MGIC INVESTMENT CORP
Form 424B4
March 25, 2008

Table of Contents

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Registration Statement Nos. 333-149506
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Prospectus

37,333,333 Shares

MGIC Investment Corporation

Common Stock

We are offering 37,333,333 shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol MTG. On March 24, 2008, the last sale price of our common stock as reported on the New York Stock Exchange was $13.30 per share.

Before making any investment in the common stock, you should carefully consider the risks that are described in the Risk Factors section beginning on page 11 of this prospectus.

	Per Share	Total
Public offering price	$ 11.25000	$ 420,000,000
Underwriting discount	$ 0.50625	$ 18,900,000
Proceeds, before expenses, to us	$ 10.74370	$ 401,100,000

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

We have granted to the underwriters an option to purchase up to 5,600,000 additional shares of common stock on the same terms and conditions set forth above if the underwriters sell more than 37,333,333 shares of common stock in this offering. The underwriters can exercise this right at any time and from time to time, in whole or in part, within

30 days of the offering. The underwriters expect to deliver the shares of common stock to investors on or about March 28, 2008.

Banc of America Securities LLC

Deutsche Bank Securities **Keefe, Bruyette & Woods**
Fox-Pitt Kelton Cochran Caronia Waller **Piper Jaffray**

The date of this prospectus is March 25, 2008.

You should rely only on the information contained or incorporated by reference in this prospectus and any other offering material we or the underwriters provide. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of the date on the cover of this prospectus, or in the case of documents incorporated by reference, the date of such documents, regardless of the time of delivery of this prospectus or any sales of our common stock. Our business, financial condition, results of operations and prospects may have changed since those dates.

TABLE OF CONTENTS

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING INFORMATION	1
SUMMARY	2
RISK FACTORS	11
USE OF PROCEEDS	22
PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY	23
CAPITALIZATION	24
SELECTED HISTORICAL FINANCIAL INFORMATION	25
BUSINESS	27
MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	53
DESCRIPTION OF CAPITAL STOCK	77
UNDERWRITING	81
LEGAL MATTERS	85
EXPERTS	85
WHERE YOU CAN FIND MORE INFORMATION	85

Unless the context otherwise requires, references in this prospectus to our company, we, us, our or ours re MGIC Investment Corporation and its consolidated subsidiaries, and references to MGIC mean our primary insurance subsidiary, Mortgage Guaranty Insurance Corporation. Sherman Financial Group LLC, or Sherman, Credit-Based Asset Servicing and Securitization LLC, or C-BASS, and our other less than majority-owned joint ventures and investments are not consolidated with us for financial reporting purposes, are not our subsidiaries and are not included in the terms our company, we, us, our and ours and other si terms. The description of our business in this prospectus generally does not apply to our international operations which began in 2007, are conducted only in Australia and are immaterial.

Table of Contents

CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING INFORMATION

This prospectus and any other offering material, and the documents incorporated by reference in this prospectus and any other offering material, contain statements that we believe to be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than historical facts, including, without limitation, statements regarding our future financial position, business strategy, projected revenues, claims, earnings, costs, debt and equity levels, and plans and objectives of management for future operations, are forward-looking statements. When used in this prospectus, any other offering material and the documents incorporated by reference, words such as we expect, intend, plan, estimate, anticipate, believe or should or the negative thereof or va thereon or similar terminology are generally intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, such statements. Some, but not all, of the risks and uncertainties include the factors described under Risk Factors.

We urge you to consider these factors before investing in our common stock. The forward-looking statements included in this prospectus and any other offering material, or in the documents incorporated by reference into this prospectus and any other offering material, are made only as of the date of the prospectus, any other offering material or the incorporated document, as applicable, and we undertake no obligation to publicly update these statements to reflect subsequent events or circumstances.

Table of Contents

SUMMARY

The information below is only a summary of more detailed information included elsewhere, or incorporated by reference, in this prospectus. This summary may not contain all the information that is important to you or that you should consider before making a decision to invest in our common stock. For a more complete understanding of us and this offering of our common stock, please read this entire prospectus, especially the risks of investing in our common stock discussed under Risk Factors, as well as the information incorporated by reference into this prospectus.

