

RADIAN GROUP INC  
Form DEF 14A  
April 25, 2005

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**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
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**Radian Group Inc.**

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(Name of Registrant as Specified In Its Charter)

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(4) Date Filed:

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**Radian Group Inc.**

1601 Market Street

Philadelphia, Pennsylvania

19103-2337

800 523.1988

215 564.6600

April 25, 2005

Dear Stockholder:

You are cordially invited to attend the 2005 Annual Meeting of Stockholders of Radian Group Inc., which will be held at Radian's offices at 1601 Market Street, 11th Floor, Philadelphia, Pennsylvania 19103-2337, at 9:00 a.m. EDT on Tuesday, May 10, 2005. The accompanying Notice of 2005 Annual Meeting of Stockholders and Proxy Statement describe the items to be considered and acted upon by the stockholders at the meeting.

Whether or not you plan to attend the upcoming 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 meeting is very important, we thank you in advance for your participation.

Sincerely,

Howard S. Yaruss

*Secretary*

**RADIAN GROUP INC.**

1601 Market Street

Philadelphia, Pennsylvania 19103-2337

www.radian.biz

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**NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON**

**May 10, 2005**

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The 2005 Annual Meeting of Stockholders of Radian Group Inc., a Delaware corporation, will be held at Radian's offices at 1601 Market Street, 11th Floor, Philadelphia, Pennsylvania 19103-2337, at 9:00 a.m. EDT on Tuesday, May 10, 2005 for the following purposes:

1. To elect eleven directors for terms of one year each, to serve until their successors have been duly elected and qualified;
2. To consider and vote on a proposal to approve the material terms of the Radian Group Inc. Performance Share Plan;
3. To ratify the selection of Deloitte & Touche LLP as Radian's independent auditors for the year ending December 31, 2005; and
4. To transact such other business as may properly come before the meeting or any adjournments thereof.

Only stockholders of record as of the close of business on March 11, 2005 will be entitled to notice of the annual meeting and to vote at the annual meeting and any adjournments thereof. A list of stockholders entitled to vote at the meeting will be available for inspection during normal business hours beginning April 29, 2005 at Radian's offices at 1601 Market Street, 11th Floor, Philadelphia, Pennsylvania 19103-2337.

By Order of the Board of Directors,

Howard S. Yaruss

*Secretary*

Philadelphia, Pennsylvania

April 25, 2005

**EACH STOCKHOLDER IS URGED TO COMPLETE, SIGN AND RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES. GIVING A PROXY DOES NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU CHOOSE TO ATTEND THE MEETING. YOU MAY REVOKE YOUR PROXY AT ANY TIME BEFORE IT IS VOTED.**

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**RADIAN GROUP INC.**

1601 Market Street

Philadelphia, Pennsylvania 19103-2337

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**PROXY STATEMENT**

**FOR**

**2005 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON**

**May 10, 2005**

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Radian's board of directors is furnishing this proxy statement to solicit proxies for use at the 2005 Annual Meeting of Stockholders of Radian Group Inc. A copy of the notice of meeting accompanies this proxy statement. This proxy statement and the accompanying proxy card are being mailed to stockholders beginning approximately April 25, 2005 in order to furnish information relating to the business to be transacted at the meeting. This proxy statement was preceded by the mailing of our 2004 Annual Report, which was sent for informational purposes and not as a means of soliciting your proxy or your vote.

**INFORMATION ABOUT VOTING**

**Who Can Vote**

March 11, 2005 is the record date for the annual meeting. Only holders of record of our common stock at the close of business on the record date are entitled to notice of and to vote at the meeting. On the record date, 88,451,953 shares of our common stock were outstanding. Each stockholder is entitled to one vote for each share of common stock owned of record at the close of business on the record date. No other class of our stock is outstanding, so no other class is entitled to vote at the meeting.

**How Voting Works**

The only way your shares can be voted at the meeting is if you vote your shares in person at the meeting or authorize the voting of your shares by proxy. If you hold your shares through a broker (in street name), your broker will have provided you with instructions for voting your shares. The shares represented by a validly completed proxy card will be voted at the meeting in accordance with the instructions given on the proxy

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card. If you complete your proxy card properly, but do not give instructions on your proxy card as to how to vote your shares, your shares will be voted For the election of all directors nominated by our board of directors (Proposal 1) (and, if unforeseen circumstances make it necessary for our board of directors to substitute another person for any of the nominees, your shares will be voted for that other person), For the approval of the material terms of the Radian Group Inc. Performance Share Plan (Proposal 2) and For the ratification of the selection of Deloitte & Touche LLP as Radian's independent auditors (Proposal 3).

