NEWS RELEASE

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THE PMI GROUP, INC. REPORTS FIRST QUARTER 2008 FINANCIAL RESULTS

Walnut Creek, CA, May 12, 2008 - The PMI Group, Inc. (NYSE: PMI) (the "Company") today reported a net loss for the first quarter of 2008 of $274.0 million, or $3.37 per basic and diluted[1] share, compared to net income in the first quarter of 2007 of $102.0 million, or $1.16 per diluted share. The net loss for the first quarter of 2008 was primarily due to a net loss of $172.5 million in the U.S. Mortgage Insurance Operations due to increases in paid claims, loss adjustment expenses and additions to the reserve for losses (collectively "Losses and LAE") and an other-than-temporary impairment of the Company's investment in FGIC. These losses were partially offset by higher net income from International Operations.

First Quarter 2008 Update:

- In the U.S. Mortgage Insurance Operations, net premiums earned increased by 7.2% to $207.8 million from $193.8 million in the first quarter of 2007. Primary insurance in force increased by 16.3% to $124.3 billion from $106.9 billion in the first quarter of 2007.
- PMI Australia reported record net income of $30.5 million, an increase of 69% from the first quarter 2007. Insurance in force for PMI Australia increased by 16.6% to $182.7 billion from $156.7 billion.
- In the Financial Guaranty segment, the Company determined that its investment in FGIC was other-than-temporarily impaired and reduced the carrying value of its investment from $103.6 million at December 31, 2007 to zero. The impairment resulted in an $88.0 million loss in the current quarter and a $15.6 million loss in other comprehensive income. To the extent that the Company's carrying value remains zero, the Company will not recognize in future periods its proportionate share of FGIC losses, if any, and the Company is under no obligation to provide additional capital to FGIC.
- The Company completed the collateral pledge agreement for its revolving credit facility and drew $200 million under the facility.

[1] Due to the net loss in the first quarter 2008, normally dilutive components of shares outstanding such as stock options were not included in fully diluted shares outstanding as their inclusion would have been anti-dilutive.

- The Company and its financial advisors continue to evaluate the execution of various capital raising initiatives that include reinsurance, the possible complete or partial sale of assets and/or capital markets transactions.

<u>Consolidated Operating Results</u>

Consolidated net premiums written for the first quarter of 2008 totaled $255.3 million compared with $244.1 million for the same period one year ago. The year over year increase was due primarily to higher persistency and increases in average premium rates and insured loan sizes in U.S. Mortgage Insurance Operations, and favorable foreign exchange rates for International Operations' net premiums written.

Consolidated premiums earned for the first quarter of 2008 were $262.0 million compared with $236.4 million for the same period one year ago. The increase was due primarily to improved persistency and larger loan sizes in U.S. Mortgage Insurance Operations and larger loan sizes in our International Operations.

Consolidated losses and LAE for the first quarter of 2008 were $579.8 million compared with $109.3 million for the same period one year ago. The increase was primarily a result of higher Losses and LAE in our U.S. Mortgage Insurance Operations as a result of the significant deterioration in the U.S. housing, mortgage and capital markets.

Consolidated reserve for losses and LAE totaled $1.7 billion as of March 31, 2008 compared with $1.2 billion as of December 31, 2007 and $443.0 million as of March 31, 2007. Reserves for losses and LAE in the U.S. Mortgage Insurance Operations increased $456.2 million in the first quarter of 2008 primarily due to an increase in notices of default, increased claim rates and larger claim sizes. PMI Australia's reserve for losses and LAE increased $9.0 million in the first quarter of 2008 principally due to an increase in notices of default, higher claim rates and higher average claim sizes.

Consolidated other underwriting and operating expenses for the first quarter of 2008 were $58.9 million compared with $62.7 million for the same period one year ago. The decrease was primarily a result of lower employee compensation expenses.

The PMI Group, Inc. First Quarter Results by Segment				
	First Quarter Total Revenues		First Quarter Net (Loss) Income	
(Dollars in millions, except per share data)	2008	2007	2008	2007
U.S. Mortgage Insurance Operations[2]	$277.3	$224.3	$(172.5)	$68.9
International Operations[3]	90.8	63.8	17.8	23.1
Financial Guaranty[4]	(85.3)	2.5	(124.2)	29.9
Corporate and Other[5]	33.2	3.8	5.0	(19.8)
Consolidated Total	$315.9	$294.5	$(274.0)	$102.0
Diluted Net (Loss) Income Per Share[1]			$(3.37)	$1.16
Book Value Per Share			$27.58	$42.21

May not total due to rounding.

