As part of our commitment to engaging with our stockholders and in order to better understand the reasons for the negative say-on-pay votes, management initiated an outreach program to contact those stockholders that we were able to identify as having voted against the say-on-pay proposal. In addition, as part of our solicitation efforts in connection with our 2012 Annual Meeting of Stockholders, management and our Non-Executive Chairman met with stockholders to discuss our executive compensation program.

Through this process, we were able to meet with certain of our stockholders, during which we learned about their voting considerations, influences and processes, as well as their perspectives and priorities with respect to executive compensation programs. Management and our Non-Executive Chairman shared this information with the Committee. Management and the Committee considered the outcome of the most recent say-on-pay vote and the information we learned from our solicitation and outreach efforts, and in response to this feedback, we:
(1) designed our 2012 LTI awards, which were issued after our 2012 annual meeting, to: (i) incorporate measures of absolute performance in addition to performance relative to the Company s peers; and (ii) increase the performance hurdles for our performance based option awards; and (2) have designed this Compensation Discussion and Analysis to explain more fully the Committee s implementation of its pay-for-performance philosophy in the current economic and operating environment.

C. Setting Compensation

In setting compensation for our NEOs, we utilize a number of different compensation tools, including external benchmarking, internal equity and wealth accumulation analyses. These collectively represent our primary compensation tools, which we use to establish an appropriate compensation level for each of our NEOs. In addition, in evaluating an NEO s compensation, the Committee typically will assess the NEO s overall performance, as well as current and potential future responsibilities within the Company. For the compensation of our NEOs other than our Chief Executive Officer, the main participants in our compensation process are the Committee, its independent compensation consultant and

three members of management our Chief Executive Officer, General Counsel (except with respect to his own compensation) and Head of Human Resources.

On an annual basis, the independent compensation consultant prepares a summary and analysis of competitive market compensation data for each NEO position. Based on this information, as well as other data from the primary compensation tools and the performance considerations discussed above, the Head of Human Resources prepares initial compensation proposals for each NEO, other than the CEO, and reviews these recommendations with the CEO. With the approval and adjustments of the CEO, the compensation proposals are then submitted to the Committee for consideration. The Committee may approve the proposals, make adjustments to the proposals based on its own view of the primary compensation tools or other factors, or may seek additional information from the Head of Human Resources or the independent compensation consultant before making a final determination with respect to compensation. The Committee possesses ultimate authority over compensation decisions for our NEOs other than our CEO.

We believe that management s participation in the compensation process is critical to create an equitably tailored program that is both effective in motivating our executive officers and in ensuring that the process appropriately reflects our pay-for-performance culture, current strategies and risk management. Our executive officers collectively develop an annual set of shared performance goals and associated metrics, which are predominantly based on the Company s annual operating plan that is approved by our board of directors. In addition, each executive officer develops a set of individual performance goals and presents them to the CEO, who adjusts and approves such goals and presents them to the Committee. These shared and individual performance goals and metrics serve as the primary basis for determining an executive officer s STI award. The process for assessing performance against these objectives is discussed in greater detail below.

With respect to the CEO, the Committee has the sole responsibility to develop an annual compensation proposal, utilizing the primary compensation tools and data developed by the independent compensation consultant, and to recommend to our independent directors an appropriate compensation level for the CEO. The independent directors may approve the proposal, make adjustments based on their own view of the primary compensation tools or other factors, or seek additional information from the Committee, our independent compensation consultant or legal counsel before making a final determination with respect to compensation for the CEO.

Benchmarking Compensation

We consider external benchmarking an important analytical tool for helping us establish a market competitive point of reference for evaluating executive compensation. However, benchmarking is not the sole factor used in setting compensation, and the Committee regularly assesses how and the extent to which benchmarking is used.

The primary components of our 2012 compensation program (*i.e.*, base salary and short-term, medium-term and long-term incentives), as well as the 2012 total target cash and direct compensation for each NEO, were benchmarked (to the extent information was available) against similarly situated executive positions in one or all of the following three reference points (collectively referred to as the benchmark references), as appropriate:

(1) Data from a primary compensation peer group approved by the Committee and consisting of the following companies: Assured Guaranty Ltd., Genworth Financial, Inc., MBIA Inc., MGIC, Old Republic International Corporation, PMI, Fidelity National Financial, Inc., First American Corporation, Ocwen Financial Corporation, PHH Corporation, and Stewart Information Services Corporation;

(2) Financial services data from 199 organizations that participate in Towers Watson s Financial Services Executive Compensation Database; and

(3) General industry data from 1,068 organizations across a range of industries that participate in Towers Watson s General Industry Executive Compensation Database.

Primary Compensation Peer Group. Management prepares and the Committee reviews and approves the primary compensation peer group annually to develop a compensation peer group that is relevant for evaluating

current compensation. We believe the roles and responsibilities of our NEOs are sufficiently similar to the executive positions within the primary compensation peer group, such that the companies in this peer group represent a relevant benchmark for evaluating executive compensation. As discussed above, however, in light of our unique circumstances, we do not believe the companies included within our primary compensation peer group (other than MGIC in 2012), represent appropriate peers for measuring enterprise-wide performance.

For purposes of assessing compensation, we compare ourselves with our primary compensation peers based on measures such as revenue, market capitalization and assets. For 2012 benchmarking, Radian was close to the median of the primary compensation peer group in terms of total assets, but below the 25th percentile in revenue and market capitalization. The companies that comprise our primary compensation peer group vary in terms of size and relative complexity, and because we compete for talent in markets other than those in which we compete for business, we also use, as necessary, the broader financial services and general industry reference points, as discussed below.

Financial Services and General Industry Reference Points. The financial services data and the general industry data are compiled annually by Towers Watson. For these two reference points, we use pre-established subsets of companies contained in the databases of Towers Watson, an independent third party, so that we compare companies of reasonably similar size to us. The subsets are based on standard revenue ranges that are provided in published compensation surveys and we do not select or have any influence over the companies that participate in these surveys. The subset of companies we use consists of a broad array of companies in the financial services industry, including property/casualty insurance, life/health insurance, and investment, brokerage, retail and commercial bank organizations. The financial services data focuses on companies with assets of less than $20 billion, while the general industry data is composed of companies with revenues of less than $3 billion. We do not participate in the selection of the companies for inclusion in these reference points and are not made aware of the companies that constitute these reference points.

We benchmark each executive officer position annually and, if necessary, when a search for a new executive officer position is undertaken. In each case, it has been our practice to collaborate with our independent compensation consultant in this process in order to apply a consistent and disciplined approach in our benchmarking methodology and philosophy. In benchmarking an executive officer s total target *cash* compensation, we consider base salary plus cash-based short-term and medium-term incentives. Total target *direct* compensation consists of target cash compensation, plus the annualized accounting value of long-term incentives.

Our goal in benchmarking is to identify a competitive compensation range for each executive officer position. From a quantitative perspective, we generally consider an executive officer s compensation to be market competitive if it is within a 15% range of the median of the applicable benchmark references. However, because executive officer roles and responsibilities often vary within the industries in which we participate or in the broader financial services segment, our benchmarking process is tailored for each executive officer position, with an emphasis on benchmark data for comparable positions and, in particular, comparable positions in our primary compensation peer group. For each executive officer, we may use one or more of the three benchmark references or, in some cases, a subset of the primary compensation peer group of companies, depending on the Committee s judgment concerning the comparability of executive officer roles in these benchmark references. As a result, our assessment of market competitiveness, in addition to the quantifiable benchmark data, may take into consideration other factors such as the scale and scope of the companies and specific roles against which our executive officer positions are being compared and the potential market demand for such positions. For each of

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our NEOs, the results of the benchmarking conducted by the independent compensation consultant for 2012 compensation was as follows:

Executive Officer	Primary Compensation Peer Group	Financial Services Reference Point	General Industry Reference Point
Mr. Ibrahim (1)	Between the 50th and 75th Percentiles	Above the 75th Percentile	Above the 75th Percentile
Mr. Quint (2)	Aligned with Median	Between the 50th and 75th Percentiles	Between the 50th and 75th Percentiles
Ms. Bazemore (3)	Aligned with Median	Not compared to this peer group	Not compared to this peer group
Mr. Hoffman (4)	Below Median	Below Median	Below Median
Mr. Theobald (5)	Below Median	Between the 50th and 75th Percentiles	Not compared to this peer group

(1) For Mr. Ibrahim, the benchmarking process focused primarily on data for companies in our primary compensation peer group, supplemented with the broader financial services data and general industry data. Mr. Ibrahim s target LTI award generally represented a larger portion of his total compensation compared to CEOs in all three benchmark references. His comparatively larger target LTI award is the primary reason that his total compensation was above the 75th percentile of the financial services and general industry reference points.

(2) For Mr. Quint, the benchmarking process focused primarily on median data for companies in our primary compensation peer group, supplemented with the broader financial services data and general industry data. When compared to CFOs in all three benchmark references, Mr. Quint s target STI and LTI awards generally exceeded the targets of those executives in all three benchmark references, offsetting his comparatively lower base salary.

(3) For Ms. Bazemore, the benchmarking process focused on median data for companies in our primary compensation peer group. Ms. Bazemore s target LTI award generally represented a larger portion of her total compensation compared to comparable executives in this benchmark group.

(4) For Mr. Hoffman, the benchmarking process focused on data for all three benchmark references, with a primary focus on companies in our primary compensation peer group.

(5) For Mr. Theobald, the benchmarking process focused on comparable positions in our primary compensation peer group using functional peers as well as broader financial services data.

Internal Equity

In addition to benchmarking, the Chief Executive Officer and the Committee also consider internal equity among our executive officer group and other members of senior management in setting the primary components of compensation. While external benchmarking is critical in assessing the overall competitiveness of our compensation program, we believe that our compensation program also must be internally consistent and equitable to reflect an executive s responsibilities and contributions to value creation and to ensure teamwork and coordination across the organization.

Our review of internal equity involves comparing the compensation of positions within a given level of the organization and/or comparing the differences in compensation among various organization levels. For 2012 compensation, the Committee compared the compensation for each NEO against their peers in the executive

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officer group. Although we monitor the difference in pay between our Chief Executive Officer and our other executive officers, given the uniqueness of the CEO position, we do not perform a formal internal equity analysis of our CEO relative to other executive officer positions other than the President of Radian Guaranty.

Wealth Accumulation

The Committee annually reviews total reward tally sheets for each of our executive officers and considers the current value and potential future value of existing equity awards along with potential future payouts under our Non-Equity LTI Awards as factors when setting each NEO s target LTI award.

IV. Primary Components of Compensation

Our executive compensation program provides a balanced mix of pay through the following primary direct compensation components: base salary; and short-term, medium-term, and long-term incentives. The incentive-based portions of our program are tied to: (i) the results of our corporate performance; (ii) achievement of strategic and individual performance goals; and (iii) our long-term business and financial performance. Short-term incentives have been designed to recognize the achievement of annual objectives, while the medium-term and long-term incentives have been designed to ensure that decisions made in achieving short-term objectives continue to have an appropriate impact on the Company in supporting our longer-term goals. In addition, awards of long-term incentives are used to recognize longer-term performance results designed to drive growth in stockholder value.