You may revoke your proxy at any time before it is voted by filing with Radian's 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 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 meeting. You can always change your vote before the meeting or at the meeting, as described above.**

### **Votes Required for Approval**

A quorum is necessary to conduct the business of the 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.



Assuming a quorum is present, the eleven nominees for director receiving the highest number of For votes will be elected (Proposal 1). In the election of directors, votes may be cast For or Withheld. Votes that are withheld will be considered present for purposes of determining whether a quorum exists, but will be excluded entirely from the vote and will have no effect on the outcome.

Again assuming a quorum is present, the material terms of the Radian Group Inc. Performance Share Plan (Proposal 2) will be approved upon the affirmative vote of a majority of the shares present in person or by proxy at the meeting and voting on the proposal.

Abstentions may not be specified for the election of directors (Proposal 1). Abstentions may be specified on Proposal 2 regarding the Performance Share Plan and on Proposal 3 regarding ratification of the selection of our independent auditors. Abstentions will be considered present for purposes of determining whether a quorum exists, but will not be counted as votes cast For Proposal 2 or Proposal 3.

A broker non-vote occurs when a member firm of the New York Stock Exchange holding shares in street name for its customer votes the customer's shares on one or more, but not all, matters on the proxy card because the broker did not receive instructions from its customer as to how to vote on the unvoted matter(s) and does not have authority to vote on the matter(s) without instructions from the customer; the missing vote on each such matter is the broker non-vote. Under the Delaware General Corporation Law and our by-laws, all broker non-votes received at our meeting would:

- (1) be considered present for purposes of determining a quorum;
- (2) have no effect on the outcome of the election of directors, which requires the affirmative vote of a plurality of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors;
- (3) have no effect on the outcome of the vote on any matter the approval of which requires the affirmative vote of a majority of the shares present in person or represented by proxy at the meeting and entitled to vote on such matter (Proposal 2 and Proposal 3 at this year's meeting); and
- (4) have the effect of a vote against any matter the approval of which requires the affirmative vote of a majority of the outstanding shares entitled to vote on that matter (no such matter has been proposed for this year's meeting).

Brokers have the authority to vote their customers' shares with respect to the election of directors (Proposal 1) and the ratification of the selection of our independent auditors (Proposal 3) even if you do not instruct your broker as to how to vote on these matters. Brokers do not have authority to vote their customers' shares with respect to the proposal to approve the material terms of the Performance Share Plan (Proposal 2) unless instructed on how to vote.

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of our proxy statement or annual report may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of either document to you if you request one by writing to: Radian Group Inc., Investor Relations, 1601 Market Street, Philadelphia, Pennsylvania 19103-2337. If you want to receive separate copies of the annual report and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact us at the above address.

#### **Where to Find Voting Results**

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We will announce the voting results at the conclusion of the annual meeting, and will publish the voting results in our Quarterly Report on Form 10-Q for the second quarter of 2005, which we intend to file with the SEC in early August 2005.

**PROPOSALS REQUIRING YOUR VOTE**

The proposals described below will be voted on at the meeting.

**Proposal 1: Election of Directors**

Our board of directors currently consists of eleven directors, each serving a one year term. Our board of directors appointed Mr. Ibrahim as a director to fill the vacancy to be left by the retirement of Frank P. Filippis as Radian's Chairman and Chief Executive Officer effective May 5, 2005. In addition to joining our board of directors, Mr. Ibrahim also was appointed by the board as Radian's new Chief Executive Officer effective May 5, 2005. Mr. Wender was appointed as the non-executive Chairman of the Board to replace Mr. Filippis in his role as Chairman.

Proposal 1 is to elect the following eleven nominees for a term beginning at the meeting and expiring at the 2006 annual meeting of stockholders or until the election and qualification of their respective successors or their earlier removal or resignation: David C. Carney, Howard B. Culang, Stephen T. Hopkins, Sanford A. Ibrahim, James W. Jennings, Roy J. Kasmar, Ronald W. Moore, Jan Nicholson, Robert W. Richards, Anthony W. Schweiger and Herbert Wender.

For information regarding the director nominees, see the section of this proxy statement entitled "Corporate Governance Matters - Members of the Board of Directors."

The nominees have been nominated by our board of directors for re-election at the meeting, and have consented to be named in this proxy statement and to serve if elected.

**Recommendation of the Board of Directors**

Our board of directors unanimously recommends a vote **FOR** the election of the director nominees.

