

RADIAN GROUP INC
Form DEF 14A
April 10, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Radian Group Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

- (1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

- (4) Proposed maximum aggregate value of transaction:

- (5) Total fee paid:

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- (1) Amount previously paid:

- (2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

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Radian Group Inc.

1601 Market Street

Philadelphia, Pennsylvania

19103-2337

800.523.1988

215.231.1000

April 10, 2015

Dear Stockholder:

You are cordially invited to attend the 2015 Annual Meeting of Stockholders of Radian Group Inc., which will be held at our headquarters, 1601 Market Street, 12th Floor, Philadelphia, Pennsylvania 19103, at 9:00 a.m. local time on May 13, 2015. The accompanying Notice of 2015 Annual Meeting of Stockholders and Proxy Statement describe the items to be considered and acted upon by the stockholders at the meeting.

Regardless of whether you plan to attend the annual meeting, please sign, date and return the enclosed proxy card as soon as possible so that your shares can be voted in accordance with your instructions. If you attend the meeting, you may revoke your proxy, if you wish, and vote personally. Because the representation of stockholders at the annual meeting is very important, we thank you in advance for your participation.

Sincerely,

Edward J. Hoffman

General Counsel and Corporate Secretary

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RADIAN GROUP INC.

1601 Market Street

Philadelphia, Pennsylvania 19103

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

Radian Group Inc. will hold its 2015 Annual Meeting of Stockholders as provided below:

Date and Time: Wednesday, May 13, 2015, 9:00 a.m. local time

Place: Radian Group Inc.

1601 Market Street, 12th Floor

Philadelphia, Pennsylvania 19103

Items of Business: (1) Elect ten directors, each for a one-year term, to serve until their successors have been duly elected and qualified;

(2) Conduct an advisory vote to approve the overall compensation of our named executive officers;

(3) Ratify the appointment of PricewaterhouseCoopers LLP as Radian's independent registered public accounting firm for the year ending December 31, 2015; and

(4) In addition to the items above, the Company may transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

Record Date: Stockholders of record as of the close of business on March 18, 2015 will be entitled to notice of, and to vote at, the annual meeting or any adjournment or postponement of the meeting.

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Regardless of whether you plan to attend Radian's annual meeting, please submit your proxy with voting instructions. To submit your proxy by mail, please complete, sign, date and return the accompanying proxy card in the enclosed self-addressed, stamped envelope. Any stockholder as of the record date who attends the Radian annual meeting may revoke any previous proxy and vote in person instead of by proxy. Also, a proxy may be revoked in writing at any time before the Radian annual meeting.

By Order of the Board of Directors,
Edward J. Hoffman
General Counsel and Corporate Secretary

Philadelphia, Pennsylvania

April 10, 2015

Important Notice Regarding the Availability of Proxy Materials for the 2015 Annual Meeting of Stockholders to be held on May 13, 2015:

This proxy statement and our 2014 Annual Report to Stockholders are available at www.radian.biz/StockholderReports.

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RADIAN GROUP INC.

1601 Market Street

Philadelphia, Pennsylvania 19103-2337

www.radian.biz

PROXY STATEMENT

FOR

2015 ANNUAL MEETING OF STOCKHOLDERS

The board of directors of Radian Group Inc. (Radian or the Company) is furnishing this proxy statement to solicit proxies for use at Radian s 2015 Annual Meeting of Stockholders (the Annual Meeting). A copy of the Notice of 2015 Annual Meeting of Stockholders accompanies this proxy statement. These materials are also available on the internet at www.radian.biz/StockholderReports. This proxy statement and the accompanying proxy card will be mailed to stockholders beginning on or about April 10, 2015, in order to furnish information relating to the business to be transacted at the meeting.

INFORMATION ABOUT VOTING

Who Can Vote

Only stockholders of record on the close of business on March 18, 2015, the record date, may vote at the Annual Meeting. On the record date, 191,403,119 shares of our common stock were outstanding and entitled to vote at the Annual Meeting. For each share of common stock you held on the record date, you will be entitled to one vote on each matter submitted to a vote of stockholders. There is no cumulative voting.

What Shares Can Be Voted

You may vote all shares of our common stock owned by you as of the close of business on the record date.

