

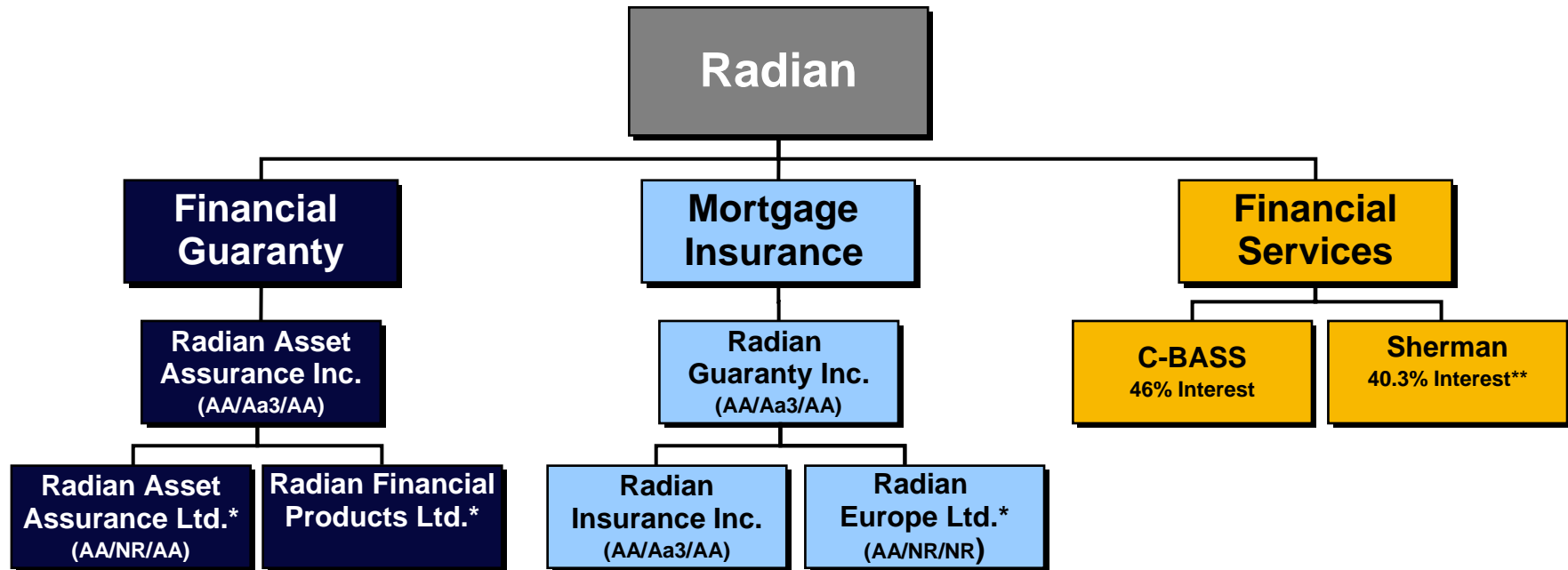
RADIAN

Third Quarter 2006

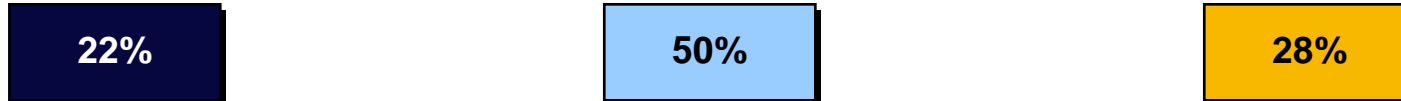
Safe Harbor Statement

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 are made on the basis of management’s current views and assumptions with respect to future events. The forward-looking statements, as well as Radian’s 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 values, population trends and changes in household formation patterns, changes in unemployment rates, or changes or volatility in interest rates; 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 Radian’s insurance; the loss of a customer with whom Radian has a concentration of its insurance in force; increased severity or frequency of losses associated with certain Radian products that are riskier than traditional mortgage insurance and financial guaranty insurance policies; material changes in persistency rates of Radian’s mortgage insurance policies; changes in Radian’s credit ratings or the insurance financial-strength ratings assigned by the major ratings agencies to Radian’s operating subsidiaries; heightened competition from other insurance providers 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 unfavorable changes in these laws and regulations or the way they are interpreted, including: (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 violative of the Real Estate Settlement Procedures Act and/or similar state regulations (particularly in light of inquiries that we and other mortgage insurers have received from the New York Insurance Department and public reports that other state insurance departments are investigating or planning to investigate captive reinsurance arrangements used in the mortgage insurance industry) 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 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; changes in claims against mortgage insurance products resulting from the aging of Radian’s mortgage insurance policies; vulnerability to the performance of Radian’s strategic investments; changes in the availability of affordable or adequate reinsurance for our non-prime risk; and 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, 2005 and the material changes to these risk factors detailed in Part II, Item 1A of our quarterly report on Form 10-Q for the quarter ended June 30, 2006. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date of our third-quarter conference call. Radian does not intend to, and disclaims any duty or obligation to, update or revise any forward-looking statements made during our third-quarter conference call and in the accompanying presentation to reflect new information, future events or for any other reason.

Summary of Corporate Structure



9 Months '06 Contribution to Net Income



Segment Equity at 9/30/06



* International Entities

**Consists of 40.96% of Class A Common Units and 50% of the Preferred Units

Financial Highlights

	<u>3Q 06</u>	<u>3Q 05</u>	<u>Percent Change</u>
Net income	\$112.0	\$162.6	(31.1)%
Diluted net income per share	\$1.36	\$1.88	(27.7)%
Net premiums earned	\$254.1	\$265.6	(4.3)%
Net paid losses	\$83.8	\$86.1	(2.7)%
Provision for losses	\$121.4	\$92.4	31.4%
Net investment income	\$60.2	\$53.3	12.9%
Equity in net income of affiliates	\$55.9	\$46.8	19.5%

Financial Highlights

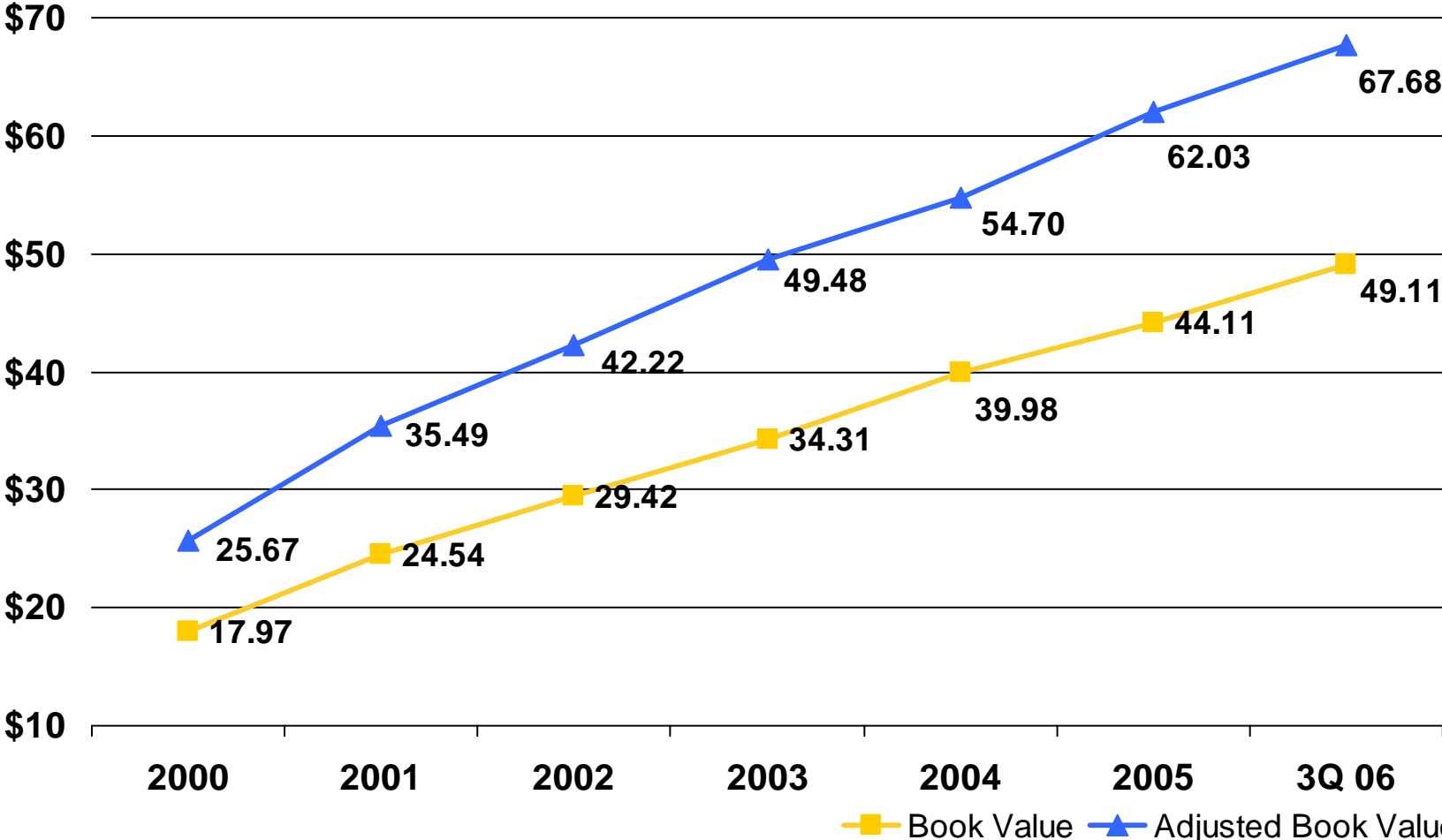
	9M 06	9M 05	Percent Change
Net income	\$423.8	\$418.4	1.3%
Diluted net income per share	\$5.12	\$4.65	10.1%
Net premiums earned	\$766.9	756.6	1.4%
Net paid losses	\$265.5	\$289.5	(8.3)%
Provision for losses	\$284.9	\$285.8	(0.3)%
Net investment income	\$174.1	\$154.1	13.0%
Equity in net income of affiliates	\$186.2	\$161.9	15.0%

Financial Highlights

	<u>As of 9/30/06</u>
Assets	\$7,737.3
Loss reserves	\$840.9
Unearned premiums	\$914.4
Stockholders' equity	\$3,967.0
Market capitalization	\$4,846.6
Debt to capital ratio	15.9%

Dollars in millions.

