

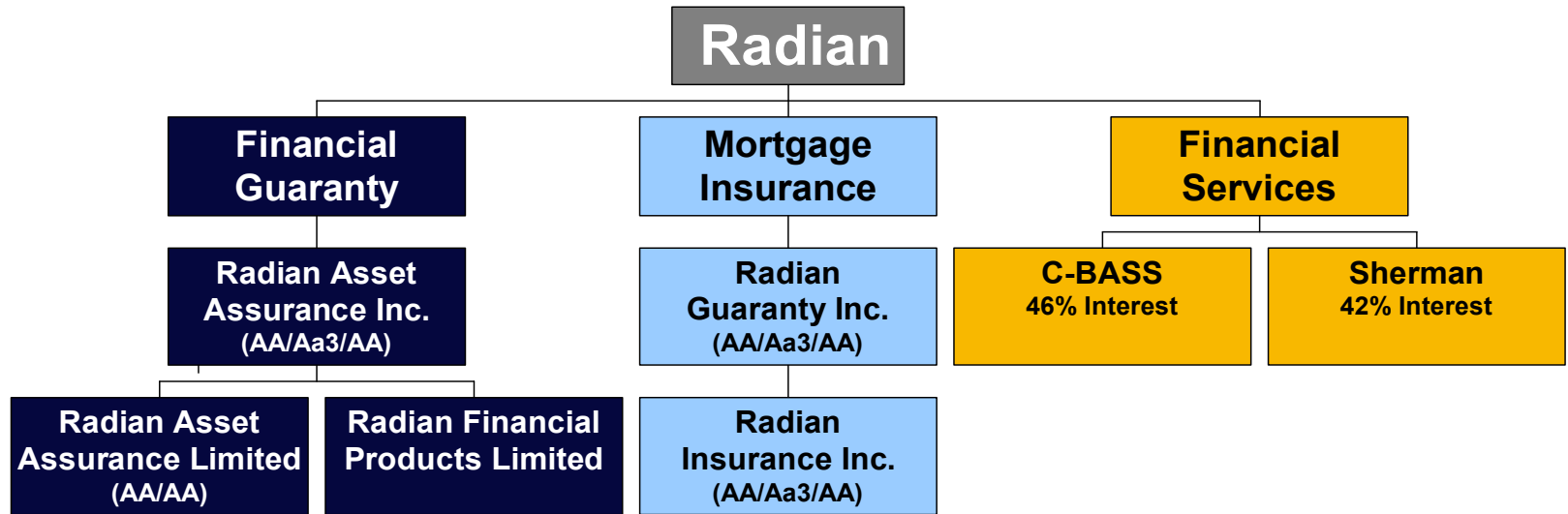
**RADIAN**

**Fourth Quarter 2004**

# Safe Harbor Statement

All statements in this presentation that address operating performance, 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 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, changes or volatility in interest rates, or other political instability; changes in investor perception of the strength of private mortgage insurers or financial guaranty providers, and risks faced by the businesses, municipalities or pools of assets covered by Radian’s insurance; the loss of significant customers with whom Radian has a concentration of its insurance in force; rising delinquencies in mortgage loans insured by Radian resulting from increased consolidation of mortgage lenders and servicers; increased severity or frequency of losses associated with certain Radian products that are riskier than traditional mortgage insurance and municipal guaranty insurance policies; material changes in persistency rates of Radian’s mortgage insurance policies; downgrades of the insurance financial-strength ratings assigned by the major ratings agencies to Radian’s operating subsidiaries; intense competition from others and from alternative products to private mortgage insurance and financial guaranty insurance; changes in the business practices of Fannie Mae and Freddie Mac; legislative and regulatory changes affecting demand for private mortgage insurance and financial guaranty insurance; changes in claims against mortgage insurance products resulting from the aging of Radian’s mortgage insurance policies; changes in Radian’s ability to maintain sufficient reinsurance capacity in an increasingly concentrated reinsurance market; vulnerability to the performance of Radian’s strategic investments; and the loss of executive officers or other key personnel. Investors are also directed to other risks discussed in documents filed by Radian with the SEC, including the factors detailed in our annual report on Form 10-K for the year ended December 31, 2003 in the section immediately preceding Part I of the report. Radian does not intend to and disclaims any duty or obligation to update or revise any forward-looking statements made in this presentation to reflect new information, future events or for any other reason.

# Corporate Structure



- Diversified, flexible business platform; synergistic approach
- Core competencies (e.g. loan level analytics, structuring) leveraged by all
- Long term holder of credit risk
- Disciplined risk-management philosophy

# Financial Highlights

	Year-ended December 31, 2004	Year-ended December 31, 2003	Percent Change
<b>Net income</b>	<b>\$518.7</b>	<b>\$385.9</b>	<b>34%</b>
<b>Diluted net income per share*</b>	<b>\$5.33</b>	<b>\$3.95</b>	<b>35%</b>
<b>Net premiums earned</b>	<b>\$1,029.5</b>	<b>\$1,008.2</b>	<b>2%</b>
<b>Net paid losses</b>	<b>\$457.8</b>	<b>\$301.0</b>	<b>52%</b>
<b>Provision for losses</b>	<b>\$456.8</b>	<b>\$476.1</b>	<b>(4%)</b>
<b>Net investment income</b>	<b>\$204.3</b>	<b>\$186.2</b>	<b>10%</b>

*\*In conformity with the current period presentation and as required by newly issued accounting rules, the prior period presentation has been adjusted to reflect the inclusion of 3.8 million shares underlying contingently convertible debt. 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, 2003.*

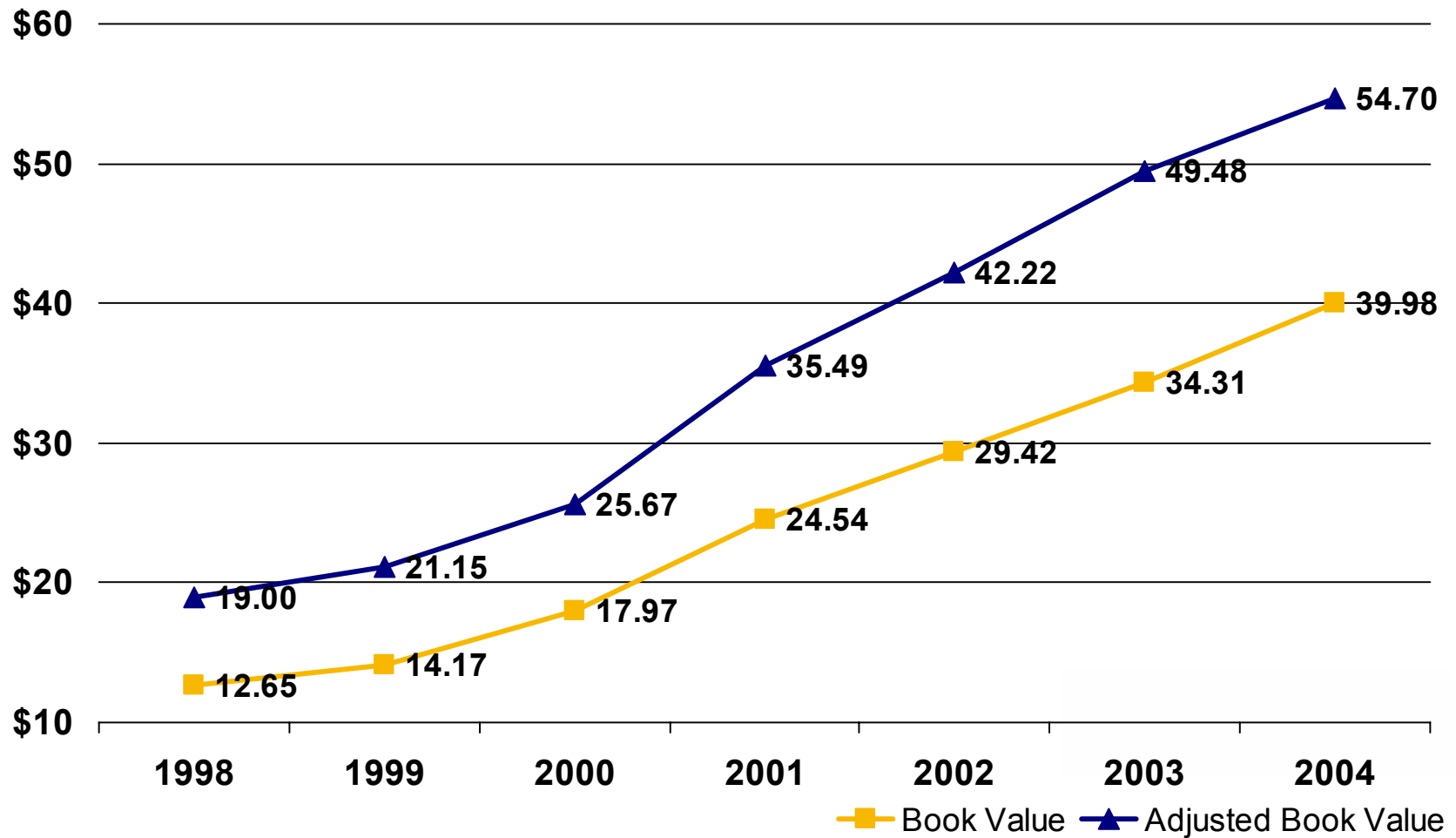
Dollars in millions except diluted net income per share.

