

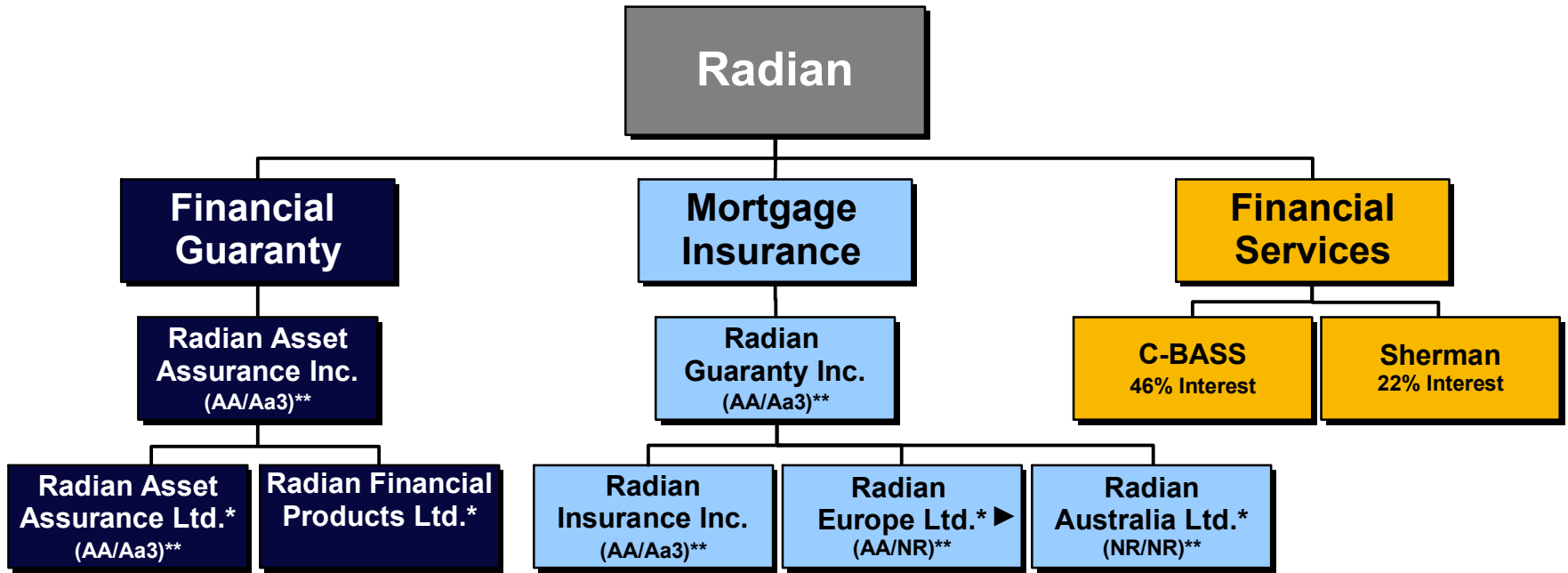
**RADIAN**

**Third Quarter 2007**

# Safe Harbor Statement

All statements made during our third-quarter conference call and in the accompanying presentation that address events or developments that we expect or anticipate may occur in the future are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the U.S. Private Securities Litigation Reform Act of 1995. These statements, which include projections regarding revenues and losses as well as other statements regarding our future financial condition, are made on the basis of management’s current views and assumptions with respect to future events. These forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties, including the following: changes in general financial and political conditions such as extended national or regional economic recessions (or expansions), changes in housing demand or mortgage originations, changes in housing values, population trends and changes in household formation patterns, changes in unemployment rates, changes or volatility in interest rates, consumer confidence, or credit spreads; future credit market disruptions – in particular, further deterioration in the housing, mortgage and related credit markets, which would harm our future consolidated results of operations and, if more severe than our current predictions, could cause our ultimate projected losses on our existing mortgage insurance portfolio to be inaccurate; adverse changes in the liquidity in the capital markets and the contraction of credit markets; changes in investor perception of the strength of private mortgage insurers or financial guaranty providers; risks faced by the businesses, municipalities or pools of assets covered by our insurance; the loss of a customer with whom we have a concentration of our insurance in force or the influence of large customers; increased severity or frequency of losses associated with certain of our products that are riskier than traditional mortgage insurance and financial guaranty insurance policies; material changes in the persistency rates of our mortgage insurance policies; losses associated with the aging of our mortgage insurance portfolio; ratings actions with respect to our credit ratings or the insurance financial-strength ratings assigned by the major ratings agencies to our operating subsidiaries – in particular, our ratings that are currently under review for possible downgrade by Moody’s; heightened competition from other insurance providers, from federal and state governmental or quasi-governmental entities such as the FHA and from alternative products to private mortgage insurance and financial guaranty insurance; changes in the charters or business practices of Fannie Mae and Freddie Mac; the application of federal or state consumer, lending, insurance and other applicable laws and regulations, or changes in these laws and regulations or the way they are interpreted; the possibility that we may fail to estimate accurately the likelihood, magnitude and timing of losses in connection with establishing loss reserves for our mortgage insurance or financial guaranty businesses or to estimate accurately the fair value amounts of derivative financial guaranty contracts in determining gains and losses on these contracts; changes in accounting guidance from the SEC or the Financial Accounting Standards Board regarding income recognition and the treatment of loss reserves in the mortgage insurance or financial guaranty industries; vulnerability to the performance of our strategic investments; proceeds we may receive from a sale of our interest in C-BASS or the assets of C-BASS or in connection with the exercise of the outstanding option to purchase our remaining interests in Sherman; legal and other limitations on the amount of dividends that we may receive from our insurance subsidiaries; international expansion of our mortgage insurance and financial guaranty businesses into new markets and risks associated with our international business activities. For more information regarding these risks and uncertainties, as well as certain additional risks that we face, investors should refer to the risk factors detailed in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2006. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date of this presentation. We do not intend to, and disclaim any duty or obligation to, update or revise any forward-looking statements made during today’s investor call or included in the accompanying presentation to reflect new information, future events or for any other reason.

