

RADIAN

Presentation to AIFA

March 4, 2008

Bob Quint, Chief Financial Officer

Safe Harbor Statement

All statements made during today's presentation that address events, developments or results 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, without limitation, projections regarding our future performance and financial condition are made on the basis of management's current views and assumptions with respect to future events. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those contained in the forward looking information. The forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties, including the following:

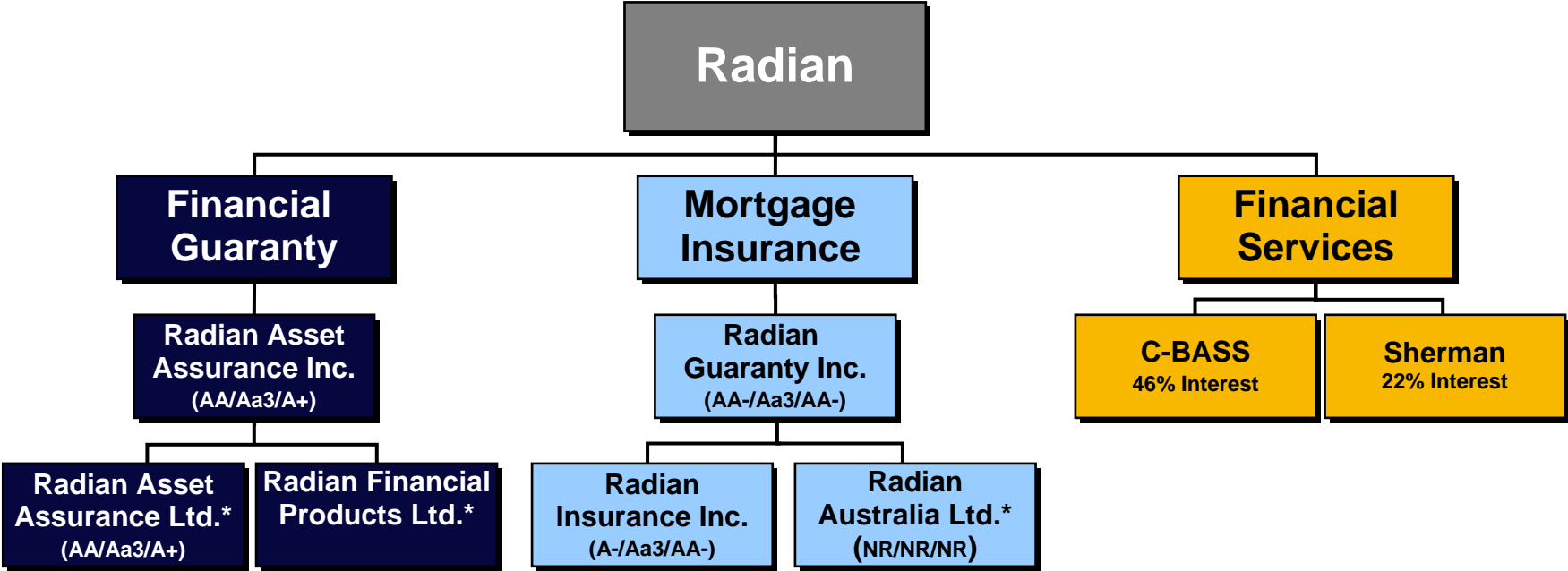
- actual or perceived changes in general financial and political conditions, such as extended national or regional economic recessions, changes in housing demand or mortgage originations, changes in housing values (in particular, further deterioration in the housing, mortgage and related credit markets, which would harm our future consolidated results of operations and, if more severe than our current predictions, could cause our ultimate projected losses for our mortgage insurance business to be worse than expected), changes in the liquidity in the capital markets and the further contraction of credit markets, population trends and changes in household formation patterns, changes in unemployment rates, changes or volatility in interest rates or consumer confidence, changes in credit spreads, changes in the way investors perceive the strength of private mortgage insurers or financial guaranty providers, investor concern over the credit quality and specific risks faced by the particular businesses, municipalities or pools of assets covered by our insurance;
- actual or perceived economic changes or catastrophic events in geographic regions (both domestic and international) where our mortgage insurance or financial guaranty insurance in force is more concentrated;
- our ability to successfully obtain additional capital in the event that capital is required to support our long-term liquidity needs and to protect our credit and financial strength ratings;
- a decrease in the volume of home mortgage originations due to reduced liquidity in the lending market, tighter underwriting standards and a deterioration in housing markets throughout the United States;
- the loss of a customer for whom we write a significant amount of mortgage insurance or financial guaranty insurance or the influence of large customers;
- disruption on the servicing of mortgages covered by our insurance policies;
- the aging of our mortgage insurance portfolio, which could cause losses to increase, and changes in severity or frequency of losses associated with certain of our products that are riskier than traditional mortgage insurance or financial guaranty insurance policies;
- the performance of our insured portfolio of higher risk loans, such as Alt-A and sub-prime loans, and adjustable rate products, such as adjustable rate mortgages and interest-only mortgages, which have resulted in increased losses in 2007 and may result in further losses;
- reduced opportunities for loss mitigation in markets where housing values fail to appreciate or begin to decline; changes in persistency rates of our mortgage insurance policies caused by changes in refinancing activity, appreciating or depreciating home values and changes in the mortgage insurance cancellation requirements of mortgage lenders and investors;
- downgrades or threatened downgrades of, or other ratings actions with respect to, our credit ratings or the insurance financial strength ratings assigned by the major rating agencies to any of our rated insurance subsidiaries at any time (in particular, our credit rating and the financial strength ratings of our mortgage insurance subsidiaries that are currently under review for possible downgrade);

