NEWS RELEASE

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

Walnut Creek, CA, August 7, 2008 - The PMI Group, Inc. (NYSE: PMI) (the "Company") today reported a net loss for the second quarter of 2008 of $246.3 million, or $3.03 per basic and diluted[1] share, compared to net income in the second quarter of 2007 of $83.8 million, or $0.95 per diluted share. The net loss for the second quarter of 2008 was primarily due to a net loss of $225.9 million in the U.S. Mortgage Insurance Operations due to increases in paid claims and loss adjustment expenses and additions to the reserve for losses (collectively "losses and LAE"), partially offset by higher net income from International Operations.

Second Quarter 2008 Update:

- PMI Canada will cease operations and the Company expects to repatriate approximately $60 million of capital to U.S. Mortgage Insurance Operations in the second half of 2008.
- PMI Australia continues to demonstrate profitability with net income of $24.0 million and $54.5 million for the second quarter and first half of 2008, respectively.
- PMI Europe will be reconfigured to conserve and enhance capital and reduce expenses while maintaining a presence in Europe. We will continue to service existing customers out of our Dublin, Ireland office.
- PMI Guaranty Co. received all regulatory approvals and entered into an agreement to transfer its entire FGIC-related reinsurance portfolio to a third party. In early August, PMI Guaranty paid approximately $144 million of its excess capital to the Company. Before the end of the third quarter, the Company expects to reinvest at least 80 percent of the capital at the Company into U.S. Mortgage Insurance Operations.

Consolidated Operating Results

Consolidated net premiums written for the second quarter and first half of 2008 totaled $247.4 million and $502.7 million, respectively, compared with $256.0 million and $500.0 million for the same periods one

[1] Due to the net loss in the second quarter 2008, 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.

year ago. The decreases were due primarily to lower levels of new insurance written in both U.S. Mortgage Insurance and International operations partially offset by favorable foreign exchange rates.

Consolidated premiums earned for the second quarter and first half of 2008 were $260.1 and $522.0 million, respectively, compared with $242.3 and $478.7 million for the same periods one year ago. The increases were due primarily to higher persistency and increases in the insurance in force in the U.S. Mortgage Insurance Operations and higher levels of policy terminations combined with the continued strengthening of the Australian dollar in the International Operations.

Consolidated losses and LAE for the second quarter and first half of 2008 were $605.0 and $1,184.8 million, respectively, compared with $146.2 and $255.5 million for the same periods one year ago. The increases were primarily a result of higher losses and LAE in U.S. Mortgage Insurance Operations as a result of the significant deterioration in the U.S. housing, mortgage and capital markets and, to a lesser extent, increased delinquencies in PMI Australia.

Consolidated reserve for losses and LAE totaled $2.3 billion as of June 30, 2008 compared with $1.7 billion as of March 31, 2008 and $507.0 million as of June 30, 2007. Reserves for losses and LAE in the U.S. Mortgage Insurance Operations increased in the second quarter of 2008 by a gross amount of $543.3 million and were offset by a $189.6 million credit from reinsurance recoverables, primarily from captive reinsurance agreements. The increase in reserves for losses and LAE was primarily due to increases in notices of default, claim rates and average claim sizes. PMI Australia's reserve for losses and LAE increased $12.6 million in the second quarter of 2008 also principally due to increases in notices of default, claim rates and average claim sizes.

Consolidated other underwriting and operating expenses for the second quarter and first half of 2008 were $64.4 and $123.4 million, respectively, compared with $59.8 and $122.5 million for the same periods one year ago. The increases were primarily a result of higher operating expenses in International Operations partially offset by lower employee compensation expenses in the U.S. Mortgage Insurance Operations.

