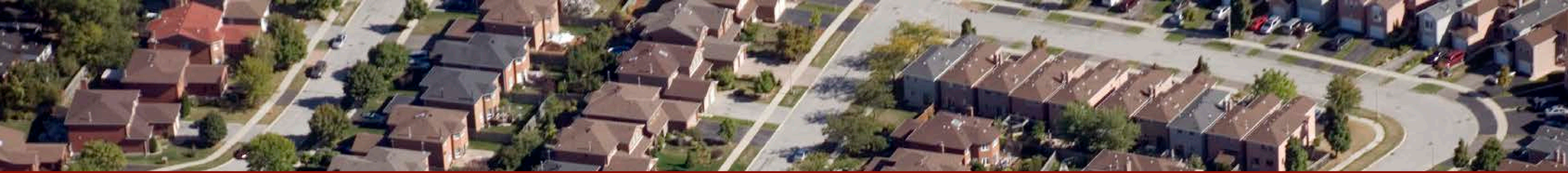

RADIAN

Financial Results Q3 2017

NYSE: RDN
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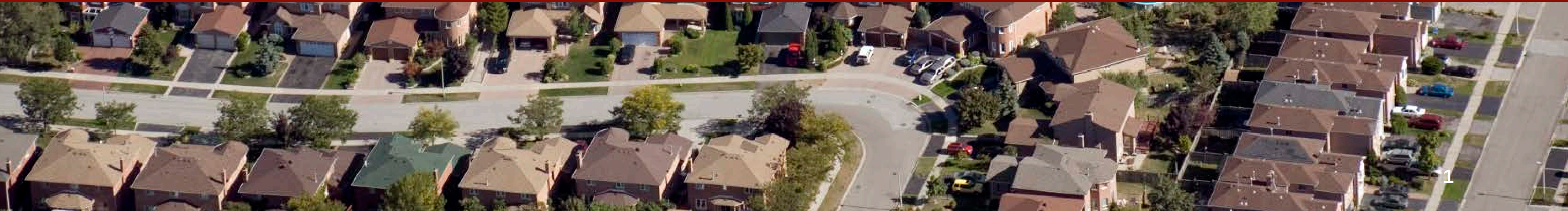


SAFE HARBOR STATEMENTS

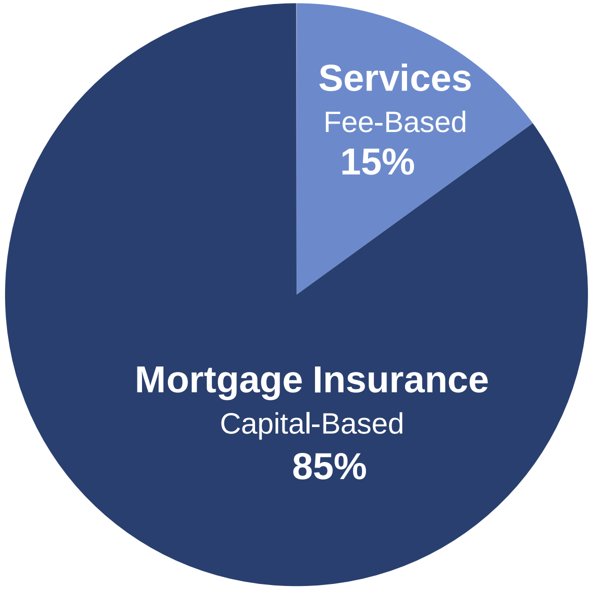
All statements in this presentation that address events, developments or results that we expect or anticipate may occur in the future are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Exchange Act and the U.S. Private Securities Litigation Reform Act of 1995. In most cases, forward-looking statements may be identified by words such as "anticipate," "may," "will," "could," "should," "would," "expect," "intend," "plan," "goal," "contemplate," "believe," "estimate," "predict," "project," "potential," "continue," "seek," "strategy," "future," "likely" or the negative or other variations on these words and other similar expressions. These statements, which may include, without limitation, projections regarding our future performance and financial condition, are made on the basis of management's current views and assumptions with respect to future events. Any forward-looking statement is not a guarantee of future performance and actual results could differ materially from those contained in the forward-looking statement. These statements speak only as of the date they were made, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We operate in a changing environment where new risks emerge from time to time and it is not possible for us to predict all risks that may affect us. The forward-looking statements, as well as our prospects as a whole, are subject to risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements. These risks and uncertainties include, without limitation:

- changes in general economic and political conditions, including in particular unemployment rates, interest rates and changes in housing and mortgage credit markets, that impact the size of the insurable market, the credit performance of our insured portfolio, and the business opportunities in our Services segment;
- changes in the way customers, investors, ratings agencies, regulators or legislators perceive our performance, financial strength and future prospects;
- Radian Guaranty Inc.'s ("Radian Guaranty") ability to remain eligible under the Private Mortgage Insurer Eligibility Requirements (the "PMIERs") and other applicable requirements imposed by the Federal Housing Finance Agency and by Fannie Mae and Freddie Mac (collectively, the "GSEs") to insure loans purchased by the GSEs;
- our ability to successfully execute and implement our capital plans and to maintain sufficient holding company liquidity to meet our short- and long-term liquidity needs, including temporary reductions in liquidity resulting from federal alternative minimum tax ("AMT") payments that we are currently required to make and future federal income tax payments that we expect to make once our NOLs are fully utilized, which we anticipate occurring within the next 12 months;
- our ability to successfully execute and implement our business plans and strategies, including plans and strategies to reposition our Services segment as well as plans and strategies that require GSE and/or regulatory approvals and licenses;
- our ability to maintain an adequate level of capital in our insurance subsidiaries to satisfy existing and future state regulatory requirements;
- changes in the charters or business practices of, or rules or regulations imposed by or applicable to, the GSEs, including the GSEs' interpretation and application of the PMIERs to our mortgage insurance business;
- changes in the current housing finance system in the U.S., including the role of the Federal Housing Administration (the "FHA"), the GSEs and private mortgage insurers in this system;
- any disruption in the servicing of mortgages covered by our insurance policies, as well as poor servicer performance;
- a significant decrease in the "Persistency Rates" (the percentage of insurance in force that remains in force over a period of time) of our mortgage insurance policies;
- competition in our mortgage insurance business, including price competition and competition from the FHA, U.S. Department of Veterans Affairs and other forms of credit enhancement;
- the effect of the Dodd-Frank Wall Street Reform and Consumer Protection Act on the financial services industry in general, and on our businesses in particular;
- legislative and regulatory activity (or inactivity), including the adoption of (or failure to adopt) new laws and regulations, or changes in existing laws and regulations, or the way they are interpreted or applied;
- legal and regulatory claims, assertions, actions, reviews, audits, inquiries and investigations that could result in adverse judgments, settlements, fines, injunctions, restitutions or other relief that could require significant expenditures or have other effects on our business;
- the amount and timing of potential payments or adjustments associated with federal or other tax examinations, including deficiencies assessed by the Internal Revenue Service resulting from its examination of our 2000 through 2007 tax years, which we are currently contesting;
- the possibility that we may fail to estimate accurately the likelihood, magnitude and timing of losses in connection with establishing loss reserves for our mortgage insurance business;
- volatility in our results of operations caused by changes in the fair value of our assets and liabilities, including a significant portion of our investment portfolio;
- potential future impairment charges related to our goodwill and other intangible assets, and uncertainties regarding our ability to execute our restructuring plans within expected costs;
- changes in "GAAP" (accounting principles generally accepted in the U.S.) or "SAP" (statutory accounting practices including those required or permitted, if applicable, by the insurance departments of the respective states of domicile of our insurance subsidiaries) rules and guidance, or their interpretation;
- our ability to attract and retain key employees; and
- legal and other limitations on dividends and other amounts we may receive from our subsidiaries.

For more information regarding these risks and uncertainties as well as certain additional risks that we face, you should refer to the Risk Factors detailed in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016, and subsequent reports filed from time to time with the U.S. Securities and Exchange Commission. We caution you not to place undue reliance on these forward-looking statements, which are current only as of the date on which we issued this presentation. We do not intend to, and we disclaim any duty or obligation to, update or revise any forward-looking statements to reflect new information or future events or for any other reason.

WHO IS RADIAN?

Q3 2017 REVENUE



Total Net Premiums Earned and Services Revenue: **$278 million**[(1)]

Radian Group Inc., headquartered in Philadelphia, provides private mortgage insurance, risk management products and real estate services to financial institutions through two business segments:

Mortgage Insurance:
Provided through its principal mortgage insurance subsidiary Radian Guaranty Inc., helps protect lenders by mitigating default-related losses, facilitates the sale of low down payment mortgages in the secondary market and enables homebuyers to purchase homes more quickly with down payments less than 20%.

Mortgage and Real Estate Services:
Provided through its principal services subsidiary Clayton Holdings LLC, as well as Green River Capital, Red Bell Real Estate and ValuAmerica. Solutions include information and services that financial institutions, investors and government entities use to evaluate, acquire, securitize, service and monitor loans and asset-backed securities.

Ensuring the American Dream®
NYSE: RDN / www.radian.biz

1) Represents revenues on individual segment basis.

Q3 HIGHLIGHTS

$65.1 million
Net Income

$0.30
Diluted Net Income Per Share

Includes pretax amounts of $45.8 million of loss on induced conversion and debt extinguishment and $12.0 million of restructuring charges relating to our Services segment

$0.46
Adjusted Diluted Net Operating Income Per Share (1)

12% increase compared to adjusted diluted net operating income per share of $0.41 in Q3 2016 (1)

3% increase
In Book Value Per Share

Book value per share of $13.88 as of September 30, 2017, compared to $13.47 as of September 30, 2016

12% increase
In Tangible Book Value Per Share (1)

Tangible book value per share of $13.57 as of September 30, 2017, compared to $12.17 as of September 30, 2016

5% increase
In New Insurance Written

$15.1 billion of new insurance written, compared to $14.3 billion in Q2 2017

3% decrease compared to $15.7 billion in Q3 2016

8% increase
In Primary Insurance In Force

$196.5 billion as of September 30, 2017, compared to $181.2 billion as of September 30, 2016

$35.8 million
Provision for Losses

36% improvement from Q3 2016 primarily due to default to claim rate assumption changes, partially offset by the impact of a pool commutation

1) Adjusted results, including adjusted diluted net operating income per share and tangible book value per share, as used in this presentation, are non-GAAP financial measures. For a reconciliation of the adjusted results to the comparable GAAP measures and the definitions of adjusted diluted net operating income per share and tangible book value per share, see Appendix, Slides 26-30.