Safe Harbor Statement (Continued)

- heightened competition for our mortgage insurance business from others such as the Federal Housing Administration and the Veterans' Administration or other private mortgage insurers, from alternative products such as "80-10-10" loans or other forms of simultaneous second loan structures used by mortgage lenders, from investors using forms of credit enhancement other than mortgage insurance as a partial or complete substitution for private mortgage insurance and from mortgage lenders that demand increased participation in revenue sharing arrangements such as captive reinsurance arrangements;
- changes in the charters or business practices of Federal National Mortgage Association and Federal Home Loan Mortgage Corp., the largest purchasers of mortgage loans that we insure;
- heightened competition for financial guaranty business from other financial guaranty insurers, including those recently downgraded to ratings equal to or lower than our ratings, from other forms of credit enhancement such as letters of credit, guaranties and credit default swaps provided by foreign and domestic banks and other financial institutions and from alternative structures that may permit insurers to securitize assets more cost without the need for the types of credit enhancement we offer, or result in our having to reduce the premium we charge for our products
- the application of existing federal or state consumer, lending, insurance, securities and other applicable laws and regulations, or changes in these laws and regulations or the way they are interpreted; including, without limitation: (i) the possibility of private lawsuits or investigations by state insurance departments and state attorneys general alleging that services offered by the mortgage insurance industry, such as captive reinsurance, pool insurance and contract underwriting, are volatile of the Real Estate Settlement Procedures Act and/or similar state regulations, or (ii) legislative and regulatory changes affecting demand for private mortgage insurance or financial guaranty insurance;
- 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, the premium deficiency for our second-lien mortgage insurance business or to estimate accurately the fair value amounts of derivative contracts in our mortgage insurance and financial guaranty businesses in determining gains and losses on these contracts;
- changes in accounting guidance from the Securities and Exchange Commission ("SEC") or the Financial Accounting Standards Board (in particular changes regarding income recognition and the treatment of loss reserves in the financial guaranty industries);
- our ability to profitably grow our insurance businesses in international markets, which depends on a number of factors such as foreign governments' monetary policies and regulatory requirements, foreign currency exchange rate fluctuations, and our ability to develop and market products appropriate to foreign markets;
- legal and other limitations on the amount of dividends we may receive from our subsidiaries; and
- vulnerability to the performance of our strategic investments, including in particular, our investment in Sherman Financial Services Group LLC.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you 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 as well as the updates to these risks included in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2007. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date of today's presentation. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements made during today's investor call or included in this presentation to reflect new information or future events or for any other reason.

Summary of Segment Structure



* International Entities

Financial Highlights

	<u>As of 9/30/07</u>
Assets	\$8,214.9
Loss reserves	\$1,094.7
Unearned premiums	\$1,045.3
Stockholders' equity	\$3,447.5
Debt to capital ratio	21.6%
Book value per share	\$42.86
MI Risk to Capital	11.6[*]

*MI Risk to Capital as of 12/31/07 and excludes large AAA international CDS

Dollars in millions.

