

RADIAN

Fourth Quarter 2008

Safe Harbor Statement

All statements made during today's investor presentation, including in these webcast slides 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. In most cases, forward-looking statements may be identified by words such as "anticipate," "may," "should," "expect," "intend," "plan," "goal," "contemplate," "believe," "estimate," "predict," "project," "potential," "continue" or the negative or other variations on these words and other similar expressions. 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:

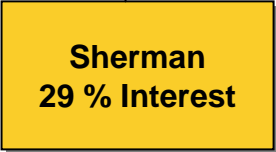
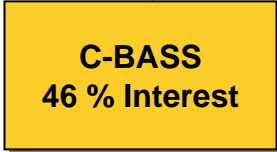
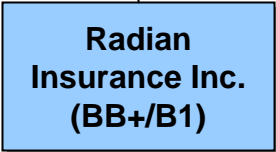
- changes in general financial and political conditions, such as a deepening of the existing national economic recession, further decreases in housing demand, mortgage originations or housing values (in particular, further deterioration in the housing, mortgage and related credit markets, which would harm our future consolidated results of operations and could cause losses for our businesses to be worse than expected), a further reduction in the liquidity in the capital markets and further contraction of credit markets, further increases 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;
- further economic changes or catastrophic events in geographic regions where our mortgage insurance or financial guaranty insurance in force is more concentrated;
- our ability to successfully execute upon our internally sourced capital plan (which depends, in part, on the performance of our financial guaranty portfolio), and if necessary, to obtain additional capital to support new business writings in our mortgage insurance business and our long-term liquidity needs and to protect our credit ratings and the financial strength ratings of Radian Guaranty Inc., our primary mortgage insurance subsidiary, from further downgrades;
- a further decrease in the volume of home mortgage originations due to reduced liquidity in the lending market, tighter underwriting standards and the on-going deterioration in housing markets throughout the U.S.;
- our ability to maintain adequate risk-to-capital ratios, leverage ratios and surplus requirements in our mortgage insurance business in light of on-going losses in this business;
- the concentration of our mortgage insurance business among a relatively small number of large customers;
- disruption in the servicing of mortgages covered by our insurance policies;
- the aging of our mortgage insurance portfolio 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 Alternative-A ("Alt-A") and subprime loans, and adjustable rate products, such as adjustable rate mortgages and interest-only mortgages, which have resulted in increased losses in 2007 and 2008 and are expected to result in further losses;
- reduced opportunities for loss mitigation in markets where housing values fail to appreciate or continue to decline;

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 (in particular those that have been assigned higher ratings from the major rating agencies);
- changes in the charters or business practices of Federal National Mortgage Association ("Fannie Mae") and Freddie Mac, the largest purchasers of mortgage loans that we insure, and our ability to remain an eligible provider to both Freddie Mac and Fannie Mae;
- 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 outcome of existing investigations or the possibility of private lawsuits or other formal 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 violative of the Real Estate Settlement Procedures Act and/or similar state regulations, (ii) legislative and regulatory changes affecting demand for private mortgage insurance, or (iii) legislation and regulatory changes limiting or restricting our use of (or requirements for) additional capital, the products we may offer, the form in which we may execute the credit protection we provide or the aggregate notional amount of any product we may offer for any one transaction or in the aggregate;
- 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 the premium deficiencies for our first- and 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;
- volatility in our earnings caused by changes in the fair value of our derivative instruments and our need to reevaluate the premium deficiencies in our mortgage insurance business on a quarterly basis;
- changes in accounting guidance from the Securities and Exchange Commission ("SEC") or the Financial Accounting Standards Board;
- legal and other limitations on amounts we may receive from our subsidiaries as dividends or through tax and expense sharing arrangements with our subsidiaries; and
- the performance of our investment in Sherman Financial 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 our Current Report on Form 8-K dated and filed February 24, 2009. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date of today's investor 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 presentation or in this presentation to reflect new information or future events or for any other reason.

Summary of Current Reporting Segments



*Total Statutory
Claims Paying
Resources*

\$2,825.5 million

\$5,201.2 million (2)

(1) Risk-to-Capital Ratio 16.0:1 as of December 31, 2008.
 (2) Includes \$965 million of Financial Guaranty capital.