Book Value and Adjusted Book Value



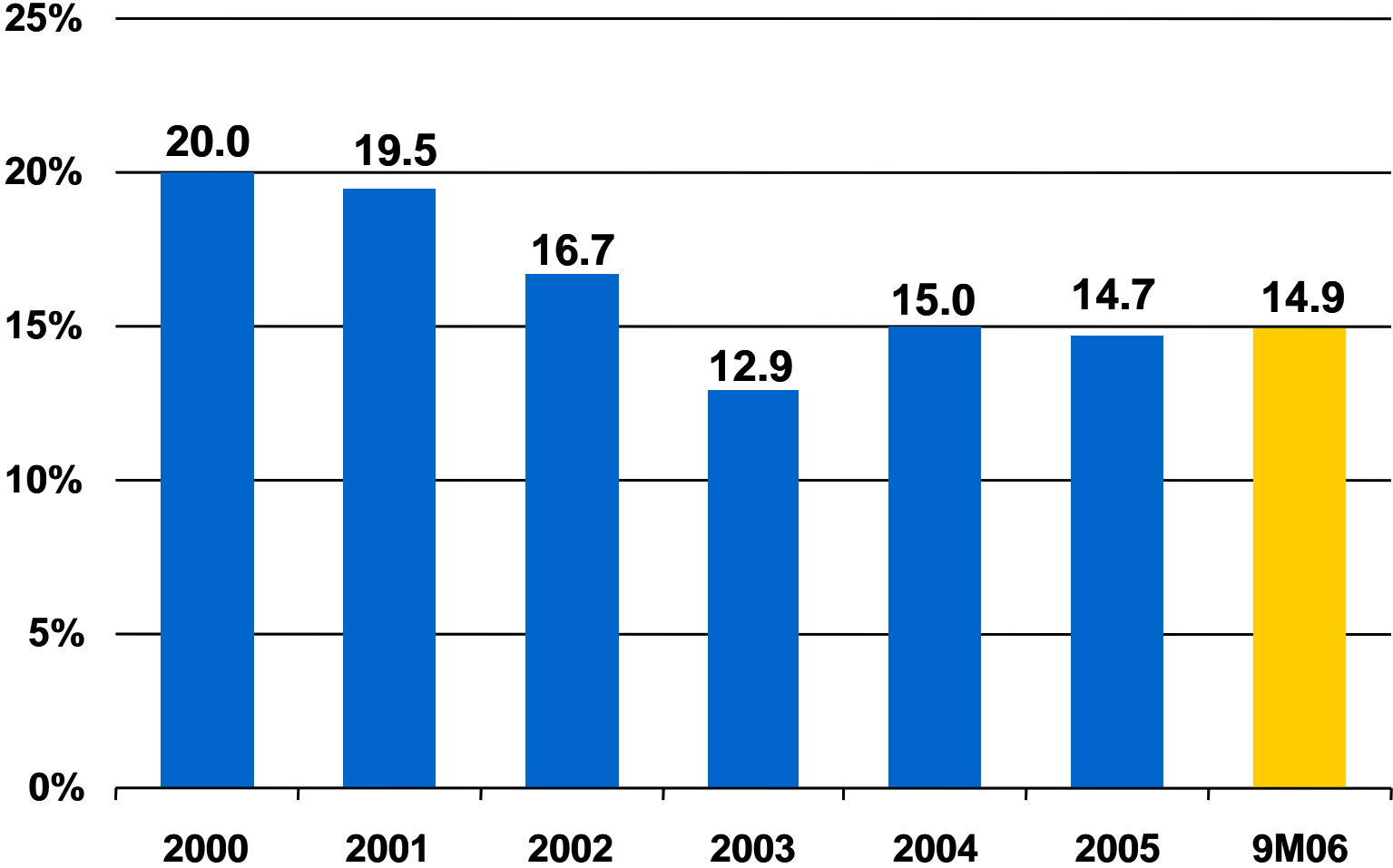
Per share amounts.

Reconciliation of Book Value to Adjusted Book Value

(\$ in millions except book value per share)	Book Value As Reported	Additions			Deductions			Total Additions and Deductions Net of Tax	Book Value As Adjusted	
		Unearned Premiums	Present Value of Installment Premiums Financial Guaranty	Mortgage Insurance	Deferred Policy Acquisition Costs	Loss Factor for Future Premiums Financial Guaranty 25%	Mortgage Insurance 35%			Expense Factor for Future Premiums 5%
December 31, 2000										
Total Common Equity	\$1,362.2	\$77.2		\$1,484.5	\$70.0		\$519.6	\$74.2	\$583.6	\$1,945.8
Number of Shares (in millions)	75.8									75.8
Book Value per Share	\$17.97									\$25.67
December 31, 2001										
Total Common Equity	\$2,306.3	\$513.9	\$254.0	\$1,736.9	\$151.0	\$63.5	\$607.9	\$99.5	\$1,028.8	\$3,335.1
Number of Shares (in millions)	94.0									94.0
Book Value per Share	\$24.54									\$35.49
December 31, 2002										
Total Common Equity	\$2,753.4	\$618.1	\$400.1	\$1,881.0	\$183.6	\$100.0	\$658.4	\$114.1	\$1,198.1	\$3,951.5
Number of Shares (in millions)	93.6									93.6
Book Value per Share	\$29.42									\$42.22
December 31, 2003										
Total Common Equity	\$3,225.8	\$718.6	\$444.4	\$2,303.7	\$218.8	\$111.1	\$806.3	\$137.4	\$1,425.6	\$4,651.4
Number of Shares (in millions)	94.0									94.0
Book Value per Share	\$34.31									\$49.48
December 31, 2004										
Total Common Equity	\$3,689.1	\$723.5 (1)	\$252.0 (1)	\$2,310.1	\$195.2 (1)	\$63.0	\$808.5	\$128.1	\$1,359.0	\$5,048.0
Number of Shares (in millions)	92.3									92.3
Book Value per Share	\$39.98									\$54.70
December 31, 2005										
Total Common Equity	\$3,662.9	\$849.4	\$303.0	\$2,392.5	\$208.3	\$75.7	\$837.4	\$134.8	\$1,487.6	\$5,150.5
Number of Shares (in millions)	83.0									83.0
Book Value per Share	\$44.11									\$62.03
September 30, 2006										
Total Common Equity	\$3,967.0	\$914.4	\$335.6	\$2,296.3	\$219.6	\$83.9	\$803.7	\$131.6	\$1,499.9	\$5,466.9
Number of Shares (in millions)	80.8									80.8
Book Value per Share	\$49.11									\$67.68