These shares include:

Shares held directly in your name as the stockholder of record; and

Shares of which you are the beneficial owner but not the stockholder of record. These are shares not registered in your name but registered in street name through an account with a bank, broker or other holder of record (a nominee), including shares owned by the Radian Group Inc. Savings Incentive Plan Stock Fund.

How Shares May Be Voted

Before the Annual Meeting, you can vote by completing, signing and returning by mail the enclosed proxy card.

Many of our stockholders who hold their shares in street name through a nominee have the option to submit their proxies or voting instructions to their nominee electronically by telephone or the internet. These stockholders should review and follow the voting instructions forwarded by their nominee. Our stockholders of record may not vote by telephone or internet.

You also may vote your shares at the Annual Meeting if you attend in person. If you hold your shares in street name and wish to vote in person at the Annual Meeting, you must obtain a legal proxy from your nominee.

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You may revoke your proxy at any time before it is voted by providing to our Corporate Secretary a written instrument revoking it or a duly executed proxy bearing a later date. You also may revoke your proxy by attending the Annual Meeting and giving notice of revocation. Attendance at the Annual Meeting, by itself, will not constitute revocation of a proxy.

Your vote is important to Radian. We encourage you to complete, sign and return the proxy card accompanying this proxy statement even if you plan to attend the Annual Meeting. You can always change your vote before the meeting or at the meeting, as described above.

Quorum and Votes Required for Approval

A quorum is necessary for us to conduct the business of the Annual Meeting. This means that holders of at least a majority of the shares entitled to vote must be present at the meeting, either in person or represented by proxy. Your shares are counted as present at the Annual Meeting if you attend the Annual Meeting and vote in person or if you properly complete and return a proxy.

The following table summarizes the vote threshold required for approval of each proposal. In addition, the table shows the effect on the outcome of the vote of: (i) abstentions; (ii) uninstructed shares held by brokers (which result in broker non-votes when a beneficial owner of shares held in street name does not provide voting instructions and, as a result, the institution that holds the shares is prohibited from voting those shares on certain proposals); and (iii) signed but unmarked proxy cards.

		Votes Required	Effect of Abstentions (1)	Uninstructed Shares/ Effect of Broker Non-votes (1)	Signed but Unmarked Proxy Cards (2)
	Proposal	for Approval			Voted For
<u>Proposal 1</u>	Election of directors	Majority of votes cast	No effect ⁽³⁾	Not voted/No effect	Voted For
<u>Proposal 2</u>	Advisory, non-binding vote to approve executive compensation	Majority of shares present in person or represented by proxy and entitled to vote	Same effect as a vote Against	Not voted/No effect	Voted For
<u>Proposal 3</u>	Ratification of the appointment of PricewaterhouseCoopers LLP as Radian's independent registered public accounting firm	Majority of shares present in person or represented by proxy and entitled to vote	Same effect as a vote Against	Discretionary vote by broker	Voted For

- (1) Abstentions and broker non-votes are included for purposes of determining whether a quorum is present, however, abstentions are considered entitled to vote whereas broker non-votes are not.
- (2) If you complete your proxy card properly, but do not provide instructions on your proxy card as to how to vote your shares, your shares will be voted as shown in this column and in accordance with the judgment of the individuals named as proxies on the proxy card as to any other matter properly brought before the Annual Meeting.

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- (3) Under Section 4.13(f) of our Amended and Restated By-Laws (the By-Laws), abstentions are not counted as votes For or Against a director s election.

As described in the table above, our directors are elected by majority voting (Proposal 1). In accordance with our By-Laws, each of our incumbent directors submits a conditional resignation in advance of the Annual

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Meeting that will be effective if the number of shares voted For that director does not exceed the number of shares voted Against that director and the board accepts the director's resignation, unless the director retires from the board before the resignation becomes effective. For an uncontested election of directors, a director is elected only if the number of shares voted For that director exceeds the number of shares voted Against that director. If a sitting director fails to receive a majority of the votes cast, our board of directors will determine within 90 days of the Annual Meeting whether to accept the resignation of such director, unless the director retires during this 90 day period. If a nominee fails to receive a majority of the votes cast and the board accepts the director's resignation or the director retires, there would be a vacancy created on the board. Our board would then have the option under our By-Laws either to appoint someone to fill the vacancy or to reduce the size of the board.