**Proposal 2: The Performance Share Plan**

Radian's board of directors adopted the Radian Group Inc. Performance Share Plan on February 8, 2005 upon the recommendation of the Compensation and Human Resources Committee of the board. The Performance Share Plan was amended and restated by the board, at the recommendation of the compensation committee, on March 30, 2005. A copy of the Performance Share Plan is attached to this proxy statement as Appendix A. The Performance Share Plan is intended to motivate Radian's key employees and to focus their attention on critical financial indicators that measure Radian's success. Performance shares issued pursuant to the Performance Share Plan will come from Radian's existing Equity Compensation Plan. The material terms of the Performance Share Plan are being submitted for stockholder approval to qualify the compensation that may be granted under the plan for deductibility under Section 162(m) of the Internal Revenue Code. If those material terms are not approved, the performance shares granted under the Performance Share Plan will become null and void and no additional performance shares may be granted.

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Key employees of Radian and its subsidiaries who, through their position or performance, can have a significant, positive impact on Radian's financial results, are eligible to participate in the Performance Share Plan. The participants are expected to consist of Mark A. Casale, Robert E. Croner, Sanford A. Ibrahim, Martin Kamarck, Roy J. Kasmar, C. Robert Quint and Howard S. Yaruss or their successors. In the future, the committee may expand the group of participants to include other key employees, or may contract the group of participants.

The Compensation and Human Resources Committee may grant performance shares to eligible participants with respect to performance periods of varying and overlapping durations. The first performance period under the plan is the three-year period that began January 1, 2005 and ends December 31, 2007. The committee expects

that future performance periods will cover additional three year periods beginning January 1, 2006, January 1, 2007 and so on.

At the establishment of each performance period, a target number of performance shares is established for each participant in the plan. The performance shares are denominated in shares of Radian common stock and will be settled in shares. The maximum payout under any performance share award for purposes of Section 162(m) is 250,000 shares of Radian common stock.

Each performance share award becomes payable at the target amount multiplied by a factor depending on Radian's growth of earnings per share, growth of adjusted book value or return on equity over the performance period. For the first performance period, one third of each award is based on each of the three metrics, each metric is measured both on an absolute basis and relative to a group of Radian's peers and the performance shares are payable at between 0% and 200% of the target amount.

The table below shows the target number and dollar value of performance share awards for the period from January 1, 2005 through December 31, 2007 to each of the participants in the plan who are listed in the Summary Compensation Table of this proxy statement, along with additional information. In addition, Mr. Ibrahim is expected to receive an award of performance shares for a period commencing on or about the effective date of his employment and ending December 31, 2007:

<u>Name and Position</u>	<u>Target Number of Performance Shares</u>	<u>Monetary Value as of February 8, 2005</u>
Martin Kamarck President of Enhance Financial Services Group Inc.	8,800	\$ 425,832
Roy J. Kasmar President and Chief Operating Officer	8,800	\$ 425,832
C. Robert Quint Executive V.P., Chief Financial Officer	5,400	\$ 261,306
Howard S. Yaruss Executive V.P., Secretary, General Counsel and Corporate Responsibility Officer	4,000	\$ 193,560
All current executive officers as a group	30,900	\$ 1,495,251
All current non-executive directors as a group	0	\$ 0
All current non-executive officers as a group	0	\$ 0

#### Termination of Employment and Change in Control

If a change in control of Radian occurs (as defined in the Equity Compensation Plan) and at least twelve months have elapsed in any open performance period, then payments with respect to the target number of performance shares for each such performance period will be made immediately upon the change in control. Performance shares with respect to performance periods for which less than twelve months have elapsed will expire upon the change in control.

Upon retirement of a participant, payments with respect to the target number of performance shares related to performance periods for which the participant worked at least one full year will be made at the end of the performance period to the extent the performance goals for that period are met. Upon disability or death of a participant, payments with respect to the target number of performance shares related to all open performance periods will be made at the end of the performance period to the extent the performance goals for that period are met. Upon termination of employment for any reason other than retirement, disability or death, all performance shares with respect to open performance periods immediately will be forfeited and canceled.



Administration and Amendment

Radian's Compensation and Human Resources Committee administers the Performance Share Plan and may amend or terminate the Performance Share Plan at any time.

\* \* \*

The foregoing is a description of the material features of the Performance Share Plan. You should read the Performance Share Plan, which is attached as Appendix A to this proxy statement, for additional information.

Required Vote

Assuming a quorum is present at the meeting, the material terms of the Performance Share Plan will be approved if a majority of the shares present in person or by proxy and casting a vote on this proposal vote **FOR** the proposal. For purposes of the foregoing, abstentions and broker non-votes shall not be deemed to be votes cast.