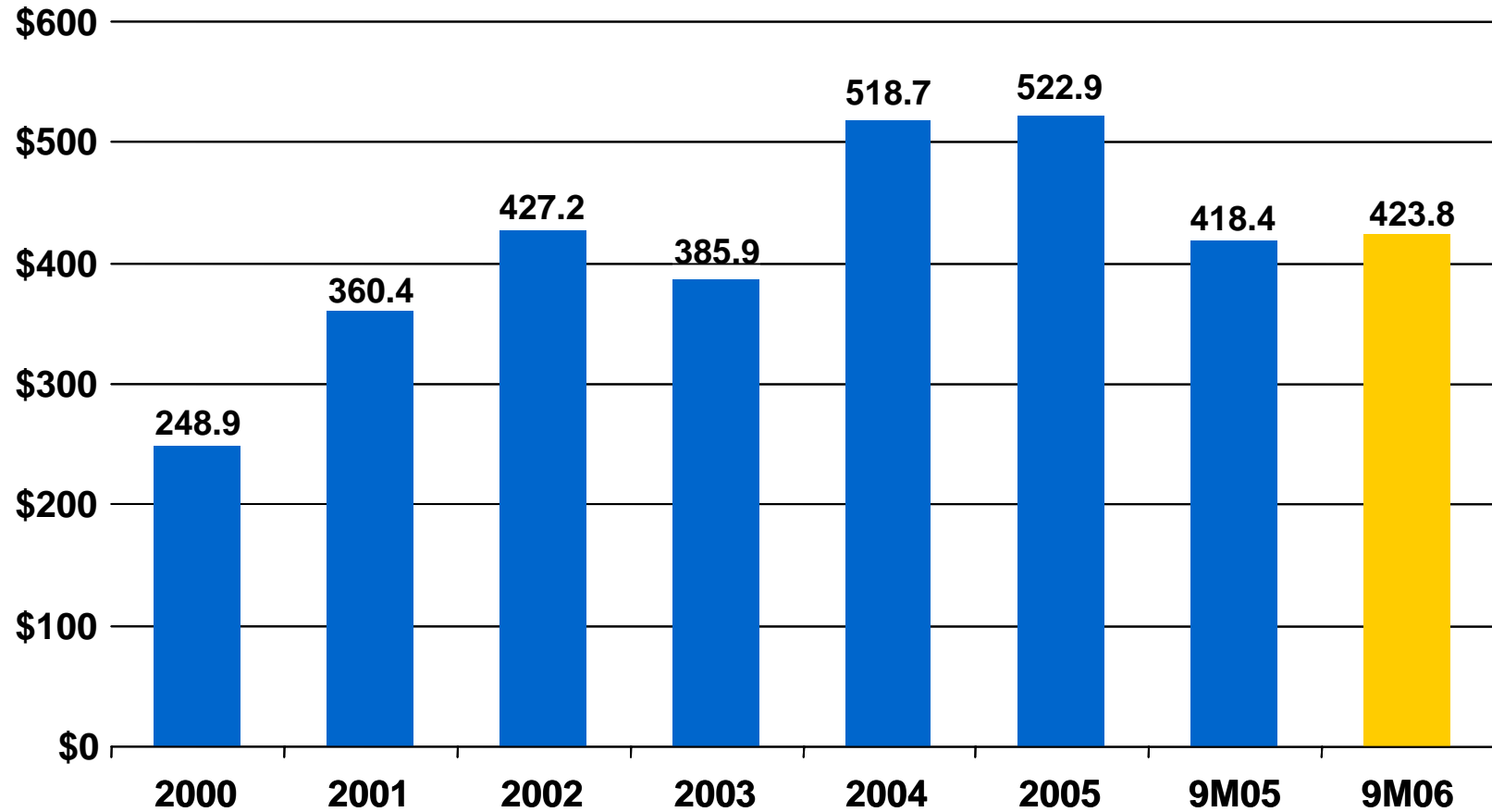
(1) Adjusted for the 2005 Recapture that occurred in the First Quarter of 2005

Return on Equity



Net Income

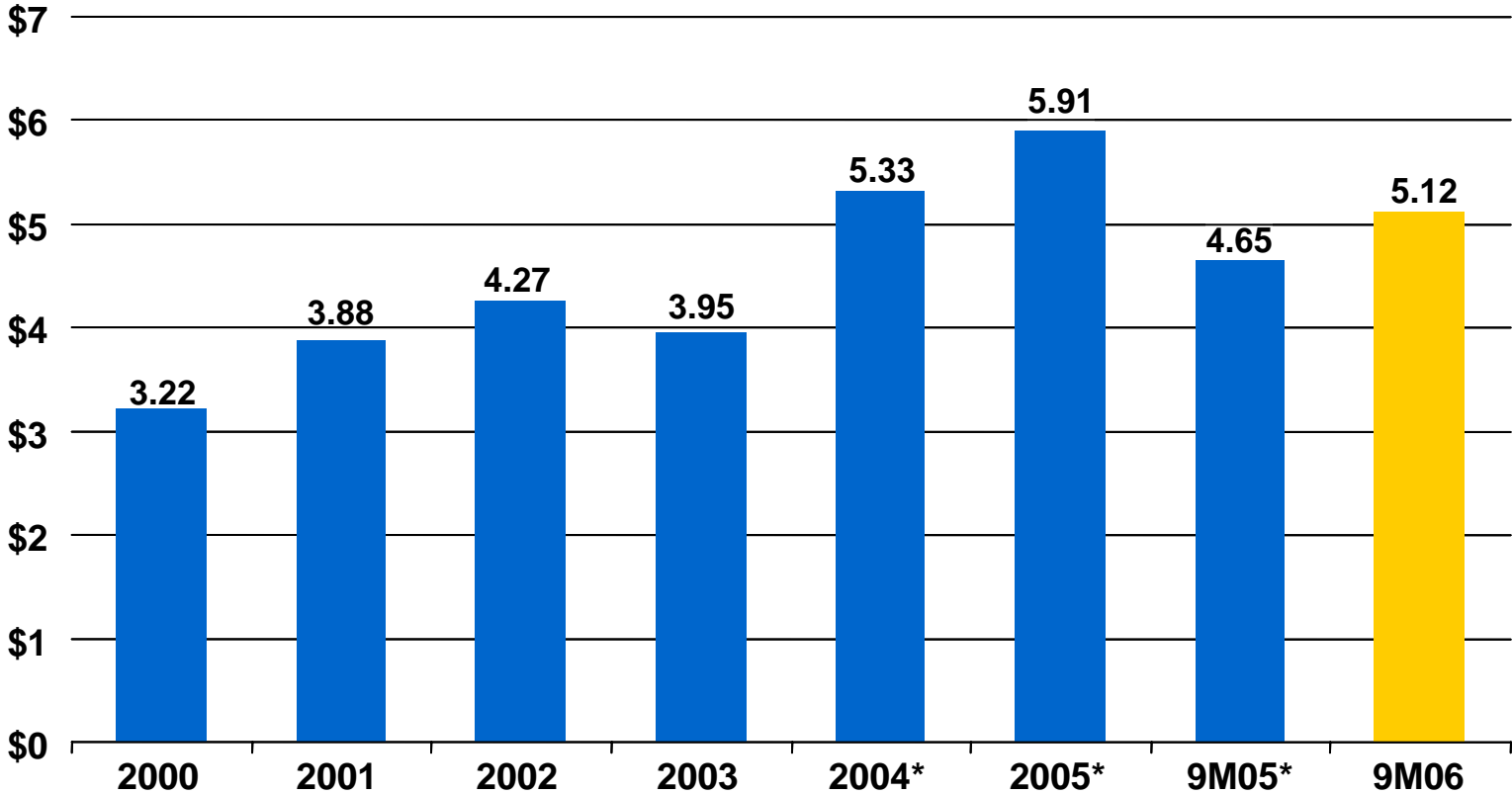
CAGR of 16.0% through 2005



Dollars in millions.

Diluted Net Income Per Share

CAGR of 12.9% through 2005

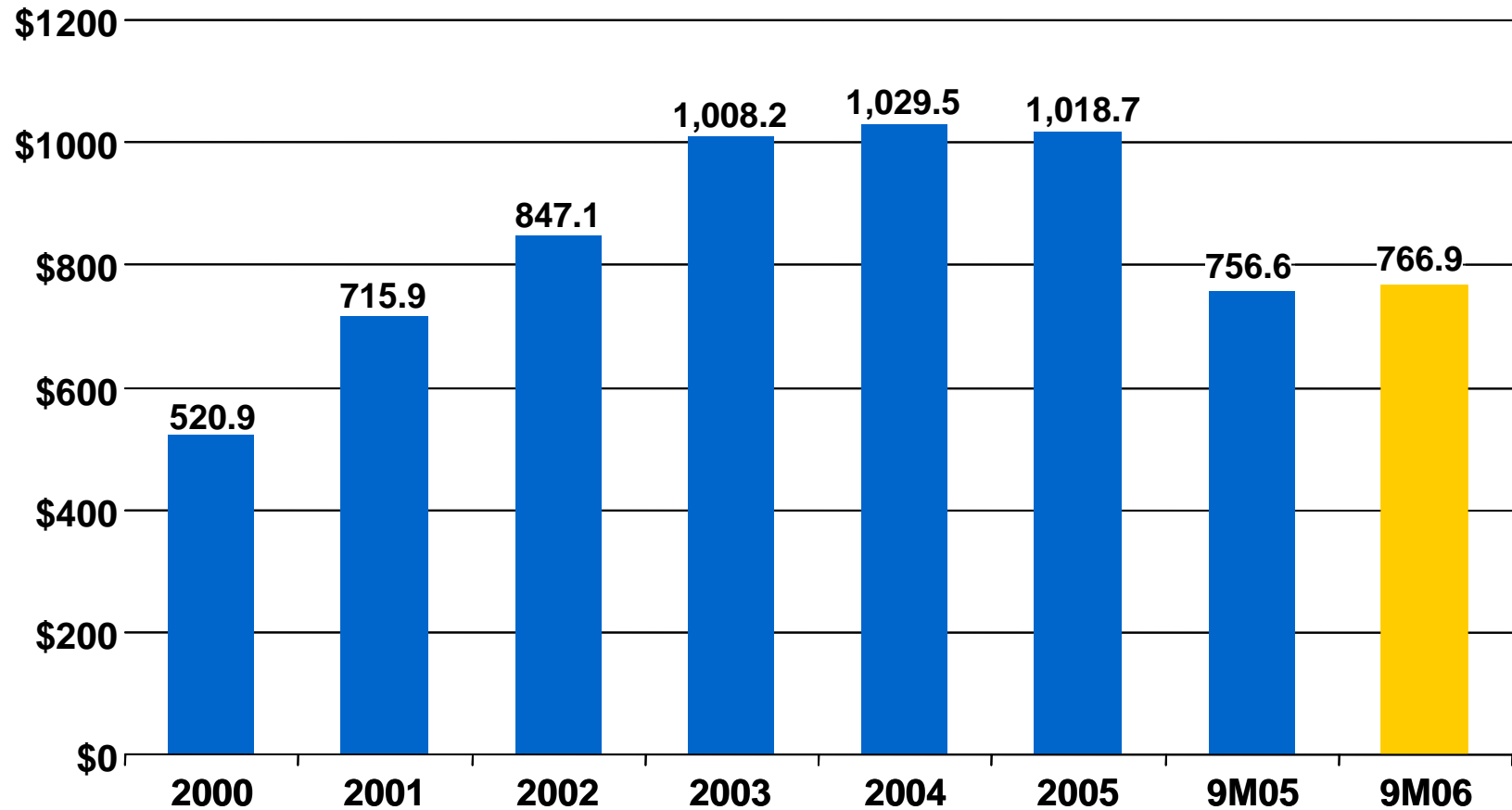


** Reflects the inclusion of shares underlying contingently convertible debt that was redeemed August 1, 2005. The impact of including these shares in the calculation was a reduction of \$0.18 for the twelve months ended December 31, 2004, \$0.13 for the twelve months ended December 31, 2005 and \$0.14 for the nine months ended September 30, 2005.*

Dollars in millions.

