

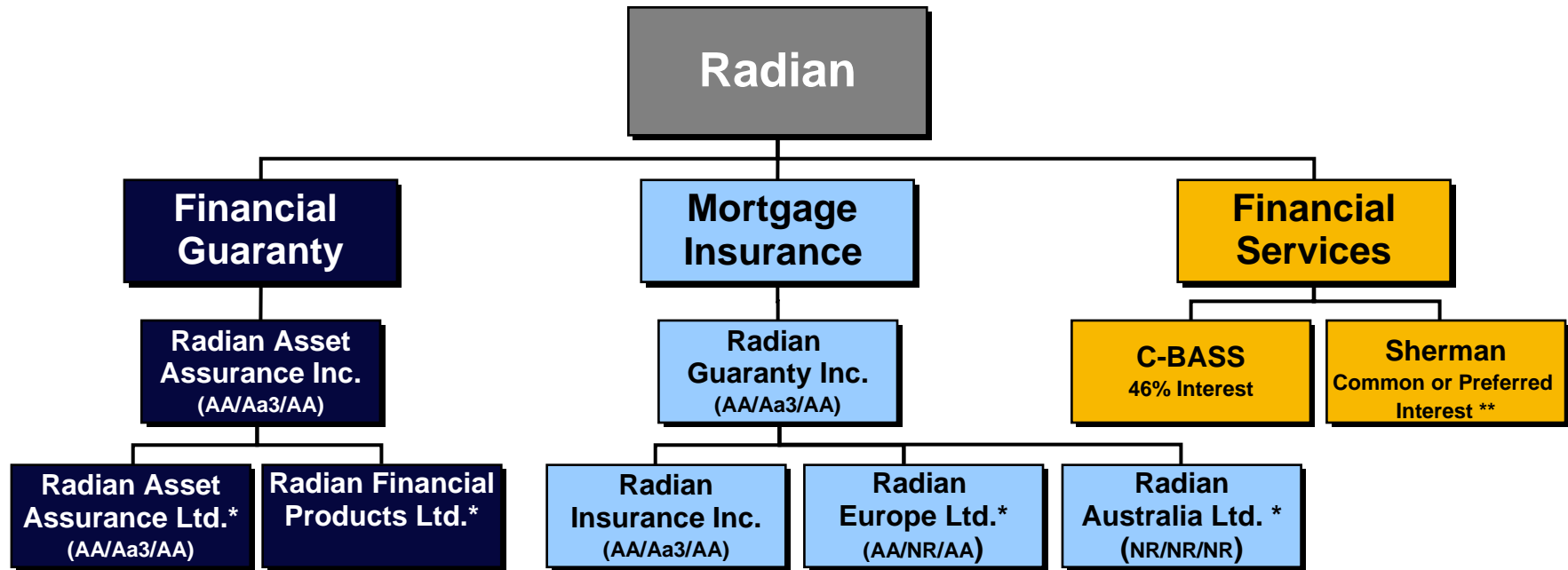
**RADIAN**

**Fourth Quarter 2006**

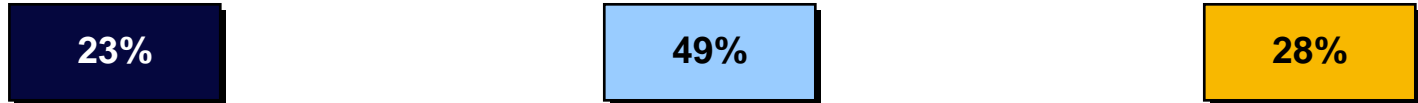
## Safe Harbor Statement

All statements made during our fourth-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 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 changes in credit spreads; 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 or the influence of large customers; 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; legal and other limitations on the amount of dividends we may receive from our insurance subsidiaries; 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 fourth-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 fourth-quarter conference call and in the accompanying presentation to reflect new information, future events or for any other reason.

# Summary of Corporate Structure



**12 Months '06 Contribution to Net Income**



**Segment Equity at 12/31/06**



\* International Entities

\*\*Consists of 40.96% of Class A Common Units (Class A Common units represent 94% of total equity) and 50% of the Preferred Units.

# Financial Highlights

	Year Ended December 31, 2006	Year Ended December 31, 2005	Percent Change
<b>Net income</b>	<b>\$582.2</b>	<b>\$522.9</b>	<b>11.3%</b>
<b>Diluted net income per share</b>	<b>\$7.08</b>	<b>\$5.91</b>	<b>19.8%</b>
<b>Net premiums earned</b>	<b>\$1,015.8</b>	<b>\$1,018.7</b>	<b>(0.3)%</b>
<b>Net paid losses</b>	<b>\$351.8</b>	<b>\$385.0</b>	<b>(8.6)%</b>
<b>Provision for losses</b>	<b>\$369.3</b>	<b>\$390.6</b>	<b>(5.5)%</b>
<b>Net investment income</b>	<b>\$234.3</b>	<b>\$208.4</b>	<b>12.4%</b>
<b>Equity in net income of affiliates</b>	<b>\$257.0</b>	<b>\$217.7</b>	<b>18.1%</b>

Dollars in millions except per share amount.

# Financial Highlights

	4Q06	4Q05	Percent Change
<b>Net income</b>	<b>\$158.4</b>	<b>\$104.5</b>	<b>51.6%</b>
<b>Diluted net income per share</b>	<b>\$1.96</b>	<b>\$1.24</b>	<b>58.1%</b>
<b>Net premiums earned</b>	<b>\$248.9</b>	<b>\$262.0</b>	<b>(5.0)%</b>
<b>Net paid losses</b>	<b>\$86.2</b>	<b>\$95.5</b>	<b>(9.7)%</b>
<b>Provision for losses</b>	<b>\$84.4</b>	<b>\$104.9</b>	<b>(19.5)%</b>
<b>Net investment income</b>	<b>\$60.2</b>	<b>\$54.3</b>	<b>10.9%</b>
<b>Equity in net income of affiliates</b>	<b>\$70.7</b>	<b>\$55.7</b>	<b>26.9%</b>

Dollars in millions except per share amount.

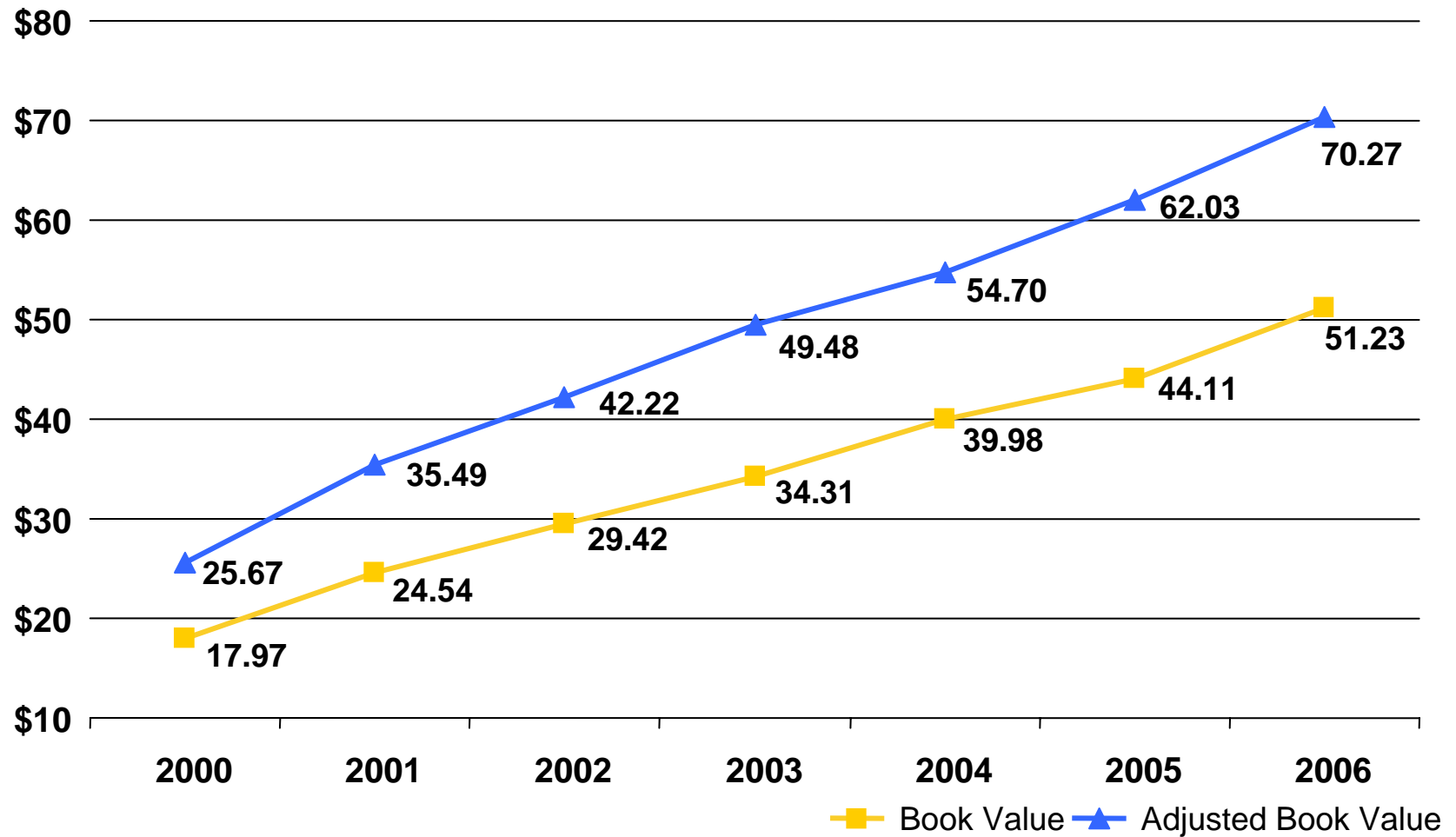
# Financial Highlights

	<u>As of 12/31/06</u>
<b>Assets</b>	<b>\$7,928.7</b>
<b>Loss reserves</b>	<b>\$842.3</b>
<b>Unearned premiums</b>	<b>\$943.7</b>
<b>Stockholders' equity</b>	<b>\$4,067.6</b>
<b>Market capitalization</b>	<b>\$4,280.5</b>
<b>Debt to capital ratio</b>	<b>15.5%</b>

Dollars in millions.