**Recommendation of the Board of Directors**

Our board of directors believes that the proposal to approve the material terms of the Performance Share Plan is in the best interests of Radian and its stockholders and unanimously recommends a vote **FOR** the proposal.

**Proposal 3: Ratification of the Selection of Deloitte & Touche LLP as Radian's Independent Auditors**

The Audit Committee of our board of directors is responsible for selecting an independent registered public accounting firm to perform the annual audit of our financial statements. The Audit Committee's selection of Deloitte & Touche LLP as Radian's independent auditors for 2005 is being submitted to you for ratification. Deloitte & Touche LLP also served as our independent auditors for 2004. A representative of Deloitte & Touche LLP is expected to attend the meeting, will have an opportunity to make a statement, if he or she desires, and will be available to respond to questions.

If the stockholders fail to ratify the appointment of Deloitte & Touche LLP, the Audit Committee will reconsider whether or not to retain the firm. You should note that, even if the selection of Deloitte & Touche LLP is approved at the meeting, the Audit Committee, in its discretion, may select new independent auditors at any time during the year if it determines that such a change would be in the best interests of Radian and its stockholders.

**Recommendation of the Board of Directors**

Our board of directors unanimously recommends a vote **FOR** the ratification of the selection of Deloitte & Touche LLP as Radian's independent auditors.

**Other Matters to be Acted on at the Meeting**

We do not know of any other matters to be presented or acted on at the meeting. If any other matters are properly presented to the meeting for action, the shares represented by proxies will be voted in accordance with the best judgment of the person or persons voting those shares.



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**CORPORATE GOVERNANCE MATTERS**

**Members of the Board of Directors**

The information provided below about our directors, each of whom is a nominee for a new one-year term as a director, was provided by each director nominee as of February 21, 2005, except for Mr. Ibrahim, who provided his information as of April 19, 2005. Our board has determined that all of its members, except for Messrs. Ibrahim and Kasmar, are independent under current New York Stock Exchange listing standards.

**David C. Carney**

Mr. Carney served as Chairman of the board of directors of ImageMax, Inc. from 1999 through December 2003 and has served as a director of ImageMax, Inc. since 1997. He has also served as President of Carney Consulting since March 1995. He served as Executive Vice President of Jefferson Health Systems 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. He currently serves as a director of AAA Mid-Atlantic and Keystone Insurance companies. He has been a director of Radian since November 1992. Age: 67.

**Howard B. Culang**

Mr. Culang has been President of Laurel Corporation, a financial services firm, since January 1996. He has been Managing Member of JH Capital Management, a management company for a private equity fund, since July 1998, and Managing Member of Cognitive Capital Management, a management company for a private fund of funds, since January 2001. He has served in the past 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. He also served as a director of Smart Storage Inc. from March 1997 to March 2001, when the company was acquired by OTG Software. He has been a director of Radian since June 1999. Age: 58.

**Stephen T. Hopkins**

Mr. Hopkins is President of Hopkins and Company LLC, a management consulting business he formed in February 1999. From January 1976 to January 1999, he held a number of managerial positions with Federal Home Loan Mortgage Corporation, 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. Age: 54.

**Sanford A. Ibrahim**

Mr. Ibrahim will become Radian's Chief Executive officer effective May 5, 2005. From 1999 until April 2005, Mr. Ibrahim was President and Chief Executive Officer of GreenPoint Mortgage Funding, Inc., a residential mortgage lender. GreenPoint Mortgage Funding, Inc. is a wholly owned subsidiary of North Fork Bancorporation, Inc. (NYSE: NFB), and was a wholly owned subsidiary of GreenPoint Financial Corp. (NYSE: GPT) before its merger with North Fork in 2004. In 1999, Mr. Ibrahim served as Chief Operating Officer of the combined mortgage businesses of GreenPoint Financial Corp. and, from 1997 through 1998, served as an Executive Vice President of GreenPoint Financial Corp. He is a member of the Residential Board of Governors of the Mortgage Bankers Association of America and a member of the Board of Directors of the California Mortgage Bankers Association. Age: 53.

**James W. Jennings**

Mr. Jennings was a partner in the Philadelphia office of the law firm of Morgan, Lewis & Bockius LLP from 1970 until his retirement in November 2002. He has been a director of Radian since January 1993. Age: 68.