* In the 3rd quarter of 2008, we contributed our financial guaranty business to our mortgage insurance business
 ** International Entities

Financial Highlights

	<u>As of 12/31/08</u>
Assets	\$8,116.1
Loss Reserves	\$3,224.5
Unearned Premiums	\$916.7
Stockholders' Equity	\$2,030.7
Book Value Per Share	\$25.06

Dollars in millions except per share amount

Top Ten Investment Portfolio Risk Concentrations

Investment Portfolio Risk Concentrations (excludes cash)

(\$ in thousands) Issuer Description	Securities Classifications									
	Market Value		US Government, Agency & GSE Securities			Municipal Securities				
	\$	%	Money Market/ Short-Term	MBS	Notes	Uninsured	Insured	Prerefunded	Money Market	Equity
Northern Institutional Government Portfolio ⁽²⁾	\$295,378	4.94%	\$295,378							
State of California ⁽¹⁾	273,040	4.56%				\$215,245	\$26,413	\$31,382		
State of New York ⁽¹⁾	217,497	3.64%				167,340	16,559	33,598		
Federal National Mortgage Association (Fannie Mae)	182,447	3.05%	20,000	143,757	18,690					
Vanguard Institutional Prime Portfolio ⁽²⁾	176,232	2.95%							176,232	
Master Settlement Agreement (MSA) Securizations ⁽³⁾	129,628	2.17%				108,066	11,307	10,255		
Northern Institutional Municipal Portfolio ⁽²⁾	126,176	2.11%							126,176	
Fidelity Government Portfolio ⁽²⁾	121,172	2.03%	121,172							
Commonwealth of Massachusetts ⁽¹⁾	116,829	1.95%				40,087	12,116	64,626		
Vanguard Institutional Index Fund ⁽⁴⁾	103,100	1.72%								\$103,100
Top Investment Portfolio Risk Concentrations	\$1,741,499	29.12%	\$436,550	\$143,757	\$18,690	\$530,738	\$66,395	\$139,861	\$302,408	\$103,100

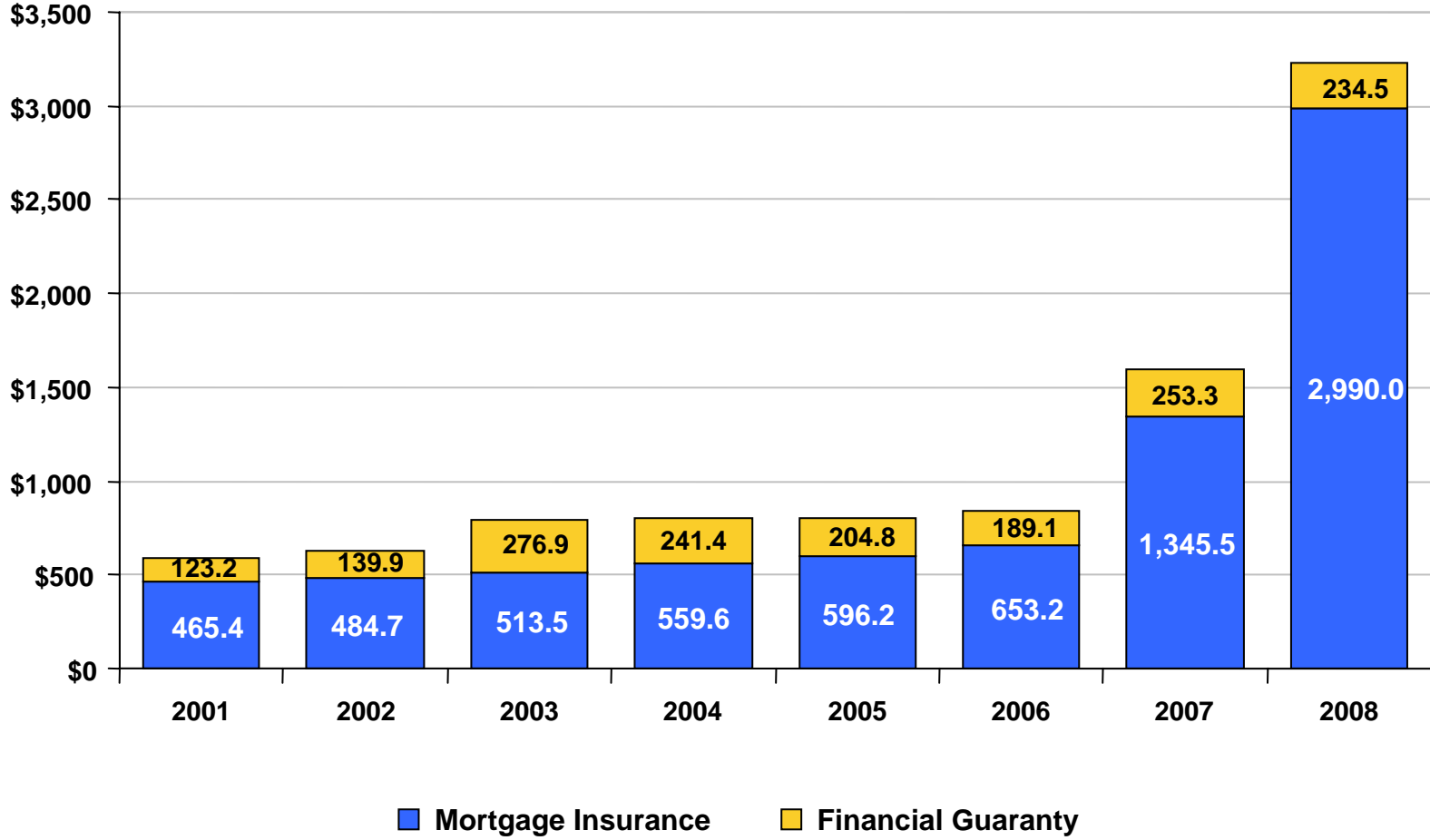
(1) Includes securities with indirect State funding support.