3rd Quarter 2007 Book Value Change

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

- (1) Does not include \$50 million write-down of C-BASS booked in the 4th Quarter
- (2) Includes approximately \$270 million of projected future principal credit losses
- (3) Represents an acceleration of the present value of expected future losses (approximately \$300 million as previously disclosed) and future expenses less

Dollars in millions except per share amounts

Diversification

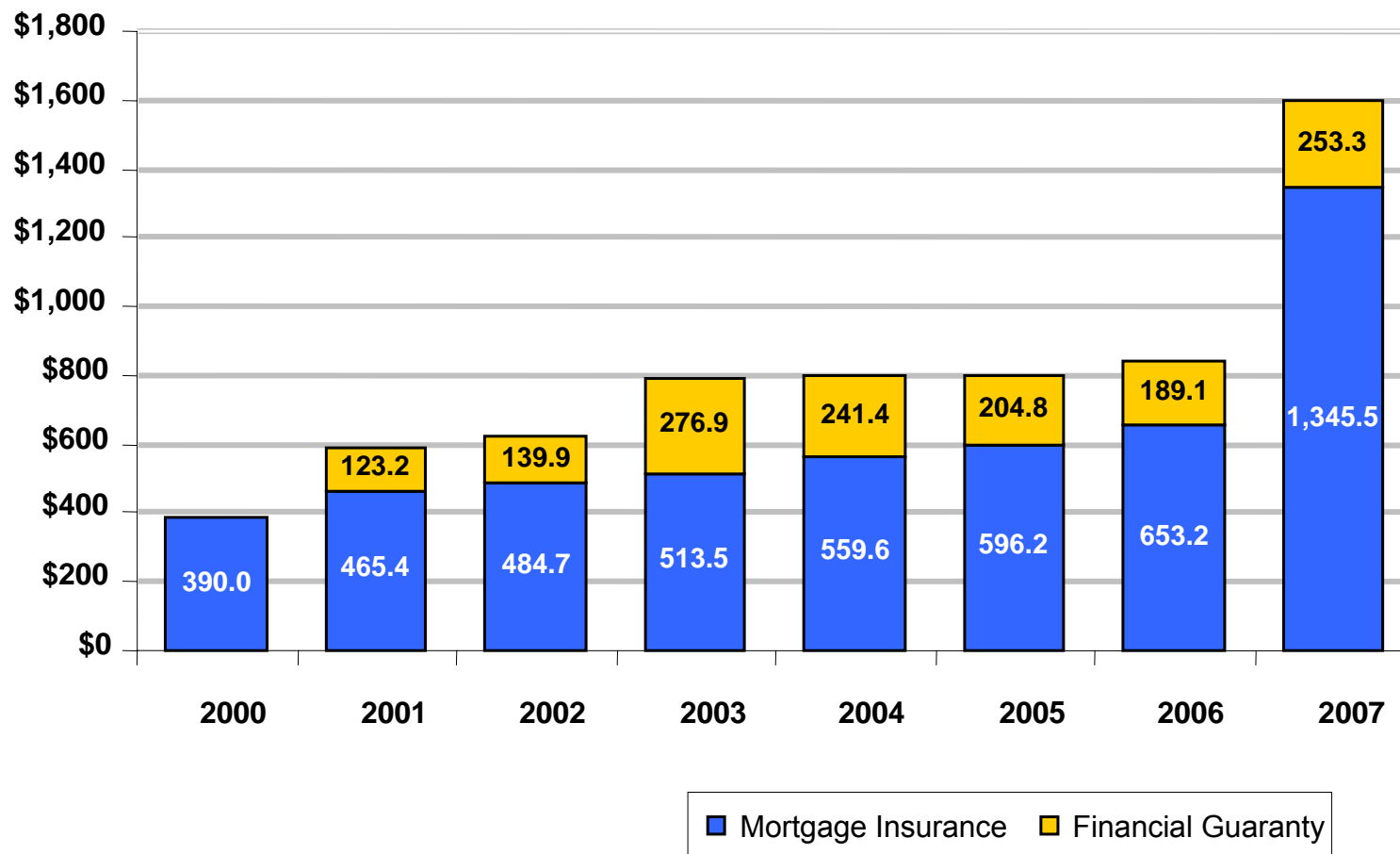
Risk In Force/ Net Par Outstanding by Product

Business Line	Product	RIF/Net Par Outstanding as of 12/31/07	Percent of Porfolio
Financial Guaranty	Direct Public Finance	18,228.9	11%
	Public Finance Reinsurance	43,822.8	27%
	Direct Structured Finance	47,878.2	30%
	Structured Finance Reinsurance	6,091.7	4%
Total FG Net Par Outstanding		116,021.6	72%
Mortgage Insurance	Primary Prime MI	22,732.0	14%
	Primary Non-Prime MI	8,890.0	6%
	Pool MI	3,004.0	2%
	Second Liens	925.0	1%
	NIMs	604.0	*%
	International	8,770.0	5%
	Other	212.0	*%
Total MI RIF		45,137.0	28%
Total Radian RIF/Net Par Outstanding		\$ 161,158.6	100%

Dollars in millions.