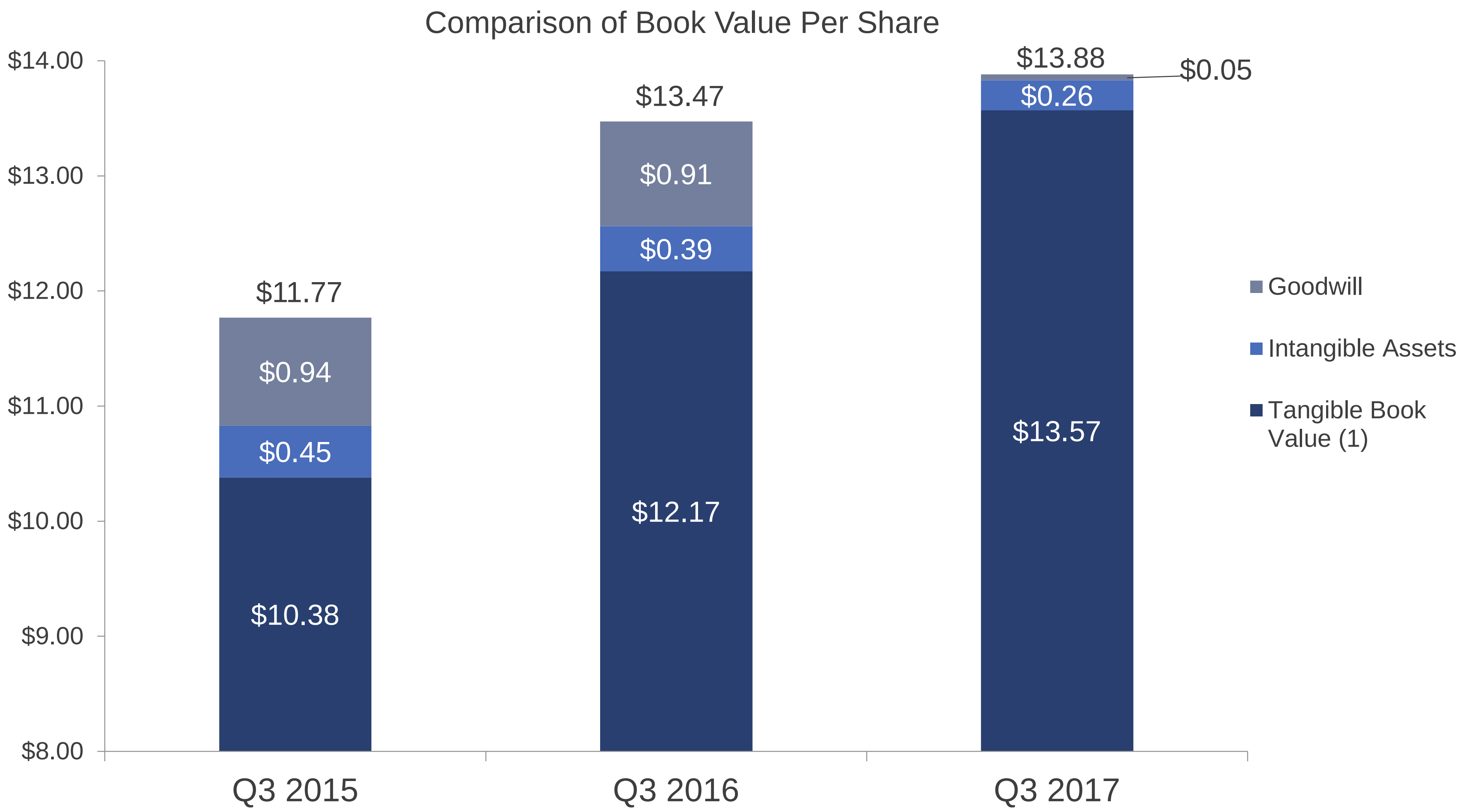
NET INCOME (LOSS)

Q2 2017 to Q3 2017 GAAP Diluted Net Income (Loss) Per Share

1) Related to Q3 accrual for an expected pool commutation and an increase in new defaults, partially offset by reduction in default to claim rate assumptions in Q3, including a .50% reduction in assumed rate on new primary notices of default (now 10.5%).

2) Related to the Services segment, includes approximately $5M of employee severance, related benefits and other exit costs, as well as approximately $7M impairment of long-lived assets.

BOOK VALUE



1) Tangible book value per share, as used in this presentation, is a non-GAAP financial measure. For a reconciliation to the comparable GAAP measure, see Appendix Slide 29, and for a definition of tangible book value per share, see Appendix Slide 26.

FINANCIAL HIGHLIGHTS

Radian Group Inc. Consolidated
($ in millions, except per-share amounts)

	September 30, 2017	June 30, 2017	March 31, 2017
Total Assets	$5,844	$5,817	$5,828
Loss Reserves	$556	$652	$726
Unearned Premiums	$718	$702	$685
Long-Term Debt	$1,027	$989	$1,009
Stockholders' Equity	$2,988	$2,914	$2,920
Book Value Per Share	$13.88	$13.54	$13.58
Tangible Book Value Per Share (1)	$13.57	$13.22	$12.31
Available Holding Company Liquidity (2)	$300	$363	$360
PMIERs Cushion (3)	$237	$321	$320
Statutory Capital (Radian Guaranty)	$2,692	$2,617	$2,527