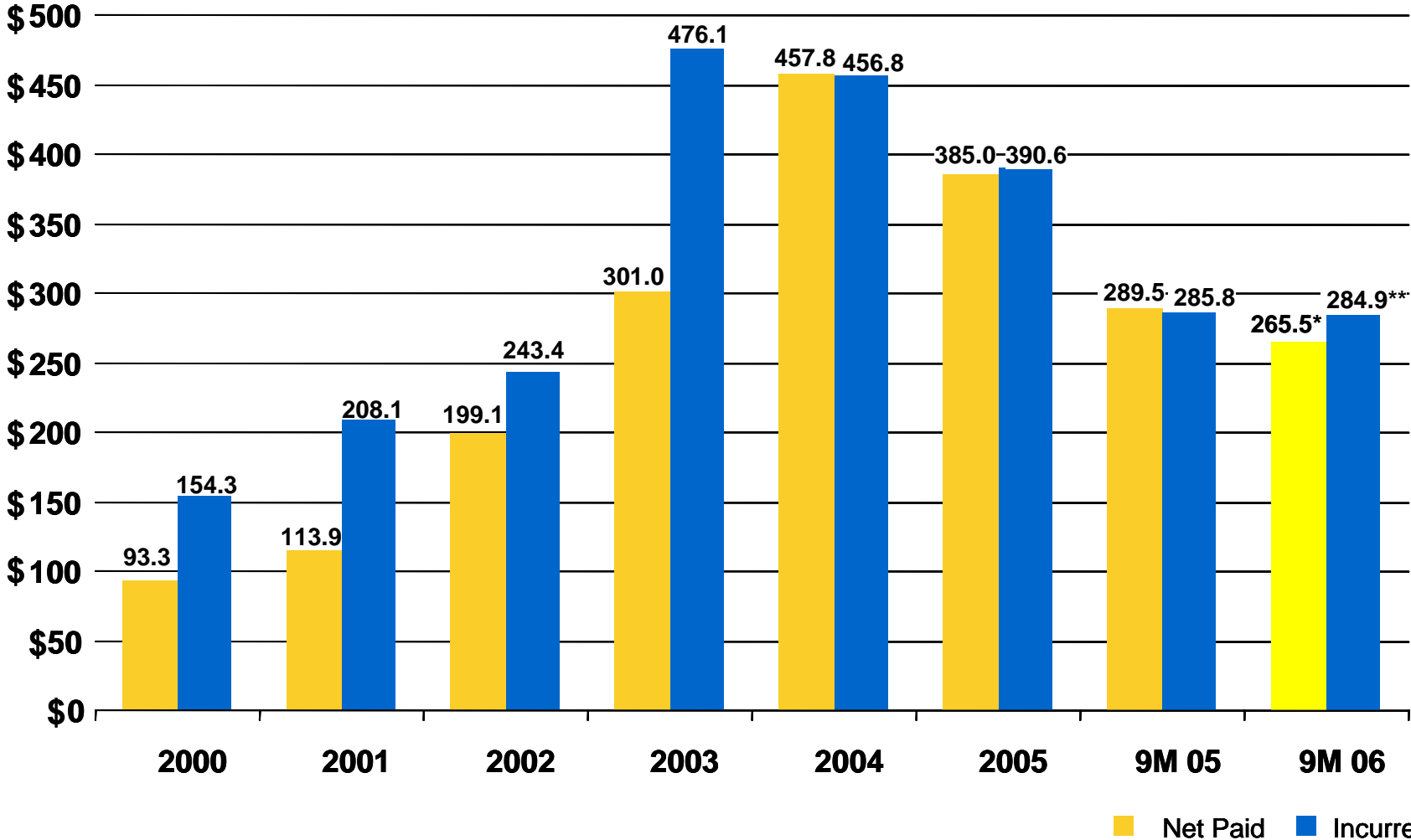
Net Premiums Earned

CAGR of 14.4% through 2005



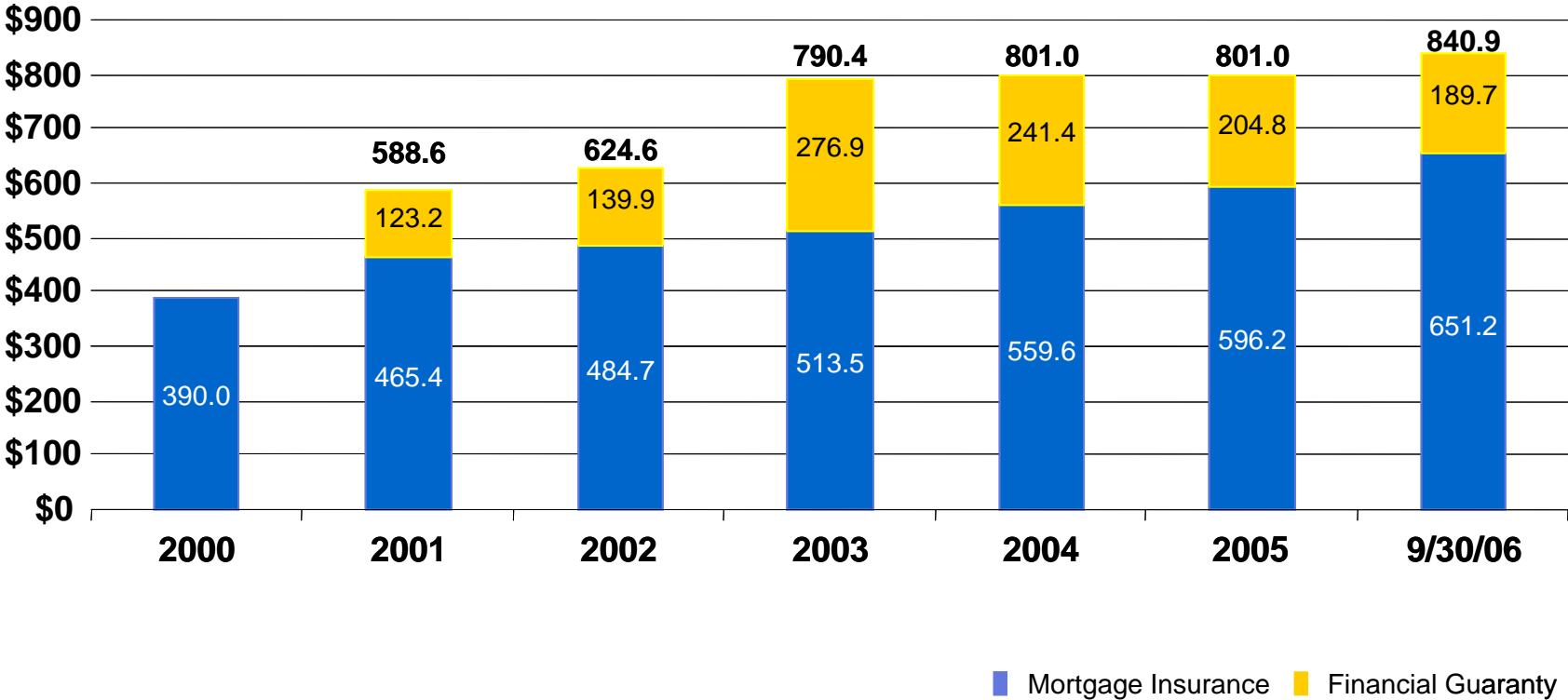
Dollars in millions.

Losses: Net Paid versus Incurred



Dollars in millions. * MI = \$232.2, FG = \$33.3 ** MI = \$268.3, FG = \$16.6

Total Loss Reserves



Dollars in millions.

Change in Loss Reserves for MI Business

Reserve at 6/30/06	\$592
Increase in reinsurance recoverable on second lien quota share transaction	\$14
Radian's share of reserve increase on second lien transaction	\$14
New delinquencies in 3rd Quarter	\$11
Severity increase in our loss reserve model	\$7
Overall aging of delinquencies including an increase in pending claims	\$13
Reserve at 9/30/2006	<u>\$ 651</u>

Dollars in millions

Represents Radian's estimate of amounts attributable to each significant component of the change in loss reserves.

