News Release

MGIC Investment Corporation
New York Stock Exchange Common Stock Symbol – MTG
MGIC Plaza, P.O. Box 488, Milwaukee, Wisconsin 53201

MGIC
We don't make home loans
We make home loans possible

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MGIC Investment Corporation
Fourth Quarter Earnings Per Share $1.32
(Excluding Realized Gains)

MILWAUKEE ***(January 9, 2003)*** **—** MGIC Investment Corporation (NYSE:MTG) today reported diluted earnings per share for the quarter ended December 31, 2002 of $1.37, compared with the $1.50 for the same quarter a year ago. Earnings per share for the quarter, excluding realized gains, was $1.32, compared with $1.45 for the fourth quarter of 2001. Net income for the quarter was $137.5 million, compared with $161.0 million in the fourth quarter last year.

For the full year 2002, diluted earnings per share was $6.04, compared with $5.93 last year. Earnings per share for 2002, excluding realized gains, was $5.85, compared with $5.70 reported last year. Net income for 2002 was $629.2 million, compared with $639.1 million for the same period last year.

Curt S. Culver, president and chief executive officer of MGIC Investment Corporation and Mortgage Guaranty Insurance Corporation (MGIC), said that MGIC earned $137.5 million in the fourth quarter and $629.2 million for the year despite challenging economic conditions.

Total revenues for the fourth quarter were $415.6 million, up 16 percent from $358.0 million in the fourth quarter of 2001. The growth in revenues resulted from an 11 percent increase in net premiums earned to $310.5 million and an increase in other revenues. Net premiums written for the quarter were $306.9 million, compared with $278.9 million in the fourth quarter last year, an increase of 10 percent.

Total revenues for the year were $1.57 billion, compared with $1.36 billion in 2001. The growth in revenues for the year resulted from a 13 percent increase in premiums earned to $1.18 billion and an increase in other revenues. Net premiums written for the year were $1.18 billion, compared with $1.04 billion in 2001, an increase of 14 percent.

New insurance written in the fourth quarter was $25.3 billion, compared to $23.6 billion in the fourth quarter of 2001. New insurance written for the quarter included $5.8 billion of bulk business compared with $6.0 billion in the same period last year. New insurance written for the year was $92.5 billion, compared with $86.1 billion in 2001. New insurance written for the year included $22.5 billion of bulk business compared with $25.7 billion in 2001.

Persistency, or the percentage of insurance remaining in force from one year prior, was 56.8 percent at December 31, 2002, compared with 61.0 percent at December 31, 2001, and 80.4 percent at December 31, 2000. As of December 31, 2002, MGIC's primary insurance in force was $197.0 billion, compared with $183.9 billion at December 31, 2001, and $160.2 billion at December 31, 2000. The book value of MGIC Investment Corporation's investment portfolio was $4.7 billion at December 31, 2002, compared with $4.1 billion at December 31, 2001, and $3.5 billion at December 31, 2000.

At December 31, 2002, the percentage of loans that were delinquent, excluding bulk loans, was 3.19 percent, compared with 2.65 percent at December 31, 2001, and 2.19 percent at December 31, 2000. Including bulk loans, the percentage of loans that were delinquent at December 31, 2002 was 4.45 percent, compared to 3.46 percent at December 31, 2001, and 2.58 percent at December 31, 2000.

Losses incurred in the fourth quarter were $140.5 million, up from $51.7 million reported for the same period last year due to increases in the delinquency inventory and paid losses.

The Company is revising the range of its earnings guidance for 2003 to $5.85 to $6.10 of diluted earnings per share, excluding realized gains or losses.

The Company's 2003 earnings expectation is built on assumptions that include (all comparisons are between 2003 and 2002):

- a decline in refinance volume in the mortgage origination market, with purchase money volume continuing to remain strong;
- improving persistency due to lower refinances;
- lower growth in earned premiums;
- lower underwriting expense due to lower refinances; and
- higher incurred losses

The Company is not undertaking any obligation to update its earnings expectations or any other forward-looking statements in this press release.

About MGIC

MGIC (www.mgic.com), the principal subsidiary of MGIC Investment Corporation, is the nation's leading provider of private mortgage insurance coverage with $197.0 billion primary insurance in force covering 1.7 million mortgages as of December 31, 2002. MGIC serves 5,000 lenders with locations across the country and in Puerto Rico, helping families achieve homeownership sooner by making affordable low-down-payment mortgages a reality.

