

MGIC INVESTMENT CORP
Form DEF 14A
March 31, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934

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

MGIC INVESTMENT CORPORATION
(Name of Registrant as Specified In Its Charter)

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

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MGIC
Investment
Corporation

MGIC Investment Corporation

March 31, 2011

Dear Shareholder:

It is my pleasure to invite you to attend our Annual Meeting of Shareholders to be held on Thursday, May 5, 2011, in the Bradley Pavilion of the Marcus Center for the Performing Arts in Milwaukee, Wisconsin.

At our meeting this year, we will ask shareholders to:

Notice of
2011
Annual
Meeting
and Proxy
Statement

- elect three directors,
- ratify the placement of two directors appointed to the Board of Directors in 2010 into classes whose terms continue past the Annual Meeting,
- approve an amendment to our Articles of Incorporation to eliminate the classified board provisions and provide for the annual election of all directors,
- conduct an advisory vote on executive compensation and an advisory vote on the frequency of future advisory votes on executive compensation,
- approve our 2011 Omnibus Incentive Plan, and
- ratify for 2011 the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm

We will also report on our business.

Your vote is important. Even if you plan to attend the meeting, we encourage you to sign the enclosed proxy card or voting instruction form to vote your shares. Please read our proxy statement for more information about our meeting and the voting process.

Our Annual Report to Shareholders, which follows the proxy statement in this booklet, is a separate report and is not part of this proxy statement.

Sincerely,

2010
Annual
Report
To
Shareholders

Curt S. Culver
Chairman and
Chief Executive Officer

IMPORTANT VOTING INFORMATION

If you hold your shares in “street name,” meaning your shares are held in a stock brokerage account or by a bank or other nominee, you will have received a voting instruction form from that nominee containing instructions that you must follow in order for your shares to be voted. If you do not transmit your voting instructions before the Annual Meeting, your nominee can vote on your behalf on only those matters considered to be routine.

The following matters are NOT considered routine: election of directors, ratification of the placement of directors into classes whose terms continue past the Annual Meeting, approval of an amendment to our Articles of Incorporation to eliminate the classified board provisions and provide for the annual election of all directors, the advisory vote on executive compensation, the advisory vote on the frequency of holding future advisory votes on executive compensation and approval of our 2011 Omnibus Incentive Plan. Your nominee is not permitted to vote on your behalf on such matters unless you provide specific instructions by following the instructions from your nominee about voting your shares and by completing and returning the voting instruction form. For your vote to be counted on such matters, you will need to communicate your voting decisions to your bank, broker or other nominee before the date of the Annual Meeting.

Your Participation in Voting the Shares You Own is Important

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors. Please review the proxy materials and follow the relevant instructions to vote your shares. We hope you will exercise your rights and fully participate as a shareholder in the future of MGIC Investment Corporation.

More Information is Available

If you have any questions about the proxy voting process, please contact the bank, broker or other nominee through which you hold your shares. The SEC also has a website (www.sec.gov/spotlight/proxymatters.shtml) with more information about voting at annual meetings. Additionally, you may contact our Senior Vice President–Investor Relations at (414) 347-6480.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 5, 2011

Our proxy statement and 2010 Annual Report to Shareholders are available at <http://mtg.mgic.com/proxyinfo>. Your vote is very important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may submit your proxy card or voting instruction form for the Annual Meeting by completing, signing, dating and returning your proxy card or voting instruction form in the pre-addressed envelope provided. No postage is required if mailed in the United States. If you attend the meeting, you may vote in person, even if you have previously returned your proxy card. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.

MGIC INVESTMENT CORPORATION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 5, 2011

To Our Shareholders:

The Annual Meeting of Shareholders of MGIC Investment Corporation will be held in the Bradley Pavilion of the Marcus Center for the Performing Arts, 929 North Water Street, Milwaukee, Wisconsin, on May 5, 2011, at 9:00 a.m., to vote on the following matters:

- (1) Election of the three directors named in the proxy statement, each for a three-year term;
- (2) Ratification of the placement of two directors appointed to the Board of Directors in 2010 into classes whose terms continue past the Annual Meeting;
- (3) Approval of an amendment to our Articles of Incorporation to eliminate the classified board provisions and provide for the annual election of all directors;
- (4) An advisory vote on executive compensation;
- (5) An advisory vote on the frequency of holding future advisory votes on executive compensation;
- (6) Approval of our 2011 Omnibus Incentive Plan;
- (7) Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011; and
- (8) Any other matters that properly come before the meeting.

Only shareholders of record at the close of business on March 4, 2011 will be entitled to vote at the Annual Meeting and any postponement or adjournment of the meeting.

By Order of the Board of Directors

Jeffrey H. Lane, Secretary
March 31, 2011

YOUR VOTE IS IMPORTANT
PLEASE PROMPTLY COMPLETE, SIGN, DATE AND RETURN
YOUR PROXY CARD OR VOTING INSTRUCTION FORM

MGIC Investment Corporation
P.O. Box 488
MGIC Plaza, 250 East Kilbourn Avenue
Milwaukee, WI 53201

Proxy Statement

Our Board of Directors is soliciting proxies for the Annual Meeting of Shareholders to be held at 9:00 a.m., Thursday, May 5, 2011, in the Bradley Pavilion of the Marcus Center for the Performing Arts, 929 North Water Street, Milwaukee, Wisconsin, and at any postponement or adjournment of the meeting. In this proxy statement we sometimes refer to MGIC Investment Corporation as “the Company,” “we” or “us.” This proxy statement and the enclosed form of proxy are being mailed to shareholders beginning on approximately March 31, 2011. Our Annual Report to Shareholders for the year ended December 31, 2010, which follows the proxy statement in this booklet, is a separate report and is not part of this proxy statement. If you have any questions about attending our Annual Meeting, you can call our Senior Vice President–Investor Relations at (414) 347-6480.

About the Meeting and Proxy Materials

What is the purpose of the Annual Meeting?

At our Annual Meeting, shareholders will act on the matters outlined in our notice of meeting on the preceding page, including the election of the three directors named in the proxy statement, ratification of the placement of two directors appointed to the Board of Directors in 2010 into classes whose terms continue past the Annual Meeting, approval of an amendment to our Articles of Incorporation to eliminate the classified board provisions and provide for the annual election of all directors, an advisory vote on our executive compensation, an advisory vote on the frequency of holding future advisory votes on executive compensation, approval of our 2011 Omnibus Incentive Plan and ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011. In addition, management will report on our performance during the last year and, after the meeting, respond to questions from shareholders.

Who is entitled to vote at the meeting?

Only shareholders of record at the close of business on March 4, 2011, the record date for the meeting, are entitled to receive notice of and to participate in the Annual Meeting. For each share of Common Stock that you held on that date, you are entitled to one vote on each matter considered at the meeting. On the record date, 201,142,536 shares of Common Stock were outstanding and entitled to vote.

What is a proxy?

A proxy is another person you legally designate to vote your shares. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card.

How do I vote my shares?

If you are a shareholder of record, meaning your shares are registered directly in your name with Wells Fargo Bank Minnesota, N.A., our stock transfer agent, you may vote your shares by completing, signing and returning the enclosed proxy card in the envelope provided. If you attend the meeting, you may withdraw your proxy and vote your shares in person.

If you hold your shares in “street name,” meaning your shares are held in a stock brokerage account or by a bank or other nominee, your broker or nominee has enclosed or provided a voting instruction form for you to use to direct the broker or nominee how to vote your shares. Certain of these institutions offer telephone and Internet voting.

If you hold shares as a participant in our Profit Sharing and Savings Plan and Trust, you may use the enclosed proxy card to instruct the plan trustee how to vote those shares. The trustee will vote shares held in your account in accordance with your instructions and the plan terms. The plan trustee may vote the shares for you if your proxy card is not received at least five days before the Annual Meeting date.

Please contact our Senior Vice President–Investor Relations at (414) 347-6480 if you would like directions on attending the Annual Meeting and voting in person. At our meeting, you will be asked to show some form of identification (such as your driving license).

Can I change my vote after I return my proxy card?

Yes. If you are a shareholder of record, you can revoke your proxy at any time before your shares are voted by advising our corporate Secretary in writing, by submitting a signed proxy with a later date, or by voting in person at the meeting. If your shares are held in street name by a broker, bank or nominee, or in our Profit Sharing and Savings Plan and Trust, you must follow the instructions of the broker, bank, nominee or plan trustee on how to change your vote.

How are the votes counted?

A quorum is necessary to hold the meeting and will exist if a majority of the 201,142,536 shares of Common Stock outstanding on the record date are represented, in person or by proxy, at the meeting. Votes cast by proxy or in person at the meeting will be counted by Wells Fargo Bank Minnesota, N.A., which has been appointed by our Board to act as inspector of election for the meeting.

Shares represented by proxy cards marked “Abstain” for any matter will be counted to determine the presence of a quorum, but will not be counted as votes for or against that matter. “Broker non-votes,” which occur when a broker or other nominee does not vote on a particular matter because the broker or other nominee does not have authority to vote without instructions from the beneficial owner of the shares and has not received such instructions, will be counted for quorum purposes but will not be counted as votes for or against any matter. Brokers and other nominees have discretionary authority to vote shares without instructions from the beneficial owner of the shares only for matters considered routine. For the 2011 Annual Meeting, nominees will only have discretionary authority to vote shares on the ratification of the appointment of the independent registered public accounting firm without instructions from the beneficial owner.

What are the Board’s recommendations?

Our Board of Directors recommends a vote FOR all of the nominees for director (Item 1), FOR ratification of the placement of Mark M. Zandi, appointed to the Board of Directors in 2010, into a class whose term continues past the Annual Meeting (Item 2), FOR ratification of the placement of Bruce L. Koepfgen, appointed to the Board of Directors in 2010, into a class whose term continues past the Annual Meeting (Item 3), FOR approval of an amendment to our Articles of Incorporation to eliminate the classified board provisions and provide for the annual election of all directors (Item 4), FOR approval of our executive compensation (Item 5), FOR holding the advisory vote on executive compensation annually (Item 6), FOR approval of our 2011 Omnibus Incentive Plan (Item 7) and FOR ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2011 (Item 8).