Compensation for our NEOs is heavily weighted towards performance-based, variable compensation. The following table highlights, for each of our NEOs, the percentage of 2012 total target compensation attributable to each component:

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A. Base Salary

Base salaries are paid to executive officers to provide them with a competitive level of compensation for the day-to-day performance of their job responsibilities. Base salaries for our NEOs are based on competitive market compensation data for comparable executive positions within the benchmark groups and internal equity. The following table shows the base salaries for each of our NEOs at year-end 2011 and 2012, as well as the most recent change in base salary for each executive:

2012 Base Salary

Named Executive	Year-end 2012 Salary	Year-end 2011 Salary	Most Recent Change in Base Salary (1)
Mr. Ibrahim	$ 900,000	$ 900,000	2011 (2)
Mr. Quint	$ 370,000	$ 370,000	2013 (3)
Ms. Bazemore	$ 500,000	$ 500,000	2011 (4)
Mr. Hoffman	$ 330,000	$ 300,000	2013 (5)
Mr. Theobald	$ 310,000	$ 280,000	2013 (6)

(1) The base salaries for Messrs. Ibrahim, Quint and Ms. Bazemore were determined to be market competitive and were not adjusted for 2012.

(2) Under his most recent employment agreement, Mr. Ibrahim s base salary was increased to $900,000, effective April 2011. Prior to this change, Mr. Ibrahim s last increase in base salary was in 2007.

(3) Effective January 2013, Mr. Quint s base salary was increased from $370,000 to $400,000 to improve the market competitiveness of his salary. Prior to this change, Mr. Quint s salary was last increased in 2006.

(4) Effective March 2011, Ms. Bazemore s salary was increased to $500,000 to improve the market competitiveness of her total target cash compensation. Prior to this change, Ms. Bazemore s salary was last increased in July 2008 in connection with her promotion to President of Radian Guaranty.

(5) To improve the market competitiveness of his total target cash compensation, Mr. Hoffman s salary was increased from $300,000 to $330,000, effective January 2012, and from $330,000 to $350,000, effective January 2013.

(6) Effective January 2012, Mr. Theobald s base salary was increased from $280,000 to $310,000 to reflect his additional responsibilities as head of the Company s loss mitigation function. Effective January 2013, Mr. Theobald s base salary was further increased from $310,000 to $325,000 to improve the market competitiveness of his total target cash compensation.

B. Short-Term and Medium-Term Incentive Program

The following discussion contains statements regarding the Company and individual performance objectives for 2012 as well as our 2012 actual performance. These objectives and results are disclosed in the limited context of our compensation programs. We specifically caution investors not to apply these statements to other contexts.

In 2009, we replaced our previous short-term cash incentive program with the STI/MTI Plan. As discussed above, the STI/MTI Plan enhances the Company s risk- and performance- based approach to compensation. The STI/MTI Plan provides the Company s senior officers with the opportunity to earn cash incentive awards during a two-year performance period, with the STI period covering the first full calendar year in which the award is granted and the MTI period covering the full two-year performance period (from January 1 of the year of grant through December 31 of the second performance year). By adding the MTI performance period and award, the STI/MTI Plan also serves to protect against unnecessary or excessive risk-taking because the medium-term

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payout is dependent upon the credit performance of new insurance written over the entire two-year period, and thus, does not simply reward insurance origination without regard for its sustained credit performance.

Short-Term Incentive Award Process

The amount of STI awarded to an NEO is based on the NEO s achievement of specified performance goals for the applicable year. Corporate and business unit/departmental objectives are established each year in the context of our annual business planning process and are approved by our board of directors. Individual performance goals are established by each NEO and adjusted and approved by our CEO and the Committee as discussed in Compensation Process and Oversight above.

At the end of each performance year, each NEO provides his or her performance self-assessment to our CEO (and the CEO provides a similar self-assessment to the Committee), including his or her level of attainment of the specified performance goals. Our CEO reviews the performance of each NEO against his or her respective performance objectives and makes specific recommendations to the Committee regarding the amount of STI, if any, to be awarded.

The Committee (the independent directors in the case of the CEO) retains ultimate authority with respect to amounts awarded to the NEOs under the STI/MTI Plan. Although actual performance measured against the performance goals is the primary consideration for the STI awards, the Committee or independent directors may, depending on the circumstances, exercise discretion in determining the amount to be awarded to each NEO. Multiple factors in the complex business environment in which we currently operate may significantly impact the achievement of our performance objectives. As a result, the Committee retains discretion over the STI awards in order to ensure that appropriate weightings are assigned to performance achievements (or disappointments) to reflect the impact of management s performance on the achievement of the Company s objectives. Maximum achievement can result in an STI award of up to 200% of the target amount, while performance below expectations can result in a below-target award or no award. For each NEO, the Committee may weigh the various performance goals differently in light of the NEO s role, giving appropriate significance to the potential impact that each NEO may have on our performance.

Once the amount of STI is determined for each executive officer, only 50% of this amount is actually paid to each executive officer as an STI bonus. For 2012, these amounts are set forth in the Bonus column of our 2012 Summary Compensation Table. The remaining 50% of each executive s STI award then becomes that executive officer s target MTI award for the MTI period. At the end of the MTI performance period, the Committee determines what percentage, if any, of the target MTI awards will be paid to the NEOs based on the Company s achievement of certain pre-established business and financial performance metrics and goals (discussed below for the 2011 MTI award). Other than for determining the MTI target amount (which is derived based on each individual s STI performance), individual officer performance is not evaluated for purposes of determining or paying the MTI awards and all NEOs receive the same percentage payout relative to target. Under the STI/MTI Plan, in prior years, maximum achievement could have resulted in an MTI award of up to 150% of the target amount. However, for the 2012 and 2013 MTI awards, the Committee set a maximum payout of 125% of target. In addition, the Committee also may limit or decide not to pay the MTI award in the event there is a

material restatement of our earnings. The following diagram illustrates the award process under our STI/MTI Plan for the 2012 STI/MTI awards:

Short-Term and Medium-Term Incentive

Performance Period and Payout Timeline

Consistent with our reporting in prior years, we report amounts awarded under our STI/MTI Plan in the Summary Compensation Table for the year in which they are earned. We report the STI portion of these awards as a Bonus given the nature of the performance objectives and the high-degree of discretion exercised by the Committee in assessing whether objectives were achieved, including the Committee s ability to exercise positive or negative discretion for each individual executive. We have determined that MTI awards constitute non-equity incentive plan compensation based on the following: (1) the awards are based on only two correlated metrics the credit default rate and projected profitability for a particular insurance year and although we do not establish a specific target for use in assessing our absolute performance, the current and historical credit default rates for our mortgage insurance portfolios and our competitors are well known and tracked both internally and externally, and therefore, it can be easily determined whether the credit default rate for a particular insured portfolio is above or below historical averages and expectations, and therefore, the likelihood that a specific vintage portfolio will be profitable; (2) the award metric is communicated to the NEOs; and (3) unlike the payout for the STI award, the percentage payout (relative to target) for the MTI award is applied consistently to all executive officers, without Committee discretion to increase or decrease an award for individual executive officers.

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2012 Short-Term Incentive Analysis

For 2012, our NEOs STI awards were determined based on the Committee s assessment of the Company s performance against the following four performance areas, weighted as indicated:

Radian s Total Corporate Results generally consider two critical items the Company s operating performance and liquidity and capital management;

Radian s Stand-Alone Results generally consider the Company s absolute performance against four business metrics profitability of new mortgage insurance business, the amount of new mortgage insurance written (NIW), mortgage insurance market share and expense management;

Peer Comparison compares Radian s performance against its mortgage insurance peers in four areas mortgage insurance market share, expense management, capital strength (measured by statutory risk-to-capital), and stock price performance; and

Radian s Strategic Priorities consider the Company s performance against certain strategic priorities discussed in the footnotes to the table below.

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The following table highlights the Company s performance in each of the four performance areas, including targets established by management and approved by the Committee, the Company s actual and relative performance against these targets and the payout allocated by the Committee for each of the four performance areas:

2012 Short-Term Incentive Measures and Performance [(1)]

2012 Total Corporate Results			**Stand-Alone Results**			**Peer Comparison [(2)]**			**Strategic Priorities [(3)]**	
Metric	**Target**	**Status**	**Metric**	**Target**	**Status**	**Relative Peer Comparison**		**Radian's Relative Rank**	**Metric**	
After Tax Operating Income [(4)]	($452M)	($500.3) +	NIW ROE[(5)]	11.5%	12.6% +	Market Share[(6)]	28.2%	2 +	Contingency Planning	
Capital Management	Qualitative Metric		NIW	$19.1B	$37.1B	Expense Ratio[(7)]	22.5%	2	Promote MI	
			Market Share[(6)]	25.0%	28.2%	Risk to Capital	20.8	1	Employee Retention	
			Expense Ratio[(7)]	Max 25%	22.5%	Stock Growth	161.1%	1		
Target Payout	**50%**		**Target Payout**	**25%**		**Target Payout**	**15%**		**Target Payout**	**10%**
Approved Payout		**30%**	**Approved Payout**		**45%**	**Approved Payout**		**25%**	**Approved Payout**	**15%**

(1) The potential payout range for each of the four performance areas was as follows 2012 Total Corporate Results (-90% to 90%); Stand-Alone Results (0% to 50%); Peer Comparison (0% to 30%); and Strategic Priorities (0% to 30%). Collectively, the ranges reflect a maximum potential payout of 200%, but also the potential to reduce the overall payout of this award for failure to achieve the Company s after tax operating income target and capital management objectives.

(2) The peers for comparative purposes were the most comparable peers for each metric as selected from among the following group of companies: MGIC; PMI; Genworth Financial Inc.; United Guaranty; Essent; and CMG MI. In each case, the peer group consisted of at least three of the identified peers.

(3) 2012 Strategic Priorities were to: (a) effectively manage the Company s financial strength; (b) grow the Company s mortgage insurance franchise; (c) promote the role of private mortgage insurance; (d) improve operational effectiveness and performance; (e) develop, engage and retain talent; and (f) develop contingency plans for unknown uncertainties. Each of these priorities is reflected in the table above, with contingency planning, promoting private mortgage insurance and employee development, engagement and retention specifically included in the Strategic Priorities performance area.

(4) Represents consolidated after-tax operating income, which is a non-GAAP financial measure that we calculate based on consolidated after-tax net (loss) income, as presented in our audited consolidated financial statements, excluding the impact of non-operating activities. Consolidated after-tax operating income for 2012 excludes the impact of changes in fair value of derivatives, net gains (losses) on investments and other financial instruments and OTTI (other than temporary impairment).

(5) ROE, or return on equity, represents the projected lifetime return for NIW originated in 2012.

(6) Market share represents the Company s average share for 2012, based on currently available public information.

(7) Represents operating expense of our mortgage insurance segment, adjusted to exclude certain expenses associated with stock-based compensation, extraordinary/unplanned board related expenses and net deferred policy acquisition costs.