Webcast Details

As previously announced, MGIC Investment Corporation will hold a webcast today at 10 a.m. ET to allow securities analysts and shareholders the opportunity to hear management discuss the company's quarterly results. The call is being webcast and can be accessed at the company's website at www.mgic.com. The webcast is also being distributed over CCBN's Investor Distribution Network to both institutional and individual investors. Investors can listen to the call through CCBN's individual investor center at www.companyboardroom.com or by visiting any of the investor sites in CCBN's Individual Investor Network. The webcast will be available for replay through April 1, 2003.

Safe Harbor Statement

Forward-Looking Statements and Risk Factors:

The statements contained in this release regarding the Company's expectation for earnings for 2003 and any other statements in this release or made on the earnings webcast that are not historical facts are forward-looking statements. Actual results may differ materially from those projected in the forward-looking statements. Factors that could cause actual results to differ materially from those projected in the forward-looking statements are that the assumptions, including those set forth above, may not be realized, including for reasons discussed in more detail below, and that expenses may not decline to the extent assumed. Other factors that could cause actual results to differ materially from those projected in the forward-looking statements include the risks noted below.

As the domestic economy deteriorates, more homeowners may default and the Company's losses may increase by a greater amount than assumed.

> Losses result from events that reduce a borrower's ability to continue to make mortgage payments, such as unemployment, and whether the home of a borrower who defaults on his mortgage can be sold for an amount that will cover unpaid principal and interest and the expenses of the sale. Favorable economic conditions generally reduce the likelihood that borrowers will lack sufficient income to pay their mortgages and also favorably affect the value of homes, thereby reducing and in some cases even eliminating a loss from a mortgage default. A deterioration in economic conditions generally increases the likelihood that borrowers will not have sufficient income to pay their mortgages and can also adversely affect housing values.

Competition or changes in the Company's relationships with its customers could reduce the Company's revenues or increase its losses.

> Competition for private mortgage insurance premiums occurs not only among private mortgage insurers but increasingly with mortgage lenders through captive mortgage reinsurance transactions. In these transactions, a lender's affiliate reinsures a portion of the insurance written by a private mortgage insurer on mortgages originated by the lender. In 1996, the Company shared risk under risk sharing arrangements with respect to virtually none of its new insurance written. During the nine months ended September 30, 2002, about 53 percent of the Company's new insurance written on a flow basis was subject to risk sharing arrangements. The level of competition within the private mortgage insurance industry has also increased as many large mortgage lenders have reduced the number of private mortgage insurers with whom they do business. At the same time, consolidation among mortgage lenders has increased the share of the mortgage lending market held by large lenders. The Company's top ten customers generated 27.0 percent of the new primary insurance that it wrote on a flow basis in 1997 compared to 38.4 percent in 2001 (which is the last year that the Company has publicly released).

Persistency may not improve as assumed.

In each year, most of the Company's premiums are from insurance that has been written in prior years. As a result, the length of time insurance remains in force (which is also generally referred to as persistency) is an important determinant of revenues. The factors affecting the length of time the Company's insurance remains in force include:

- the level of current mortgage interest rates compared to the mortgage coupon rates on the insurance in force, which affects the vulnerability of the insurance in force to refinancings, and
- mortgage insurance cancellation policies of mortgage investors along with the rate of home price appreciation experienced by the homes underlying the mortgages in the insurance in force.

The volume of low down payment home mortgage originations that are purchase transactions could be less than assumed, with the result that the amount of insurance the Company writes could be less than assumed.

The factors that affect the volume of low down payment mortgage originations include:

- the level of home mortgage interest rates,
- the health of the domestic economy as well as conditions in regional and local economies,
- housing affordability,
- population trends, including the rate of household formation,
- the rate of home price appreciation, which in times of heavy refinancing can affect whether refinance loans have loan-to-value ratios that require private mortgage insurance, and
- government housing policy encouraging loans to first-time homebuyers.

Even if the Company's low down payment mortgage origination assumption is realized, the amount of insurance that the Company writes could be less than assumed if lenders and investors select alternatives to private mortgage insurance.

These alternatives to private mortgage insurance include:

- lenders using government mortgage insurance programs, including those of the Federal Housing Administration and the Veterans Administration,
- investors holding mortgages in portfolio and self-insuring,
- investors using credit enhancements other than private mortgage insurance or using other credit enhancements in conjunction with reduced levels of private mortgage insurance coverage, and
- lenders structuring mortgage originations to avoid private mortgage insurance, such as a first mortgage with an 80 percent loan-to-value ratio and a second mortgage with a 10 percent loan-to-value ratio (referred to as an 80-10-10 loan) rather than a first mortgage with a 90 percent loan-to-value ratio. While no data is publicly available, the Company believes lenders and investors are making more 80-10-10 loans than they did in the past.

