



The PMI Group, Inc.
quartered in California

through its subsidiaries, is one of the
private mortgage insurers in the United States,
Australia, New Zealand and the European
Union, as well as the largest mortgage
reinsurer in Hong Kong. Mortgage insurance
protects mortgage lenders and investors
against potential losses in the event

Financial highlights

<i>(In thousands, except per share data)</i>	2001	2000	1999
REVENUES	\$ 936,963	\$ 762,572	\$ 670,124
NET INCOME	\$ 307,212	\$ 260,212	\$ 204,466
TOTAL ASSETS	\$ 2,989,952	\$ 2,392,657	\$ 2,100,762
SHAREHOLDERS' EQUITY	\$ 1,786,688	\$ 1,499,211	\$ 1,217,268
SHARES OUTSTANDING	44,581,302	44,309,922	44,702,080
RETURN ON EQUITY	19.4%	19.9%	18.5%
PER COMMON SHARE:			
NET INCOME <i>(diluted)</i>	\$ 6.78	\$ 5.78	\$ 4.52
NET OPERATING INCOME*	6.88	5.85	4.51
DIVIDENDS	0.16	0.16	0.14
BOOK VALUE PER SHARE	40.20	33.83	27.23
MARKET VALUE:			
CLOSING	\$ 67.01	\$ 67.69	\$ 48.81
HIGH	74.50	74.94	55.50
LOW	48.38	33.50	26.67

*Excludes capital gains and losses, extraordinary and non-recurring items.



The statements contained in this document regarding 2002 and beyond are forward-looking statements that are subject to a number of risks and uncertainties and actual results may differ dramatically. Please refer to our SEC filings for more information on the statements and risk factors that could cause actual results to differ.

United States

Ireland

United Kingdom

Australia

New Zealand

Hong Kong

2001 Highlights

Ninth consecutive year of record revenue and net income

Operating earnings per share up 18%

Increased shareholder equity to almost \$1.8 billion

Achieved 19.4% return on common equity

Approaching \$3 billion in assets

Increased insurance in force worldwide by 31% to over \$160 billion

Insured over 1.5 million families worldwide

Maintained leadership in affordable housing programs

Increased combined new insurance written worldwide by 76% to over \$63 billion

Almost 100% increase in earnings from strategic investments

Key Strategies

Focus on core mortgage insurance business

Produce a high return on equity

Achieve profitable growth through global expansion and diversification

Customer Profile

Mortgage Originators

Mortgage-Backed Security Issuers

Mortgage Investors

Product		Company	Claims-Paying Ability Ratings
Mortgage Insurance	<i>United States</i>	PMI Mortgage Insurance Co.	AA+ Standard & Poor's
			Aa2 Moody's Investors Service
			AA+ Fitch Ratings
	<i>Australia - New Zealand</i>	PMI Mortgage Insurance Ltd	AA Standard & Poor's
			Aa3 Moody's Investors Service
			AA Fitch Ratings
	<i>Europe</i>	PMI Mortgage Insurance Company Limited	AA Standard & Poor's
			Aa3 Moody's Investors Service
			AA Fitch Ratings
Title Insurance		American Pioneer Title Insurance Company	AA Fitch Investors Service
			A" Demotech
			A Lace
Financial Guaranty		RAM Reinsurance Company Ltd.	AAA Standard & Poor's
			Aa3 Moody's Investors Services
Special Servicing Service		Fairbanks Capital Holding Corp. (45% ownership)	Approved subprime servicer Standard & Poor's
			Approved subprime servicer Moody's Investors
			Rss1 Fitch Ratings
Nonprofit/Community		The PMI Foundation	



The PMI Group, Inc. is headquartered in California and, through its subsidiaries, is one of the largest private mortgage insurers in the

United States, Australia, New Zealand and the European Union, as well as the largest mortgage guaranty reinsurer in Hong Kong. Mortgage insurance protects mortgage lenders and investors against potential losses in the event of borrower default. By covering default risk on residential mortgage loans, mortgage insurance facilitates the sale of low downpayment mortgages in the secondary mortgage market. It also expands homeownership opportunities by enabling people to buy a home with a downpayment of less than twenty percent. The PMI Group, Inc. is also a leader in credit risk management and development of structured credit enhancement solutions, providing various products and services for the home mortgage finance industry, as well as title insurance.