**Roy J. Kasmar**

Mr. Kasmar has been President and Chief Operating Officer of Radian and Radian Guaranty Inc. since June 1999. He joined Amerin Guaranty Corporation, an Illinois domiciled insurer and wholly-owned subsidiary of Radian ( Amerin ), as Executive Vice President and Chief Operating Officer in May 1996 and became President and Chief Operating Officer of Amerin in November 1997. He has been a director of Amerin since December 1996, and he was a director of Amerin Corporation from September 1998 until its acquisition by Radian in June 1999, at which time he became a director of Radian. In the years before that, he was a member of the Operating Committee and managing director of the Capital Markets group with Prudential Home Mortgage, the Chief Operating Officer and Vice President in charge of secondary marketing of First Boston Capital Group, and Vice President in charge of secondary marketing of Chase Home Mortgage. Age: 49.

**Ronald W. Moore**

Mr. Moore has been an Adjunct Professor of Business Administration at Harvard University, Graduate School of Business Administration, since 1990. Mr. Moore has been a director of Radian since November 1992. Age: 59.

**Jan Nicholson**

Ms. Nicholson has been President of The Grable Foundation, a private, charitable foundation that is dedicated to helping children and youth through improving their educational opportunities, since 1990. From 1998 to 2000, she was Managing Director of MBIA Insurance Corporation, where she oversaw the Portfolio Management and Strategic Risk Assessment functions. From 1994 to 1998, she was Managing Director in charge of Research and Development for Capital Markets Assurance Corporation. Ms. Nicholson has been a director of Ball Corporation since 1994, and served as a director of Rubbermaid, Inc. from 1992 to 1999. Ms. Nicholson was appointed to Radian s board of directors in September 2003, after a search conducted by Radian s Governance Committee with the assistance of a professional search firm. Age: 60.

**Robert W. Richards**

Mr. Richards was Chairman of the board of directors of Source One Mortgage Services Corporation, a mortgage banking company, from 1989 until his retirement in 1996. He held a number of managerial positions with Source One from 1971 through 1996, serving as President from 1987 to 1989. He has been a director of Radian since November 1992. Age: 62.

**Anthony W. Schweiger**

Mr. Schweiger is President and Chief Executive Officer of The Tomorrow Group, LLC, a governance and management consulting firm. He is also a Principal of e-brilliance, LLC, a software and IT education consulting firm. He has been a director of Paragon Technologies, Inc., a manufacturer of material handling machinery, since May 2001 and currently serves as Chairman of Paragon s Audit Committee. He became a Director of United Financial Mortgage Corporation, a residential mortgage company, in September 2004 and serves as that company s Audit and Governance Committee Chairman. In his capacity as a consultant, Mr. Schweiger advises various service and technology businesses on governance, operational and strategic issues. Prior to forming The Tomorrow Group, LLC, he served at different times as the President and Chief Executive Officer, and the Executive Vice President/Chief Operating Officer, of Meridian Mortgage Corporation. He has also been an investor and director of Input Technologies, LLC, a supplier of human-to-machine interface products and services, since February 1998, and a director of Radian since November 1992. Age: 63.

**Herbert Wender**

Mr. Wender was named non-executive Chairman of Radian's board of directors effective May 1, 2005. From May 1999 until the effective date of his appointment as non-executive Chairman, Mr. Wender served as Lead Director of Radian's board of directors. Mr. Wender has served as Chairman of the Executive Committee of Radian's board of directors since May 1999. He served as Chairman of the board of directors of Radian from August 1992 to May 1999. He was Chairman of the Board and Chief Executive Officer of Radian Guaranty Inc. from June 1983 until July 1992. Between 1998 and 2001, Mr. Wender served variously 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 corporate predecessor, Commonwealth Land Title Insurance Company. He has been a director of Radian since July 1992. Age: 67.

**Meetings of the Board of Directors and its Committees**

Our board of directors holds regular quarterly meetings, and holds special meetings as and when necessary. The board of directors met five times during 2004. An executive session of the board was held in connection with each meeting. Each director participated in at least 75% of the meetings of the board of directors and the committees on which he or she served during 2004. In addition, the independent members of our board of directors hold meetings as and when necessary with Herbert Wender, non-executive Chairman of the Board, presiding over these meetings. In 2004, four meetings of our independent directors were held. All directors are expected to attend Radian's annual stockholders meetings, and all of our directors attended last year's annual stockholders' meeting. The board of directors has the following standing committees:

**Executive Committee.** During 2004 and until the April 30, 2005 effective date of Mr. Filipps' retirement, the Executive Committee was comprised of Messrs. Wender (Chairman), Carney, Schweiger and Filipps. Effective May 5, 2005, Mr. Ibrahim will replace Mr. Filipps on this committee. The Executive Committee is responsible for pursuing material matters on behalf of the board when directed by the board, and for reviewing and approving non-material matters between regular meetings of the full board. The Executive Committee met twice during 2004.