MGIC Investment Corporation

We are a holding company and, through our wholly owned subsidiary, MGIC, we are the leading provider of private mortgage insurance in the United States. MGIC is licensed in all 50 states of the United States, the District of Columbia, Puerto Rico and Guam. One of MGIC s subsidiaries is licensed in Australia and another is in the process of becoming licensed in Canada. In 2007, we wrote net premiums of approximately $1.35 billion and earned net premiums of approximately $1.26 billion. Total shareholders equity at December 31, 2007 was approximately $2.59 billion. For the year ended December 31, 2007, we had a net loss of $1.67 billion. As we have previously publicly announced, we do not expect we will have net income in 2008. In 2006, we wrote net premiums of approximately $1.22 billion and earned net premiums of approximately $1.19 billion. For the year ended December 31, 2006, we had net income of $564.7 million. Total shareholders equity at December 31, 2006 was approximately $4.30 billion.

Private mortgage insurance covers losses from homeowner defaults on residential first mortgage loans and expands home ownership opportunities by helping people purchase homes with less than 20% down payments. If the homeowner defaults, private mortgage insurance reduces and, in some instances, eliminates the loss to the insured institution. Private mortgage insurance also facilitates the sale of low down payment mortgage loans in the secondary mortgage market, including to the Federal National Mortgage Association, commonly known as Fannie Mae, and the Federal Home Loan Mortgage Corporation, commonly known as Freddie Mac. In this prospectus, we refer to Fannie Mae and Freddie Mac collectively as the GSEs. In addition to mortgage insurance on first liens, we, through our subsidiaries, provide home mortgage lenders with various underwriting and other services and products related to home mortgage lending.

In general, there are two principal types of private mortgage insurance: primary and pool.

Primary Insurance. Primary insurance provides mortgage default protection on individual loans and covers unpaid loan principal, delinquent interest and certain expenses associated with the default and subsequent foreclosure (collectively, the claim amount). In addition to the loan principal, the claim amount is affected by the mortgage note rate and the time necessary to complete the foreclosure process. The insurer generally pays the coverage percentage of the claim amount specified in the primary policy, but has the option to pay 100% of the claim amount and acquire title to the property. Primary insurance is generally written on first mortgage loans secured by owner occupied single-family homes, which are one-to-four family homes and condominiums. Primary insurance is also written on first liens secured by non-owner occupied single-family homes, which are referred to in the home mortgage lending industry as investor loans, and on vacation or second homes. Primary coverage can be used on any type of residential mortgage loan instrument approved by the mortgage insurer.

Primary insurance may be written on a flow basis, in which loans are insured in individual, loan-by-loan transactions, or may be written on a bulk basis, in which each loan in a portfolio of loans is individually insured in a single, bulk

transaction. New insurance written on a flow basis was $69.0 billion in 2007 compared to $39.3 billion in 2006 and $40.1 billion in 2005. New insurance written for bulk transactions was $7.8 billion during 2007 compared to $18.9 billion for 2006 and $21.4 billion for 2005. In the fourth quarter of 2007, we decided to stop writing the portion of our bulk business that insures mortgage loans included in home equity (or private label) securitizations, which are the terms the market uses to refer to securitizations sponsored by firms besides the GSEs or the Government National Mortgage Association, such as Wall Street investment banks. We refer to portfolios of loans we insured through the bulk channel that we knew would serve as collateral in a home equity securitization as Wall Street bulk transactions. We will, however,

Table of Contents

continue to insure loans on a bulk basis when we believe that the loans will be sold to a GSE or retained by the lender. The following table shows, on a direct basis, primary insurance in force, which is the unpaid principal balance of insured loans as reflected in our records, and primary risk in force, which is the coverage percentage applied to the unpaid principal balance, for insurance that has been written by MGIC as of the dates indicated:

	December 31,				
	2007	**2006**	**2005**	**2004**	**2003**
			(in millions)		
Direct Primary Insurance In Force	$ 211,745	$ 176,531	$ 170,029	$ 177,091	$ 189,632
Direct Primary Risk In Force	$ 55,794	$ 47,079	$ 44,860	$ 45,981	$ 48,658

Pool Insurance. Pool insurance is generally used as an additional credit enhancement for certain secondary market mortgage transactions. Pool insurance generally covers the loss on a defaulted mortgage loan which exceeds the claim payment under the primary coverage, if primary insurance is required on that mortgage loan, as well as the total loss on a defaulted mortgage loan which did not require primary insurance. Pool insurance usually has a stated aggregate loss limit and may also have a deductible under which no losses are paid by the insurer until losses exceed the deductible.