Where to Find Voting Results

We will announce the voting results at the conclusion of the Annual Meeting, if practicable, and we will publish the voting results in a Current Report on Form 8-K that will be filed with the United States Securities and Exchange Commission (SEC) within four business days after the conclusion of the Annual Meeting.

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PROPOSAL 1

ELECTION OF DIRECTORS

Our Amended and Restated Certificate of Incorporation and our By-Laws provide for the annual election of directors. These organizational documents also provide that the number of directors, which shall not be less than nine or more than fourteen, shall be determined by our board of directors.

Upon election, each of our directors serves a one-year term and until his or her successor has been duly elected and qualified, or until his or her earlier removal or resignation. Our board of directors currently consists of Herbert Wender, David C. Carney, Howard B. Culang, Lisa W. Hess, Stephen T. Hopkins, Sanford A. Ibrahim, Brian D. Montgomery, Gaetano Muzio, Jan Nicholson, Gregory V. Serio and Noel J. Spiegel.

Upon the completion of her current term at the 2015 Annual Meeting of Stockholders, Ms. Nicholson will be retiring from the board, and therefore, will not be standing for reelection. In light of this, the board has approved a reduction in the size of the board from 11 to ten members, effective upon Ms. Nicholson's retirement from the board. Upon the recommendation of the Governance Committee of our board of directors, the board has nominated each of our other current directors for reelection. All nominees (other than Mr. Ibrahim) are independent under applicable independence rules of the SEC and New York Stock Exchange (NYSE), and all nominees have consented to be named in this proxy statement and to serve if elected. If, at the time of the Annual Meeting, any nominee is not available for election, proxies may be voted for another person nominated by the board, or the size of the board may be reduced.

Biographical Information for Director Nominees

Biographical information for each of the director nominees is provided below along with a discussion of each nominee's specific experience, qualifications, attributes or skills that have led the board to conclude that he or she should be nominated for election or reelection.

Herbert Wender

Mr. Wender, 77, has served as non-executive Chairman of our board of directors since May 2005. He also previously served in this role from August 1992 to May 1999 and as Lead Director from May 1999 until his current appointment. Mr. Wender served as Chairman of the Board and Chief Executive Officer of Radian Guaranty Inc., our principal mortgage insurance subsidiary (Radian Guaranty), from June 1983 until July 1992. Between 1998 and 2001, Mr. Wender also served as a director and Vice Chairman of LandAmerica Financial Group, Inc., a title insurance company. Before that, he was Chairman of the Board and Chief Executive Officer of LandAmerica Financial Group's predecessor, Commonwealth Land Title Insurance Company. He has been a director of Radian since July 1992.

Mr. Wender's extensive leadership experience on our board of directors, his intimate familiarity with Radian, his prior management experience as Chief Executive Officer of our mortgage insurance subsidiary and his industry experience give him the expertise, skills and judgment to serve as a director and non-executive Chairman. Under Mr. Wender's guidance, our board of directors oversaw our navigation through the financial crisis and economic downturn with a thoughtful, measured approach leading to Radian's return to profitability in 2014 for the first time in eight years, and positioning us well for the future.

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David C. Carney

Mr. Carney, 77, has served as President of Carney Consulting since March 1995. He served as Executive Vice President of Jefferson Health Systems, the parent company of a regional network of health care providers, from October 1996 until May 1999. Before that, he served as Chief Financial Officer of CoreStates Financial Corp, a banking and financial services holding company. Mr. Carney is a Certified Public Accountant and served as Philadelphia Area Managing Partner for Ernst & Young LLP from 1980 through 1991. Mr. Carney served as Chairman of the Board of ImageMax, Inc., a provider of outsourced document management solutions, from 1999 through 2003. Mr. Carney currently serves as a director and Chairman of the Audit Committee of AAA Northern California, Nevada and Utah Insurance Exchange, a property and casualty insurer. He also serves as a director of AAA Mid-Atlantic, Inc. and AAA Club Partners. He has been a director of Radian since November 1992.

Mr. Carney's service as a director of Radian gives him significant knowledge of Radian, its history and its businesses. Mr. Carney's experience as a CPA, as managing partner of the Philadelphia area offices of one of the big four nationally recognized accounting firms, and as a Chief Financial Officer of a large, publicly-traded financial institution give him particular financial expertise and management experience relevant to his qualifications as a director and as the Chair of the Audit Committee of our board of directors. In addition, Mr. Carney's consulting experience and service on other boards of directors give him a broad perspective and insight on effectively running and advising a business.