# Business Segment Structure



## Segment Equity at 9/30/07

**\$1,429 MM**

**\$1,925 MM**

**\$94 MM**

\* International Entities

▶ To be Liquidated by the End of 2007

\*\* Radian formally requested that Fitch withdraw its ratings of all Radian entities on September 5, 2007. Fitch rates Radian Asset and Radian Asset Ltd. A+ and Radian Guaranty Inc., Radian Insurance Inc., and Radian Europe Ltd. AA-. Radian Australia Ltd. is not rated by Fitch.

# Financial Highlights

	<u>As of 9/30/07</u>
<b>Assets</b>	<b>\$8,214.9</b>
<b>Loss reserves</b>	<b>\$1,094.7</b>
<b>Unearned premiums</b>	<b>\$1,045.3</b>
<b>Stockholders' equity</b>	<b>\$3,447.5</b>
<b>Market capitalization</b>	<b>\$1,872.4</b>
<b>Debt to capital ratio</b>	<b>21.6%</b>
<b>Book value per share</b>	<b>\$42.86</b>

Dollars in millions.

## 3<sup>rd</sup> Quarter 2007 Book Value Change

	Total		Per Share	
<b>6/30/2007 Book Value</b>		<b>\$4.1 B</b>	<b>\$</b>	<b>51.53</b>
			BV per	EPS
	Pre-tax	After-tax	share	impact
		impact	impact	
<b>C-BASS Impairment</b>	<b>(468)</b> (1)	<b>(304)</b>	<b>(3.78)</b>	<b>\$ (3.78)</b>
<b>NIMS mark-to-market</b>	<b>(366)</b> (2)	<b>(238)</b>	<b>(2.96)</b>	<b>(2.96)</b>
<b>Financial Guaranty mark-to-market</b>	<b>(256)</b>	<b>(166)</b>	<b>(2.06)</b>	<b>(2.06)</b>
<b>Second-Lien premium deficiency</b>	<b>(155)</b> (3)	<b>(101)</b>	<b>(1.26)</b>	<b>(1.26)</b>
<b>FG Reserve for CDO of ABS transaction</b>	<b>(50)</b>	<b>(33)</b>	<b>(0.41)</b>	<b>(0.41)</b>
<b>Sherman Gain on Sale</b>	<b>182</b>	<b>118</b>	<b>1.47</b>	<b>1.47</b>
<b>All Other</b>	<b>-</b>	<b>26</b>	<b>0.33</b>	<b>0.22</b>
<b>9/30/2007 Book Value</b>		<b>\$3.4 B</b>	<b>\$</b>	<b>42.86</b>
<b>Quarter Ended 9/30/2007 EPS</b>				<b>\$ (8.78)</b>

- (1) Does not include possible write-down of between \$0 and \$50 million related to our loan to C-BASS.
- (2) Includes approximately \$270 million of projected future principal credit losses.
- (3) Represents an acceleration of the present value of expected future losses