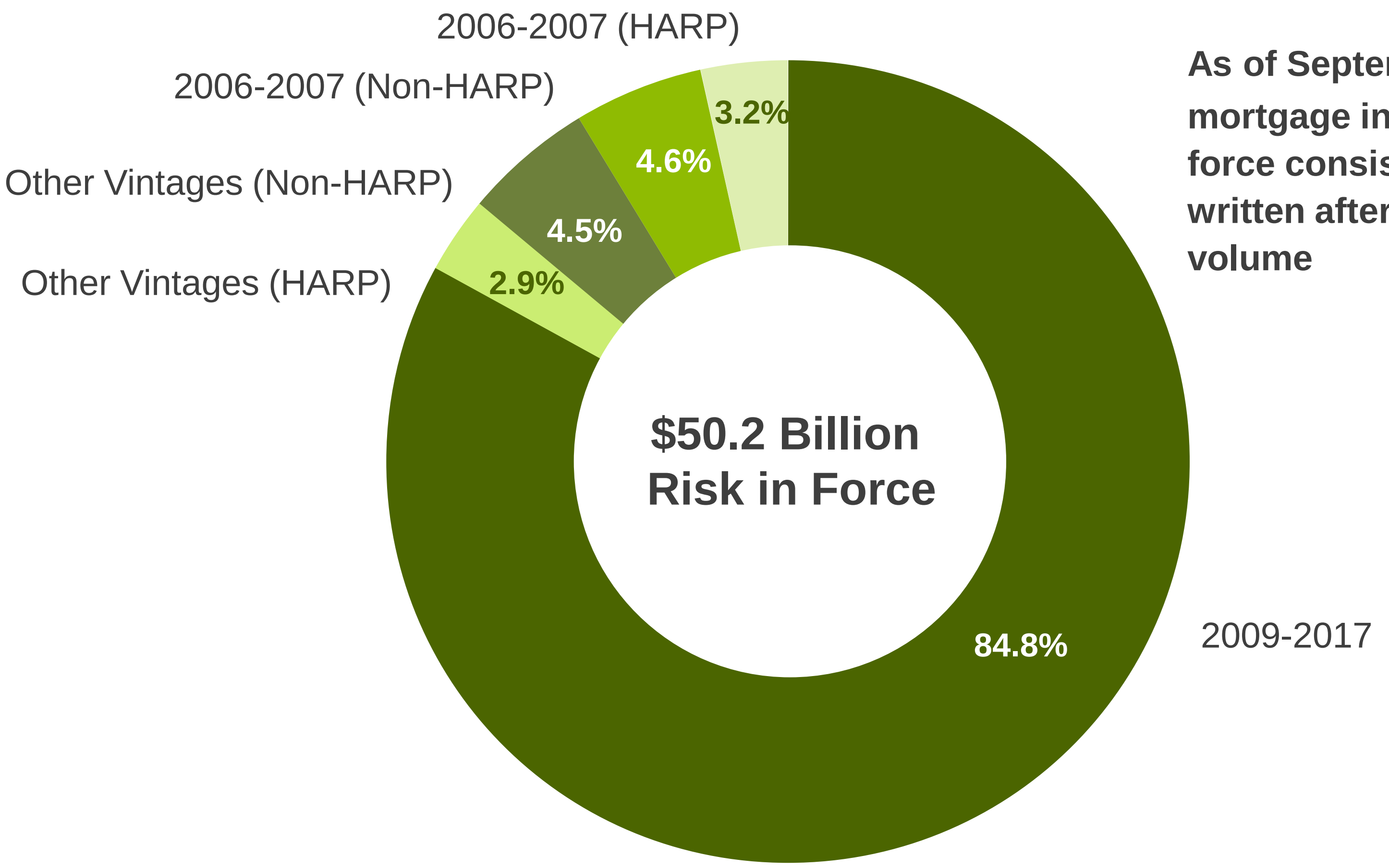
1) Tangible book value per share, as used in this presentation, is a non-GAAP financial measure. For a reconciliation to the comparable GAAP measure, see Appendix Slide 29, and for a definition of tangible book value per share, see Appendix Slide 26.

2) Radian Group made an estimated federal tax payment during the third quarter of 2017 in the amount of $70 million. While this payment reduced available holding company liquidity, a significant portion of it created an AMT credit carry forward that can be utilized in future periods to offset regular tax payments Radian Group may make after its NOL carry forwards are fully utilized. Additionally, approximately $20 million of the third quarter 2017 estimated tax payment was reimbursed to Radian Group through its tax sharing agreement with its subsidiaries.

3) Radian Guaranty currently is an approved mortgage insurer under the PMIERs, and is in compliance with the PMIERs financial requirements. PMIERS cushion is the excess of Radian Guaranty’s Available Assets under the PMIERs, which were approximately $3.5 billion as of September 30, 2017, over its Minimum Required Assets under the PMIERs, which were approximately $3.3 billion as of September 30, 2017. During Q3 2017, the PMIERs cushion was reduced by the $54.8 million payment to Freddie Mac from the collateral account in connection with the final settlement of the Freddie Mac Agreement. In addition, strong NIW and the growth in IIF increased Minimum Required Assets. Effective in the third quarter of 2017, the Available Assets and Minimum Required Assets of Radian Reinsurance are no longer included in the determination of Radian Guaranty’s Available Assets and Minimum Required Assets. This change reduced Radian Guaranty’s Available Assets as well as its Minimum Required Assets under the PMIERs.