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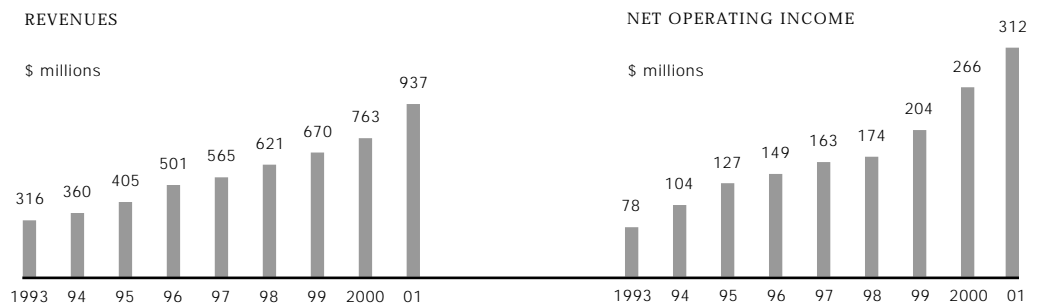
Dear Shareholders,

In the wake of 2001, a year marked by devastating terrorist attacks on our country and our way of life, The PMI Group, Inc. extends its sympathy to the victims of this disaster and to the families and friends of those who gave their lives. Keeping our country and our economy strong is an important contribution to our nation's recovery that every business can make, and PMI is no exception. During a challenging year on many fronts, we grew a quality book of core business, expanded our affordable housing efforts for the underserved, diversified our global interests, and extended our strategic reach in title insurance and financial services. Our company continues to represent growth, prosperity, and optimism for the future.

PMI's outstanding performance in 2001 included record new insurance written, strong earnings growth, record revenues, and continued successful diversification. We facilitated homeownership for 1.5 million families worldwide. Through consistent revenue and earnings growth, we deliver strong results to our shareholders.

2001 Financial Highlights

- Ninth consecutive year of record revenue and net income
- Operating earnings per share grew 18%
- Increased shareholder equity to almost \$1.8 billion
- Achieved 19.4% return on common equity
- Increased insurance in force worldwide by 31% to over \$160 billion
- Increased combined new insurance written worldwide by 76% to over \$63 billion
- Nearly 100% increase in earnings from strategic investments



Core Mortgage Insurance

Led by our core business, U.S. Mortgage Insurance Operations, PMI's consolidated net operating income, which excludes realized capital losses and extraordinary items, grew to \$312 million. We are especially pleased that we grew our insurance in force in the U.S. by 13% yet there was only a modest increase in our expense ratio. We accomplished this during a year when we wrote a record volume of new insurance in the largest mortgage origination market ever for the United States. We continued to outpace the growth of the industry by increasing our market share to 18.4% (including CMG). Our high quality book of business performed well with only a moderate increase in losses in 2001. This performance came at a time when our portfolio has grown significantly over the past few years.

Global Expansion and Diversification

In each of the previous two years, the percentage of pre-tax earnings contributed by Strategic Investments, which includes International Mortgage Insurance Operations, Lender Services and Financial Guaranty, has nearly doubled. Its percentage contribution to pre-tax earnings in 2001 was approximately 15%, up from 7.8% in 2000.

In International Mortgage Insurance we expect to build on this progress by introducing new products and continuing penetration into the large lender segment in Australia, and building on our initial successes in Europe.

American Pioneer Title Insurance Company, our first strategic investment, had a very successful year with over 50% increase in revenue and net income. APTIC is now licensed in 46 states and on track in expanding our business to become a nationwide title insurance provider.