Segment Highlights

U.S. Mortgage Insurance Operations

- The net loss totaled $172.5 million for the first quarter of 2008 compared with net income of $68.9 million in the first quarter of 2007. The net loss in the first quarter was due primarily to higher Losses and LAE partially offset by higher premiums earned, increased realized investment gains and lower other underwriting and operating expenses.
- Net premiums earned in the first quarter of 2008 increased by 7.2% to $207.8 million from $193.8 million in the first quarter of 2007. The increase was due primarily to a 16.3% increase in insurance in force to $124.3 billion from $106.9 billion in the first quarter of 2007 and a higher primary persistency rate. In the first quarter of 2008, the primary persistency rate increased to 77.6% compared with 70.7% in the first quarter of 2007.
- Losses and LAE in the first quarter of 2008 were $537.0 million compared with $92.8 million in the first quarter of 2007 driven by an increase in notices of default, increased claim rates and larger claim sizes.
- Total claims paid increased to $162.6 million for the first quarter of 2008 compared with $69.3 million in the first quarter of 2007 driven by an increase in claim rates and larger average claim sizes.
- After tax equity in earnings from CMG MI for the first quarter of 2008 were $1.9 million, compared with $3.2 million for the same period of 2007. The decline in equity in earnings was primarily driven by higher Losses and LAE partially offset by higher premiums earned. CMG MI's insurance in force grew to $19.5 billion, persistency increased to 81.6% and the primary default rate was 1.42%.

International Operations

- PMI Australia reported record net income of $30.5 million for the first quarter of 2008 compared with net income of $18.0 million for the first quarter of 2007. The increase in net income was due primarily to higher premiums earned, net investment income and net realized investment gains, as well as the

[2] "U.S. Mortgage Insurance Operations" includes the results of PMI Mortgage Insurance Co. (PMI), affiliated U.S. reinsurance companies and equity in earnings from CMG Mortgage Insurance Company (CMG MI).
[3] "International Operations" includes the results of PMI Australia, PMI Europe, PMI Asia and PMI Canada.
[4] "Financial Guaranty" includes PMI Guaranty Co. (PMI Guaranty) and our equity investments in Financial Guaranty Insurance Company, Inc. (FGIC) and Ram Reinsurance Company Ltd. (RAM Re).
[5] The "Corporate and Other" segment primarily consists of the holding company, contract underwriting operations and intercompany eliminations.

strengthening Australian dollar. The increase in net income was partially offset by higher Losses and LAE. The first quarter of 2008 addition to reserves for losses and LAE was $9.0 million bringing the total reserves for losses and LAE to $74.1 million. Claims paid for the first quarter totaled $14.4 million.

- PMI Europe reported a net loss of $13.9 million in the first quarter of 2008 compared with net income of $3.0 million for the same period a year ago. The decrease was driven by an increase in loss reserves due primarily to the deteriorating performance of certain U.S. exposures on which PMI Europe provided reinsurance coverage in 2005. To a lesser extent, the decrease was driven by an unrealized $2.6 million (pre-tax) negative mark-to-market adjustment on credit default swaps related to European prime mortgage risks due to widening credit spreads.
- PMI Asia's net income in the first quarter of 2008 totaled $2.7 million compared with $2.2 million for the same period a year ago.

Financial Guaranty

- The Company determined that its investment in FGIC was other-than-temporarily impaired and reduced the carrying value of its investment from $103.6 million at December 31, 2007 to zero. Due to the impairment of its FGIC investment in the first quarter of 2008, the Company did not recognize any equity in earnings or losses in the quarter. In the first quarter of 2007, the Company recorded after tax equity in earnings of $27.1 million.
- After tax equity in losses from RAM Re for the first quarter of 2008 were $36.2 million compared with after tax equity in earnings of $1.5 million for the same period one year ago. The decrease was due primarily to net unrealized mark-to-market losses on its derivative portfolio as a result of widening spreads and an increase in loss reserves related to continuing deterioration in the performance of residential mortgage backed securities. After equity in losses in the quarter, the Company determined that the carrying value of its investment in RAM Re was below the market value and therefore no impairment was necessary. As of March 31, 2008, the carrying value of the Company's investment in RAM Re was $26.0 million.
- PMI Guaranty reported a net loss of $1.3 million in the first quarter of 2008 compared with net income of $1.2 million for the same period one year ago.

Corporate and Other

- The Corporate and Other segment reported net income of $5.0 million for the first quarter of 2008 compared with a net loss of $19.8 million for the same period a year ago. The increase in net income for the first quarter of 2008 compared with the net loss in the first quarter of 2007 was due primarily to the reporting of certain debt instruments at fair value under SFAS No. 157 and 159[6] and, to a lesser extent, lower other underwriting and operating expenses related to contract underwriting services and lower share-based compensation.