MORTGAGE INSURANCE

IMPROVED COMPOSITION OF MI PORTFOLIO

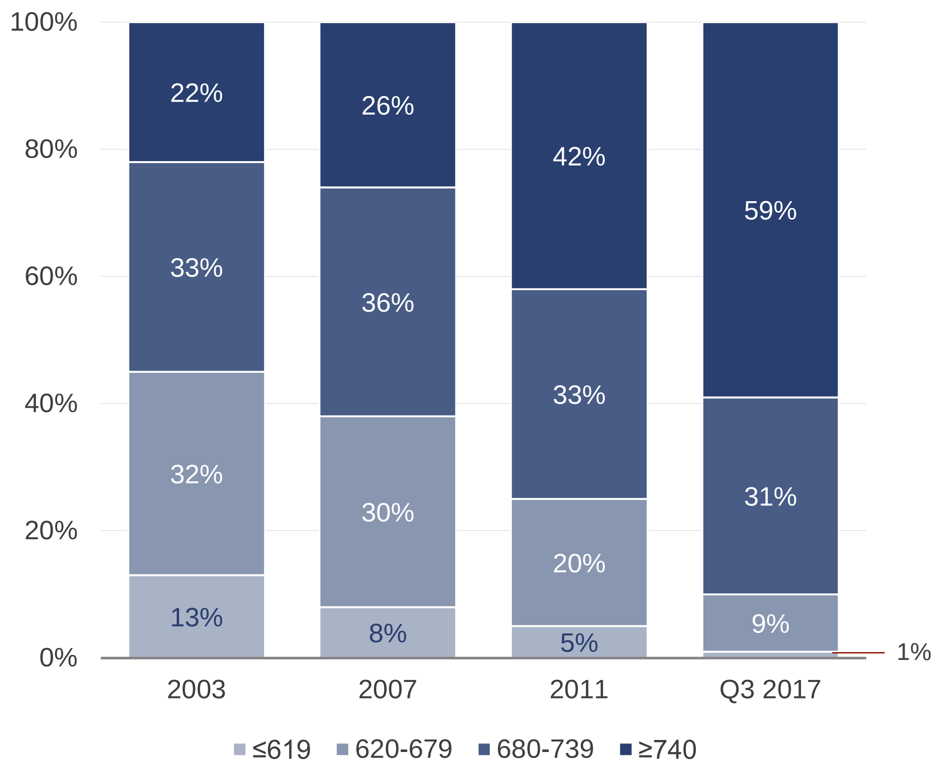


As of September 30, 2017, 91% of mortgage insurance primary risk in force consists of new business written after 2008, including HARP volume