# Track Record

## Book Value and Adjusted Book Value Per Share Growth



Per-share amounts.

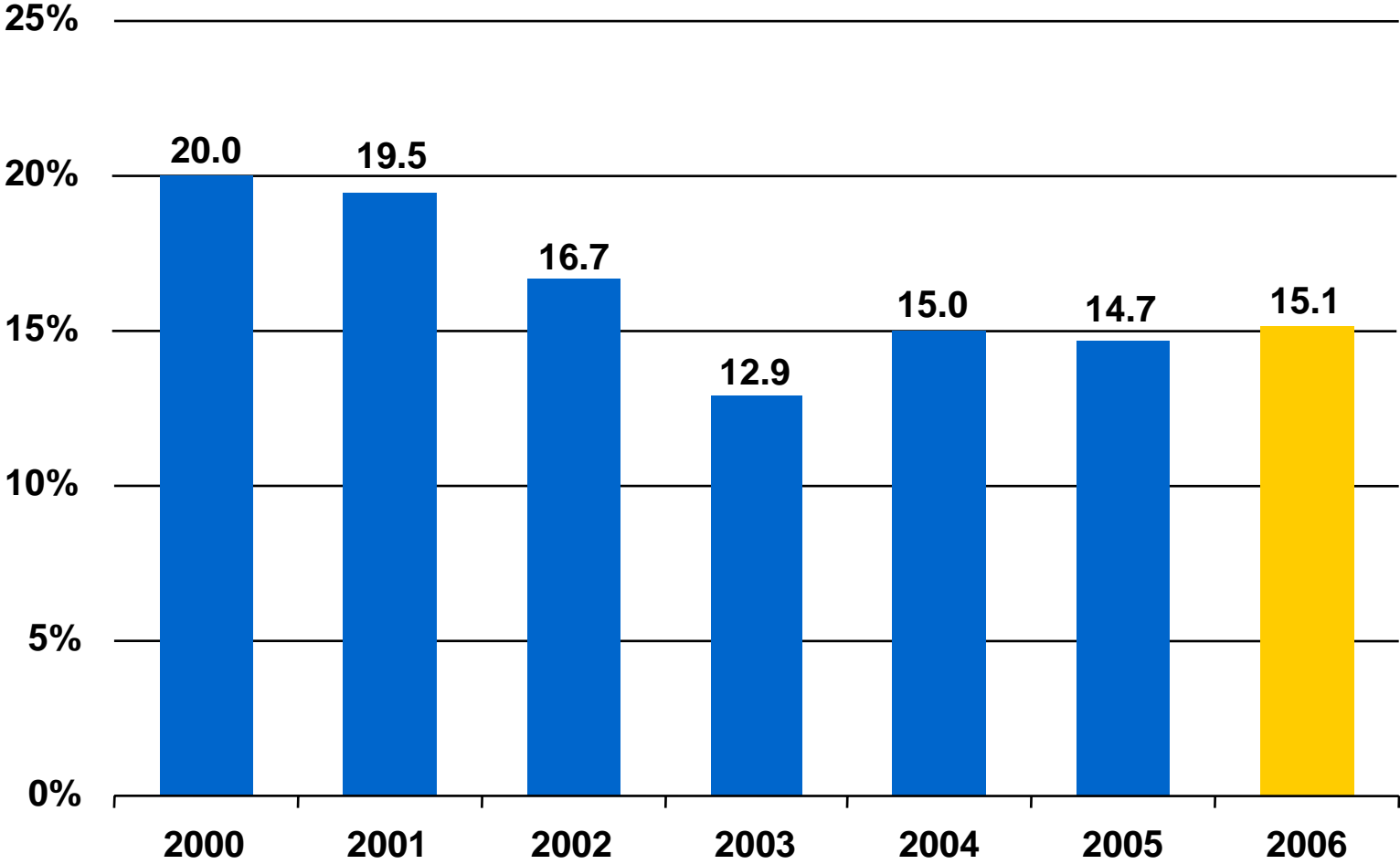
# Reconciliation of Book Value to Adjusted Book Value

	Book Value As Reported	Additions				Deductions			Total Additions and Deductions Net of Tax	Book Value As Adjusted
		Unearned Premiums	Present Value of Installment Premiums		Deferred Policy Acquisition Costs	Loss Factor for Future Premiums		Expense Factor for Future Premiums 5%		
			Financial Guaranty	Mortgage Insurance		Financial Guaranty 25%	Mortgage Insurance 35%			
<i>December 31, 2000</i>										
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
<i>December 31, 2001</i>										
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
<i>December 31, 2002</i>										
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
<i>December 31, 2003</i>										
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
<i>December 31, 2004</i>										
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
<i>December 31, 2005</i>										
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
<i>December 31, 2006</i>										
Total Common Equity	\$4,067.6	\$943.7	\$345.6	\$2,271.0	\$221.8	\$86.4	\$794.8	\$130.8	\$1,512.2	\$5,579.7
Number of Shares (in millions)	79.4									79.4
Book Value per Share	\$51.23									\$70.27