Dollars in millions except per share amounts

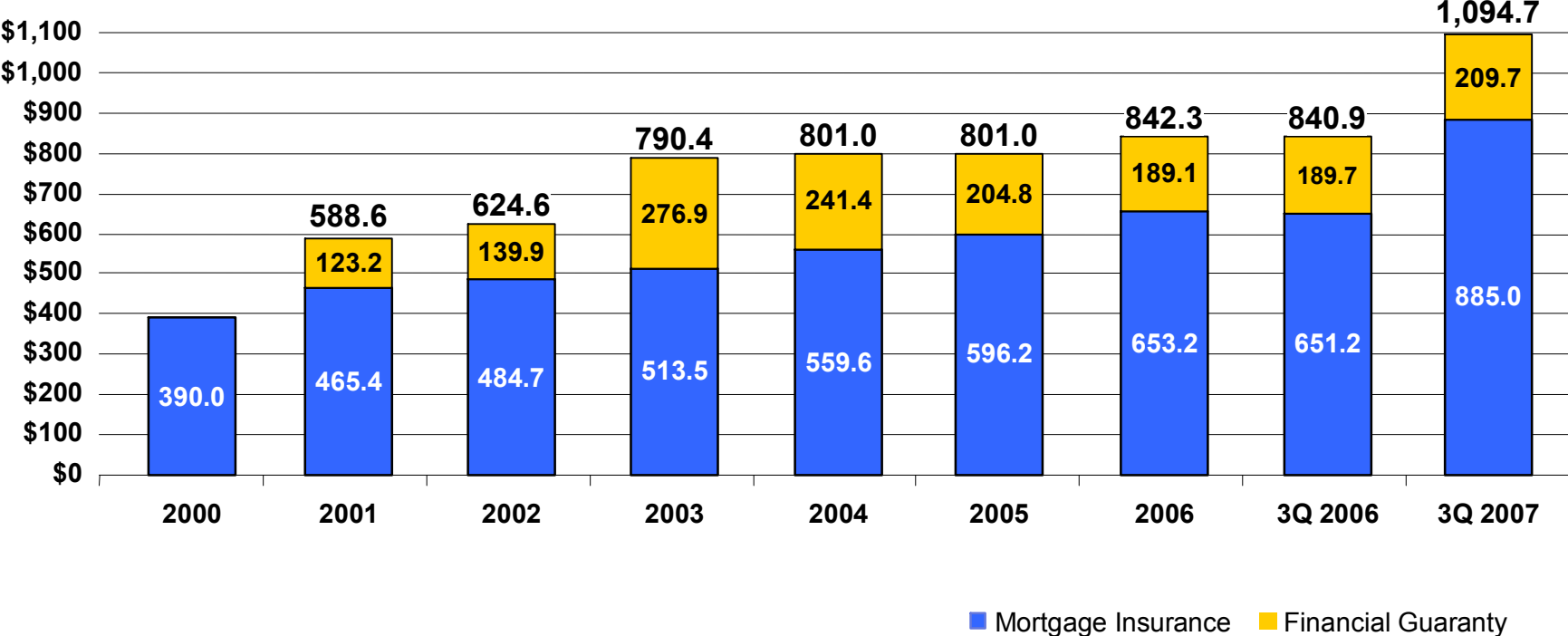
# Diversification

## Risk In Force/ Net Par Outstanding by Product

<b>Business Line</b>	<b>Product</b>	<b>RIF/Net Par Outstanding as of 9/30/07</b>	<b>Percent of Portfolio</b>
<b>Financial Guaranty</b>	<b>Direct Public Finance</b>	<b>\$18,168.9</b>	<b>12%</b>
	<b>Public Finance Reinsurance</b>	<b>41,592.6</b>	<b>27%</b>
	<b>Direct Structured Finance</b>	<b>47,704.1</b>	<b>30%</b>
	<b>Structured Finance Reinsurance</b>	<b>5,300.4</b>	<b>3%</b>
<b>Total FG Net Par Outstanding</b>		<b>112,766.0</b>	<b>72%</b>
<b>Mortgage Insurance</b>	<b>Primary Prime MI</b>	<b>20,908.0</b>	<b>13%</b>
	<b>Primary Non-Prime MI</b>	<b>8,493.0</b>	<b>5%</b>
	<b>Pool MI</b>	<b>2,987.0</b>	<b>2%</b>
	<b>Second Liens</b>	<b>1,007.0</b>	<b>1%</b>
	<b>NIMs</b>	<b>712.0</b>	<b>*%</b>
	<b>International</b>	<b>8,625.0</b>	<b>6%</b>
	<b>Other</b>	<b>212.0</b>	<b>*%</b>
<b>Total MI RIF</b>		<b>42,944.0</b>	<b>28%</b>
<b>Total Radian RIF/Net Par Outstanding</b>		<b>\$155,710.0</b>	<b>100%</b>

less than 1%

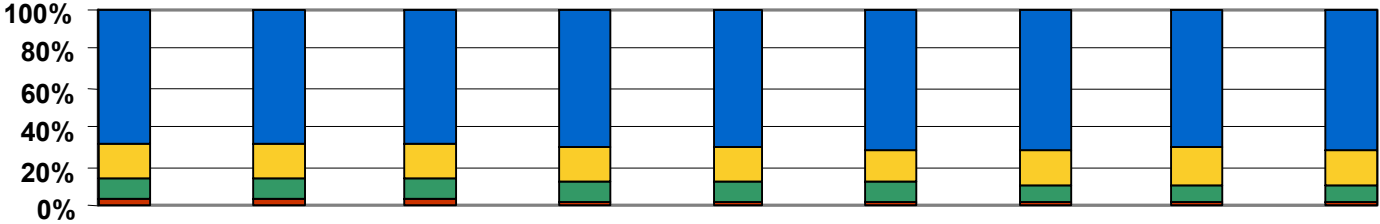
# Total Loss Reserves



Dollars in millions.

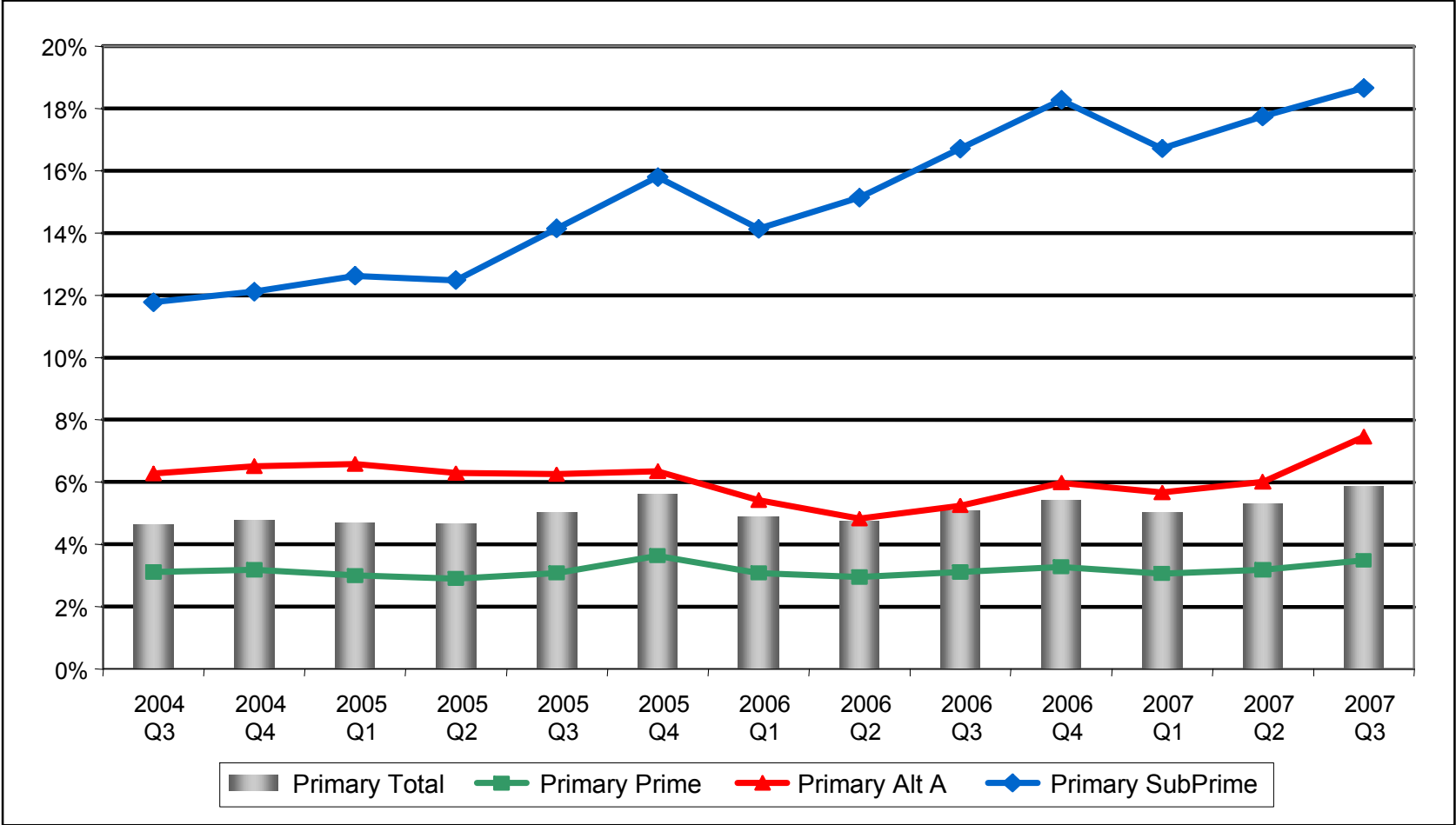
# Primary Mortgage Insurance Risk in Force by Product

