

**RADIAN**

**First Quarter 2008**

# Safe Harbor Statement

All statements made during today's investor call or included in this presentation 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. 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:

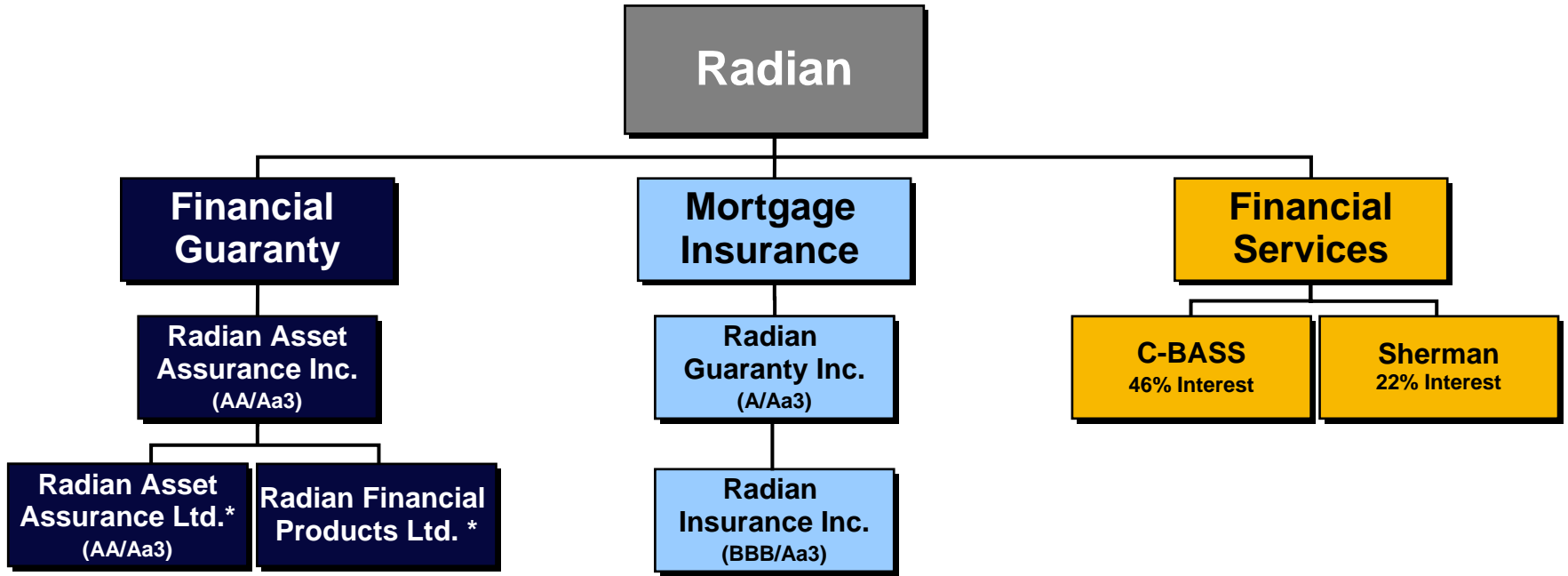
- actual or perceived changes in general financial and political conditions, such as extended national or regional economic recessions, changes in housing demand or mortgage originations, changes in housing values (in particular, further deterioration in the housing, mortgage and related credit markets, which would harm our future consolidated results of operations and could cause losses for our mortgage insurance business to be worse than expected), changes in the liquidity in the capital markets and the further contraction of credit markets, population trends and changes in household formation patterns, changes 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;
- actual or perceived economic changes or catastrophic events in geographic regions (both domestic and international) where our mortgage insurance or financial guaranty insurance in force is more concentrated;
- our ability to successfully obtain additional capital to support our long-term liquidity needs and to protect our credit and financial strength ratings;
- a decrease in the volume of home mortgage originations due to reduced liquidity in the lending market, tighter underwriting standards and a deterioration in housing markets throughout the U.S.;
- a decrease in the volume of the municipal bonds, and other public finance and structured finance transactions that we insure, or a decrease in the volume of such transactions for which issuers or investors seek or demand financial guaranty insurance;
- the loss of a customer for whom we write a significant amount of mortgage insurance or financial guaranty insurance or the influence of large customers;
- reduction in the volume of reinsurance business available to us from one or more of our primary financial guaranty insurer customers due to adverse changes in their ability to generate new profitable direct financial guaranty insurance or their need for us to reinsure their risk;
- 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 may result in further losses;
- reduced opportunities for loss mitigation in markets where housing values fail to appreciate or begin to decline;
- changes in persistency rates of our mortgage insurance policies caused by changes in refinancing activity, in the rate of appreciation or depreciation of home values and changes in the mortgage insurance cancellation requirements of mortgage lenders and investors;
- downgrades or threatened downgrades of, or other ratings actions with respect to, our credit ratings or the insurance financial strength ratings assigned by the major rating agencies to any of our rated insurance subsidiaries at any time (in particular, our credit rating and the financial strength ratings of our mortgage insurance subsidiaries that are currently under review for possible downgrade);

# 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 ratings agencies), from alternative products such as "80-10-10" loans or other forms of simultaneous second loan structures used by mortgage lenders, from investors using forms of credit enhancement other than mortgage insurance as a partial or complete substitution for private mortgage insurance and from mortgage lenders that demand increased participation in revenue sharing arrangements such as captive reinsurance arrangements;
- changes in the charters or business practices of Federal National Mortgage Association and Freddie Mac, the largest purchasers of mortgage loans that we insure, and our ability to retain our "Top Tier" eligibility requirement from both Freddie Mac and Fannie Mae;
- failure to bring the amendment to our credit facility, dated April 30, 2008, effective by May 15, 2008, which would result in a reinstatement of the ratings covenant under our credit facility;
- heightened competition for financial guaranty business from other financial guaranty insurers, including those recently downgraded to ratings equal to or lower than our ratings, from other forms of credit enhancement such as letters of credit, guaranties and credit default swaps provided by foreign and domestic banks and other financial institutions and from alternative structures that may permit insurers to securitize assets more cost-effectively without the need for the types of credit enhancement we offer, or result in our having to reduce the premium we charge for our products;
- 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 possibility of private lawsuits or 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 financial guaranty 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 deficiency for our 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;
- changes in accounting guidance from the Securities and Exchange Commission ("SEC") or the Financial Accounting Standards Board;
- our ability to profitably grow our insurance businesses in international markets, which depends on a number of factors such as foreign governments' monetary policies and regulatory requirements, foreign currency exchange rate fluctuations, and our ability to develop and market products appropriate to foreign markets;
- legal and other limitations on the amount of dividends we may receive from our subsidiaries; and
- vulnerability to the performance of our strategic investments, including in particular, 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 Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2007. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on this 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 presentation or included in this presentation to reflect new information or future events or for any other reason.