Howard B. Culang

Mr. Culang, 66, served as President of Laurel Corporation, a financial services firm, from January 1996 through December 2011. Mr. Culang was a Managing Member of JH Capital Management LLC, a management company for a private equity fund, from July 1998 to December 2010, and of Cognitive Capital Management LLC, a management company for a fund of hedge funds, from April 2001 to December 2005. In the past, he has served as Vice Chairman of Residential Services Corporation of America, the holding company for Prudential Home Mortgage, Lender's Service, Inc. and Prudential Real Estate Affiliates, and as a Managing Director and member of the Executive Committee of the Prudential Home Mortgage Company, where he worked from November 1985 to December 2005. Mr. Culang also held a number of senior management positions with Citibank, N.A., including as a Senior Credit Officer. Mr. Culang currently serves as a director of ioSemantics, LLC, a privately owned software company. He has been a director of Radian since June 1999.

Mr. Culang's service as a director of Radian gives him significant knowledge of Radian, its history and its businesses. In addition, his significant management experience in the mortgage and financial services industries gives him valuable expertise and a broad understanding of the mortgage business. These experiences are particularly relevant in Mr. Culang's role as Chair of the Credit Committee of our board of directors.

Lisa W. Hess

Ms. Hess, 59, has been President and Managing Partner of SkyTop Capital Management LLC, an investment fund, since October 2010. From October 2002 to December 2008, she was the Chief Investment Officer of Loews Corporation, a diversified holding company, where she was responsible for

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managing approximately \$50 billion in assets. Ms. Hess was a Founding Partner of Zesiger Capital Group, a diversified money manager, and also has held positions at First Boston Corporation, Odyssey Partners and Goldman, Sachs & Co. She has served on the U.S. Treasury Debt Advisory Committee and the Federal Reserve Bank of New York Investors Advisory Committee. Since June 2009, Ms. Hess has been a Trustee of Teachers Insurance and Annuity Association (TIAA), serving on the investment, real estate, customers and products and corporate governance committees. She has been a director of Radian since February 2011.

Ms. Hess's extensive experience managing financial assets, including in her current role with SkyTop Capital Management LLC, as a chief investment officer of Loews Corporation, and as a member of various investment and advisory committees, gives her a broad range of expertise with respect to finance, investments and the capital markets that is particularly beneficial to the board and in her role as Chair of the Finance and Investment Committee of the board. Her position as President and Managing Partner of SkyTop Capital Management LLC brings a current, day-to-day business perspective that is valuable in enhancing board oversight in today's operating environment. In addition, her experience serving on the corporate governance committee at TIAA brings an added perspective and insight to the board's consideration of corporate governance issues and the concerns of institutional shareholders.

Stephen T. Hopkins

Mr. Hopkins, 64, served most recently as President of Hopkins and Company LLC, a management consulting business, from February 1999 to 2014. From 1976 to January 1999, Mr. Hopkins held a number of managerial positions with Federal Home Loan Mortgage Corporation, a government sponsored enterprise that purchases and securitizes qualified mortgage loans, serving as Senior Vice President and National Sales Director from April 1994 through August 1998. He has been a director of Radian since June 1999.

Mr. Hopkins's service as a director of Radian gives him significant knowledge of Radian, its history and its businesses. Additionally, Mr. Hopkins's experience of more than 20 years with the Federal Home Loan Mortgage Corporation gives him specialized insight into the home mortgage industry and the role of government sponsored enterprises within the industry. Because Radian works closely on a regular basis with such government sponsored enterprises, Mr. Hopkins's experience is especially valuable in this regard. Having served as an executive officer, he has broad general management experience and expertise to apply to many aspects of Radian's business, including in his role as Chair of the Compensation and Human Resources Committee of our board of directors.

Sanford A. Ibrahim

Mr. Ibrahim, 63, has served as Radian's Chief Executive Officer since May 2005. Before joining Radian, from 1999 until April 2005, Mr. Ibrahim served in a number of executive capacities for GreenPoint Financial, including as President and Chief Executive of GreenPoint Mortgage Funding, Inc., a residential mortgage lender and as Chief Operating Officer of the combined mortgage businesses of GreenPoint Financial Corp., the former parent company of GreenPoint Mortgage Funding Inc. Mr. Ibrahim is a member of the board of directors of the California Mortgage Bankers Association and he currently serves on the board of the Institute for International Education, New

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York, as well as on the organization's Western Regional Advisory Board. In the past, he also has served on the Residential Board of Governors of the Mortgage Bankers Association of America and on the Fannie Mae National Advisory Council. He has been a director of Radian since joining Radian in May 2005.