## Primary RIF by Product



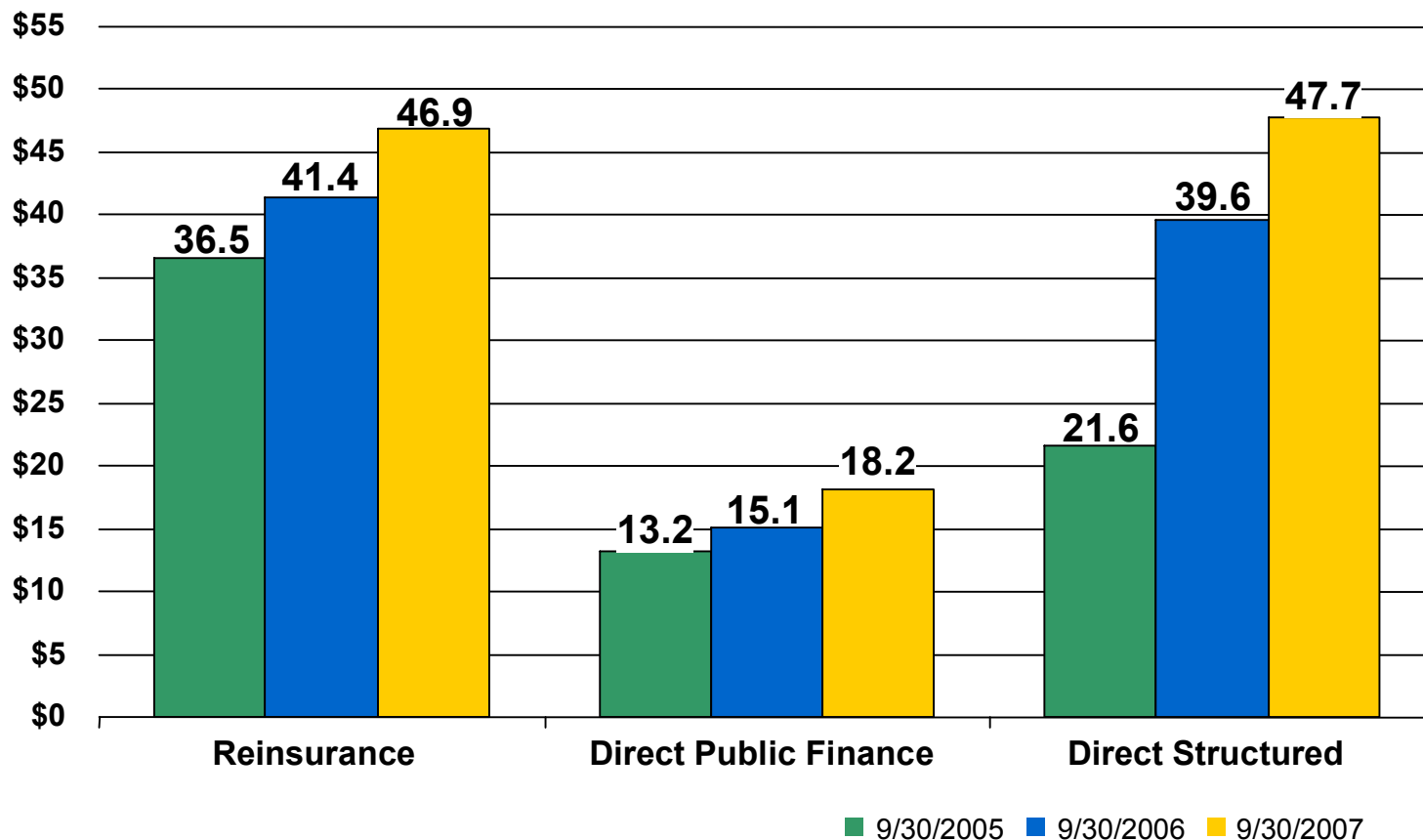
	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07
<b>Prime</b>	68.7%	69.3%	68.9%	69.8%	70.8%	71.9%	71.8%	70.9%	71.1%
<b>Alt A</b>	17.7%	17.5%	17.5%	17.3%	17.0%	16.7%	17.3%	18.5%	18.6%
<b>A minus</b>	10.7%	10.5%	10.8%	10.5%	10.0%	9.5%	9.2%	9.2%	9.1%
<b>B/C</b>	2.9%	2.7%	2.8%	2.4%	2.2%	1.9%	1.7%	1.4%	1.2%

# Primary Mortgage Insurance Default Rates by Prime, Alt A and SubPrime



# Financial Guaranty Net Par Outstanding by Product

\$112.8 billion as of 9/30/07



Dollars in billions.