# Summary of Segment Structure



## Segment Equity at 3/31/08

**\$1,412 MM**

**\$1,329 MM**

**\$126 MM**

\* International Entities

# Financial Highlights

	<u>As of 3/31/08</u>
<b>Assets</b>	<b>\$8,254.0</b>
<b>Loss reserves</b>	<b>\$1,902.1</b>
<b>Unearned premiums</b>	<b>\$1,074.6</b>
<b>Stockholders' equity</b>	<b>\$2,867.4</b>
<b>Debt to capital ratio</b>	<b>25.07%</b>
<b>Book value per share</b>	<b>\$35.64</b>

Dollars in millions.

## Reconciliation of Net Operating Loss to Pre-tax Income

	<u>1Q08</u>	<u>1Q07</u>
Pretax Income	\$ 284.6	\$ 158.2
Removal of effect of unrealized gains and losses:		
Hybrid Securities	55.9	3.6
Financial Guaranty credit derivatives	1,330.0	(25.1)
Mortgage Insurance domestic and intl. credit default swaps	32.3	12.7
NIMS	50.8	(1.4)
Soft capital put options on committed preferred securities	(42.8)	—
Impact of SFAS No. 157 fair value methodology change related to non-performance risk	(2,058.3)	—
Pretax operating (loss) income	(347.5)	148.0
Income tax (benefit) provision	(132.3)	41.1
Net operating (loss) income*	\$ (215.2)	\$ 106.9
Net operating (loss) income per share*	\$ (2.69)	\$ 1.34

\* Net operating earnings is not a substitute for pre-tax income computed in accordance with GAAP, but is a useful measure of performance used by management, equity analysts and investors because it allows a more consistent period-to-period comparison of our earnings without the effects of unrealized losses on derivatives and hybrid securities.

Dollars in millions except per share amounts

# Diversification

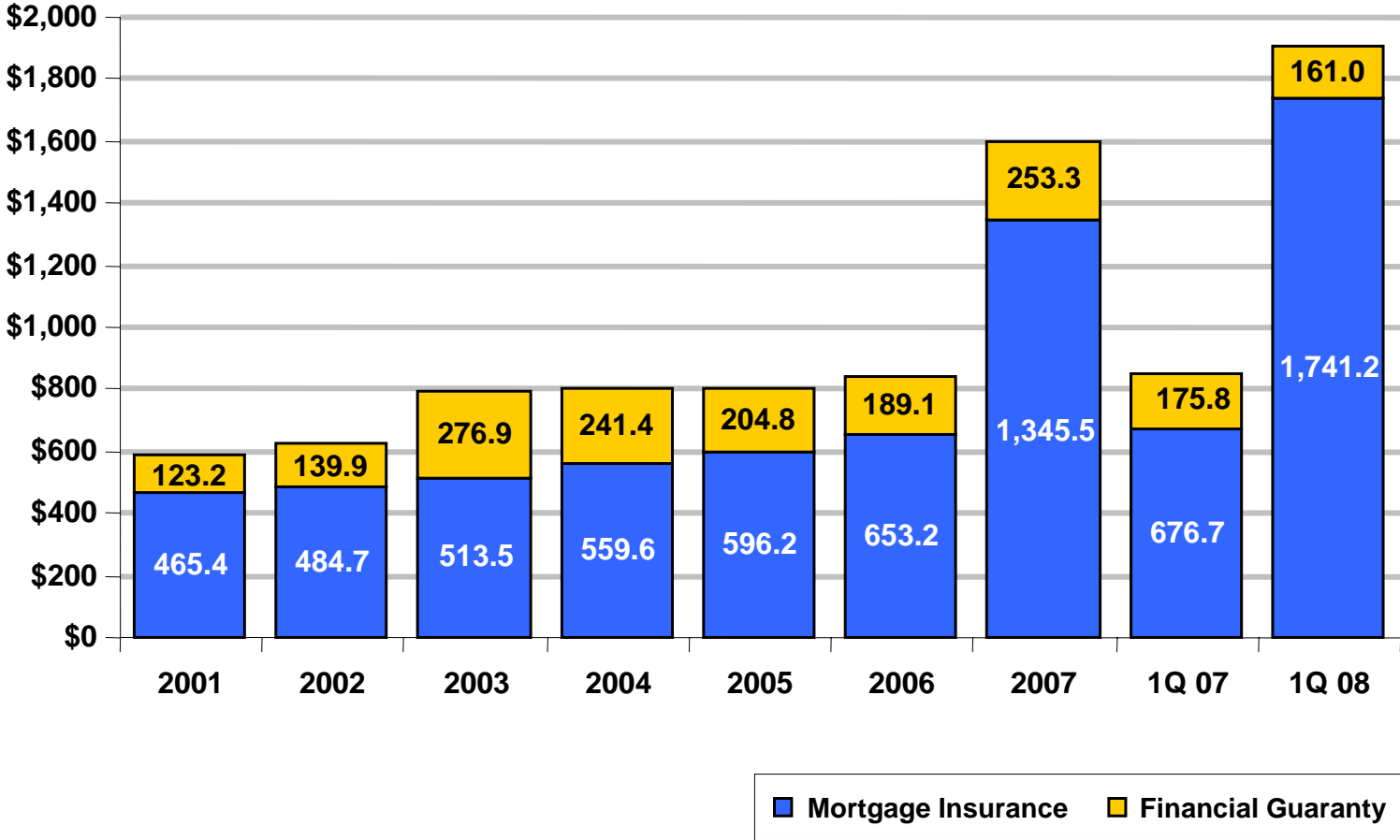
## Risk In Force/ Net Par Outstanding by Product

