

RADIAN GROUP INC  
Form DEF 14A  
April 07, 2011  
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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.**

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(Name of Registrant as Specified in Its Charter)

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(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:

- Fee paid previously with preliminary materials.  
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

- (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 7, 2011

Dear Stockholder:

You are cordially invited to attend the 2011 Annual Meeting of Stockholders of Radian Group Inc., which will be held at The Sofitel Philadelphia, 120 South 17th Street, Philadelphia, Pennsylvania 19103, at 9:00 a.m. local time on May 11, 2011. The accompanying Notice of 2011 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 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 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 2011 ANNUAL MEETING OF STOCKHOLDERS**

Radian Group Inc. will hold its 2011 Annual Meeting of Stockholders as provided below:

Date and Time: Wednesday, May 11, 2011, 9:00 a.m. local time

Place: The Sofitel Philadelphia

120 South 17th Street

Philadelphia, Pennsylvania 19103

- Items of Business:
- (1) Elect twelve directors, each for a one-year term, to serve until their successors have been duly elected and qualified;
  
  - (2) Approve an amendment to the Radian Group Inc. 2008 Equity Compensation Plan to increase the number of shares of common stock authorized for issuance under the plan and to make certain other changes;
  
  - (3) Conduct an advisory vote to approve the overall compensation of our named executive officers;
  
  - (4) Conduct an advisory vote on the frequency of the advisory vote to approve the overall compensation of our named executive officers;
  
  - (5) Ratify the appointment of PricewaterhouseCoopers LLP as Radian's independent registered public accounting firm for the year ending December 31, 2011; and

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(6) 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, 2011 will be entitled to notice of, and to vote at, the meeting or any adjournment or postponement of the meeting.

**Whether or not 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 is present at 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 7, 2011

**Important Notice Regarding the Availability of Proxy Materials for the 2011 Annual Meeting of Stockholders to Be Held on May 11, 2011:**

**This proxy statement and our 2010 Annual Report to security holders are available at [www.radian.biz/StockholderReports](http://www.radian.biz/StockholderReports).**

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**RADIAN GROUP INC.**

1601 Market Street

Philadelphia, Pennsylvania 19103-2337

[www.radian.biz](http://www.radian.biz)

**PROXY STATEMENT**

**FOR**

**2011 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 2011 Annual Meeting of Stockholders (the annual meeting ). A copy of the Notice of 2011 Annual Meeting of Stockholders accompanies this proxy statement. These materials are also available on the internet at [www.radian.biz/StockholderReports](http://www.radian.biz/StockholderReports). This proxy statement and the accompanying proxy card are being mailed to stockholders beginning approximately April 7, 2011, 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, 2011, the record date, may vote at the annual meeting. On the record date, we had 133,105,845 shares of our common stock 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:

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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 you own in the Radian Group Inc. Savings Incentive Plan.

### **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 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.

Our directors are elected by majority voting (Proposal 1). For an uncontested election of directors, a director is elected if the number of shares voted For that director exceeds the number of shares voted Against that director. If a director fails to receive a majority of the votes cast, our board of directors will determine within 90 days of the meeting whether to accept the resignation of such director, unless the director retires during this 90 day period.

The approval of the amendment to Radian's 2008 Equity Compensation Plan (Proposal 2) requires (i) the affirmative vote by the holders of a majority of the shares present and entitled to vote at the meeting, and (ii) that a majority of the shares outstanding vote on this proposal.

Approval of the advisory, non-binding vote on the overall compensation of the Company's named executive officers (Proposal 3) requires the affirmative vote of a majority of the votes cast by the stockholders present in person or by proxy at the annual meeting.

For the advisory, non-binding vote on the frequency of the advisory vote on executive compensation (Proposal 4), the frequency that receives the most votes cast by the stockholders present in person or by proxy at the annual meeting will be considered the frequency recommended by the stockholders.

The ratification of the appointment of Radian's independent registered public accounting firm (Proposal 5) requires the affirmative vote of a majority of the votes cast by the stockholders present in person or by proxy at the annual meeting.

Broker non-votes and abstentions with respect to any proposal will be considered present for purposes of determining whether a quorum exists, but will not be counted as votes cast. Abstentions also will be counted as present and entitled to vote.

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A broker non-vote occurs when a member firm of the NYSE that holds 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 (1) the nominee was instructed not to vote on certain matters or (2) the nominee did not receive instructions from its customer as to how to vote on the unvoted matter(s), and therefore, does not have authority to vote on the matter(s). The missing vote on each such matter is a broker non-vote. Under applicable rules and regulations, such member firms are not permitted to vote on certain matters without instructions from the beneficial owner of the underlying shares. We believe that brokers have the authority to vote their customers' shares on the ratification of the appointment of our independent registered public accounting firm (Proposal 5), even if their customers do not instruct their nominees how to vote on this matter, and no authority to vote their customers' shares with respect to any other proposal unless instructed how to vote.

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**How Will Proxies Be Voted**

The shares represented by a validly completed proxy card will be voted at the meeting in accordance with the instructions given on the proxy card. 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 follows:

Proposal 1: For the election of all directors nominated by our board of directors (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);

Proposal 2: For the amendment to the Radian Group Inc. 2008 Equity Compensation Plan;

Proposal 3: For approval of the overall compensation of the Company's named executive officers as described in the Compensation Discussion and Analysis and the accompanying tabular and narrative disclosures;

Proposal 4: Every 1-year (annual) on the frequency of the advisory vote to approve the overall compensation of our named executive officers;

Proposal 5: For the ratification of the appointment of PricewaterhouseCoopers LLP as Radian's independent registered public accounting firm for 2011; 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. We currently know of no other matter to be presented at the annual meeting.

**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 within four business days after the conclusion of the annual meeting.

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**PROPOSAL 1**

**ELECTION OF DIRECTORS**

Our Certificate of Incorporation and 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, be determined by our board of directors. On February 9, 2011, our board increased the size of the board to twelve and appointed Lisa W. Hess and Noel J. Spiegel to fill the vacancies created by that increase. In adding these new directors to our board, we have enhanced our capital markets, business advisory and accounting expertise, while adding fresh perspectives to our board. We believe these new insights, combined with the institutional knowledge and depth of experience of our existing directors, will be important as we continue to navigate the challenging environment in which we are currently operating.

Upon election, each of our directors serves a one-year term and until his or her successor has been duly elected and qualified, or 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, James W. Jennings, Ronald W. Moore, Jan Nicholson, Robert W. Richards, Anthony W. Schweiger and Noel J. Spiegel. Upon the recommendation of the Governance Committee of our board of directors, the board has nominated each of these individuals for reelection. All nominees have consented to be named in this proxy statement and to serve if elected. If, at the time of 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**

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, 73, has served as non-executive Chairman of our board of directors since May 2005. He 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 experience with leadership 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 has helped us navigate the recent turbulent economic environment with a thoughtful, measured approach that we believe has positioned Radian well for the future.



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**David C. Carney**

Mr. Carney, 73, 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 a director of ImageMax, Inc., a provider of outsourced document management solutions, from 1997 until 2003 and served as Chairman of the Board of ImageMax, Inc. from 1999 through 2003. Mr. Carney currently serves as a director of California State Automobile Association Inter-Insurance Bureau, 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 for over 18 years gives him significant knowledge of Radian, its history and its businesses. Mr. Carney's experience as a CPA, as managing partner of the Philadelphia office 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 Chairman 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, 64, has served as President of Laurel Corporation, a financial services firm, since January 1996. Mr. Culang was a Managing Member of JH Capital Management LLC from July 1998 to 2010, and of Cognitive Capital Management LLC from April 2001 to December 2005, each of which is a management company for a private equity fund. Mr. Culang 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 being designated as Senior Credit Officer. He has been a director of Radian since June 1999.

Mr. Culang's service as a director of Radian for over 11 years 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 Chairman of the Credit Committee of our board of directors.



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**Lisa W. Hess**

Ms. Hess, 55, is 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 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. and 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 was appointed as a director of Radian in February 2011.

Ms. Hess's extensive experience with 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 investments and the capital markets that will be particularly beneficial to the board and its Finance and Investment Committee. Her current position as President and Managing Partner of SkyTop Capital Management LLC brings a current, day-to-day business perspective that will be valuable in enhancing board oversight during today's challenging operating environment. In addition, her experience serving on the corporate governance committee at TIAA will bring 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, 60, is President of Hopkins and Company LLC, a management consulting business he formed in February 1999. From 1976 to January 1999, he 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 for over 11 years gives him significant knowledge of Radian, its history and its businesses. Additionally, Mr. Hopkins's experience of over 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 deals routinely 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 Chairman of the Compensation and Human Resources Committee of our board of directors.

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**Sanford A. Ibrahim**

Mr. Ibrahim, 59, has served as Radian's Chief Executive Officer since May 2005. Before joining Radian, from 1999 until April 2005, Mr. Ibrahim was President and Chief Executive Officer of GreenPoint Mortgage Funding, Inc., a residential mortgage lender. In 1999, Mr. Ibrahim served as Chief Operating Officer of the combined mortgage businesses of GreenPoint Financial Corp., the former parent company of GreenPoint Mortgage Funding Inc., and from 1997 through 1998, served as an Executive Vice President of GreenPoint Financial Corp. Mr. Ibrahim has been a member of the Residential Board of Governors of the Mortgage Bankers Association of America and is a member of the board of directors of the California Mortgage Bankers Association and the Institute for International Education. He has been a director of Radian since joining us in May 2005.