The PMI Group, Inc. Second Quarter Results by Segment				
	Second Quarter Total Revenues		Second Quarter Net (Loss) Income	
(Dollars in millions, except per share data)	2008	2007	2008	2007
U.S. Mortgage Insurance Operations[2]	$219.9	$222.3	$(225.9)	$41.5
International Operations[3]	90.1	68.0	31.1	28.1
Financial Guaranty[4]	(1.7)	2.9	(46.1)	29.0
Corporate and Other[5]	22.3	6.4	(5.4)	(14.8)
Consolidated Total	$330.6	$299.6	$(246.3)	$83.8
Diluted Net (Loss) Income Per Share[1]			$(3.03)	$0.95
Book Value Per Share			$24.72	$43.46

The PMI Group, Inc. Year to Date Results by Segment				
	Six Months Ended June 30 Total Revenues		Six Months Ended June 30 Net (Loss) Income	
(Dollars in millions, except per share data)	2008	2007	2008	2007
U.S. Mortgage Insurance Operations[2]	$497.2	$446.7	$(398.3)	$110.4
International Operations[3]	180.9	131.8	48.9	51.2
Financial Guaranty[4]	(87.1)	5.4	(170.4)	58.9
Corporate and Other[5]	55.5	10.2	(0.5)	(34.7)
Consolidated Total	$646.5	$594.1	$(520.3)	$185.9
Diluted Net (Loss) Income Per Share			$(6.41)	$2.11

May not total due to rounding.

Segment Highlights

U.S. Mortgage Insurance Operations

- The net loss totaled $225.9 million for the second quarter of 2008 compared with net income of $41.5 million in the second quarter of 2007. The net loss in the second quarter was due primarily to higher losses and LAE partially offset by higher premiums earned and lower other underwriting and operating expenses.
- Net premiums earned in the second quarter of 2008 increased 4.2% to $203.6 million from $195.4 million in the second quarter of 2007. The increase was due primarily to a 10.3% increase in primary insurance in force to $123.2 billion at June 30, 2008 from $111.7 billion at June 30, 2007 and a higher primary persistency rate. In the second quarter of 2008, the primary persistency rate increased to 79.6% compared with 71.7% in the second quarter of 2007.

[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.

- Losses and LAE in the second quarter of 2008 were $552.5 million compared with $134.4 million in the second quarter of 2007 driven by increases in notices of default, claim rates and claim sizes.
- Reserves for losses and LAE in the U.S. Mortgage Insurance Operations totaled $2.1 billion at June 30, 2008. The net loss reserve increase in the quarter was $353.7 million, which includes a $189.6 million credit from reinsurance recoverables, primarily from captive reinsurance agreements.
- Total claims paid increased to $192.7 million for the second quarter of 2008 compared with $72.3 million in the second quarter of 2007 driven by an increase in claims paid, claim rates and larger average claim sizes.
- After tax equity in earnings from CMG MI for the second quarter of 2008 were $1.9 million, compared with $3.0 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 $20.6 billion, persistency increased to 82.6%, the loss ratio was 55.6% and the primary default rate was 1.60%.

International Operations

- The key components of PMI's International Operations - PMI Australia, PMI Europe and PMI Asia - provide financial flexibility to The PMI Group, Inc., that is important to the Company's five-point plan to navigate through turbulent U.S. market conditions.
- PMI Australia reported net income of $24.0 million for the second quarter of 2008 compared with net income of $24.4 million for the second quarter of 2007. The decrease in net income was due primarily to higher losses and LAE offset by increased premiums earned and net investment income. The second quarter of 2008 addition to reserves for losses and LAE was $12.6 million bringing the total reserves for losses and LAE to $86.7 million. Claims paid for the second quarter totaled $13.4 million.
- PMI Europe reported net income of $5.8 million in the second quarter of 2008 compared with net income of $1.7 million for the same period a year ago. The increase was driven by fair value gains from credit default swaps derivative contracts partially offset by an increase in other underwriting and operating expenses and loss reserves.
- PMI Asia's net income in the second quarter of 2008 totaled $2.5 million compared with $2.3 million for the same period a year ago.

Financial Guaranty

- After tax equity in losses from RAM Re for the second quarter of 2008 were $24.3 million compared with after tax equity in earnings of $2.2 million for the same period one year ago. The change 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 ("RMBS"). In the second quarter of 2008, the Company reduced the carrying value of its investment in RAM Re from $26.0 million to zero.
- PMI Guaranty reported a net loss of $21.8 million in the second quarter of 2008 compared with net income of $1.4 million for the same period one year ago. Effective June 2008, PMI Guaranty, FGIC and Assured

Guaranty Re Ltd. ("AG Re") executed an agreement pursuant to which all of the direct FGIC business currently reinsured by PMI Guaranty was recaptured by FGIC and ceded by FGIC to AG Re. The 2008 net loss was primarily due to a $26.7 million loss recorded in the second quarter of 2008 principally related to the above agreement.