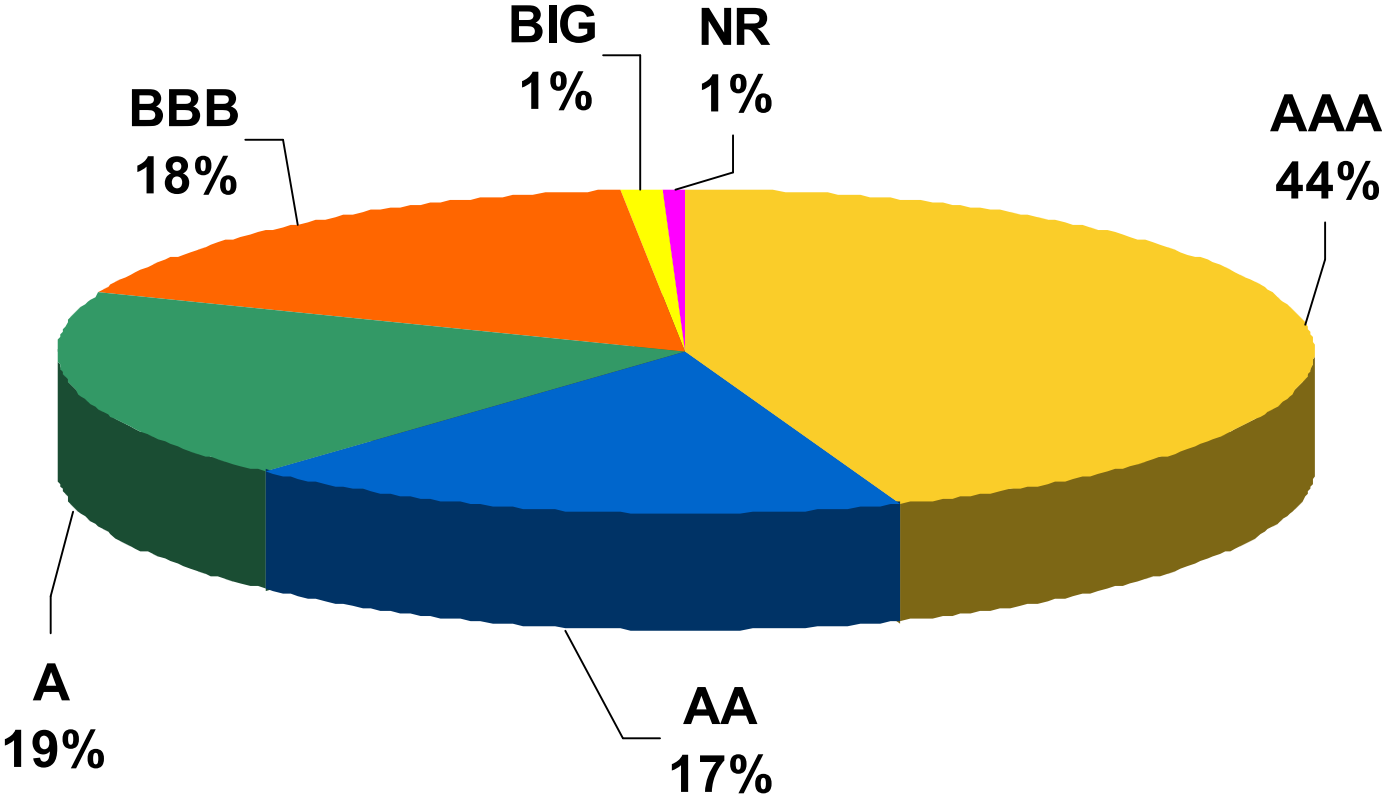
# Financial Guaranty Product Line and Sector Mix

\$112.8 billion in net par outstanding as of 9/30/07

Public Finance		Structured Finance	
Sector	Percent	Sector	Percent
Education	3.8%	Asset-backed – commercial and other	1.1%
General obligations	16.9	Asset-backed – consumer	1.2
Healthcare	9.4	Asset-backed – mortgage and MBS	0.9
Housing	0.6	CDOs	41.5
Investor owned utilities	3.1	Other structured finance	2.3
Long term care	1.4	Subtotal	47.0%
Tax-backed	5.1		
Transportation	5.6		
Utilities	5.7		
Other public finance	1.4		
Subtotal	53.0 %		

# Financial Guaranty Net Par Outstanding by Rating

\$112.8 billion in net par outstanding as of 9/30/07

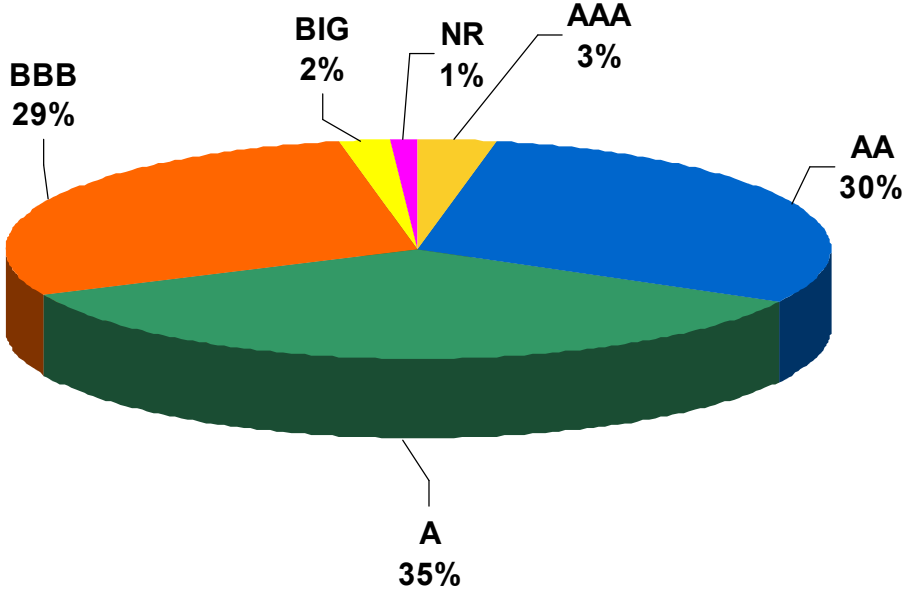


\* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody's and Fitch), or, if no such rating has been assigned, Radian's rating estimate of the obligation utilizing rating agency models and methodologies to the extent available. Radian's rating estimates are subject to revision at any time and may differ from the credit ratings ultimately assigned by the three rating agencies.