Mr. Ibrahim was appointed to be our CEO because of his strong leadership skills and his exceptional expertise, background and industry reputation. As discussed above, Mr. Ibrahim has industry-specific management experience and expertise and has had extensive involvement in applicable 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.

**James W. Jennings**

Mr. Jennings, 74, 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 currently serves as a member of the Independent Review Committee of a family of mutual funds managed by SEI Investments Canada Company, a subsidiary of SEI Investments Company. He has been a director of Radian since January 1993.

Mr. Jennings' service as a director of Radian for over 18 years gives him significant knowledge of Radian, its history and its businesses. Mr. Jennings' decades-long practice as a corporate and securities lawyer and his ongoing role as a member of the Independent Review Committee of a family of mutual funds give him particular insight into many of the issues facing publicly traded companies and their boards of directors and also provide a valuable perspective on corporate governance and financial issues.

**Ronald W. Moore**

Mr. Moore, 65, was an Adjunct Professor of Business Administration at Harvard Business School from 1990 until his retirement in 2010. From 1974 to 1990, he held a number of positions at Shearson Lehman Brothers Inc., including as Managing Director. Mr. Moore has been a director of Radian since November 1992.

Mr. Moore's service as a director of Radian for over 18 years gives him significant knowledge of Radian, its history and its businesses. Mr. Moore's background in business administration gives him an academic's perspective on our business, and provides the board with access to different and current views on the issues facing the Company and its businesses. Mr. Moore's experience in investment banking also is particularly relevant in his role as Chairman of the Finance and Investment Committee of our board of directors.

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**Jan Nicholson**

Ms. Nicholson, 66, 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, a financial guaranty insurer, where she oversaw Portfolio Management and Strategic Risk Assessment functions. From 1994 to 1998, Ms. Nicholson was Managing Director in charge of Research and Development for Capital Markets Assurance Corporation, a financial guaranty insurer. Ms. Nicholson has been a director of Ball Corporation, a supplier of metal and plastic packaging products and of aerospace and other technologies, since 1994. She has been a director of Radian since September 2003.

Ms. Nicholson's experience in the bond insurance industry, banking experience focused on derivatives and securitizations and experience focused on workouts of large commercial real estate loans provide a breadth of knowledge regarding the financial sector. Her specific experience in debt portfolio management and risk assessment are particularly important in supporting the board's risk oversight responsibilities.

**Robert W. Richards**

Mr. Richards, 68, was Chairman of the Board 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.

Mr. Richards' service as a director of Radian for over 18 years gives him significant knowledge of Radian, its history and its businesses. Further, his mortgage banking management experience provides the board with additional industry-specific knowledge and insight. His extensive board leadership experience helps provide additional insight into a board's oversight role and function.

**Anthony W. Schweiger**

Mr. Schweiger, 69, is CEO and Managing Principal of The Tomorrow Group, LLC, a governance and management consulting firm, since 1993. From March 2001 to September 2010, he was the Chairman and Managing Principal of e-brilliance, LLC, a technology consulting firm. Prior to forming e-brilliance, LLC and The Tomorrow Group, LLC, he served at different times as the President and Chief Executive Officer, and Executive Vice President/Chief Operating Officer of Meridian Mortgage Corporation, and he holds the Certified Mortgage Banker designation. From 2001 through 2008, Mr. Schweiger was also a director and Chairman of the Audit and Compensation Committees of Paragon Technologies, Inc., a manufacturer of material handling systems, and from 2004 through 2005, as a director and Chairman of the Audit and Governance Committees of United Financial Mortgage Corporation, a provider of residential mortgages. He has been a director of Radian since November 1992.

Mr. Schweiger's service as a director of Radian for over 18 years gives him significant knowledge of Radian, its history and its businesses. Mr. Schweiger's extensive management experience within the mortgage industry further enhances his qualifications to serve as a director. His work with e-brilliance, LLC allows him to provide a broad perspective on techniques for effectively running a business, while his role in leading a governance and consulting firm allows him to provide current and thoughtful perspectives regarding governance, a skill that is of significant value in his role as Chairman of the Governance Committee of our board of directors.

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**Noel J. Spiegel**

Mr. Spiegel, 63, was a partner at Deloitte & Touche, LLP, where he practiced from September 1969 until his retirement in May 2010. In his over 40 year career at Deloitte, he has served in numerous management positions, including as Deputy Managing Partner, member of the 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. He was appointed as a director of Radian in 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 will be of significant value to the board and its Audit Committee. 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.

**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**

**APPROVAL OF AMENDMENT TO  
THE RADIAN GROUP INC. 2008 EQUITY COMPENSATION PLAN**

We are asking our stockholders to approve an amendment to the Radian Group Inc. 2008 Equity Compensation Plan (the 2008 Equity Plan or the Plan ) to increase the number of shares available for issuance under the 2008 Equity Plan by 3,150,000 additional shares and to make certain other changes as discussed below. As of the record date, 861,442 shares remained available for grant under the 2008 Equity Plan.

The purpose of the 2008 Equity Plan is to attract, motivate and retain highly qualified officers, directors, employees and other key individuals. We believe that providing these individuals with an opportunity to acquire a direct proprietary interest in the future success of Radian will incentivize these individuals to improve our business and results of operations and more closely align the interests of Plan participants with those of our stockholders. Accordingly, we believe the amendment to the 2008 Equity Plan is critical to our overall compensation strategy and necessary to further our compensation principles and objectives as discussed below under Compensation of Executive Officers and Directors Compensation Discussion and Analysis Compensation Principles and Objectives.

The 2008 Equity Plan was originally approved by our stockholders in May 2008. In connection with this approval, we agreed not to grant any additional awards under our previous equity plan, the 1995 Equity Compensation Plan (the 1995 Equity Plan ). In May of 2009 and 2010, our stockholders approved increases in the authorized shares under the 2008 Equity Plan in the amounts of 667,000 and 800,000 shares, respectively, among other changes. On February 9, 2011, our board of directors approved an increase in the authorized shares under the 2008 Equity Plan and certain other changes, and adopted the Plan as amended, which is the subject of this Proposal 2.

In addition to increasing the number of shares available for issuance under the 2008 Equity Plan, the proposed amendment to the Plan:

Sets forth the terms and conditions that the Compensation and Human Resources Committee may use in making awards that are intended to be qualified performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code );

Increases the rate by which shares subject to certain future grants of restricted stock, restricted stock units ( RSUs ), phantom stock or performance shares (collectively, full value grants ) decrease our flexible share reserve under the Plan. See Awards Under Our Equity Compensation Plan below;

Permits the Compensation and Human Resources Committee to delegate to the Chief Executive Officer of the Company the authority to make grants under the 2008 Equity Plan to employees, consultants, and advisors who are not executive officers, directors, or principal shareholders, so long as such grants are not intended to be qualified performance-based compensation for purposes of Section 162(m) of the Code and certain other conditions are met;

Provides that, unless the Compensation and Human Resources Committee determines otherwise, dividends or dividend equivalents on performance-based grants will vest and become payable at the same time and to the same extent as the underlying awards;

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Sets forth the actions that the Compensation and Human Resources Committee may take with respect to outstanding grants in the event of a change of control;

Increases the maximum number of shares that may be granted to any individual grantee in a calendar year to 1,000,000 shares;

Establishes, or in some cases revises, the amount of full value grants that can be granted, with no restriction or performance period;

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Provides additional flexibility to establish the terms of certain awards in the grant letter;

Clarifies that all awards under the 2008 Equity Plan will be subject to any applicable clawback or recoupment policies that may be implemented by the Company;

Extends the term of the 2008 Equity Plan from December 31, 2018 to May 11, 2021; and

Clarifies the consequences of retirement, death or disability on certain awards, as well as making other clarifying changes.

The full text of the 2008 Equity Plan, as amended and restated by our board on February 9, 2011, subject to the approval of our stockholders at the 2011 annual meeting of stockholders, is included as *Appendix A* to this proxy statement. The description below of the 2008 Equity Plan, as amended and restated, is qualified by reference to the full text of the 2008 Equity Plan attached as *Appendix A*. If the amendment is not approved by our stockholders, the 2008 Equity Plan will continue as currently in effect.

## **Awards Under Our Equity Compensation Plan**

As of the record date, an aggregate of 3,267,000 shares of common stock are reserved for issuance under the 2008 Equity Plan, of which 2,009,428 shares have been awarded. This 2,009,428 share number corresponds to 2,405,558 shares after taking into account the reserve adjustment under the Plan for previously granted awards and by assuming the maximum issuance of shares for performance-based awards. Each full value grant under the 2008 Equity Plan (other than those settled in cash) reduces the reserve shares available for grant under the Plan by 1.14 shares for every share subject to such grant (1-1/3 shares for grants made prior to May 13, 2009). With the amendment subject to this proposal, each full value grant under the 2008 Equity Plan (other than those settled in cash) will reduce the reserve available for grant under the 2008 Equity Plan by 1.19 shares for every share subject to such grant (1-1/3 shares for grants made prior to May 13, 2009 and 1.14 shares for grants made on and after May 13, 2009 and prior to the date of stockholder approval of this proposal). Awards under the 2008 Equity Plan that provide for settlement solely in cash (and not in shares of common stock) do not count against the share reserve. As of the record date, 861,442 shares of our common stock remain available for grant.