If you sign and return a proxy card or voting instruction form without specifying how you want your shares voted, the named proxies will vote your shares in accordance with the recommendations of the Board for all Items and in their best judgment on any other matters that properly come before the meeting.

Will any other items be acted upon at the Annual Meeting?

The Board does not know of any other business to be presented at the Annual Meeting. No shareholder proposals will be presented at this year's Annual Meeting.

What are the deadlines for submission of shareholder proposals for the next Annual Meeting?

Shareholders may submit proposals on matters appropriate for shareholder action at future Annual Meetings by following the SEC's rules. Proposals intended for inclusion in next year's proxy materials must be received by our Secretary no later than December 2, 2011.

Under our Amended and Restated Bylaws ("Bylaws"), a shareholder who wants to bring business before the annual meeting that has not been included in the proxy materials for the meeting, or who wants to nominate directors at the meeting, must be eligible to vote at the meeting and give written notice of the proposal to our corporate Secretary in accordance with the procedures contained in our Bylaws. Our Bylaws require that shareholders give notice to our Secretary at least 45 and not more than 70 days before the first anniversary of the date set forth in our proxy statement for the prior Annual Meeting as the date on which we first mailed such proxy materials to shareholders. For the 2012 Annual Meeting, the notice must be received by the Secretary no later than February 15, 2012, and no earlier than January 21, 2012. For director nominations, the notice must comply with our Bylaws and provide the information required to be included in the proxy statement for individuals nominated by our Board. For any other proposals, the notice must describe the proposal and why it should be approved, identify any material interest of the shareholder in the matter, and include other information required by our Bylaws.

Who pays to prepare, mail and solicit the proxies?

We will pay the cost of soliciting proxies. In addition to soliciting proxies by mail, our employees may solicit proxies by telephone, email, facsimile or personal interview. We have also engaged D.F. King & Co., Inc. to provide proxy solicitation services for a fee of \$12,000, plus expenses, including charges by brokers, banks and other nominees to forward proxy materials to the beneficial owners of our Common Stock.

Stock Ownership

The following table identifies the beneficial owners of more than 5% of our Common Stock as of December 31, 2010 based on information filed with the SEC, unless more recent information filed with the SEC is available. The table also shows the amount of our Common Stock beneficially owned by our named executive officers and all directors and executive officers as a group. Unless otherwise noted, the parties listed in the table have sole voting and investment power over their shares, and information regarding our directors and named executive officers is given as of March 4, 2011. Information about the Common Stock that our directors beneficially own appears below in connection with their biographies. See "Item 1—Election of Directors."

Name	Shares Beneficially Owned	Percent of Class	
Old Republic International Corporation(1) 307 North Michigan Avenue Chicago, IL 60601	13,505,537	6.7	%
BlackRock Inc.(2) 40 East 52nd Street New York, NY 10022	11,630,273	5.8	%
Curt S. Culver(3)	880,269	*	
J. Michael Lauer(3)	479,449	*	
Patrick Sinks(3)	331,468	*	
Jeffrey H. Lane(3)	283,225	*	
Lawrence J. Pierzchalski(3)	245,493	*	
All directors and executive officers as a group (18 persons)(3)(4)	2,922,927	1.4	%

* Less than 1%

(1) Old Republic International Corporation, which reported ownership as of January 14, 2011 on behalf of itself and several of its wholly owned subsidiaries, reported that it had shared voting and investment power for all of the shares. Old Republic International Corporation owns Republic Mortgage Insurance Company, which is one of our competitors.

(2) BlackRock Inc. reported ownership as of December 31, 2010 on behalf of itself and several subsidiaries.

(3) Includes shares that could be purchased on the record date or within 60 days thereafter by exercise of stock options granted to the executive officers: Mr. Culver — 280,000; Mr. Lauer — 94,000; Mr. Sinks — 68,000; Mr. Lane — 77,800; Mr. Pierzchalski — 94,000; and all executive officers as a group — 684,300. Also includes shares held in our Profit Sharing and Savings Plan and Trust by the executive officers: Mr. Culver — 12,673; Mr. Lauer — 53,182; Mr. Sinks — 11,712; and all executive officers as a group — 195,770. Also includes restricted shares over which the executive officer has sole voting power but no investment power: Mr. Culver — 4,800; Mr. Sinks — 3,000; Mr. Pierzchalski — 1,620; and all executive officers as a group — 9,420. Excludes shares underlying restricted stock units (“RSUs”) that cannot be settled in Common Stock within 60 days of the record date: Mr. Culver — 586,763; Mr. Lauer — 191,554; Mr. Sinks — 351,728; Mr. Lane — 241,554; Mr. Pierzchalski — 189,934; and all executive officers as a group — 1,684,751. Also includes shares for which voting and investment power are shared as follows: Mr. Lauer — 330,747; and all directors and executive officers as a group — 394,650. Excludes cash-settled restricted stock units: all executive officers as a group — 35,800.

(4) Includes an aggregate of 88,813 shares underlying RSUs held by our non-management directors, which could be settled in shares of Common Stock within 60 days of the record date. Also includes an aggregate of 16,733 restricted shares held by our non-management directors. The beneficial owners have sole voting power but no investment power over the restricted shares. Excludes an aggregate of 429,554 share units held by our non-management directors that cannot be settled in shares of Common Stock.

Items 1, 2 and 3 – Election of Directors and Ratification of the Placement of Two Directors into Classes Whose Terms Continue Past the Annual Meeting

Our Board of Directors is currently divided into three classes, with directors in each class serving for a term of three years. One class of directors is currently elected at each Annual Meeting. As discussed in Item 4, we are proposing a transition to a declassified Board that would begin at the 2012 Annual Meeting of Shareholders and be completed at the 2013 Annual Meeting, when the remaining term of all directors will be one year.

Item 1 consists of the election of directors at this Annual Meeting. The Board, upon the recommendation of the Management Development, Nominating and Governance Committee (with Messrs. Jastrow and Nicolaisen abstaining on their own nominations), has nominated Kenneth M. Jastrow, II, Daniel P. Kearney and Donald T. Nicolaisen for re-election to the Board to serve until our 2014 Annual Meeting of Shareholders. If any nominee is not available for election, proxies will be voted for another person nominated by the Board or the size of the Board will be reduced.

Items 2 and 3 consist of the ratification of the placement of Dr. Zandi and Mr. Koepfgen, respectively, appointed as directors by the Board during 2010, into classes whose terms extend beyond the 2011 Annual Meeting of Shareholders. They were placed into such classes in accordance with the provision of our Bylaws providing classes are to be substantially equal. Dr. Mark M. Zandi was appointed to the Board in July 2010 to fill a vacancy created by the resignation, effective June 30, 2010, of Dr. Karl E. Case. Mr. Bruce L. Koepfgen was appointed to the Board in October 2010 to fill a vacancy created by an increase in the number of directors. Different independent directors recommended Dr. Zandi and Mr. Koepfgen for consideration by the Management Development, Nominating and Governance Committee.

Shareholder Vote Required for Item 1

Our Articles of Incorporation contain a majority vote standard for the election of directors in uncontested elections. Under this standard, each of the three nominees (Messrs. Jastrow, Kearney and Nicolaisen) must receive a “majority vote” at the meeting to be elected a director. A “majority vote” means that when there is a quorum present, more than 50% of the votes cast in the election of the director are cast “for” the director, with votes cast being equal to the total of the votes “for” the election of the director plus the votes “withheld” from the election of the director. Therefore, under our Articles of Incorporation, a “withheld” vote is effectively a vote “against” a nominee. Broker non-votes will be disregarded in the calculation of a “majority vote.” Any incumbent director who does not receive a majority vote (but whose term as a director nevertheless would continue under Wisconsin law until his successor is elected) is required to send our Board a resignation. The effectiveness of any such resignation is contingent upon Board acceptance. The Board will accept or reject a resignation in its discretion after receiving a recommendation made by our Management Development, Nominating and Governance Committee and will promptly publicly disclose its decision regarding the director’s resignation (including the reason(s) for rejecting the resignation, if applicable).

Shareholder Vote Required for Items 2 and 3

Ratification of the placement of Dr. Zandi and Mr. Koepfgen into classes whose terms extend beyond the 2011 Annual Meeting of Shareholders requires the affirmative vote of a majority of the votes cast for each Item. Abstentions and broker non-votes will not be counted as votes cast. The principal service that provides and processes voting forms for holders of shares in “street name” informed us that it could not process a form in which more than one item had “for” and “withhold” as the voting choices. As a result, we were unable to use the same voting choices for Items 2 and 3 as we used for Item 1. If the placement of either Dr. Zandi or Mr. Koepfgen into his respective class is not ratified, the affected director has agreed to offer to resign from the Board as if he had been standing for election and had not received a majority vote. See “Shareholder Vote Required for Item 1.”

Information About Our Directors

The Board believes that the Board, as a whole, should possess a combination of skills, professional experience, and diversity of backgrounds necessary to oversee our business. In addition, the Board believes that there are certain attributes that every director should possess, as reflected in the Board's membership criteria. Accordingly, the Board and the Management Development, Nominating and Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board's overall composition and our current and future needs.

The Management Development, Nominating and Governance Committee is responsible for developing Board membership criteria and recommending these criteria to the Board. The criteria, which are set forth in our Corporate Governance Guidelines, include an inquiring and independent mind, sound and considered judgment, high standards of ethical conduct and integrity, well-respected experience at senior levels of business, academia, government or other fields, ability to commit sufficient time and attention to Board activities, anticipated tenure on the Board, and whether an individual will enable the Board to continue to have a substantial majority of independent directors.