<b>Business Line</b>	<b>Product</b>	<b>RIF/Net Par Outstanding as of 3/31/08</b>	<b>Percent of Portfolio</b>
<b>Financial Guaranty</b>	<b>Direct Public Finance</b>	<b>18,460.7</b>	<b>11%</b>
	<b>Public Finance Reinsurance</b>	<b>44,404.1</b>	<b>27%</b>
	<b>Direct Structured Finance</b>	<b>47,634.4</b>	<b>29%</b>
	<b>Structured Finance Reinsurance</b>	<b>6,284.2</b>	<b>4%</b>
<b>Total FG Net Par Outstanding</b>		<b>116,783.4</b>	<b>71%</b>
<b>Mortgage Insurance</b>	<b>Primary Prime MI</b>	<b>24,387.0</b>	<b>15%</b>
	<b>Primary Non-Prime MI</b>	<b>8,405.0</b>	<b>5%</b>
	<b>Pool MI</b>	<b>2,995.0</b>	<b>2%</b>
	<b>Second Liens</b>	<b>843.0</b>	<b>1%</b>
	<b>NIMs</b>	<b>522.0</b>	<b>*%</b>
	<b>International</b>	<b>9,514.0</b>	<b>6%</b>
	<b>Other</b>	<b>212.0</b>	<b>*%</b>
<b>Total MI RIF</b>		<b>46,878.0</b>	<b>29%</b>
<b>Total Radian RIF/Net Par Outstanding</b>		<b>\$ 163,661.4</b>	<b>100%</b>

Dollars in millions.

\* less than 1%

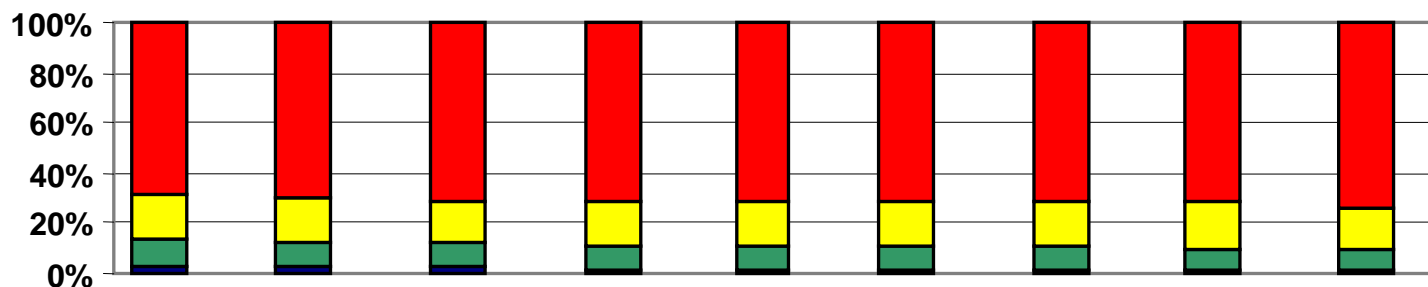
# Total Loss Reserves



Dollars in millions.