The amendment would increase the number of shares available for grant under the 2008 Equity Plan by 3,150,000 additional shares to an aggregate of 6,417,000 shares of our common stock or 4,011,442 shares available for future awards. This 4,011,442 share number corresponds to 4,407,572 shares of common stock without taking into account the reserve adjustment under the Plan for previously issued shares and our assumptions regarding the issuance of performance-based shares.

In connection with the stockholder approval of the 2008 Equity Plan in May 2009, the Compensation and Human Resources Committee of our board of directors committed to administer the grant of awards under the 2008 Equity Plan such that the average annual burn rate for grants made during fiscal years 2009, 2010 and 2011 would not exceed 2.18% of the number of shares of common stock that we anticipated would be outstanding over such three-year period. The annual burn rate is calculated by dividing (i) the number of shares granted under the Plan in each fiscal year by (ii) the fiscal year-end weighted average of common shares outstanding. For purposes of calculating the number of shares granted in a year with respect to the burn rate, shares subject to full value grants count as 1.5 shares for every one share actually issued in connection with such award. Cash-settled awards will not be taken into account for purposes of calculating the annual burn rate. Our three-year average burn rate was 0.96% as of December 31, 2010.

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As of the record date, our non-employee directors and employees held (i) stock options to purchase a total of 3,178,020 shares of our common stock, of which 2,394,448 options are vested, with a weighted average per share exercise price of \$27.93 and weighted average remaining term of 2.85 years, (ii) 392,908 shares of restricted stock, (iii) 518,441 shares of common stock issuable upon the conversion of unvested phantom stock, excluding dividend equivalents, and (iv) 287,126 RSUs to be settled in shares of common stock upon vesting (with a

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potential maximum payout of 304,950 shares for those grants of RSUs that are subject to performance-based conditions). On the record date, the closing price of our common stock on the New York Stock Exchange ( NYSE ) was \$6.71.

**Plan Benefits**

Participation and the types of awards under the 2008 Equity Plan are subject to the discretion of the Compensation and Human Resources Committee of our board of directors, and as a result, the benefits or amounts that will be received by any participant or groups of participants under the 2008 Equity Plan, including from any additional shares authorized under the 2008 Equity Plan, are not currently determinable. On the record date, there were eight executive officers, eleven non-employee directors and approximately 700 employees who were eligible to participate in the 2008 Equity Plan.

During 2010, we granted the following awards under the 2008 Equity Plan:

Named of Individual or Group	Non-Qualified Stock Options (#)	Per Share Exercise Price of Non-Qualified Stock Options (\$)	Stock Appreciation Rights (SARs) (#) (1)	Per Share Exercise Price of SARs (\$)	Restricted Stock Units (#) (2)	Value of Restricted Stock Units (\$) (3)
Sanford A. Ibrahim	87,900	\$ 10.42	*	\$ *	72,800	\$ 875,784
C. Robert Quint	22,000	10.42	*	*	18,200	218,946
Teresa Bryce Bazemore	44,000	10.42	*	*	36,400	437,892
Robert H. Griffith	19,300	10.42	*	*	22,500	236,030
H. Scott Theobald	15,400	10.42	*	*	12,800	153,984
All current executive officers, as a group	218,000	10.42	*	*	187,000	2,214,965
All directors who are not executive officers, as a group	0	*	*	*	108,921	1,135,000
All employees who are not executive officers, as a group	27,400	10.42	192,100	10.42	191,800	2,275,829

\* Not applicable.

- (1) Stock appreciation rights granted in 2010 are to be settled in cash.
- (2) Of the RSUs granted in 2010: (i) 271,421 RSUs are to be settled in cash (of which 162,500 RSUs granted to our non-executive employees are subject to performance based vesting, and the remaining 108,921 RSUs granted to our non-employee directors are subject to time based vesting), and (ii) 216,300 RSUs granted to our employees, including our executive officers, are to be settled in shares of our common stock (of which 203,300 RSUs are subject to performance based vesting, while the remaining 13,000 RSUs granted to new hires are subject to time based vesting).
- (3) Represents the grant date fair value of the awards computed in accordance with the accounting standard regarding share-based compensation payments. For a discussion of the assumptions used by us in calculating these amounts, see Note 16, Share-Based and Other Compensation Programs, of the Notes to Consolidated Financial Statements included in our 2010 Annual Report on Form 10-K.

**Description of the Plan**

*Shares Subject to the Plan.* The 2008 Equity Plan, as amended, authorizes the issuance of up to 3,267,000 shares of our common stock, and with the amendment subject to this proposal, would authorize the issuance of 6,417,000 shares of our common stock of which 4,011,442 shares would be available for future issuance. This 4,011,442 share number corresponds to 4,407,572 shares of common stock without taking into account the reserve adjustment under the Plan for previously issued shares and our assumptions regarding the issuance of shares for performance-based awards. Of the reserved number of shares, 2,009,428 shares have been awarded as

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of the record date to be settled in stock. This 2,009,428 share number corresponds to 2,405,558 shares after taking into account the reserve adjustment under the Plan for previously issued shares and our assumptions regarding the issuance of shares for performance-based awards. Any shares subject to options or stock appreciation rights ( SARs ) granted under the 2008 Equity Plan that terminate, expire or are cancelled without being exercised, and any shares of restricted stock, phantom stock, restricted stock units or performance share awards, that are forfeited or otherwise terminate or are cancelled without being vested or settled in full, will become available for reissuance under the 2008 Equity Plan. Other shares, such as those tendered in payment of an option exercise price or withheld for taxes under the 2008 Equity Plan, or subject to awards that expire or are forfeited under our 1995 Equity Plan, will not be added to the number of shares reserved under the 2008 Equity Plan.

Each option or SAR granted under the 2008 Equity Plan, other than cash-settled awards, will reduce the reserve available for grant under the 2008 Equity Plan by one share for every share subject to such grant. Each full value grant under the 2008 Equity Plan, other than cash-settled awards, will reduce the reserve available for grant under the 2008 Equity Plan by 1.19 shares for every share subject to such grant (1-1/3 shares for grants made prior to May 13, 2009 and 1.14 shares for grants made on and after May 13, 2009 and prior to the date of stockholder approval of this proposal). Any shares subject to awards that are settled in cash rather than common stock will become available for reissuance under the 2008 Equity Plan, and awards providing for settlement solely in cash will not reduce the shares available for grant under the 2008 Equity Plan.

*Administration of the Plan.* The 2008 Equity Plan is administered by a committee of our board of directors (referred to in this Description of the Plan as the committee ), with grant decisions made by at least two non-employee directors, each of whom is an outside director as defined under Section 162(m) of the Code, a non-employee director as defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the Exchange Act ), and otherwise an independent director under the rules and regulations of the NYSE. The Compensation and Human Resources Committee of our board of directors has been appointed by the board to administer the 2008 Equity Plan. Subject to the 2008 Equity Plan, the committee has the sole authority to determine:

who will receive grants under the Plan;

the type, size and terms of each grant;

when the awards will be granted and the duration of any exercise or restriction period;

any restrictions on resale applicable to the shares to be issued or transferred pursuant to a grant; and

any other matters arising under the Plan.

Under the amendment subject to this proposal, the committee is given authority to delegate to the Chief Executive Officer the authority to make grants under the 2008 Equity Plan to employees, consultants, and advisors who are not subject to the restrictions of Section 16(b) of the Exchange Act. However, the Chief Executive Officer will not be permitted to make grants that are intended to meet the requirements of qualified performance based compensation pursuant to the requirements of Section 162(m) of the Code and all grants must be made in accordance with appropriate parameters set by the committee. Any delegation of authority will be subject to such conditions and limitations as may be determined by the committee and will be subject to applicable law, including Delaware law and the rules of the NYSE or such other securities exchange on which our common stock is then listed.

*Grants.* Awards under the 2008 Equity Plan may consist of incentive stock options within the meaning of Section 422 of the Code (referred to as ISOs ), non-qualified stock options (referred to as NQSOs ), restricted stock grants, restricted stock units, stand-alone and tandem SARs,

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phantom stock and performance shares. Each grant of restricted stock, restricted stock units, phantom stock and performance shares may be designed to meet the requirements of qualified performance-based compensation under Section 162(m) of the Code.

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*Eligibility for Participation.* Our officers and employees are eligible to participate in the 2008 Equity Plan. Non-employee directors and consultants and advisors are eligible to participate in the 2008 Equity Plan, but are not permitted to receive grants of ISOs or performance shares. Under the amendment subject to this proposal, no grantee may receive grants of more than 1,000,000 shares of our common stock in any calendar year, subject to certain adjustments as set forth in the 2008 Equity Plan.

*No Repricing.* Under the 2008 Equity Plan, repricing of stock options and SARs (including a reduction in the exercise price of stock options or SARs or replacement of an award with cash or another award type) without stockholder approval is prohibited, except in connection with a corporate transaction such as a merger, spin-off or reorganization.