In addition, the Management Development, Nominating and Governance Committee in conjunction with the Board periodically evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future, given our prospective retirements due to the Board's policy that a director may not stand for election if he is age 72 or more. The Management Development, Nominating and Governance Committee seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and enable the Board to have access to a diverse body of talent and expertise relevant to our activities. The Committee's and the Board's evaluation of the Board's composition enables the Board to consider the skills and experience it seeks in the Board as a whole, and in individual directors, as our needs evolve and change over time and to assess the effectiveness of the Board's efforts at pursuing diversity. In identifying director candidates from time to time, the Management Development, Nominating and Governance Committee may establish specific skills and experience that it believes we should seek in order to constitute a balanced and effective board.

In evaluating incumbent directors for renomination to the Board, as well as the skills and experience that other directors bring to the Board, the members of the Management Development, Nominating and Governance Committee have considered a variety of factors. These include each director's independence, financial literacy, personal and professional accomplishments, tenure on the Board, experience in light of our needs, and past performance on the Board based on feedback from other Board members.

Information about our directors appears below. The biographical information is as of February 1, 2011 and, for each director, includes a discussion about the skills and qualifications that the Board has determined support the director's continued service on the Board.

David S. Engelman, who has served as a director since 1993 and whose term expires at the Annual Meeting, is not standing for re-election due to the age-related retirement policy in the Board's Corporate Governance Guidelines. The Board expresses its deep thanks for the insight and dedication Mr. Engelman has exhibited during his Board tenure. As of March 4, 2011, Mr. Engelman beneficially owned 61,468 shares of our Common Stock, including 3,050 shares underlying RSUs which could be settled in shares of Common Stock within 60 days of the record date, 2,000 restricted shares over which he has sole voting power but no investment power, 26,275 share units held under our Deferred Compensation Plan over which he has neither voting nor investment power, and 10,693 shares owned by a trust of which Mr. Engelman is a trustee and a beneficiary and as to which he disclaims beneficial ownership except to the extent of his interest in the trust. Voting and investment power are shared for all shares owned by the trust.

NOMINEES FOR DIRECTOR –
For Term Ending 2014

Shares
Beneficially
Owned(1)

Kenneth M. Jastrow, II, 63, a Director since 1994, has, since December 2007, been the non-executive Chairman of the Board of Forestar Group Inc. (“Forestar”), which is engaged in various real estate and natural resource businesses. From January 2000 until December 28, 2007, Mr. Jastrow served as Chairman and Chief Executive Officer of Temple-Inland Inc. (“TI”), a paper and forest products company which during Mr. Jastrow’s tenure also had interests in real estate and financial services. Mr. Jastrow currently serves as our Lead Director. He is also a director of KB Home and Genesis Energy, LLC, the general partner of Genesis Energy, LP, a publicly-traded master limited partnership. In addition, during the past five years, Mr. Jastrow served as a director of Guaranty Financial Group and its subsidiary Guaranty Bank (from December 2007 through August 2008). Mr. Jastrow brings to the Board senior executive and leadership experience gained through his service as chairman and chief executive officer at a public company with diversified business operations in sectors relevant to our operations, experience in the real estate, mortgage banking and financial services industries, and knowledge of corporate governance matters gained through his service as a non-executive chairman and on public company boards.

89,109(2)(3)

Daniel P. Kearney, 71, a Director since 1999, has been a business consultant and private investor for more than five years. Mr. Kearney served as Executive Vice President and Chief Investment Officer of Aetna, Inc., a provider of health and retirement benefit plans and financial services, from 1991 to 1998. He was President and Chief Executive Officer of the Resolution Trust Corporation Oversight Board from 1990 to 1991, a principal of Aldrich, Eastman & Waltch, Inc., a pension fund advisor, from 1988 to 1989, and a managing director at Salomon Brothers Inc, an investment banking firm, from 1977 to 1988. He is also a director of Fiserv, Inc. and MBIA, Inc. Mr. Kearney brings to the Board investment expertise, skill in assessing and managing investment and credit risk, broad-based experience in a number of areas relevant to our business, including insurance and financial services, and senior executive experience gained at a major public insurance company.

176,728(3)

Shares
Beneficially
Owned(1)

Donald T. Nicolaisen, 66, a Director since 2006, was the Chief Accountant of the United States Securities and Exchange Commission from September 2003 to November 2005, when he retired from full time employment. Prior to joining the SEC, he was a Senior Partner at PricewaterhouseCoopers LLP, an accounting firm that he joined in 1967. He is also a director of Verizon Communications Inc., Morgan Stanley and Zurich Financial Services Group. Mr. Nicolaisen brings to the Board financial and accounting expertise acquired from his 36 years of service with a major public accounting firm and his tenure as Chief Accountant at the SEC, as well as an understanding of the range of issues facing large financial services companies gained through his service on the boards of public companies operating in the insurance and financial services industries.

60,642(3)

DIRECTORS CONTINUING IN OFFICE -
Term Ending 2012

Curt S. Culver, 58, a Director since 1999, has been our Chairman of the Board since January 2005 and our Chief Executive Officer since January 2000. He served as our President from January 1999 to January 2006. Mr. Culver has been Chief Executive Officer of Mortgage Guaranty Insurance Corporation ("MGIC") since January 1999 and held senior executive positions with MGIC for more than five years before then. He is also a director of Wisconsin Electric Power Company and Wisconsin Energy Corporation. Mr. Culver brings to the Board extensive knowledge of our business and operations, a long-term perspective on our strategy and the ability to lead the Company and the Board as the Company faces ongoing challenges.

880,269(4)

William A. McIntosh, 71, a Director since 1996, was an executive committee member and a managing director at Salomon Brothers Inc., an investment banking firm, when he retired in 1995 after 35 years of service. In addition, during the past five years, Mr. McIntosh served as a director of Northwestern Mutual Series Fund Inc. (27 funds) (through 2009). Mr. McIntosh brings to the Board extensive experience in the financial services industry gained from his 35-year tenure at a large investment banking firm and his service on several mutual fund boards, expertise in evaluating companies' strategies, operations and risks acquired through his work as an investment banker, and financial and accounting expertise.

82,848(2)(3)

Shares
Beneficially
Owned(1)

Leslie M. Muma, 66, a Director since 1995, is retired and was Chief Executive Officer of Fiserv, Inc., a financial industry automation products and services firm from 1999 until December 2005. He was also a director of Fiserv, Inc. through 2005. Before serving as Fiserv's Chief Executive Officer, he was its President for many years. Mr. Muma brings to the Board experience in the financial services industry acquired through a career serving as a chief executive officer and president at a financial industry automation products and services firm, as well as management and operations experience, and leadership skills.

106,122(2)(3)(5)

Mark M. Zandi, 51, a Director since 2010, is Chief Economist of Moody's Analytics, Inc., where he directs economic research and consulting. Moody's Analytics is a subsidiary of Moody's Corporation that is separately managed from Moody's Investor Services, the rating agency subsidiary of Moody's Corporation. Dr. Zandi, with his economics and residential real estate industry expertise, brings to the Board a deep understanding of the economic factors that shape our industry. In addition, Dr. Zandi has expertise in the legislative and regulatory processes relevant to our business.

17,989(3)

DIRECTORS CONTINUING IN OFFICE -
Term Ending 2013

James A. Abbott, 71, a Director since 1989, has been Chairman and a principal of American Security Mortgage Corp., a mortgage banking firm, since June 1999. He served as President and Chief Executive Officer of First Union Mortgage Corporation, a mortgage banking company licensed in all 50 states and nationally ranked in the top 10 in origination and loan servicing during his tenure, from January 1980 to December 1994. Mr. Abbott brings to the Board more than 40 years of experience in the mortgage banking industry, gained through his service as chairman and as chief executive officer of two mortgage banking companies, and in banking as a member of the corporate management committee of a major bank holding company for 15 years.

64,253(2)(3)

Shares
Beneficially
Owned(1)

Thomas M. Hagerty, 48, a Director since 2001, has been a managing director with Thomas H. Lee Partners, L.P. and its predecessor Thomas H. Lee Company (“THL”), a private investment firm, since 1992 and has been with the firm since 1988. Mr. Hagerty previously was in the Mergers and Acquisitions Department of Morgan Stanley & Co. Incorporated. He is also a director of Ceridian Corporation, Fidelity National Financial, Inc., Fidelity National Information Services, Inc. and MoneyGram International, Inc. In an attempt to preserve the value of an investment in Conseco, Inc. by an affiliate of THL, Mr. Hagerty served as the interim chief financial officer of Conseco from July 2000 until April 2001. In December 2002, Conseco filed a petition under the federal bankruptcy code. Mr. Hagerty brings to the Board experience in and knowledge of the financial services and investment industries, expertise in analyzing and monitoring substantial investment positions gained through his work in private equity, expertise in evaluating companies’ strategies, operations and risks gained through his work in investment banking, and corporate governance experience acquired through his service on numerous public company boards.

73,670(3)

Bruce L. Koepfgen, 58, a Director since 2010, is currently a private investor. From 2003 until early in 2009, Mr. Koepfgen served on the Executive Committee of Allianz Global Investors (“AGI”), one of the largest global asset managers, whose units include PIMCO, and as CEO of AGI’s Oppenheimer Capital unit. Prior to joining Allianz, Mr. Koepfgen provided consulting services on the launch, financing and management of early stage companies, which followed a 23-year career at Salomon Brothers Inc where he was a Managing Director when he left in 1999. In addition, during the past five years, Mr. Koepfgen served as a director of Thermo Fisher Scientific during 2006. Mr. Koepfgen brings to the Board extensive experience in the financial services industry gained from his nearly 30 years experience in investment banking / global asset management, as well as expertise in evaluating companies’ strategies, operations and risks acquired through his work as an investment banker and as a consultant for early stage companies.