New pool risk written was $211 million in 2007, $240 million in 2006 and $358 million in 2005. New pool risk written during these years was primarily comprised of risk associated with loans delivered to Freddie Mac and Fannie Mae, loans insured through the bulk channel, loans delivered to the Federal Home Loan Banks under their mortgage purchase programs and loans made under state housing finance programs. Direct pool risk in force at December 31, 2007 was $2.8 billion compared to $3.1 billion and $2.9 billion at December 31, 2006 and 2005, respectively. The risk amounts referred to above represent pools of loans with contractual aggregate loss limits and in some cases without these limits. For pools of loans without these limits, risk is estimated based on the amount that would credit enhance these loans to a AA level based on a rating agency model. Under this model, at December 31, 2007, 2006 and 2005 for $4.1 billion, $4.4 billion, and $5.0 billion, respectively, of risk without these limits, risk in force is calculated at $475 million, $473 million, and $469 million, respectively. New risk written under this model for the years ended December 31, 2007, 2006 and 2005 was $2 million, $4 million and $51 million, respectively.

Joint Ventures. We have ownership interests in less than majority-owned joint ventures, principally Sherman and C-BASS. Sherman is principally engaged in purchasing and collecting for its own account delinquent consumer receivables, which are primarily unsecured, and in originating and servicing subprime credit card receivables. As described under Recent Developments Sherman, we are negotiating a transaction with Sherman under which Sherman could acquire our entire interest in Sherman. Historically, C-BASS was principally engaged in the business of investing in the credit risk of subprime single-family residential mortgages. In 2007, C-BASS ceased its operations and is managing its portfolio pursuant to a consensual, non-bankruptcy restructuring, under which its assets are to be paid out over time to its secured and unsecured creditors.

Recent Industry Developments and Outlook

Private mortgage insurance covers losses from homeowner defaults on residential first mortgage loans, reducing and, in some instances, eliminating the loss to the insured institution if the homeowner defaults. Private mortgage insurance expands home ownership opportunities by helping people purchase homes with less than 20% down payments. Private mortgage insurance also reduces the capital that financial institutions are required to hold against low down payment mortgages and facilitates the sale of low down payment mortgages in the secondary mortgage market, including to the GSEs. The GSEs purchase residential mortgages from mortgage lenders and investors as part

of their governmental mandate to provide liquidity in the secondary mortgage market and we believe purchased over 50% of the mortgages underlying our flow new insurance written in 2007, 2006 and 2005. The GSEs also purchased approximately 53.6%, 37.4% and 37.3% of all the mortgage loans originated in the United States for the years ended December 31, 2007, 2006 and 2005, respectively, according to statistics reported by Inside Mortgage Finance, a mortgage industry

publication. As a result, the private mortgage insurance industry in the United States is defined in part by the requirements and practices of the GSEs and other large mortgage investors, and these requirements and practices impact the operating results and financial performance of companies in the mortgage insurance industry.

The U.S. residential mortgage market has historically experienced long-term growth. Growth in U.S. residential mortgage debt was particularly strong between 2001 and mid-2006. This strength was driven primarily by record home sales, strong home price appreciation and historically low interest rates. The private mortgage insurance industry experienced profitable insurance underwriting results during this period, when the labor market was also generally strong.

During the last several years of this period and continuing through 2007, the mortgage lending industry increasingly made home loans (1) at higher loan-to-value ratios and higher combined loan-to-value ratios, which take into account second mortgages as well as the loan-to-value ratios of first mortgages; (2) to individuals with higher risk credit profiles; and (3) based on less documentation and verification of information provided by the borrower.