*Stock Options; Exercise Price, Term, Vesting and Method of Exercise.* The 2008 Equity Plan provides that the exercise price of an ISO or NQSO may not be less than the fair market value of our common stock on the date the option is granted. If the grantee of an ISO owns more than 10% of the total combined voting power of all classes of our stock, the exercise price of the ISO may not be less than 110% of the fair market value of a share of our common stock on the date the option is granted. All of the outstanding options under our 1995 Equity Plan and our 2008 Equity Plan are NQSOs.

The Compensation and Human Resources Committee determines the term for each option, up to a 10-year maximum (except the term of an ISO may not exceed five years if the grantee owns more than 10% of the total combined voting power of all classes of our stock). Unless otherwise specified in the applicable grant, each option vests ratably over four years, beginning one year after the date of grant. Unless otherwise specified in the grant letter, as long as the grantee is still employed by, consulting or advising for, or serving as a director of, Radian, if not sooner vested by its terms, each option fully vests upon the earliest of:

the grantee's retirement in the case of an employee or a non-employee director, as defined under the 2008 Equity Plan (see "Certain Other Definitions" below);

five years from the date of the grant; or

the grantee's death or, in the case of an employee or a non-employee director, the grantee's disability (see "Certain Other Definitions" below).

A grantee who is a consultant or advisor will not be subject to accelerated vesting upon retirement or disability.

Options granted before May 13, 2009 fully vest upon a change of control of Radian if the grantee is still employed by or serving as a director of Radian at such time. The treatment of options granted on or after May 13, 2009 upon a change of control will be determined by the Compensation and Human Resources Committee and specified in the grant letter. For awards that were granted to employees on or after May 13, 2009, the grant letters contained a "double-trigger," providing that options will become immediately vested and exercisable only if (1) there is a change of control of Radian and (2) the grantee's employment with us is terminated by us without cause or by the grantee for good reason during the period beginning on the date that is 90 days before the change of control and ending on the date that is one year following the change of control. For additional information, see "Adjustment Provisions; Change of Control of Radian" below.

Payment of the option price upon the exercise of an option may be made in cash or, subject to any conditions imposed by the Compensation and Human Resources Committee, by tendering shares of common stock owned by the grantee, by having shares of common stock that are subject to

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the exercisable option be withheld to pay the exercise price, by authorizing a third party to sell shares of common stock acquired upon exercise of the option and paying to the Company a sufficient portion of the sale proceeds to pay the exercise price and any applicable tax withholding, or any combination of the foregoing payment methods.

In the event that a grantee's service relationship with us terminates, the reason for termination will dictate the length of the post-termination exercise period available. In the case of a voluntary termination, the grantee

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will generally have 90 days to exercise the option. In the event of involuntary termination by us without cause, as defined under the 2008 Equity Plan (see *Certain Other Definitions* below), the grantee will generally have one year to exercise the option. Upon the retirement or disability of a grantee who is an employee or non-employee director, or upon the death of any grantee (including a consultant or advisor), the grantee (or his or her legal representative) will be entitled to exercise the option for its full remaining term. In the event of termination for cause, including with respect to a grantee who is a non-employee director, such director's removal from the board of directors for cause, any options held by such grantee will immediately terminate. The Compensation and Human Resources Committee may vary or extend the post-termination exercise periods noted above, subject to the remaining term of the option. In no event will the option be exercisable after the date of expiration of the option exercise period.

*Restricted Stock and Restricted Stock Units.* The Compensation and Human Resources Committee may issue shares of our common stock in the form of a restricted stock grant, or grant the right to receive shares of our common stock (or cash equal to the fair market value of the shares) under a grant of restricted stock units. The shares underlying a grant are issued in consideration for cash or services rendered having a value, as determined by our board of directors, at least equal to the par value of our common stock. Unless otherwise provided in the applicable grant letter, if a grantee's service relationship with us terminates while the shares or units are subject to restrictions, the restricted stock grant or restricted stock units grant will terminate with respect to all shares that are subject to restrictions, and such shares or units will be immediately forfeited. While shares or units are subject to restrictions, a grantee may not sell, assign, transfer, pledge or otherwise dispose of them, except to a successor grantee in the event of the grantee's death. Holders of restricted stock will have the right to receive any cash dividends paid during the restriction period; holders of restricted stock units are not entitled to receive dividends. All restrictions imposed under a restricted stock grant or restricted stock unit grant lapse after the applicable restriction period. The restriction period for any restricted stock grant or restricted stock unit grant, the vesting of which is based upon a continuing service relationship with us, shall be a minimum of three years from the grant date, and the restriction period for any restricted stock grant or restricted stock unit grant that is based upon performance criteria will be based upon performance over a minimum period of one year; provided, however, that full value grants of up to 10% of the number of shares subject to the initial Plan reserve, as set forth in the proposed amendment to the Plan (or 641,700 shares) may be issued with shorter or no restriction period or performance period, taking into consideration all full value grants so awarded. Except as specified in the grant letter, the restriction period shall automatically terminate upon the grantee's retirement, death or disability, and, at such time, all restrictions on the restricted stock grant or restricted stock unit shall immediately lapse. For grants made before May 13, 2009, the restriction period terminates upon the occurrence of a change of control of Radian if the grantee is employed by Radian. The treatment for grants on or after May 13, 2009 upon a change of control will be determined by the Compensation and Human Resources Committee and specified in the grant letter. It is our intention that any future awards of restricted stock or restricted stock units will contain a "double-trigger" vesting requirement with respect to a change of control. For additional information, see *Adjustment Provisions; Change of Control of Radian* below.

*Phantom Stock.* The Compensation and Human Resources Committee may grant phantom stock awards under the 2008 Equity Plan, which entitle the grantee to receive shares of our common stock on a date (referred to in the Plan as the "conversion date") established by the committee. The Compensation and Human Resources Committee also may establish such restrictions on the vesting of phantom stock as it deems appropriate. Unless otherwise provided in the applicable grant letter, if a grantee's service relationship with us terminates during any period in which vesting restrictions apply, the phantom stock grant terminates as to all shares covered by the grant as to which vesting restrictions have not lapsed and such shares will be forfeited. The requirements for vesting conditions for phantom stock under the 2008 Equity Plan are the same as those for restricted stock and restricted stock units as discussed above, including the 10% limit applicable to full value grants which may be granted with no minimum vesting period. Unless otherwise specified in the grant letter, we credit dividend equivalents to holders of phantom stock when dividends are paid on our common stock. All dividend equivalents granted to holders of phantom stock will become payable only at the same time and to the same extent as the underlying phantom stock award. All phantom stock is paid in whole shares of our common stock, with fractional shares paid in cash.

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*Stock Appreciation Rights.* The Compensation and Human Resources Committee may grant either stand-alone SARs or may grant SARs in tandem with a stock option for all or a portion of the applicable option, either when the option is granted or, in the case of an NQSO, at any time thereafter while the option remains outstanding. Upon the exercise of an option, any tandem SARs relating to our common stock covered by such option terminate. Upon the exercise of any tandem SARs, the related option terminates to the extent of an equal number of shares of our common stock.

Upon a grantee's exercise of some or all of his or her SARs, the grantee receives in settlement of such SARs an amount equal to the value of the stock appreciation for the number of SARs exercised, payable in cash, shares of our common stock or a combination thereof, as the committee may require. The stock appreciation for a SAR is the difference between the exercise price as described below and the fair market value of the underlying common stock on the date of exercise of the SAR. The exercise price of a stand-alone SAR will be the fair market value of a share of our common stock on the grant date of the SAR. The exercise price of a tandem SAR is either:

the exercise price of the related stock option; or

the fair market value of a share of our common stock on the date of grant of the SAR, if the SAR is granted after the date of grant of the stock option and an exercise price equal to the option price would result in the disallowance of our expense deduction upon exercise of the SAR under Section 162(m) of the Code or violate Section 409A of the Code.

Any stand-alone SAR will have a maximum term of ten years, and will be subject to vesting, acceleration and post-termination exercise periods comparable to those provided for NQSOs as discussed above. Any tandem SAR shall be exercisable only for as long as the related stock option is also exercisable.

*Performance Share Awards.* The 2008 Equity Plan also provides for the granting of performance share awards to employees of the Company. A performance share award may entitle the grantee to receive shares of common stock or cash at the conclusion of the award term, contingent upon the satisfaction of specified performance goals established by the Compensation and Human Resources Committee for such award term. Holders of performance shares will have no voting rights, no rights to receive dividends or dividend equivalents or other ownership rights and privileges of a stockholder with respect to any performance share, provided, that the committee may provide in the grant letter that the grantee will be entitled to dividend equivalent rights on terms similar to those applicable to dividend equivalent rights provided to holders of phantom shares. As with the other awards discussed above, performance share awards are based on an award term of at least one year; provided, however, that full value grants of up to 10% of the number of shares subject to the initial Plan reserve, as set forth in the proposed amendment to the Plan (or 641,700 shares) may be issued with shorter or no restriction period or performance period, taking into consideration all full value grants so awarded.