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We believe 2012 was a strong performance year for the Company. Our mortgage insurance business significantly exceeded its growth targets, with 2012 new insurance written volumes positioning the Company as the leading private mortgage insurance provider and moving the Company closer to a return to operating profitability. These results were the product of operational and sales efforts as well as a number of strategic initiatives to improve our financial strength. At the beginning of 2012, management presented an ambitious plan to effectively manage the Company s mortgage insurance capital position and to increase the Company s available liquidity. This plan relied upon a broad spectrum of initiatives, ranging from internal restructurings and commutations of risk-in-force to external reinsurance and exchange offers for outstanding long-term debt. Management executed on its planned proposals and developed others throughout the year. As a result of our improved operating results, business growth and improved financial strength, our TSR was 161.5% in 2012.

With respect to the STI payout for 2012, the Committee determined that we significantly outperformed our target metrics on a stand-alone basis and finished favorably against our peers in almost every category on a relative basis. As a result, the Committee assigned a 45% payout for our absolute performance (compared to a target of 25%, see Stand-Alone Results) and a payout of 25% for our relative performance (compared to a target of 15%, see Relative Peer Comparison). Next, the Committee determined that we satisfied each of our Strategic Priorities, assigning a payout at target. Our Total Corporate Results were mixed. With respect to capital management, during 2012, we positioned the Company to remain in compliance with statutory capital requirements throughout 2013, while preserving enough liquidity to satisfy the Company s obligations through 2016. Given the financial state of the Company at the beginning of 2012, this represented a significant improvement, and the Committee assigned a 40% payout to our capital management efforts (compared to a 25% target assuming Capital Management and After-Tax Operating Income are weighted equally). With respect to After-Tax Operating Income, our results came in below our 2012 plan, and the Committee acknowledged this negative variance, assigning a -10% payout for this metric (representing a 35% reduction from the target of 25%). Collectively, this resulted in a baseline payout for our NEOs at 115% of target as indicated below:

2012 Short-Term Incentive Metrics Summary

Funding Level	Target	Potential Payout	Approved
Total Corporate Results:			
* After Tax Operating Income	25%	(45%) - 45% Max	(10%)
* Capital Management	25%	(45%) - 45% Max	40%
Stand-Alone Results	25%	0% - 50% Max	45%
Relative Peer Comparison	15%	0% - 30% Max	25%
Strategic Priorities	10%	0% - 30% Max	15%
Total Funding	**100%**	**0% - 200%**	**115%**

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The following table sets forth, for each NEO: (i) the maximum amount that could have been awarded under the STI/MTI Plan for 2012 short-term performance (column a); (ii) the NEO s target 2012 STI award (column b); (iii) the total amount actually awarded to the NEO based on 2012 short-term performance (column c); (iv) the total amount paid as a bonus to the NEO for 2012 STI (50% of amount awarded)(column d); and (v) the NEO s 2012 MTI target (the remaining 50% of amount awarded)(column e):

2012 Short-Term/Medium-Term Incentives

Named Executive	(a) 2012 Maximum STI Award	(b) 2012 Target STI Award	(c) 2012 Total Amount Awarded ($ and % of Target)	(d) 2012 STI Amount Paid	(e) 2012 MTI Target
Mr. Ibrahim (1)	$ 3,150,000	$ 1,575,000	$ 1,811,250 115%	$ 905,625	$ 905,625
Mr. Quint (2)	$ 925,000	$ 462,500	$ 525,000 114%	$ 262,500	$ 262,500
Ms. Bazemore (3)	$ 1,500,000	$ 750,000	$ 900,000 120%	$ 450,000	$ 450,000
Mr. Hoffman (4)	$ 561,000	$ 280,500	$ 350,000 125%	$ 175,000	$ 175,000
Mr. Theobald (5)	$ 465,000	$ 232,500	$ 275,000 118%	$ 137,500	$ 137,500

(1) In assessing Mr. Ibrahim s performance, the independent directors noted that he achieved a number of critical objectives in 2012, including enhancing the Company s capital and liquidity positions, creating a dedicated function for evaluating future growth and diversification opportunities, overseeing the effective reduction of our financial guaranty exposure, growing our mortgage insurance franchise by increasing market share and pursuing government relations aimed at enhancing the role of private capital in housing finance reform, ensuring a balanced and disciplined risk management strategy, managing key external relationships, and managing operating expenses.

(2) In assessing Mr. Quint s performance, the Committee noted that he achieved a number of critical objectives in 2012, including enhancing our capital and liquidity positions through statutory investment gains, inter-company and external reinsurance arrangements, and improving our long-term debt maturity profile.

(3) In assessing Ms. Bazemore s performance, the Committee noted that she achieved a number of critical objectives in 2012, including successfully increasing our mortgage insurance market share, leading efforts to diversify our mortgage insurance customer base, ensuring a balanced and disciplined pricing strategy, enhancing our mortgage insurance operating model, promoting a significant role for mortgage insurance in housing finance reform, and continuing to manage successfully our loss management efforts.

(4) In assessing Mr. Hoffman s performance, the Committee noted that he achieved a number of critical objectives in 2012, including the successful management of certain litigation and regulatory matters, overseeing the execution of the Company s capital and liquidity initiatives, managing the Company s annual meeting process (including board changes), and providing executive oversight for various compensation and human resources initiatives, including the transformation of the 2012 executive compensation program discussed above.

(5) In assessing Mr. Theobald s performance, the Committee noted that he achieved a number of critical objectives in 2012, including maintaining the credit quality of new insurance written and improving the underwriting risk mix of our existing mortgage insurance portfolio, mitigating uncertainty with respect to our legacy insured portfolios (generally, insurance written prior to 2009), mitigating losses through

borrower retention and property liquidation strategies and enhancing our claims management process to improve overall efficiency.

2011 Medium-Term Incentive Analysis

Pursuant to our STI/MTI Plan, the 2011 MTI target awards were established in March 2012, at the time that the 2011 STI awards were paid to our NEOs. The amounts to be paid to our NEOs under the 2011 MTI award were determined based on the Committee s assessment of the Company s credit default rate (through the end of 2012) for mortgage insurance written by the Company in 2011. We believe that the credit default rate for the first two years of an insured portfolio is an important indicator of that portfolio s current and future projected credit performance.

As of December 31, 2012, the default rate for the 2011 insured portfolio was 0.35%. This compares very favorably to historical two-year averages. Specifically, between 2000 and 2005, the average two-year default rate for our insured mortgage insurance portfolio was approximately 3.91%. During the poor underwriting years of 2006 through 2008, the average two-year default rate increased to 12.85%. Beginning in 2008, as a result of our more restrictive underwriting guidelines, the default rates for new insurance written have significantly improved, and the two-year default rates for our 2009 and 2010 insured portfolios were 0.93% and 0.28%, respectively. The following table illustrates these trends for the last six years:

In addition to credit performance, we look at the profitability of an insured portfolio to assess its overall strength of performance and value creation. Based on the two-year default rate of 0.35% for the 2011 portfolio (through December 31, 2012), we expect this portfolio to produce a return on equity of approximately 15.1%, representing one of the strongest performing portfolios that we have ever written. As a result, the Committee awarded a payout of 135% of target for the 2011 MTI awards. These amounts are included in the Non-Equity Incentive Plan Compensation column of our 2012 Summary Compensation Table, and the following table illustrates for each NEO the target award amount and the amount awarded under the 2011 MTI award.

Executive Officers	2011 MTI Maximum	2011 MTI Target	Approved Payout at 135%
Mr. Ibrahim	$708,750	$472,500	$637,875
Mr. Quint	$208,125	$138,750	$187,313
Ms. Bazemore	$337,500	$225,000	$303,750
Mr. Hoffman	$114,750	$ 76,500	$103,275
Mr. Theobald	$ 94,500	$ 63,000	$ 85,050

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C. Long-Term Incentive Program

The contributions of our NEOs to the creation of stockholder value are primarily recognized through our LTI program. This program consists of a series of annual grants, including equity instruments and Non-Equity LTI Awards, with overlapping performance periods and varying performance metrics. As a result, in any given period, our NEOs are motivated to perform based on their:

- Outstanding restricted stock, stock options and SARs, which collectively are designed to motivate our NEOs to drive performance that will lead to stock price growth and wealth creation for all of our stockholders;
- Performance-Based RSUs, which focus our NEOs on outperforming our primary industry competitors as well as other companies of similar size in other industries; and
- Non-Equity LTI Awards, which are intended to focus our NEOs on selected business fundamentals (*e.g.*, mortgage insurance credit performance, mortgage insurance market share and capital and expense management) that are critical to our long-term success.

Because our LTI program consists of a series of annual awards, established at different times and with different performance periods and metrics, the amounts paid to our NEOs pursuant to any given award may not be consistent with our short-term financial performance at the time of such payment. This is particularly true of the Non-Equity LTI Awards, which focus on fundamental business metrics rather than changes in our stock price. Each of our LTI awards is intended to support our ultimate goal of creating future long-term stockholder value. While certain of the LTI awards are designed to reward our NEOs for satisfying significant objectives in pursuit of this overall objective, other awards are designed to reward executive officers only if and when this objective has been achieved (*e.g.,* restricted stock, stock options, SARs and Performance-Based RSUs).

Payment of Initial Performance Period under 2009 Non-Equity LTI Awards

Between 2008 and 2010, the Committee granted Non-Equity LTI Awards to our NEOs pursuant to our 2008 Executive Long-Term Incentive Cash Plan (the Executive LTI Cash-Based Plan). Beginning in 2009, eligibility for 50% of each award is measured over a three-year performance period (beginning May 30, 2009 and ending May 30, 2012 for the 2009 Non-Equity LTI Award), with performance for the remaining 50% of each award measured over a four-year performance period (beginning May 30, 2009 and ending May 30, 2013 for the 2009 Non-Equity LTI Award). At the end of each performance period, the Committee determines in its sole discretion the specific cash payout to each participant, which may range from 0% to 300% of the amount of the target award then under consideration, based on the Committee s view of the Company s overall corporate performance, the participant s performance and the degree to which each of the following performance measures have been satisfied: (1) mortgage insurance market share; (2) capital management; (3) mortgage insurance credit quality; (4) expense management; and (5) operating profitability. All payouts are paid in cash in a lump sum (there is no stock awarded under the Executive LTI Cash-Based Plan), net of applicable withholdings.

The initial three-year performance period under the 2009 Non-Equity LTI Award ended on May 30, 2012. In evaluating the Company s performance over the three-year performance period, the Committee performed a qualitative and quantitative evaluation of each of the five performance metrics. Based on this evaluation, the Committee determined (for each performance metric) whether the Company Significantly Underperformed,

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Underperformed, Met Expectations, Exceeded Expectations, or Significantly Exceeded Expectations. The Committee then assigned a percentag payout for each performance metric based on the following ranges:

Designation	Payout Range (% of Target)
Significantly Underperform	0%
Underperform	25% - 75%
Met Expectations	75% - 125%
Exceeded Expectations	125% - 200%
Significantly Exceeded Expectations	200% - 300%

The following is a discussion of the Committee s assessment of the Company s performance against each metric during the three-year performance period, including the Committee s performance designation and assigned payout.

Market Share

Committee Assessment Exceeded Expectations (125% of Target)

In assessing Market Share performance, the Committee considered the following:

Our share of the private mortgage insurance market increased during the performance period from 22.8% to 29.0%.

During the period, we restructured our sales force to increase the amount of insurance we were writing with new and existing customers. As evidence of our success, approximately $1.0 billion of the new insurance that we wrote in the first quarter of 2012 was from new customers.