Beginning in late 2006, job creation and the housing markets began slowing in certain parts of the country, with some areas experiencing home price declines. These and other conditions resulted in significant adverse developments for us and our industry that were manifested in the second half of 2007, including:

- increasing defaults by homeowners;
- increases across the country in the rate at which loans in default eventually resulted in a claim, with significant increases in large markets such as California and Florida; and
- increases in the average amount paid on a claim, driven by higher average insured loan sizes and the inability to mitigate losses through the sale of properties in some regions due to slowing home price appreciation or housing price declines.

As a result, mortgage lenders, financial institutions, and we and other private mortgage insurers began incurring significant credit losses, particularly with respect to loans with multiple high-risk characteristics referred to above. In 2007, compared to 2006, our losses incurred increased to $2,365 million from $614 million; our earnings fell to a net loss of $1,670 million compared to net earnings of $565 million; and our year-end default inventory increased to 107,120 loans from 78,628.

In early 2007, we changed our underwriting standards and ceased writing insurance on a limited set of loans even though these loans were approved under the GSEs automated underwriting guidelines. In the fourth quarter of 2007, we also decided to stop insuring loans included in home equity securitizations. Finally, in late 2007 and early 2008, we announced increases in our premium rates and further tightening of our underwriting standards, particularly as they apply to loans with low credit scores, with high loan-to-value ratios and with homes in regions that we view as being higher risk.

We believe that the recent losses experienced by mortgage lenders and financial institutions and concerns about residential mortgage credit quality that became evident in the second half of 2007 have led to increased interest in the credit protection that mortgage insurance affords. One measure of this increased interest is the increase in the private mortgage insurance penetration rate (the principal balance of loans insured by our industry during a period divided by the principal balance of all loans originated during that period) from approximately 8.5% in early 2006 to approximately 20% in the fourth quarter of 2007. In addition, our persistency rate, which is the percentage of insurance remaining in force from one year prior, increased to 76.4% at December 31, 2007, compared to 69.6% at December 31, 2006 and 61.3% at December 31, 2005. We believe that this increase was largely the result of the

general upward trend in mortgage interest rates and the declining rate of home price appreciation in some markets and declines in housing values in other markets. We believe that these factors, along with the changes in our underwriting guidelines, will result in profitable books of new insurance written, beginning with our 2008 book. However, we cannot assure you that our 2008 book will be profitable. Some of the underwriting changes we made in 2008 that are designed to improve the risk profile and performance of the business that we write became effective in early March and others will not

become effective until late March 2008. Underwriting changes do not affect business written before the changes are effective. In addition, we expect our results of operations (which are affected by all of our insurance in force) will be materially affected for the next several years by the books that we wrote prior to 2008.

We believe we have more than adequate resources to pay claims on our insurance in force, even in very high loss scenarios. However, we do not believe we can participate fully in the opportunities we see for the 2008 and subsequent books without additional capital. The additional capital we need is highly dependent on the volume of business we write in 2008 and 2009 and on the amount of our paid and incurred losses in those years. To fully take advantage of the opportunities we perceive to write business, we may well require additional capital beyond the amount we raise in this offering and our concurrent offering of convertible debentures, which we describe below under Concurrent Convertible Debenture Offering. We are pursuing various reinsurance options as part of a comprehensive risk management strategy that would also satisfy our need for additional capital. Reinsurance could cover a portion of our existing portfolio or new writings on either a quota share or an excess of loss basis and could be provided by third-party reinsurers or the capital markets. We cannot assure you that we will be able to enter into reinsurance arrangements on terms satisfactory to us. To the extent we do not enter into reinsurance arrangements that reduce our need for additional capital in full, we may also raise additional capital in the form of additional equity or debt securities that we could publicly offer or privately place.

Strengths and Strategies

Competitive Strengths

Leading Provider of Mortgage Insurance. Since 1995, we have been the largest private mortgage insurer based on primary new insurance written. We believe that, as the industry leader, we will have an advantage in capturing the attractive new business opportunities that we believe are available in today s environment. See Recent Industry Developments and Outlook.