# Financial Highlights

	<u>As of 12/31/04</u>
<b>Assets</b>	<b>\$7,000.8</b>
<b>Loss reserves</b>	<b>\$801.0</b>
<b>Unearned premiums</b>	<b>\$770.2</b>
<b>Stockholders' equity</b>	<b>\$3,689.1</b>
<b>Market capitalization</b>	<b>\$4,913.0</b>
<b>Debt to capital ratio</b>	<b>16.3%</b>

Dollars in millions.

# Book Value and Adjusted Book Value



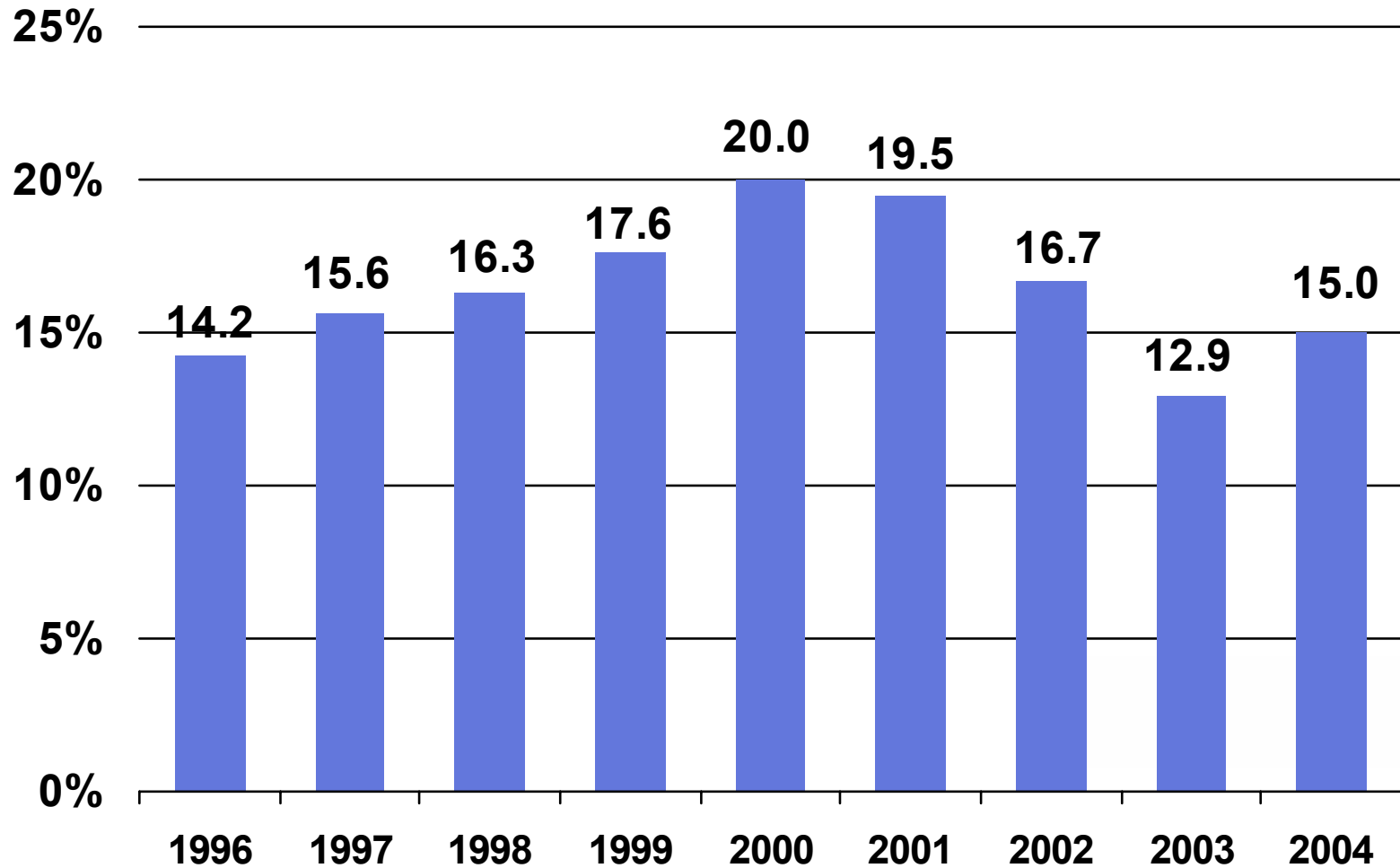
Per share amounts.

# 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		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%			
<b>December 31, 1998</b>										
Total Common Equity	\$932.2	\$75.5		\$1,155.0	\$49.0		\$404.2	\$57.7	\$467.7	\$1,399.9
Number of Shares (in millions)	73.7									73.7
Book Value per Share	\$12.65									\$19.00
<b>December 31, 1999</b>										
Total Common Equity	\$1,057.3	\$54.9		\$1,347.0	\$61.7		\$471.5	\$67.4	\$520.9	\$1,578.2
Number of Shares (in millions)	74.6									74.6
Book Value per Share	\$14.17									\$21.15
<b>December 31, 2000</b>										
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
<b>December 31, 2001</b>										
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
<b>December 31, 2002</b>										
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
<b>December 31, 2003</b>										
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
<b>December 31, 2004</b>										
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