*Qualified Performance Based Compensation.* The 2008 Equity Plan permits the Compensation and Human Resources Committee to determine that grants of restricted stock, restricted stock units, phantom stock or performance share awards are to be considered qualified performance based compensation for purposes of Section 162(m) of the Code ( performance awards ). A performance award may entitle the grantee to receive shares of common stock or cash at the conclusion of the performance period, contingent upon the satisfaction of objective performance goals. When performance awards are granted, the committee shall establish (i) the objective performance goals that must be met, (ii) the period during which performance will be measured, (iii) the maximum potential award that may be earned if the performance goals are met, and (iv) any other conditions that the committee deems appropriate and consistent with the requirements of Section 162(m) of the Code for qualified performance-based compensation. For purposes of establishing the objective performance goals, the goals must be substantially uncertain at the time they are established and such goals must be established in such a way that a third party with knowledge of the relevant facts could determine whether and to what extent the performance goals have been met. The committee shall not have discretion to increase the amount of compensation that is payable pursuant to a performance award. At the end of the designated





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performance period the committee will determine to what extent the established performance goals have been met and shall certify the performance results for any award made for such period. The committee may provide in the grant letter to what extent a performance award shall be payable upon the grantee's disability or death, or a change of control, or under other circumstances consistent with the requirements under Section 162(m) of the Code.

*Amendment and Termination of the Plan.* Our board of directors may amend or terminate the Plan at any time. However, the Compensation and Human Resources Committee and our stockholders must approve any amendment to the extent required by applicable law, the Securities Exchange Commission (SEC) or NYSE regulations.

The 2008 Equity Plan will terminate on May 11, 2021 unless terminated earlier by our board of directors or further extended by the board with the approval of our stockholders. The expiration date was extended from December 31, 2018 by the amendment subject to this proposal.

*Amendment and Termination of Outstanding Grants.* A termination or amendment of the 2008 Equity Plan that occurs after a grant is made will not terminate or amend the grant unless the grantee consents or unless the Compensation and Human Resources Committee revokes or modifies a grant that is contrary to applicable law. The grantee's consent is not required for an amendment that merely accelerates the vesting or extends the post-termination exercise period of a grant or that does not adversely affect the grant.

*Transferability of Awards.* Grants under the 2008 Equity Plan are generally not transferable, and all rights with respect to an award granted to a participant generally will be available only to the participant during a participant's lifetime. The Compensation and Human Resources Committee may not implement any program that would give participants the opportunity to transfer for value any outstanding grants without stockholder approval.

*Adjustment Provisions; Change of Control of Radian.* The number or kind of shares of our common stock available for grants or subject to outstanding grants may change as a result of changes made to our common stock by reason of merger, consolidation, reorganization, recapitalization, stock dividend, stock split, combination of shares, exchange of shares or any other change in capital structure made without receipt of consideration.

If any such event occurs, the number of shares of our common stock available for grant, the number of shares of our common stock available for grant to any individual grantee, the number of such shares covered by outstanding grants and the price per share or the applicable market value of such grants will be proportionately adjusted by the Compensation and Human Resources Committee to reflect any increase or decrease in the number or kind of shares of our common stock.

For awards granted prior to May 13, 2009, if a change of control of Radian occurs: (1) all options and SARs outstanding under the 2008 Equity Plan will become immediately vested and exercisable, and (2) all restrictions on outstanding restricted stock, restricted stock units and phantom stock grants will immediately lapse.

The treatment of awards granted on or after May 13, 2009 upon a change of control will be determined by the Compensation and Human Resources Committee and specified in the grant letter. For awards that were granted to employees on or after May 13, 2009, except as noted in this paragraph, the grant letters contain a double-trigger, providing that options and SARs outstanding will become immediately vested and exercisable and all restrictions on outstanding restricted stock will immediately lapse if (1) there is a change of control of Radian and (2) the

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grantee's employment with us is terminated by us without cause or by the grantee for good reason during the period beginning on the date that is 90 days before the change of control and ending on the date that is one year following the change of control. For awards of performance-based restricted stock units that were granted to employees on or after May 13, 2009, the grant letters provide that the restricted stock units will automatically vest at the target award level upon a change of control. For awards of restricted stock units that

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were granted to directors on or after May 13, 2009, the grant letters provide that the restricted stock units will automatically vest in full upon the directors' separation from service, if during the period commencing upon a change of control and within 90 days following the first meeting of stockholders of Radian, or the surviving company, following a change of control, the director is not (i) appointed or nominated for reelection to the board of directors of Radian, or the surviving entity, or (ii) reelected after nomination to the board of directors of Radian, or the surviving entity.

A change of control of Radian occurs when, unless otherwise specified in a grant letter:

a person or group (other than an employee or his or her family, Radian, any Radian or affiliate employee benefit plan or any federal or state governments, including any political subdivisions, departments, agencies or instrumentalities) acquires 40% or more of our shares then outstanding and entitled to vote for directors generally;

any person or group (other than an employee and his or her family) purchases substantially all of the assets of Radian; or

during any 24-month period, individuals who at the beginning of such period constituted our board of directors cease for any reason to constitute a majority thereof, unless the election, or the nomination for election by our stockholders, of at least 75% of the directors who were not directors at the beginning of such period was approved by a vote of at least 75% of the directors in office at the time of such election or nomination who were directors at the beginning of such period.

Unless otherwise specified in a grant letter, upon a change of control the committee may take one or more of the following actions with respect to any or all outstanding grants, without the consent of any grantee: (A) the committee may determine that outstanding options and SARs shall be fully exercisable, restrictions on outstanding restricted stock grants shall lapse, and other grants shall become payable upon specified terminations of employment or at such other time as the committee determines, (B) the committee may require that grantees surrender their outstanding options and SARs for cancellation and the grantees shall receive one or more payments, in cash, common stock or other property, in an amount equal to the amount, if any, by which the then fair market value of the shares of our common stock subject to the unexercised options and SARs exceeds the exercise price, (C) after giving grantees an opportunity to exercise their options and SARs, any or all unexercised Stock Options and SARs shall be terminated, (D) with respect to grantees holding restricted stock units, phantom stock, or performance shares, the committee may determine that such participants shall receive one or more payments in settlement of such grants, in such amount and form and on such terms as may be determined by the committee, or (E) the committee may determine that grants that remain outstanding after the change of control shall be converted to similar grants of the surviving corporation or a parent or subsidiary of the surviving corporation. If the per share fair market value of the common stock does not exceed the per share exercise price of an option or SAR, the Company shall not be required to make any payment to the participant upon surrender of the option or SAR.

*Company Policies.* All grants shall be subject to any applicable clawback or recoupment policies, share trading policies and other policies that may be implemented by the board of directors from time to time.

*Certain Other Definitions.* For purposes of the 2008 Equity Plan, unless otherwise specified in a grant letter:

A grantee's retirement is defined as separation from service after attaining either age 65 with 5 years of credited service or age 55 with 10 years of credited service (age 55 with 5 years of credited service if so provided in the applicable employment agreement with the grantee that was in effect on February 10, 2010).

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A grantee's disability, in the case of an employee, is defined by reference to our long-term disability program, unless otherwise determined by the Compensation and Human Resources Committee. A grantee's disability, in the case of a non-employee directors shall be defined in the grantee's grant letter.

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Cause for termination is generally defined as the grantee's (1) indictment for, conviction of, or pleading nolo contendere to, a felony or a crime involving fraud, misrepresentation or moral turpitude (excluding minor traffic offenses); (2) fraud, dishonesty, theft or misappropriation of funds in connection with the grantee's duties; (3) material violation of our Code of Conduct and Ethics or employment policies; or (4) gross negligence or willful misconduct in the performance of the grantee's duties, in each case as determined in the sole discretion of the Compensation and Human Resources Committee.

The provisions of the 2008 Equity Plan that refer to retirement and disability shall not apply to a grantee who is a consultant or advisor.

*Non-U.S. Grants.* The Compensation and Human Resources Committee may modify the terms and conditions of grants made to persons outside the United States, establish subplans for such persons with modified procedures, or otherwise take action to conform with the provisions of local laws and regulations or local practices and policies in foreign countries.

## **Federal Income Tax Consequences**

The following summarizes the U.S. federal income tax consequences to grantees and to us of grants made under the 2008 Equity Plan. Grantees are urged to consult with their personal tax advisors concerning the application of the principles discussed below to their own situations and the application of state and local tax laws. This discussion is intended for the information of the stockholders considering how to vote at the annual meeting and not as tax guidance to individuals who will participate in the 2008 Equity Plan. The summary does not address the effects of other federal taxes or taxes imposed under state, local, or foreign tax laws.

From a grantee's standpoint, as a general rule, ordinary income will be recognized at the time of payment of cash, or delivery of actual shares of common stock. Future appreciation on shares of common stock held beyond the ordinary income recognition event will be taxable at capital gains rates (long-term or short-term depending on the holding period) when the shares of common stock are sold. As a general rule, we will be entitled to a tax deduction that corresponds in time and amount to the ordinary income recognized by the recipient, and we will not be entitled to any tax deduction in respect of capital gain income recognized by the recipient.

Exceptions to these general rules may arise under the following circumstances: (i) if shares of common stock, when delivered, are subject to a substantial risk of forfeiture by reason of failure to satisfy any employment or performance-related condition, ordinary income taxation and our tax deduction will be delayed until the risk of forfeiture lapses (unless the recipient makes a special election to ignore the risk of forfeiture) under section 83(b) of the Code; (ii) if a grantee exercises a stock option that qualifies as an ISO, no ordinary income will be recognized, and we will not be entitled to any tax deduction, if shares of common stock acquired upon exercise of such ISO are held until the greater of one year from the date of exercise or two years from the date of grant; (iii) we will not be entitled to a tax deduction for compensation attributable to awards to one of our top five officers, if and to the extent such compensation does not qualify as performance-based compensation under section 162(m) of the Code, and such compensation, along with any other non-performance-based compensation paid in the same year, exceeds \$1 million, and (iv) an award may be taxable to the recipient as ordinary income, with an additional 20% tax, at the time it becomes vested (even if the vesting date is prior to settlement of the award), if the award constitutes deferred compensation under section 409A of the Code, and the requirements of section 409A of the Code are not satisfied.