14,651(3)

Shares
Beneficially
Owned(1)

Michael E. Lehman, 60, a Director since 2001, has been the Chief Financial Officer of Palo Alto Networks, a privately-held network security firm, since April 2010. Prior to that, he was the Executive Vice President and Chief Financial Officer of Sun Microsystems, Inc., a provider of computer systems and professional support services, from February 2006 to January 2010, when Sun Microsystems, Inc. was acquired by Oracle Corporation. From July 2000 until his initial retirement in September 2002, he was Executive Vice President of Sun Microsystems; he was its Chief Financial Officer from February 1994 to July 2002, and held senior executive positions with Sun Microsystems for more than five years before then. In addition, during the past five years, Mr. Lehman served as a director of Echelon Corporation (through 2006), NetIQ Corporation (through 2006) and Sun Microsystems, Inc. (through 2006). Mr. Lehman brings to the Board financial and accounting knowledge gained through his service as chief financial officer of a large, multinational public company, skills in addressing the range of financial issues facing a large company with complex operations, senior executive and operational experience, and leadership skills.

38,145(3)

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- (1) Ownership information is as of March 4, 2011. Unless otherwise noted, all directors have sole voting and investment power with respect to the shares. Common Stock beneficially owned by each director represents less than 1% of the total number of shares outstanding.
- (2) Includes 2,000 shares held under our 1993 Restricted Stock Plan for Non-Employee Directors. The directors have sole voting power and no investment power over these shares.
- (3) Includes shares underlying RSUs as follows: Mr. Abbott — 3,050; Mr. Hagerty — 3,050; Mr. Jastrow — 3,050; Mr. Kearney — 3,050; Mr. Lehman — 3,050; Mr. McIntosh — 3,050; Mr. Muma — 3,050; and Mr. Nicolaisen — 1,700. Such units were issued pursuant to our RSU award program (See “Compensation of Directors — Former RSU Award Program”) and could be settled in shares of Common Stock within 60 days of the record date.

Also includes the following RSUs, which are held under the Deposit Share Program for Non-Employee Directors under our 2002 Stock Incentive Plan (See “Compensation of Directors — Former Deposit Share Program”) and could be settled in shares of Common Stock within 60 days of the record date: Mr. Abbott — 1,491; Mr. Hagerty — 17,105; Mr. Jastrow — 19,769; Mr. Kearney — 5,733; Mr. Muma — 4,098; and Mr. Nicolaisen — 14,517. Directors have neither voting nor investment power over the shares underlying any of these units.

Includes 6,733 shares that Mr. Jastrow held under the Deposit Share Program for Non-Employee Directors under our 1991 Stock Incentive Plan and 2002 Stock Incentive Plan. Mr. Jastrow has sole voting power and no investment power over these shares.

Also includes cash-settled share units held under our Deferred Compensation Plan (See “Compensation of Directors — Deferred Compensation Plan and Annual Grant of Share Units”) over which the directors have neither voting nor investment power, as follows: Mr. Abbott — 26,275; Mr. Hagerty — 45,334; Mr. Jastrow — 56,411; Mr. Kearney — 90,462; Mr. Koepfgen — 14,651; Mr. Lehman — 27,656; Mr. McIntosh — 26,275; Mr. Muma — 53,983; Mr. Nicolaisen — 44,243; and Dr. Zandi — 17,989.

(4) Includes 280,000 shares which Mr. Culver had the vested right to acquire as of March 4, 2011 under options granted to Mr. Culver; 12,673 shares held in our Profit Sharing and Savings Plan and Trust; and 4,800 restricted shares awarded under our 2002 Stock Incentive Plan, over which Mr. Culver has sole voting power but no investment power. Excludes 586,763 shares underlying RSUs awarded under our 2002 Stock Incentive Plan over which he has neither voting nor investment power.

(5) Includes 9,132 shares owned by a trust of which Mr. Muma is a trustee and a beneficiary and as to which Mr. Muma disclaims beneficial ownership except to the extent of his interest in the trust.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE THREE NOMINEES. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE NOMINEES UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE PLACEMENT OF DR. ZANDI AND MR. KOEPFGEN, APPOINTED TO THE BOARD OF DIRECTORS IN 2010, INTO CLASSES WHOSE TERMS CONTINUE PAST THE ANNUAL MEETING. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE RATIFICATION OF SUCH PLACEMENT OF THE TWO DIRECTORS UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.

Corporate Governance and Board Matters

The Board of Directors, which is elected by our shareholders, oversees the management of the Company and our business. The Board selects our CEO and in conjunction with our CEO selects the rest of our senior management team, which is responsible for operating our business.

Corporate Governance Guidelines and Code of Business Conduct

The Board has adopted Corporate Governance Guidelines, which set forth a framework for our governance. The Guidelines cover the Board’s composition, leadership, meeting process, director independence, Board membership criteria, committee structure and functions, succession planning and director compensation. Among other things, the Board meets in executive session outside the presence of any member of our management after each Board meeting at which directors are present in person and at any additional times determined by the Board or the Lead Director. Mr. Jastrow has, for several years, presided at these sessions and has served as the Board’s Lead Director since the position was created in October 2009. See “Board Leadership” for information about the Lead Director’s responsibilities and authority. The Corporate Governance Guidelines provide that a director shall not be nominated by the Board for re-election if at the date of the Annual Meeting of Shareholders, the director is age 72 or more. In accordance with this provision of the Corporate Governance Guidelines, Mr. Engelman has not been nominated for re-election at the Annual Meeting and will retire from our Board of Directors in May 2011. The Corporate Governance Guidelines also provide that a director who retires from his principal employment or joins a new employer shall offer to resign from the Board and a director who is an officer of MGIC and leaves MGIC must resign from the Board. In accordance with the Corporate Governance Guidelines, on May 13, 2010, Dr. Karl E. Case, who had served on our Board since 1991,

asked the Board to accept his resignation from our Board of Directors effective June 30, 2010 and coinciding with his retirement from Wellesley College where he had been the Katherine Coman and A. Barton Hepburn Professor of Economics. The Board of Directors accepted his resignation, effective June 30, 2010. The Board expresses its gratitude for the wise counsel and dedication Dr. Case provided to the Company during his Board tenure.

We have a Code of Business Conduct emphasizing our commitment to conducting our business in accordance with legal requirements and high ethical standards. The Code applies to all employees, including our executive officers, and specified portions are applicable to our directors. Certain portions of the Code that apply to transactions with our executive officers, directors, and their immediate family members are described under “Related Person Transactions” below. These descriptions are subject to the actual terms of the Code.

Our Corporate Governance Guidelines and our Code of Business Conduct are available on our website (<http://mtg.mgic.com>) under the “Investor Information; Corporate Governance” links. Written copies of these documents are available to any shareholder who submits a written request to our Secretary. We intend to disclose on our website any waivers from, or amendments to, our Code of Business Conduct that are subject to disclosure under applicable rules and regulations.

Director Independence

Our Corporate Governance Guidelines regarding director independence provide that a director is not independent if the director has any specified disqualifying relationship with us. The disqualifying relationships are equivalent to those of the independence rules of the New York Stock Exchange, except that our disqualification for board interlocks is more stringent than under the NYSE rules. Also, for a director to be independent under the Guidelines, the director may not have any material relationship with us. For purposes of determining whether a disqualifying or material relationship exists, we consider relationships with MGIC Investment Corporation and its consolidated subsidiaries. Our Corporate Governance Guidelines are available on our website (<http://mtg.mgic.com>) under the “Investor Information; Corporate Governance” links.

The Board has determined that all of our current directors except for Mr. Culver, our CEO, and thus a substantial majority of the directors, are independent under the Guidelines and the NYSE rules. It also determined that Dr. Case (who was a director through June 30, 2010) was independent under the Guidelines and the NYSE rules. In addition, each of the Audit, Management Development, Nominating and Governance, Risk Management and Securities Investment Committees consists entirely of independent directors. All members of the Audit Committee meet additional, heightened independence criteria applicable to audit committee members under SEC and NYSE rules and the independence standards adopted by the Board. The Board made its independence determinations by considering that no disqualifying relationships existed during the periods specified under the Guidelines and the NYSE rules. To determine that there were no material relationships, the Board applied categorical standards that it had adopted. All independent directors met these standards. Under these standards, a director is not independent if payments under transactions between us and a company of which the director is an executive officer or 10% or greater owner exceeded the greater of \$1 million or 1% of the other company’s gross revenues. Payments made to and payments made by us are considered separately, and this quantitative threshold is applied to transactions that occurred in the three most recent fiscal years of the other company. Also under these standards, a director is not independent if during our last three fiscal years the director:

- was an executive officer of a charity to which we made contributions, or
- was an executive officer or member of a law firm or investment banking firm providing services to us, or
- received any direct compensation from us other than as a director, or if during such period a member of the director’s immediate family received compensation from us.

In making its independence determinations, the Board considered mortgage insurance premiums that we received on loans where American Security Mortgage Corp. (of which Mr. Abbott is the Chairman and a principal) was the original insured and our provision of contract underwriting services to American Security Mortgage Corp. These transactions were below the quantitative threshold noted above and were entered into in the ordinary course of business by us and American Security Mortgage Corp. The Board also considered payments we made to Moody's Analytics (of which Dr. Zandi is an executive officer) for subscription services for Moody's Economy.com and related publications, and payments to Moody's Investor Services for credit rating services. These transactions were below the quantitative threshold noted above and were entered into in the ordinary course of business by us, Moody's Analytics and Moody's Investor Services.