* less than 1%

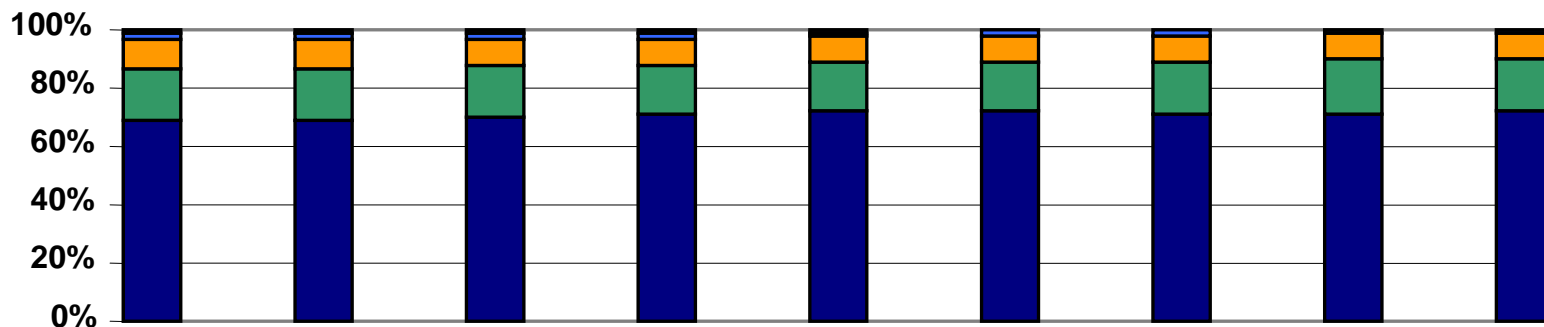
Total Loss Reserves



Dollars in millions.

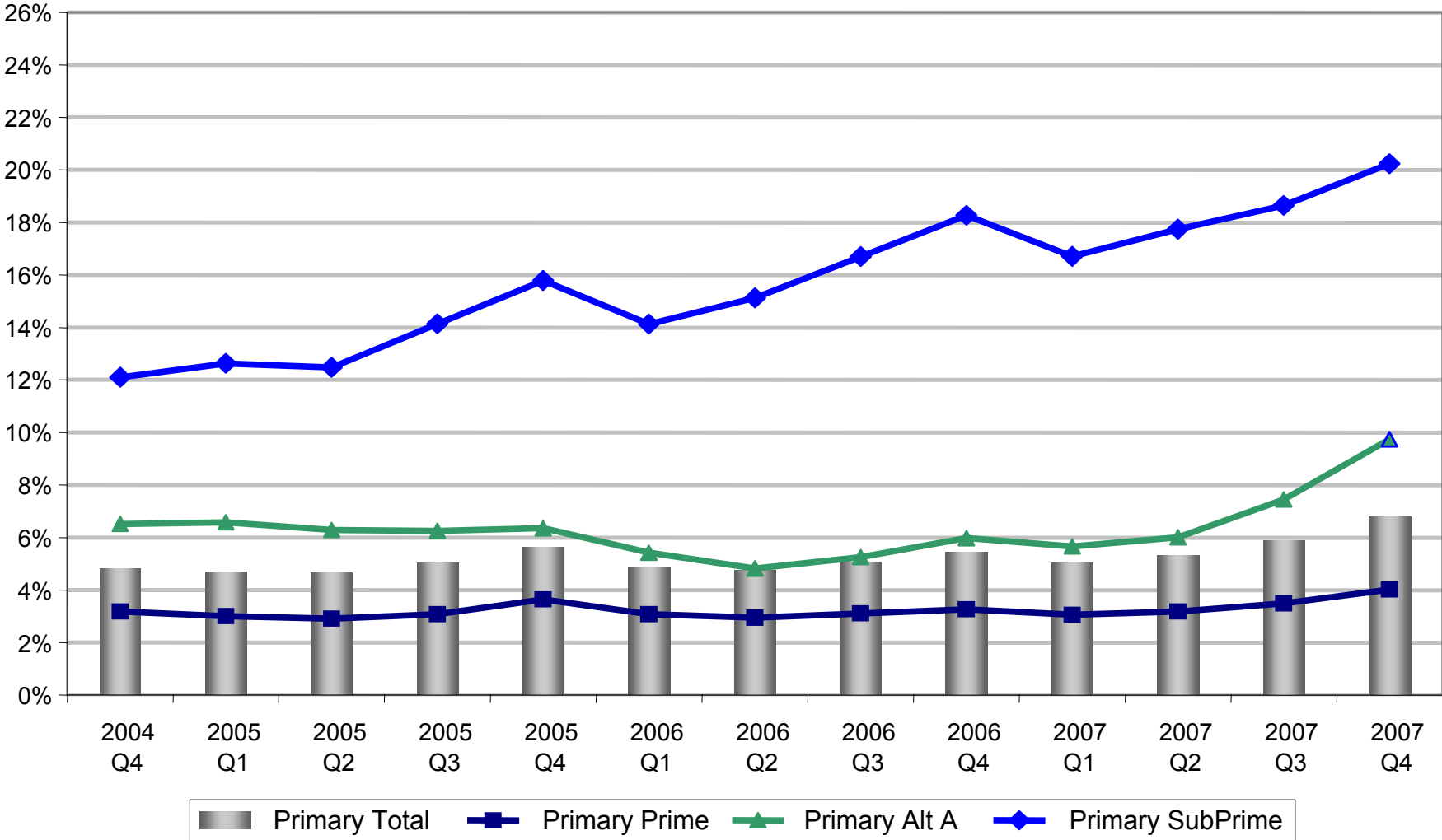
Primary Mortgage Insurance Risk in Force by Product