*Non-Qualified Stock Options.* There are no federal income tax consequences to grantees or to us upon the grant of an NQSO. Upon the exercise of NQSOs, grantees will recognize ordinary income in an amount equal to the excess of the fair market value of the shares when exercised over the exercise price of the NQSO. We generally will be entitled to a corresponding income tax deduction. Grantees who are employees will be subject to income tax and FICA withholding. Upon the sale of shares acquired upon exercise of a NQSO, a grantee will



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have a long-term or short-term capital gain or loss, depending on the length of time the grantee holds the shares prior to sale, in an amount equal to the difference between the amount realized upon the sale and the exercise price, plus the amount of ordinary income recognized by the grantee when the NQSO was exercised.

*Incentive Stock Options.* Grantees will not be subject to income taxation upon the grant or exercise of ISOs, and we will not be entitled to an income tax deduction by reason of such grant or exercise. However, the amount by which the fair market value of the shares when the ISO is exercised exceeds the option price is an item of tax preference subject to the alternative minimum tax applicable to the person exercising the ISO. If the grantee disposes of shares acquired upon exercise of an ISO more than one year after the exercise and two years after the grant of the ISO, the grantee will recognize long-term capital gain or loss in the amount of the difference between the amount realized on the sale and the option price, and we will not be entitled to any tax deduction. For this purpose, a disposition of ISO shares includes not only a sale or exchange, but also a gift or other transfer (with certain exceptions such as transfers upon death).

If such a disqualifying disposition occurs within one year from the date of exercise of the ISO or within two years from the date of grant, the grantee generally will recognize ordinary compensation income (not capital gain) equal to the lesser of the excess of the fair market value of the shares on the date of exercise over the option price, or the excess of the amount realized on the sale of the shares over the option price.

Any amount realized on a sale within one year from the date of exercise of the ISO or within two years from the date of grant in excess of the amount treated as ordinary compensation income (or any loss realized) will be a long-term or a short-term capital gain (or loss), depending upon the length of time the shares were held. We generally will be entitled to a tax deduction on such sale corresponding to the ordinary compensation income recognized by the grantee.

*Restricted Stock.* A grantee normally will not recognize taxable income upon the grant of restricted stock, and we will not be entitled to a deduction, until such stock is transferable by the grantee or no longer subject to a substantial risk of forfeiture, whichever occurs earlier. However, a grantee will recognize ordinary compensation income on amounts paid to the grantee as dividends on shares of restricted stock while the stock remains subject to restrictions. We generally will be entitled to a deduction in the same amount when such amount is included in the grantee's income. When restricted stock is either transferable or is no longer subject to a substantial risk of forfeiture, the grantee will recognize ordinary compensation income in an amount equal to the difference between the fair market value of the common stock at that time and the amount paid by the grantee for the shares, if any, or the grantee's other tax basis in the shares. If we comply with applicable reporting requirements, we will be entitled to a deduction in the same amount and generally at the same time as the grantee includes the recognized amount in ordinary income, subject to the limit on deductible compensation for covered employees under Section 162(m) of the Code. However, a participant, within 30 days of receiving restricted stock, may elect under Section 83(b) of the Code to recognize ordinary compensation income in the year the restricted stock grant is awarded in an amount equal to the difference between the fair market value of our common stock at that time, determined without regard to the restrictions, and the amount paid by the grantee for the shares, if any. In this event, subject to the limit on deductible compensation for covered employees under Section 162(m) of the Code, we generally will be entitled to a deduction in the same year. Any gain or loss recognized by the grantee upon subsequent disposition of our common stock will be a long-term or short-term capital gain or loss, depending on the length of time the grantee holds the shares prior to sale. If, after making the election, any of our common stock subject to a restricted stock grant is forfeited, or if the market value declines during the restriction period, the grantee is not entitled to any tax deduction or tax refund.

*Restricted Stock Units/Phantom Stock.* There are no immediate tax consequences of receiving an award of restricted stock units or phantom stock under the 2008 Equity Plan. If the grantee is an employee, the restricted stock units or phantom stock will be taxable for purposes of FICA and FUTA when the grant and any dividend equivalents are no longer subject to a substantial risk of forfeiture, regardless of whether the grantee has received a distribution with respect to such award at that time. A grantee who is awarded restricted stock units or phantom





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stock will recognize ordinary income in an amount equal to the fair market value of shares issued to such grantee on the payment date. To the extent that the grantee has already paid FICA taxes with respect to the restricted stock units or shares of phantom stock, no additional FICA amounts will be owed on the payment date. If we comply with applicable reporting requirements, we will be entitled to a deduction in the same amount and generally at the same time as the grantee includes the recognized amount in ordinary income, subject to the limit on deductible compensation for covered employees under Section 162(m) of the Code.

*Performance Share Awards.* There are no immediate tax consequences of receiving a grant of performance share awards under the 2008 Equity Plan. In the year in which the performance share awards are settled, the grantee will recognize ordinary income equal to the fair market value of the shares of common stock or cash received in settlement of the performance share awards. At that time, the grantee will be required to satisfy the tax withholding requirements applicable to such income. We will be entitled to a deduction in the same amount and generally at the same time as the grantee includes the recognized amount in ordinary income, subject to the limit on deductible compensation for covered employees under Section 162(m) of the Code.

*Stock Appreciation Rights.* The grantee will not recognize any income upon the grant of a SAR. Upon the exercise of a SAR, the grantee will recognize ordinary compensation income in the amount of the cash and the fair market value of our shares of common stock received upon such exercise. We generally are entitled to a corresponding deduction.

*Section 162(m).* Section 162(m) of the Code generally disallows a publicly held corporation's tax deduction for compensation paid to its Chief Executive Officer or any of its four other most highly compensated officers in excess of \$1 million in any year. Compensation that qualifies as performance-based compensation is excluded from the \$1 million deduction cap, and therefore, remains fully deductible by the corporation that pays it. Under the 2008 Equity Plan, grants of ISOs, NQSOs, and SARs with an exercise price not less than fair market value on the date of grant, are intended to meet the requirements of performance-based compensation within the meaning of Section 162(m) of the Code. Other awards granted under the Plan will only meet the requirements of performance-based compensation if the Compensation and Human Resources Committee conditions such awards on the achievement of specific objective performance goals in accordance with the requirements of section 162(m) of the Code, as described under the section titled "Qualified Performance Based Compensation," above.

*Section 280G.* To the extent payments that are contingent on a change of control are determined to exceed certain Code limitations, they may be subject to a 20% nondeductible excise tax and our deduction with respect to the associated compensation expense may be disallowed in whole or in part.

*Section 409A.* The Compensation and Human Resources Committee may permit a grantee to defer receipt of the payment of cash or the delivery of shares that would otherwise be delivered under the 2008 Equity Plan. Certain awards under the 2008 Equity Plan, such as restricted stock units, phantom stock and SARs, may involve elements of deferred compensation, which is governed by Section 409A of the Code. The committee may establish such rules and procedures as it may deem advisable and in our best interests in the event that Section 409A of the Code is implicated by any transaction under the 2008 Equity Plan. If an amount constitutes deferred compensation under Section 409A of the Code and the requirements of Section 409A of the Code are not satisfied, the grantee may be subject to a 20% excise tax in addition to ordinary income tax inclusion at the time the award becomes vested, plus interest.

**Table of Contents****Equity Compensation Plan Information**

The following table provides information about our current equity compensation plans and arrangements in the aggregate as of December 31, 2010, not including the shares that would be added to the 2008 Equity Plan under this Proposal 2:

Plan Category (1)	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column(a))
Equity compensation plans approved by stockholders (2)	3,962,152	\$ 23.32 (3)	2,807,332 (4)
Equity compensation plans not approved by stockholders			
<b>Total</b>	<b>3,962,152</b>	<b>\$ 23.32 (3)</b>	<b>2,807,332 (4)</b>

- (1) The table does not include information for equity compensation plans assumed by us in mergers, under which we do not grant additional awards.
- (2) These plans consist of our 1995 Equity Plan, 2008 Equity Plan and our 2008 Employee Stock Purchase Plan.
- (3) Represents 3,227,411 non-qualified stock options and 518,441 shares of phantom stock issued under our 1995 Equity Plan and our 2008 Equity Plan and 216,300 RSUs issued under our 2008 Equity Plan. The shares of phantom stock and RSUs were granted at full value, and therefore, have a weighted average exercise price of \$0. Excluding shares of phantom stock and RSUs from this calculation, the weighted average exercise price would have been \$28.63.
- (4) Includes 1,026,356 shares available for issuance under our 2008 Equity Plan (not including the shares that would be added to the 2008 Equity Plan under this Proposal 2) and 1,780,976 shares available for issuance under our 2008 Employee Stock Purchase Plan, in each case as of December 31, 2010. In February 2011, we issued 70,826 RSUs and 84,172 non-qualified stock options under our 2008 Equity Plan. As a result, 861,442 shares currently remain available for grant under the 2008 Equity Plan. In January 2011, we issued 52,959 shares under our 2008 Employee Stock Purchase Plan. As a result, 1,728,017 shares currently remain available for issuance under this plan. When we obtained stockholder approval for our 2008 Equity Plan, we stated that we would not issue any additional shares under our 1995 Equity Plan. This also includes a reserve adjustment for RSUs and phantom stock awarded under the 2008 Equity Plan, as described elsewhere in this Proxy Statement.