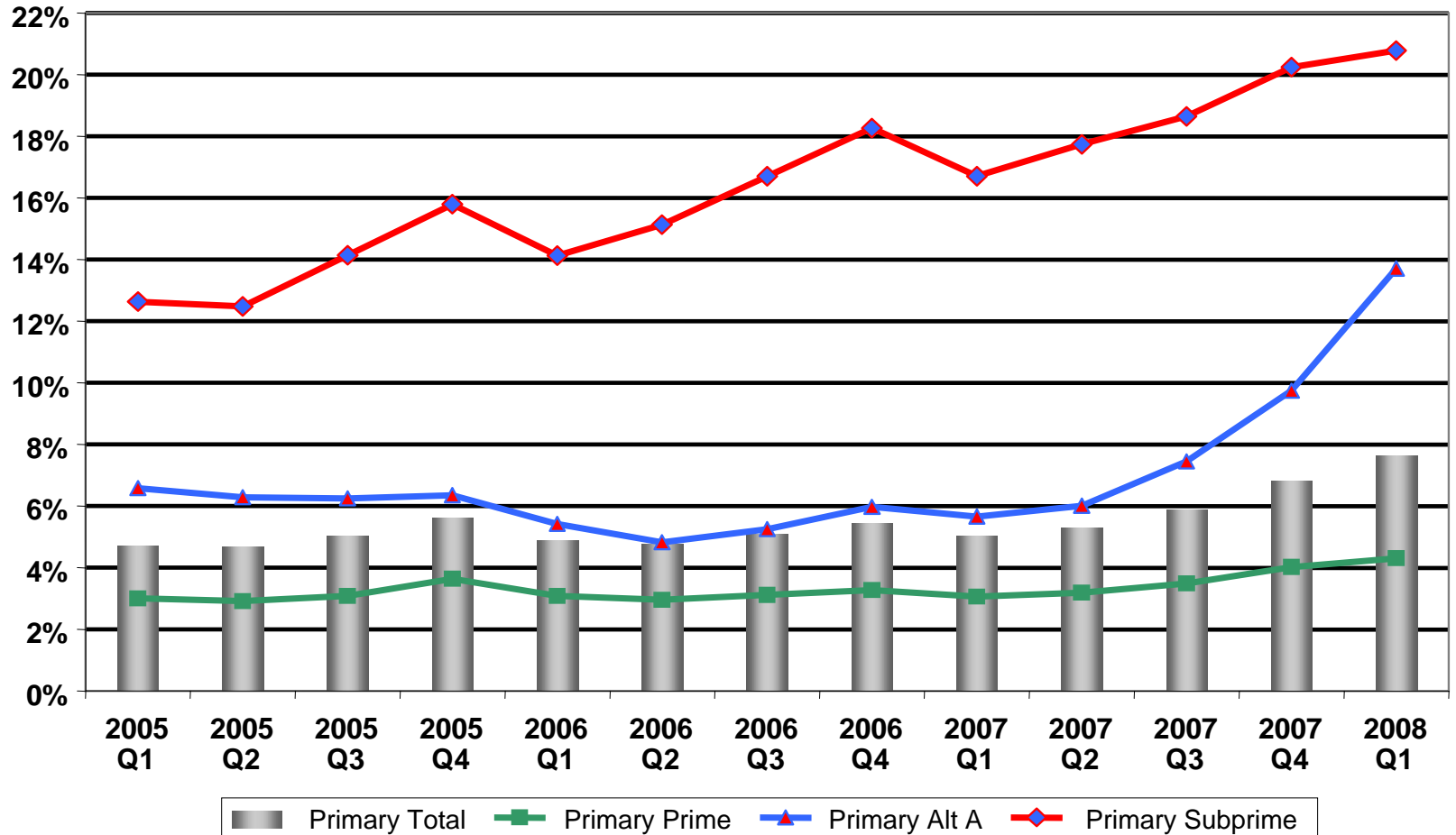
# Portfolio Management

## Primary Mortgage Insurance Risk in Force by Product



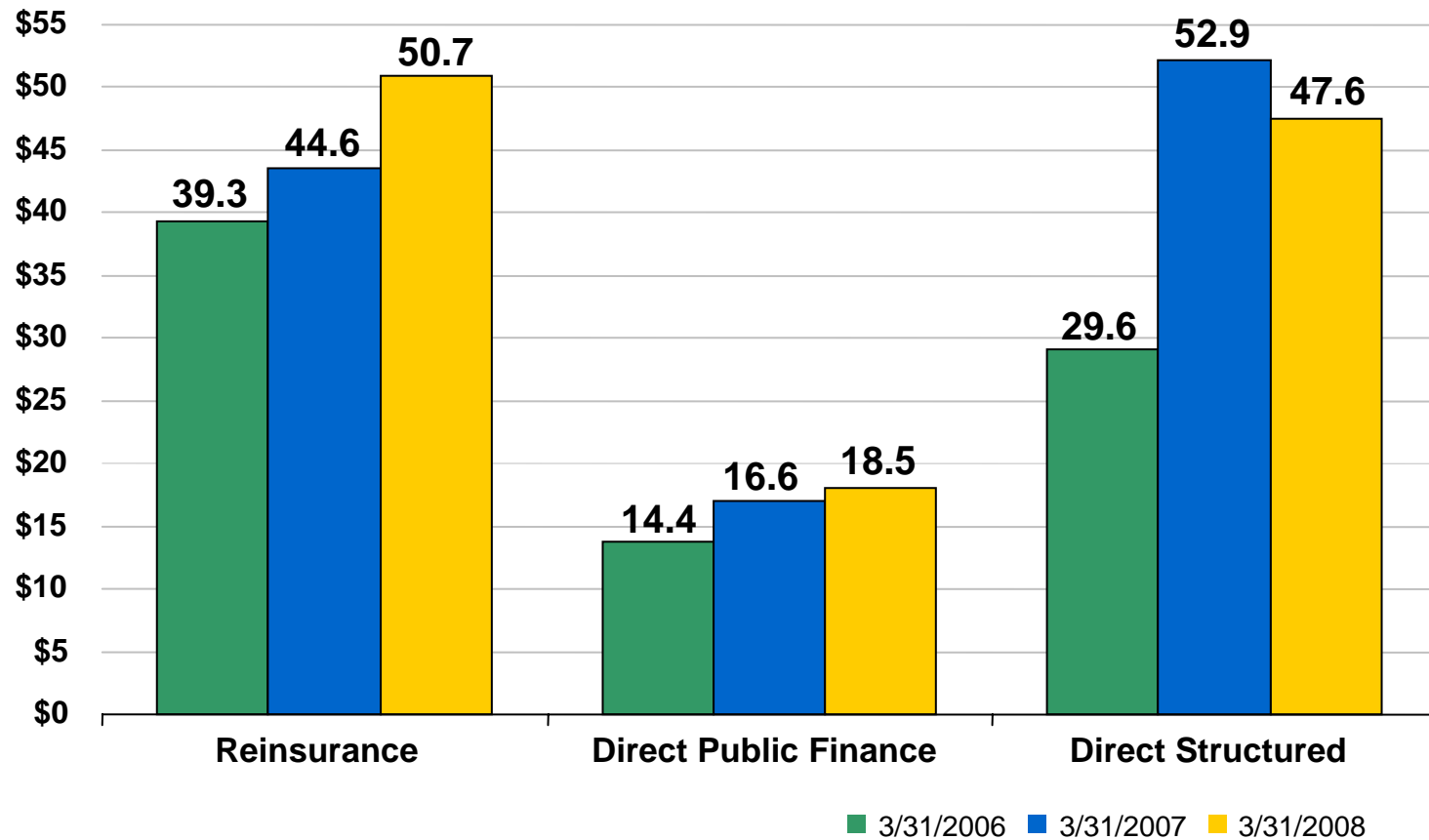
	Mar-06	Jun-06	Sep-06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	Mar-08
<span style="color: red;">■</span> Prime	68.9%	69.8%	70.8%	71.9%	71.8%	70.9%	71.1%	71.9%	74.4%
<span style="color: yellow;">■</span> Alt A	17.5%	17.3%	17.0%	16.7%	17.3%	18.5%	18.6%	18.3%	16.3%
<span style="color: green;">■</span> A minus	10.8%	10.5%	10.0%	9.5%	9.2%	9.2%	9.1%	8.8%	8.4%
<span style="color: blue;">■</span> B/C	2.8%	2.4%	2.2%	1.9%	1.7%	1.4%	1.2%	1.0%	0.9%

# Primary Mortgage Insurance Default Rates by Prime, Alt A, Subprime



# Financial Guaranty Net Par Outstanding by Product

\$116.8 billion as of 3/31/08



Dollars in billions.