Changes in the business practices of Fannie Mae and Freddie Mac could reduce the Company's revenues or increase its losses.

The business practices of Fannie Mae and Freddie Mac affect the entire relationship between them and mortgage insurers and include:

- the level of private mortgage insurance coverage, subject to the limitations of Fannie Mae and Freddie Mac's charters, when private mortgage insurance is used as the required credit enhancement on low down payment mortgages,

- whether Fannie Mae or Freddie Mac influence the mortgage lender's selection of the mortgage insurer providing coverage and, if so, any transactions that are related to that selection, whether Fannie Mae or Freddie Mac will give mortgage lenders an incentive, such as a reduced guaranty fee, to select a mortgage insurer that has a "AAA" claims-paying ability rating to benefit from the lower capital requirements for Fannie Mae and Freddie Mac when a mortgage is insured by a company with that rating,
- the underwriting standards that determine what loans are eligible for purchase by Fannie Mae or Freddie Mac, which thereby affect the quality of the risk insured by the mortgage insurer and the availability of mortgage loans,
- the terms on which mortgage insurance coverage can be canceled before reaching the cancellation thresholds established by law, and
- the circumstances in which mortgage servicers must perform activities intended to avoid or mitigate loss on insured mortgages that are delinquent.

<u>Net premiums written could be adversely affected if a proposed regulation by the Department of Housing and Urban Development under the Real Estate Settlement Procedures Act is adopted</u>.

The regulations of the Department of Housing and Urban Development under the Real Estate Settlement Procedures Act prohibit paying lenders for the referral of settlement services, including mortgage insurance, and prohibit lenders from receiving such payments. In July 2002, the Department of Housing and Urban Development proposed a regulation that would exclude from these anti-referral fee provisions settlement services included in a package of settlement services offered to a borrower at a guaranteed price. If mortgage insurance is required on the loan, the package must include any mortgage insurance premium paid at settlement. Although certain state insurance regulations prohibit an insurer's payment of referral fees, adoption of this regulation by the Department of Housing and Urban Development could adversely affect the Company's revenues to the extent that lenders offered such packages and received value from the Company in excess of what they could have received were the anti-referral fee provisions of the Real Estate Settlement Procedures Act to apply and if such state regulations were not applied to prohibit such payments.

<u>The mortgage insurance industry is subject to litigation risk</u>.

In recent years, consumers have brought a growing number of lawsuits against home mortgage lenders and settlement service providers. As of the end of 2002, seven mortgage insurers, including the Company's MGIC subsidiary, were involved in litigation alleging violations of the Real Estate Settlement Procedures Act. MGIC and two other mortgage insurers entered into an agreement to settle the cases against them in December 2000, and another mortgage insurer entered into a comparable settlement agreement in February 2002. In June 2001, the Court entered a final order approving the settlement to which MGIC and the other two insurers are parties, although due to appeals challenging certain aspects of this settlement, the final implementation of the settlement will not occur until the appeals are resolved. The Company took a $23.2 million pretax charge in 2000 to cover MGIC's share of the estimated costs of the settlement. While MGIC's settlement includes an injunction that prohibits certain practices and specifies the basis on which other practices may be done in compliance with the Real Estate Settlement Procedures Act, MGIC may still be subject to future litigation under the Real Estate Settlement Procedures Act.

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MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
	(in thousands of dollars, except per share data)			
Net premiums written	$ 306,882	$ 278,856	$ 1,177,955	$ 1,036,353
Net premiums earned	$ 310,527	$ 278,933	$ 1,182,098	$ 1,042,267
Investment income	52,876	51,761	207,516	204,393
Realized gains	7,129	8,530	29,113	37,352
Other revenue	45,062	18,759	147,076	73,829
Total revenues	415,594	357,983	1,565,803	1,357,841
Losses and expenses:				
Losses incurred	140,528	51,665	365,752	160,814
Underwriting, other expenses	74,730	67,416	272,285	239,968
Interest expense	10,254	7,329	36,776	30,623
Ceding commission	(1,260)	(1,417)	(6,652)	(5,474)
Total losses and expenses	224,252	124,993	668,161	425,931
Income before tax	191,342	232,990	897,642	931,910
Provision for income tax	53,844	71,987	268,451	292,773
Net income	$ 137,498	$ 161,003	$ 629,191	$ 639,137
Weighted average common shares outstanding (Shares in thousands)	100,555	107,092	104,214	107,795
Diluted earnings per share (1)	$ 1.37	$ 1.50	$ 6.04	$ 5.93