Mr. Ibrahim was appointed to be our CEO because of his strong leadership skills and his exceptional industry knowledge, background and reputation. As discussed above, Mr. Ibrahim has extensive industry-specific management experience and expertise and has served in leadership roles in relevant professional associations. In addition, in his role as both a board member and CEO, Mr. Ibrahim serves as an important liaison between the board and management, a role that is extremely valuable in helping the board perform its oversight function. Importantly, Mr. Ibrahim's strong leadership as CEO was instrumental in guiding us through the financial crisis, returning Radian to profitability in 2014 for the first time in eight years and positioning us for long-term success.

Brian D. Montgomery

Mr. Montgomery, 58, serves as Vice Chairman of The Collingwood Group, LLC (Collingwood), a business consulting firm that provides advice to corporate leadership on a range of issues within the financial services and mortgage banking industries. Prior to joining Collingwood in August 2009, Mr. Montgomery served as the Assistant Secretary for Housing and Commissioner of the Federal Housing Administration (FHA) within the U.S. Department of Housing and Urban Development from June 2005 to July 2009. Before serving as Commissioner of the FHA, from January 2001 to April 2005, Mr. Montgomery served in the White House as Deputy Assistant to the President and Cabinet Secretary, as well as Deputy Assistant to the President and Director of Presidential Advance. Mr. Montgomery was Chairman of the Hope for Homeowners Oversight Board from 2008 to 2009 and served as a board member of the Federal Housing Finance Board from 2005 to 2008. In 2014, Mr. Montgomery became a director of Reverse Mortgage Investment Trust Inc., a real estate finance company that is focused on acquiring, originating, financing and managing home equity conversion mortgage loans, home equity conversion mortgage backed securities guaranteed by the Government National Mortgage Association and other real estate-related assets. He has been a director of Radian since May 2012.

Mr. Montgomery possesses a significant understanding of the mortgage industry, a deep knowledge of federal housing policies and broad experience in the federal regulation of housing. This expertise is extremely valuable to the Company as it seeks to navigate and capitalize upon the regulatory and legislative changes in the housing and mortgage finance industries.

Gaetano Muzio

Mr. Muzio, 61, is the co-founder of Ocean Gate Capital Management, LP, an investment fund. For 27 years prior to founding Ocean Gate, Mr. Muzio worked at Goldman Sachs & Co. in various positions, including serving as a Managing Director from 1996 until 2004. In 1986, he became the first Global Mortgage and Asset Backed Sales Manager responsible for creating the sales team and strategy for, and was also one of the founding members of, Goldman's Mortgage and Asset Backed Department. In 1990, he became a

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general partner and Co-Head of Goldman's Mortgage Department, with responsibilities for overseeing trading, risk management, sales, research, structured finance and compliance for the department. He has been a director of Radian since May 2012.

Mr. Muzio possesses a broad understanding of the mortgage industry. In addition, his significant experience in finance, risk management and corporate governance and strategy gives him extensive expertise in several areas that are valuable to the board's oversight responsibilities.

Gregory V. Serio

Mr. Serio, 53, has served as a partner with Park Strategies, LLC, a management and government relations consulting firm, since January 2005. He currently serves as the head of Park Strategies' risk and insurance management practice group. Prior to joining Park Strategies, Mr. Serio served as Superintendent of Insurance for the State of New York from May 2001 to January 2005. Before serving as Superintendent, from January 1995 until his appointment as Superintendent in 2001, Mr. Serio served as First Deputy Superintendent and General Counsel of the New York Insurance Department. Mr. Serio also has served as the Chairman of the Government Affairs Task Force of the National Association of Insurance Commissioners (NAIC) and as a member of and NAIC representative on the Financial Services and Banking Information Infrastructure Committee of the United States Treasury. He has been a director of Radian since May 2012.

Mr. Serio possesses extensive knowledge and experience in the insurance industry. His in-depth understanding of insurance regulatory matters, combined with his experience in risk management and corporate governance matters, further strengthens the board's oversight and perspective in these areas.