Industry-Leading Expense Ratio. We have the most efficient operating platform in the domestic mortgage insurance industry as measured by statutory expense ratios. For the nine months ended September 30, 2007, the latest date for which industry information is available, we had a statutory expense ratio of 15.2%, compared to a domestic industry competitor average of approximately 22.0% (calculated by dividing the aggregate statutory expenses of our peers by their aggregate net premiums written). We believe that our low expense ratio is a result of our efficient use of technology and the larger scale of our business compared to our competitors.

Customer Service and Technology Solutions. We believe customer service is a critical factor in a lender s decision to choose a private mortgage insurer. We established the mortgage insurance industry over 50 years ago and have built many long-term customer relationships by providing exceptional service. We believe our long-term relationships and history of providing value-added services, including proprietary technology solutions, to lenders are key reasons we have maintained our industry-leading market share for the past 13 years in this highly competitive industry.

Broad Lender and Geographic Diversification. We issued insurance coverage for more than 3,000 master policyholders in 2007. We believe our national sales force of approximately 90 representatives is the largest in the industry. In 2006, the latest date for which such information is available, for flow business we had the leading market share in 36 states and the second-highest market share in another 11 states. These factors have allowed us to develop a flow inforce book that is broadly dispersed geographically.

Strategies

Capitalize on Strong Demand for Mortgage Insurance. Private mortgage insurance penetration increased to approximately 14.5% of all mortgage originations during 2007, a 62.4% increase from 2006 levels, as the availability of mortgage insurance alternatives such as simultaneous second mortgages, or piggyback loans, significantly decreased. Mortgage insurance penetration has also benefited from increases

Table of Contents

in the volume of GSE mortgage purchases. In 2007, the GSEs purchased 54% of all loans originated, compared to 37% in 2006, due to a significant reduction in residential mortgage-backed securitizations originated by investment banking firms and a decline in originations of mortgages that do not conform with GSE guidelines. In addition, our persistency rate (percentage of insurance remaining in force from one year prior) was 76.4% at December 31, 2007, an increase from 69.6% at December 31, 2006 and 61.3% at December 31, 2005. We intend to capitalize on strong persistency and demand for mortgage insurance by being selective in underwriting new business for the foreseeable future.

Implement Underwriting and Pricing Changes to Improve Profitability. We recently announced a series of underwriting and pricing changes that we believe will significantly improve the credit quality and profitability of our new insurance written. The changes include raising minimum FICO scores, eliminating subprime business, imposing significant restrictions on reduced documentation business and lowering maximum loan-to-value ratios in all markets. In addition, we have designated over 50 metropolitan areas across 20 states as higher-risk markets that are subject to even more stringent criteria. The higher-risk markets, including all of Arizona, California, Florida and Nevada, were designated based on historical performance as well as local economic and housing market trends.

Recent Developments

Certain Financial Data

Our new primary insurance written during the first two months of 2008 was approximately $13.3 billion, including $1.0 billion of bulk business. Given the underwriting changes that were effective in early March, we do not expect these results to be indicative of the level of our new insurance written for full-year 2008. Our primary insurance in force at February 29, 2008 was $218.9 billion, compared to $211.7 billion at December 31, 2007. At February 29, 2008, our persistency rate was 77.0%, compared to 76.4% at December 31, 2007. Our primary risk in force at February 29, 2008 was $57.5 billion, compared to $55.8 billion at December 31, 2007.

Our primary inventory of loans in default increased from 107,120 at December 31, 2007 to 114,835 at February 29, 2008. At February 28, 2007 our primary default inventory was 79,127, compared to 78,628 at December 31, 2006. Our net paid claims for the first two months of 2008 were approximately $245 million. We anticipate a higher paid claims run rate for the balance of 2008. As previously announced, we expect that our paid claims for 2008 will approximate $1.8 billion to $2.0 billion.