We doubled our ownership interest in Fairbanks Capital and now own approximately 45% of the company, becoming the largest single owner. Fairbanks acquires, services and resolves non-performing and underperforming single-family residential mortgages. In addition to providing to PMI strategic and counter-cyclical benefits, Fairbanks' special servicing expertise can be applied to our loss mitigation techniques.

Contributing to the Communities We Serve

PMI continues to contribute to many worthy organizations throughout our global community through our nonprofit organization, The PMI Foundation. Organizations receiving contributions from PMI ranged from the Red Cross, NYSE Fallen Heroes Fund and the Australian Intensive Care Foundation to the National Association of Affordable Housing Lenders.



PMI continued its work with Habitat for Humanity in the United States while expanding our efforts to the Habitat affiliates in Australia, New Zealand, and Europe. These efforts are a complement to our Emerging Markets Program that facilitates homeownership among underserved groups and minorities. A sampling of these diverse builds included a home for a Lakota Sioux family on the Rosebud Indian Reservation in South Dakota; a "cross-community" homes project in Belfast, Northern Ireland, fostering Protestant and Catholic families living side by side; and a home for a couple and their five children in Sydney, Australia.

We also continue our efforts to expand homeownership opportunities in urban areas with our Gateway Cities program that provides revolving funds for acquisition and rehabilitation of single family homes that are then sold to neighborhood residents. Our support of Social Compact and its work to attract private investment capital to inner city neighborhoods to generate jobs and housing is also a key focus of our urban homeownership efforts. Our newest affiliation is the National Council of La Raza, which we will work closely with to create opportunities to expand homeownership opportunities within the Hispanic community.

Vision for the Future

PMI has a bright future as we enter our 30th year, seven as a public company. It is marked by a new logo that symbolizes our financial strength, innovation, and dedication to homeownership. Our new logo is an international brand for the global company we have become. By continuing to focus on our core competencies, we have succeeded in executing our diversification strategy



in order to broaden our revenue and profit sources, leveraging our mortgage credit risk management expertise. Our move to our World Headquarters is also symbolic of PMI's continued growth and evolution as a company.

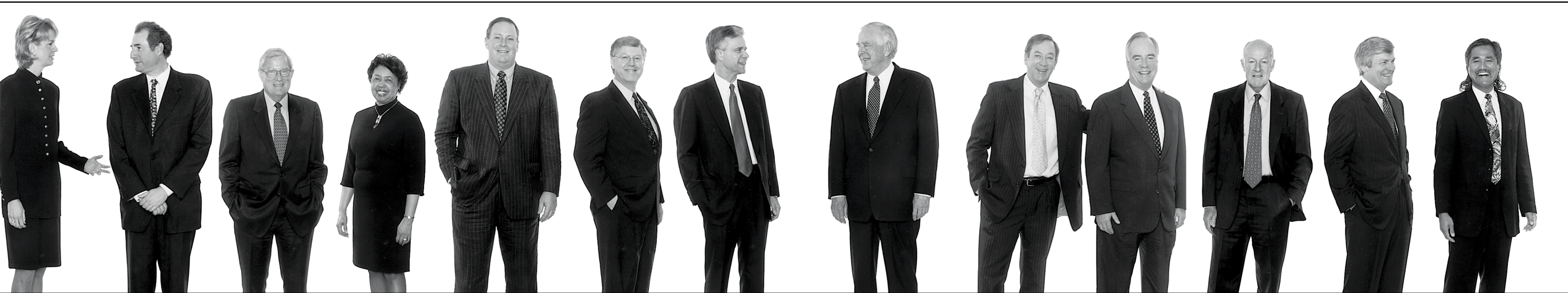
We are anticipating another strong year for the U.S. mortgage market with approximately \$1.5 trillion in mortgage originations. Experts predict continued increases in homeownership levels, affordability and purchase activity. This should bode well for our U.S. mortgage insurance and title insurance businesses. We are looking for a strong year as well in Australia, New Zealand and Europe as the demand for our diversified portfolio of products continues.