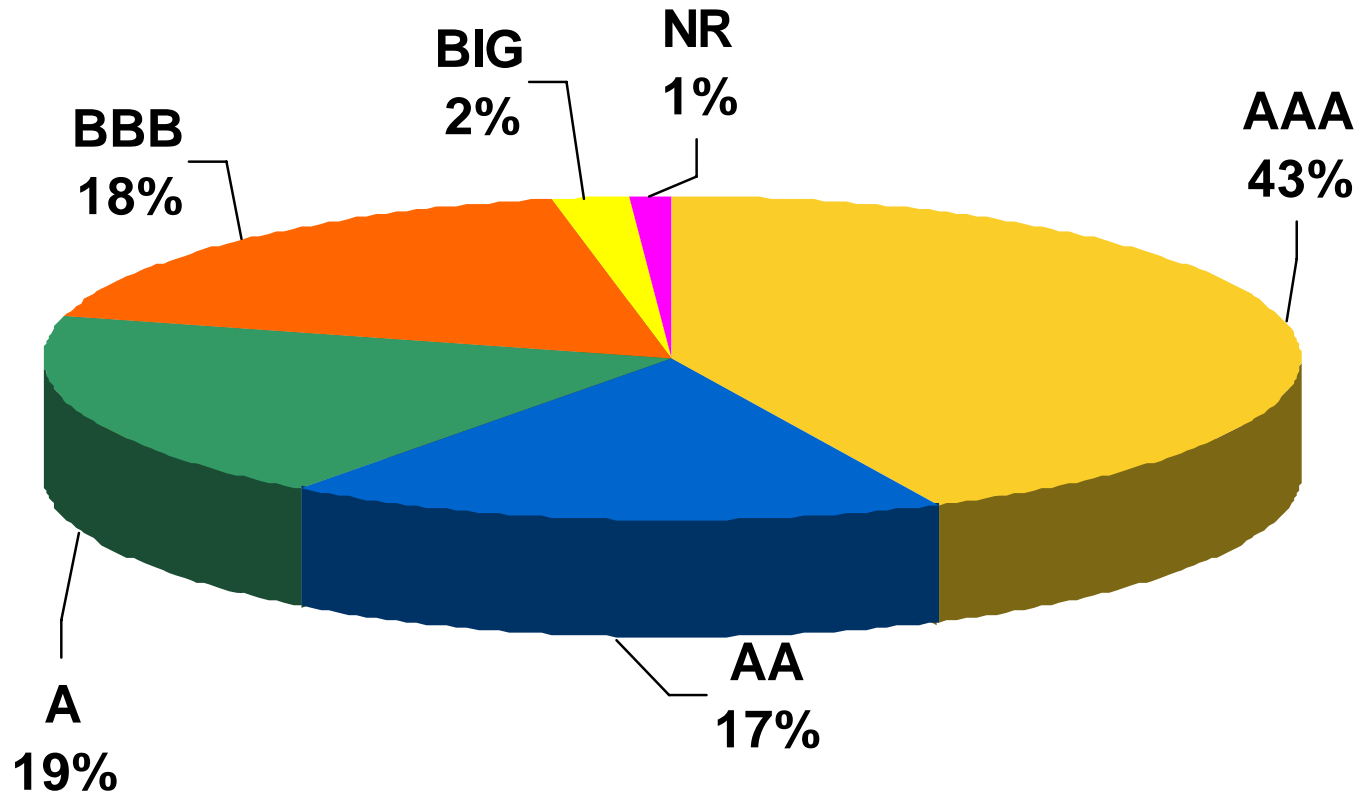
# Financial Guaranty Product Line and Sector Mix

\$116.8 billion in net par outstanding as of 3/31/08

Public Finance		Structured Finance	
Sector	Percent	Sector	Percent
Education	3.4%	Asset-backed – commercial and other	1.2%
General obligations	17.2	Asset-backed – consumer	1.2
Healthcare	9.2	Asset-backed – mortgage and MBS	1.4
Housing	0.5	CDOs	40.0
Investor owned utilities	3.6	Other structured finance	2.4
Long term care	1.3	<b>Subtotal</b>	<b>46.2%</b>
Tax-backed	5.0		
Transportation	6.4		
Utilities	5.6		
Other public finance	1.6		
<b>Subtotal</b>	<b>53.8 %</b>		

# Financial Guaranty Net Par Outstanding by Rating

\$116.8 billion in net par outstanding as of 3/31/08

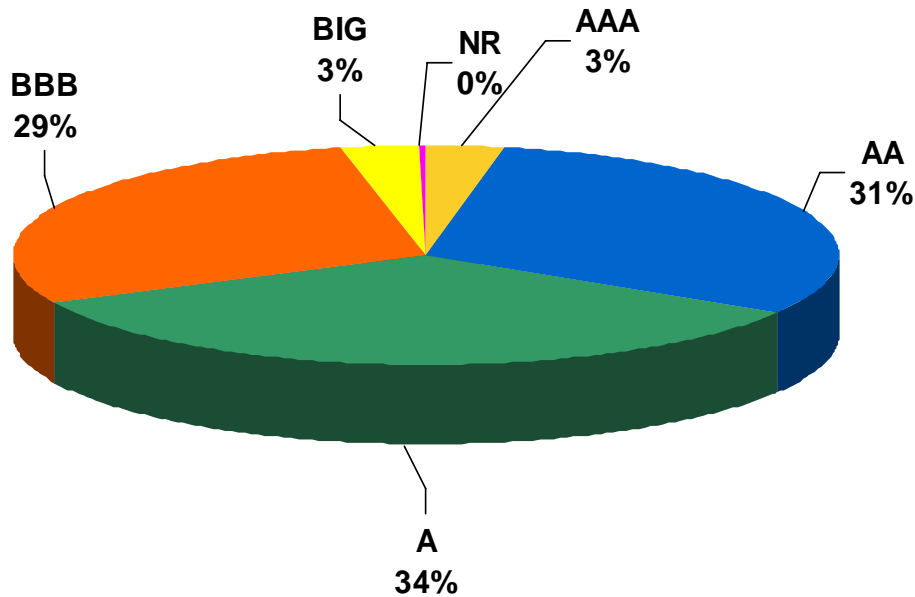


\* Indicated ratings category reflects the highest rating assigned to the underlying obligation from the three rating agencies (S&P, Moody's and Fitch), or, if no such rating has been assigned, Radian's rating estimate of the obligation utilizing rating agency models and methodologies to the extent available.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