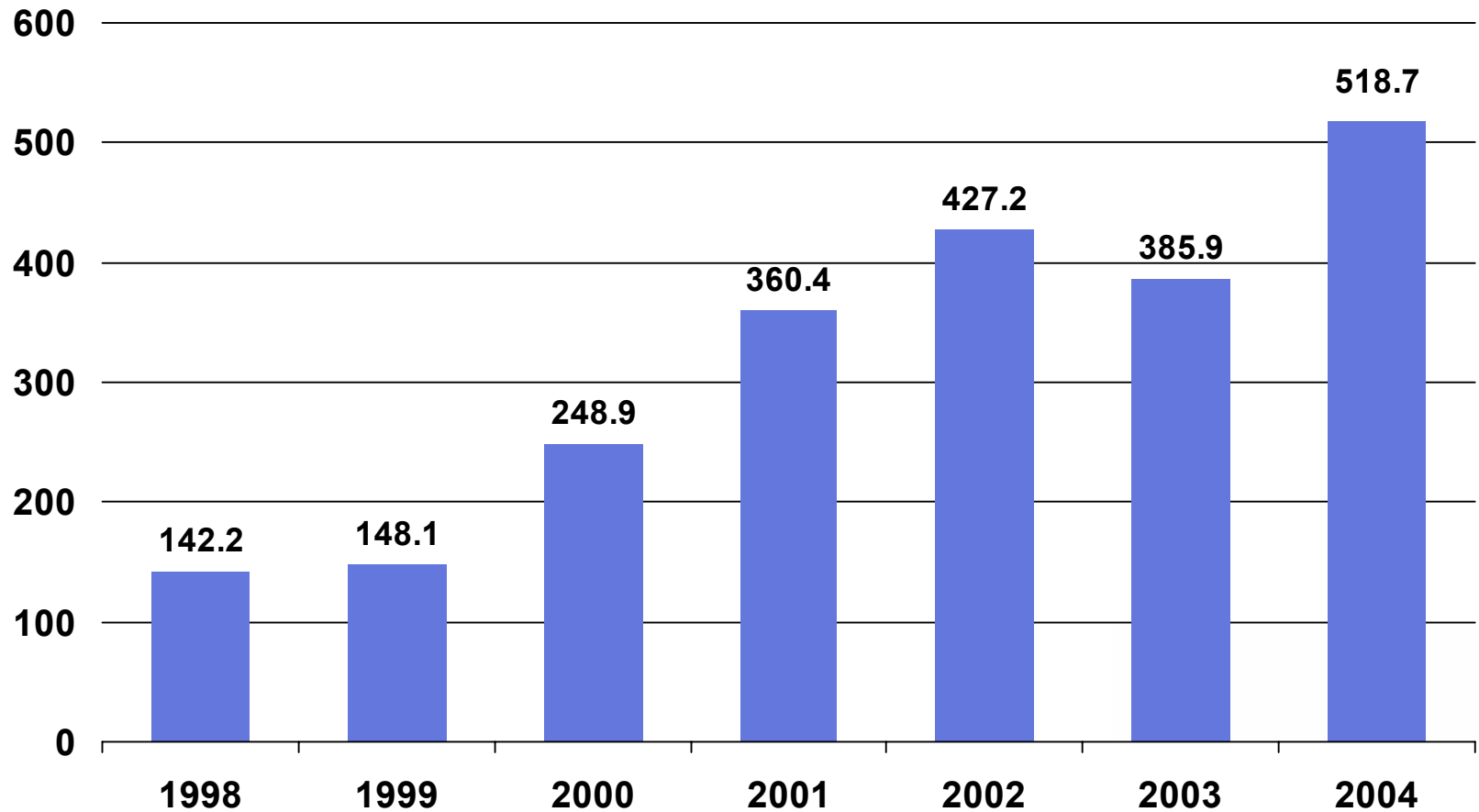
(1) Adjusted for expected First Quarter 2005 Recapture

# Return on Equity



# Net Income

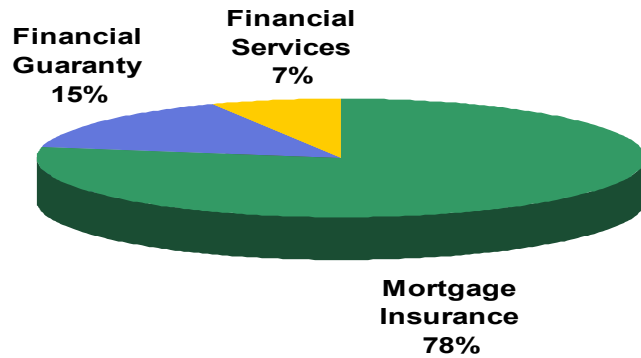
Net income CAGR of 24.1% through 2004



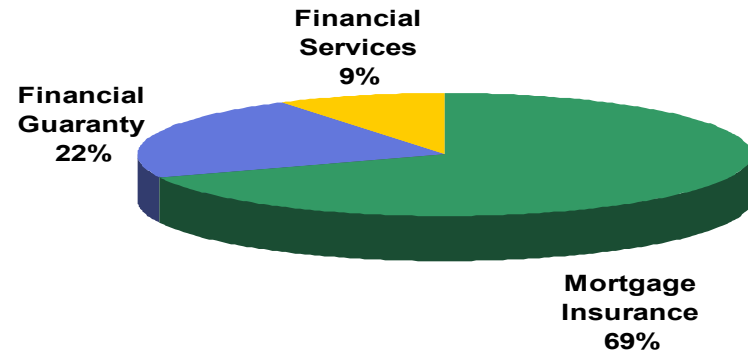
In millions of dollars.