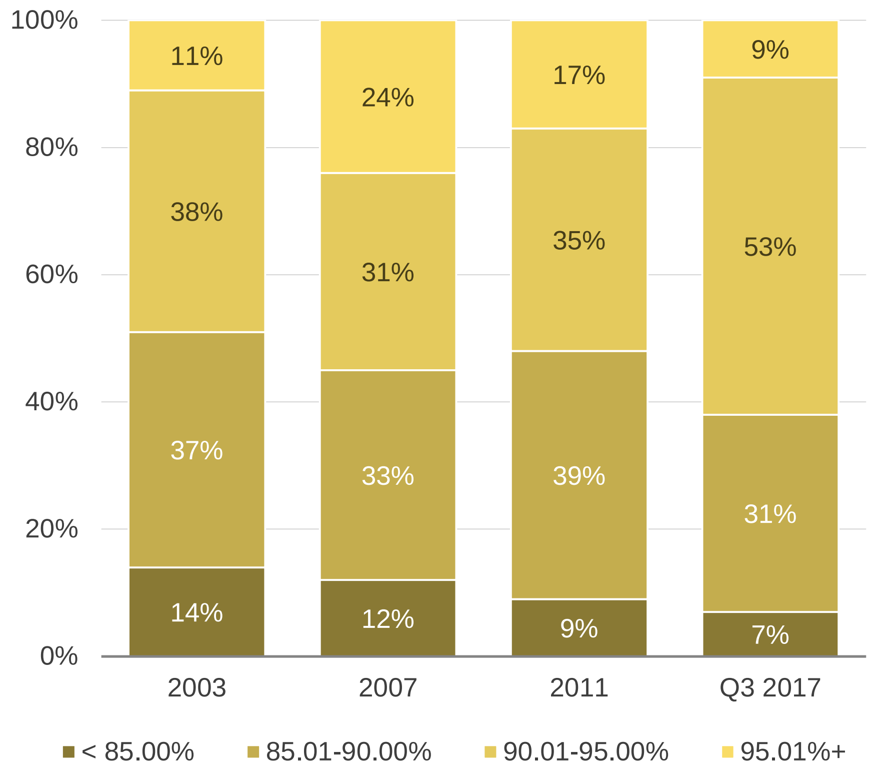
IMPROVED COMPOSITION OF MI PORTFOLIO

Risk in Force by FICO and LTV

Primary RIF Distribution by FICO SCORE



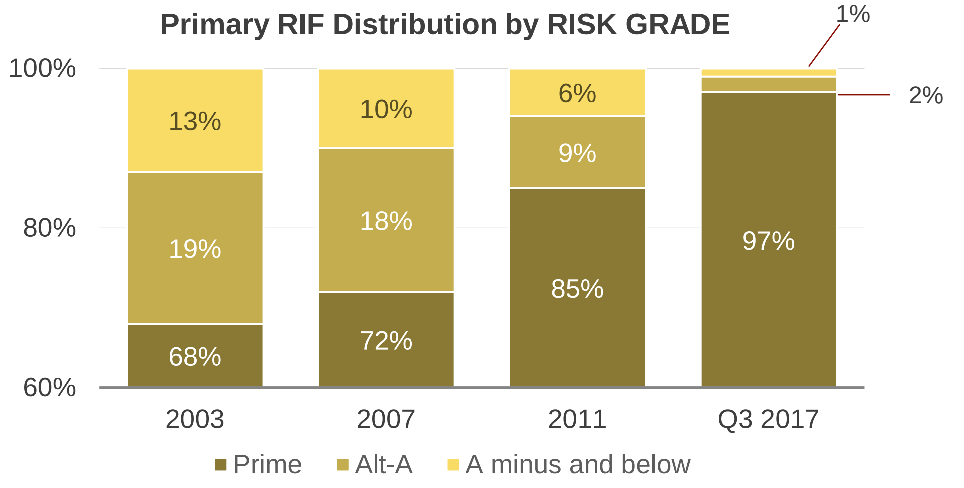
Primary RIF Distribution by LTV

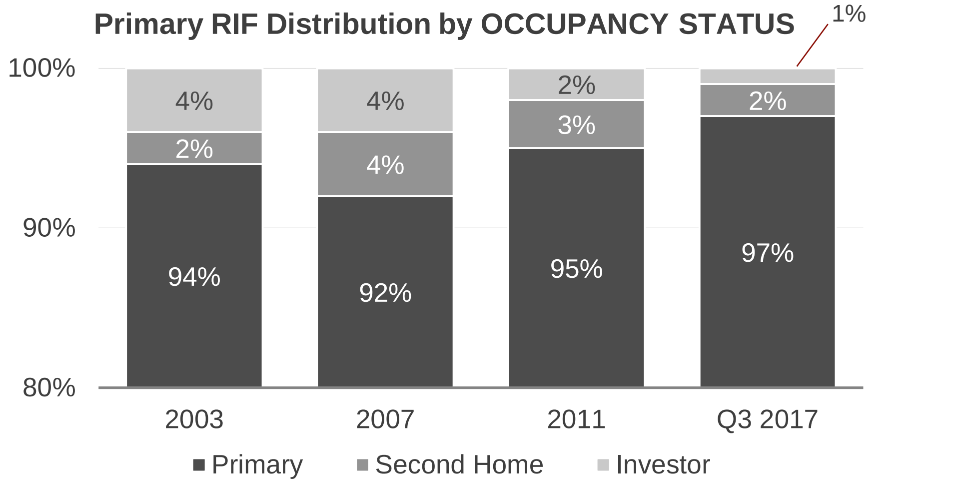


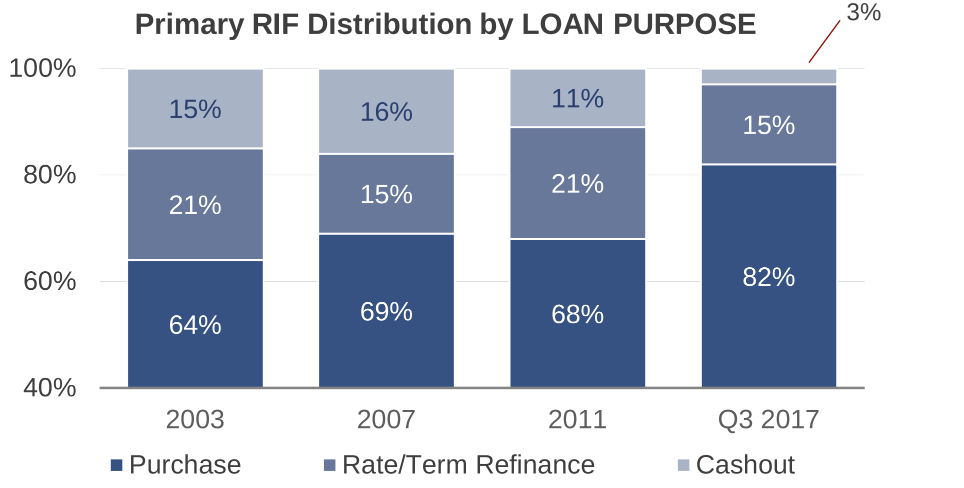
Data provided for 2003-2011 is as of year end.

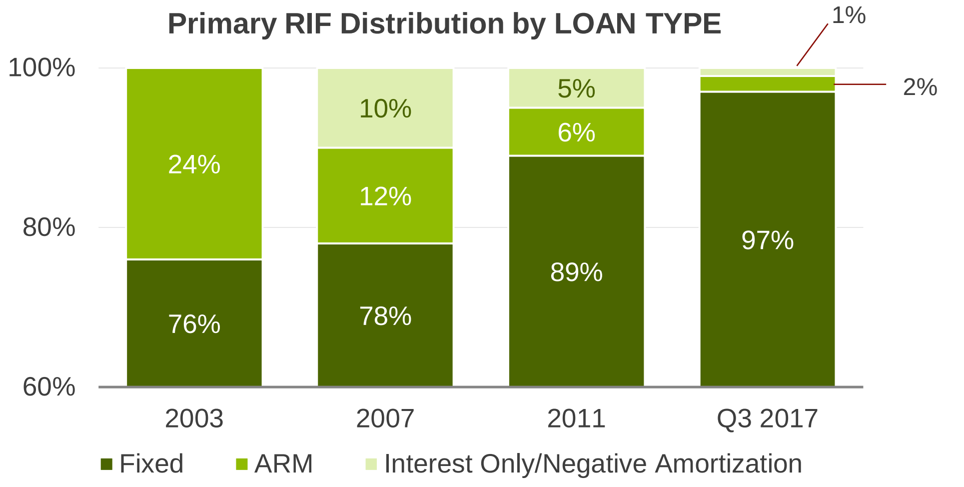
IMPROVED COMPOSITION OF MI PORTFOLIO

Other Risk in Force Characteristics









Data provided for 2003-2011 is as of year end.