**Compensation and Human Resources Committee.** The Compensation and Human Resources Committee, which in 2004 was comprised of Messrs. Hopkins (Chairman), Richards, Culang and Moore, currently is comprised of Messrs. Hopkins (Chairman), Culang, Moore and Schweiger, each of whom is independent under the NYSE's listing standards. This committee oversees corporate compensation and benefit policies and programs for Radian and its subsidiaries, including matters regarding compensation of senior managers, and reviews the quality and depth of managers throughout Radian as well as Radian's management development practices and programs. The Compensation and Human Resources Committee met five times during 2004. Please also refer to the section of this proxy statement entitled "Compensation of Directors and Executive Officers" Executive Compensation Compensation and Human Resources Committee Report on Executive Compensation.

**Audit Committee.** The Audit Committee, which in 2004 was comprised of Mr. Carney (Chairman), Mr. Jennings, Mr. Schweiger, Mr. Culang and Ms. Nicholson, currently is comprised of Mr. Carney (Chairman), Mr. Jennings, Mr. Richards and Ms. Nicholson, each of whom is independent under the NYSE's listing standards, and each of whom meets the additional SEC independence criteria applicable to audit committee members. This committee is responsible for selecting and overseeing the work of Radian's independent auditors, reviewing Radian's annual audited and interim financial results, reviewing Radian's accounting and reporting principles and policies and overseeing Radian's overall enterprise risk management. The Audit Committee operates under a written charter adopted by our board. Our board has determined that Mr. Carney qualifies as an audit committee financial expert under the SEC's rules and that he is independent under all applicable NYSE and SEC rules. The Audit Committee met nine times during 2004. Please also refer to the section of this proxy statement entitled "Audit Committee Report."

**Governance Committee.** The Governance Committee is comprised of Messrs. Schweiger (Chairman), Carney, Hopkins and Jennings, each of whom is independent under the NYSE's listing standards. This committee oversees the process of board governance, which involves identifying and recommending candidates to become members of Radian's board of directors for nomination by the board and election by Radian's stockholders, recommending committee membership and chairperson appointments, conducting periodic board and individual director assessments, and examining Radian's governance process in light of external and internal issues. The Governance Committee met four times during 2004.

**Investment Committee.** The Investment Committee, which in 2004 was comprised of Mr. Moore (Chairman), Mr. Culang, Mr. Jennings, Mr. Richards and Ms. Nicholson, currently is comprised of Messrs. Moore (Chairman), Richards, Jennings and Schweiger, each of whom is independent under the NYSE's listing standards. This committee establishes investment policy guidelines for Radian and its subsidiaries, and regularly reviews the performance of the investment portfolio and of the investment professionals to ensure adherence to those guidelines. The Investment Committee met four times during 2004.

**Credit Committee.** The Credit Committee was formed in March of 2005 and is comprised of Mr. Culang (Chairman), Mr. Carney, Mr. Hopkins and Ms. Nicholson, each of whom is independent under the NYSE's listing standards. This committee is responsible for overseeing Radian's credit and risk management policies and procedures.

### **Information on Radian's Website**

The corporate governance section of Radian's website includes the following, each of which is available in print and free of charge upon request:

*Board Committee Charters.* Each of the committees of Radian's board of directors operates under a written charter adopted by the full board. Each committee regularly considers the need for amendments or enhancements to its charter.

*Guidelines of Corporate Governance.* Upon the Governance Committee's recommendation, Radian's board of directors adopted a set of Guidelines of Corporate Governance. Among other things, these guidelines delineate the qualifications and relative responsibilities of the board, its committees, the Chief Executive Officer and the Chairman.

*Code of Conduct and Ethics.* Radian's comprehensive Code of Conduct and Ethics is binding on all Radian employees and includes a code of ethics applicable to Radian's senior executive officers. We intend to post on our website any amendments to, or waivers of, any provision of the Code of Conduct and Ethics that applies to our Chief Executive Officer, Chief Financial Officer or Controller and that relates to any element of the SEC's definition of a code of ethics.

*Stockholder Communication.* We encourage stockholders to freely communicate with management and the board. In that regard, we have established an email address that enables stockholders to convey their concerns, questions and comments to the members of our board. The address is: [directors@radian.biz](mailto:directors@radian.biz). In addition, interested persons may write to the Chairman, Radian Group Inc., 1601 Market Street, Philadelphia, Pennsylvania 19103-2337 or to Howard S. Yaruss, Secretary, General Counsel and Corporate Responsibility Officer, at the same address. This contact information also is available on our website.

Any updated or amended versions of the items listed above are posted to Radian's website promptly after adoption.