# Net Income Mix

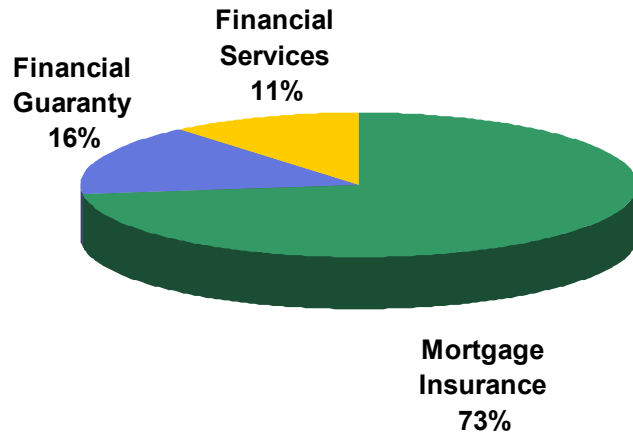
## 2001



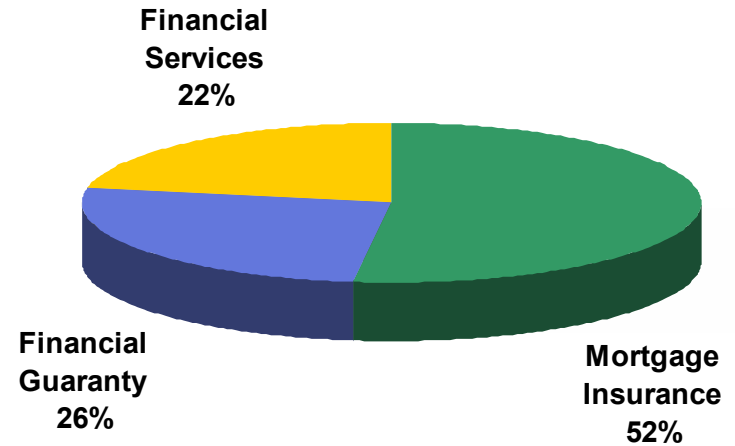
## 2002



## 2003

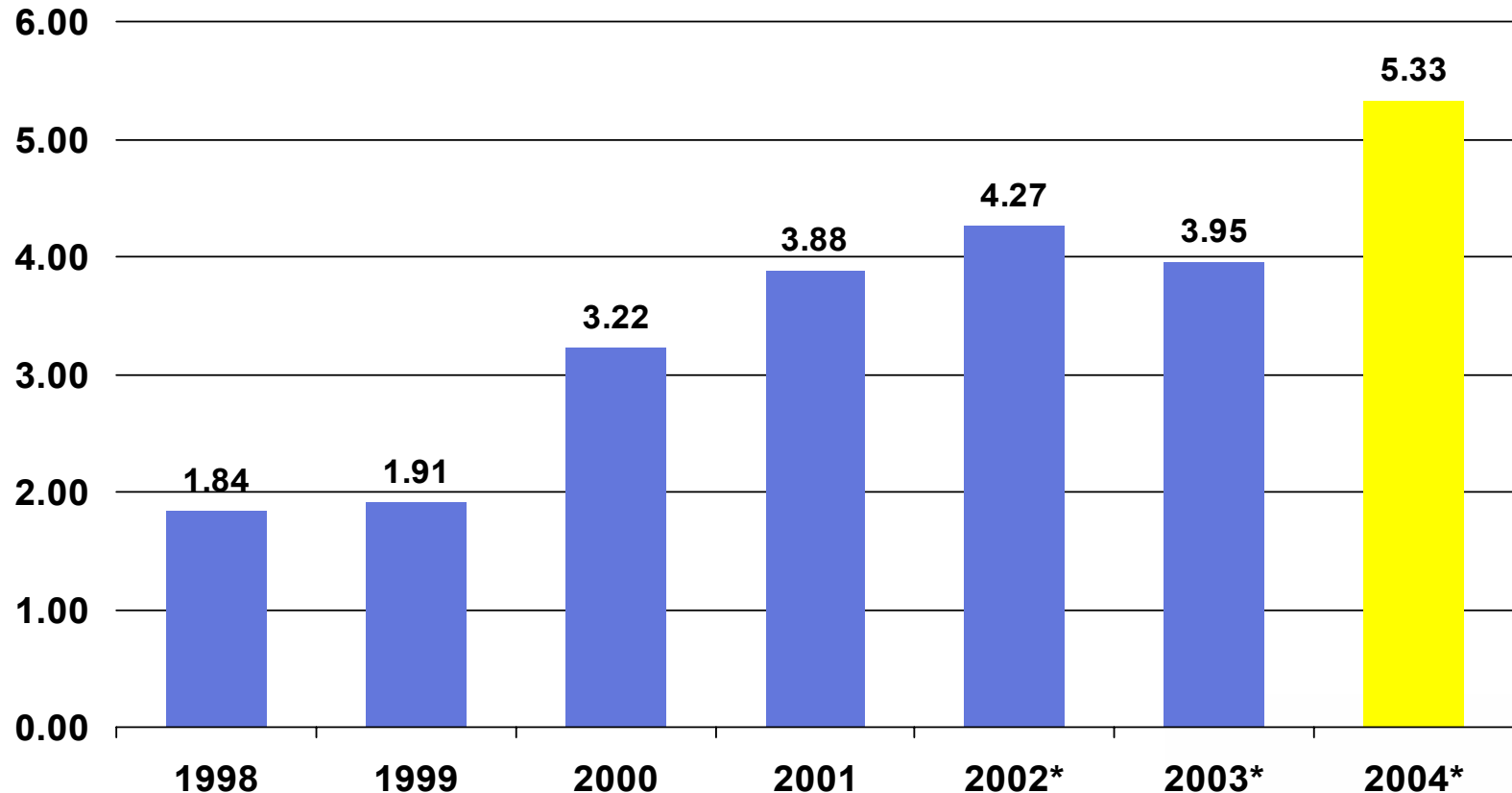


## 2004



# Diluted Net Income Per Share

CAGR of 19.4% through 2004

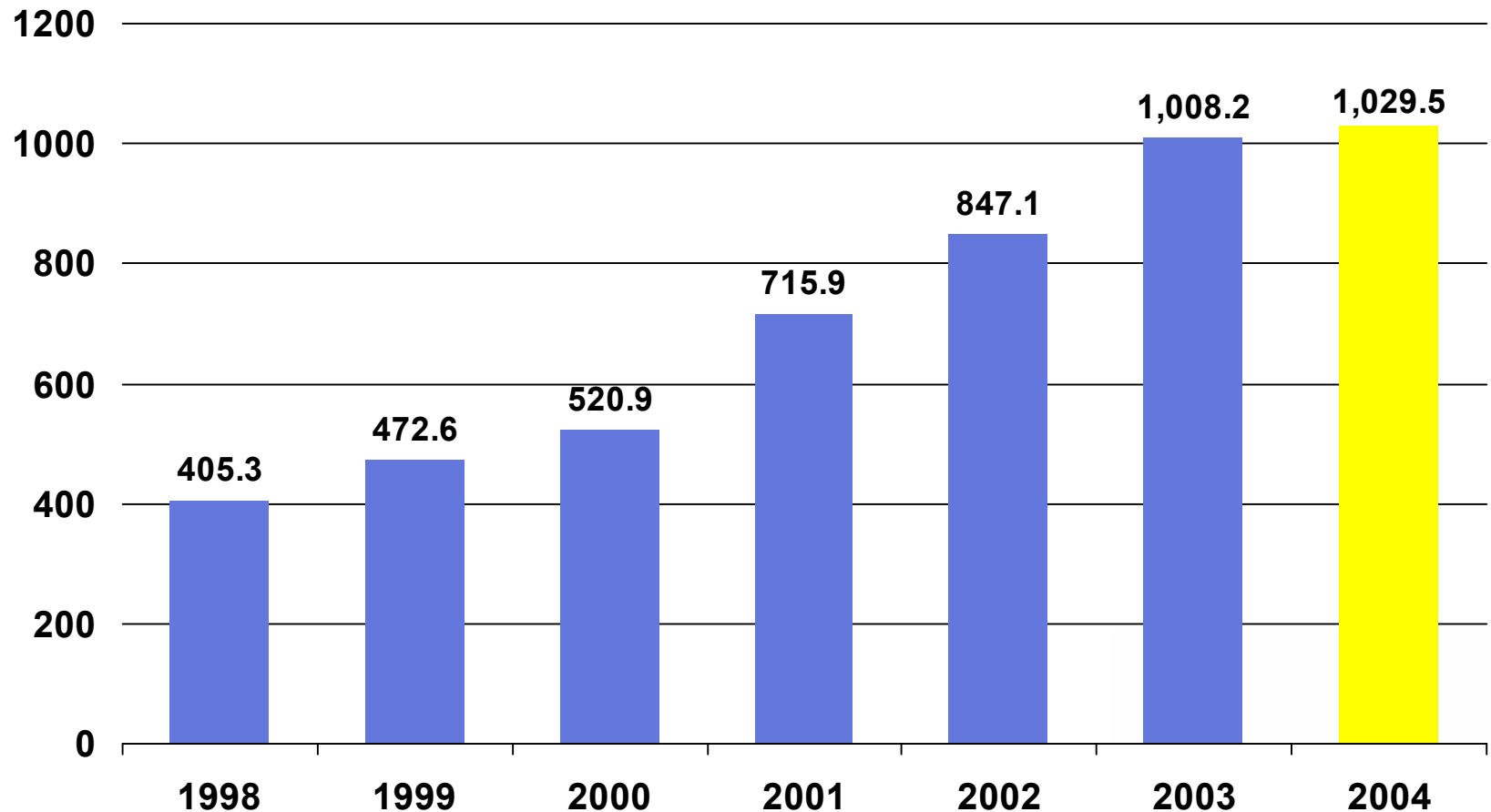


*\*In conformity with the current period presentation and as required by newly issued accounting rules, the prior period presentation has been adjusted to reflect the inclusion of 3.8 million shares underlying contingently convertible debt. The impact of including these shares in the calculation was a reduction of \$0.18 for the twelve months ended December 31, 2004, \$0.13 for the twelve months ended December 31, 2003 and \$0.14 for the twelve months ended December 31, 2002.*

In dollars.