PMI is recognized by our shareholders and analysts as the industry leader in financial disclosure, a position we intend to maintain for the future. We set a high standard for disclosure when we first became a public company in 1995, and we have continued to set an example ever since. We work to ensure our employees understand all aspects of our business and the importance of our policies concerning disclosure. It is our commitment to provide our shareholders and potential investors with the information they require to make an informed decision on their investment in PMI.

I would like to once again thank you, as shareholders, for your continued support. As you can see, PMI had a very successful year in 2001. I am proud of the efforts from the members of the PMI team who are committed to providing value to our shareholders and creating a bright future for our company. Our leadership, dedication, and focus will continue to be the foundation for success in 2002 and in the years to come.

W. Roger Haughton
Chairman and Chief Executive Officer

Board of Directors



Left to right

MARIANN BYERWALTER ⁽¹⁾
Chairman
JDN Corporate Advisory LLC

DR. KENNETH T. ROSEN ⁽³⁾
Professor of Business Administration
Haas School of Business
Chairman
Fisher Center for Real Estate and Urban Economics
(both at UC Berkeley)

DONALD C. CLARK ^(1, 2)
Chairman and Chief Executive Officer (retired)
Household International, Inc.

MARY LEE WIDENER ⁽¹⁾
Chief Executive Officer
Neighborhood Housing Services of America, Inc.
Chairperson
Federal Home Loan Bank of San Francisco

W. ROGER HAUGHTON
Chairman and Chief Executive Officer
The PMI Group, Inc.

L. STEPHEN SMITH
President and Chief Operating Officer
The PMI Group, Inc.

RONALD H. ZECH ⁽³⁾
Chairman, Chief Executive Officer and President
GATX Corporation

WAYNE E. HEDIEN ^(2, 3)
Chairman (retired)
The Allstate Corporation

JOHN D. ROACH ^(2, 3)
Chairman and Chief Executive Officer
Stonegate International

DR. JAMES C. CASTLE ⁽¹⁾
Chairman and Chief Executive Officer
DST Systems of California, Inc.

RICHARD L. THOMAS ⁽¹⁾
Chairman (retired)
First Chicago NBD Corporation

LOUIS G. LOWER II ⁽¹⁾
Chief Executive Officer and President
Horace Mann Educators Corp.

RAYMOND L. OCAMPO JR. ⁽³⁾
Executive Director (retired)
Berkeley Center for Law & Technology
Senior Vice President, General Counsel & Secretary (retired)
Oracle Corporation

⁽¹⁾Audit Committee ⁽²⁾Governance and Nominating Committee ⁽³⁾Compensation Committee

Management Team



Left to right

TONY PORTER
Executive Managing Director/Chief Operating Officer
PMI Mortgage Insurance Company Limited (Europe)

DAVID H. KATKOV
EVP, Product Development & Pricing
PMI Mortgage Insurance Co. (United States)

L. STEPHEN SMITH
President and Chief Operating Officer
The PMI Group, Inc.

BRADLEY M. SHUSTER
EVP, Corporate Development
The PMI Group, Inc.

IAN GRAHAM
Managing Director
PMI Mortgage Insurance Ltd (Australia/New Zealand)

JOHN H. FULFORD
EVP, National Sales
PMI Mortgage Insurance Co. (United States)

JOHN M. LORENZEN, JR.
EVP/Chief Financial Officer
The PMI Group, Inc.

DANIEL L. ROBERTS
EVP/Chief Information Officer
The PMI Group, Inc.

ROY W. LASSITER
Chairman and Chief Executive Officer
American Pioneer Title Insurance Company

VICTOR J. BACIGALUPI
EVP/General Counsel/Secretary
The PMI Group, Inc.

W. ROGER HAUGHTON
Chairman and Chief Executive Officer
The PMI Group, Inc.

CLAUDE J. SEAMAN
President, International & Strategic Investments
The PMI Group, Inc.