During the performance period, we developed new marketing campaigns, introduced competitive products and enhanced our training regarding the benefits of private mortgage insurance compared to insurance provided by the Federal Housing Authority, the largest insurer in the insured mortgage market. By the end of the performance period, the penetration rate of private mortgage insurance in the overall mortgage insurance market had increased from 2.7% to approximately 6.7%.

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Credit Quality

Committee Assessment Met Expectations (100% of Target)

In assessing Credit Quality performance, the Committee considered the following:

During the performance period, we implemented numerous changes to our underwriting guidelines, risk management processes, counterparty policies, pricing and surveillance capabilities aimed at improving the risk characteristics of the loans we were insuring. As a result, the default rates for insured vintages during the performance period have been some of the lowest in our history and contrast strongly when compared to the 2005 through the first half of 2008 vintages (see the graph below). Since 2009, our insured portfolios consist of loans with significantly improved risk characteristics, including predominantly prime credit quality, with FICO scores of 740 or above and loan-to-value or LTV ratios lower than any of our previous policy years.

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Operating Profitability

Committee Assessment Significantly Underperformed (0% of Target)

With respect to Operating Profitability during the performance period, the Committee focused on the operating profitability of our mortgage insurance segment, which comprises our primary, on-going business operations. In assessing Operating Profitability for this business segment, the Committee considered the following:

The Company s mortgage insurance operating results often were below our operating plan during the performance period, primarily driven by higher incurred losses. The overall increase in incurred losses during this period was driven primarily by the unanticipated aging of our defaulted portfolio (which requires a higher reserve amount) and the effect of the prolonged macroeconomic recovery, in particular with respect to housing, on new mortgage insurance defaults as discussed above.

After reaching their lowest-point in the first quarter of 2010, our mortgage insurance operating results steadily improved during the performance period, such that we now anticipate a return to marginal operating profitability in our mortgage insurance business in 2013.

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Expense Management

Committee Assessment Met Expectations (100% of Target)

With respect to Expense Management during the performance period, the Committee considered the following:

The Company successfully completed two significant expense reduction initiatives (including both compensation and non-compensation expenses) that reduced overall expenses in 2010 and 2011.

As demonstrated below, the Company generally maintained an expense ratio during the period at or below a target of 25%. For the quarters in which we exceeded 25%, this was mainly attributable to: (i) an increase in premium refund accruals due to the impact of our loss mitigation activities; and (ii) the impact of our stock price on cash-settled equity awards.

Capital Management

Committee Assessment Exceeded Expectations (125% of Target)

With respect to Capital Management, the Committee considered the following:

During the performance period, we overcame a number of challenges through a series of proactive capital initiatives, including: (i) risk commutations and discounted bond purchases; (ii) raising approximately $1.0 billion in new capital; (iii) the sale of certain assets; (iv) harvesting statutory gains in our investment portfolio; (v) releasing contingency reserves in our financial guaranty business after successfully reducing our financial guaranty exposure; (v) internal and external reinsurance transactions; and (vii) securing approval from the GSEs to enable us to continue to write mortgage insurance business through a subsidiary other than Radian Guaranty, if necessary.

As a result of the above initiatives, at the end of the performance period, we continued to maintain approximately $350 million of cash and securities at our holding company and a competitive risk-to-capital ratio for Radian Guaranty.

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Following the Committee s assessment of each of the performance metrics discussed above, the Committee assigned a specific weighting to each metric, based on the Committee s view of the significance of the metric to the Company s overall performance during the performance period. From this, the Committee derived the average weighted payout to serve as a baseline for each NEO s performance payout. The following table illustrates the percentage payout designated by the Committee for each metric, the weighting assigned to each metric and the total average weighted payout percentage based on Company performance:

Metric	Committee Assessment	Payout level	Weighting	Weighted Average
Market Share	Exceeded Expectations	125%	15%	18.75%
Credit Quality	Met Expectations	100%	15%	15.00%
Operating Profitability	Significantly Underperformed	0%	35%	0.00%
Expense Management	Met Expectations	100%	10%	10.00%
Capital Management	Exceeded Expectations	125%	25%	31.25%
Total Award Payout				**75.00%**

The following table illustrates for each NEO, the target award amount and the amount awarded under the 2009 Non-Equity LTI Award.

Executive Officers	Maximum Payout	Performance Target	Approved Payout at 75%
Mr. Ibrahim	$ 2,160,000	$ 720,000	$540,000
Mr. Quint	$ 619,380	$ 206,460	$154,845
Ms. Bazemore	$ 1,080,000	$ 360,000	$270,000
Mr. Hoffman	$ 178,200	$ 59,400	$ 44,550
Mr. Theobald	$ 321,750	$ 107,250	$ 80,438

LTI Awards Granted in 2012

Each year, in designing the annual LTI awards for our NEOs, the Committee reviews and assesses the type of awards that would best complement our existing LTI program in aligning the interests of our NEOs with those of our stockholders and enhancing long-term stockholder value. In addition, the Committee also considers, among other things: (1) an appropriate balance between retention and performance-based objectives; (2) the potential financial, accounting and tax impact of awards; (3) whether the award objectives are clear to the NEOs, stockholders

and other constituencies; (4) the potential impact of the awards on risk behavior; and (5) as discussed above, input from our stockholders with respect to the form and performance metrics for our awards.

For the 2012 LTI awards, the Committee designed an award composed entirely of performance-based equity, including: (1) Performance-Based RSUs, representing 75% of the total value of the LTI award; and (2) Performance-Based Stock Options, representing 25% of the total value of the LTI award. The Performance-Based RSUs are intended to measure the Company s relative performance, while the stock options are intended to reward the NEOs for absolute increases in our stock price, regardless of how this increase compares to our peers. Further, while the 2012 LTI Awards are similar in structure to the 2011 Awards, the 2012 Awards include more challenging vesting targets and exercise hurdles as discussed below.

2012 Performance-Based RSU Awards. The Performance-Based RSU awards generally measure performance from June 5, 2012 through June 5, 2015, and vest, if at all, upon the conclusion of that three year performance period based on the performance achieved versus the established targets. As further described below, at the end of the performance period, the NEOs will be entitled to receive a number of RSUs (from 0 to 200% of their target Performance-Based RSU awards) based on the Company s absolute and relative TSR over the three year performance period. Each vested Performance-Based RSU will be payable in cash, in an amount equal to the closing price of the Company s common stock on the New York Stock Exchange (the NYSE) on the applicable vesting date.

The Company s absolute TSR will be determined based on the change in market value of the Company s common stock during the performance period, as measured by comparing (x) the average closing price of the Company s common stock on the NYSE for the 20 consecutive trading days ending on June 6, 2012 and (y) the average closing price for the 20 consecutive trading days ending on June 5, 2015. The Company s relative TSR will be measured against the median TSR of a peer group consisting of the companies listed on the NASDAQ Financial Index and MGIC Investment Corporation (the Peer Group).

If the Company s absolute TSR during the performance period is negative, the payout under the Performance-Based RSU award will be 0% and none of the Performance-Based RSUs will vest. If the Company s absolute TSR is positive, the payout will be determined based on an analysis of both the Company s relative TSR and absolute TSR, beginning with an assessment of Company s relative TSR. The Company s TSR initially will be compared to the median TSR of the companies included in the Peer Group (the Median Peer Group TSR). The starting point for the payout determination (the Relative Payout Percentage) will be 100% of target. For every 1% that the Company s TSR exceeds the Median Peer Group TSR, the Relative Payout Percentage will increase by 2 percentage points above 100% of target. For every 1% that the Company s TSR is below the Median Peer Group TSR, the Relative Payout Percentage will decrease by 3 percentage points below 100% of target.

Once the Relative Payout Percentage has been determined, the actual payout percentage under the Performance-Based RSU award (the Final Payout Percentage) will be calculated by reference to a maximum payout percentage that cannot be exceeded regardless of the Company s relative TSR. This is intended to ensure that regardless of the Company s performance against the Peer Group, the award remains closely correlated to the Company s stock price performance. Accordingly, the maximum payout percentage ranges are correlated to the Company s absolute TSR, as set forth below:

Company s Absolute TSR(1)	Maximum Payout Percentage(1) (% of Target)
225% or Greater	200%
200%	167%
175%	133%
150%	100%
125%	67%
100%	33%
0% - 75%	0%

(1) If the Company s Absolute TSR falls between two referenced percentages, the Maximum Payout Percentage will be interpolated.

With respect to Mr. Ibrahim s Performance-Based RSU award, Mr. Ibrahim s maximum RSU award is limited to the number of shares that would result in his receiving 1,000,000 shares subject to grants made to him in 2012 (including the stock options granted to him as discussed below), which is the maximum number of shares

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that may be awarded to a participant under the 2008 Equity Plan in any calendar year. As a result, Mr. Ibrahim s maximum payout is limited to approximately 117% of his target Performance-Based RSU award.

The Performance-Based RSU awards provide for double trigger vesting in the event of a change of control. In the event of a change of control of the Company (as generally defined in the 2008 Equity Plan), the Performance-Based RSUs will become payable at target upon the vesting of the awards on June 5, 2015, provided that the executive officer remains employed by the Company through such date. However, if an NEO s employment is terminated by the Company without cause, or the NEO terminates employment for good reason, in each case within 90 days before or one year after a change of control, the Performance-Based RSUs will become fully vested and payable at target upon such termination.

The Performance-Based RSUs also include covenants pursuant to which the executive officer has agreed not to compete with the Company or to solicit the Company s employees or customers for a period of time (either twelve (12) or eighteen (18) months, the Restricted Period) following termination of the executive officer s employment for any reason.

Additionally, the Performance-Based RSUs will become fully vested and payable at target in the event of an NEO s death or disability. If the NEO retires before the end of the three- year performance period, the award will remain outstanding and will become payable at the end of the performance period to the extent that the performance criteria discussed above have been satisfied, or will vest at the target level in the event of a change of control.

2012 Stock Option Awards. In 2012, the Committee granted Performance-Based Stock Options under the 2008 Equity Plan to each of the NEOs. Each Performance-Based Option has a per share exercise price of $2.45 (the closing price of the Company s common stock on the NYSE on the date of grant) and a ten-year term, with 50% of the award vesting on or after the third anniversary of the grant date (i.e., June 6, 2015) and the remaining 50% of the award vesting on or after the fourth anniversary of the grant date (i.e., June 6, 2016); provided, however, that the Performance-Based Options only will vest if the closing price of the Company s common stock on the NYSE exceeds $4.90 (200% of the Performance Based Option exercise price) for ten consecutive trading days ending on or after the third anniversary of the grant date (i.e., June 6, 2015) (the Stock Price Vesting Hurdle).

The Performance-Based Stock Options provide for double trigger vesting in the event of a change of control. Except as provided below, upon a change of control (as generally defined in the 2008 Equity Plan), the Performance-Based Stock Options will continue to vest 50% on the third and fourth anniversaries of the grant date, regardless of whether the Stock Price Vesting Hurdle has been satisfied, as long as the named executive remains employed by the Company through such date. However, if an NEO s employment is terminated by the Company without cause, or the NEO terminates employment for good reason, in each case within 90 days before or one year after a change of control, the Performance-Based Stock Options will become fully vested and exercisable upon such termination.