### **Consideration of Director Nominees**

*Director Qualifications.* Radian's Governance Committee recommends candidates for nomination to the board of directors based on a number of factors, including diversity of experience, ability and willingness to devote ample time to service on the board, and financial expertise.

*Identifying and Evaluating Director Nominees.* The Governance Committee evaluates candidates by reference to the qualifications stated above. When seeking and researching candidates for director, Radian's Governance Committee generally uses the services of national search firms, which provide the committee with a professional biography of a candidate and perform background checks as requested by the Governance Committee. The Governance Committee also considers stockholder recommendations of candidates for membership on Radian's board of directors that are submitted in accordance with the procedures described below. In either case, the Governance Committee will conduct one, and sometimes several, interviews of a candidate if after an initial evaluation it believes the candidate to be suitable. The committee also may discuss a candidate at multiple meetings and may have the candidate interview with management.



*Stockholder Nominations and Recommendations.* Our by-laws describe the procedures for stockholders to follow in nominating candidates to our board of directors. For the 2006 Annual Meeting of Stockholders, stockholders may nominate a candidate for election to our board of directors by sending written notice to our Secretary at our Philadelphia headquarters, which must be received at least 60 days before the 2006 annual meeting (except that if we give less than 75 days notice or other public disclosure of the 2006 annual meeting, then the nomination must be received by our Secretary no later than the close of business on the 15<sup>th</sup> day after the day on which we mail the notice of the 2006 annual meeting or make such public disclosure). The notice to our Secretary must contain or be accompanied by the following information:

1. The name, age, principal occupation, and business and residence address of each person nominated;
2. The class and number of shares of Radian capital stock owned by each person nominated;
3. Any other information about each person nominated that would be required under relevant SEC rules to be in a proxy statement for a meeting involving the election of directors;
4. The name and record address of the stockholder making the nomination; and
5. The class and number of shares of Radian capital stock owned by the stockholder making the nomination.

A copy of the full text of the relevant by-law provisions may be obtained upon written request directed to Radian's Secretary at our principal office set forth on the cover page of this proxy statement. A copy of our by-laws also has been filed with the SEC and is accessible at [www.sec.gov](http://www.sec.gov).

In addition to a stockholder's ability to nominate candidates for membership on Radian's board of directors as described above, stockholders also may recommend candidates to the Governance Committee for its consideration. The Governance Committee is pleased to consider recommendations from stockholders regarding director nominee candidates that are received in writing and accompanied by sufficient information to enable the Governance Committee to assess the candidate's qualifications, along with confirmation of the candidate's consent to serve as a director if elected. Such recommendations should be sent to our Secretary at our Philadelphia headquarters. Any recommendation received from a stockholder after January 1 of any year is not assured of being considered for nomination in that year.

#### **Evaluations of Board and Committee Performance**

In 2004, our board of directors conducted a self-evaluation, and the Governance Committee, the Audit Committee and the Compensation and Human Resources Committee each conducted a self-evaluation.

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**EXECUTIVE OFFICERS OF RADIAN**

The information provided below about our executive officers has been provided by each officer as of February 21, 2005. Radian's executive officers are elected by the board of directors to serve in their respective capacities until their successors are duly elected and qualified or until their earlier resignation or removal.

- John J. Calamari** Mr. Calamari, Senior Vice President and Corporate Controller, was named to that position in September 2002. He joined Radian in September 2001 as Vice President and Corporate Controller. Between 1999 and 2001, Mr. Calamari was a consultant to the financial services industry, in which role he structured new products and strategic alliances, established financial and administrative functions and engaged in private equity financings for start-up enterprises. Mr. Calamari served as Chief Accountant of Advanta Corp., a financial services company, from 1988 to 1998. Age: 50.
- Mark A. Casale** Mr. Casale, Senior Vice President, Capital Markets, was named to that position in February 2004. He joined Radian in May 2001 as Senior Vice President, Strategic Investments. From August 2000 until April 2001, he served as Vice President of Society Hill Capital Management, where he managed the research of and investment in publicly traded debt and equity securities. From February 1992 until May 2000, he served as Senior Vice President, Corporate Finance Services and in various other management positions with Advanta Corp., a financial services company. Age: 40.
- Robert E. Croner** Mr. Croner joined Radian in February 2004 as Senior Vice President, Human Resources. Previously, Mr. Croner was Vice President, Human Resources for Independence Blue Cross, a regional health insurance firm, from 1996 to 2004. In that role, Mr. Croner was responsible for all human resources activities and the division's Support Administration functions. Age: 48.
- Frank P. Filipps** Until his retirement effective April 30, 2005, Mr. Filipps served as the Chief Executive Officer of Radian and Chairman of its board of directors. He joined Radian and Radian Guaranty Inc. as Senior Vice President and Chief Financial Officer in November 1992, and became Executive Vice President and Chief Operating Officer of Radian and Radian Guaranty Inc. in 1994. In January 1995 he became President of Radian and Chairman of the Board, President and Chief Executive Officer of Radian Guaranty Inc. In January 1996 Mr. Filipps was named Chief Executive Officer of Radian. He was first named to Radian's board of directors in 1995 and, in 1999, became Chairman of the board. He has been a director of Impac Mortgage Holdings, Inc. since November 1995 and has been a director of Primus Guaranty, Ltd., a provider of credit protection, since March 2002. He served as a director of Radian from May 1995 until the effective date of his retirement. Additional information about Mr. Filipps and his retirement appears in the section of this proxy statement entitled Compensation of Directors and Executive Officers Executive Compensation Termination of Employment and Change in Control Arrangements. Age: 57.
- Sanford A. Ibrahim** Information about Mr. Ibrahim appears in the section of this proxy statement entitled Corporate Governance Matters Members of the Board of Directors.