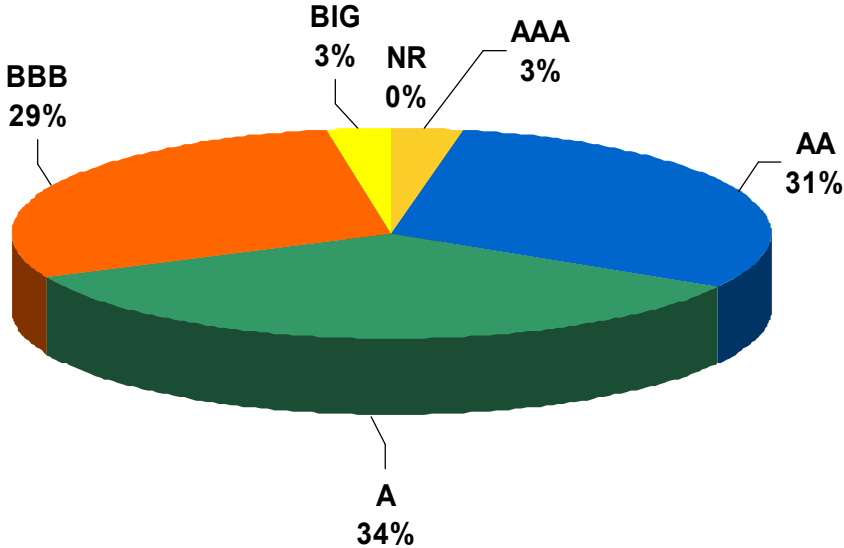
# Financial Guaranty Public Finance Net Par Outstanding by Rating Direct and Assumed

\$51.8 billion in net par as of 9/30/06; \$59.8 billion in net par outstanding as of 9/30/07

**9/30/06**



**9/30/07**



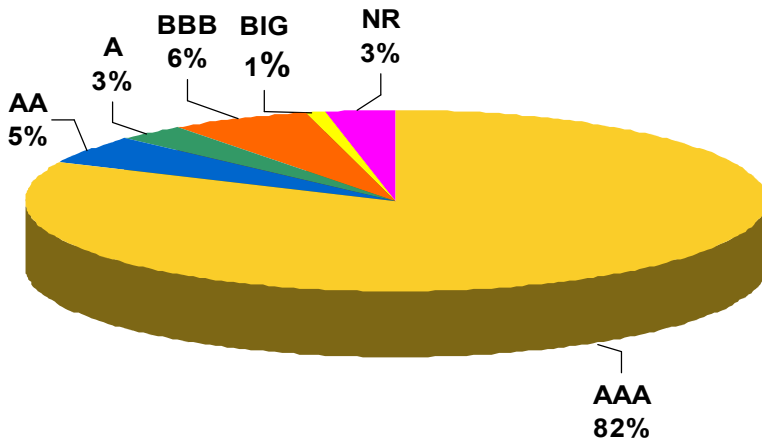
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# Financial Guaranty Structured Net Par Outstanding by Rating

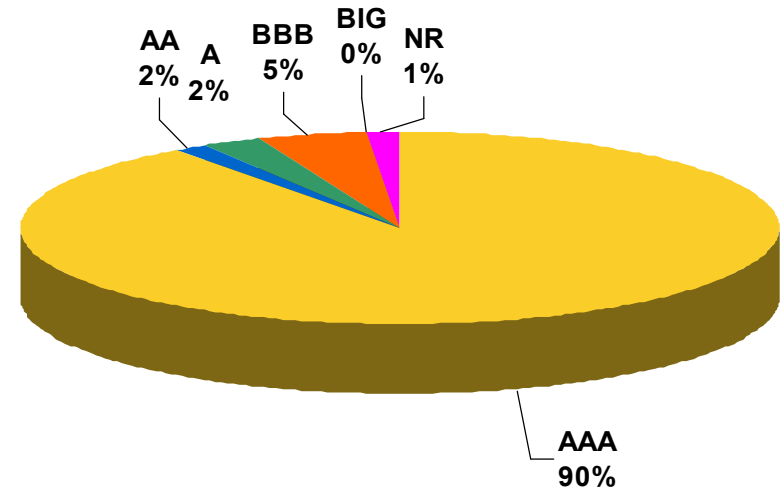
## Direct and Assumed

\$44.3 billion in net par as of 9/30/06; \$53.0 billion in net par outstanding as of 9/30/07

**9/30/06**



**9/30/07**



\* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody's and Fitch), or, if no such rating has been assigned, Radian's rating estimate of the obligation utilizing rating agency models and methodologies to the extent available. Radian's rating estimates are subject to revision at any time and may differ from the credit ratings ultimately assigned by the three rating agencies.

# Financial Guaranty Non-CDO RMBS Portfolio: Breakdown by Asset Type

\$1,013 MM Domestic RMBS as of September 30, 2007

	Total Net Par Outstanding	% of RMBS Portfolio	% Direct	% Assumed from AAA Primaries	% 2006/2007 Vintage	AAA	AA	A	BBB*	BIG**
<b>SubPrime</b>	\$581 MM 182 Policies	57%	\$154 MM 7 Policies 27%	\$427 MM 175 Policies 73%	18% / 24%	27%	0%	15%	31%	27%
<b>Prime</b>	\$380 MM 104 Policies	37%	\$205 MM 10 Policies 54%	\$175 MM 94 Policies 46%	20% / 9%	87%	8%	1%	4%	0%
<b>Alt A</b>	\$46 MM 7 Policies	5%	\$0 MM 0 Policies 0%	\$46 MM 7 Policies 100%	24% / 24%	59%	41%	0%	0%	0%
<b>Second to Pay</b>	\$6 MM 6 Policies	1%	\$0 MM 0 Policies 0%	\$6 MM 6 Policies 100%	0% / 0%	100%	0%	0%	0%	0%
<b>Total RMBS</b>	\$1,013 MM 299 Policies	100%	\$359 MM 17 Policies 35%	\$654 MM 282 Policies 65%	19% / 18%	51%	5%	9%	19%	16%

\*100% of the BBB exposure is assumed through treaties from the AAA primaries

\*\*All of the BIG exposure is on Radian's Watch List and reserves have been established for these as needed

\*\*\*Ratings are based on internal ratings.