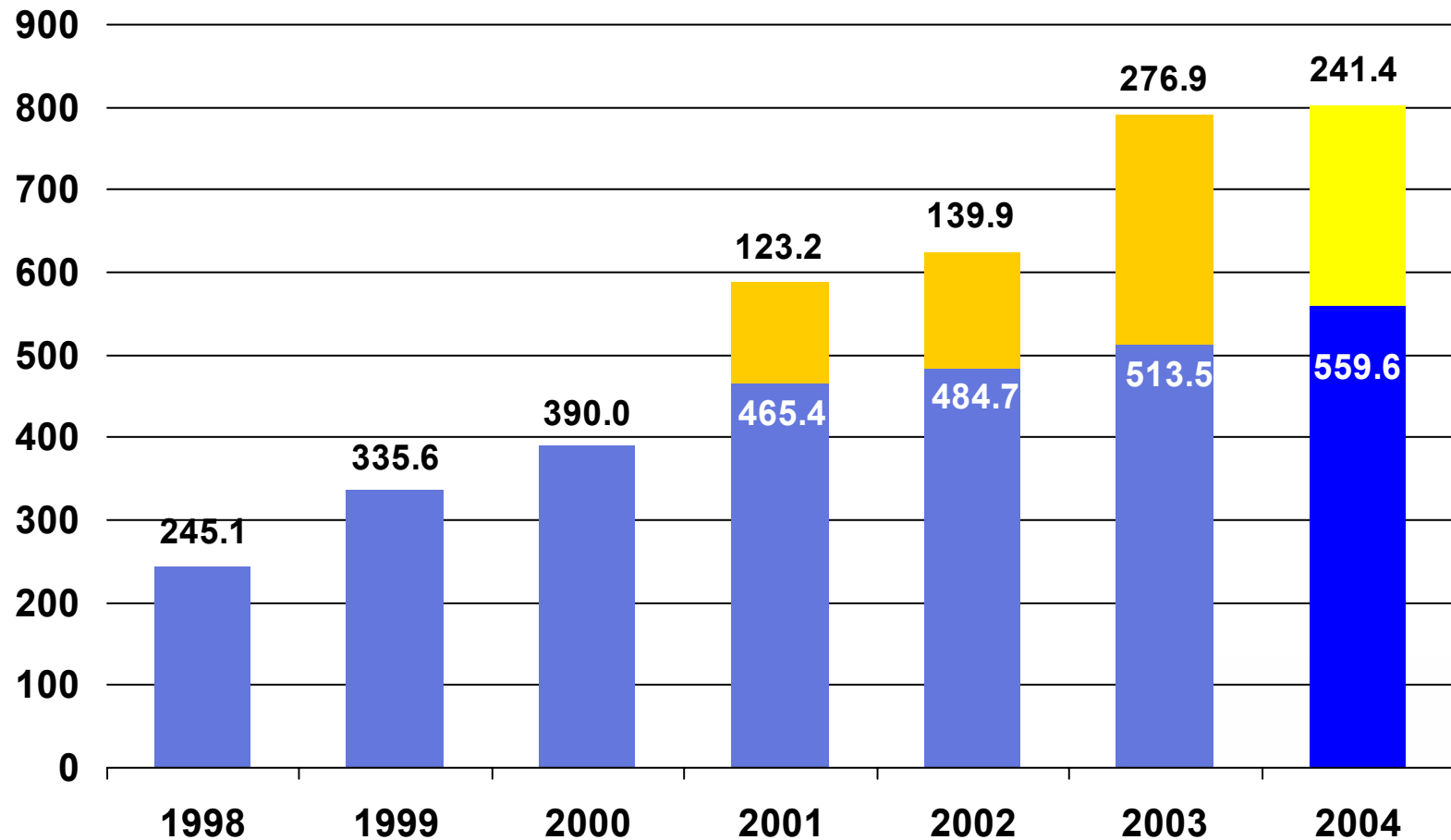
# Net Premiums Earned

CAGR of 16.8% through 2004



In millions of dollars.

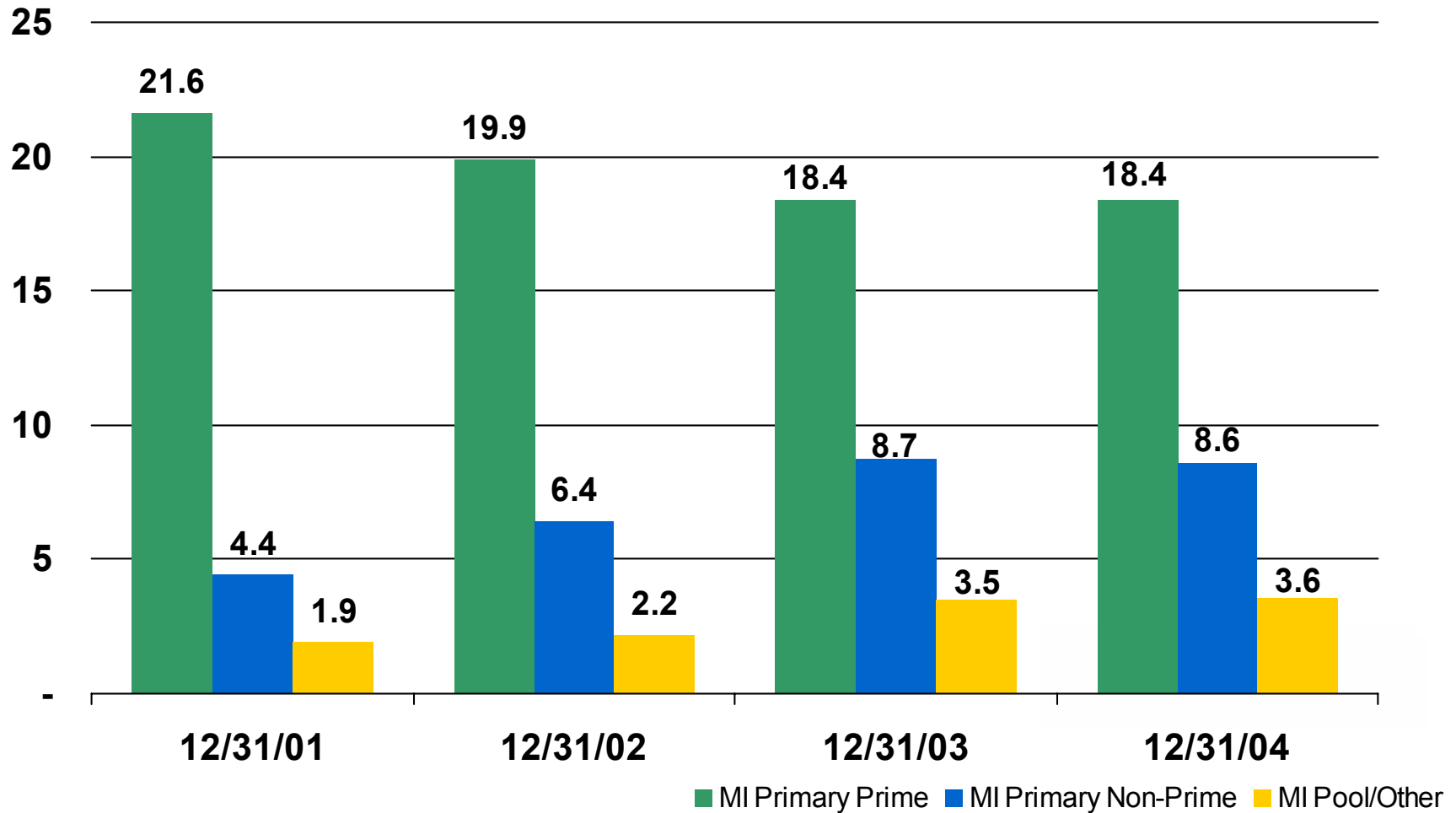
# Total Loss Reserves



In millions of dollars.