Sherman

MGIC is negotiating an agreement with Sherman under which MGIC would grant Sherman a number of options to acquire up to MGIC s entire interest in Sherman exercisable for discrete periods, the last of which would end in January 2009. If any option is not exercised during its exercise period, that option and all subsequent options would expire. If Sherman exercises and closes all of the options, MGIC would receive funds from option exercises and distributions from Sherman totaling $242.5 million plus a cost of funds adjustment. If Sherman exercises and closes all the options, MGIC would waive its right to any contingent payment it was entitled to in connection with the September 2007 transaction in which Sherman s management acquired a portion of MGIC s interest in Sherman. We cannot assure you that MGIC and Sherman will enter into a definitive agreement under which MGIC will grant these options, that if an agreement is entered into the terms will not materially vary from the terms described above or that Sherman will exercise any of the options.

Concurrent Convertible Debenture Offering

Concurrently with this offering of common stock, we are offering $325,000,000 of 9% Convertible Junior Subordinated Debentures, which we refer to as convertible debentures. We have granted the initial purchasers of the convertible debentures an option to purchase up to an additional $65,000,000 of convertible debentures within 30 days after the date of the final offering memorandum for that offering. We are offering

the convertible debentures to a limited number of qualified institutional buyers by means of a private placement pursuant to Rule 144A under the Securities Act of 1933, as amended (the Securities Act). This prospectus is not an offer to sell the convertible debentures nor a solicitation of an offer to buy the convertible debentures. We estimate that the net proceeds from the sale of the convertible debentures will be approximately $314.8 million, or $377.9 million as adjusted for the exercise of the initial purchasers option to purchase additional convertible debentures (net of the initial purchasers discount and estimated offering expenses payable by us), which we plan to use to increase the capital of MGIC to enable it to expand the volume of its new business and for our general corporate purposes. See Capitalization. The consummation of the convertible debenture offering is not conditioned on the consummation of this offering, nor is this offering conditioned on the consummation of the convertible debenture offering.

The convertible debentures are convertible into our common stock at a rate of 74.0741 shares per $1,000 principal amount of the convertible debentures, which is subject to adjustment for certain dividends, distributions and like items. Without approval of our shareholders, however, shares equal to or in excess of 20% of our common stock outstanding that would otherwise be delivered on conversion of the convertible debentures (we refer to these shares as the excess shares) will be settled through the payment of cash in the amount of the value of the excess shares. If shareholders do not approve the issuance of the excess shares, we expect we will covenant for the benefit of the holders of our debt senior to the convertible debentures that we will not pay cash in settlement of the conversion of excess shares other than from the proceeds of certain equity securities that we may sell in the future. We may also make this covenant even if shareholders approve the issuance of the excess shares.

Risk Factors

Please read Risk Factors and the other information in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.

Corporate Information

We are a Wisconsin corporation. Our principal office is located at MGIC Plaza, 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202 (telephone number (414) 347-6480).

Table of Contents

The Offering

The summary below describes some of the terms of the offering. For a more complete description of our common stock, see Description of Capital Stock.

Common stock offered	37,333,333 shares
Shares outstanding after this offering (1)	119,352,499 shares
Use of proceeds	We intend to use the net proceeds from this offering and the convertible debentures offering to increase the capital of MGIC in order to enable it to expand the volume of its new business and for our general corporate purposes. We intend to retain proceeds of approximately $88 million in total from the offerings at the holding company, which represents three years of interest payments on the convertible debentures.
New York Stock Exchange Symbol	MTG

(1) The number of shares outstanding after this offering is based on shares outstanding as of February 29, 2008. If the underwriters exercise their option to purchase additional shares in the offering to which this prospectus relates in full, we will issue and sell an additional 5,600,000 shares of our common stock. The number of shares outstanding does not give effect to the conversion option of the convertible debentures.

The number of shares outstanding gives effect to 362,000 shares of restricted common stock awarded on February 28, 2008 to officers and employees as incentive compensation. Restricted stock units totaling 752,625 units were also awarded on that date as incentive compensation. These restricted stock units, which are not included in the number of shares outstanding, are settled through the delivery of common stock. The restricted common stock and the restricted stock units vest over three years though continued employment of the recipients and, for about 80% of the awards, subject to the satisfaction of objective goals that are determined by our performance. The restricted common stock and the restricted stock units awarded to our named executive officers are subject to our shareholders approving performance goals that include the types of goals underlying these awards.