Board Leadership

Currently, Mr. Culver serves as Chairman of the Board and Chief Executive Officer. The Board believes that we and our shareholders are best served at this time by this leadership structure, in which a single leader serves as Chairman and CEO and the Board has a Lead Director. Combining the roles of Chairman and CEO makes clear that the person serving in these roles has primary responsibility for managing our business, under the oversight and review of the Board. Under this structure, the Chairman and CEO chairs Board meetings, where the Board discusses strategic and business issues. The Board believes that this approach makes sense because the CEO is the individual with primary responsibility for developing our strategy, directing the work of other officers and leading implementation of our strategic plans as reviewed by the Board. This structure results in a single leader being directly accountable to the Board and, through the Board, to shareholders, and enables the CEO to act as the key link between the Board and other members of management. In addition, the Board believes that having a combined Chairman and CEO is appropriate for us at this time because of Mr. Culver's familiarity with our business and history of outstanding leadership. Mr. Culver has been with us since 1985, and has served as Chief Executive Officer since 2000 and as Chairman of the Board since 2005.

Because the Board also believes that strong, independent Board leadership is a critical aspect of effective corporate governance, the Board has established the position of Lead Director. The Lead Director is an independent director selected by the independent directors. Mr. Jastrow has served as the Lead Director since the position was established in 2009. The Lead Director's responsibilities and authority include:

- presiding at all meetings of the Board at which the Chairman and CEO is not present;
- having the authority to call and leading executive sessions of the non-management directors between Board meetings (the Board meets in executive session after each Board meeting at which directors are present in person);
 - serving as a conduit between the Chairman and CEO and the non-management directors to the extent requested by the non-management directors;
- serving as a conduit for the Board's informational needs, including proposing topics for Board meeting agendas; and
 - being available, if requested by major shareholders, for consultation and communication.

The Board believes that a single leader serving as Chairman and CEO, together with an experienced and engaged Lead Director, is the most appropriate leadership structure for the Board at this time. The Board reviews the structure of the Board and the Board's leadership as part of the succession planning process. The Board reviews succession planning for the CEO annually. The Management Development, Nominating and Governance Committee is responsible for overseeing this process and periodically reports to the Board.

Communicating with the Board

Shareholders and other interested persons can communicate with the members of the Board, the non-management members of the Board as a group or the Lead Director, by sending a written communication to our Secretary, addressed to: MGIC Investment Corporation, Secretary, P.O. Box 488, Milwaukee, WI 53201. The Secretary will pass along any such communication, other than a solicitation for a product or service, to the Lead Director.

Board Attendance

The Board of Directors held nine meetings during 2010. Each director attended at least 75% of the meetings of the Board and committees of the Board on which he served during 2010. The Annual Meeting of Shareholders is scheduled in conjunction with a Board meeting and, as a result, directors are expected to attend the Annual Meeting. Nine of our eleven directors then in office attended our 2010 Annual Meeting of Shareholders.

Committees

The Board has five committees: Audit; Management Development, Nominating and Governance; Risk Management; Securities Investment; and Executive. Information regarding these committees is provided below. The charters of the Audit, Management Development, Nominating and Governance, Risk Management and Securities Investment Committees are available on our website (<http://mtg.mgic.com>) under the “Investor Information; Corporate Governance” links. Written copies of these charters are available to any shareholder who submits a written request to our Secretary. The functions of the Executive Committee are established under our Bylaws and are described below.

Audit Committee

The members of the Audit Committee are Messrs. Lehman (Chairman), Abbott, Engelman, Kearney and McIntosh. The Board’s determination that each of these directors meets all applicable independence requirements took into account the heightened independence criteria that apply to Audit Committee members under SEC and NYSE rules. The Board has determined that Mr. Lehman is an “audit committee financial expert” as defined in SEC rules. The Committee met 13 times during 2010.

Audit Committee Report

The Audit Committee assists the oversight by the Board of Directors of the integrity of MGIC Investment Corporation’s financial statements, the effectiveness of its system of internal controls, the qualifications, independence and performance of its independent accountants, the performance of its internal audit function, and its compliance with legal and regulatory requirements.

The Audit Committee reviewed and discussed with management and PricewaterhouseCoopers LLP (“PwC”), MGIC Investment Corporation’s independent registered public accounting firm, its audited financial statements for the year ended December 31, 2010. The Audit Committee discussed with PwC the matters required to be discussed by PCAOB AU 380 (“Communication with Audit Committees”). The Audit Committee also received the written disclosures and the letter from PwC required by applicable requirements of the Public Company Accounting Oversight Board regarding auditor-audit committee communications about independence and discussed with PwC their independence from MGIC Investment Corporation and its management.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that MGIC Investment Corporation's audited financial statements be included in its Annual Report on Form 10-K for the year ended December 31, 2010, which has been filed with the SEC. These are the same financial statements that appear in MGIC Investment Corporation's Annual Report to Shareholders.

Members of the Audit Committee:

Michael E. Lehman, Chairman
James A. Abbott
David S. Engelman
Daniel P. Kearney
William A. McIntosh

Management Development, Nominating and Governance Committee

The members of the Management Development, Nominating and Governance Committee are Messrs. Jastrow (Chairman), Hagerty, Muma and Nicolaisen. The Committee met six times during 2010. The Committee is responsible for overseeing our executive compensation program, including approving corporate goals relating to compensation for our CEO, determining our CEO's annual compensation and approving compensation for our other senior executives. The Committee prepares the Compensation Committee Report and reviews the Compensation Discussion and Analysis included in our proxy statements. The Committee also makes recommendations to the Board regarding the compensation of directors. Although the Committee may delegate its responsibilities to subcommittees, it has not done so.

The Committee receives briefings throughout the year on information that includes: detailed breakdowns of the total compensation of the named executive officers, including information showing total compensation for at least the previous five years; the amount that our named executive officers realized in at least the previous five years pursuant to sales of shares awarded under equity grants; the total amount of stock, stock options, restricted stock and RSUs held by each named executive officer (restricted stock and RSUs are collectively referred to in this proxy statement as "restricted equity"); and the other compensation information disclosed in this proxy statement under the SEC's rules. The Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under "Board Oversight of Risk."

The Committee has retained Frederic W. Cook & Co., a nationally recognized executive compensation consulting firm, to advise it. The Committee retains this compensation consultant to, among other things, help it to evaluate and oversee our executive compensation program and to review the compensation of our directors. The scope of the compensation consultant's services during 2010 is described under "Compensation of Executive Officers — Compensation Discussion and Analysis — Other Matters" below. In providing its services to the Management Development, Nominating and Governance Committee, the compensation consultant regularly interacts with our senior management. The compensation consultant does not provide any other services to us and it did not do so in 2010.

The Committee also oversees the CEO succession planning process, and makes recommendations to the Board to fill open director and committee member positions. In addition, the Committee reviews our Corporate Governance Guidelines and oversees the Board's self-evaluation process. Finally, the Committee identifies new director candidates through recommendations from Committee members, other Board members and our executive officers, and will consider candidates who are recommended by shareholders.

Shareholders may recommend a director candidate for consideration by the Management Development, Nominating and Governance Committee by submitting background information about the candidate, a description of his or her qualifications and the candidate's consent to being recommended as a candidate. If the candidate is to be considered for nomination at the next annual shareholders meeting, the submission must be received by our corporate Secretary in writing no later than December 1 of the year preceding the meeting. Information on shareholder nominations is provided under "About the Meeting and Proxy Materials" in response to the question "What are the deadlines for submission of shareholder proposals for the next Annual Meeting?"

The Committee evaluates new director candidates under the criteria described under "Information About Our Directors" as well as other factors the Committee deems relevant, through background reviews, input from other members of the Board and our executive officers, and personal interviews with the candidates. The Committee will evaluate any director candidates recommended by shareholders using the same process and criteria that apply to candidates from other sources.

Risk Management Committee

The members of the Risk Management Committee are Messrs. Engelman (Chairman), Abbott, Koepfgen and Nicolaisen, and Dr. Zandi. The Committee met nine times in 2010. The Committee is responsible for overseeing management's operation of our mortgage insurance business, including reviewing and evaluating with management the insurance programs, rates, underwriting guidelines and changes in market conditions affecting our business. The Risk Management Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under "Board Oversight of Risk."

Securities Investment Committee

The members of the Securities Investment Committee are Messrs. Kearney (Chairman), Koepfgen, McIntosh and Muma. The Committee met seven times in 2010. The Committee oversees management of our investment portfolio and the investment portfolios of our employee benefit plans for which the plan document does not assign responsibility to other persons. The Committee also makes recommendations to the Board regarding our capital management, including dividend policy, repurchase of shares and external funding. Finally, the Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under "Board Oversight of Risk."

Executive Committee

The Executive Committee provides an alternative to convening a meeting of the entire Board should a matter arise between Board meetings that requires Board authorization. The members of the Committee are Messrs. Culver (Chairman), Jastrow and Muma. The Committee did not meet in 2010. The Committee is established under our Bylaws and has all authority that the Board may exercise with the exception of certain matters that under the Wisconsin Business Corporation Law are reserved to the Board itself.

Board Oversight of Risk

Our senior management is charged with identifying and managing the risks facing our business and operations. The Board of Directors is responsible for oversight of how our senior management addresses these risks to the extent they are material. In this regard, the Board seeks to understand the material risks we face and to allocate, among the full Board and its committees, responsibilities for overseeing how management addresses the risks, including the risk management systems and processes that management uses for this purpose. Overseeing risk is an ongoing process. Accordingly, the Board periodically considers risk throughout the year and also with respect to specific proposed

actions.

17

The Board implements its risk oversight function both as a whole and through delegation to various committees. These committees meet regularly and report back to the full Board. The following four committees play significant roles in carrying out the risk oversight function.

- **The Management Development, Nominating and Governance Committee:** The Management Development, Nominating and Governance Committee evaluates the risks and rewards associated with our compensation philosophy and programs.
- **The Risk Management Committee:** The Risk Management Committee oversees risks related to our mortgage insurance business.
- **The Securities Investment Committee:** The Securities Investment Committee oversees risks related to our investment portfolio and capital management.
- **The Audit Committee:** The Audit Committee oversees our processes for assessing risks and the effectiveness of our system of internal controls. In performing this function, the Audit Committee considers information from our independent registered public accounting firm and internal auditors and discusses relevant issues with management, the Internal Audit Director and the independent registered public accounting firm. As noted above, risks are also reviewed by the Management Development, Nominating and Governance Committee, the Risk Management and the Securities Investment Committees.