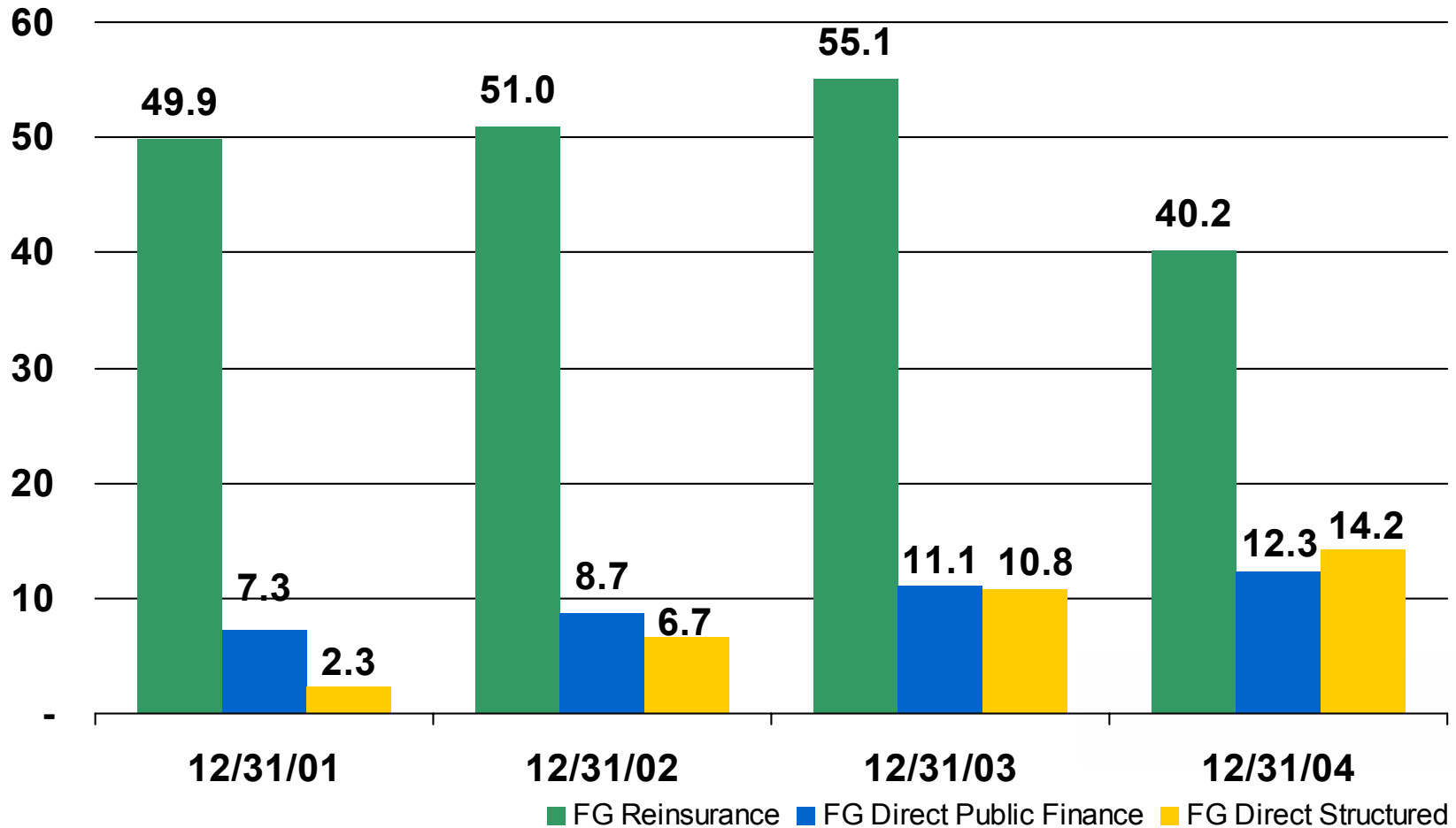
■ Mortgage Insurance ■ Financial Guaranty

# Mortgage Insurance Risk in Force by Product



In billions of dollars.

# Financial Guaranty in Force/Par by Product



In billions of dollars.

# Risk In Force by Product

Business Line	Product	RIF/Par as of 12/31/04	Percent of Portfolio
Financial Guaranty	Direct Public Finance	\$12,250.4	13%
	Public Finance Reinsurance	\$34,121.4	35%
	Structured Finance	\$14,241.3	15%
	Structured Finance Reinsurance	\$6,107.0	6%
<b>Total FG RIF</b>		<b>\$66,720.1</b>	<b>69%</b>
Mortgage Insurance	Primary Prime MI	\$18,422.0	19%
	Primary Non-Prime MI	\$8,590.0	9%
	Pool MI	\$2,384.0	3%
	NIMs and Other	\$531.7	--%
	Second Liens	\$672.9	--%
<b>Total MI RIF</b>		<b>\$30,600.6</b>	<b>31%</b>
<b>Total Radian RIF</b>		<b>\$97,320.7</b>	<b>100%</b>

Dollars in millions.

# Financial Guaranty

Product Line and Sector Mix, \$66.7 billion par as of 12/31/04

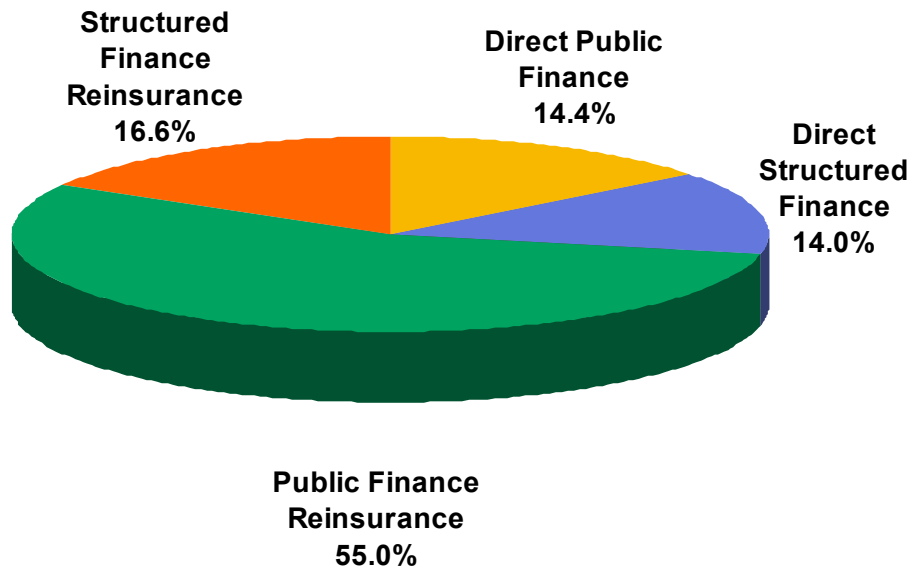
Public Finance		Structured Finance	
Sector	Sector %	Sector	Sector %
AAA Wrap Municipal	1%	Asset-backed – commercial and other	3%
Education	5%	Asset-backed – consumer	4%
General obligations	20%	Asset-backed – mortgage and MBS	3%
Healthcare	12%	CDOs	19%
Housing	1%	Other structured finance	1%
Investor owned utilities	3%	<b>Subtotal</b>	<b>30%</b>
Long term care	2%		
Tax-backed	7%		
Transportation	8%		
Utilities	9%		
Other public finance	2%		
<b>Subtotal</b>	<b>70%</b>		