The Performance-Based Stock Options also include covenants pursuant to which the executive officer has agreed not to compete with the Company or to solicit the Company s employees or customers during the Restricted Period following termination of the executive officer s employment for any reason.

Additionally, the Performance-Based Stock Options will become fully vested and exercisable in the event of an NEO s death, disability or retirement. However, if Messrs. Ibrahim or Quint retires before the Performance-Based Stock Options are otherwise exercisable, his Performance-Based Stock Options will remain outstanding and become exercisable in accordance with the three- and four-year vesting schedule and the Stock Price Vesting Hurdle for such Performance-Based Stock Options, or as provided above in the event of a change of control.

Equity awards are not coordinated with the release of material nonpublic information. The Committee does not take the release of such information into account as an element of when to make grants.

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Stock Ownership

Consistent with our compensation philosophy, we believe that senior management, including the NEOs, should have a significant equity investment in Radian in order to further align their interests and actions with the interests of our stockholders and to further focus the NEOs on sustained performance.

Under our Stock Ownership Guidelines, our NEOs and certain other officers designated by our Chief Executive Officer are expected to hold shares with a market value equal to at least the values provided below. Unless the officer holds more than this threshold market value of shares, the officer is not permitted to sell shares of our common stock that he or she owns, subject to certain limited exceptions. The levels of stock ownership are outlined below:

Officer Level	Ownership Guidelines
CEO	5 times salary
CFO and President of Radian Guaranty	2.5 times salary
All other designated officers	1.5 times salary

V. Other Compensation

In addition to the primary components of their compensation, our NEOs receive additional compensation through their participation in our benefit plans as well as, to a lesser extent, through their receipt of perquisites.

A. Retirement Compensation

We are committed to providing all of our employees with competitive benefits, including retirement benefits that make sense for their financial security, while positioning us for future growth and improved profitability.

Savings Incentive Plan

The Radian Group Inc. Savings Incentive Plan (the Savings Plan) serves as a retirement vehicle for our NEOs and other employees. The Savings Plan, among other things, provides for quarterly matching contributions by Radian equal to 100% of employee contributions (up to 6% of eligible pay). In addition, the Savings Plan also provides participants who had attained at least five years of service and who were active participants on December 31, 2006 in Radian s Pension Plan, which was terminated effective, June 1, 2007, with yearly cash transition credits (initially for up to five years, if employed by us during this time) under the Savings Plan equal to a fixed percentage of their eligible pay, calculated based on a formula that takes into account their age and years of completed vesting service as of January 1, 2007. Each of our NEOs participated in the Savings Plan in 2012.

Benefit Restoration Plan

Effective January 1, 2007, we replaced our Supplemental Executive Retirement Plan (SERP) with the Benefit Restoration Plan (BRP). For additional information regarding the BRP, see Nonqualified Deferred Compensation Benefit Restoration Plan below. The BRP, as amended, is intended to provide additional retirement benefits to our employees who are eligible to participate in the Savings Plan and whose benefits under the Savings Plan are limited by applicable IRS limits on eligible compensation. As compared to the SERP, we believe the BRP better represents our compensation philosophy and objectives, including our goal of enhancing the equitable distribution of benefits among our employees. In particular, we believe the BRP is a more appropriate plan for employees and stockholders for the following reasons:

Participation is predominately based on compensation earned rather than an employee s title or position. All employees whose eligible pay exceeds the IRS compensation limit ($250,000 for 2012)

are eligible to participate in the BRP in the same year in which they exceed the IRS limit. The Company makes annual contributions to each participant s account based on eligible compensation;

The same formula for calculating benefits under the BRP is used for all participants, creating alignment throughout the organization;

Based on plan design, the BRP is dependent on company contributions each year, which makes it more flexible and fiscally responsible for Radian;

In determining benefits under the BRP, bonus and commissions will affect a participant s contribution only for the year in which they occur. As a result, compensation in one year is not locked into the benefit formula as it was under the SERP; and

Unlike the SERP, the BRP permits the investment of contributions in the Radian common stock fund, thus permitting participants to invest in Radian.

B. Deferred Compensation Plan

We maintain a voluntary deferred compensation plan for our executive officers. The deferred compensation plan allows executive officers to defer (or if amounts were previously deferred, to re-defer subject to certain limitations) all or a portion of their STI and MTI awards. Deferring compensation allows executive officers to earn on the deferred amounts a rate of return calculated under different options available to participating executive officers. The deferred compensation program complies with the requirements of applicable IRS regulations. None of our NEOs contributed to the deferred compensation plan in 2012. See Nonqualified Deferred Compensation below.

C. Perquisites

In the ordinary course, perquisites generally represent an immaterial component of our executive officer compensation. Effective January 1, 2012, the Committee terminated the annual flexible spending allowance that previously had been provided to our NEOs. This program had provided executive officers access to a wide range of market competitive perquisites (equal to up to $15,000 for the CEO, and up to $12,500 for each of the other NEOs) for predefined services and fees not covered under our compensation and benefits programs, including auto leasing, estate planning, financial planning, tax preparation, executive health assessments and health/fitness club memberships.

VI. Change of Control and Severance Agreements

The Committee believes that maintaining severance arrangements on a limited basis is a necessary means for recruiting, motivating and retaining executive officers in the competitive and consolidating industries in which we participate. Having experienced the dislocation caused by a proposed merger in the not too distant past, and given the current volatile operating and regulatory environment, we want our executive officers sole focus to be on our business and the interests of our stockholders. Further, we believe it is important to be transparent with respect to amounts that our NEOs could receive in the event of their termination. We believe our existing termination pay agreements, including the amounts provided for, are consistent with, and in some cases more conservative than, current market practice.

The Committee regularly evaluates the on-going need for change of control and severance agreements for our NEOs. In 2010, we adopted a new termination pay strategy for the Company to be applied generally to executive agreements going forward. This strategy is designed with the primary purposes of:

- Responsibly tailoring termination payment levels based on current market standards;
- Enhancing clarity regarding future potential severance payments to our NEOs;
- Applying a consistent approach to severance among the Company s executive officers;

- Imposing certain restrictive covenants that are important to the Company; and

- Eliminating enhanced payouts on an executive officer s termination in connection with a change of control of the Company.

As part of this new strategy, we replaced various existing severance and change of control agreements for each of our NEOs (each with differing terms) with a consistent and reasonable severance-based approach. In general, these agreements provide the covered executive with between one and two times the sum of his or her base salary and target incentive award under our STI/MTI Plan as well as a pro-rated target incentive award for the year of termination. Under these agreements, there is no accelerated or enhanced payment in the event of a change of control, no accelerated vesting of equity awards and no gross-up for taxes.

In addition, effective April 5, 2011, we entered into a new employment agreement with Mr. Ibrahim. This agreement replaced Mr. Ibrahim s previous employment agreement and made the following notable changes from his previous arrangement:

- Consistent with our termination pay strategy, the agreement eliminated any accelerated or enhanced severance payment in the event of a change of control and included a reasonable severance provision at two times the sum of Mr. Ibrahim s base salary and target incentive award under our STI/MTI Plan, as well as a pro-rated target incentive award for the year of termination; and

- The agreement eliminated any tax gross-up as a result of any excess parachute payment within the meaning of section 280G of the Internal Revenue Code.

See Potential Payments upon Termination of Employment or Change of Control below for a detailed discussion, including a quantification of, potential payments to the NEOs in connection with a termination event.

VII. Compliance with Internal Revenue Code Section 162(m)

Section 162(m) of the Code limits the deductibility of compensation over $1 million paid to a company s chief executive officer and up to the four next most highly compensated executive officers (with the chief financial officer being excluded). To qualify for deductibility under Section 162(m), compensation in excess of $1 million per year paid to each of these executive officers generally must be performance-based compensation as determined under Section 162(m). To be performance-based compensation, the material terms of the performance goals under which the compensation is to be paid must be disclosed to and approved by our stockholders before the compensation is paid. To the extent determinable and as one of the factors in its consideration of compensation matters, the Committee considers the anticipated tax treatment to the Company and to the executive officers of various payments and benefits. The Committee may decide to provide non-deductible compensation if it determines that such action is in our best interests and those of our stockholders. For example, the Executive LTI Cash-Based Plan was designed to motivate, retain, and reward our executive officers through an unprecedented volatile housing and related credit market cycle. The Committee decided to retain significant discretion in determining whether objectives were achieved for awards under the plan, and therefore, the awards under the plan will be non-deductible compensation under Section 162(m).

VIII. Anti-Hedging, Clawbacks and Pledging of Securities

Our Code of Conduct and Ethics specifically prohibits engaging in certain speculative transactions in Radian securities, including short sales and buying or selling puts or calls of Radian securities. In addition, we strongly discourage any other form of hedging or monetization transactions that would allow an employee or director to own securities without the full risks and rewards of ownership. Accordingly, any person wishing to

enter into such an arrangement must first pre-clear the proposed transaction with our General Counsel and Chief Financial Officer. No such transactions were pre-cleared during 2012.

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The SEC has not yet adopted final rules implementing the requirements of Section 954 of the Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) regarding the recoupment of compensation, including equity-based compensation, paid to executive officers where the payments were based on the achievement of financial results that were subsequently the subject of a financial restatement. Proposed rules are expected to be issued in 2013. We plan to adopt a formal compensation recovery, or clawback, policy once the SEC rules are finalized. During this interim period before the SEC adopts final rules, we believe the restructuring of our STI program to incorporate an MTI component gives us the ability to effectively claw back compensation, as warranted. As discussed above, under the STI/MTI plan, 50% of an STI award is withheld for an additional one year performance period, with a possibility that the eventual payout under this medium term award may be reduced to zero in the unlikely event the Committee determines there was a material restatement of our earnings. In addition, under our STI and LTI awards, the Committee retains certain negative discretion to reduce or eliminate payouts, which also could serve as an effective means for eliminating certain performance-based compensation in the unlikely event of a financial misstatement.

Currently, none of our directors or NEOs has pledged any shares of the Company s common stock as collateral for any loan or other borrowing.

Compensation and Human Resources Committee Report

The Compensation and Human Resources Committee of our board of directors has reviewed the Compensation Discussion and Analysis section included above and discussed that analysis with our management. Based on its review and discussions with management, the Committee recommended to our board of directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated into our Annual Report on Form 10-K for the year ended December 31, 2012. This report is provided by the following independent directors, who constitute the committee:

Members of the Compensation and Human Resources Committee

Stephen T. Hopkins (Chairman)

Howard B. Culang

Brian D. Montgomery

Ronald W. Moore

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Director Compensation

The form and amount of director compensation are determined and reviewed annually by the Committee. The guiding principles for our director compensation program are: (i) compensation should be made in proportion to the amount of work required of directors in companies of a comparable size and/or complexity to that of Radian, and in light of the current business environment; (ii) directors interests should be aligned with the long-term interests of our stockholders; (iii) the structure of the compensation should be transparent so that it can be easily understood by our stockholders; and (iv) compensation should be consistent with director independence.

Directors that are employed by us do not receive additional compensation for serving as a director.