Table of Contents

Summary Historical Financial Information

The following financial information as of and for each of the years in the three-year period ended December 31, 2007 is derived from our audited consolidated financial statements incorporated by reference herein. You should read the financial information presented below in conjunction with our consolidated financial statements and accompanying notes as well as the management s discussion and analysis of results of operations and financial condition, all of which are included in or incorporated by reference into this prospectus. See Where You Can Find More Information.

	Year Ended December 31		
	2007	**2006**	**2005**
Summary of Operations ($ thousands, except share and per share information):			
Revenues:			
Net premiums written	$ 1,345,794	$ 1,217,236	$ 1,252,310
Net premiums earned	$ 1,262,390	$ 1,187,409	1,238,692
Investment income, net	259,828	240,621	228,854
Realized investment gains (losses), net	142,195	(4,264)	14,857
Other revenue	28,793	45,403	44,127
Total revenues	1,693,206	1,469,169	1,526,530
Losses and expenses:			
Losses incurred, net	2,365,423	613,635	553,530
Change in premium deficiency reserves	1,210,841		
Underwriting and other expenses	309,610	290,858	275,416
Interest expense	41,986	39,348	41,091
Total losses and expenses	3,927,860	943,841	870,037
(Loss) income before tax and joint ventures	(2,234,654)	525,328	656,493
(Credit) provision for income tax	(833,977)	130,097	176,932
(Loss) income from joint ventures, net of tax	(269,341)	169,508	147,312
Net (loss) income	$ (1,670,018)	$ 564,739	$ 626,873
Weighted average common shares outstanding (in thousands)	81,294	84,950	92,443
Diluted (loss) earnings per share	$ (20.54)	$ 6.65	$ 6.78
Dividends per share	$ 0.775	$ 1.00	$ 0.525
Balance Sheet Data (at end of period) ($ thousands, except per share information):			
Total investments	$ 5,896,233	$ 5,252,422	$ 5,295,430
Total assets	7,716,361	6,621,671	6,357,569
Loss reserves	2,642,479	1,125,715	1,124,454

Premium deficiency reserves	1,210,841		
Short- and long-term debt	798,250	781,277	685,163
Shareholders equity	2,594,343	4,295,877	4,165,055
Book value per share	31.72	51.88	47.31
New insurance written ($ millions):			
Primary insurance	$ 76,806	$ 58,242	$ 61,503
Primary risk	19,632	15,937	16,836
Pool risk(1)	211	240	358
Insurance in force ($ millions):			
Direct primary insurance	$ 211,745	$ 176,531	$ 170,029
Direct primary risk	55,794	47,079	44,860
Direct pool risk(1)	2,800	3,063	2,909

9

Table of Contents

	Year Ended December 31		
	2007	2006	2005
Primary loans in default ratios:			
Policies in force	1,437,432	1,283,174	1,303,084
Loans in default	107,120	78,628	85,788
Percentage of loans in default	7.45%	6.13%	6.58%
Percentage of loans in default bulk	21.91%	14.87%	14.72%
Insurance operating ratios (GAAP)(2):			
Loss ratio	187.3%	51.7%	44.7%
Expense ratio	15.8%	17.0%	15.9%
Combined ratio	203.1%	68.7%	60.6%
Risk-to-capital ratio (statutory basis):			
Combined insurance companies	11.9:1	7.5:1	7.4:1

(1) Represents contractual aggregate loss limits and, for the years ended December 31, 2007, 2006 and 2005, for $4.1 billion, $4.4 billion and $5.0 billion, respectively, of risk without such limits, risk is calculated at $2 million, $4 million, and $51 million, respectively, for new risk written, and $475 million, $473 million and $469 million, respectively, for risk in force, the estimated amount that would credit enhance these loans to a AA level based on a rating agency model.

(2) The loss ratio (expressed as a percentage) is the ratio of the sum of incurred losses and loss adjustment expenses to net premiums earned. The expense ratio (expressed as a percentage) is the ratio of the combined insurance operations underwriting expenses to net p