(2) Money Market Funds.

(3) Aggregate investment in securities backed by MSA payments (the MSA obligated participating tobacco companies to compensate various US States for health and other tobacco related expenses).

(4) Tracks performance of the Standard & Poor's 500 Index.

Total Loss Reserves



Dollars in millions

Portfolio Management

Mortgage Insurance Risk in Force by Product and Primary New Insurance Written (\$ in millions)

<u>RIF \$ – At Quarter End</u>	<u>Q4 '07</u>	<u>Q1 '08</u>	<u>Q2 '08</u>	<u>Q3 '08</u>	<u>Q4 '08</u>
Prime	\$ 22,732	\$ 24,387	\$ 25,662	\$ 26,693	\$ 27,205
Alt A	5,788	5,342	5,258	5,125	4,996
A minus & below	3,102	3,063	2,962	2,851	2,750
Pool MI	3,004	2,995	2,994	2,963	2,950
Second Liens	925	843	772	696	622
NIMS	604	522	485	456	438
International	8,770	9,514	9,239	8,148	3,927
Other	212	212	206	162	132
	\$ 45,137	\$ 46,878	\$ 47,578	\$ 47,094	\$ 43,020

NIW – For the Quarter

Prime	76.7%	89.5%	92.9%	98.4%	99.6%
Alt A	16.3%	5.7%	4.9%	1.3%	0.3%
A minus & below	7.0%	4.8%	2.2%	0.3%	0.1%

Mortgage Insurance 1st Lien Domestic PDR Update

(1st established Q2 2008)

Released Remaining \$150 Million During Q4 2008

Financial Impact (\$ in millions)

1 st Lien PDR Balance as of 12/31/08	\$ 0
1 st Lien PDR Q4 (Released)	(\$150)

Projections (\$ in billions)

Gross Losses	\$5.0
Gross Premiums	\$3.0
Reinsurance Benefits	\$0.8
Reserves	\$2.4