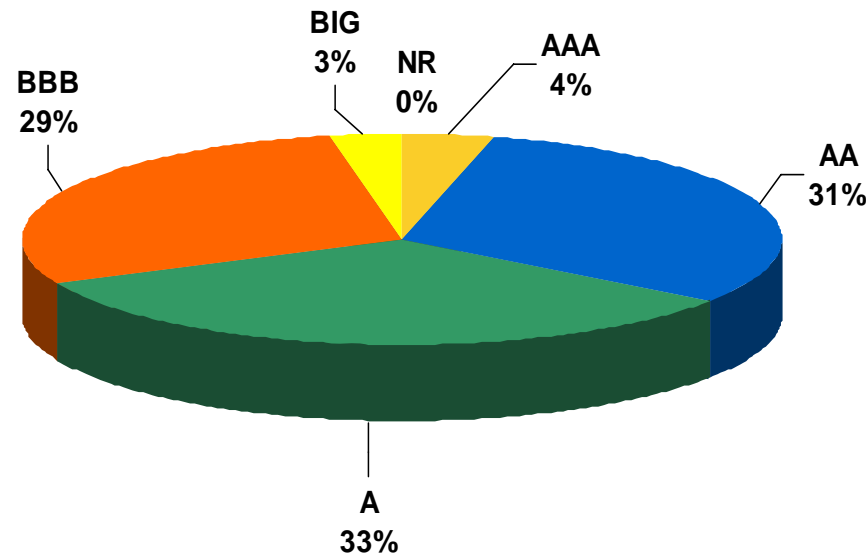
# Financial Guaranty Public Finance Net Par Outstanding by Rating Direct and Assumed

\$55.9 billion in net par as of 3/31/07; \$62.9 billion in net par outstanding as of 3/31/08

**3/31/07**



**3/31/08**

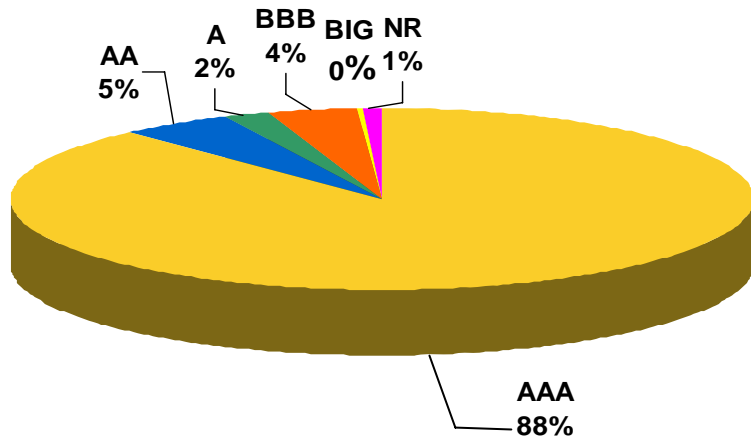


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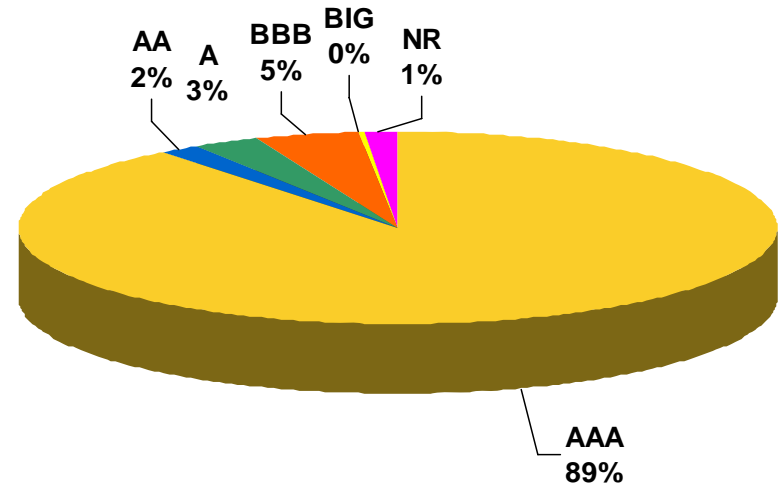
# Financial Guaranty Structured Net Par Outstanding by Rating Direct and Assumed

\$58.2 billion in net par as of 3/31/07; \$53.9 billion in net par outstanding as of 3/31/08