We believe that our leadership structure, discussed in “Board Leadership” above, supports the risk oversight function of the Board. We have a combined Chairman of the Board and CEO who keeps the Board informed about the risks facing us. In addition, independent directors chair the various committees involved with risk oversight and there is open communication between senior management and directors.

Compensation of Directors

Under our Corporate Governance Guidelines, compensation of non-management directors is reviewed periodically by the Management Development, Nominating and Governance Committee. Mr. Culver is our CEO and receives no additional compensation for service as a director and he is not eligible to participate in any of the following programs or plans.

Annual and Meeting Fees: In 2010, our non-management directors were paid an annual retainer of \$100,000, our Lead Director was paid an additional annual retainer of \$25,000 and the Chairpersons of the Audit Committee and other Board committees received additional annual fees of \$20,000 and \$10,000, respectively. Non-Chairperson directors who were members of the Audit Committee in 2010 received an additional \$5,000 annual fee. In addition, after the fifth Board or Committee meeting attended during 2010, our non-management directors also received \$3,000 for each Board meeting attended, and \$2,000 for all Committee meetings attended on any one day. Finally, subject to certain limits, we reimburse directors, and for meetings not held on our premises, their spouses, for travel, lodging and related expenses incurred in connection with attending Board and Committee meetings.

Deferred Compensation Plan and Annual Grant of Share Units: Our non-management directors can elect to defer payment of all or part of the annual and meeting fees until the director's death, disability, termination of service as a director or to another date specified by the director. A director who participates in this plan will have his or her deferred compensation account credited quarterly with interest accrued at an annual rate equal to the six-month U.S. Treasury Bill rate determined at the closest preceding January 1 and July 1 of each year. In 2008 and prior years, our non-management directors could, as an alternative, elect to have the fees deferred during a quarter translated into share units. Each share unit is equal in value to one share of our Common Stock and is ultimately distributed only in cash. If a director deferred fees into share units, dividend equivalents in the form of additional share units are credited to the director's account as of the date of payment of cash dividends on our Common Stock.

Under the Deferred Compensation Plan, we also provide an annual grant of cash-settled share units to each director. These share units vest on April 1 in the year after they are awarded. Share units that have not vested when a director leaves the Board are forfeited, except in the case of the director's death or certain events specified in the Deferred Compensation Plan. The Management Development, Nominating and Governance Committee may waive the forfeiture. Dividend equivalents in the form of additional share units are credited to the director's account as of the date of payment of cash dividends on our Common Stock. In January 2010, each of our non-management directors was granted share units valued at \$100,000, which will vest on April 1, 2011. Those directors who were appointed to the Board during 2010 were granted a pro rata number of share units based on the portion of the vesting period that they will serve on the Board.

Former Deposit Share Program: In 2009, we eliminated the Deposit Share Program, which was previously offered to directors under our 2002 Stock Incentive Plan. Under the Deposit Share Program a non-management director was able to purchase shares of Common Stock from us at fair market value which were then held by us. The amount that could be used to purchase shares could not exceed the director's annual and meeting fees for the preceding year. We matched each of these shares with one and one-half shares of restricted stock or, at the director's option, RSUs. A director who deferred annual and meeting fees from the prior year into share units under the plan described above was able to reduce the amount needed to purchase Common Stock by the amount so deferred. For matching purposes, the amount so deferred was treated as if shares had been purchased and one and one-half shares of restricted stock or RSUs were awarded for each such share.

Between 2005 and 2008, the restricted stock and RSUs awarded under the program vested one year after the award. Prior to 2005, vesting occurred on the third anniversary of the award unless a director chose a later date. Except for gifts to family members, the restricted stock could not be transferred prior to vesting; RSUs were not transferable. Awards that have not vested when a director leaves the Board are forfeited, except in the case of the director's death or certain events specified in the agreement relating to the awards. The Management Development, Nominating and Governance Committee may waive the forfeiture. All shares of restricted stock and RSUs vest on the director's death and will immediately become vested upon a change in control. RSUs that have vested are settled in Common Stock when the director is no longer a Board member. The director receives a cash payment equivalent to the dividend corresponding to the number of shares underlying the director's RSUs outstanding on the record date for Common Stock dividends.

Former RSU Award Program: We eliminated the RSU Award Program in 2009. Prior to its elimination, our non-management directors were each awarded RSUs representing 850 shares of Common Stock under the program annually. The RSUs vested on or about the first anniversary of the award date, or upon the earlier death of the director. RSUs that have vested will be settled in Common Stock when the director is no longer a Board member. The director receives a cash payment equivalent to the dividend corresponding to the number of shares underlying the director's RSUs outstanding on the record date for Common Stock dividends.

Former Restricted Stock Plan: Non-management directors elected to the Board before 1997 were each awarded, on a one-time basis, 2,000 shares of Common Stock under our 1993 Restricted Stock Plan for Non-Employee Directors. The shares are restricted from transfer until the director ceases to be a director by reason of death, disability or retirement, and are forfeited if the director leaves the Board for another reason unless the forfeiture is waived by the plan administrator. In 1997, the Board decided that no new awards of Common Stock would be made under the plan.

Equity Ownership Guidelines: The Management Development, Nominating and Governance Committee has adopted equity ownership guidelines for directors under which each member of the Board is expected to own 25,000 shares of our equity. Equity owned consists of shares owned outright by the director, restricted equity and share units that have vested or are scheduled to vest within one year. Directors are expected to achieve the ownership guideline within five years after joining the Board. All of our directors are in compliance with the guidelines because they either own 25,000 shares of our equity or they joined the Board of Directors within the last five years.

Other: We also pay premiums for directors and officers liability insurance under which the directors are insureds.

2010 DIRECTOR COMPENSATION

The following table shows the compensation paid to each of our non-management directors in 2010. Mr. Culver, our CEO, is also a director but receives no compensation for service as a director.

Name	Fees Earned or Paid in Cash (\$)(1)	Stock Awards \$(2)	All Other Compensation (\$)	Total (\$)
James A. Abbott	137,000	100,000	-	237,000
Karl E. Case	58,000	100,000	13,780	171,780 (3)
David S. Engelman	144,500	100,000	-	244,500
Thomas M. Hagerty	106,000	100,000	-	206,000
Kenneth M. Jastrow, II	149,000 (4)	100,000	-	249,000
Daniel P. Kearney	145,000	100,000	-	245,000
Bruce L. Koepfgen	25,000	35,100	-	60,100
Michael E. Lehman	145,000	100,000	-	245,000
William A. McIntosh	135,000	100,000	-	235,000
Leslie M. Muma	111,000	100,000	-	211,000
Donald T. Nicolaisen	112,000	100,000	-	212,000
Mark M. Zandi	50,000	56,500	-	106,500

(1) Mr. Hagerty elected to defer all the fees shown in this column, and Mr. Nicolaisen elected to defer meeting fees of \$12,000, into an interest-bearing account as described under “Compensation of Directors — Deferred Compensation Plan and Annual Grant of Share Units” above.

(2) The amounts shown in this column represent the grant date fair value of the annual share unit award granted to non-management directors in 2010 under our Deferred Compensation Plan, computed in accordance with FASB Accounting Standard Codification (“ASC”) Topic 718. The value of each share unit is equal to the value of our common stock on the grant date. See “Compensation of Directors — Deferred Compensation Plan and Annual Grant of Share Units” above for more information about these grants.

At December 31, 2010, the aggregate number of stock awards (including restricted stock, restricted stock units, and share units granted under our Deferred Compensation Plan) outstanding and owned by our non-management directors was as follows: Mr. Abbott — 21,693; Mr. Engelman — 20,202; Mr. Hagerty — 54,366; Mr. Jastrow — 76,840; Mr. Kearney — 88,121; Mr. Koepfgen — 3,528; Mr. Lehman — 19,583; Mr. McIntosh — 20,202; Mr. Muma — 52,008; Mr. Nicolaisen — 49,336; and Dr. Zandi — 6,865. At December 31, 2010, the aggregate number of shares owned directly or in trusts by our non-management directors was as follows: Mr. Abbott — 31,437; Mr. Engelman — 30,143; Mr. Hagerty — 8,181; Mr. Jastrow — 1,146; Mr. Kearney — 77,483; Mr. Lehman — 7,439; Mr. McIntosh — 51,523; Mr. Muma — 42,991; and Mr. Nicolaisen — 182. At December 31, 2010, the total stock awards outstanding and direct / trust ownership of stock held by each of our directors was as follows: Mr. Abbott — 53,130; Mr. Engelman — 50,345; Mr. Hagerty — 62,547; Mr. Jastrow — 77,986; Mr. Kearney — 165,604; Mr. Koepfgen — 3,528; Mr. Lehman — 27,022; Mr. McIntosh — 71,725; Mr. Muma — 94,999; Mr. Nicolaisen — 49,518; and Dr. Zandi — 6,865.

(3) The “Total” includes amounts associated with a share unit award forfeited upon Dr. Case’s June 30, 2010 resignation from the Board. Based on the closing price of the Common Stock on the New York Stock Exchange on June 30, 2010, which was \$6.89, the value of the stock award on the date of the forfeiture was \$104,394. “All Other Compensation” consists of the waiver of a resignation-related forfeiture of 2,000 shares of restricted stock that were awarded in 1993.

On July 22, 2010, after he left the Board, Dr. Case was retained by us to provide consulting services to the Risk Management Committee and our senior management during a one year transition period. The last of four quarterly payments of \$32,500 is payable July 31, 2011. These payments are not reflected in the table above.