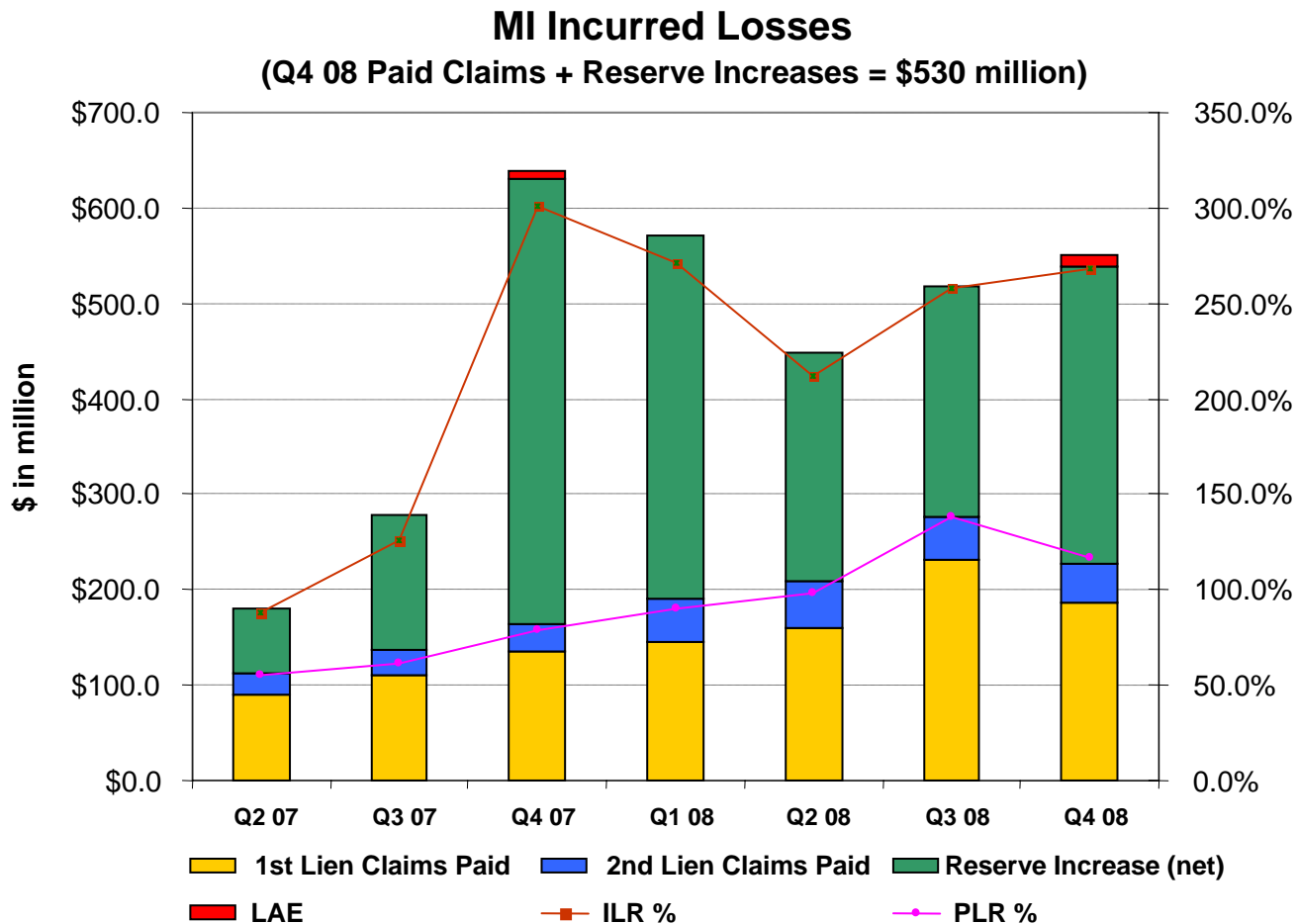
Assumptions

Severity (% of coverage)	101%
Overall Claim Frequency	~15.3%

- **PDR** represents present value of expected future results (premiums less losses, expenses and current reserves) when in a negative position (i.e., portfolio has projected net loss).
- No impact on statutory capital or risk to capital ratios.
- Long-term loss estimates are based on current projected default trends and roll rates.

Mortgage Insurance Incurred Loss Trend

Though claims paid decreased from Q3 2008 to Q4 2008, higher defaults caused reserve increases to offset lower claims.



Note:

- Incurred Losses excludes Premium Deficiency Reserve (PDR)
- LAE represents full year Loss Management expenses of \$12 million in 2008 and \$8.7 million for 2007 from Operating Expenses

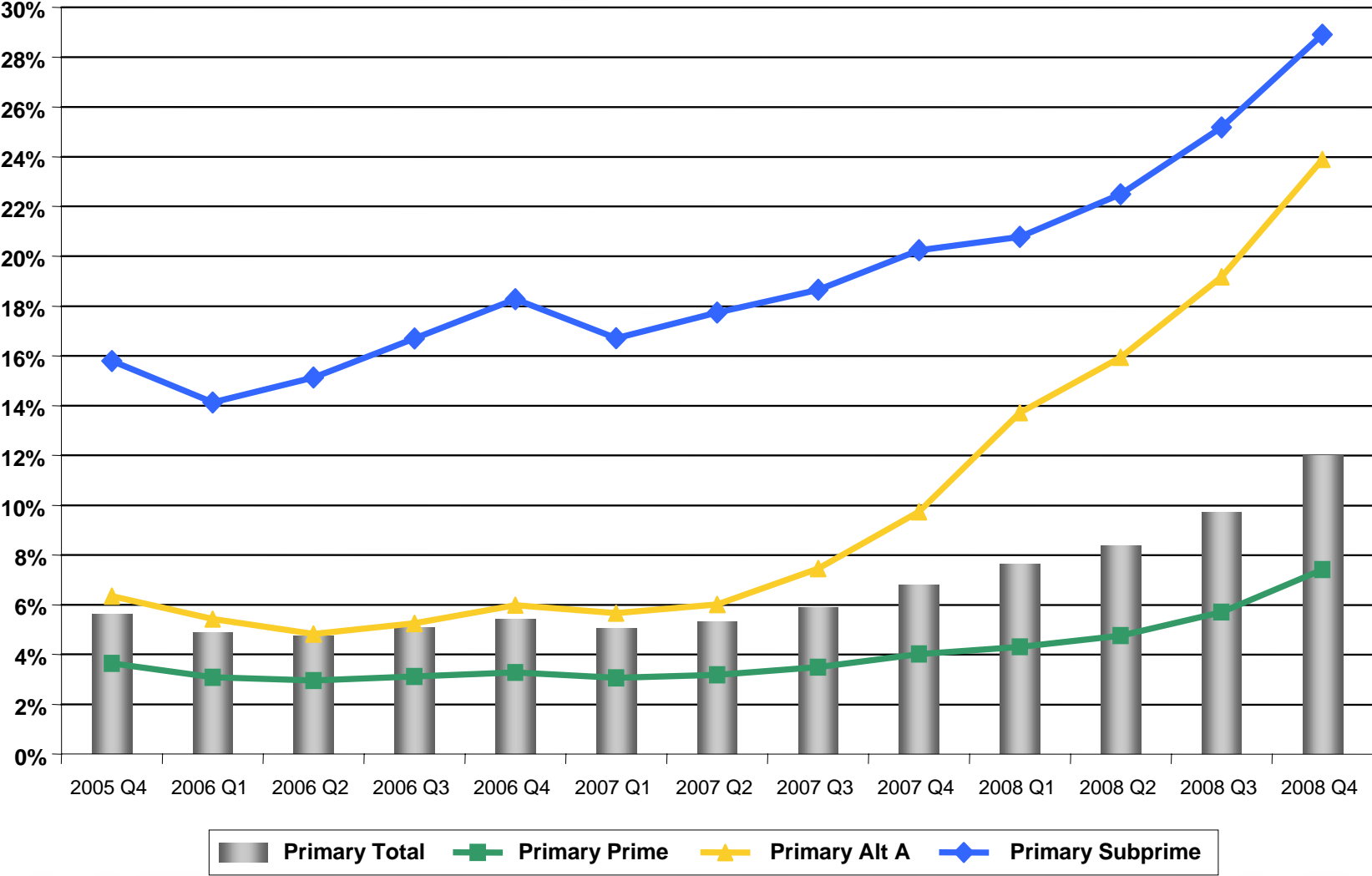
Mortgage Insurance Captive and SmartHome Reinsurance Benefits