# Financial Guaranty

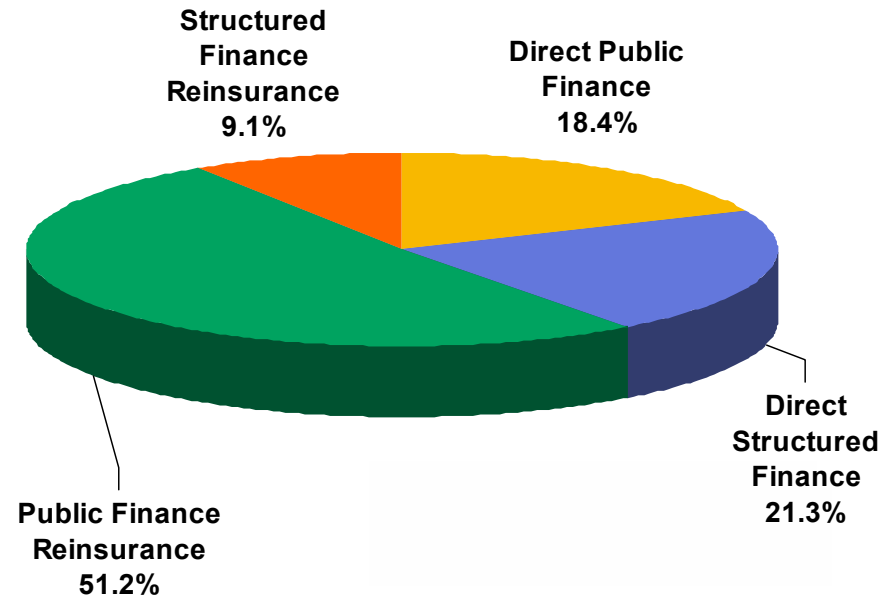
## Par Outstanding by Business Line

\$76.9 billion in par as of 12/31/03; \$66.7 billion in par as of 12/31/04

### 12/31/03

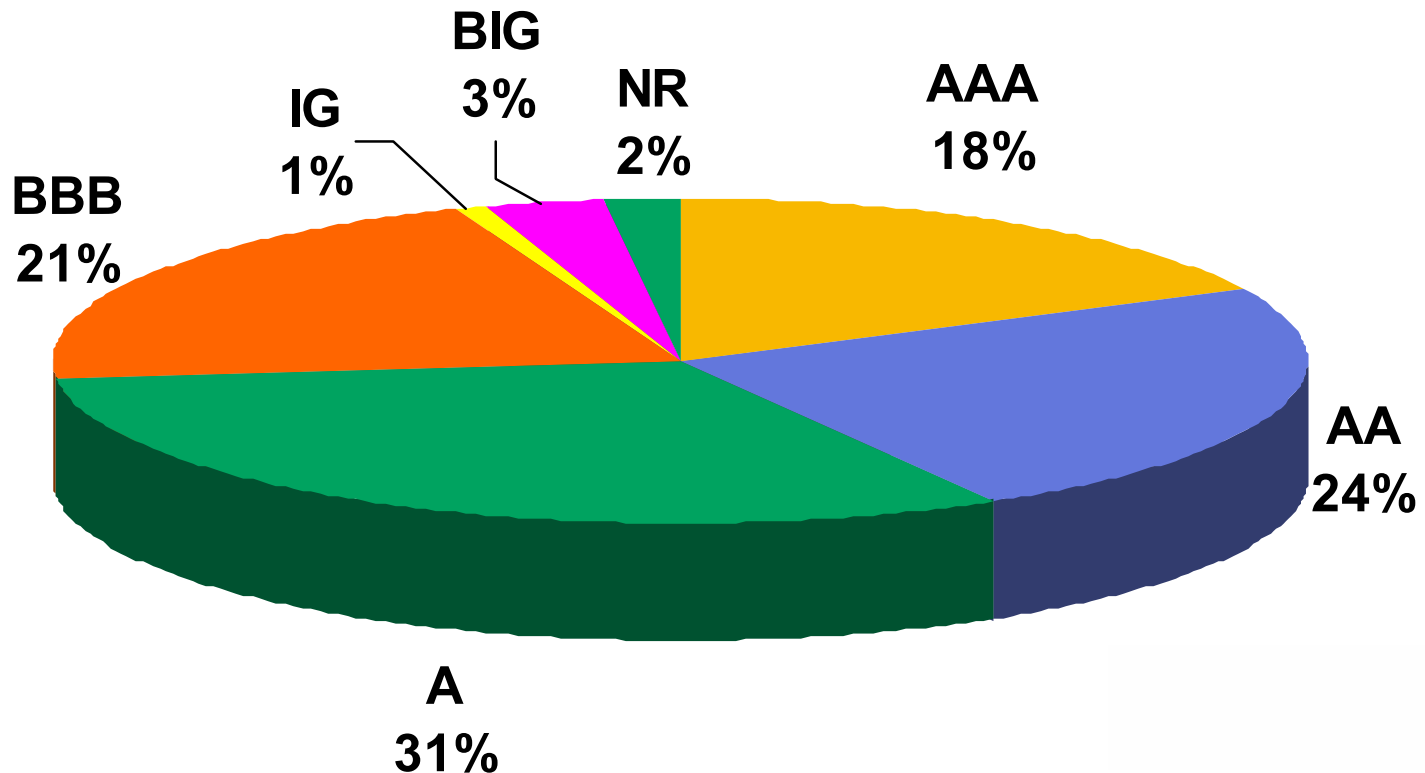


### 12/31/04



# Financial Guaranty

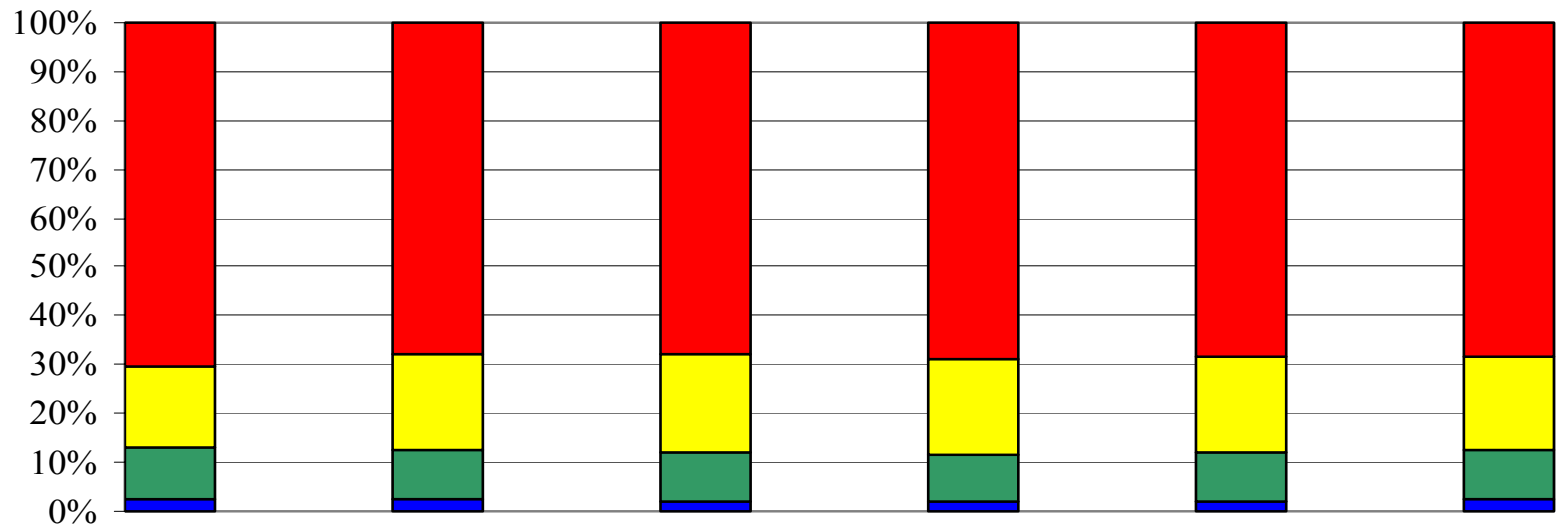
Par Outstanding by Rating, \$66.7 billion in par as of 12/31/04



\*Indicated category reflects highest rating of the three rating agencies.