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

# Track Record

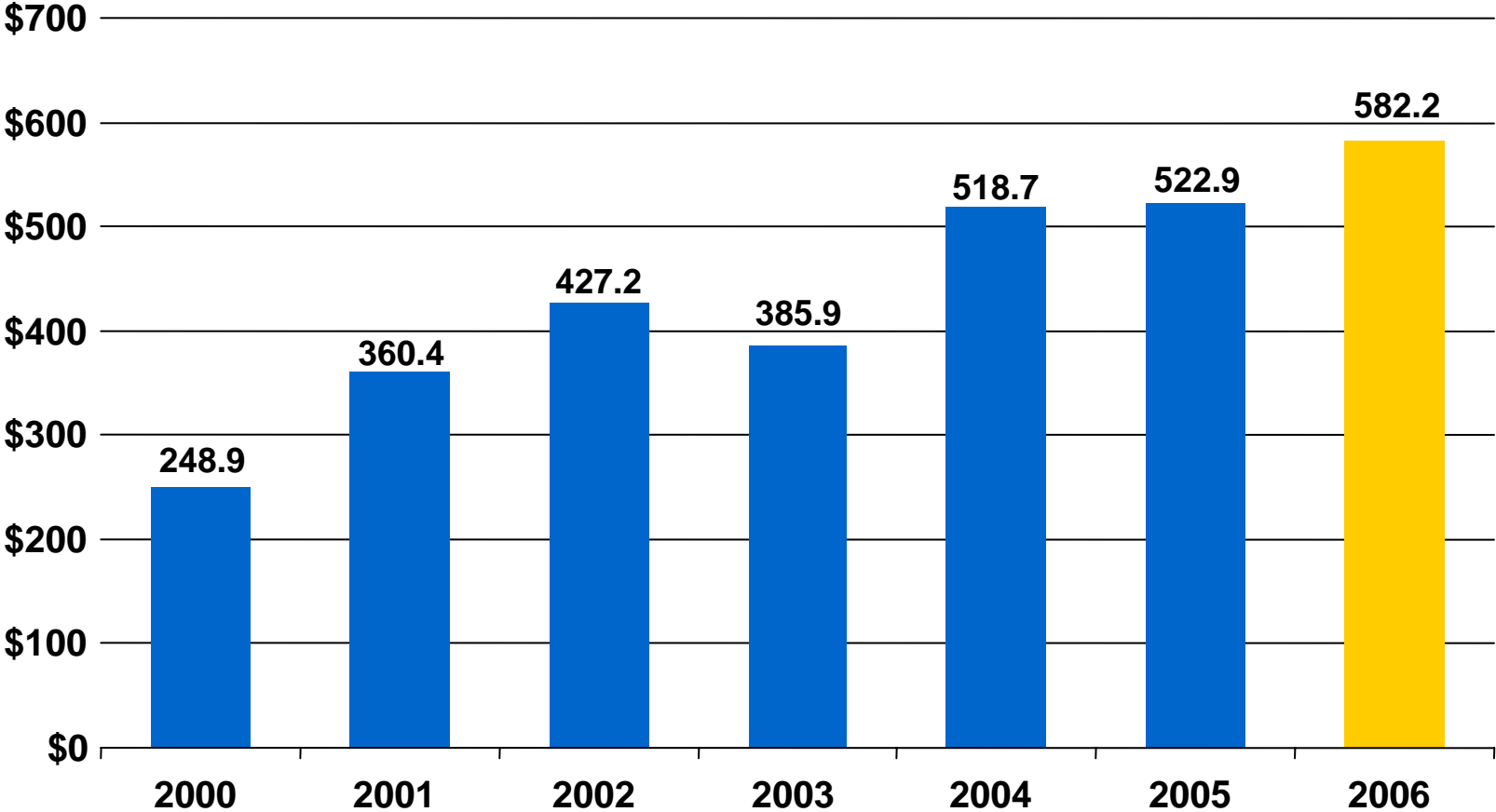
## Solid Return on Equity



# Track Record

## Net Income

Net income CAGR of 15.2% through 2006

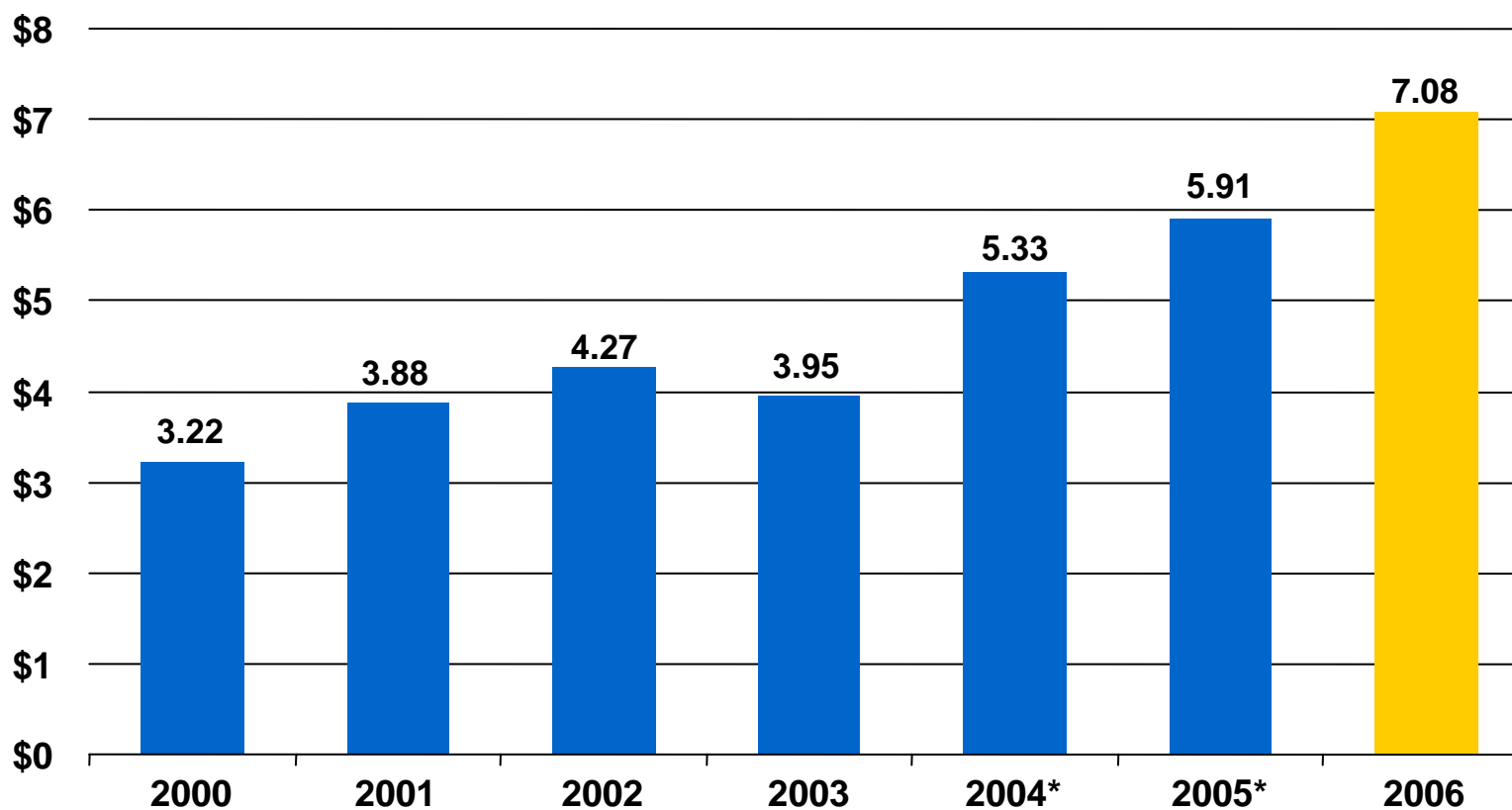


Dollars in millions.

# Track Record

## Diluted Net Income Per Share

CAGR of 14.0% through 2006



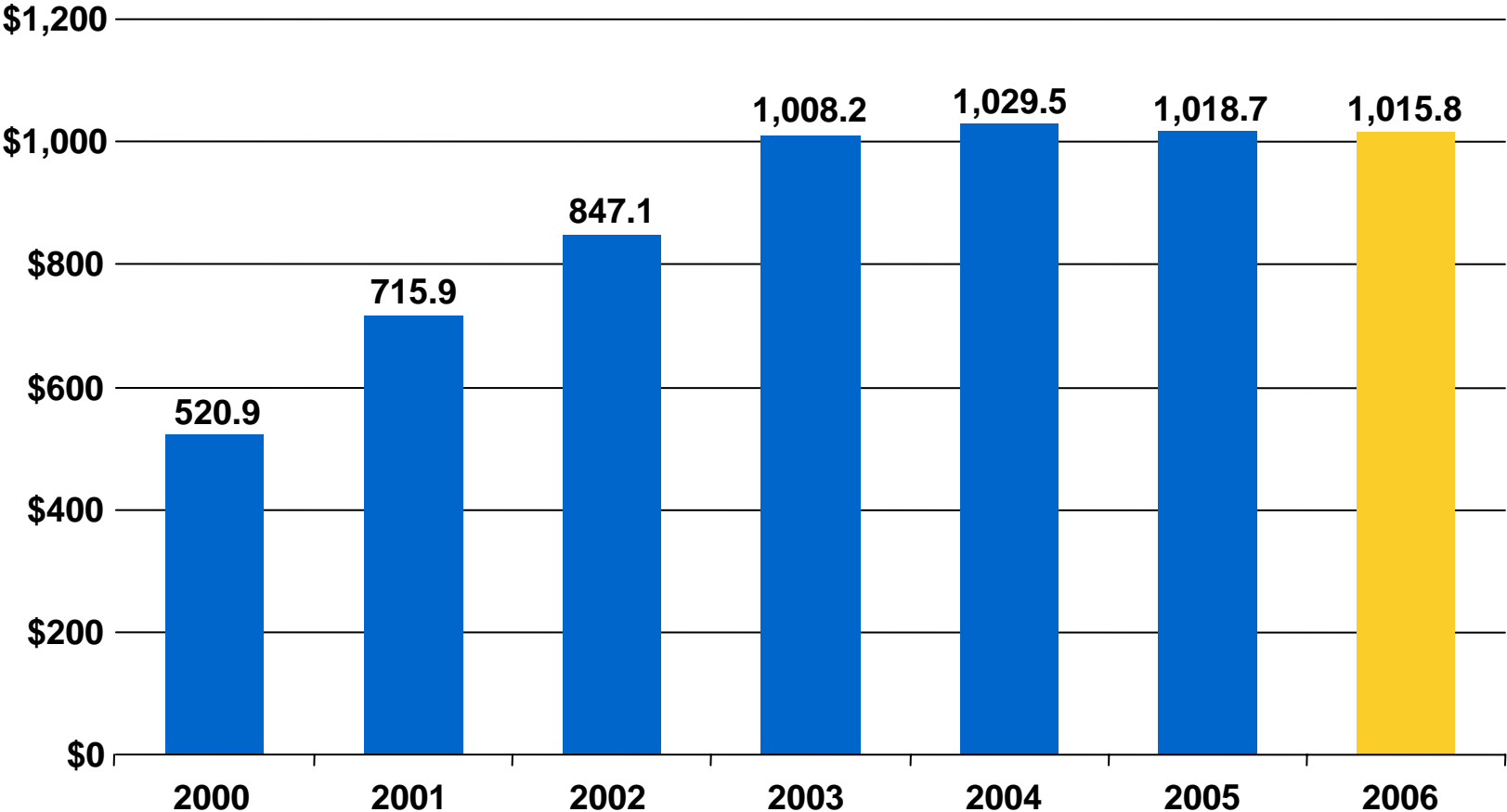
\* Reflects the inclusion of shares underlying contingently convertible debt that was redeemed August 1, 2005. The impact of including these shares in the calculation was a reduction of \$0.18 for the twelve months ended December 31, 2004, and \$0.13 for the twelve months ended December 31, 2005.

In dollars.

# Track Record

## Net Premiums Earned

CAGR of 11.8% through 2006



Dollars in millions.