	Q1	Q2	Q3	Q4	2008
<u>Captive Reinsurance</u>					
Premiums ceded	\$ 35.7	\$ 34.1	\$ 34.6	\$ 33.9	\$ 138.3
% of total primary premiums	15.4%	14.7%	15.4%	14.7%	15.0%
NIW subject to captives	\$ 4,749.7	\$ 3,414.8	\$ 2,103.6	\$ 1,556.8	\$ 11,824.9
% of primary NIW	46.1%	35.4%	27.9%	30.9%	36.4%
Primary IIF included in captives	37.4%	37.2%	36.6%	34.8%	
Primary RIF included in captives	42.2%	41.7%	41.0%	43.8%	
Ceded Reserves	\$ 5.7	\$ 131.1	\$ 240.4	\$ 400.7	
<u>SmartHome Transaction</u>					
Premiums ceded	\$ 3.2	\$ 3.7	\$ 3.1	\$ 3.0	\$ 13.0
% of total primary premiums	1.8%	2.0%	1.7%	1.6%	1.8%
Primary IIF included in SmartHome	4.2%	3.8%	3.5%	3.3%	
Primary RIF included in SmartHome	4.7%	4.3%	3.9%	3.7%	
Ceded Reserves	\$ 31.2	\$ 44.7	\$ 69.4	\$ 91.1	