Note: No direct RMBS have been written since 2005 and no direct SubPrime RMBS have been written since 2004

# Financial Guaranty CDO Portfolio

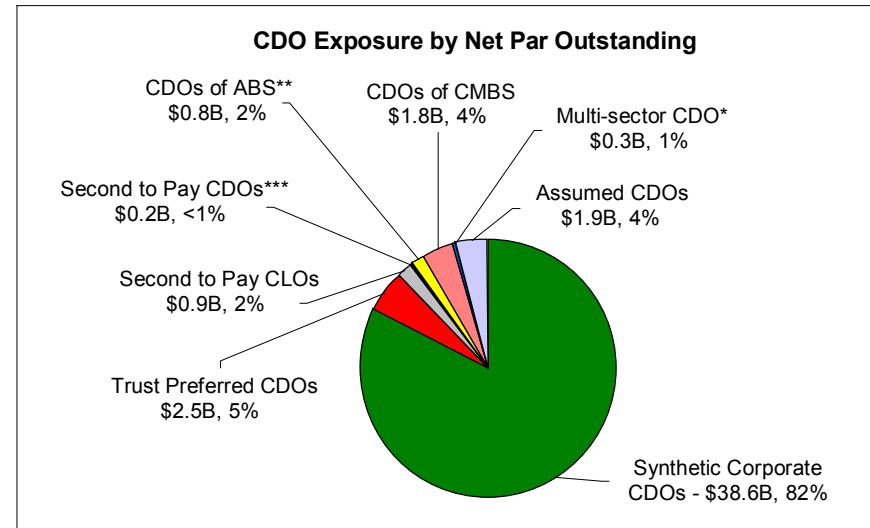
**\$46.8 Billion Net Par Outstanding as of September 30, 2007**

## Direct exposure (\$44.9 billion; 96% of CDO exposure):

- Synthetic Corporate CDOs attach at the AAA level or higher, with an average attachment point of 2.6x the AAA level and a weighted average tenor of 6 years
  - More than 84% have attachments of at least 2x the AAA level as determined by S&P CDO Evaluator
  - On an outstanding notional basis, at least 95% of the transactions we have insured (with a typical portfolio of 100-150 referenced corporate entities) can sustain at least 15 defaults (30% recovery assumption) without Radian Asset incurring a loss
- Trust Preferred CDOs attach at AAA or multiple of AAA level
- CLOs - 2<sup>nd</sup>-to-pay transactions with AAA monolines wrapping underlying
- 87% of CDOs of ABS net par outstanding is rated AAA
- 100% of CDOs of CMBS and Multi-sector CDOs net par outstanding is rated AAA

## Assumed exposure (\$1.9 billion; 4% of CDO exposure):

- Over 285 credits through reinsurance
- 2 deals on Intensified Surveillance List totaling \$15.3 million
- 4 deals on Case Reserve List totaling \$2.5 million

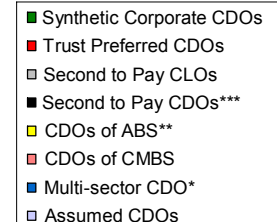


\*One multi-sector CDO with net par outstanding of \$257 million

\*\*Includes \$100 million market value extendible note program

\*\*\*One second to pay CDO of corporate bonds with net par outstanding of \$164 million

Note: See CDOs of ABS, CDOs of CMBS, and Multi-sector CDOs table for detail on these sectors



## Financial Guaranty CDO Portfolio: Ratings Downgrade Impact Analysis

- Radian Asset has three CDOs of ABS with net par outstanding of \$760.8 million, of which two are rated AAA (\$660.8 million) and one is rated BBB (\$100 million).
- The BBB rated transaction is the market value extendible note program discussed on our September 27<sup>th</sup> Financial Guaranty investor call in which Radian has a \$100 million exposure. This transaction is supported by high investment grade assets, with 67% of the underlying collateral rated AAA and the remaining 33% rated AA as of September 30, 2007. One \$2.8 million RMBS bond in this transaction's total collateral pool was downgraded by S&P from AA to B on October 27, 2007. An extension event has occurred and the six month liquidation period has commenced.
- The ratings on both of Radian's AAA CDOs of ABS have remained stable. The underlying collateral of one of these deals was impacted by Moody's and S&P's rating actions since July 2007. The downgrades affected 19 credits representing \$102 million in a collateral pool of 129 credits totaling \$631.4 million. Total subordination equals \$127.8 million. 100% of the subprime RMBS could default with a 50% recovery rate before Radian would pay one dollar of loss assuming no defaults of non-subprime RMBS.