PREMIUM YIELDS

(in basis points)

	Mortgage Insurance Premium Yield Trends				
	Q3 2017	**Q2 2017**	**Q1 2017**	**Q4 2016**	**Q3 2016**
In Force Portfolio Yield (1)	**48.4**	**48.7**	**48.9**	**49.4**	**50.7**
Single Premium Cancellations (2)	3.2	2.8	2.2	5.9	6.8
Total Direct Yield	**51.6**	**51.5**	**51.1**	**55.3**	**57.5**
Ceded Earned Premiums, Incl. Profit Commission (3)	(2.8)	(3.0)	(3.1)	(4.0)	(4.4)
Total Net Yield (4)	**48.8**	**48.5**	**48.0**	**51.3**	**53.1**

Beginning Primary IIF ($B)	**$191.6**	**$185.9**	**$183.5**	**$181.2**	**$177.7**
Ending Primary IIF ($B)	$196.5	$191.6	$185.9	$183.5	$181.2
Average Primary IIF ($B)	**$194.1**	**$188.8**	**$184.7**	**$182.3**	**$179.5**

1) Total direct premiums earned, excluding single premium cancellations, annualized, as a percentage of average primary IIF.
2) Single premium cancellations, annualized, as a percentage of average primary IIF.
3) Ceded premiums earned, annualized, as a percentage of average primary IIF.
4) Net premiums earned, annualized, as a percentage of average primary IIF.

FIRST-LIEN MORTGAGE INSURANCE

2017 Performance by Vintage

($ in millions)	NINE MONTHS ENDED SEPTEMBER 30, 2017		
Vintage	**Premiums Earned [1]**	**Incurred Losses [1]**	**Net**
2008 & Prior	$121.6	$76.8	$44.8
2009	$6.8	$0.6	$6.2
2010	$5.4	$0.2	$5.2
2011	$11.0	$0.8	$10.2
2012	$41.0	$0.9	$40.1
2013	$76.1	$2.3	$73.8
2014	$84.2	$4.7	$79.5
2015	$127.4	$7.0	$120.4
2016	$166.0	$7.8	$158.2
2017	$46.0	$0.9	$45.1

Pre-2009 portfolio is contributing to earnings.

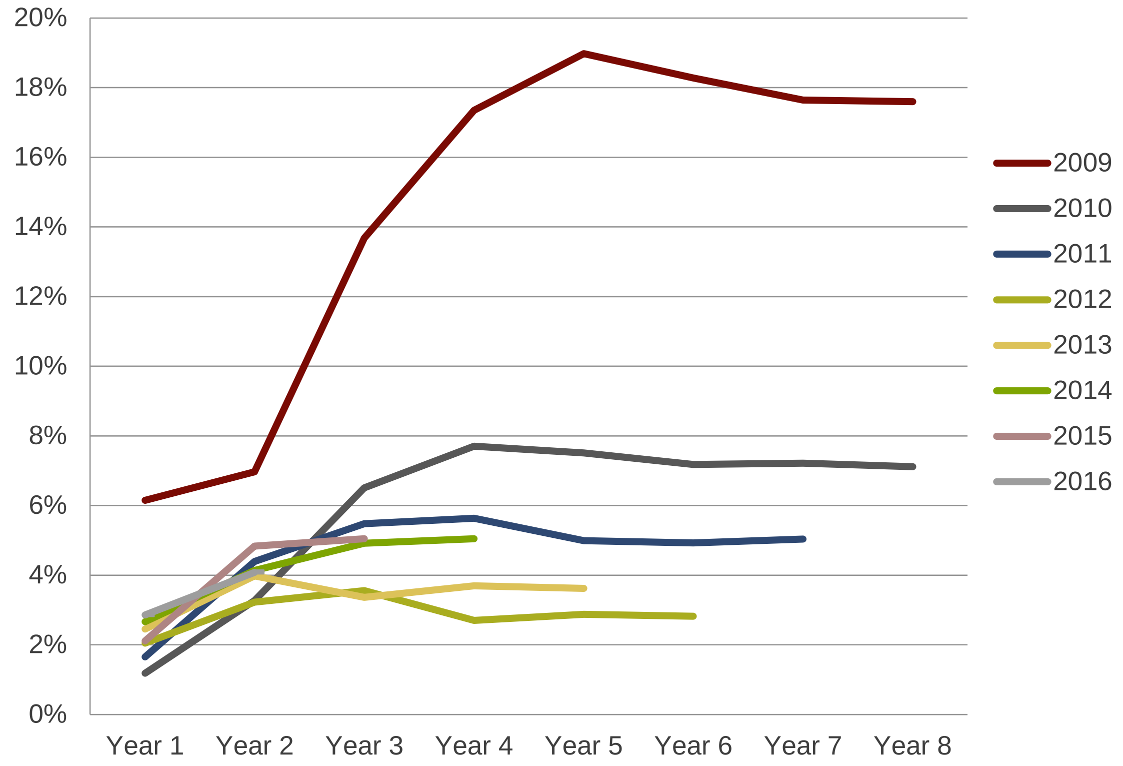
1) Represents premiums earned and incurred losses on first-lien portfolio, including the impact of ceded premiums and losses related to the Initial and Second Quota Share Reinsurance Transactions and the Single Premium Quota Share Reinsurance Transaction, but excluding any reduction for ceded premiums and losses recoverable through our other reinsurance transactions, as these impacts are not material.

PRIMARY MORTGAGE INSURANCE

Cumulative Incurred Loss Ratio by Development Year

CUMULATIVE INCURRED LOSS RATIO [1]									
Vintage	Dec-09	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14	Dec-15	Dec-16	Sep-17
2009	6.1%	7.0%	13.7%	17.4%	19.0%	18.3%	17.6%	17.6%	17.5%
2010		1.2%	3.3%	6.5%	7.7%	7.5%	7.2%	7.2%	7.1%
2011			1.7%	4.4%	5.5%	5.6%	5.0%	4.9%	5.0%
2012				2.0%	3.2%	3.6%	2.7%	2.9%	2.8%
2013					2.5%	4.0%	3.4%	3.7%	3.6%
2014						2.7%	4.1%	4.9%	5.0%
2015							2.1%	4.8%	5.1%
2016								2.9%	4.1%

Radian assumes a through-the-cycle loss ratio of approximately 20% for profitability projections on newly originated MI business.