# Diversification

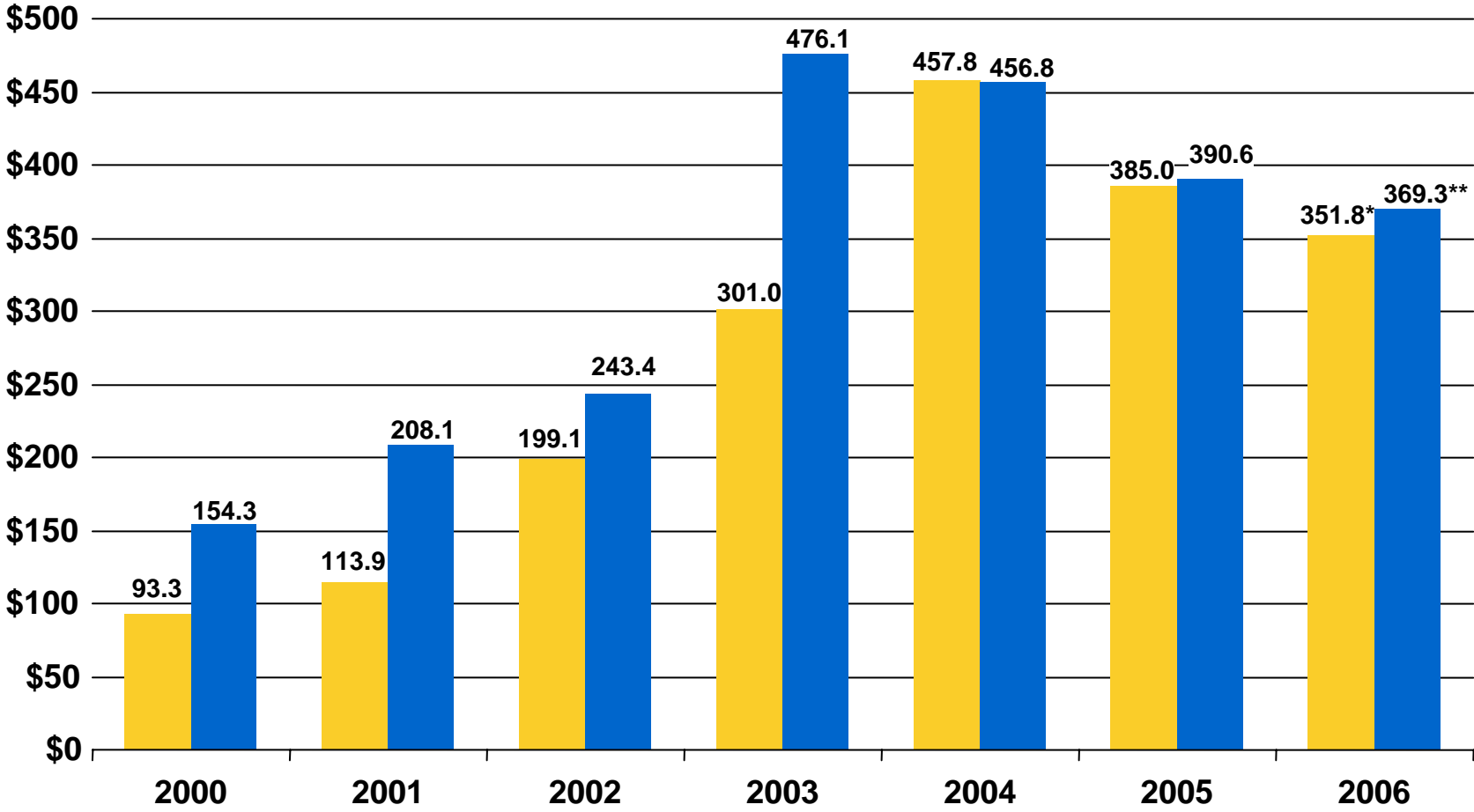
## Risk In Force/ Net Par Outstanding by Product

Business Line	Product	RIF/ Net Par Outstanding as of 12/31/06	Percent of Portfolio
Financial Guaranty	Direct Public Finance	\$ 16,324.2	11%
	Public Finance Reinsurance	37,489.0	26%
	Direct Structured Finance	44,960.3	32%
	Structured Finance Reinsurance	5,192.1	4%
<b>Total FG Net Par Outstanding</b>		<b>103,965.6</b>	<b>73%</b>
Mortgage Insurance	Primary Prime MI	18,186.0	13%
	Primary Non-Prime MI	7,125.0	5%
	Pool MI	2,991.0	2%
	Second Liens	1,202.0	1%
	NIMs	592.0	*%
	International	8,279.0	6%
	Other	249.0	*%
<b>Total MI RIF</b>		<b>38,624.0</b>	<b>27%</b>
<b>Total Radian RIF</b>		<b>\$142,589.6</b>	<b>100%</b>

Dollars in millions.

\*less than 1%

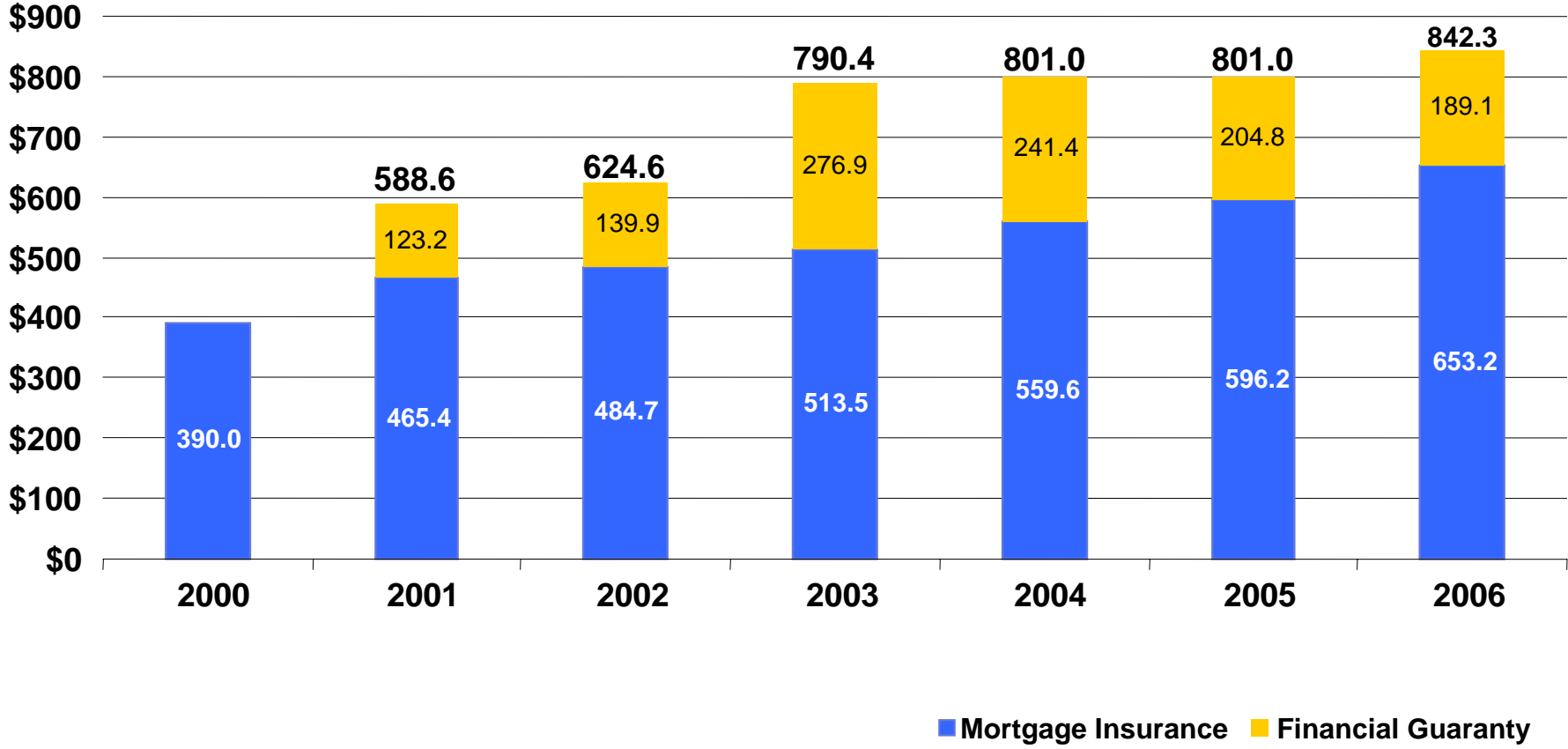
# Losses: Net Paid vs. Incurred



Dollars in millions. \* MI = \$313.4, FG = \$ 38.4 \*\* MI =348.6 \$, FG = \$20.7