(4) Includes \$25,000 retainer paid for services as Lead Director.

21

Item 4 – Approval of an amendment to our Articles of Incorporation to eliminate the classified board provisions and provide for the annual election of all directors

Our Articles of Incorporation provide that the classification of directors is as provided in our Bylaws. Our Bylaws provide that our Board of Directors is divided into three substantially equal classes, with one class to be elected at each Annual Meeting of Shareholders, thereby making the term of each class of directors three years.

As a result of our Board's ongoing consideration of governance practices, our Board recommends a vote to approve an amendment to our Articles of Incorporation to eliminate the classified Board of Directors provisions and to provide for the annual election by our shareholders of all directors. The Board believes that while a classified Board structure helps to assure a longer-term focus, declassification is consistent with the trend at larger companies towards annual election of all directors.

This proposal will not change the remaining terms of our incumbent directors, the current number of directors, or the Board's authority to change the number of directors and to fill any vacancy in the Board, including a vacancy created by an increase in the number of directors. If the proposed amendments are approved at the 2011 Annual Meeting, beginning with the 2012 Annual Meeting, all directors standing for election by shareholders will be elected for one-year terms. If the proposed amendments are approved, our Board of Directors will become fully declassified at the 2013 Annual Meeting of Shareholders, when the remaining term of all directors will be one year. Until a director is elected by shareholders for a one-year term, the classification provisions of the Bylaws will continue in effect for that director.

Implementation of declassification requires an amendment to our Articles of Incorporation and Bylaws. The text of the affected sections of our Articles of Incorporation, marked to show the proposed deletions and insertions, is attached as Appendix A to this proxy statement. If approved, the amendment to the Articles of Incorporation will become effective upon its filing with the Wisconsin Department of Financial Institutions. Prior to the 2012 Annual Meeting of Shareholders, assuming the amendment to the Articles of Incorporation is approved by shareholders, the Board will amend the Bylaws to eliminate the classified board provisions.

Shareholder Vote Required

Approval of the amendment to our Articles of Incorporation requires the affirmative vote of a majority of the votes cast on this matter. Abstentions and broker non-votes will not be counted as votes cast.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE TO APPROVE AN AMENDMENT TO OUR ARTICLES OF INCORPORATION TO ELIMINATE THE CLASSIFIED BOARD OF DIRECTORS PROVISIONS AND TO PROVIDE FOR THE ANNUAL ELECTION OF ALL DIRECTORS. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE AMENDMENT TO THE ARTICLES OF INCORPORATION UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.

Item 5 – Advisory Vote on Executive Compensation

We are asking shareholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed under the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material contained in this proxy statement.

Among the fundamental tenets of the compensation program for our named executive officers are that there should be a strong link between value realized by shareholders and the compensation of these executives and that a substantial portion of their compensation should involve equity risk. We believe the compensation of our named executive officers in 2010 reflected these (and other) objectives of our executive compensation program. In particular, and as explained in the Compensation Discussion and Analysis appearing elsewhere in this proxy statement,

- After two years for which, consistent with the recommendation of our CEO, we paid no bonuses to our named executive officers for 2010, we paid bonuses averaging about half of the maximum provided under our plan. The factors supporting bonus payments for 2010 included total return to shareholders (our total return was 76% for 2010), the quality of the business we wrote in 2010 (as measured by our incurred loss ratio), the efficiency of our operations (as measured by our expense ratio), and our success in raising capital.
- A substantial portion (45% in 2010) of total compensation of the named executive officers was paid in restricted equity. None of our named executive officers has realized any cash value from sales of equity in the Company (including equity received upon the vesting of restricted stock awards) since early 2006.

In addition,

- Our perks are minimal,
- We have no employment agreements (except those that are effective upon a change of control) or other guaranteed compensation, and
- Our retirement benefits are based only on salary and bonus.

While this vote is advisory and is not binding, the Board and the Management Development, Nominating and Governance Committee will review and consider the voting results when making future decisions regarding compensation of named executive officers.

Shareholder Vote Required

Approval of the compensation of our named executive officers requires the affirmative vote of a majority of the votes cast on this matter. Abstentions and broker non-votes will not be counted as votes cast.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE APPROVAL OF THE EXECUTIVE COMPENSATION UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.

Item 6 – Advisory Vote on the frequency of holding future advisory votes on Executive Compensation

We are asking shareholders to vote, on an advisory basis, whether they would like to cast an advisory vote on the compensation of our named executive officers every one, two or three years. Shareholders may indicate one of four choices for this proposal on the proxy card or voting instruction form: one year, two years, three years or abstain.

The Board believes that annual shareholder advisory votes on the compensation of our executive officers are appropriate. The Board's belief was informed by its view that in matters of executive compensation it was preferable to have more frequent shareholder feedback even though that schedule could result in undue emphasis being placed on

compensation for only a single year.

23

While this vote is advisory and is not binding, the Board and the Management Development, Nominating and Governance Committee will review and consider the voting results when making future determinations of the frequency of advisory votes on executive compensation. Notwithstanding the Board's current recommendation or the voting results, the Board may in the future decide to conduct advisory votes more or less frequently than has been recommended by the shareholders.

Shareholder Vote Required

The frequency of the advisory vote on executive compensation receiving the greatest number of votes cast in favor of such frequency, whether every year, every two years or every three years, will be the frequency of the advisory vote on executive compensation that stockholders are deemed to have approved. Abstentions and broker non-votes do not constitute a vote for any particular frequency.

YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR HOLDING THE ADVISORY VOTE ON THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS ANNUALLY. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR ANNUAL ADVISORY VOTES UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.

Compensation of Executive Officers

COMPENSATION DISCUSSION AND ANALYSIS

This compensation discussion and analysis, or "CD&A," provides information about our compensation objectives and policies for our chief executive officer, our chief financial officer and our three other most highly compensated executive officers that will place in perspective the information contained in the compensation and related tables that follow this discussion. The Management Development, Nominating and Governance Committee oversees our executive compensation program. In this CD&A, we refer to this committee as the "Committee." Also, our chief executive officer, chief financial officer and the three other most highly compensated executive officers are collectively referred to as our "named executive officers." The terms "we" and "our" refer to the Company. Except for year-end values, when we refer to our stock value, we use the New York Stock Exchange closing price on the trading day before the specified date.

Executive Summary

We have included an executive summary of our CD&A under Item 5, Advisory Vote on Executive Compensation.

Objectives of our Executive Compensation Program

Over the years, our executive compensation program has been based on the following objectives.

- We want a strong link between compensation and Company performance, executive performance and value realized by our shareholders.
- We want a substantial portion of total compensation (which is base salary, annual bonus and longer-term incentives) to be in the form of equity.
- We want total compensation to reflect market practices in the sense that our total compensation opportunity is at the market median.

- We limit perquisites (perks).

- We pay retirement benefits using a formula based only on current compensation (salary and annual bonus) and therefore do not include longer-term incentives that can result in substantial increases in pension value.

How did the compensation we paid to our named executive officers for 2010 reflect these objectives?

- “We want a strong link between compensation and Company performance, executive performance and value realized by our shareholders.”

Bonuses. After paying no bonuses to our named executive officers for 2008 or 2009, we paid bonuses for 2010 that were about 52% of the maximum amounts for the named executive officer group as a whole and 50% for the CEO individually. The Committee’s decision to pay bonuses was informed by various considerations, although the Committee did not specifically weigh the importance of each particular one. The principal factors the Committee considered involved total return to shareholders during the 12 months ended November 30, 2010 compared to the return to shareholders of our compensation comparison group; our operating performance; our success in raising over \$1.1 billion in capital in 2010; the Committee’s informal assessment of the individual performance of the named executive officers; and advice from the Committee’s compensation consultant that payment of bonuses for 2010 would be reasonable.

With regard to total return, the Committee considered that total return to shareholders during the 12 months ended November 30, 2010 as computed by the compensation consultant was the second highest of the total return of our compensation comparison group during this period and that each company in the comparison group paid bonuses for 2009 while we did not. The Committee also observed that five of the nine companies in the comparison group were not profitable in 2009. (The comparative compensation data is taken from proxy statement filings, and 2009 is the latest available compensation data. The 12-month period used to determine total return was the latest available annual period when the consultant presented his report to the Committee in mid-December 2010.) With respect to the operating performance of the Company, the Committee considered, among other items, the quality of the business we wrote during 2010 (as measured by the incurred loss ratio) and our expense management (as measured by the expense ratio).

See “Components of our Executive Compensation Program – Annual Bonus” and “Benchmarking” for additional information about the matters discussed above.

Longer-Term Equity Grants. We sought to strengthen the link between Company performance and compensation in 2010 by increasing the portion of restricted equity grants that vest based on achievement of performance goals related to our loss ratio, expense ratio and market share from 57% to 75% (excluding the one-time grant to Mr. Lane discussed below). See “Components of our Executive Compensation Program – Longer-Term Restricted Equity” for additional information about our grants of restricted equity.

- “We want a substantial portion of total compensation (which is base salary, annual bonus and longer-term incentives) to be in the form of equity.”

On average, the restricted equity awarded to the named executive officers in January 2010 had a value at the time of the award (assuming all of such equity would vest) of approximately 45% of the executives’ total compensation for 2010.

- “We want total compensation to reflect market practices in the sense that our total compensation opportunity is at the market median.”

The total compensation opportunities of our named executive officers range from base salary with no other components of total compensation being paid, to base salary plus maximum bonus and maximum longer-term incentives being paid. Through benchmarking, we want to be at about the middle of our comparison group so that when, as a company, we perform well our named executive officers are compensated at about the middle or slightly above what the comparison group would be paid for similar performance and when we perform poorly our officers will also be paid at about the middle or slightly below what this group would be paid for similar performance. In a report presented to the Committee in mid-December 2010, the Committee’s compensation consultant advised that the compensation structure for the named executive officers was competitive. A discussion of the report and benchmarking we have done is contained under “Benchmarking” in this CD&A.