**Recommendation**

**RADIAN'S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT TO THE 2008 EQUITY COMPENSATION PLAN. SIGNED PROXIES WILL BE VOTED FOR APPROVAL UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.**



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**PROPOSAL 3**

**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 as disclosed in the Compensation Discussion and Analysis section of this proxy statement and the accompanying tabular and narrative disclosures. This vote is intended to provide an overall assessment of our executive compensation program rather than focus on any specific item of compensation.

As discussed under Compensation of Executive Officers and Directors Compensation Discussion and Analysis, our executive compensation program is designed to attract, motivate and retain the highest quality executive officers and to link our pay-for-performance philosophy with sound risk management practices. In particular, we took the following notable actions with respect to executive compensation in 2010:

In light of our financial results in 2010, the independent directors awarded Mr. Ibrahim \$0 in short-term incentive compensation for 2010. The Compensation and Human Resources Committee awarded each of our other named executive officers significantly reduced short-term incentive compensation awards for 2010 (between 35% and 50% of target).

We continued to utilize our STI/MTI program, which enhances our performance and risk-based approach to compensation by reducing cash awards for short-term (one year) performance periods by incorporating a medium-term (two year) performance period. During the medium-term performance period, our executive officers continue to have pay at risk associated with (i) the performance of insurance written during the initial, short-term performance period and (ii) the on-going integrity of our financial results. In 2011, the Compensation and Human Resources Committee awarded to each of our named executive officers a cash payment for the first medium-term incentive award granted under the STI/MTI Plan. This award was based on the credit performance of our 2009 mortgage insurance portfolio. Due to the strong credit performance of this portfolio, the Compensation and Human Resources Committee paid to each of our named executive officers the 2009 medium-term incentive award at 115% of target.

We further expanded on our pay-for-performance philosophy by granting performance based RSUs to our named executive officers. These RSUs will only vest if we satisfy certain total shareholder return objectives, based on how our total shareholder return compares to comparable industry peers and companies included in the S&P 400 index over a three-year performance period.

We entered into new severance agreements with certain of our named executive officers and eliminated all change of control agreements with these executive officers.

In addition, effective April 5, 2011, we entered into a new employment agreement with Mr. Ibrahim, extending the term of his employment through December 31, 2014. In entering into this agreement, Mr. Ibrahim agreed to eliminate his enhanced severance payment upon a termination of his employment without cause or good reason in connection with a change of control and any tax gross-up to which he would have been entitled as a result of any excess parachute payment within the meaning of section 280G of the Internal Revenue Code. See Potential Payments Upon Termination of Employment or Change of Control Compensation Related Agreements below.

While this vote is advisory and non-binding, the Compensation and Human Resources Committee and our board of directors value 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 named executive officers 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 2011 Annual Meeting of

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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**

**RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT. SIGNED PROXIES WILL BE VOTED FOR APPROVAL UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.**

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**PROPOSAL 4**

**ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION**

We are providing our stockholders with an opportunity to cast an advisory, non-binding vote on the frequency of the advisory vote set forth in Proposal 3. Stockholders can indicate their preference on whether we should hold an advisory vote on named executive officer compensation annually, every two years or every three years. Stockholders also have the option to abstain from voting on this matter.

Our board of directors currently believes that an **ANNUAL** advisory vote on executive compensation would be most appropriate. As discussed below under Compensation Discussion and Analysis Executive Summary and Compensation Philosophy Overview of 2010 Performance and Compensation, we continue to face significant challenges in each of our businesses and the overall business, economic, and regulatory environment remains uncertain. During this period, an **ANNUAL** advisory vote will permit our stockholders to provide important and frequent input on our executive compensation practices. This is consistent with our efforts to engage in an ongoing dialogue with our stockholders on executive compensation and corporate governance matters.

Our board of directors values the opinion of our stockholders and will take into account the outcome of the vote when considering the frequency of the advisory vote set forth in Proposal 3. Because this vote is advisory, however, it is not binding on our board, and our board may decide it is in the best interests of the Company and our stockholders to hold an advisory vote on executive compensation more or less frequently than the frequency receiving the most votes cast by our stockholders.

The proxy card provides stockholders with the opportunity to choose among four options (holding the vote every one, two or three years, or abstain from voting) and, therefore, stockholders will not be voting to approve or disapprove the recommendation of our board of directors.

**Recommendation**

**RADIAN'S BOARD OF DIRECTORS RECOMMENDS THAT A VOTE FOR THE OPTION OF ONCE EVERY YEAR ( 1 year ) AS TO THE FREQUENCY OF THE ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY'S NAMED EXECUTIVE OFFICERS. SIGNED PROXIES WILL BE VOTED FOR THE OPTION OF ONCE EVERY YEAR UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.**



**Table of Contents****PROPOSAL 5****RATIFICATION OF THE APPOINTMENT  
OF PRICEWATERHOUSECOOPERS LLP****General**

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 appointment of PricewaterhouseCoopers LLP ( PwC ) as our independent registered public accounting firm for 2011 is being submitted to our stockholders for ratification. A representative of PwC is expected to attend our annual 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 PwC, the Audit Committee will reconsider whether or not to retain the firm. You should note that, even if the appointment of PwC is approved at the annual meeting, the Audit Committee, in its discretion, may select a new independent registered public accounting firm at any time if it determines that such a change would be in our best interests and those of our stockholders.

**Independent Registered Public Accounting Firm Fees and Services**

The following is a summary of the fees billed for professional services rendered to Radian by PwC for the fiscal years ended December 31, 2010 and December 31, 2009:

<b>Type of Fees</b>	<b>2010</b>	<b>2009</b>
Audit Fees	\$ 5,552,123	\$ 5,762,405
Audit-Related Fees	316,810	509,080
Tax Fees	77,167	287,353
All Other Fees	144,283	1,500
<b>Total</b>	<b>\$ 6,090,383</b>	<b>\$ 6,560,338</b>

For purpose of the above table, in accordance with the SEC's definitions and rules:

Audit Fees are fees for professional services for the audit of the financial statements included in our Annual Report on Form 10-K (which includes an audit of our internal control over financial reporting as required by Section 404 of the Sarbanes-Oxley Act of 2002), for the review of our financial statements included in our Quarterly Reports on Form 10-Q, and for services that normally are provided in connection with statutory and regulatory filings.

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**Audit-Related Fees** are fees for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and which are not reported under **Audit Fees**, including services related to employee benefit plan audits, the filing of registration statements and consultation on reporting matters.

**Tax Fees** are fees for tax compliance, tax advice and tax planning.

**All Other Fees** are fees for products and services provided by our independent registered public accounting firm other than those services reported above, including services provided in connection with the implementation of a new claims management system in 2010 and licenses for technical accounting research software.

All services provided by PwC and listed in the table above were pre-approved by the Audit Committee. The Audit Committee considered the nature of the non-audit services provided by the independent registered public accounting firm providing such services and determined that those services were in compliance with the provision of independent audit services by such firm.

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**Pre-Approval Policy**

In addition to retaining PwC to audit our consolidated financial statements for 2010, we retained PwC to provide other auditing and advisory services as discussed above. We understand the need for PwC to maintain objectivity and independence in its audit of our financial statements. To minimize relationships that could appear to impair the objectivity of PwC, our Audit Committee is required to pre-approve all non-audit work performed by PwC in accordance with applicable SEC rules and our pre-approval policy.

**Recommendation**

**RADIAN S BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS RADIAN S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2011. SIGNED PROXIES WILL BE VOTED FOR RATIFICATION UNLESS A STOCKHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD.**

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**CORPORATE GOVERNANCE AND BOARD MATTERS**

International Flavors & Fragrances, Inc.

8,500

1,214,735

3,052,572

Containers & Packaging (0.94%)

Avery Dennison Corp.

14,000

1,376,760

REAL ESTATE (3.52%)

Equity Real Estate Investment Trusts (1.83%)

Camden Property Trust

12,000

1,097,400

Equinix, Inc.

3,595

1,604,449

2,701,849

Real Estate Management & Development (1.69%)

FirstService Corp.

37,800

2,487,618

**TOTAL COMMON STOCKS**

(COST OF \$102,509,785)

144,809,214

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Liberty All-Star® Growth Fund      Schedule of  
Investments

As of September 30, 2017 (Unaudited)

	SHARES	MARKET VALUE
SHORT TERM INVESTMENTS (6.01%)		
MONEY MARKET FUND (1.85%)		
State Street Institutional U.S. Government Money Market Fund, 0.93% <sup>(d)</sup> (COST OF \$2,727,761)	2,727,761	2,727,761
INVESTMENTS PURCHASED WITH COLLATERAL FROM SECURITIES LOANED (4.16%)		
State Street Navigator Securities Lending Government Money Market Portfolio, 1.02% (COST OF \$6,122,208)	6,122,208	\$6,122,208
TOTAL SHORT TERM INVESTMENTS (COST OF \$8,849,969)		8,849,969
TOTAL INVESTMENTS (104.29%) (COST OF \$111,359,754)		153,659,183
LIABILITIES IN EXCESS OF OTHER ASSETS (-4.29%)		(6,321,789 )
NET ASSETS (100.00%)		\$ 147,337,394
NET ASSET VALUE PER SHARE (26,909,895 SHARES OUTSTANDING)		\$5.48

(a) Non-income producing security.