**3/31/07**



**3/31/08**



\* 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 Non-CDO RMBS Portfolio

## Breakdown by Asset Type

\$1,154 MM Domestic RMBS as of March 31, 2008

	Total Net Par Outstanding	% of RMBS Portfolio	Direct Total*	Assumed Non-HELOCs	Assumed HELOCs	Assumed Total	% 2006/2007 Vintage	AAA	AA	A	BBB**	BIG***
<b>SubPrime</b>	\$ 418 MM 147 Policies	36.2%	\$ 139 MM 7 Policies 33.3%	\$ 230 MM 136 Policies 54.9%	\$ 49 MM 4 Policies 11.8%	\$ 279 MM 140 Policies 66.7%	10.4% / 31.6%	19.0%	0.8%	11.4%	8.8%	59.9%
<b>Prime</b>	\$ 287 MM 69 Policies	24.9%	\$ 124 MM 7 Policies 43.0%	\$ 76 MM 45 Policies 26.6%	\$ 87 MM 17 Policies 30.4%	\$ 163 MM 62 Policies 57.0%	6.9% / 32.9%	70.3%	8.1%	3.7%	15.8%	2.0%
<b>Alt A</b>	\$ 413 MM 61 Policies	35.8%	\$ 76 MM 3 Policies 18.4%	\$ 262 MM 51 Policies 63.3%	\$ 75 MM 7 Policies 18.3%	\$ 337 MM 58 Policies 81.6%	25.9% / 32.6%	74.5%	3.5%	3.2%	7.2%	11.5%
<b>Second to Pay</b>	\$ 36 MM 9 Policies	3.1%	\$ 0 MM 0 Policies 0.0%	\$ 36 MM 9 Policies 100.0%	\$ 0 MM 0 Policies 0.0%	\$ 36 MM 9 Policies 100.0%	0.0% / 96.6%	100.0%	0.0%	0.0%	0.0%	0.0%
<b>Total RMBS</b>	\$1,154 MM 286 Policies	100.0%	\$ 339 MM 17 Policies 29.2%	\$ 604 MM 241 Policies 52.3%	\$ 211 MM 28 Policies 18.4%	\$ 815 MM 269 Policies 70.6%	14.7% / 34.2%	54.2%	3.6%	6.2%	9.7%	26.3%

\*Radian Asset has no direct HELOC exposure.

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

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

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

# Financial Guaranty CDO Portfolio

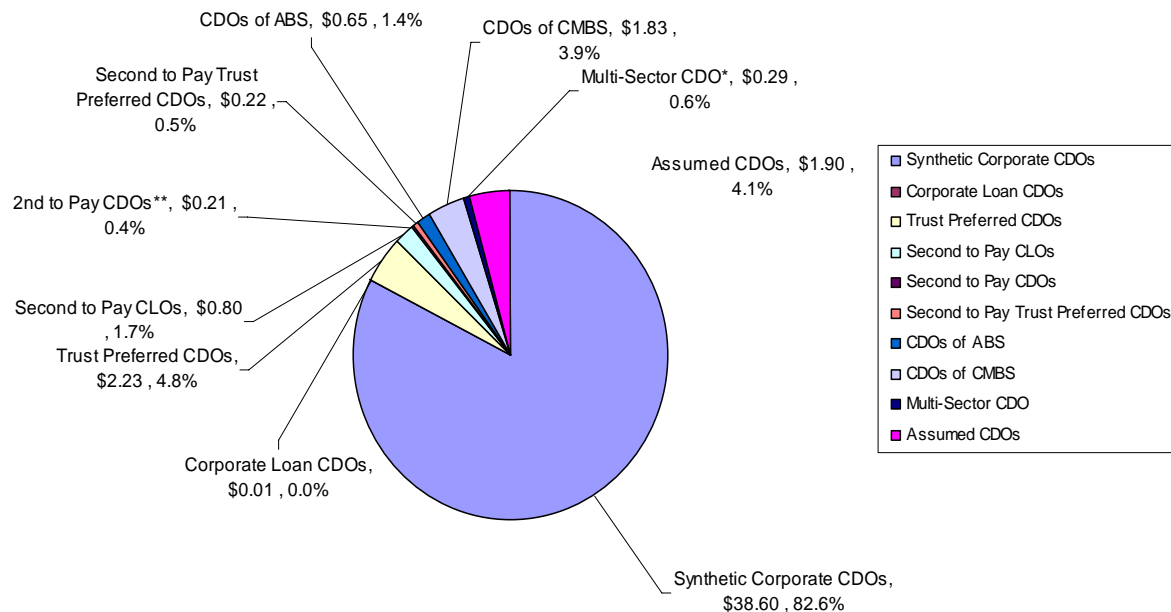
\$46.7 Billion Net Par Outstanding as of March 31, 2008

## Direct Exposure

(\$44.8 billion; 96% of CDO exposure)

- Synthetic Corporate CDOs represent more than 80% of the CDO exposure. 98% attach at the AAA level or higher, with an average attachment point of 2.2x the AAA level and weighted average tenor of 5.65 years. The remaining 2% attach at the AA level
- 64% have attachment points of at least 2x the AAA level as determined by S&P CDO Evaluator
- On an outstanding notional basis, at least 85% of the transactions we have insured (with a typical portfolio of 100-150 referenced corporate entities) can sustain at least 15 defaults (30% recovery assumption) without Radian Asset incurring a loss
- Trust Preferred CDOs (TRuPS) attach at AAA or multiple of AAA level
- 100% of CDOs of CMBS and Multi-sector CDOs net par outstanding is rated AAA

Total CDO Exposure by Net Par Outstanding (\$Billion)



\*One multi-sector CDO with net par outstanding of \$284 million

\*\*Includes one second to pay CDO of corporate bonds with net par outstanding of \$114 million

Note: See CDOs of ABS, CDOs of CMBS and Multi-sector CDOs table for detail on these sectors

# Financial Guaranty CDO Portfolio

## Assumed Credits

As of March 31, 2008

### Assumed Exposure

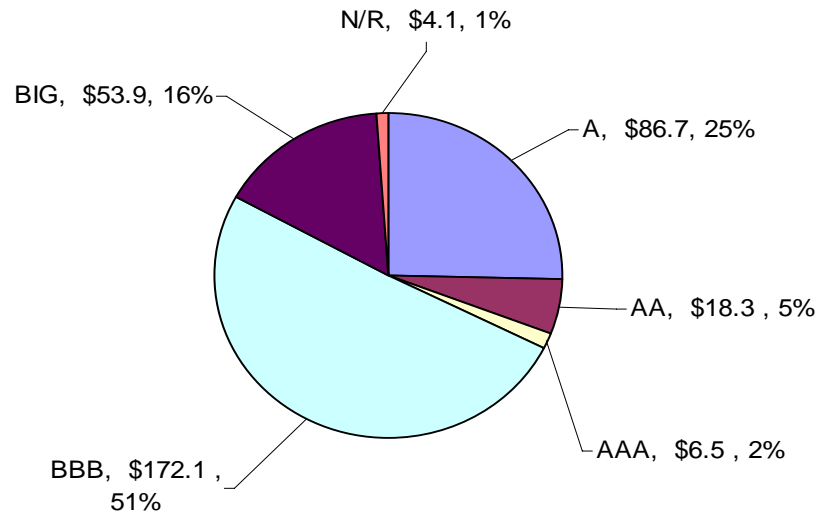
**(\$1.9 billion; 4% of CDO exposure)**

- Over 399 credits through reinsurance
- CDO & CLO High Yield Corporate make up 62.9% of the entire assumed CDO portfolio
- 94.1% of the second to pay transactions consist of CLO high yield (including middle market loan) exposure