OTHER INFORMATION

	Three Months 2002	Three Months 2001	Twelve Months 2002	Twelve Months 2001
New primary insurance written ("NIW") ($ millions)	$ 25,251	$ 23,619	$ 92,532	$ 86,122
New primary risk written ($ millions)	$ 6,387	$ 5,866	$ 23,403	$ 21,038
Product mix as a % of primary NIW				
95% LTVs	32%	35%	34%	37%
ARMs	8%	4%	7%	3%
95% LTV / 30% coverage	21%	25%	24%	26%
90% LTV / 25% coverage	28%	30%	29%	30%
Refinances	49%	48%	43%	42%
New pool risk written ($ millions) (2)	$ 416	$ 121	$ 674	$ 412
Net paid claims ($ millions)				
Flow	$ 38	$ 23	$ 117	$ 93
Bulk	22	5	65	14
Second mortgage	4	5	24	16
Other	10	8	35	27
	$ 74	$ 41	$ 241	$ 150

(1) Diluted earnings per share includes amounts contributed from C-BASS of $0.11 and $0.05 for the three months ended December 31, 2002 and 2001, respectively, and of $0.40 and $0.24 for the twelve months ended December 31, 2002 and 2001, respectively.
(2) Represents contractual aggregate loss limits and, for the three and twelve months ended December, 31, 2002, for $3.0 billion of risk without such limits, risk is calculated at $276 million, the estimated amount that would credit enhance these loans to a AA level.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET AS OF

	December 31, 2002	December 31, 2001	December 31, 2000
	(In thousands of dollars, except per share data)		
ASSETS			
Investments (1)	$ 4,726,472	$ 4,069,447	$ 3,472,195
Cash	11,041	26,392	5,598
Reinsurance recoverable on loss reserves (2)	21,045	26,888	33,226
Reinsurance recoverable on unearned premiums	8,180	8,415	8,680
Home office and equipment, net	35,962	34,762	31,308
Deferred insurance policy acquisition costs	31,871	32,127	25,839
Other assets	465,732	368,981	280,935
	$ 5,300,303	$ 4,567,012	$ 3,857,781
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities:			
Loss reserves (2)	$ 733,181	$ 613,664	$ 609,546
Unearned premiums	170,167	174,545	180,724
Short- and long-term debt	677,246	472,102	397,364
Other liabilities	324,517	286,514	205,265
Total liabilities	1,905,111	1,546,825	1,392,899
Shareholders' equity	3,395,192	3,020,187	2,464,882
	$ 5,300,303	$ 4,567,012	$ 3,857,781
Book value per share	$ 33.87	$ 28.47	$ 23.07
(1) Investments include unrealized gains on securities marked to market pursuant to FAS 115.	$ 260,288	$ 83,790	$ 116,638
(2) Loss reserves, net of reinsurance recoverable on loss reserves	$ 712,136	$ 586,776	$ 576,320

OTHER STATISTICAL INFORMATION

	December 31, 2002	December 31, 2001	December 31, 2000
Direct Primary Insurance In Force ($ millions)	$ 196,988	$ 183,904	$ 160,192
Direct Primary Risk In Force ($ millions) (3)	49,231	45,243	39,175
Direct Pool Risk In Force ($ millions) (4)	2,568	1,950	1,676
Mortgage Guaranty Insurance Corporation - Risk-to-capital ratio	8.7:1	9.1:1	10.6:1
Primary Insurance:			
Insured loans	1,655,887	1,580,283	1,448,348
Persistency	56.8%	61.0%	80.4%
Total loans delinquent	73,648	54,653	37,422
Percentage of loans delinquent (delinquency rate)	4.45%	3.46%	2.58%
Loans delinquent excluding bulk loans (5)	43,196	36,193	29,889
Percentage of loans delinquent excluding bulk loans (delinquency rate)	3.19%	2.65%	2.19%
Bulk loans delinquent	30,452	18,460	7,533
Percentage of bulk loans delinquent (delinquency rate)	10.09%	8.59%	9.02%
A-minus and subprime credit loans delinquent (6)	25,504	15,649	6,126
Percentage of A-minus and subprime credit loans delinquent (delinquency rate)	12.68%	11.60%	9.34%

(3) Direct primary risk in force, net of aggregate loss limits, was $47,623, $42,678 and $39,090 at December 31, 2002, 2001 and 2000, respectively.

(4) Represents contractual aggregate loss limits and, at December 31, 2002, for $3.0 billion of risk without such limits, risk is calculated at $274 million, the estimated amount that would credit enhance these loans to a AA level.

(5) Bulk loans are those that are part of a negotiated transaction between the lender and the mortgage insurer.

(6) A-minus and subprime credit is included in flow, bulk and total.