Risk In Force or Net Par Outstanding by Product

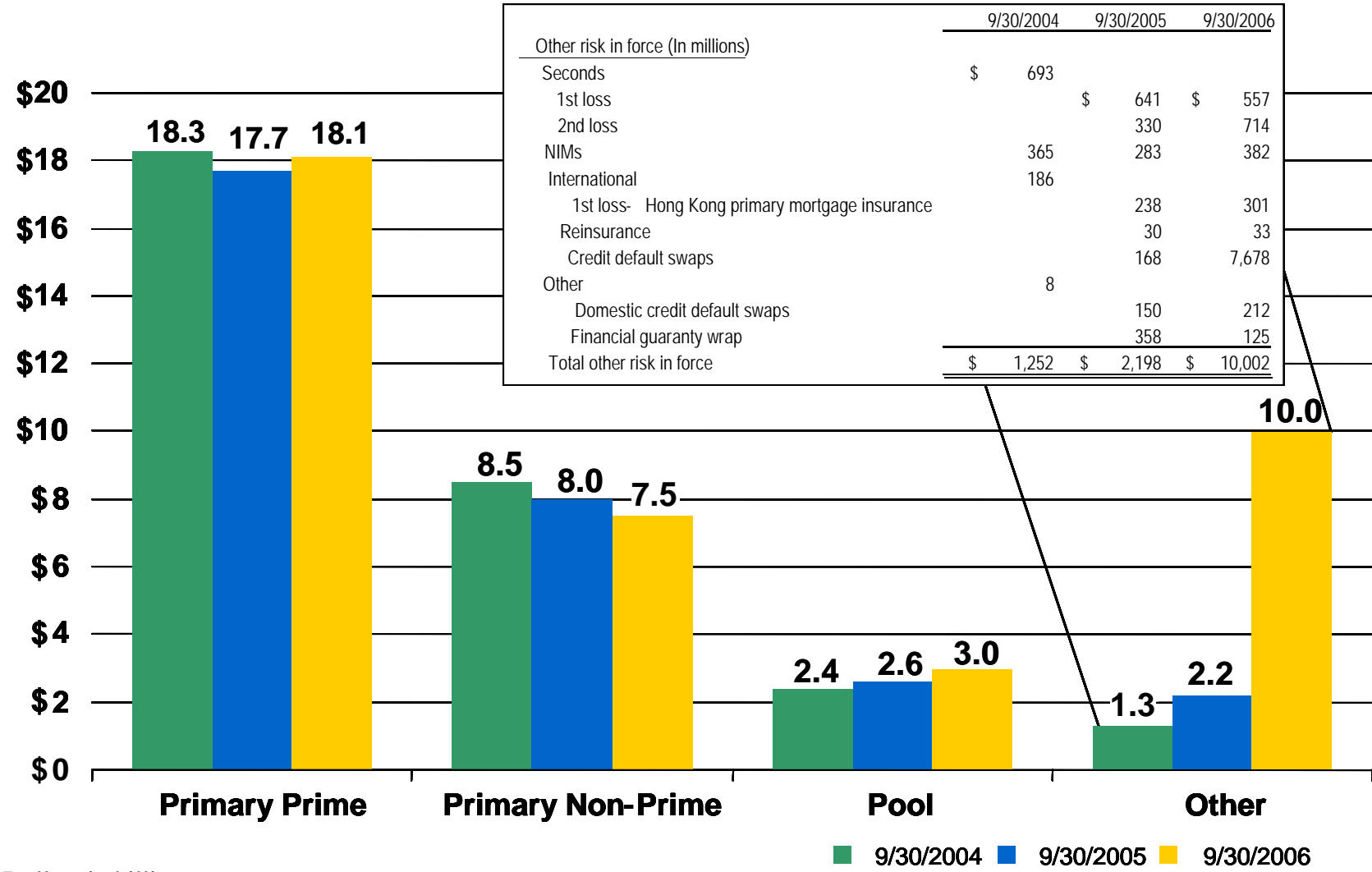
Business Line	Product	RIF or Net Par Outstanding as of 9/30/06	Percent of Portfolio
Financial Guaranty	Direct Public Finance	\$15,130.9	11%
	Public Finance Reinsurance	36,617.5	27%
	Direct Structured Finance	39,538.5	29%
	Structured Finance Reinsurance	4,775.5	4%
Total FG Net Par Outstanding		96,062.4	71%
Mortgage Insurance	Primary Prime MI	18,137.0	14%
	Primary Non- Prime MI**	7,468.0	6%
	Pool MI	2,992.0	2%
	Second Liens	1,271.0	1%
	NIMs	382.0	*%
	International	8,012.0	6%
	Other	337.0	*%
Total MI RIF		38,599.0	29%
Total		\$134,661.4	100%

Dollars in millions.

** Comprised of Alt-A and Subprime

*less than 1%

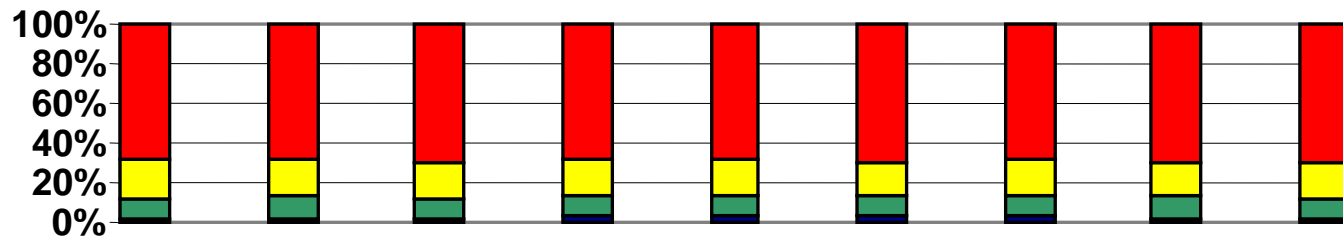
Mortgage Insurance Risk in Force by Product



Dollars in billions.

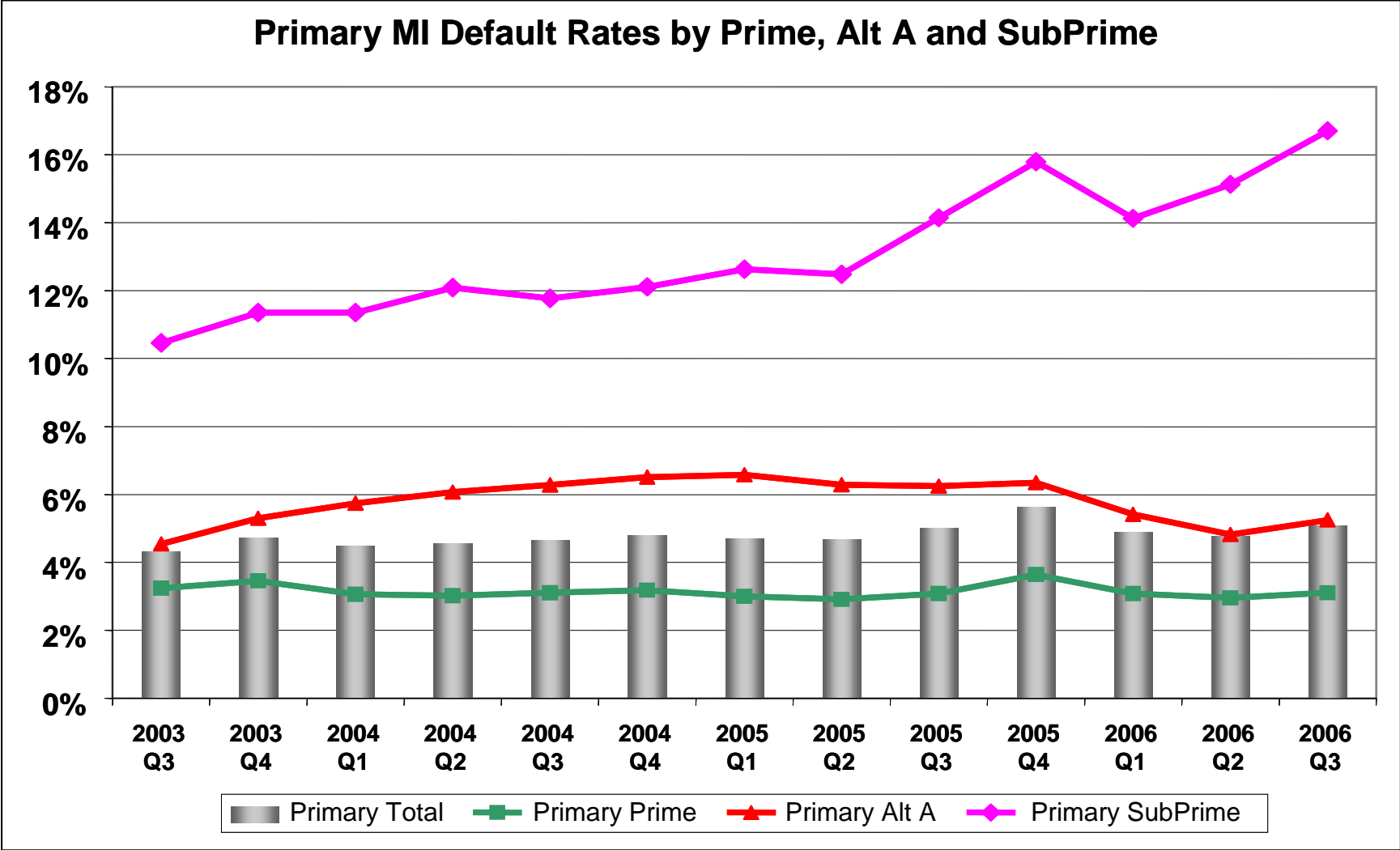
Mortgage Insurance

Primary RIF by Product



	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Sep-06
Prime	68.5%	68.2%	69.2%	68.6%	68.7%	69.3%	68.9%	69.8%	70.8%
Alt A	19.3%	19.1%	18.3%	17.9%	17.7%	17.5%	17.5%	17.3%	17.0%
A minus	10.1%	10.3%	10.2%	10.7%	10.7%	10.5%	10.8%	10.5%	10.0%
B/C	2.1%	2.4%	2.3%	2.8%	2.9%	2.7%	2.8%	2.4%	2.2%