Primary RIF by Product



	Dec-05	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07
Alt A-	0.8%	0.9%	0.8%	0.7%	0.6%	0.5%	0.5%	0.4%	0.3%
B/C	2.7%	2.8%	2.4%	2.2%	1.9%	1.7%	1.4%	1.2%	1.0%
A Minus	9.7%	9.8%	9.5%	9.2%	8.8%	8.7%	8.7%	8.7%	8.5%
Alt A	17.5%	17.5%	17.3%	17.0%	16.7%	17.3%	18.5%	18.6%	18.3%
A	69.3%	68.9%	69.8%	70.8%	71.9%	71.8%	70.9%	71.1%	71.9%

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



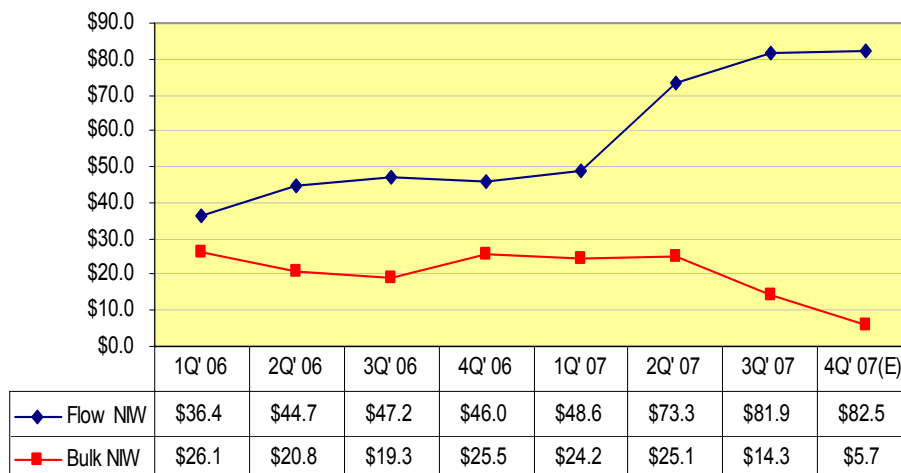
Mortgage Insurance Outlook – Penetration Levels Remain Flat Early in the Year and Then Dip Slightly

- MI penetration increased significantly in 2007; estimated to have reached a high of 19% in Q4
- Bulk volume continued to decline during the year

MI Penetration Levels

Period	MI Penetration
FY 05	6.1%
FY 06	6.4%
Q1 07	7.7%
Q2 07	10.6%
Q3 07	14.9%
Q4 07 (E)	19%

Primary NIW (\$ in Billions)



- MI levels flat with upside potential during the first half of 2008 and then decrease
 - Q1, 08 15%
 - Q2, 08 15%
 - Q3, 08 14%
 - Q4, 08 13.5%

Mortgage Insurance Business

- **Radian market share increased to 15% during 4Q07**
- **Expect to grow sales force and contract underwriters by 40% in 2008**
- **Achieved record low expense ratio in 2007**
- **Persistency levels reached 75% in 2007; 83% during 4Q07**
- **Invested in loss mitigation improvements including cash advance program for claims, providing servicers greater flexibility to cure defaults**