■ Net Paid ■ Incurred

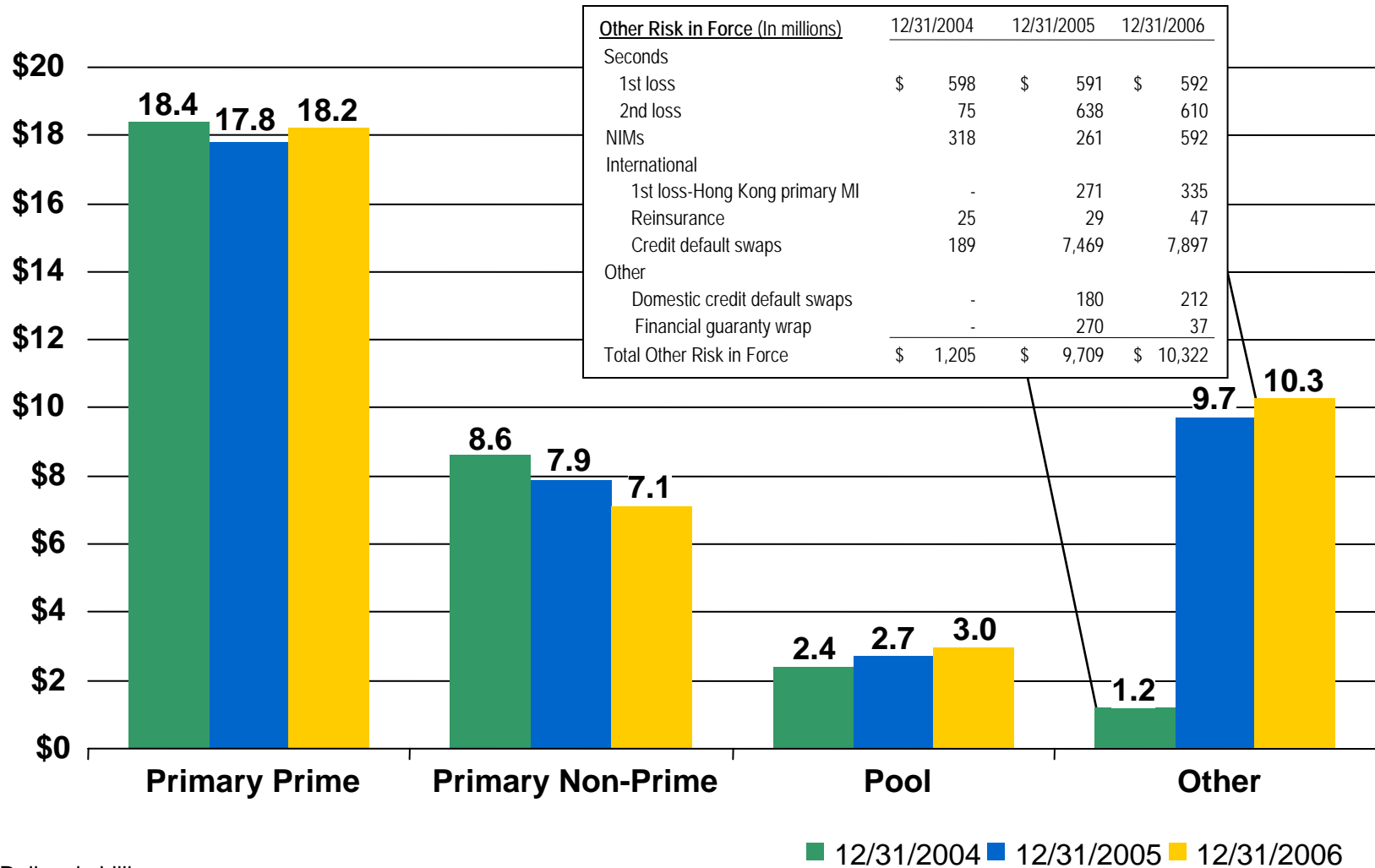
# Total Loss Reserves



Dollars in millions.

# Portfolio Management

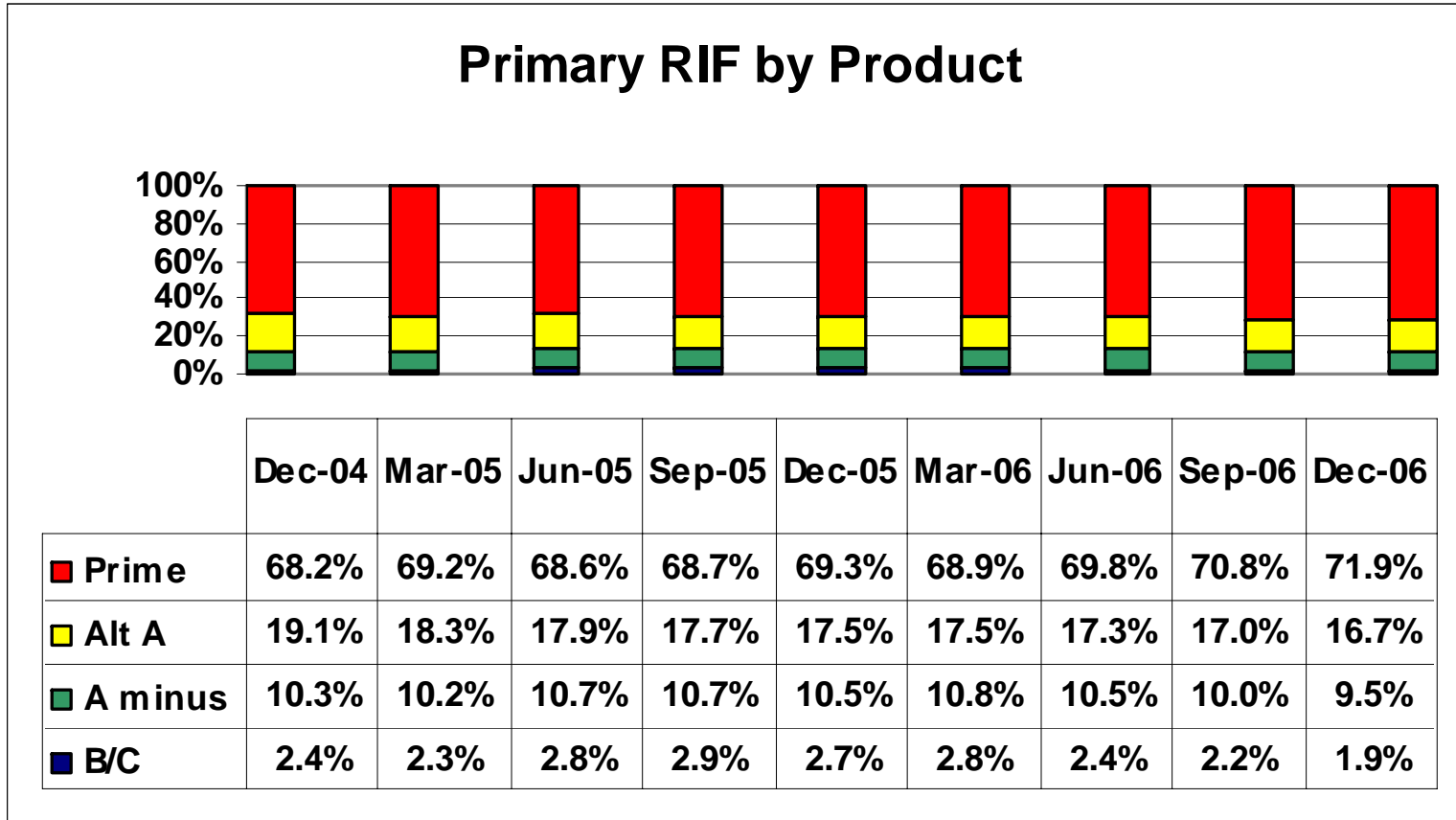
## Mortgage Insurance Risk in Force by Product



Dollars in billions.