**Martin Kamarck**

Mr. Kamarck joined Radian in February 2001 through Radian's acquisition of Enhance Financial Services Group Inc. ( Enhance ). He joined Enhance in April 1999 as President Insurance Businesses, in which capacity he also served as President of Enhance's wholly-owned subsidiaries, Asset Guaranty Insurance Company (now named Radian Asset Assurance Inc.) and Enhance Reinsurance Company (subsequently renamed Radian Reinsurance Inc. and later merged with and into Radian Asset Assurance Inc.). He continues to serve as President of Radian Asset Assurance Inc. From April 1997 through 1999, Mr. Kamarck was President and Chief Operating Officer of AEW Capital Management L.P., a leading real estate investment management firm now owned by CDC Ixis. Before that, Mr. Kamarck served in various positions at, including President and Chairman of, the Export-Import Bank of the United States. In the years before that, he served in various executive positions with Financial Guaranty Insurance Company. He has been a member of the board of directors of the Association of Financial Guaranty Insurers since 1999 and was Vice Chairman from 2000-2001 and began another two-year term in that position in 2004. Age: 55.

**Roy J. Kasmar**

Information about Mr. Kasmar appears on in the section of this proxy statement entitled Corporate Governance Matters Members of the Board of Directors.

**C. Robert Quint**

Mr. Quint, Executive Vice President and Chief Financial Officer of Radian, was named to that position in April 1999. He was named Senior Vice President, Chief Financial Officer of Radian and Radian Guaranty Inc. in January 1996. In January 1995, he was named Vice President, Finance and Controller of Radian and Radian Guaranty Inc. Before that, he served as Vice President, Administration and Controller of Radian. He joined Radian Guaranty Inc. as Vice President, Administration and Controller in August 1990. Age: 45.

**Howard S. Yaruss**

Mr. Yaruss, Executive Vice President, Secretary, General Counsel and Corporate Responsibility Officer of Radian, was named Executive Vice President in February 2002 and Corporate Responsibility Officer in November 2002. He joined Radian and Radian Guaranty Inc. in July 1997 as Senior Vice President, Secretary and General Counsel. Before that, he served as Vice President, Assistant General Counsel and Assistant Secretary of Capital Reinsurance Company, a reinsurance company. Age: 46.

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**SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN STOCKHOLDERS**
**Security Ownership of Management**

The following table shows all shares of Radian common stock that were deemed to be beneficially owned, as of February 25, 2005, by each director and nominee for director, each executive officer of Radian named in the Summary Compensation Table of this proxy statement, and the directors and all current executive officers of Radian as a group. In general, a person beneficially owns shares if he or she has, or shares with others, the right to vote or dispose of them, or if the person has the right to acquire them within 60 days after February 25, 2005 (such as by exercising options). Each person listed in the table has sole voting and dispositive power with respect to the shares owned by him or her.

<u>Name (1)</u>	<u>Shares</u> <u>Beneficially Owned (2)</u>	<u>Percent</u> <u>Of Class</u>
Frank P. Filipps	669,123	*
C. Robert Quint	272,233	*
Roy J. Kasmar	166,750	*
Herbert Wender	141,797	*
Martin Kamarck	102,488	*
Howard S. Yaruss	81,041	*
James W. Jennings	48,369	*
David C. Carney	43,369	*
Robert W. Richards	41,069	*
Ronald W. Moore	29,169	*