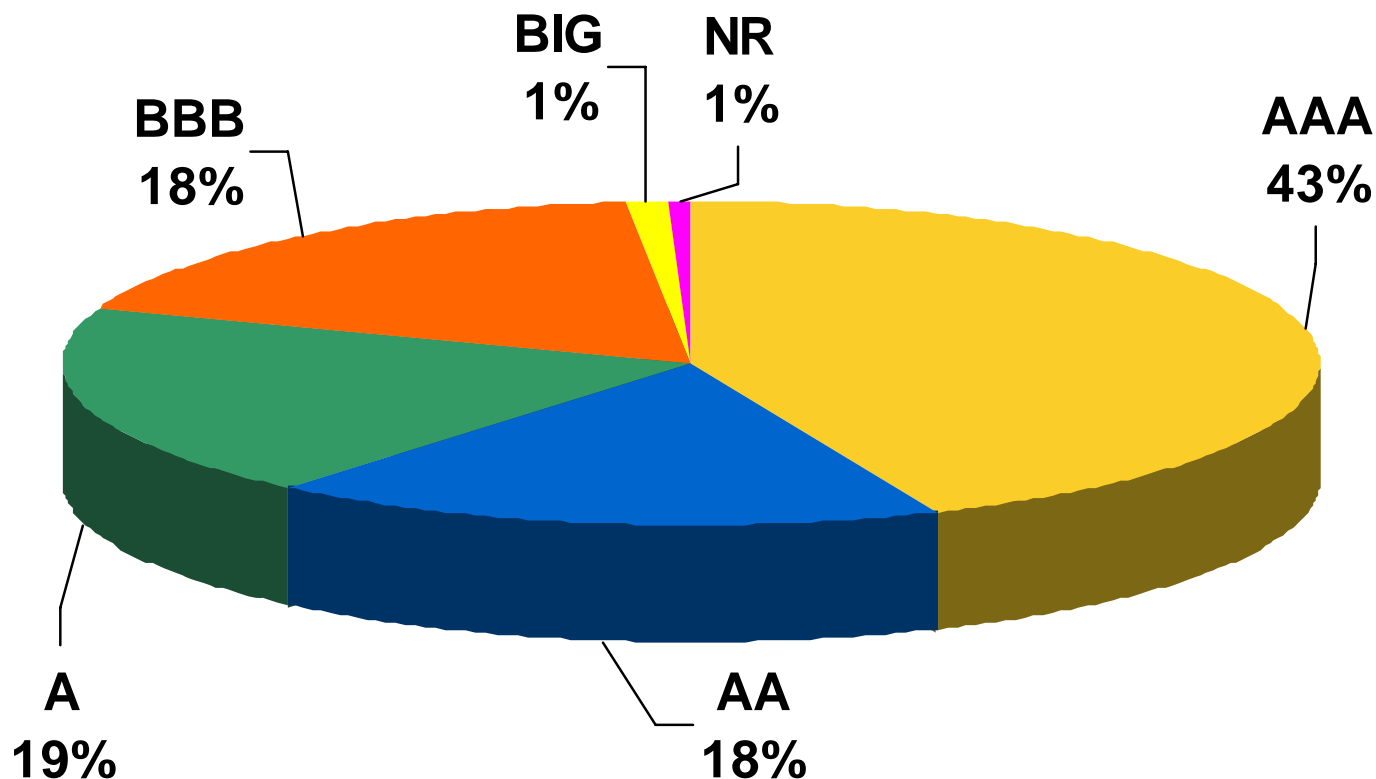
Financial Guaranty Product Line and Sector Mix

\$116.0 billion in net par outstanding as of 12/31/07

Public Finance		Structured Finance	
Sector	Percent	Sector	Percent
Education	3.7%	Asset-backed – commercial and other	1.2%
General obligations	17.1	Asset-backed – consumer	1.5
Healthcare	9.3	Asset-backed – mortgage and MBS	1.0
Housing	0.5	CDOs	40.5
Investor owned utilities	3.4	Other structured finance	2.3
Long term care	1.3	Subtotal	46.5%
Tax-backed	5.0		
Transportation	6.0		
Utilities	5.7		
Other public finance	1.5		
Subtotal	53.5 %		