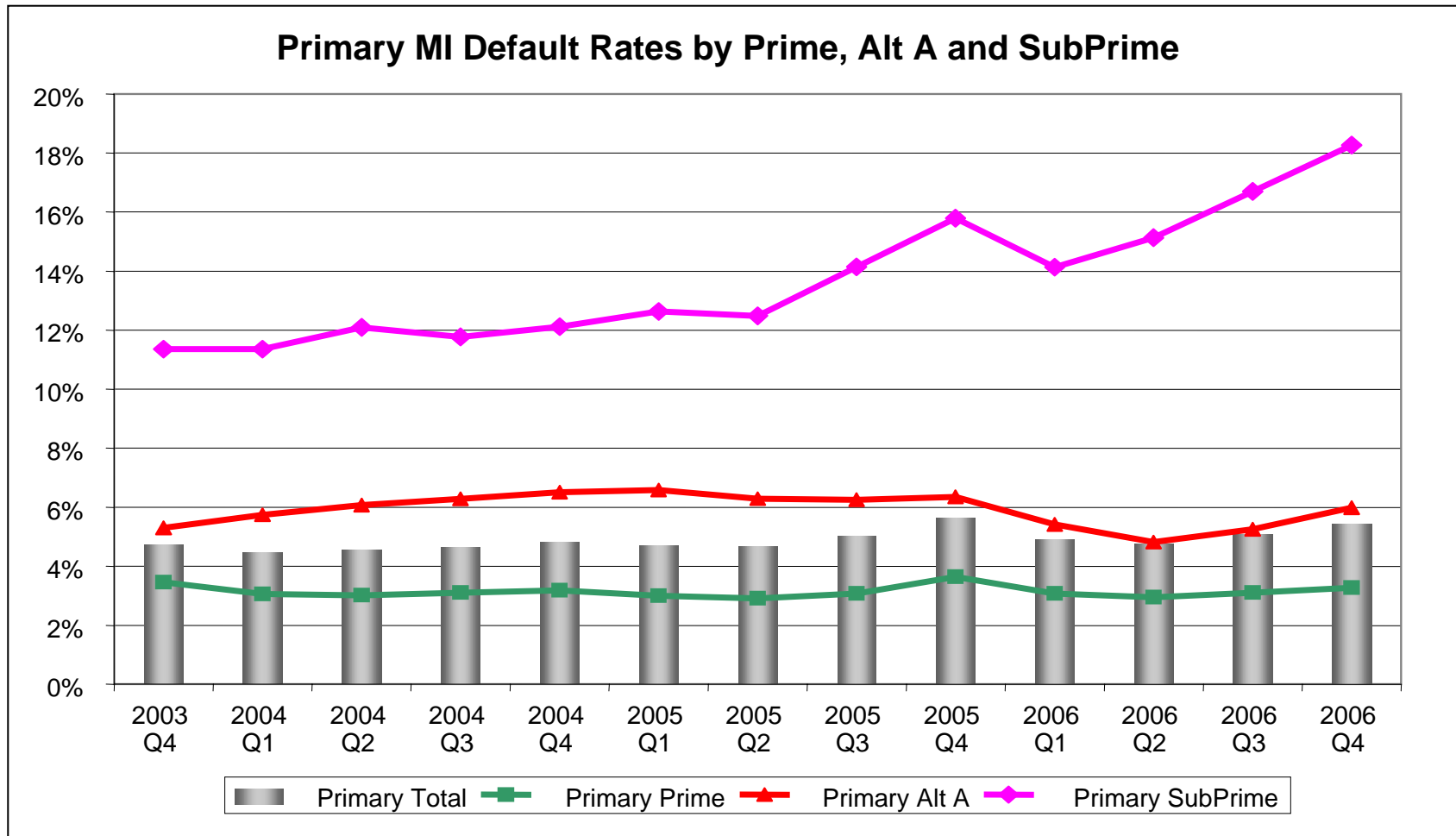
# Portfolio Management

## Primary Mortgage Insurance Risk in Force by Product



# Portfolio Management

## Mortgage Insurance



# Portfolio Management

## SMART Home\*

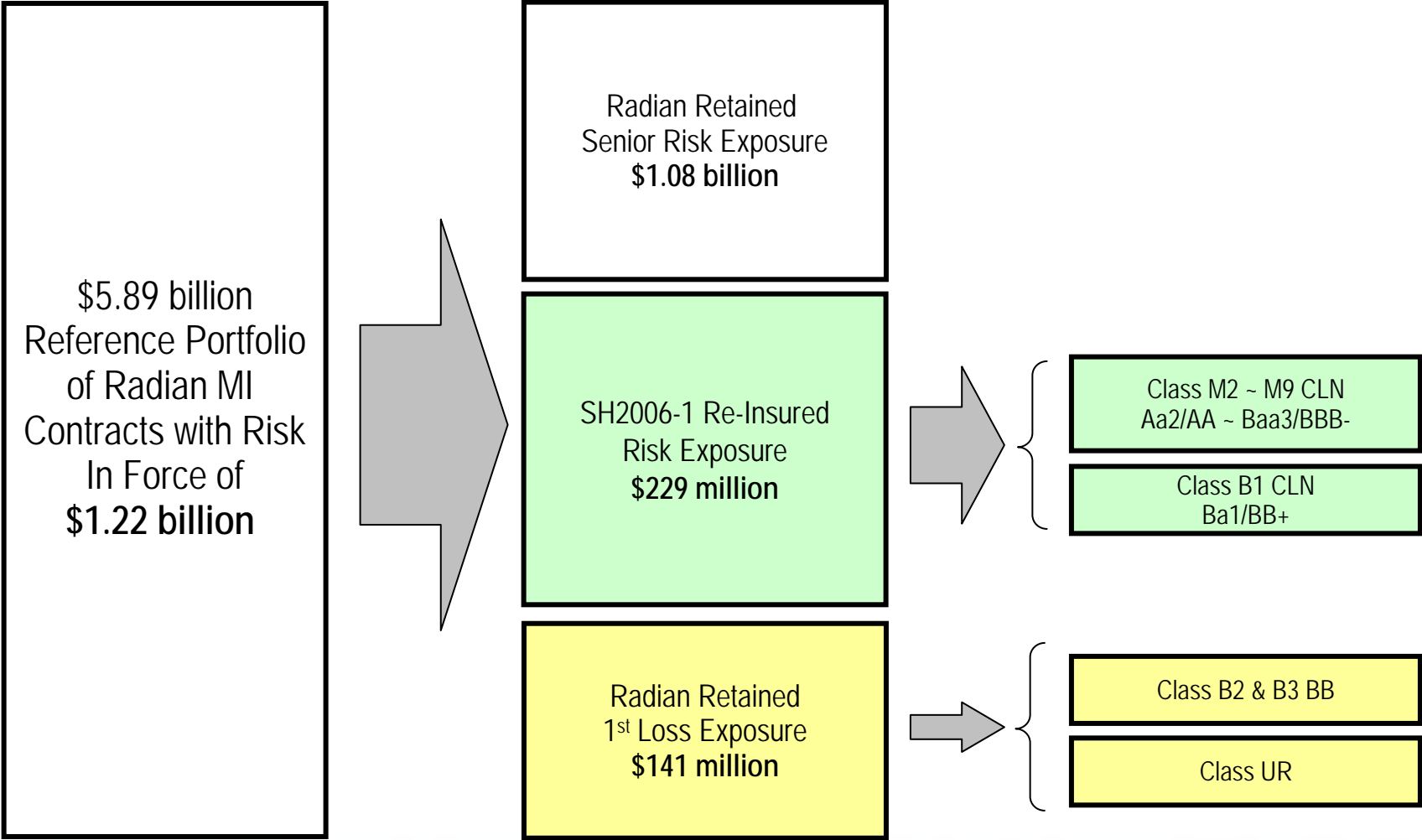
- What is SMART Home?
  - Financial solution to manage exposure to higher risk and unproven products.
  - Hedge against catastrophic loss and protects the company's book value.
  - Gives Radian both economic and rating agency capital relief
- How does SMART Home work?
  - A SMART Home company is established 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.

\* SMART Home stands for Synthetic Mortgage Alternative Risk Transfer for Hedge of mortgage exposure

# Portfolio Management

## SMART Home Structure 2006-1

as of 12/31/06



# Portfolio Management

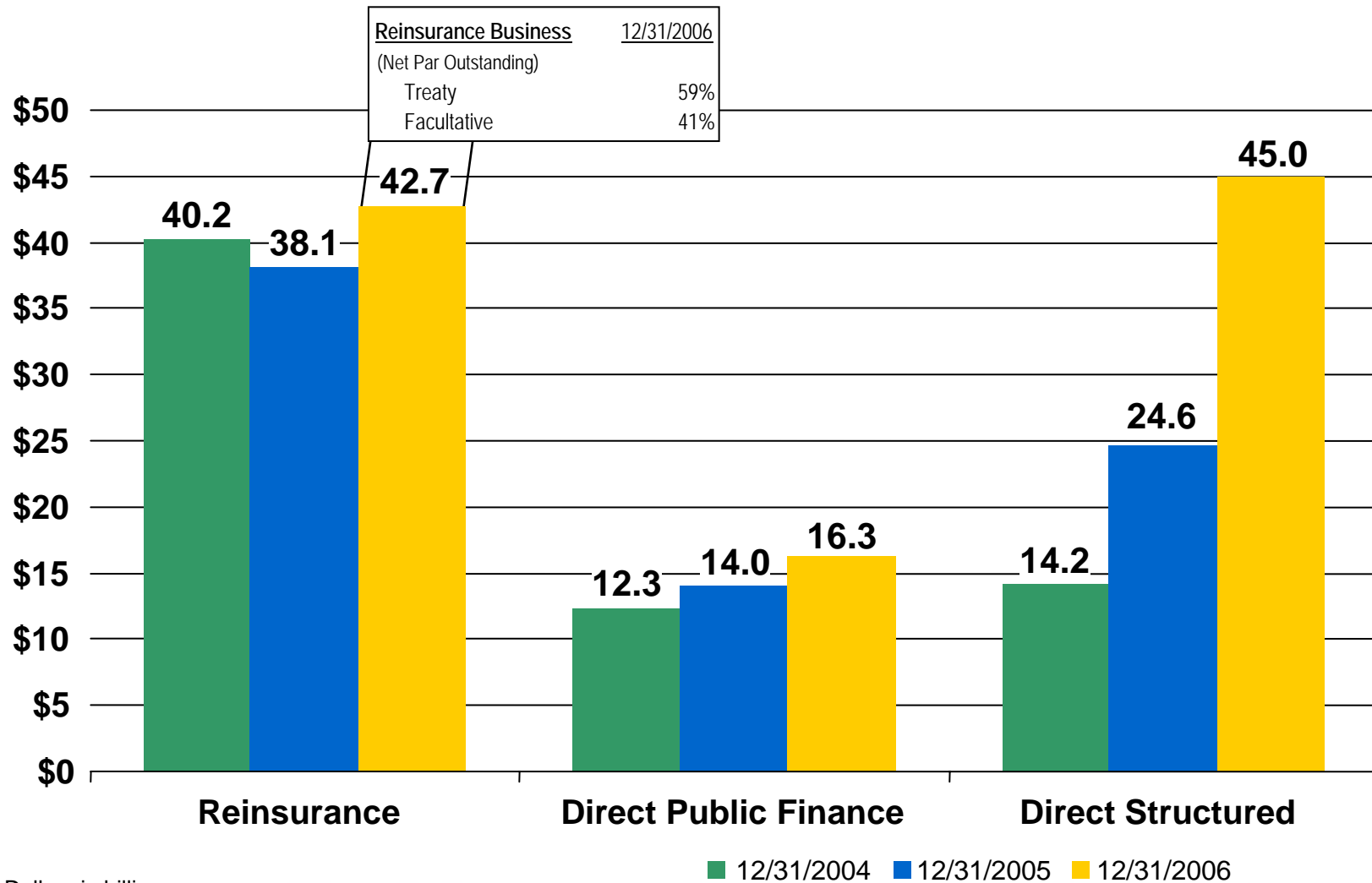
## Mortgage Insurance SMART Home Transactions

- **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 December 31, 2006**
  - \$10.1 billion pool of mortgages
  - Risk in Force included in Smart Home Transactions: \$2.6 billion\*
  - \$653.0 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.