Dollars in millions

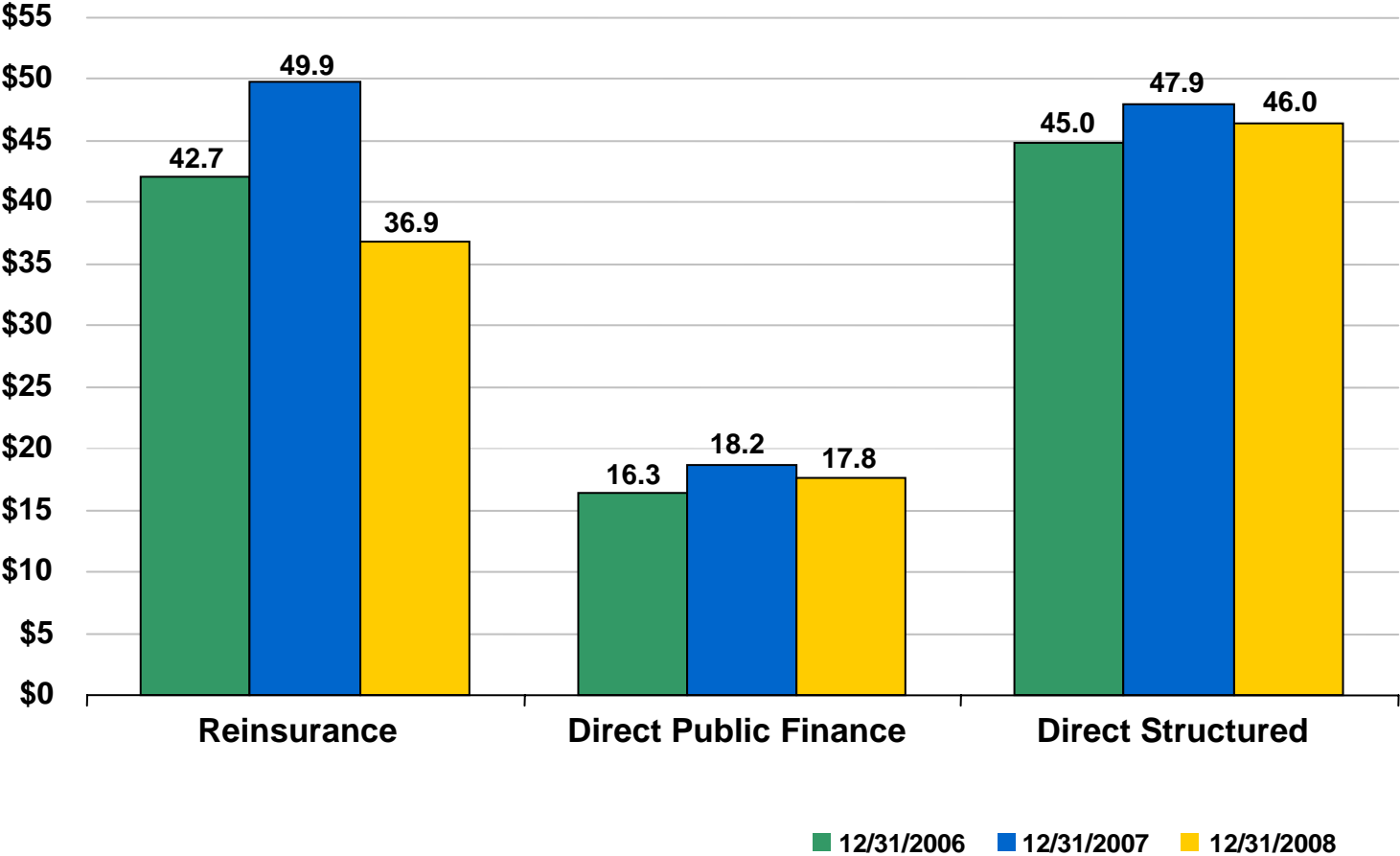
Primary Mortgage Insurance Default Rates

By Prime, Alt A, Subprime



Financial Guaranty Net Par Outstanding by Product

\$100.7 billion as of December 31, 2008



Dollars in billions

Financial Guaranty Product Line and Sector Mix

\$100.7 billion in net par outstanding as of December 31, 2008

Public Finance		Structured Finance	
Sector	Percent %	Sector	Percent %
General obligations	16.9	CDOs	45.3
Healthcare	8.1	Asset-backed – mortgage and MBS	1.2
Transportation	4.9	Asset-backed – consumer	1.2
Utilities	4.8	Asset-backed – commercial and other	1.1
Tax-backed	4.6	Other structured finance	2.1
Education	3.5	Subtotal	50.9
Investor owned utilities	2.9		
Long-term care	1.3		
Housing	0.5		
Other public finance	1.6		
Subtotal	49.1		

Financial Guaranty CDO Portfolio

Ratings Distribution for CDOs: \$45.6 billion Net Par Outstanding as of December 31, 2008

Ratings*	# of CDS Contracts/Policies	Net Par Outstanding (\$ in Billions)	% of CDO Net Par Outstanding
AAA	443	\$38.8	85.0%
AA	46	4.4	9.7%
A	17	0.7	1.6%
BBB	13	1.1	2.4%
BIG**	19	0.6	1.3%
	538	\$45.6	100.0%

* Ratings are based on Radian Asset Assurance's internal ratings

** BIG – Below Investment Grade

Financial Guaranty CDO Portfolio

Credit Exposure to Direct Corporate CDOs as of December 31, 2008 (\$ in billions)

Year of Scheduled Maturity	Number of CDS Contracts/Policies	Aggregate Net Par Exposure	Initial Average # of Sustainable Credit Events*	Current Average # of Sustainable Credit Events*	Minimum # of Current Sustainable Credit Events*	Average # of Current Remaining Names in Transaction
2009	7	\$1.0	12.1	11.0	4.4	122.6**
2010	7	\$1.3	14.8	12.3	5.9	124.0
2011	3	\$1.5	39.1	36.8	28.7	99.7
2012	16	\$5.9	25.5	23.5	10.9	104.6
2013	36	\$15.2	31.9	29.8	13.9	100.4
2014	16	\$6.5	29.6	27.6	11.3	99.0
2017	17	\$6.3	26.0	24.0	13.0	100.4
Total	102	\$37.7**				