- “We limit perquisites (perks).”

Our perks remained minimal in 2010 and are discussed under “Components of our Executive Compensation Program – Perquisites” below.

- “We pay retirement benefits using a formula based only on current compensation (salary and annual bonus) and therefore do not include longer-term incentives that can result in substantial increases in pension value.”

Our retirement benefits met this objective in 2010 and are discussed under “Pension Plan” below.

Impact of Stock Price on Value of Stock Options and Restricted Equity

Excluding shares surrendered to the Company to cover income tax withholding, none of our named executive officers has sold any of our equity since April 2006.

During the past several years, our named executive officers’ compensation has been materially affected by the changes in the value of our common stock. For example, the following table shows the value of the restricted equity that vested in 2006 through 2010 and options that were exercised in 2006 (the last year in which options were exercised):

	Value Realized From Option Exercises and Vesting of Restricted Equity(1)				
	2006	2007	2008	2009	2010
Curt Culver	\$ 7,881,297	\$ 3,149,946	\$ 399,721	\$ 94,725	\$ 1,387,948
J. Michael Lauer	\$ 1,097,740	\$ 1,108,333	\$ 149,660	\$ 33,126	\$ 472,908
Patrick Sinks	\$ 1,399,405	\$ 1,443,972	\$ 167,155	\$ 50,485	\$ 845,759
Lawrence Pierzchalski	\$ 1,734,931	\$ 1,117,923	\$ 146,712	\$ 33,596	\$ 472,009
Jeffrey Lane	\$ 961,373	\$ 1,038,521	\$ 127,806	\$ 30,956	\$ 466,633

- (1) For option exercises, value realized is the market value at the close of business on the date immediately preceding the date of exercise less the exercise price. For vesting of restricted equity, value realized is the market value at the close of business on the date immediately preceding the vesting date.

Similarly, the following table shows the value of the restricted equity and stock options that the named executive officers held at December 31, 2006 - 2010:

	Value as of December 31(1)				
	2006	2007	2008	2009	2010
Curt Culver	\$ 16,472,986	\$ 4,113,034	\$ 1,070,406	\$ 2,787,272	\$ 4,839,190
J. Michael Lauer	\$ 5,651,708	\$ 1,437,920	\$ 365,832	\$ 944,880	\$ 1,633,233
Patrick Sinks	\$ 5,604,848	\$ 2,201,774	\$ 633,444	\$ 1,721,729	\$ 3,024,494
Lawrence Pierzchalski	\$ 5,671,095	\$ 1,435,991	\$ 366,162	\$ 944,042	\$ 1,633,233
Jeffrey Lane	\$ 4,196,379	\$ 1,360,424	\$ 358,457	\$ 939,030	\$ 2,652,233

(1) Includes all restricted equity and options held by each officer on the applicable date, other than restricted equity forfeited in January or February of the following year. Restricted equity forfeited in January or February of the following year is excluded because it effectively had no value as of the prior December 31. Stock options are valued at the excess of the closing market value of our common stock on the applicable date minus the exercise price. Beginning on December 31, 2007, stock options are valued at zero because the exercise price significantly exceeded the stock value.

Benchmarking

To provide a framework for evaluating compensation levels for our named executive officers against market practices, the Committee has periodically asked its compensation consultant to prepare reports analyzing available compensation data. This data is typically gathered from SEC filings for a comparison group of publicly traded companies. The most recent report is discussed below. (For a number of years the independent compensation consultant to the Committee has been Frederic W. Cook & Co., which we refer to as FWC.) In addition, each year we review various published compensation surveys and provide the Committee with information regarding trends in expected executive compensation changes for the coming year. The compensation surveys that we reviewed and summarized in the aggregate for the Committee in connection with establishing compensation for 2010 were published by: Compensation Resources, Hewitt Associates, Mercer, Stanton Group (a division of Gallagher Benefits Services), Towers Perrin, Watson Wyatt and WorldatWork.

In December 2010, FWC provided the Committee with a report on the primary components of our executive compensation program (base salary, annual bonus and longer-term incentives) that was based on 2009 compensation information from proxy statement filings and is the latest available data for the comparison group. The December 2010 report analyzed our compensation program against a comparison group of surety and title insurance companies, which were:

Ambac Financial Group	First American Financial	Old Republic Intl Corp.
Assured Guaranty	Genworth Financial Inc.	PMI Group Inc.
Fidelity National Financial	MBIA Inc.	Radian Group Inc.

The comparison companies were jointly selected by FWC and management, and approved by the Committee. The companies in our overall comparison group include all of our direct competitors that are public and whose mortgage insurance operations are a significant part of their overall business, financial guaranty insurers and other financial services companies focused on the residential real estate industry that are believed to be potential competitors for executive talent. Our market capitalization as of November 30, 2010 was approximately 86% of the median market capitalization of the comparison group.

The December 2010 report was based on 2009 data (including for the Company) because that data was the latest available for the comparison group. The report concluded base salaries were close to market norms, with the named executive officers as a group at the median, with individual officers ranging from 8% above the median (the CEO) to 14% below the median (the COO). As discussed under “Components of our Executive Compensation Program – Base Salary,” FWC noted, however, that given the adjustment to one named executive’s base salary in 2010, he was well above the median. Bonus opportunities remained consistent with market practice, although FWC noted that the absence of bonuses at the Company for 2009 was the primary reason for a competitive pay gap versus the comparison companies based on compensation that was paid. Long-term incentives, valued at the market price for the Company at the time of the report directionally mirrored market levels. Actual long-term incentives were significantly below those levels using the 2009 grant date value.

Components of our Executive Compensation Program

Longer-Term Restricted Equity

Our executive compensation program is designed to make grants of restricted equity the largest portion of total compensation of our named executive officers. We emphasize this component of our executive compensation program because it aligns executives’ interests with those of shareholders by linking compensation to stock price. In 2010, grants of restricted equity represented, on average, approximately 45% of the total base salary, annual bonus and longer-term incentives (“total compensation”).

As discussed below, we changed the performance goals for longer-term restricted equity beginning in 2008. The new goals were included in a list of goals for restricted equity awards approved by shareholders at our 2008 Annual Meeting.

Performance Based Restricted Equity. Beginning with restricted equity awarded in 2008, the corporate performance goals used to determine annual vesting (assuming continued service) of performance based restricted equity are:

- MGIC’s Loss Ratio (incurred losses divided by earned premiums) for MGIC’s primary new insurance written for that year;
- our Expense Ratio (expenses of insurance operations divided by net premiums written for that year); and
- MGIC’s Market Share of flow new insurance written for that year.

The Committee adopted these performance goals, which apply to each year in the three-year performance period, because it believes that they are the building blocks of our results of operations. That is, the Loss Ratio measures the quality of the business we write, the Expense Ratio measures how efficiently we use our resources and Market Share measures not only our success at generating revenues but also the extent to which we are successful in leading our industry.

The three performance goals are equally weighted for vesting purposes. The actual performance level corresponding to each performance goal determines Threshold, Target and Maximum vesting as indicated in the table below for the 2010 Grants of Plan-Based Awards.

Performance Goal	Threshold	Target	Maximum
Loss Ratio	65%	40%	30%
Expense Ratio	27%	22%	17%

Market Share	17%	20%	23%
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Vesting for awards granted in 2010 is determined in February 2011 and the next two anniversaries based on performance during the prior year. For each performance goal, the amount that vests each year is, subject to the annual maximum described in the next paragraph, as follows:

28

- if the Company's performance does not meet or equal the Threshold performance level, then no equity will vest with respect to that performance goal;
- if the Company's performance meets the Target performance level, then one-ninth of the total grant will vest with respect to that performance goal;
- if the Company's performance equals or exceeds the Maximum performance level, then one-sixth of the total grant will vest with respect to that performance goal; and
- if the Company's performance is between the Maximum and the Target performance levels or between the Target and the Threshold performance levels, then the number of shares that will vest with respect to that performance goal will be interpolated on a linear basis between the applicable vesting levels.

For awards granted in 2008 through 2010, achievement of the Target performance level in each year results in 100% vesting of the award at the end of the third year, with the portion of the award granted that may vest in each year ranging from zero (if performance in a year does not meet the Threshold performance level for any of the performance goals) to 50% of the number of shares awarded (if performance meets the Maximum performance level for each performance goal). However, the total amount of these awards that vest cannot exceed 100%. Any portion of the award that remains unvested after three years is forfeited. The vesting schedule for awards that were granted in January 2011 is similar to the schedule for these awards. However, for 2011 awards, the total amount of the award that ultimately vests can be up to 150%. This increase was made to address the conclusion of the benchmarking study discussed above that the Company's use of long-term incentive grants was well below the market median.

With respect to all of these awards, dividends are not paid currently, but when shares vest, a payment is made equal to the dividends that would have been paid had those vested shares been entitled to receive current dividends. In October 2008, we suspended the payment of dividends on our common stock.

For 2010, the Loss Ratio for MGIC's primary new insurance written for that year was 1.2% (which exceeded the Maximum performance level), the Expense Ratio was 16.3% (which exceeded the Maximum performance level) and Market Share was 22.2% (which was between the Target and Maximum performance levels). As a result, in February 2011, 48.5% of the performance based restricted equity awards granted in 2010 vested, 43.9% of the performance based restricted equity awards granted in 2009 vested and the remaining 18.7% of the performance based restricted equity awards granted in 2008 vested.

Longer-term restricted equity awards granted before 2008 vest in installments over a five-year period based on the Company's earnings per share ("EPS"). Vesting for these awards is determined in January based on EPS for the prior year. Because our EPS was negative in 2007 through 2010, no EPS-vested awards that were granted in 2004 (when we first made restricted stock awards) through 2007 vested during the last four years (or in 2011). The performance period for awards made in 2004 – 2006 is over. These awards can no lo