Financial Guaranty Net Par Outstanding by Rating

\$116.0 billion in net par outstanding as of 12/31/07



* 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

\$1,165 MM Domestic RMBS as of December 31, 2007

	Total Net Par Outstanding	% of RMBS Portfolio	Direct Total*	Assumed Non-HELOCs	Assumed HELOCs	Assumed Total	% 2006/2007 Vintage	AAA	AA	A	BBB**	BIG***
SubPrime	\$ 423 MM 149 Policies	36.3%	\$ 147 MM 7 Policies 34.6%	\$ 251 MM 141 Policies 59.4%	\$ 25 MM 1 Policy 5.9%	\$ 276 MM 142 Policies 65.4%	10.7% / 31.6%	19.6%	0.2%	25.8%	11.7%	42.7%
Prime	\$ 270 MM 71 Policies	23.2%	\$ 124 MM 7 Policies 46.0%	\$ 81 MM 49 Policies 30.1%	\$ 65 MM 15 Policies 23.9%	\$ 146 MM 64 Policies 54.0%	7.9% / 26.2%	66.6%	9.4%	4.2%	18.7%	1.1%
Alt A	\$ 428 MM 61 Policies	36.8%	\$ 78 MM 3 Policies 18.3%	\$ 271 MM 52 Policies 63.3%	\$ 79 MM 6 Policies 18.4%	\$ 350 MM 58 Policies 81.7%	25.8% / 32.4%	74.3%	3.5%	3.2%	14.0%	5.0%
Second to Pay	\$ 44 MM 14 Policies	3.7%	\$ 0 MM 0 Policies 0.0%	\$ 44 MM 14 Policies 100.0%	\$ 0 MM 0 Policies 0.0%	\$ 44 MM 14 Policies 100.0%	0.0% / 85.8%	100.0%	0.0%	0.0%	0.0%	0.0%
Total RMBS	\$1,165 MM 295 Policies	100.0%	\$ 349 MM 17 Policies 29.9%	\$ 647 MM 256 Policies 55.6%	\$ 169 MM 22 Policies 14.5%	\$ 816 MM 278 Policies 70.1%	15.2% / 32.6%	53.6%	3.6%	11.5%	13.7%	17.6%

* Radian Asset has no direct HELOC exposure.

** 100% of the BBB exposure is assumed through treaties from the monoline primaries.

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

Note: Ratings are based on Radian Asset's internal ratings.

Financial Guaranty CDO Portfolio

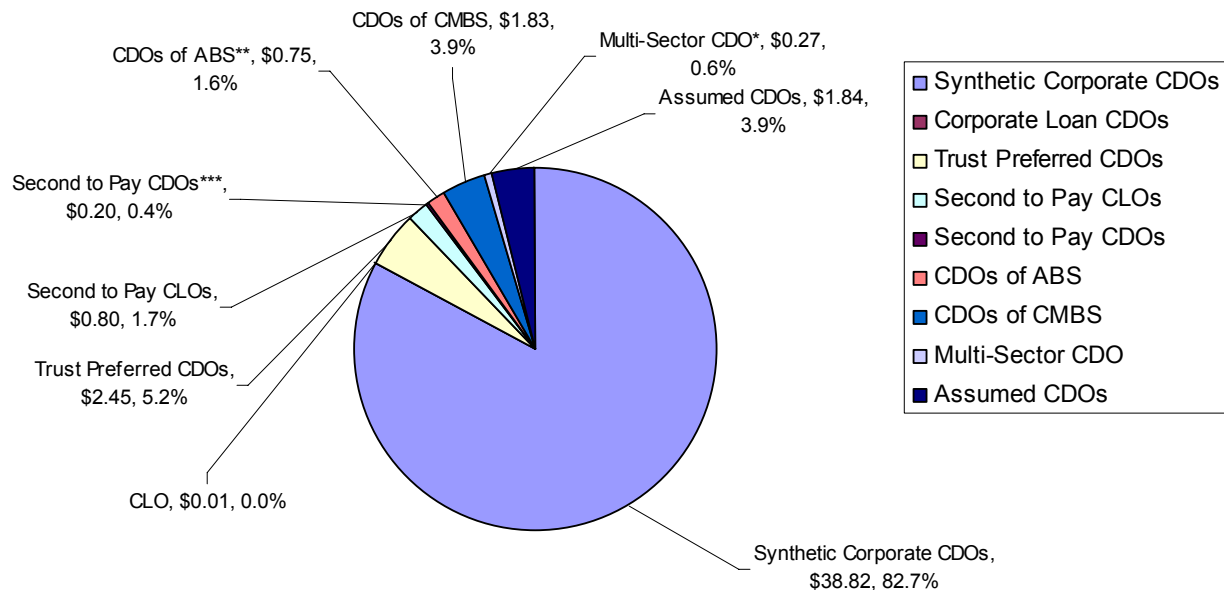
\$46.9 Billion Net Par Outstanding as of December 31, 2007

Direct Exposure

(\$45.1 billion; 96% of CDO exposure):

- Synthetic Corporate CDOs representing more than 80% of total CDO exposure. Attach at the AAA level or higher, with an average attachment point of 2.4x the AAA level and weighted average tenor of 5.8 years.
- 75% have attachment points of at least 2x the AAA level as determined by S&P CDO Evaluator
- On an outstanding notional basis, at least 91% 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) before Radian Asset would incur a loss
- Trust Preferred (TRuPS) CDOs attach at AAA or multiple of AAA level
- CLOs – primarily 2nd-to-pay transactions with primary monolines wrapping underlying
- 100% of CDOs of CMBS and Multi-sector CDOs net par outstanding is rated AAA