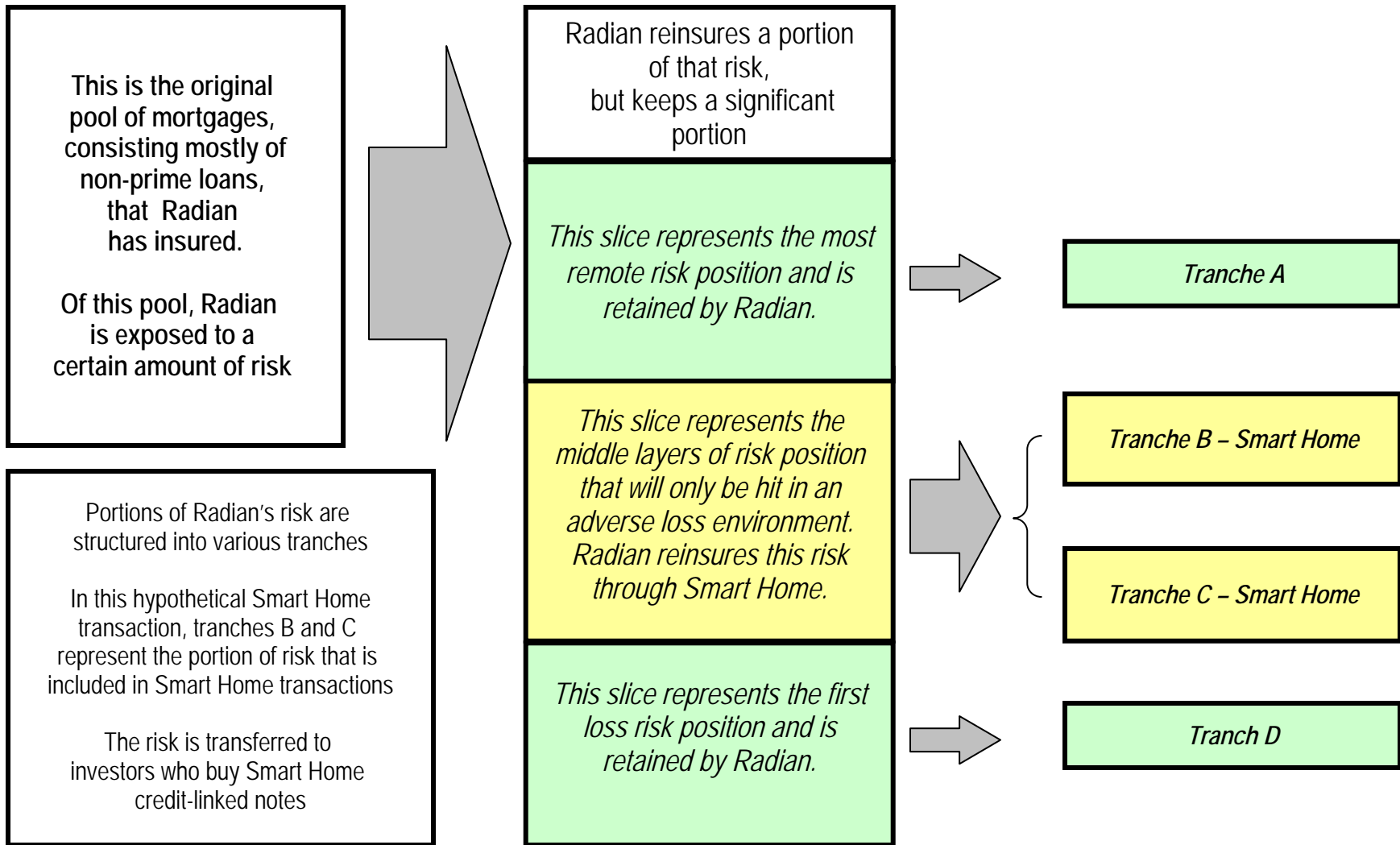
Mortgage Insurance



Smart Home

- What is Smart Home?
 - Smart Home is the name of a financial solution that Radian uses to help the company manage its exposure to higher risk and unproven products, a growing segment of the mortgage market.
 - Smart Home allows Radian to distribute mortgage risk to the capital markets and protects Radian against catastrophic loss and protects the company's book value.
- How does Smart Home work?
 - A Smart Home company is established by a third party financial institution, and that company enters into an agreement with Radian to reinsure a pool of loans consisting mostly of non-prime loans.
 - Credit-linked notes are then issued by the Smart Home company and sold to investors in the capital markets.
 - Once the credit-linked notes are sold and the Smart Home company is fully capitalized, a portion of risk from Radian's mortgage pool is now effectively transferred through Smart Home to the note holders in the capital markets.

An Overview of a Typical Smart Home Transaction



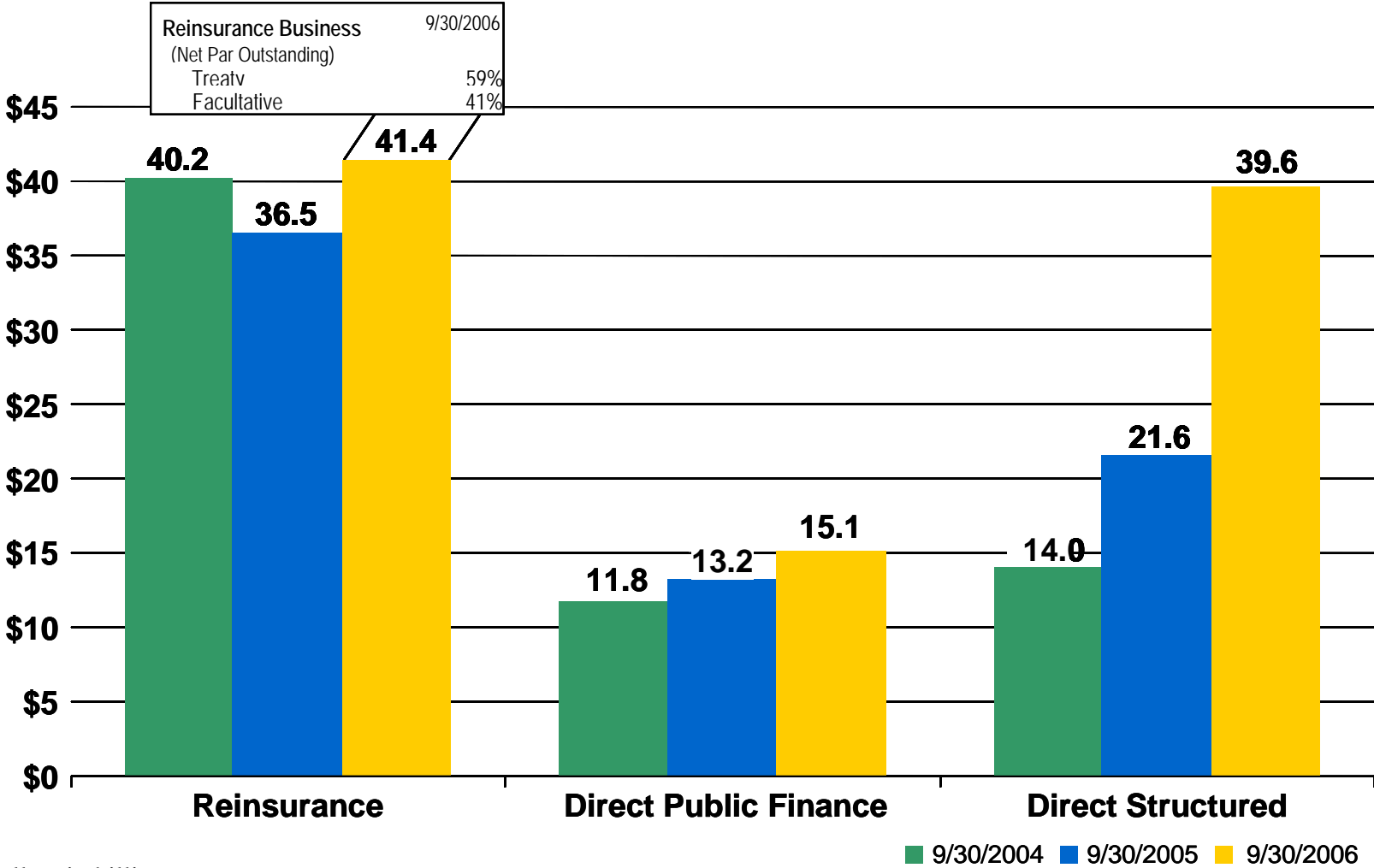
Radian's Smart Home Transactions

- **All Transactions – As of Initial Closings**
 - \$14.7 billion pool of mortgages
 - Risk in Force included in Smart Home Transactions: \$3.9 billion*
 - \$718.6 million of credit-linked notes sold to investors in the capital markets
- **All Transactions – As of September 30, 2006**
 - \$10.9 billion pool of mortgages
 - Risk in Force included in Smart Home Transactions: \$2.8 billion*
 - \$663.5 million of credit-linked notes outstanding in the capital markets

* Radian reinsures the middle layer risk positions, while retaining a significant portion of the total risk comprising the first loss and most remote risk positions.