# Financial Guaranty CDO of ABS, CMBS, and Multi-sector Portfolio Table

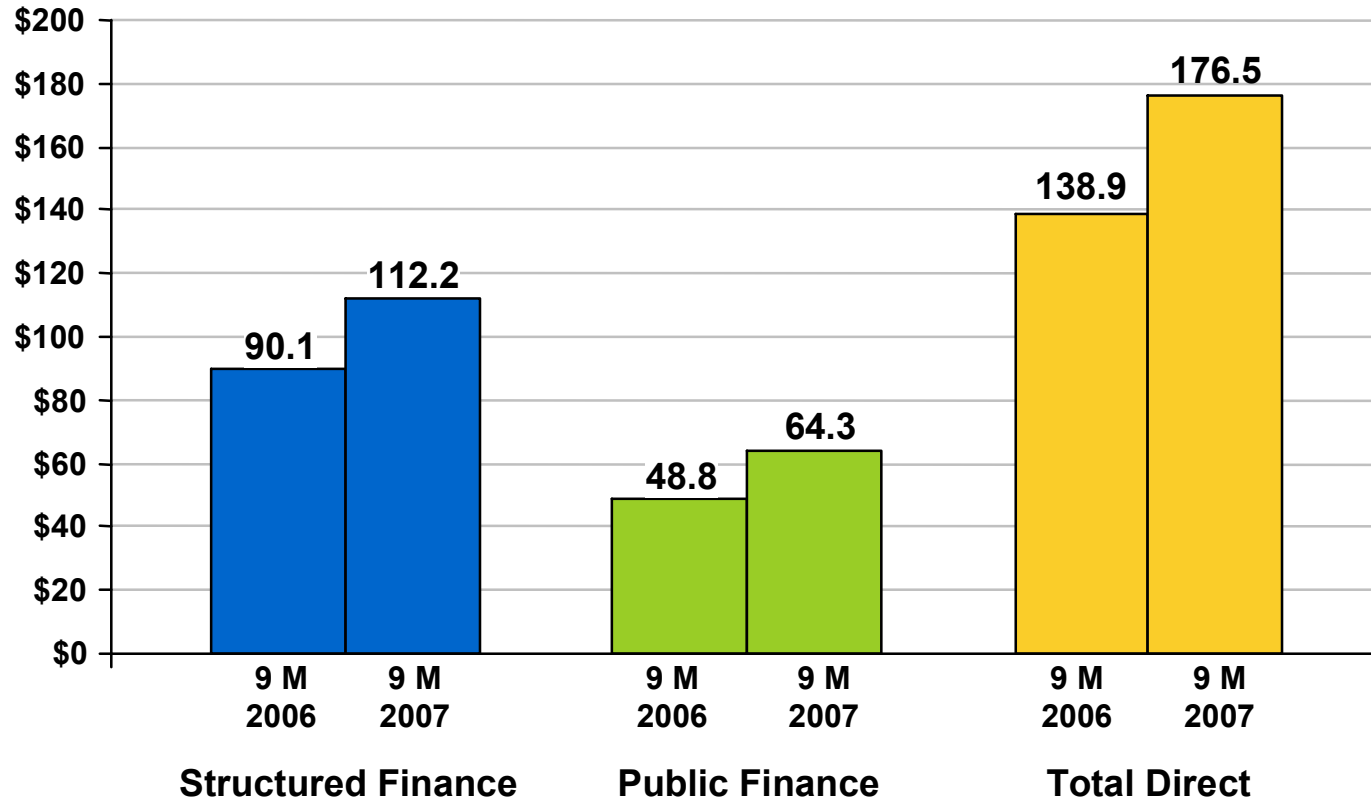
## As of September 30, 2007

Type of Collateral as a Percentage of Total Pool as of Sept 30th 2007

Year Insured	Legal Final Maturity	Net Par Outstanding	ABS	RMBS	Subprime RMBS	CMBS	Investment Grade Corporate	High Yield Grade Corporate	CDO of ABS	CDO of CDO	Other	Total Collateral Pool	S&P Rating	Moody's Rating	Original AAA Subordination	Radian Asset Attachment Point	% RMBS A or Better	% Sub Prime A or Better
2003	2010	\$100,000,000.00	5.33%	30.19%	24.06%	23.56%	0.00%	0.00%	12.47%	0.81%	3.57%	100.00%	BBB	N/R	7.75%	2.02%	89.15%	96.88%
2004	2009	\$255,177,000.00	32.05%	38.76%	0.00%	0.00%	26.97%	2.22%	0.00%	0.00%	0.00%	100.00%	AAA	Aaa	2.20%	19.46%	100.00%	100.00%
2005	2010	\$150,000,000.00	25.17%	49.05%	15.78%	0.00%	8.51%	1.49%	0.00%	0.00%	0.00%	100.00%	AAA	N/R	4.52%	13.00%	100.00%	100.00%
2006	2046	\$510,773,213.25	0.00%	23.14%	42.53%	13.37%	0.00%	0.00%	13.40%	2.81%	4.75%	100.00%	AAA	Aaa	4.85%	20.02%	82.45%	96.11%
2006	2047	\$450,000,000.00	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	AAA	N/R	2.40%	6.75%	0.00%	0.00%
2006	2049	\$598,500,000.00	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	AAA	N/R	0.63%	5.07%	0.00%	0.00%
2006	2056	\$352,500,000.00	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	AAA	N/R	5.52%	6.50%	0.00%	0.00%
2007	2047	\$430,000,000.00	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	AAA	Aaa	2.40%	7.00%	0.00%	0.00%
Total		\$2,846,950,213.25																

# Financial Guaranty Adjusted Gross Written Premiums (AGWP) Growth\*

Direct Business Only



Dollars in millions.

\*Includes upfront premiums written and present value of estimated future installment premiums for new direct business writing. See reconciliation to net written premiums.

## Financial Guaranty Reconciliation of Adjusted Gross Written Premiums Direct Only to Net Premiums Written (Insurance and Derivatives)

(\$ in thousands)	<b>Adjusted Gross Written Premium</b>	<b>Deduction</b>  Present Value of Estimated Future Installment Premiums	<b>Addition</b>  Installment Premiums on Policies Written in Previous Years	<b>Deduction</b>  Ceded Premiums on Direct Business	Total Additions and Deductions	<b>Net Premiums Written</b>
<b>Q 3 06</b>						
Structured Finance Direct	<b>\$20,705</b>	\$15,565	\$14,486	\$106	(\$1,185)	<b>\$19,520</b>
Public Finance Direct	<b>\$10,798</b>	\$0	\$391	(\$2)	\$393	<b>\$11,191</b>
<b>Q 3 07</b>						
Structured Finance Direct	<b>\$44,107</b>	\$39,468	\$10,175	\$258	(\$29,551)	<b>\$14,556</b>
Public Finance Direct	<b>\$31,930</b>	\$14,198	\$552	\$56	(\$13,702)	<b>\$18,228</b>
<b>9M 06</b>						
Structured Finance Direct	<b>\$90,144</b>	\$76,417	\$45,738	\$339	(\$31,018)	<b>\$59,126</b>
Public Finance Direct	<b>\$48,808</b>	\$74	\$860	(\$4)	\$790	<b>\$49,598</b>
<b>9M 07</b>						
Structured Finance Direct	<b>\$112,234</b>	\$101,725	\$30,945	\$367	(\$71,147)	<b>\$41,087</b>
Public Finance Direct	<b>\$64,343</b>	\$15,568	\$757	\$56	(\$14,867)	<b>\$49,476</b>

# RADIAN

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