# Growth

Financial Guaranty Net Par Outstanding by Product, \$104.0 billion as of 12/31/06



# Diversification

## Financial Guaranty Product Line and Sector Mix

\$104.0 billion in net par outstanding as of 12/31/06

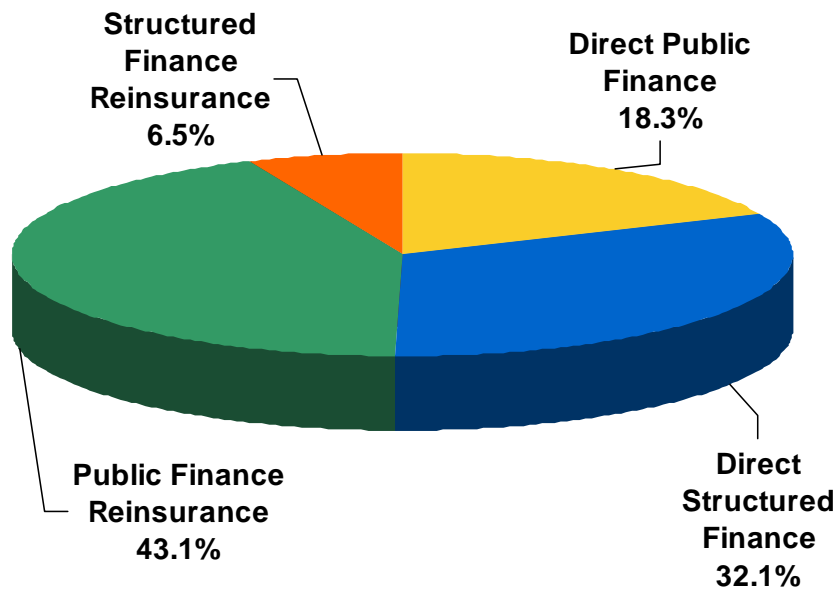
Public Finance		Structured Finance	
Sector	Percent	Sector	Percent
Education	3.9 %	Asset-backed – commercial and other	1.1%
General obligations	16.1	Asset-backed –consumer	1.2
Healthcare	9.8	Asset-backed – mortgage and MBS	1.0
Housing	0.8	CDOs	42.3
Investor owned utilities	2.3	Other structured finance	2.6
Long term care	1.4	<b>Subtotal</b>	<b>48.2%</b>
Tax-backed	5.1		
Transportation	5.2		
Utilities	6.0		
Other public finance	1.2		
<b>Subtotal</b>	<b>51.8 %</b>		

# Diversification

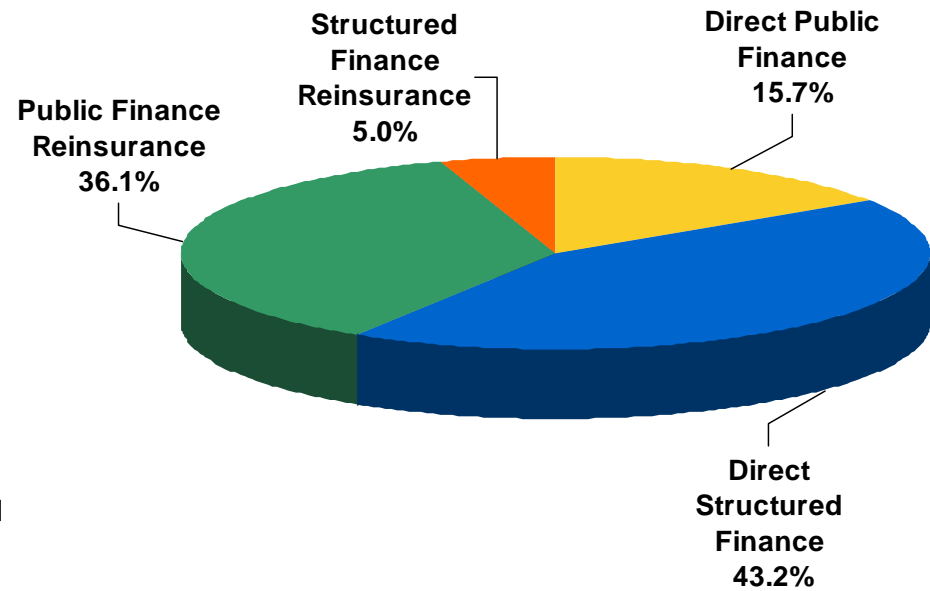
## Financial Guaranty Net Par Outstanding by Business Line

\$76.7 billion in net par as of 12/31/05; \$104.0 billion in net par outstanding as of 12/31/06

### 12/31/05



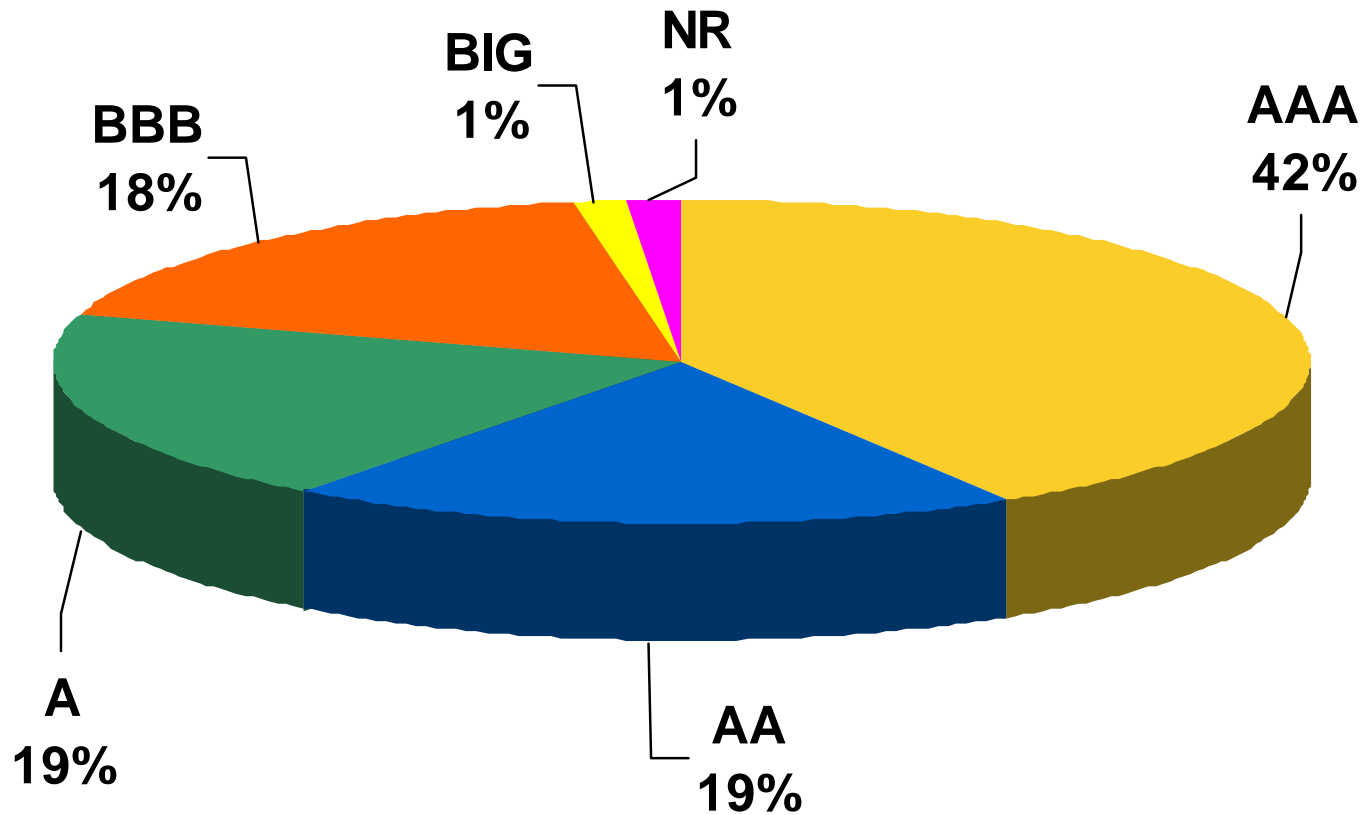
### 12/31/06



# Portfolio Quality

Financial Guaranty Net Par Outstanding by Rating

\$104.0 billion in net par outstanding as of 12/31/06



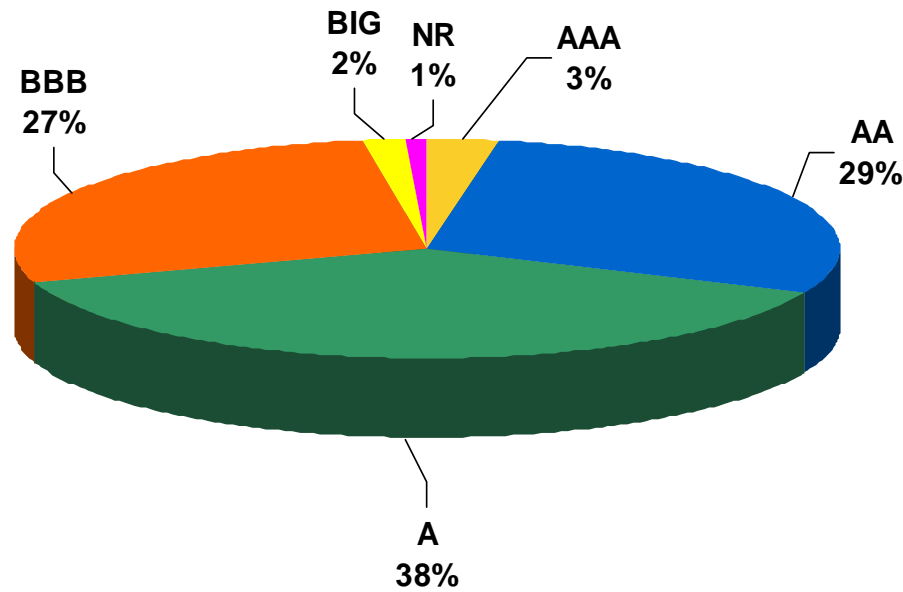
\* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody's and Fitch), or, if no such rating has been assigned, Radian's rating estimate of the obligation utilizing rating agency models and methodologies to the extent available.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