Financial Guaranty

Net Par Outstanding by Product, \$96.1 billion as of 9/30/06



Dollars in billions.

Financial Guaranty

Product Line and Sector Mix, \$96.1 billion in net par outstanding as of 9/30/06

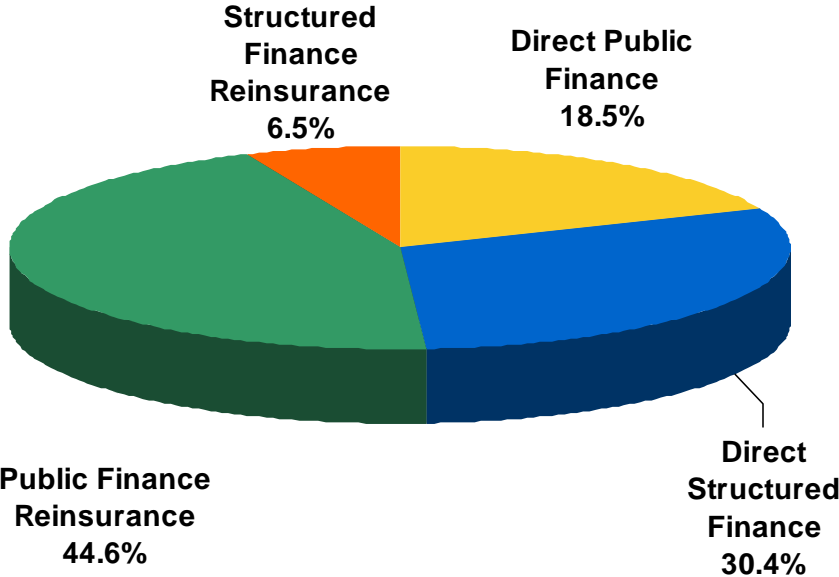
Public Finance		Structured Finance	
Sector	Sector %	Sector	Sector %
Education	4.1 %	Asset-backed – commercial and other	1.6%
General obligations	16.8 %	Asset-backed –consumer	2.1%
Healthcare	10.6 %	Asset-backed – mortgage and MBS	1.3%
Housing	0.8 %	CDOs	39.4%
Investor-owned utilities	2.6 %	Other structured finance	1.7%
Long term care	1.5 %	Subtotal	46.1%
Tax-backed	5.1 %		
Transportation	5.4 %		
Utilities	6.2 %		
Other public finance	0.8 %		
Subtotal	53.9%		

Financial Guaranty

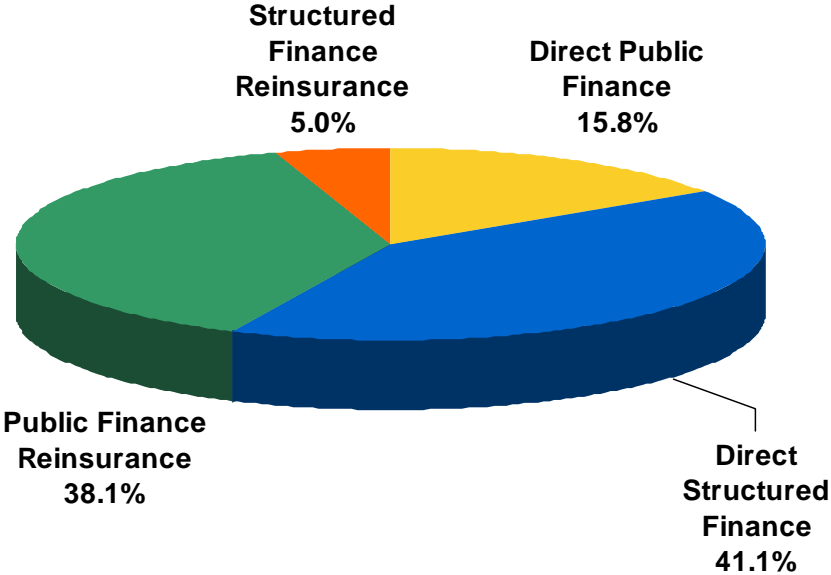
Net Par Outstanding by Business Line

\$71.3 billion in net par as of 9/30/05; \$96.1 billion in net par outstanding as of 9/30/06

9/30/05

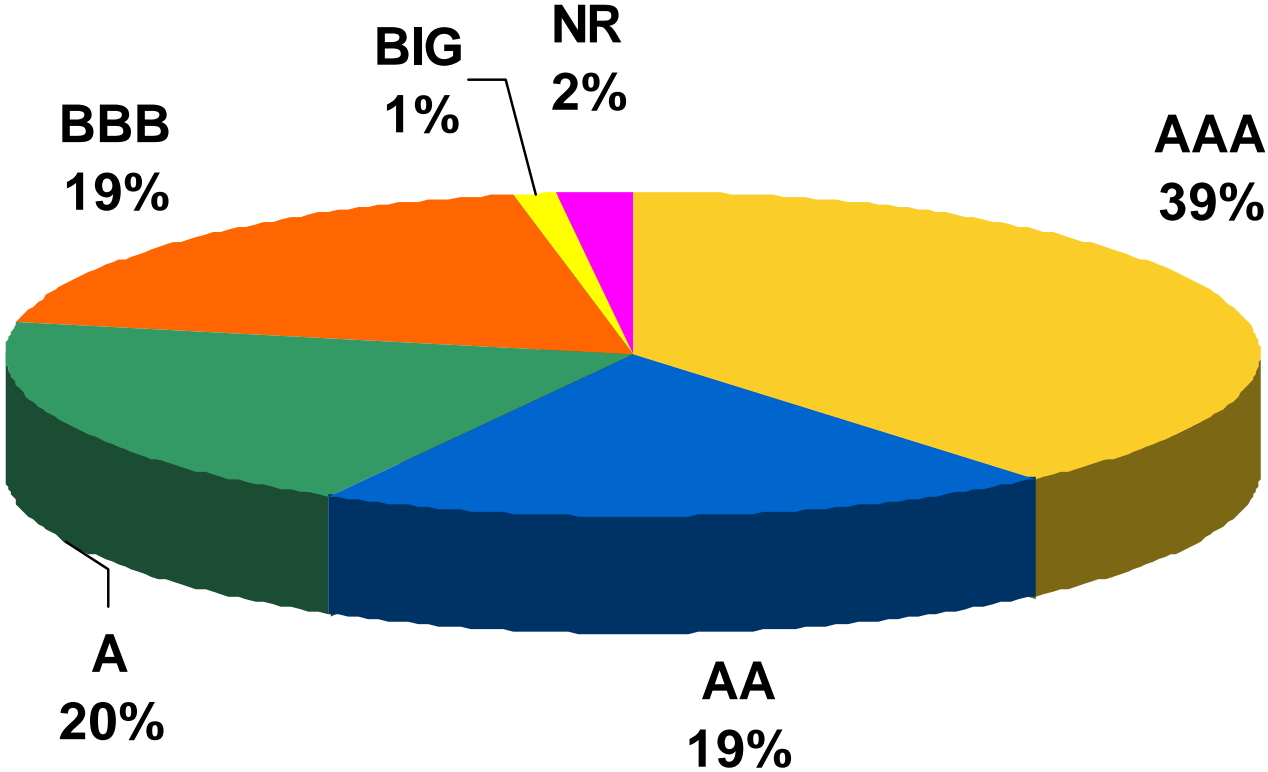


9/30/06



Financial Guaranty

Net Par Outstanding by Rating*, \$96.1 billion in net par outstanding as of 9/30/06



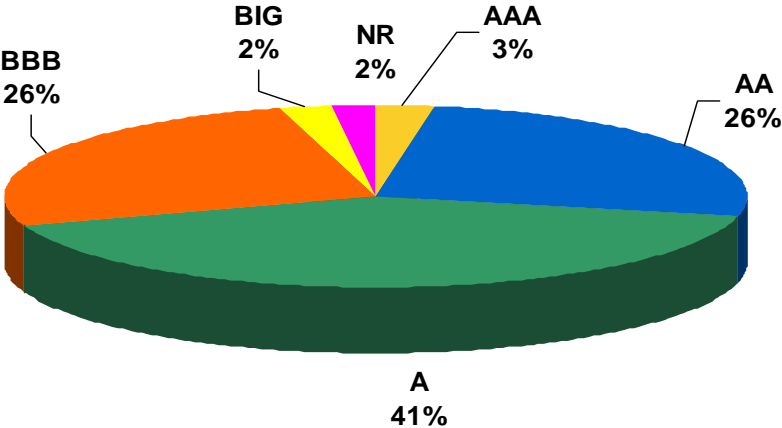
* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody’s and Fitch), or, if no such rating has been assigned, Radian’s rating estimate of the obligation utilizing rating agency models and methodologies to the extent available. 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