- With the completion of the PMI Guaranty transaction and related accounting effects recognized in the second quarter, combined with the carrying value of FGIC and RAM Re at zero, the Company does not foresee any further losses of significance resulting from this segment. Equity in earnings from FGIC or RAM Re could be recognized in the future to the extent those earnings are deemed recoverable.

Corporate and Other

- The Corporate and Other segment reported a net loss of $5.4 million for the second quarter of 2008 compared with a net loss of $14.8 million for the same period a year ago. The decrease in net loss was due primarily to the reporting of certain debt instruments at fair value in accordance with SFAS No. 159[6] partially offset by higher other underwriting and operating expenses related to PMI Mortgage Services and interest expense related to a $200 million borrowing from the Company's revolving credit facility.

Supplemental Financial Information

- The PMI Group, Inc.'s Second 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.

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

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

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
	(Unaudited)		(Unaudited)	
	(Dollars in thousands, except per share data)			
Net premiums written	**$ 247,374**	**$ 255,977**	**$ 502,699**	**$ 500,028**
Revenues				
Premiums earned	$ 260,078	$ 242,337	$ 522,043	$ 478,698
Net gain from credit default swaps	9,550	1,579	10,350	3,407
Net investment income	61,053	51,119	119,366	103,758
Net realized investment (losses) gains	(19,711)	414	31,299	1,992
Change in fair value of certain debt instruments	16,957	-	45,665	-
Impairment of unconsolidated subsidiary	-	-	(87,981)	-
Other income	2,669	4,172	5,754	6,254
Total revenues	**330,596**	**299,621**	**646,496**	**594,109**
Losses and expenses				
Losses and loss adjustment expenses	605,004	146,160	1,184,798	255,480
Amortization of deferred policy acquisition costs	12,031	17,010	21,927	33,455
Other underwriting and operating expenses	64,447	59,773	123,367	122,474
Interest expense	9,835	8,398	18,198	16,657
Total losses and expenses	**691,317**	**231,341**	**1,348,290**	**428,066**
(Loss) income before equity in (losses) earnings from unconsolidated subsidiaries and income taxes	(360,721)	68,280	(701,794)	166,043
Equity in (losses) earnings from unconsolidated subsidiaries	(21,456)	35,748	(54,933)	72,257
(Loss) income before income taxes	(382,177)	104,028	(756,727)	238,300
Income tax (benefit) expense	(135,891)	20,195	(236,477)	52,434
Net (loss) income	**$ (246,286)**	**$ 83,833**	**$ (520,250)**	**$ 185,866**
Diluted net (loss) income per share	**$ (3.03)**	**$ 0.95**	**$ (6.41)**	**$ 2.11**

THE PMI GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2008	December 31, 2007	June 30, 2007
	(Unaudited)	(Audited)	(Unaudited)
Assets	*(Dollars and shares in thousands, except per share data)*		
Investments	$ 4,124,650	$ 3,729,151	$ 3,512,960
Cash and cash equivalents	508,319	427,912	561,097
Investments in unconsolidated subsidiaries	151,226	309,800	1,133,727
Reinsurance recoverables	314,615	36,917	3,470
Deferred policy acquisition costs	69,969	59,711	93,178
Property, equipment and software, net of accumulated depreciation and amortization	155,440	161,762	169,740
Other assets	396,938	345,187	227,887
Total assets	**$ 5,721,157**	**$ 5,070,440**	**$ 5,702,059**
Liabilities			
Reserve for losses and loss adjustment expenses	$ 2,289,374	$ 1,242,599	$ 506,951
Unearned premiums	631,483	611,247	571,804
Debt	604,694	496,593	496,593
Other liabilities	187,021	207,039	366,506
Total liabilities	**3,712,572**	**2,557,478**	**1,941,854**
Shareholders' equity	**2,008,585**	**2,512,962**	**3,760,205**
Total liabilities and shareholders' equity	**$ 5,721,157**	**$ 5,070,440**	**$ 5,702,059**
Basic shares issued and outstanding	**81,245**	**81,120**	**86,513**
Book value per share	**$ 24.72**	**$ 30.98**	**$ 43.46**

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