[6] Effective January 1, 2008 the Company adopted SFAS No. 157, *Fair Value Measurements*, and SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities – Including an Amendment of FASB No. 115.* SFAS No. 157 provides a framework for measuring fair value under GAAP. SFAS No. 159 allows an entity the irrevocable option to elect fair value for the initial subsequent measurement of certain financial assets and liabilities on a contract-by-contract basis.

Supplemental Financial Information

- The PMI Group, Inc.'s First Quarter 2008 Financial Supplement can be found at www.pmigroup.com under Investor Relations.

ABOUT THE PMI GROUP, INC.

The PMI Group, Inc. (NYSE: PMI), headquartered in Walnut Creek, CA, is an international provider of credit enhancement products that promote homeownership and facilitate mortgage transactions in the capital markets. Through its wholly owned subsidiaries and unconsolidated strategic investments, the company offers residential mortgage insurance and credit enhancement products domestically and internationally, financial guaranty insurance, and financial guaranty reinsurance. Through its subsidiaries, The PMI Group, Inc. is one of the world's largest providers of private mortgage insurance with operations in the United States, Australia and New Zealand, Canada and the European Union, as well as one of the largest providers of mortgage guaranty reinsurance in Hong Kong. For more information: www.pmigroup.com.

Cautionary Statement: Statements in this press release that are not historical facts, or that relate to future plans, events or performance are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that forward-looking statements by their nature involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements. Such factors include, among others, national or regional recessions, and further deterioration in the housing, mortgage and related credit markets. In particular, declines in housing values and/or housing demand, deterioration of borrower credit, higher unemployment rates, changes in interest rates, higher levels of consumer credit, higher mortgage default and claim rates, lower cure rates, higher claim sizes, the aging of our mortgage insurance portfolios, adverse changes in liquidity in the capital markets, the inability of loans servicers to process higher volumes of delinquent loans, and the further contraction of credit markets could negatively affect our losses. Other risks and uncertainties are discussed in our SEC filings, including our Annual Report on Form 10-K for the year ended December 31, 2007 (in Item 1A) and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008. We undertake no obligation to update forward-looking statements.

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THE PMI GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
	(Unaudited)	
	(Dollars in thousands, except per share data)	
Net premiums written	**$ 255,325**	**$ 244,051**
Revenues		
Premiums earned	$ 261,965	$ 236,361
Net gain from credit default swaps	800	1,828
Net investment income	58,313	52,639
Net realized investment gains	51,010	1,578
Change in fair value of certain debt instruments	28,708	-
Impairment of unconsolidated subsidiary	(87,981)	-
Other income	3,085	2,082
Total revenues	**315,900**	**294,488**
Losses and expenses		
Losses and loss adjustment expenses	579,794	109,320
Amortization of deferred policy acquisition costs	9,896	16,445
Other underwriting and operating expenses	58,920	62,701
Interest expense	8,363	8,259
Total losses and expenses	**656,973**	**196,725**
(Loss) income before equity in (losses) earnings from unconsolidated subsidiaries and income taxes	(341,073)	97,763
Equity in (losses) earnings from unconsolidated subsidiaries	(33,477)	36,509
(Loss) income before income taxes	(374,550)	134,272
Income tax (benefit) expense	(100,586)	32,239
Net (loss) income	**$ (273,964)**	**$ 102,033**
Diluted net (loss) income per share	**$ (3.37)**	**$ 1.16**

THE PMI GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31, 2008	December 31, 2007	March 31, 2007
	(Unaudited)	(Audited)	(Unaudited)
	(Dollars in thousands, except per share data)		
Assets			
Investments	$ 3,925,343	$ 3,729,151	$ 3,377,635
Cash and cash equivalents	455,509	427,912	557,605
Investments in unconsolidated subsidiaries	175,155	309,800	1,129,764
Reinsurance recoverable	131,010	36,917	3,573
Deferred policy acquisition costs	65,951	59,712	88,772
Property, equipment and software, net of accumulated depreciation and amortization	159,512	161,762	170,597
Other assets	315,289	345,186	201,699
Total assets	**$ 5,227,769**	**$ 5,070,440**	**$ 5,529,645**
Liabilities			
Reserve for losses and loss adjustment expenses	$ 1,729,469	$ 1,242,599	$ 443,020
Unearned premiums	626,462	611,247	537,857
Debt	414,378	496,593	496,593
Other liabilities	217,591	207,039	387,214
Total liabilities	**2,987,900**	**2,557,478**	**1,864,684**
Shareholders' equity	**2,239,869**	**2,512,962**	**3,664,961**
Total liabilities and shareholders' equity	**$ 5,227,769**	**$ 5,070,440**	**$ 5,529,645**
Basic shares issued and outstanding	**81,213**	**81,120**	**86,835**
Book value per share	**$ 27.58**	**$ 30.98**	**$ 42.21**

Note: Please refer to *The PMI Group, Inc. First Quarter 2008 Financial Supplement* for additional information.