Noel J. Spiegel

Mr. Spiegel, 67, was a partner at Deloitte & Touche, LLP, a nationally recognized accounting firm, where he practiced from September 1969 until May 2010. In his career at Deloitte, he served in numerous management positions, including as Deputy Managing Partner; member of Deloitte's Executive Committee; Managing Partner of Deloitte's Transaction Assurance practice, Global Offerings and IFRS practice and Technology, Media and Telecommunications practice (Northeast Region); and as Partner-in-Charge of Audit Operations in Deloitte's New York Office. Mr. Spiegel currently serves on the boards of directors and as Chair of the Audit Committees of American Eagle Outfitters, Inc. and Vringo, Inc. He has been a director of Radian since February 2011.

Mr. Spiegel's significant prior service as a partner at Deloitte provides him with a depth of experience in management, financial reporting, risk management, and public accounting and finance that provides him with the financial expertise that is of significant value and relevance to the board and the Audit Committee of our board of directors. In addition, his work with many public companies as an independent auditor provides him with a unique perspective and depth of insight with respect to corporate governance, board leadership and corporate strategy.

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Additional Information Regarding Directors

For additional information regarding our board of directors, its standing committees, and our standards for corporate governance and director independence, refer to the sections entitled "Corporate Governance and Board Matters" and "Compensation of Executive Officers and Directors" below.

Recommendation

RADIAN'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE DIRECTOR NOMINEES. SIGNED PROXIES WILL BE VOTED FOR EACH OF THE DIRECTOR NOMINEES UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.

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PROPOSAL 2

**ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED
EXECUTIVE OFFICERS**

We are providing our stockholders with the opportunity to approve, on an advisory, non-binding basis, the compensation of our named executive officers (NEOs) as disclosed in the Compensation of Executive Officers and Directors Compensation Discussion and Analysis section of this proxy statement (the Compensation Discussion and Analysis) and the accompanying tabular and narrative disclosures. Previously, at our 2011 Annual Meeting of Stockholders, the Company's stockholders voted on an advisory basis in favor of holding annual advisory votes on our executive compensation program. Following that vote, our board of directors determined that the advisory vote on our executive compensation program should be held annually. This vote is intended to provide an overall assessment of our executive compensation program rather than focus on any specific item of compensation.

Our executive compensation program is designed to attract, motivate and retain high quality executive officers and to link our pay-for-performance philosophy with sound risk management practices and our overall business and strategic objectives. As further discussed below in the Compensation Discussion and Analysis, we believe 2014 represented an exceptional performance year for the Company and a year in which we continued to adhere to the key compensation principles that have guided our compensation decisions both during and since our emergence from the economic downturn. These include a heavy focus on performance-based variable compensation, challenging long-term incentive (LTI) metrics based on traditional measures of performance, and the use of discretion by the Compensation and Human Resources Committee of our board of directors (the Committee) only when coupled with disciplined decision making and transparency.

In 2014, the Company achieved full year operating profitability for the first time since 2006, benefitting from an improved macroeconomic environment and from specific actions taken by the NEOs to reduce exposures to insurance written before 2009 (legacy risk) that had resulted in losses and uncertainty in previous years. In addition, the Company aggressively pursued alternatives to improve its liquidity position and prepare Radian Guaranty for future compliance with the government-sponsored entities Fannie Mae and Freddie Mac (GSEs) proposed new Private Mortgage Insurance Eligibility Requirements (PMIERS). As a result of these efforts, during 2014, the Company entered into an agreement to sell Radian Asset Assurance Inc. (Radian Asset Assurance), its financial guaranty subsidiary, which has better positioned Radian Guaranty for future compliance with the PMIERS and also allows the Company to focus on its core strategy of growing its mortgage insurance business and developing products and services to satisfy the needs of participants in the mortgage and real estate services industries. Other performance highlights in 2014 include maintaining our position as the leading private mortgage insurer with respect to insurance-in-force and our acquiring Clayton in order to, among other things, provide the Company with a diversified fee-based revenue source.

Our achievements in 2014 translated into increased value for our stockholders. In 2014, our total stockholder return (TSR) was 18.5%, outperforming 87% of the Company's primary compensation peer group. In addition, our TSR was over 600% in the three year period from 2012 through 2014.