Assumed Sector	Exposure (\$mm)	%
CLO - HY Corp	\$978.0	51.38%
CDO - IG Corp	\$270.1	14.19%
CDO - HY Corp	\$219.0	11.51%
Second to Pay	\$156.7	8.23%
CLO - MV HY Corp	\$115.8	6.08%
CDO – Emerging Market	\$61.4	3.23%
CLO - HY Corp Mid Mkt	\$50.4	2.65%
CDO – TruPS	\$27.5	1.45%
CDO of CDOs	\$15.2	0.80%
CDO – LCDS	\$6.0	0.32%
CLO – Emerging Market HY Corp	\$3.3	0.17%
Total	\$1,903.4	100.00%

# Financial Guaranty CDO Portfolio: Synthetic Corporate CDO Underlying Collateral Ratings

Ratings Distribution by Notional (\$billions)\*



\*Lower of Moody's or S&P

- S&P had a total of 66 rating actions on the underlying corporate credits in the CDO book during the 1<sup>st</sup> quarter, consisting of 49 downgrades and 17 upgrades.
- There were 62 rating actions taken by Moody's on the underlying corporate credits in the CDO book during the 1<sup>st</sup> quarter, consisting of 45 downgrades and 17 upgrades.
- 15% of the number of Buildings & Real Estate sector names and 14% of the number of Banking sector names in the CDO portfolio had rating downgrades in the first quarter of 2008

# Financial Guaranty CDO Portfolio

## Ratings Downgrade Impact Analysis

- Radian Asset has two direct CDOs of ABS with net par outstanding of \$648.6 million, (\$498.6 million and \$150 million, respectively). The \$150 million credit is rated AAA by S&P or Moody's. The \$498.6 million CDO of ABS was originally rated Aaa/AAA by Moody's and S&P. However, S&P downgraded it to AA- on March 18, 2008 and Moody's downgraded it to Aa3 on April 24, 2008. This credit was added to Radian Asset's Watch list with an internal rating of BB- in April 2008.
- Radian Asset also has one direct Multi-Sector CDO with net par outstanding of \$284 million which is rated Aaa/AAA by Moody's and S&P.
- The \$100 million extendible note program that was outstanding as of December 31, 2007 was terminated in February 2008 after Radian Asset paid claims equal to our exposure.
- Moody's and S&P took multiple rating actions that affected RMBS and CDOs of ABS between July 2007 and April 2008.
- Twenty-seven RMBS credits and fourteen CDO of ABS in the collateral pool underlying the \$498.6 million AAA rated CDO were downgraded as a result of Moody's and S&P's rating actions between July 2007 and April 1, 2008. These forty one credits represent \$213.9 million in a collateral pool of \$621.0 million. Total subordination equals \$125.9 million.
- No credits in the \$150 million AAA CDO or in the \$284 million Multi-sector CDO were downgraded or placed on negative watch by Moody's or S&P between July 2007 and April 1, 2008.

# Financial Guaranty CDO of ABS, CMBS, and Multi-Sector Portfolio Table

## As of March 31, 2008

Type of Collateral as a Percentage of Total Pool as of March 31, 2008

Year Insured	Legal Final Maturity	Net Par Outstanding (\$ Millions)	ABS	RMBS	Subprime RMBS	CMBS	CDO of Investment Grade Corporate	CDO of High Yield Grade 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 A or Better*	% Sub Prime A or Better*
2004	2009	284	33.8%	34.5%	0.0%	0.0%	29.2%	2.5%	0.0%	0.0%	0.0%	100.0%	AAA	Aaa	2.2%	21.1%	40.1%	100.0%	0.0%
2005	2010	150	25.2%	49.0%	15.8%	0.0%	8.5%	1.5%	0.0%	0.0%	0.0%	100.0%	AAA	N/R	4.5%	13.0%	38.0%	100.0%	100.0%
2006	2046	499	0.0%	22.9%	42.3%	13.6%	0.0%	0.0%	12.7%	3.7%	4.8%	100.0%	AA-	Aaa	4.9%	20.2%	100.0%	76.3%	73.5%
2006	2047	450	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%	0.0%	0.0%
2006	2049	599	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%	0.0%	0.0%
2006	2056	353	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%	0.0%	0.0%
2007	2047	430	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%	0.0%	0.0%
<b>Total</b>		<b>2,765</b>																	

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

# Financial Guaranty CDO Portfolio

## CMBS Exposure

Deal	Outstanding Par	Total Reference Obligations	Average Size of Ref Obligation	Average Subordination of Ref Obligation	Total Delinquencies (Average of Ref Oblig)
Halcyon	352.5MM	30	50MM	14%	0.58%
Aphex	430.0MM	40	25MM	13%	0.48%
Hypo Pegasus	598.5MM	30	80MM	20%	0.38%
SocGen	450.0MM	27	72MM	31%	0.42%
<b>Total</b>	<b>\$1,831MM</b>	<b>127</b>			

- All 4 synthetic CDOs are rated AAA by both Moody's and S&P and contain 127 AAA rated (by at least two of the three rating agencies) CMBS tranches issued as part of 88 securitizations (the "Reference Obligations").
- The total balance of the Reference Obligations equals \$6.8 billion, however the loan collateral pool supporting these 127 tranches consists of 15,000 loans with a balance close to \$200 billion.
- Performance has been consistent with that of the CMBS market, with 82% of the 88 securitizations experiencing total delinquencies of less than 1%.
- Underlying loan collateral is well diversified both geographically and by property type

# RADIAN

Changing the nature of risk.®