Cash Compensation

All of our non-employee directors other than Mr. Wender receive an annual fee for their services of $32,500. Mr. Wender receives an annual fee of $150,000 for serving as non-executive Chairman, and the chairpersons of the following committees are paid the following additional annual fees:

Audit Committee $25,000

Compensation and Human Resources Committee $15,000

Credit Committee $25,000

Governance Committee $10,000

Finance and Investment Committee $10,000

Each non-employee director also receives a $2,000 fee for each board meeting or committee meeting attended. All annual fees are paid quarterly in advance, and all meeting fees are paid quarterly in arrears. The fees set forth in the 2012 Director Compensation table below represent amounts paid to our directors in 2012.

As described below in Nonqualified Deferred Compensation, we maintain a deferred compensation plan for our non-employee directors. The deferred compensation plan allows non-employee directors to defer (or if amounts were previously deferred, to re-defer subject to certain limitations) receipt of all or a portion of their cash compensation and earn a selected rate of return on such amounts. Our non-employee directors

are not entitled to participate in our retirement plans.

Equity Compensation

Each of our non-employee directors is entitled to an annual equity award with a grant date fair market value of $115,000. In addition, Mr. Wender also is entitled to an additional annual equity award with a grant date fair market value of $100,000 for serving as Chairman. We provide annual equity awards to our non-employee directors to compensate them for services rendered as well as to further align their long-term interests with those of our stockholders.

Each year, the Committee considers and recommends to our non-employee directors the form of annual equity awards to be granted to our non-employee directors. The form of annual equity awards may include any equity instrument that is available for issuance to non-employee directors under our 2008 Equity Plan. The awards may be settled in cash or in shares of the Company s common stock, as recommended by the Committee and approved by the non-employee directors. The terms of the awards (*e.g.*, vesting, change of control, retirement) are approved by the non-employee directors based on the Committee s recommendation. Unless the Committee determines otherwise before the beginning of the year for which equity awards are earned, future

equity awards will be granted in the form of restricted stock units, or RSUs, that are payable upon a non-employee director s separation from service.

In 2009, we began granting annual equity awards to our non-employee directors in the form of RSUs. In 2009 and 2010, these awards were cash-settled, and therefore, did not reduce the number of shares available for grant under our 2008 Equity Plan. In 2011 and 2012, these awards were granted as stock-settled RSUs to be settled in shares of our common stock. The directors RSUs vest in their entirety three years from the date of grant or earlier upon the director s retirement, death or disability. Ms. Nicholson and Messrs. Wender, Carney, Culang, and Moore currently are eligible for retirement. In addition, vesting also may be accelerated under certain circumstances if the non-employee director has a separation from service following a change of control.

Upon the conversion date of the RSUs (generally defined as a director s termination of service with us), our non-employee directors will be entitled to a cash amount equal to the then fair market value of the vested cash-settled RSUs, or if stock-settled, the non-employee directors will be entitled to the equivalent number of shares of common stock awarded on the date of grant. The RSUs do not entitle our non-employee directors to voting or dividend rights.

The annual equity awards are granted as a single award to each non-employee director at the regularly scheduled quarterly board meeting immediately following the Company s annual meeting of stockholders. To the extent that an insufficient number of shares remain available for issuance (or such shares otherwise cannot be granted) at such meeting, the annual equity awards are granted as soon as practical following the annual meeting.

Any director who joins the Board prior to, or in connection with, the Company s annual meeting of stockholders is entitled to a full annual equity award at the regularly scheduled quarterly board meeting immediately following the Company s annual meeting. Equity awards to new non-employee directors will be subject to a minimum three-year vesting period, with acceleration of vesting in the event of death, disability or upon separation from service on or after a change in control, as may be recommended by the Committee and approved by the non-employee directors.

Directors who leave the Board other than for cause (including in the event of death, disability or retirement) are entitled to a pro-rated cash award for the period of time served since the Company s last annual meeting of stockholders. This award will be calculated by dividing the number of days served since the last annual meeting of stockholders by 365 and multiplying this percentage by the fair market value of the annual equity award to non-employee directors (currently $115,000). In addition, Mr. Wender is entitled to a similar pro-ration with respect to his annual equity award for serving as Non-Executive Chairman.

Each director may defer the conversion of his or her phantom shares or RSUs pursuant to the deferred compensation plan for our non-employee directors.

Our board of directors views equity ownership in Radian as an important means of accomplishing the alignment of directors and stockholders interests. Each non-employee director is therefore expected to hold a minimum direct investment in Radian equal to a market value of at least $350,000. Unless a director holds more than this threshold market value, that director is not permitted to sell shares or other holdings of the Company that he or she owns, subject to certain limited exceptions.

In addition to the amounts reported above, we also pay for or reimburse directors for travel expenses related to attending board, committee or other company business meetings and approved educational seminars.

The following table provides information about compensation paid to each of our non-employee directors in 2012.

2012 Director Compensation

Name	Fees Earned or Paid in Cash ($)	Stock Awards(1) ($)	Total ($)
Herbert Wender	$ 286,000	$ 215,000	$ 501,000
David C. Carney	157,500	115,000	272,500
Howard B. Culang	147,500	115,000	262,500
Lisa W. Hess	114,500	115,000	229,500
Stephen T. Hopkins	135,500	115,000	250,500
James W. Jennings**	232,926		232,926
Brian D. Montgomery*	40,958	115,000	155,958
Ronald W. Moore	112,500	115,000	227,500
Gaetano Muzio*	34,958	115,000	149,958
Jan Nicholson	117,500	115,000	232,500
Robert W. Richards**	327,586		327,586
Anthony W. Schweiger**	351,753		351,753
Gregory V. Serio*	40,958	115,000	155,958
Noel J. Spiegel	138,500	115,000	253,500

* Messrs. Montgomery, Muzio and Serio joined the board of directors on May 30, 2012.

** Messrs. Jennings, Richards and Schweiger retired from the board of directors on May 30, 2012. Amounts in the table represent fees paid for meeting attendance and chairmanship of committees through the date of retirement. In addition, as discussed above, upon retirement each departing director received a pro-rata cash payment for the portion of the $115,000 equity award they otherwise would have been entitled to based on the period of time served since the Company s last annual meeting of stockholders.

(1) Represents the grant date fair value of awards computed in accordance with the accounting standard regarding share-based compensation payments. Each non-employee director who was elected at our 2012 Annual Meeting of Stockholders was awarded 46,371 RSUs (stock-settled) on May 30, 2012, with a grant date fair value of $115,000. In addition, Mr. Wender received an additional award of 40,323 RSUs (stock-settled) with a grant date fair value of $100,000 for his services as Chairman. The grant date fair market value of RSUs is calculated by using the closing price of our common stock on the NYSE as of the grant date ($2.48 on May 30, 2012). As of December 31, 2012, each non-employee director held the following number of non-qualified stock options, shares of phantom stock and RSUs:

Name	Non-Qualified Stock Options(1) (#)	Shares of Phantom Stock(2) (#)	Restricted Stock Units (#)
Mr. Wender	8,500	57,228	226,429
Mr. Carney	2,400	59,315	121,113
Mr. Culang	2,400	58,483	121,113
Ms. Hess	0	0	67,167
Mr. Hopkins	2,400	58,483	121,113
Mr. Montgomery	0	0	46,371
Mr. Moore	2,400	59,315	121,113
Mr. Muzio	0	0	46,371

Ms. Nicholson	0	55,174	121,113
Mr. Serio	0	0	46,371
Mr. Spiegel	0	0	67,167

(1) The exercise price of these options is $35.79. The options expired, without being exercised, on January 30, 2013.

(2) Includes dividend equivalents to be issued upon conversion of the phantom stock.

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Executive Compensation

The 2012 Summary Compensation Table below describes our compensatory and other arrangements with: (1) Mr. Ibrahim, our principal executive officer; (2) Mr. Quint, our principal financial officer; (3) Ms. Bazemore and Messrs. Hoffman and Theobald, our three most highly compensated executive officers (other than our principal executive officer and principal financial officer) serving as executive officers at December 31, 2012.

2012 Summary Compensation Table

Name and Principal Position	Year	Salary ($)	Bonus (1) ($)	Stock Awards (2) ($)	Option Awards (2) ($)	Non-Equity Incentive Plan Compen-sation (3) ($)	All Other Compen-sation (4) ($)	Total ($)
Sanford A. Ibrahim	2012	$ 900,000	$ 905,625	$ 1,233,564	$ 612,915	$ 1,177,875	$ 104,692	$ 4,934,671
Chief Executive Officer	2011	874,616	472,500	2,276,957	787,524	4,000,000	102,958	8,514,555
(Principal Executive Officer)	2010	800,000	0	875,784	764,730	724,500	97,390	3,262,404
C. Robert Quint	2012	370,000	262,500	537,880	161,894	342,158	43,297	1,717,729
Executive V.P., Chief	2011	370,000	138,750	872,556	161,885	1,034,125	74,390	2,651,706
Financial Officer (Principal Financial Officer)	2010	370,000	92,500	218,946	191,400	230,000	73,573	1,176,419
Teresa Bryce Bazemore	2012	500,000	450,000	830,725	250,003	573,750	50,858	2,655,336
President, Radian Guaranty	2011	484,615	225,000	1,684,418	312,528	1,317,500	53,561	4,077,622
	2010	400,000	150,000	437,892	382,800	258,750	51,393	1,680,835
Edward J. Hoffman(5)	2012	330,000	225,000	274,155	82,517	147,825	30,760	1,090,257
Executive V.P., General Counsel and Corporate Secretary	2011	293,846	101,500	471,624	87,512	372,101	37,465	1,364,048
H. Scott Theobald	2012	310,000	137,500	348,915	105,019	165,488	35,758	1,102,680
Executive V.P., Chief	2011	280,000	63,000	444,728	82,519	428,288	56,437	1,354,972
Risk Officer, Radian Guaranty	2010	276,923	36,750	153,984	133,980	115,000	52,221	768,858

(1) Represents the STI award paid to each of our NEOs for performance in the year indicated. Each NEO is paid 50% of his or her STI award for the year earned, with the remaining 50% forming the NEO s target MTI award. MTI award payments are reported in the Non-Equity Incentive Plan Compensation column as described in footnote (3) below. For additional information, see Compensation Discussion and Analysis Primary Components of Compensation Short-Term and Medium-Term Incentive Program. In addition, with respect to Mr. Hoffman, the 2012 and 2011 bonus amounts also include payments of $50,000 and $25,000, respectively, to recognize his efforts in connection with director succession planning and our annual meetings.

(2) Represents the grant date fair value of the awards computed in accordance with the accounting standard regarding share-based compensation payments. For 2012 awards, the grant date fair value was calculated as follows: (i) for Performance-Based RSUs (cash settled), by using the Monte Carlo model ($3.50 on June 6, 2012 for all NEOs other than Mr. Ibrahim; and $2.12 on June 6, 2012 for Mr. Ibrahim due to his limited upside of 116.86% of target (compared to 200% of target for all other NEOs)); and (ii) for nonqualified stock options, by using the Monte Carlo model (approximately $1.92 on June 6, 2012). For a discussion of the assumptions used in calculating these amounts, see Note 17, Share-Based and Other Compensation Programs, of Notes to Consolidated Financial Statements in our 2012 Annual Report on Form 10-K.