In considering the compensation of our NEOs in connection with this Proposal 2, we believe it is important to observe the following with respect to our 2014 executive compensation program:

Ø *We maintained a heavy focus on performance-based variable compensation.*

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Fixed compensation continues to represent a limited portion of our NEOs' total compensation. Base salary represented only 16% of Mr. Ibrahim's 2014 total target compensation and, on average, only 26% of the total target compensation for our other NEOs. A significant portion of the remaining target compensation is tied to, and contingent upon, Company and individual performance.

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- Ø *Our program demonstrated a strong correlation between pay and performance.*

The Committee funded 2014 short-term incentive (STI) awards above target based on the exceptional performance of our NEOs.

We believe 2014 was an exceptional performance year for the Company, as discussed above. Consistent with these positive trends, which resulted in significant stockholder value creation in 2014, the Committee awarded to our NEOs 2014 STI awards at levels above target. This stands in contrast to the performance years during and following the financial crisis (from 2007 through 2012), during which the NEOs received, on average, STI awards of 58% of target, with the CEO receiving no STI award in three of those years.

The Committee funded 2013 medium-term incentive (MTI) awards above target given the strong credit performance and projected profitability of our 2013 insured portfolio.

The 2013 MTI award was based on the credit performance of our 2013 mortgage insurance portfolio through the end of 2014. Based on the credit performance of this insured portfolio and the expected strong profitability of this portfolio, we believe this portfolio represents one of the strongest performing portfolios that we have ever written. As a result, the Committee awarded the maximum payout of 125% of target for the 2013 MTI awards.

- Ø *The Committee granted annual LTI awards with extremely challenging performance metrics, including performance-based equity awards that require both relative outperformance of our peers and strong absolute returns.*

Under our 2014 LTI awards, our NEOs will be entitled to a meaningful payout only if the Company continues to both outperform the market and produce meaningful returns to stockholders. This overall design, which is intended to further align the interests of our NEOs with those of our stockholders and to enhance long-term stockholder value, consists of the following:

The 2014 Performance-Based RSUs (as defined in the Compensation Discussion and Analysis) incorporate measures of absolute performance in addition to performance relative to the Company's peers. The 2014 Performance-Based RSUs require the Company to achieve at least a 25% TSR (on an absolute basis) over a three-year performance period for a NEO to be eligible to receive an award at 100% of target. Also, if the Company's TSR is negative over this three-year performance period, the NEO's maximum payout will be reduced to 50% of target, regardless of the degree to which the Company has outperformed relative to its peer group.

The 2014 Performance-Based Options (as defined in the Compensation Discussion and Analysis) only will vest if the closing price of the Company's common stock exceeds 125% of the option exercise price for ten consecutive trading days ending on or after the third anniversary of the grant date.

- Ø *We (1) provide limited perquisites to our NEOs (none to our CEO in 2014); (2) apply double-trigger vesting for change-of-control payments; (3) do not provide excise tax gross-ups; (4) prohibit speculative transactions in our stock; and (5) impose rigorous stock ownership requirements.*

- Ø *We adopted the Clawback Policy in 2014.*

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The board adopted the Radian Group Inc. Incentive Compensation Recoupment Policy (the Clawback Policy) that provides for the recoupment of incentive compensation in the event of a material restatement of the Company's financial results and/or a determination that the level of achievement of an objectively quantifiable financial performance measure or goal was materially overstated.

To fully appreciate and evaluate the Company's compensation program, we believe it is important to understand that more than most companies, our businesses were severely and negatively affected by the financial crisis and economic downturn that began in 2007. Given these circumstances, our story can be complex with

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respect to assessing our compensation program, in particular with regard to understanding certain payouts to our NEOs in current periods that are being made pursuant to programs implemented during the challenging operating environment of past periods. In order to better understand our compensation program in the context of our current and past performance, we urge you to read our Compensation Discussion and Analysis in its entirety.

While this vote is advisory and non-binding, our board of directors values the opinion of our stockholders and will take into account the outcome of the vote when considering future executive compensation matters. We are asking our stockholders to indicate their support for the compensation of our NEOs by voting **FOR** this proposal and the following resolution:

RESOLVED, that the Company's stockholders approve, on an advisory basis, the compensation of the named executive officers, as disclosed in the Company's Proxy Statement for the 2015 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures.

Recommendation