# Mortgage Insurance

## Primary MI Risk In Force by Product

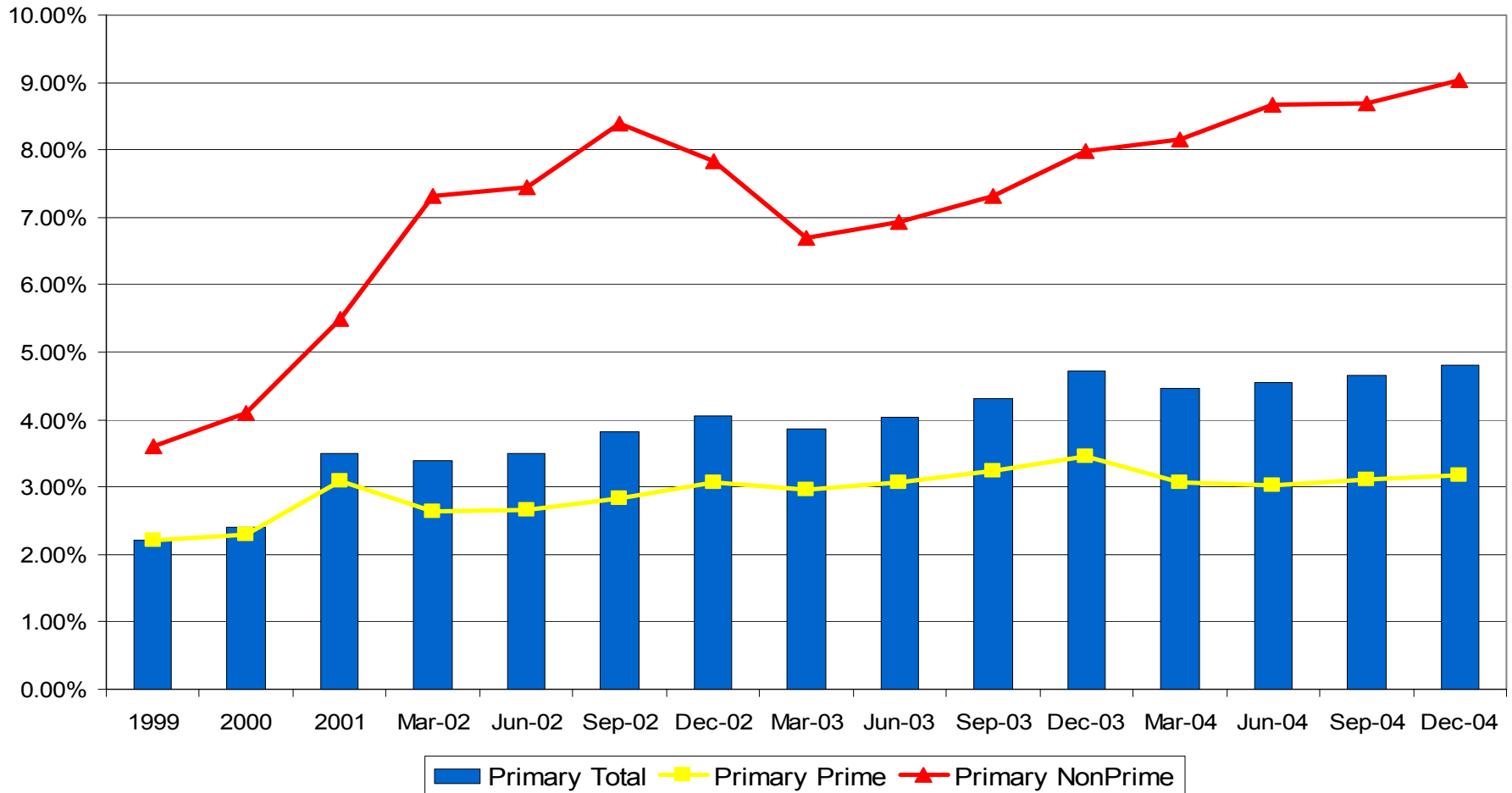


	Sep-03	Dec-03	Mar-04	Jun-04	Sep-04	Dec-04
■ A	70.4%	68.0%	68.1%	68.9%	68.5%	68.2%
■ Alt A	16.8%	19.4%	19.9%	19.4%	19.3%	19.1%
■ A minus	10.1%	10.2%	10.0%	9.8%	10.1%	10.3%
■ B/C	2.7%	2.4%	2.0%	1.9%	2.1%	2.4%

Percentage of dollars.

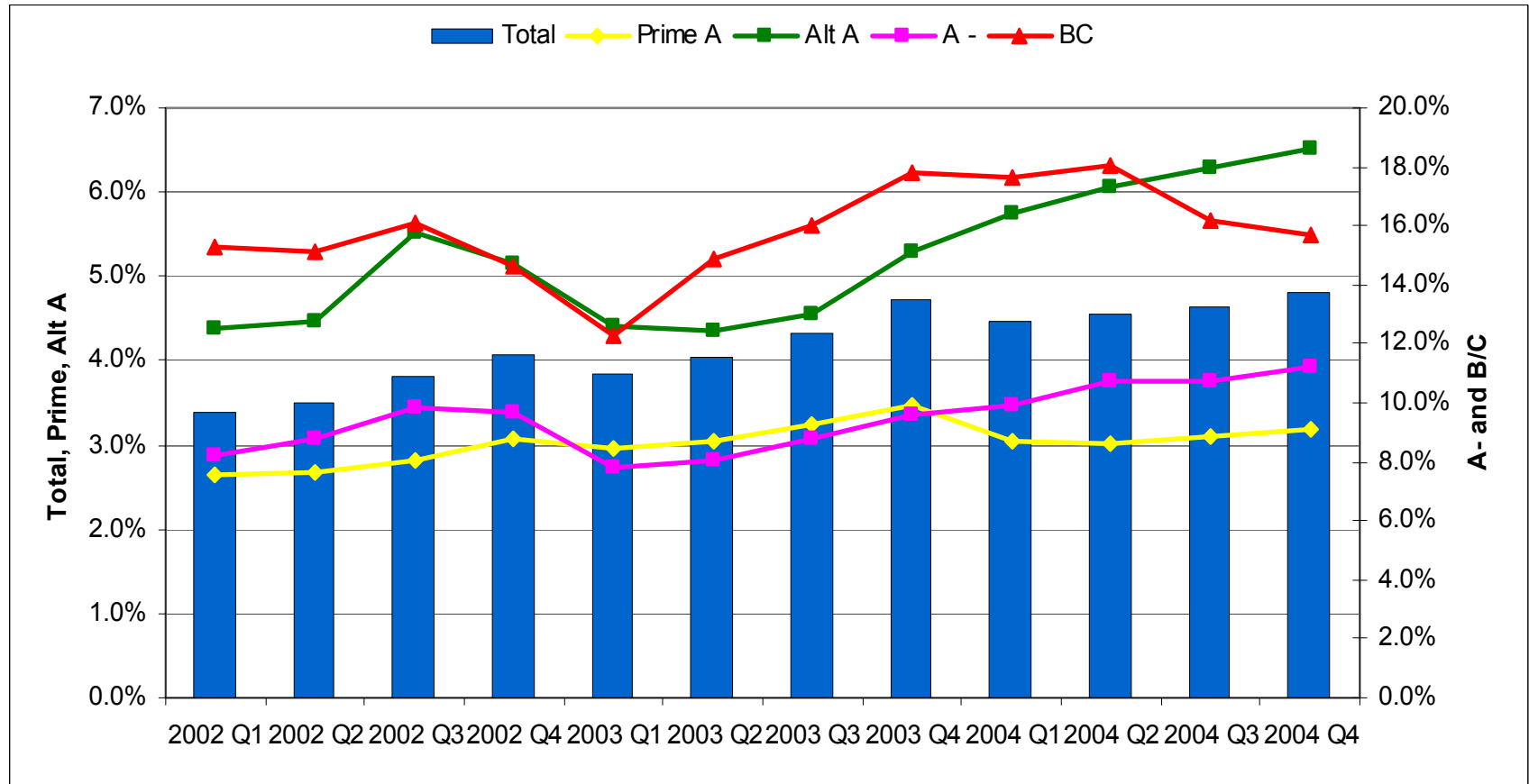
# Mortgage Insurance

## Primary Prime/Non-Prime MI Default Rates



# Mortgage Insurance

## Quarter End Primary Default Rate by Product



# RADIAN

Changing the nature of risk.<sup>sm</sup>