# Portfolio Quality

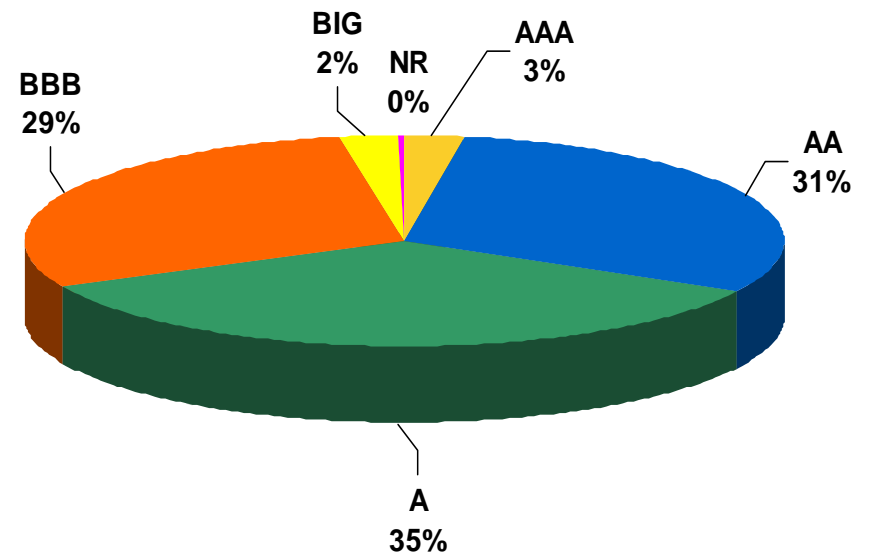
Financial Guaranty Public Finance Net Par Outstanding by Rating – Direct and Assumed

\$47.1 billion in net par as of 12/31/05; \$53.8 billion in net par outstanding as of 12/31/06

12/31/05



12/31/06



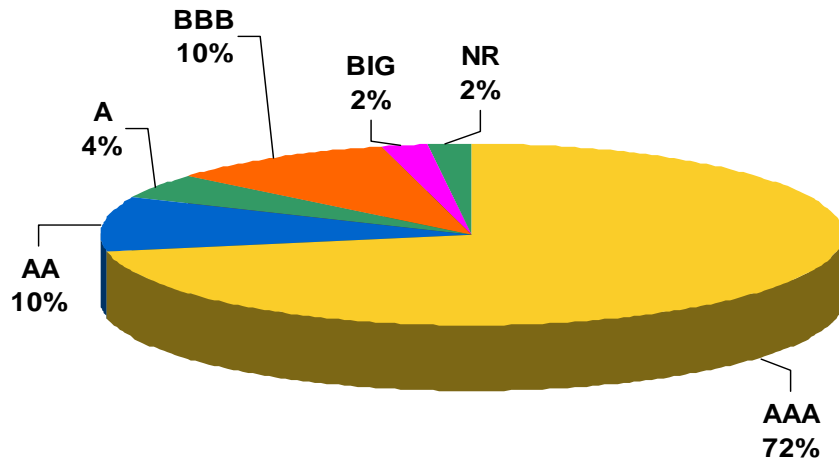
\* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody's and Fitch), or, if no such rating has been assigned, Radian's rating estimate of the obligation utilizing rating agency models and methodologies to the extent available.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

# Portfolio Quality

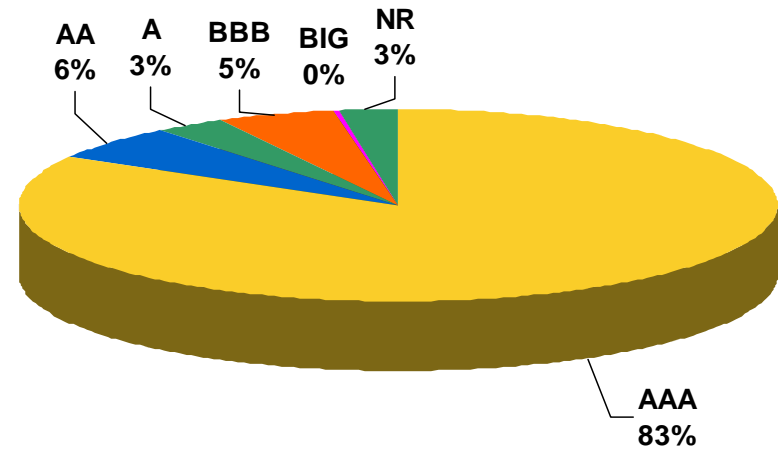
Financial Guaranty Structured Finance Net Par Outstanding by Rating - Direct and Assumed

\$29.6 billion in net par as of 12/31/05; \$50.2 billion in net par outstanding as of 12/31/06

12/31/05



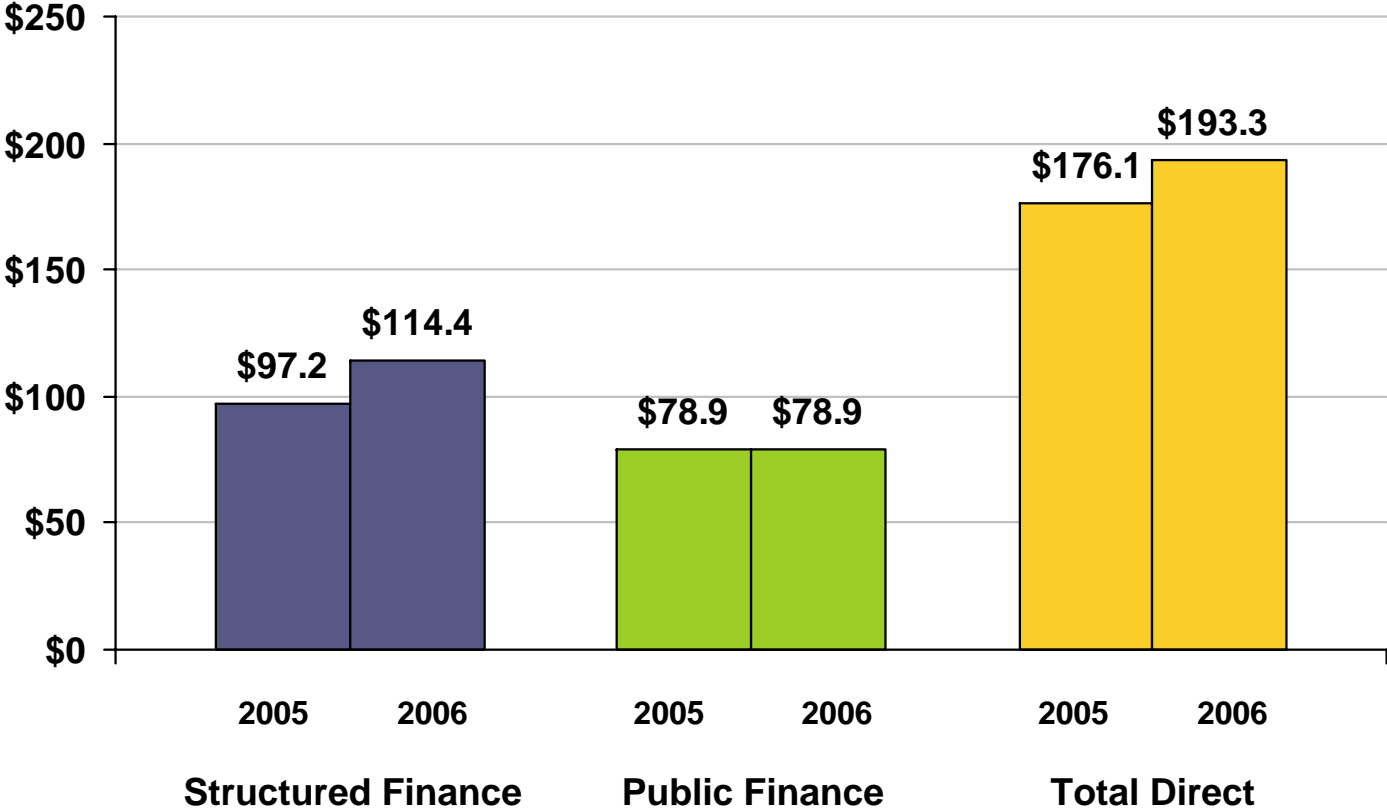
12/31/06



\* 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.

# Growth

## 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 in Appendix.

# Reconciliation of Adjusted Gross Written Premiums

## Direct Only to Net Premiums Written

(\$ in thousands)	Adjusted Gross Written Premium	Deduction	Addition	Deduction	Total Additions and Deductions	Net Premiums Written As Reported
		Present Value of Estimated Future Installment Premiums	Installment Premiums on Policies Written in Previous Years	Ceded Premiums on Direct Business		
<b>Q 4 05</b>						
Structured Finance Direct	\$28,174	\$21,986	\$13,571	\$836	(\$9,251)	\$18,923
Public Finance Direct	\$28,272	\$6,653	\$241	\$28	(\$6,440)	\$21,832
<b>Q 4 06</b>						
Structured Finance Direct	\$24,258	\$18,468	\$13,314	\$123	(\$5,277)	\$18,981
Public Finance Direct	\$30,078	\$0	\$570	\$12	\$558	\$30,636
<b>YTD 05</b>						
Structured Finance Direct	\$97,207	\$80,582	\$55,901	\$1,315	(\$25,996)	\$71,211
Public Finance Direct	\$78,945	\$6,857	\$1,057	\$28	(\$5,828)	\$73,117
<b>YTD 06</b>						
Structured Finance Direct	\$114,402	\$94,885	\$59,052	\$462	(\$36,295)	\$78,107
Public Finance Direct	\$78,888	\$0	\$1,355	\$9	\$1,346	\$80,234

# RADIAN

Changing the nature of risk.®