Total CDO Exposure by Net Par Outstanding (\$ Billion)



* One multi-sector CDO with net par outstanding of \$265 million

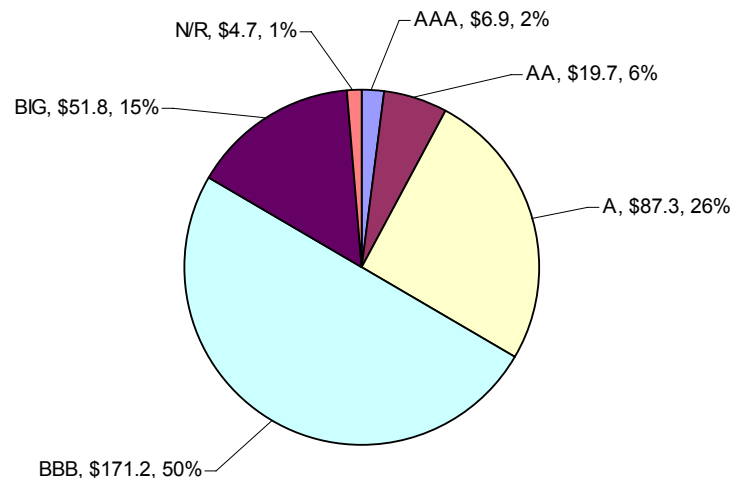
** Includes \$100 million market value extendible note program that it fully reserved against

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

Financial Guaranty CDO Portfolio

Synthetic Corporate CDO Underlying Reference Entity Ratings

Rating Distribution by Notional (\$Billion)



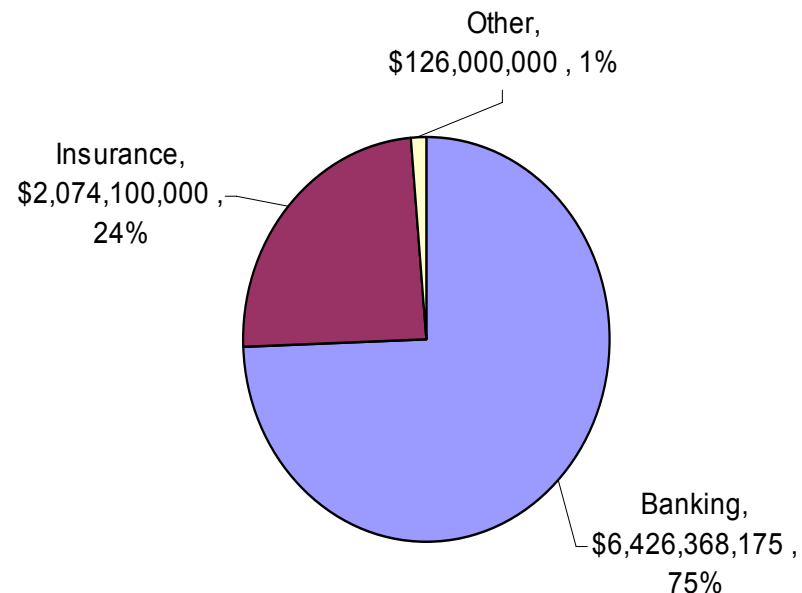
- There were 259 rating actions taken by Moody's on the underlying corporate credits in the CDO book in 2007, consisting of 129 downgrades and 130 upgrades
- 52% of the number of banking sector names in the CDO portfolio had rating upgrades during 2007
- 23% of the number of Building & Real Estate sector names and 34% of the number of Beverage, Food & Tobacco sector names in the CDO portfolio had rating downgrades in 2007

Financial Guaranty CDO Portfolio

Direct Trust Preferred (TRuPS) Exposure

- The Direct Trust Preferred portfolio consists of 12 transactions representing more than 600 banks and 81 insurance companies
- The insurance company exposure mostly consists of Property & Casualty and Life & Health companies
- The banking sector represents 75% of the underlying collateral pool which is diversified across 48 states. The largest banking exposures are concentrated in California (9%), Texas (9%), Illinois (8%), Minnesota (6%) and Florida (5%) and represent 37% of the total banking exposure.
- Credit enhancement available to Trust Preferred CDO tranches in Radian Asset's portfolio is significant with subordination greater than 40%

Trust Preferred Collateral Distribution



Conclusion

- **Book value still strong**
- **MI production environment good, losses in existing book still uncertain**
- **FG environment uncertain but Radian book is relatively strong with limited RMBS exposure**
- **Sherman has real value**

RADIAN

Changing the nature of risk.®