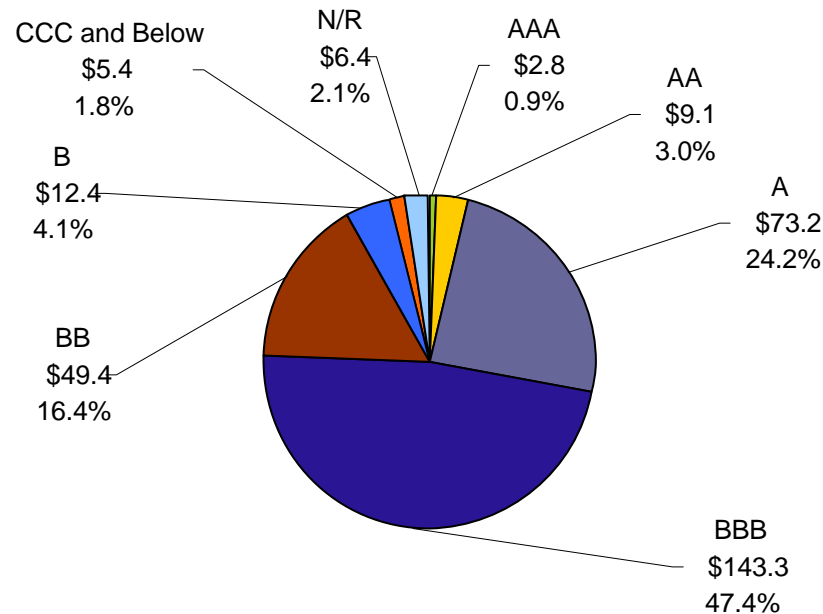
* The number of Sustainable Credit Events represents the number of credit events on different corporate entities that can occur within a single transaction before we would be obligated to pay a claim. It is calculated using the weighted average exposure per corporate entity and assumes a recovery value of 30% to determine future losses (unless the parties have agreed upon a fixed recovery, then such fixed recovery is used to determine future loss).

** Excludes a CDO-squared transaction (a transaction of a master CDO with four sub-pools of Corporate CDOs) with \$243 million in outstanding notional exposure that is scheduled to expire in June 2009, where Radian Asset has exposure to an aggregate of 296 corporate names.

Financial Guaranty Direct Corporate CDO Portfolio

Underlying Collateral Ratings as of December 31, 2008

Ratings Distribution by Notional (\$ in billions)*



- S&P had a total of 124 rating actions on the underlying corporate entities in the direct corporate CDO portfolio during the 4th quarter, consisting of 115 downgrades and 19 upgrades.
- Moody's had a total of 96 rating actions on the underlying corporate entities in the direct corporate CDO portfolio during the 4th quarter, consisting of 90 downgrades and 6 upgrades.
- 12.0% of the number of Banking/Finance sector names and 24.2% of the number of Insurance sector names in the direct corporate CDO portfolio were downgraded by Moody's in the 4th quarter.

* Indicated ratings category reflects the lower of the ratings assigned to the underlying corporate entities by Moody's or S&P

Financial Guaranty Direct CDO Portfolio

CDO of ABS, CMBS, and Multi-Sector Portfolio

As of December 31, 2008

Type of Collateral as a Percentage of Total Pool																			
Year Insured	Legal Final Maturity	Net Par Outstanding (\$MM)	ABS	RMBS	SubPrime RMBS	CMBS	CDO of Investment Grade Corporate	CDO of High Yield Corporate	CDO of ABS	CDO of CDO	Other	Total Collateral Pool	S&P Rating	Moody's Rating	Original AAA Subordination	Radian Asset Attachment Point	Radian Asset Detachment Point	% RMBS A3 or Better*	% Sub Prime A3 or Better*
2004	2009	\$251.7	17.0%	32.9%	0.0%	0.0%	45.1%	5.0%	0.0%	0.0%	0.0%	100.0%	AAA	Aaa	2.2%	33.4%	63.4%	100.0%	NA
2005	2010	150.0	25.2%	49.0%	15.8%	0.0%	8.2%	1.8%	0.0%	0.0%	0.0%	100.0%	AAA	N/R	4.5%	13.0%	38.0%	100.0%	100.0%
2006	2046	479.7	0.0%	21.9%	41.6%	14.4%	0.0%	0.0%	13.5%	3.5%	5.1%	100.0%	B+**	Ba2**	4.9%	***	100.0%	41.1%	35.0%
2006	2047	450.0	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	AAA	N/R	2.4%	6.8%	30.0%	NA	NA
2006	2049	598.5	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	AAA	N/R	0.6%	5.1%	30.0%	NA	NA
2006	2056	352.5	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	AAA	N/R	5.5%	6.5%	30.0%	NA	NA
2007	2047	430.0	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	AAA	Aaa	2.4%	7.0%	50.0%	NA	NA
Total		\$2,712.4																	

* Ratings are based on Moody's ratings. If Moody's rating is unavailable, then S&P rating applies.