(3) Represents (i) the MTI award paid to each of our NEOs in the year in which it is earned (for 2012, reported amounts represent payments pursuant to the 2011 MTI award, covering the 2011 through 2012 performance period); and (ii) amounts paid to our NEOs under our Executive LTI Cash-Based Plan (for 2012, represents payments pursuant to the initial performance period under the 2009 Non-Equity LTI Awards). For additional information, see Compensation Discussion and Analysis Primary Components of Compensation Short-Term and Medium-Term Incentive Program 2011 Medium-Term Incentive Analysis and Long-Term Incentive Program Payment of Initial Performance Period under 2009 Non-Equity LTI Awards.

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(4) For 2012, All Other Compensation includes the following amounts:

$15,000 in matching contributions credited under our Savings Plan for the benefit of each of the NEOs.

Contributions made by us under our BRP for the benefit of the NEOs in the following amounts: Mr. Ibrahim $52,500; Mr. Quint $12,750; Ms. Bazemore $22,500; Mr. Hoffman $9,750; and Mr. Theobald $8,250.

The dollar value of imputed income from premiums and any related tax gross-up paid by us for long-term disability insurance for the benefit of the NEOs in the following amounts: Mr. Ibrahim imputed income of $8,558, plus a tax gross-up of $6,596; Mr. Quint imputed income of $5,032, plus a tax gross-up of $3,811; Ms. Bazemore imputed income of $3,302, plus a tax gross-up of $2,501; Mr. Hoffman imputed income of $1,797, plus a tax gross-up of $1,361; and Mr. Theobald imputed income of $4,115, plus a tax gross-up of $3,117.

The dollar value of imputed income from premiums and any related tax gross-up paid by us under life insurance policies on the lives of the NEOs in the following amounts: Mr. Ibrahim imputed income of $11,879, plus a tax gross-up of $9,156; Mr. Quint imputed income of $2,888, plus a tax gross-up of $2,187; Ms. Bazemore imputed income of $3,320, plus a tax gross-up of $2,515; Mr. Hoffman imputed income of $1,592, plus a tax gross-up of $1,206; and Mr. Theobald imputed income of $2,944, plus a tax gross-up of $2,230.

The dollar value of dividends paid on restricted stock in the following amounts: Mr. Ibrahim $1,002; Mr. Quint $188; Ms. Bazemore $281; Mr. Hoffman $54; and Mr. Theobald $102.

(5) Mr. Hoffman was not an NEO in 2010.

2012 Grants of Plan Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (1)		Estimated Future Payouts Under Equity Incentive Plan Awards (2)					
Name	**Grant Date**	**Target ($)**	**Maximum ($)**	**Target (#)**	**Maximum (#)**	**All Other Stock Awards: Number of Shares of Stock or Units (#)**	**All Other Option Awards: Number of Securities Underlying Options (3) (#)**	**Exercise or Base Price of Option Awards ($/Share)**	**Grant Date Fair Value of Stock and Option Awards (4) ($)**
Mr. Ibrahim	2/14/2012	$ 472,500	$ 708,750						
	6/6/2012			581,870	679,950				$ 1,233,564
	6/6/2012						320,060	$ 2.45	612,915
Mr. Quint	2/14/2012	138,750	208,125						
	6/6/2012			153,680	307,360				537,880
	6/6/2012						84,540	2.45	161,894
Ms. Bazemore	2/14/2012	225,000	337,500						
	6/6/2012			237,350	474,700				830,725
	6/6/2012						130,550	2.45	250,003
Mr. Hoffman	2/14/2012	76,500	114,750						
	6/6/2012			78,330	156,660				274,155
	6/6/2012						43,090	2.45	82,517

Mr. Theobald	2/14/2012	63,000	94,500					
	6/6/2012			99,690	199,380			348,915
	6/6/2012					54,840	2.45	105,019

(1) Represents the 2011 MTI award (covering the 2011 and 2012 performance years) granted under our STI/MTI Plan. As discussed above under Compensation Discussion and Analysis Primary Components of Compensation Short-Term and Medium-Term Incentive Program, each NEO s target 2011 MTI award was established in 2012, in connection with the payment of the 2011 STI awards. Each NEO was entitled to a cash payment in 2012 ranging from 0% to 150% of his or her target 2011 MTI award. See the 2012 Summary Compensation Table for the amounts paid to each NEO under this award and Compensation Discussion and Analysis Primary Components of Compensation Short-Term and Medium-Term Incentive Program 2011 Medium-Term Incentive Analysis for a discussion regarding the payment of the 2011 MTI award. These awards do not have a threshold level or equivalent.

(2) Represents the target and maximum number of shares that may be issued pursuant to Performance-Based RSU Awards (cash settled) granted to each of the NEOs under our 2008 Equity Plan. At the end of the performance period, the NEOs will be entitled to receive a number of RSUs (from 0 to 200% of target for all NEOs other than Mr. Ibrahim; 0 to 116.86% of target for Mr. Ibrahim as discussed below) based on the Company s relative and absolute TSR for the performance period. Under our 2008 Equity Plan, the maximum number of shares that may be issued to any individual in a calendar year is 1,000,000 shares. As a result, the maximum number of shares that Mr. Ibrahim may receive under his Performance-Based RSU Award is 679,950

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shares (116.86% of his target), after taking into account the stock options granted to him in 2012. For more information, see Compensation Discussion and Analysis Primary Components of Compensation Long-Term Incentive Program LTI Awards Granted in 2012 2012 Performance-Based RSU Awards. These awards do not have a threshold level or equivalent.

(3) Represents non-qualified stock options granted under our 2008 Equity Plan to each of the NEOs. The non-qualified stock options will vest 50% on each of the third and fourth anniversaries of the grant date, provided that, the options only will vest if the closing price of the Company s common stock on the NYSE exceeds $4.90 (200% of the option exercise price) for ten consecutive trading days ending on or after the third anniversary of the date of grant. For more information, see Compensation Discussion and Analysis Primary Components of Compensation Long-Term Incentive Program LTI Awards Granted in 2012 2012 Stock Option Awards.

(4) Represents the grant date fair value of the awards computed in accordance with the accounting standard regarding share-based compensation payments. Grant date fair value is calculated as follows: (i) for the Performance-Based RSU Awards (cash settled), by using the Monte Carlo model ($3.50 on June 6, 2012 for all NEOs other than Mr. Ibrahim; $2.12 on June 6, 2012 for Mr. Ibrahim due to his limited upside of 116.86% of target (compared to 200% of target for all other NEOs)); and (ii) for nonqualified stock options, by using the Monte Carlo model (approximately $1.92 on June 6, 2012). For a discussion of the assumptions used by us in calculating these amounts, see Note 17, Share-Based and Other Compensation Programs, of Notes to Consolidated Financial Statements in our 2012 Annual Report on Form 10-K.

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The following table provides information regarding all equity awards outstanding at December 31, 2012 for each of the NEOs.

Outstanding Equity Awards at 2012 Fiscal Year-End

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares or Units of Stock That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Units of Stock That Have Not Vested ($)
Mr. Ibrahim	35,800	0	$ 56.03	02/07/13				
	253,000	0	2.48	08/07/15				
					27,180 (1)	$ 166,070		
					42,582 (2)	260,176		
							72,800 (3)	$ 444,808
	134,500	134,500 (4)	2.68	05/13/14				
	0	87,900 (5)	10.42	05/12/17				
	0	269,700 (6)	3.58	06/09/18				
							658,080 (7)	4,020,869
	0	320,060 (8)	2.45	06/06/22				
							581,870 (9)	3,555,226
Mr. Quint	30,000	0	35.79	01/30/13				
	20,000	0	45.95	02/10/14				
	15,300	0	56.03	02/07/13				
	30,200	0	2.48	08/07/15				
					13,000 (1)	79,430		
	38,750	38,750 (4)	2.68	05/13/14				
	0	22,000 (5)	10.42	05/12/17				
							18,200 (3)	111,202
	0	55,440 (6)	3.58	06/09/18				
							135,280 (10)	826,561
	0	84,540 (8)	2.45	06/06/22				
							153,680 (11)	938,985
Ms. Bazemore	73,800	0	2.48	08/07/15				
					22,500 (1)	137,475		
	67,250	67,250 (4)	2.68	05/13/14				
							36,400 (3)	222,404
	0	44,000 (5)	10.42	05/12/17				
	0	107,030 (6)	3.58	06/09/18				
							261,150 (12)	1,595,627
	0	130,550 (8)	2.45	06/06/22				
							237,350 (13)	1,450,209

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	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Shares or Units of Stock That Have Not Vested (#)	Equity Incentive Plan Awards: Market Value of Shares or Units of Stock That Have Not Vested ($)
Mr. Hoffman	3,000	0	56.03	02/07/13				
	22,500	0	20.34	09/14/14				
	7,900	0	2.48	08/07/15				
					3,750 (1)	22,913		
	11,250	11,250 (4)	2.68	05/13/14				
							9,100 (3)	55,601
	0	11,000 (5)	10.42	05/12/17				
	0	29,970 (6)	3.58	06/9/18				
							73,120 (14)	446,763
	0	43,090 (8)	2.45	06/06/22				
							78,330 (15)	478,596
Mr. Theobald	1,250	0	35.79	01/30/13				
	4,350	0	45.95	02/10/14				
	6,500	0	56.03	02/07/13				
	32,700	0	20.34	09/14/14				
	20,600	0	2.48	08/07/15				
					6,750 (1)	41,243		
	20,250	20,250 (4)	2.68	05/13/14				
							12,800 (3)	78,208
	0	15,400 (5)	10.42	05/12/17				
	0	28,260 (6)	3.58	06/09/18				
							68,950 (16)	421,285
	0	54,840 (8)	2.45	06/06/22				
							99,690 (17)	609,106

(1) These restricted shares will vest in full on May 13, 2013.

(2) 42,582 restricted shares granted to Mr. Ibrahim will vest on May 16, 2013.

(3) These RSUs will vest on May 12, 2013. These are Performance-Based RSUs to be settled in common shares, with a potential payout ranging from 0% to 150% of the RSUs scheduled to vest.

(4) These cash-settled stock appreciation rights (SARs) will vest on May 13, 2013.

(5) These options will vest in two equal installments on each of the following dates: May 12, 2013 and 2014.

(6) These options will vest in two equal installments on each of the following dates: June 9, 2014 and June 9, 2015, provided that the options will vest only if the closing price of the Company s common stock on the NYSE exceeds $4.48 (125% of the option exercise price) for ten consecutive trading days ending on or after the third anniversary of the date of grant.

(7) 658,080 RSUs awarded to Mr. Ibrahim will vest on June 9, 2014. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 111% of the RSUs scheduled to vest. Mr. Ibrahim s maximum RSU award is limited to the number of shares that would result in his receiving 1,000,000 shares subject to grants made to him in 2011 (including the stock options granted to him in 2011), which represents the maximum number of shares that may be awarded to a participant under the 2008 Equity Plan in any calendar year.

(8) These options will vest in two equal installments on each of the following dates: June 6, 2015 and June 6, 2016, provided that the options will vest only if the closing price of the Company s common stock on the NYSE exceeds $4.90 (200% of the option exercise price) for ten consecutive trading days ending on or after the third anniversary of the date of grant.