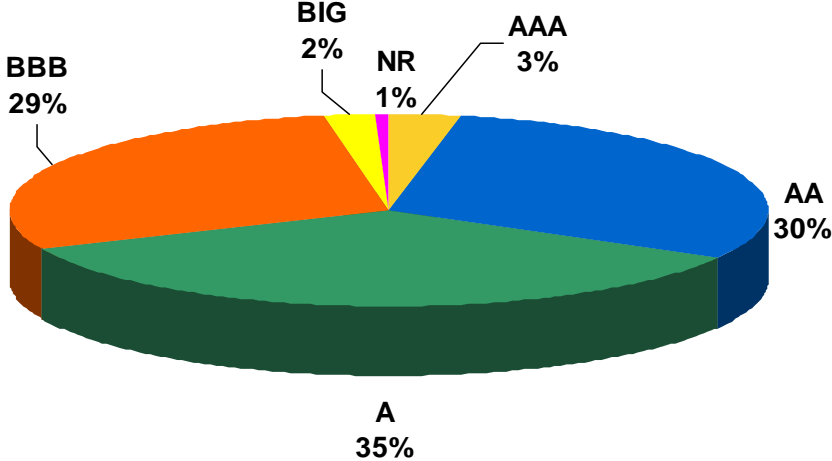
Net Par Outstanding by Rating* for Public Finance

\$45.0 billion in net par as of 9/30/05; \$51.8 billion in net par outstanding as of 9/30/06

9/30/05



9/30/06



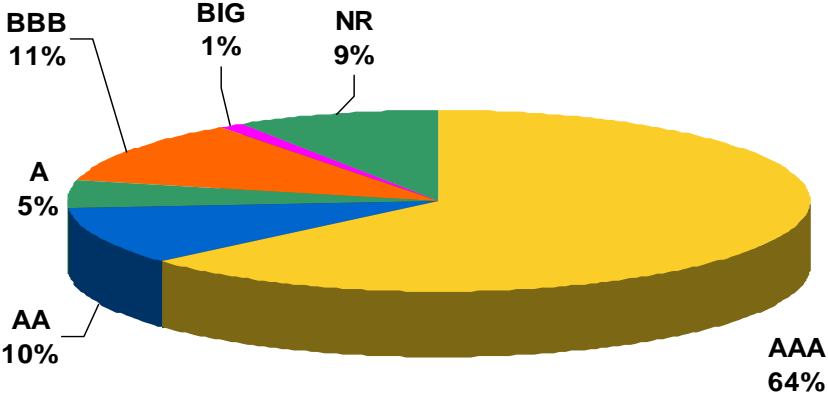
* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody’s and Fitch), or, if no such rating has been assigned, Radian’s rating estimate of the obligation utilizing rating agency models and methodologies to the extent available. 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

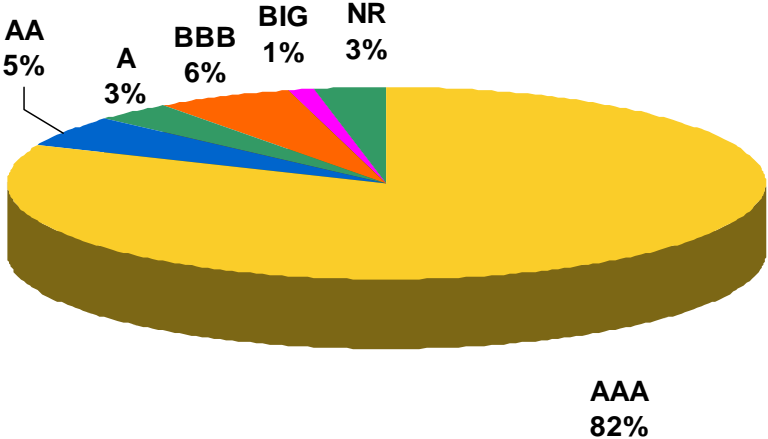
Net Par Outstanding by Rating* for Structured Finance

\$26.3 billion in net par as of 9/30/05; \$44.3 billion in net par outstanding as of 9/30/06

9/30/05

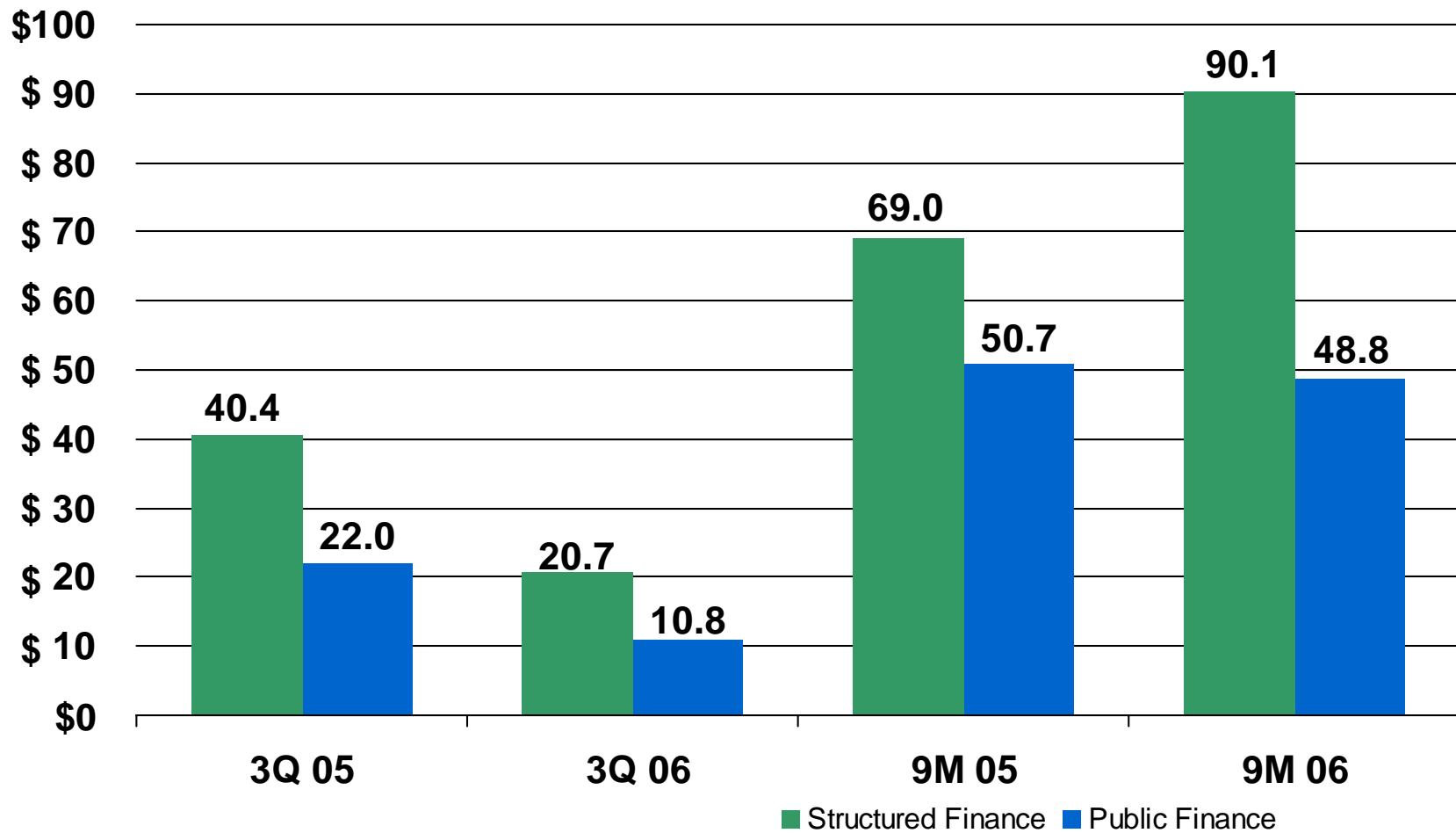


9/30/06



* 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.

Adjusted Gross Written Premiums- Direct Only



Dollars in millions.

Reconciliation of Adjusted Gross Written Premiums

Direct Business Only

(\$ in thousands)	Adjusted Gross Written Premiums	Deduction Present Value of Estimated Future Installment Premiums	Addition Installment Premiums on Policies Written in Previous Years	Deduction Ceded Premiums on Direct Business	Net Additions or (Deductions)	Net Premiums Written As Reported
Q 3 05						
Structured Finance Direct	\$40,380	\$34,644	\$14,262	\$126	(\$20,508)	\$19,872
Public Finance Direct	\$22,018	\$0	\$521	\$0	\$521	\$22,539
Q 3 06						
Structured Finance Direct	\$20,705	\$15,565	\$14,486	\$106	(\$1,185)	\$19,520
Public Finance Direct	\$10,798	\$0	\$391	(\$2)	\$393	\$11,191
9M 05						
Structured Finance Direct	\$69,033	\$58,596	\$42,331	\$480	(\$16,745)	\$52,288
Public Finance Direct	\$50,672	\$204	\$817	\$0	\$613	\$51,285
9M 06						
Structured Finance Direct	\$90,144	\$76,417	\$45,738	\$339	(\$31,018)	\$59,126
Public Finance Direct	\$48,808	\$74	\$860	(\$4)	\$790	\$49,598

RADIAN

Changing the nature of risk.sm