** S&P downgraded this CDO to AA- in March 2008 and then to B+ in July 2008; Moody's downgraded it to Aa3 in April 2008, A2 in July 2008, and then to Ba2 in December 2008. We rate this transaction CCC- internally.

*** Although the current attachment point equals \$110.5 million (18.7%), we do not currently expect that the remaining subordination will be sufficient to absorb losses from the remaining collateral. We do not expect to begin paying claims until 2017 or later and expect that payments at that time will only be made with respect to interest shortfalls. We currently do not expect to be legally obligated to pay the principal shortfall until sometime between 2036 and the legal final maturity date for the transaction in 2046.

Financial Guaranty CDO Portfolio

CMBS Exposure as of December 31, 2008

Par Outstanding (\$ in MM)	Radian Asset Attachment-Detachment Points (1)	Total # of Reference Obligations	Average Size of Reference Obligations (\$MM)	Average Subordination of Reference Obligations	Total Delinquencies (Average of Reference Obligations)
\$450.0	6.8% - 30%	27	\$72	31%	1.1%
598.5	5.1% - 30%	30	80	21%	0.9%
352.5	6.5% - 30%	30	50	14%	1.0%
430.0	7.0% - 50%	40	25	13%	1.2%
\$1,831.0					

- All four synthetic CDOs of CMBS are rated AAA by S&P and contain 127 AAA rated (by at least two of the three rating agencies) CMBS tranches (the “Reference Obligations”) issued as part of 88 securitizations. On February 6, 2009, 5 of the Reference Obligations were downgraded by Moody’s (to between Aa2 and A2), but remain AAA by at least one other rating agency.
- The total balance of the Reference Obligations equals \$6.8 billion; however, the loan collateral supporting these 127 tranches consist of approximately 15,000 loans with a balance of approximately \$198 billion.
- Performance has been consistent with that of the CMBS market, with 90% of the 88 securitizations experiencing total delinquencies of less than 2% and 61% under 1%.
- Underlying loan collateral is well diversified both geographically and by property type.

(1) Radian Attachment Point is the percentage of the losses in collateral pool which must occur before we are obligated to pay claims. The detachment point is the point where the percentage of losses reach a level where we cease to have an obligation to pay claims on additional losses. For example, a 7.0% attachment point on a \$1.0 billion collateral pool means that we are not obligated to pay claims until there are \$70.0 million of losses and a 50% detachment point means that our obligation to pay claims for losses ceases when the deal reaches an aggregate of \$500 million of losses.

Financial Guaranty Non-CDO Domestic RMBS Portfolio

Breakdown by Asset Type: \$1.0 billion Domestic RMBS as of December 31, 2008

	Net Par Outstanding	% of RMBS Portfolio	Direct Total*	Assumed Non-HELOCs	Assumed HELOC's	Assumed Total	% 2006 / 2007 Vintage	Ratings				
								AAA	AA	A	BBB**	BIG***
SubPrime	\$352.2 MM 128 Policies	33.9%	\$122.2 MM 7 Policies 34.7%	\$189.9MM 117 Policies 53.9%	\$40.1 MM 4 Policies 11.4%	\$230.0MM 121 Policies 65.3%	10.5% / 33.1%	16.9%	0.3%	3.1%	0.1%	79.6%
Prime	\$267.6 MM 68 Policies	25.8%	\$122.5 MM 7 Policies 45.8%	\$65.5 MM 45 Policies 24.5%	\$79.6 MM 16 Policies 29.7%	\$145.1 MM 61 Policies 54.2%	6.2% / 33.2%	59.3%	9.1%	7.6%	12.9%	11.1%
Alt A	\$369.6 MM 60 Policies	35.6%	\$72.6 MM 3 Policies 19.6%	\$236.8 MM 51 Policies 64.1%	\$60.2 MM 6 Policies 16.3%	\$297.0 MM 57 Policies 80.4%	26.2% / 33.2%	46.6%	6.1%	3.6%	8.3%	35.4%
Second-to-Pay	\$48.5 MM 16 Policies	4.7%	\$0 MM 0 Policies 0.0%	\$48.5 MM 16 Policies 100.0%	\$0 MM 0 Policies 0.0%	\$48.5 MM 16 Policies 100.0%	4.3% / 95.7%	21.0%	5.2%	0.0%	6.1%	67.7%
Total RMBS	\$1,037.9 MM 272 Policies	100.0%	\$317.3 MM 17 Policies 30.6%	\$540.7 MM 229 Policies 52.1%	\$179.9 MM 26 Policies 17.3%	\$720.6 MM 255 Policies 69.4%	14.8% / 35.7%	38.6%	4.9%	4.3%	6.6%	45.6%

* Radian Asset has no direct HELOC exposure. No Direct RMBS has been written since 2005, and no direct SubPrime RMBS has been written since 2004.

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

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

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

RADIAN

Changing the nature of risk.®