(9) 581,870 RSUs awarded to Mr. Ibrahim will vest on June 6, 2015. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 116.86% of the RSUs scheduled to vest. Mr. Ibrahim s maximum

RSU award is limited to the number of shares that would result in his receiving 1,000,000 shares subject to grants made to him in 2012 (including the stock options granted to him in 2012), which represents the maximum number of shares that may be awarded to a participant under the 2008 Equity Plan in any calendar year.

(10) 135,280 RSUs granted to Mr. Quint will vest on June 9, 2014. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(11) 153,680 RSUs granted to Mr. Quint will vest on June 6, 2015. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(12) 261,150 RSUs granted to Ms. Bazemore will vest on June 9, 2014. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(13) 237,350 RSUs granted to Ms. Bazemore will vest on June 6, 2015. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(14) 73,120 RSUs granted to Mr. Hoffman will vest on June 9, 2014. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(15) 78,330 RSUs granted to Mr. Hoffman will vest on June 6, 2015. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(16) 68,950 RSUs granted to Mr. Theobald will vest on June 9, 2014. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

(17) 99,690 RSUs granted to Mr. Theobald will vest on June 6, 2015. These are Performance-Based RSUs to be settled in cash, with a potential payout ranging from 0% to 200% of the RSUs scheduled to vest.

Option Exercises and Stock Vested During 2012

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting (#)**	**Value Realized on Vesting (1) ($)**
Mr. Ibrahim	0	$ 0	95,734	$ 243,261
Mr. Quint	0	0	18,150	46,439
Ms. Bazemore	0	0	35,050	91,503
Mr. Hoffman	0	0	5,100	12,981
Mr. Theobald	0	0	10,250	26,640

(1) Represents the aggregate market value of the shares on the vesting date.

Nonqualified Deferred Compensation

Directors and Officers Deferred Compensation Plans

We maintain a voluntary deferred compensation plan for senior officers and a voluntary deferred compensation plan for our non-employee directors. The voluntary deferred compensation plans allow: (1) senior officers to defer receipt of all or a portion of their STI and MTI awards; and (2) non-employee directors to defer receipt of all or a portion of their cash compensation and/or the conversion date of their equity compensation. Under the plans, a participant must make a binding written election before the year in which compensation is earned to defer payment of such compensation for at least two full calendar years beyond the year in which such compensation would have been paid absent this election.

Participants may also elect to further defer, or re-defer, amounts previously deferred under the plans. With respect to the officer plan, for amounts deferred in 2004 or earlier, participants may elect to roll over or re-defer such amounts for an additional period of not less than two years by making a binding election before the year in which such amounts are payable. Except as provided below, for amounts deferred after 2004 under the officer plan and for all amounts deferred under the director plan, the minimum rollover period is five years and the binding election to re-defer must be made at least one year before the year in which the benefit is payable. The difference in treatment for amounts deferred in 2004 and earlier under the officer plan is designed to comply with the grandfather rules under Section 409A of the Code.

For amounts deferred and invested in the plans on or prior to January 1, 2008, participants could elect as a rate of return one of the following: (1) 200 basis points above the U.S. 30-year Treasury rate (the Treasury Return); (2) Radian s return on equity (positive or negative) (the ROE Return); or (3) the return on Radian s common stock (positive or negative) (the Common Stock Return). The ROE Return (which could be positive or negative) was calculated using (i) Radian s net income or loss, divided by (ii) the average of the common stockholders equity calculated as of the first day of the year and the last day of the year. The Common Stock Return is calculated as the change in the value of our common stock (positive or negative) for the year. Subject to certain limitations, we made a matching contribution for those participants electing the Common Stock Return equal to 20% of the amount deferred.

Effective January 1, 2008, we amended the voluntary deferred compensation plans to change the rate of return options available to participants under the plans by: (1) eliminating the ROE Return as an investment alternative for both new, previously deferred and re-deferred amounts; (2) eliminating, for investment elections effective on or after January 1, 2008, the Common Stock Return and the Treasury Return (although participants could continue these investment alternatives for investment elections in effect before January 1, 2008); and (3) providing that all amounts deferred or re-deferred effective on or after January 1, 2008, all deferred amounts previously subject to the ROE Return and, at the participant s direction, all other previously deferred amounts would be credited with an investment return based on one or more investment funds designated by the Compensation and Human Resources Committee and selected by the participant (the Fund Return). As a result, participants who had invested in the Treasury Return or the Common Stock Return could elect to remain in these investments with respect to amounts previously deferred or could move their investments to the Fund Return. In addition, amounts invested in the ROE Return were re-invested in the Fund Return, in conjunction with the elimination of the ROE Return as an investment alternative.

The Compensation and Human Resources Committee has designated each of the investment alternatives currently available under our Savings Plan, except for the Radian Common Stock Fund, as notional investments that may be selected by a participant for purposes of the Fund Return.

Also effective January 1, 2008, participants were permitted to change their investment elections among the available investment alternatives with such changes generally to be effective on the first day of the month following the date of such election. Participants who become inactive (generally because their term of employment or service on the board ends) after January 1, 2008 will be credited with earnings based on the return of a hypothetical bond fund designated by the Compensation and Human Resources Committee, while participants who became inactive before January 1, 2008 are credited with a return as follows: (1) for former directors, the average yield on 5-year U.S. Treasury Notes plus 100 basis points; and (2) for former officers: (i) the average yield on 5-year U.S. Treasury Notes, plus 100 basis points if their relationship with Radian terminated due to their death, disability or retirement; or (ii) the average yield on 30-year U.S. Treasury Notes if their relationship with Radian terminated for any other reason.

Participants accounts are distributed at the dates specified in their deferral election forms or, in certain cases, upon an earlier termination of employment or service. In addition, under the officer plan, amounts deferred in 2004 or earlier may be withdrawn by the participant at any time, but only in an amount equal to the entire amount of such deferral, plus earnings and losses, and less a 10% early withdrawal penalty. A participant may not defer or re-defer any amounts under the plans following the participant s early withdrawal of any amounts. Payouts with respect to early withdrawals for amounts deferred prior to 2004 and for which participants opted for the ROE Return were calculated based on an annualization of the year-to-date return on equity as of the end of the last completed quarter prior to the early termination election.

The voluntary deferred compensation plans were amended in 2008 to permit participants to make a one-time election to change the timing, and/or form, of the distribution elections that were in place with respect to non-grandfathered amounts. As discussed above, non-grandfathered amounts include all amounts deferred under the director plan and any amounts deferred after 2004 under the officer plan. As permitted under Section 409A of the Code, the elections made pursuant to this one-time opportunity did not have to comply with the timing requirements discussed above. However, participants were not permitted to change distribution elections to the

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extent that such change would (i) postpone any distribution that was scheduled to be paid to the participant in 2008, or (ii) cause distributions that were scheduled to be paid in a later year to be accelerated into 2008. Each director and former director participating in the director plan elected to accelerate the distribution of all amounts deferred under the director plan into 2009. Likewise, many of the senior officers participating in the officer plan elected to accelerate the distribution of all non-grandfathered amounts deferred under the officer plan into 2009. In January 2009, we distributed all amounts that were accelerated by participants other than amounts invested in the Common Stock Return. Amounts accelerated that were invested in the Common Stock Return were distributed in February 2009. The election described above was designed to comply with the transition rules of Section 409A of the Code.

Deferring compensation defers income tax liability on that compensation until it is paid to the participant. The plans are not funded and the amounts deferred are not segregated from our general assets. Accordingly, participants in each plan are general unsecured creditors of Radian with respect to the amounts due under the plans.

Benefit Restoration Plan

In 1997, we adopted a nonqualified supplemental executive retirement plan for selected senior officers of Radian and our participating subsidiaries. As part of the restructuring of our retirement program, we terminated the SERP, effective December 31, 2006, and adopted a new nonqualified BRP, effective January 1, 2007. The value of participants bookkeeping accounts under the SERP was transferred to the BRP, effective January 1, 2007.

Participants in the BRP are entitled, among other things, to the following:

- Each participant in the SERP at December 31, 2006 received an initial balance in the BRP equal to the then-present value of the participant s SERP benefit as of such date.

- For each plan year, we contribute to each participant s account (regardless of whether the participant contributed any amount to the Savings Plan during the plan year) an amount equal to 6% of the participant s eligible compensation, defined generally as base salary (including commission income, if applicable) in excess of applicable IRS limits with regard to contributions to the Savings Plan, plus limited bonus and commissions.

- For each participant eligible to receive a transition credit under the Savings Plan, we have provided an additional transition credit under the BRP based on each participant s eligible compensation under the BRP.

- Our board of directors also may make discretionary, pro rata (based on eligible compensation) contributions to participants under the BRP.

Participants are immediately vested in all amounts contributed by us (along with any income and gains attributable to the contributions) as part of the 6% company contribution and transition credits. Discretionary contributions, if any, generally vest upon completion of three years of service with us, and amounts carried over from the SERP generally vest upon ten years of service with us, in each case, with credit for those years of service completed prior to receipt of such contributions. Under the terms of Mr. Ibrahim s 2008 employment agreement with the Company, Mr. Ibrahim became fully vested in the amount of his accrued benefit under the BRP upon his completion in May 2010 of five full years of service with Radian.

A participant s interest in the BRP is an unfunded bookkeeping account that the participant may elect to invest in any of several notional investment alternatives, which are based on those investment alternatives currently available under our Savings Plan. Participants are not permitted to make voluntary contributions under the BRP. Payouts under the plan begin following the participant s separation from service.

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The following table sets forth information relating to our voluntary deferred compensation plan for officers and the BRP for each of the NEOs.

2012 Nonqualified Deferred Compensation

Name	Plan Name (1)	Executive Contributions in Last FY($)	Registrant Contributions in Last FY (2) ($)	Aggregate Earnings(Losses) in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE (3) ($)
Mr. Ibrahim	DCP	$ 0	$ 0	$ 12,969	$ 477,049	$ 0
	BRP	*	52,500	134,758	0	996,638
Mr. Quint	DCP	0	0	0	0	0
	BRP	*	12,750	71,399	0	660,815
Ms. Bazemore	DCP	0	0	0	0	0
	BRP	*	22,500	11,267	0	115,898
Mr. Hoffman	DCP	0	0	0	0	0
	BRP	*	9,750	430	0	28,875
Mr. Theobald	DCP	0	0	0	0	0
	BRP	*	8,250	3,434	0	58,512

* Not applicable. Participants are not permitted to make voluntary contributions under the BRP.

(1) The Radian Voluntary Deferred Compensation Plan for Officers (the DCP) and the BRP.

(2) These amounts are also included in the All Other Compensation column of the 2012 Summary Compensation Table for 2012.

(3) In addition to the Company s contributions shown in the table above for 2012, the following amounts of Company contributions to the BRP are reported as compensation in the 2012 Summary Compensation Table for 2011 and 2010:

Name	Year Ended December 31, 2011	Year Ended December 31, 2010
Mr. Ibrahim	$ 50,896	$ 45,300
Mr. Quint	21,750	21,750
Ms. Bazemore	21,646	15,300
Mr. Hoffman	7,338	*
Mr. Theobald	9,450	9,104

* Mr. Hoffman was not an NEO in 2010.

Potential Payments Upon Termination of Employment or Change of Control

This section describes the various employment and severance agreements that we have entered into with each of our NEOs, as well as our other plans and arrangements.

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