(b) Security, or a portion of the security position, is currently on loan. The total market value of securities on loan is \$8,888,154.

(c) American Depositary Receipt.

(d) Rate reflects seven-day effective yield on September 30, 2017.

See Notes to Schedule of Investments.

Liberty All-Star® Growth Fund Notes to Schedule of Investments

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As of September 30, 2017 (Unaudited)

#### Security Valuation

Equity securities are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the NASDAQ Stock Market LLC ("NASDAQ"), which are valued at the NASDAQ official closing price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Cash collateral from securities lending activity is reinvested in the State Street Navigator Securities Lending Government Money Market Portfolio, a registered investment company under the Investment Company Act of 1940 (the "1940 Act"), which operates as a money market fund in compliance with Rule 2a-7 under the 1940 Act. Shares of registered investment companies are valued daily at that investment company's net asset value per share.

The Fund's investments are valued at market value or, in the absence of market value with respect to any portfolio securities, at fair value according to procedures adopted by the Fund's Board of Directors (the "Board"). When market quotations are not readily available, or in management's judgment they do not accurately reflect fair value of a security, or an event occurs after the market close but before the Fund is priced that materially affects the value of a security, the security will be valued by the Fund's Valuation Committee, using fair valuation procedures established by the Board. Examples of potentially significant events that could materially impact a Fund's net asset value include, but are not limited to: single issuer events such as corporate actions, reorganizations, mergers, spin-offs, liquidations, acquisitions and buyouts; corporate announcements on earnings or product offerings; regulatory news; and litigation and multiple issuer events such as governmental actions; natural disasters or armed conflicts that affect a country or a region; or significant market fluctuations. Potential significant events are monitored by the Advisor, ALPS Advisors, Inc. (the "Advisor"), Sub-Advisers and/or the Valuation Committee through independent reviews of market indicators, general news sources and communications from the Fund's custodian. As of September 30, 2017, the Fund held no securities that were fair valued.

#### Security Transactions

Security transactions are recorded on trade date. Cost is determined and gains/(losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

#### Income Recognition

Interest income is recorded on the accrual basis. Corporate actions and dividend income are recorded on the ex-date.

The Fund estimates components of distributions from real estate investment trusts ("REITs"). Distributions received in excess of income are recorded as a reduction of the cost of the related investments. Once the REIT reports annually the tax character of its distributions, the Fund revises its estimates. If the Fund no longer owns the applicable securities, any distributions received in excess of income are recorded as realized gains.

#### Lending of Portfolio Securities

The Fund may lend its portfolio securities only to borrowers that are approved by the Fund's securities lending agent, State Street Bank & Trust Co. ("SSB"). The Fund will limit such lending to not more than 20% of the value of its total assets. The borrower pledges and maintains with the Fund collateral consisting of cash (U.S. Dollar only), securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, or by irrevocable bank letters of credit issued by a person other than the borrower or an affiliate of the borrower. The initial collateral received by the Fund is required to have a value of no less than 102% of the market value of the loaned securities for securities traded on U.S. exchanges and a value of no less than 105% of the market value for all other securities. The collateral is maintained thereafter, at a market value equal to no less than 100% of the current value of the securities on loan. The

market value of the loaned securities is determined at the close of each business day and any additional required collateral is delivered to the Fund on the next business day. During the term of the loan, the Fund is entitled to all distributions made on or in respect of the loaned securities. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within the standard time period for settlement of securities transactions.

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## Liberty All-Star® Growth Fund Notes to Schedule of Investments

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As of September 30, 2017 (Unaudited)

Any cash collateral received is reinvested in a money market fund managed by SSB as disclosed in the Fund's Schedule of Investments. Non-cash collateral, in the form of securities issued or guaranteed by the U.S. government or its agencies or instrumentalities, is not disclosed in the Fund's Schedule of Investments as it is held by the lending agent on behalf of the Fund, and the Fund does not have the ability to re-hypothecate these securities.

The following is a summary of the Fund's securities lending positions and related cash and non-cash collateral received as of September 30, 2017:

Market	Cash	Non-Cash	Total
Value of Securities on Loan	Collateral Received	Collateral Received	Collateral Received
\$8,888,154	\$6,122,208	\$2,956,706	\$9,078,914

The risks of securities lending include the risk that the borrower may not provide additional collateral when required or may not return the securities when due. To mitigate these risks, the Fund benefits from a borrower default indemnity provided by SSB. SSB's indemnity allows for full replacement of securities lent wherein SSB will purchase the unreturned loaned securities on the open market by applying the proceeds of the collateral, or to the extent such proceeds are insufficient or the collateral is unavailable, SSB will purchase the unreturned loan securities at SSB's expense. However, the Fund could suffer a loss if the value of the investments purchased with cash collateral falls below the value of the cash collateral received.

#### Fair Value Measurements

The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Valuation techniques used to value the Fund's investments by major category are as follows:

Equity securities that are valued based on unadjusted quoted prices in active markets are categorized as Level 1 in the hierarchy. In the event there were no sales during the day or closing prices are not available, securities are valued at the mean of the most recent quoted bid and ask prices on such day and are generally categorized as Level 2 in the hierarchy. Investments in shares of registered investment companies are valued at their closing NAV each business day and are categorized as Level 1 in the hierarchy.

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## Liberty All-Star® Growth Fund Notes to Schedule of Investments

As of September 30, 2017 (Unaudited)

Various inputs are used in determining the value of the Fund's investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments.

These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 – Unadjusted quoted prices in active markets for identical investments, unrestricted assets or liabilities that a Fund has the ability to access at the measurement date;

Level 2 – Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3 – Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The following is a summary of the inputs used to value the Fund's investments as of September 30, 2017:

	Valuation Inputs			Total
	Level 1	Level 2	Level 3	
Investments in Securities at Value*				
Common Stocks	\$144,809,214	\$ –	\$ –	\$144,809,214
Short Term Investment	2,727,761	–	–	2,727,761
Investments Purchased with Collateral from Securities Loaned	6,122,208	–	–	6,122,208
Total	\$153,659,183	\$ –	\$ –	\$153,659,183

\*See Schedule of Investments for industry classifications.

The Fund recognizes transfers between levels as of the end of the period. For the nine months ended September 30, 2017, the Fund did not have any transfers between Level 1 and Level 2 securities. The Fund did not have any securities which used significant unobservable inputs (Level 3) in determining fair value during the period.

Liberty All-Star® Growth Fund Notes to Schedule of Investments

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As of September 30, 2017 (Unaudited)

**Indemnification**

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund. Also, under the Fund's organizational documents and by contract, the Directors and Officers of the Fund are indemnified against certain liabilities that may arise out of their duties to the Fund. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be minimal.

**Maryland Statutes**

By resolution of the Board of Directors, the Fund has opted into the Maryland Control Share Acquisition Act and the Maryland Business Combination Act. In general, the Maryland Control Share Acquisition Act provides that "control shares" of a Maryland corporation acquired in a control share acquisition may not be voted except to the extent approved by shareholders at a meeting by a vote of two-thirds of the votes entitled to be cast on the matter (excluding shares owned by the acquirer and by officers or directors who are employees of the corporation). "Control shares" are voting shares of stock which, if aggregated with all other shares of stock owned by the acquirer or in respect of which the acquirer is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquirer to exercise voting power in electing directors within certain statutorily defined ranges (one-tenth but less than one-third, one-third but less than a majority, and more than a majority of the voting power). In general, the Maryland Business Combination Act prohibits an interested shareholder (a shareholder that holds 10% or more of the voting power of the outstanding stock of the corporation) of a Maryland corporation from engaging in a business combination (generally defined to include a merger, consolidation, share exchange, sale of a substantial amount of assets, a transfer of the corporation's securities and similar transactions to or with the interested shareholder or an entity affiliated with the interested shareholder) with the corporation for a period of five years after the most recent date on which the interested shareholder became an interested shareholder. At the time of adoption, March 19, 2009, the Board and the Fund were not aware of any shareholder that held control shares or that was an interested shareholder under the statutes.

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Item 2 - Controls and Procedures.

The registrant's Principal Executive Officer and Principal Financial Officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within (a) 90 days of this filing and have concluded that the registrant's disclosure controls and procedures were effective, as of that date.

There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under (b) the Investment Company Act of 1940) during registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3 – Exhibits.

Separate certifications for the registrant's Principal Executive Officer and Principal Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR GROWTH FUND,  
INC.

By: /s/ William Parmentier  
William Parmentier  
President (principal executive officer)

Date: November 17, 2017

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ William Parmentier  
William Parmentier  
President (principal executive officer)

Date: November 17, 2017

By: /s/ Kimberly Storms  
Kimberly Storms  
Treasurer (principal financial officer)

Date: November 17, 2017