1) Represents inception-to-date losses incurred as a percentage of net premiums earned.

COMPONENTS OF PROVISIONS FOR LOSSES

($ in millions)	THREE MONTHS ENDED				
	Sep 30, 2017	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**	**Sep 30, 2016**
Current period defaults (1)	$50.3	$45.3	$51.4	$58.5	$57.6
Prior period defaults (2)	(14.0)	(28.2)	(4.3)	(4.1)	(1.8)
Second-lien premium deficiency reserve & other	(0.3)	0.6	0.1	0.3	0.3
Provision for losses	**$36.0**	**$17.7**	**$47.2**	**$54.7**	**$56.1**

1) Related to defaulted loans with a most recent default notice dated in the quarter indicated. For example, if a loan had defaulted in a prior quarter, but then subsequently cured and later re-defaulted in the current quarter, that default would be considered a current period default.

2) Related to defaulted loans with a default notice dated in a period earlier than the period indicated, which have been continuously in default since that time.

PRIMARY LOANS IN DEFAULT

September 30, 2017 *($ in thousands)*	TOTAL		FORECLOSURE STAGE DEFAULTED LOANS	CURE % DURING Q3	RESERVE FOR LOSSES	% OF RESERVE
MISSED PAYMENTS	#	%	#	%	$	%
3 Payments or Fewer	9,344	39.2%	151	33.3%	$88,507	17.9%
4 to 11 Payments	6,115	25.7	427	20.7	102,692	20.8
12 Payments or More [1]	7,524	31.6	2,100	6.3	261,286	52.8
Pending Claims [1]	843	3.5	N/A	3.6	41,926	8.5
Total	**23,826** [2]	**100.0%**	**2,678**	**19.3%**	**494,411**	**100.0%**
IBNR and Other					13,085	
LAE					14,687	
Total Primary Reserves					**$522,183**	

KEY RESERVE ASSUMPTIONS

Gross Default to Claim Rate %	Net Default to Claim Rate % [3]	Claim Severity % [4]
42%	**40%**	**99%**

1) 16% of defaults that had missed 12 payments or more (including the portion in pending claims) made a payment during Q3 2017.
2) Primary risk in force on defaulted loans at September 30, 2017 was $1.1 billion, which excludes 118 loans subject to the Freddie Mac Agreement that are in default at September 30, 2017, as we no longer have claims exposure on these loans. As of September 30, 2017, the remaining loans subject to the Freddie Mac Agreement were those with Loss Mitigation Activity and pending claims activity already in process but not yet finalized.
3) For every one percentage point change in our primary net Default to Claim Rate, we estimated a change of approximately $12 million in our primary loss reserve at September 30, 2017. The gross Default to Claim Rate assumption for new primary defaults was reduced by 0.50% since Q2 2017 to 10.5% in Q3 2017.
4) For every one percentage point change in primary Claim Severity, we estimated that our total loss reserve at September 30, 2017 would change by approximately $5 million.

DEFAULT ROLLFORWARD

Primary Insurance in Force

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Beginning Default Inventory	23,755	25,793	29,105	29,530	29,827
Pre-2009 New Defaults	6,331	5,714	6,179	7,589	7,642
2009+ New Defaults	3,752	2,856	3,009	3,340	2,817
Total New Defaults (1)	10,083	8,570	9,188	10,929	10,459
Cures (1)	(8,501)	(8,513)	(10,989)	(9,135)	(9,127)
Claims Paid (2) (3)	(1,465)	(2,082)	(1,504)	(2,323)	(1,615)
Recessions and Denials, net (4)	(46)	(13)	(7)	104	(14)
Ending Default Inventory	**23,826**	**23,755**	**25,793**	**29,105**	**29,530**

1) Amounts reflected above are compiled on a monthly basis consistent with reports received from loan servicers. The number of New Defaults and Cures presented includes the following number of monthly defaults that both defaulted and cured within the period indicated:

3,909	3,518	4,685	4,342	4,160

2) Includes: (i) those charged to a deductible or captive and (ii) commutations.
3) Q3 2017 excludes 60 claims processed in accordance with the terms of the Freddie Mac Agreement. During Q3 2017, the final settlement date under this agreement was reached.
4) Net of any previously rescinded and denied policies and/or claims that were reinstated during the period. Reinstated rescissions may ultimately result in a paid claim. Previously denied but reinstated claims are generally reviewed for possible rescission prior to any claim payment. In Q3 2017, there were 126 reinstatements of previously rescinded policies and denied claims.

MORTGAGE AND REAL ESTATE SERVICES

WHAT ARE MORTGAGE & REAL ESTATE SERVICES?

GREEN RIVER CAPITAL

Customized real estate owned asset management and single-family rental component services

CLAYTON

Clayton and its subsidiaries provide analytics and outsourced services, that currently include residential loan due diligence and underwriting, valuations, servicing surveillance and title and escrow services for buyers and sellers of, and investors in, mortgage- and real estate-related loans and securities

RedBell Real Estate

Advanced automated valuation models, broker price opinions and technology solutions to monitor loan portfolio performance, acquire and track non-performing loans, and value and sell residential real estate

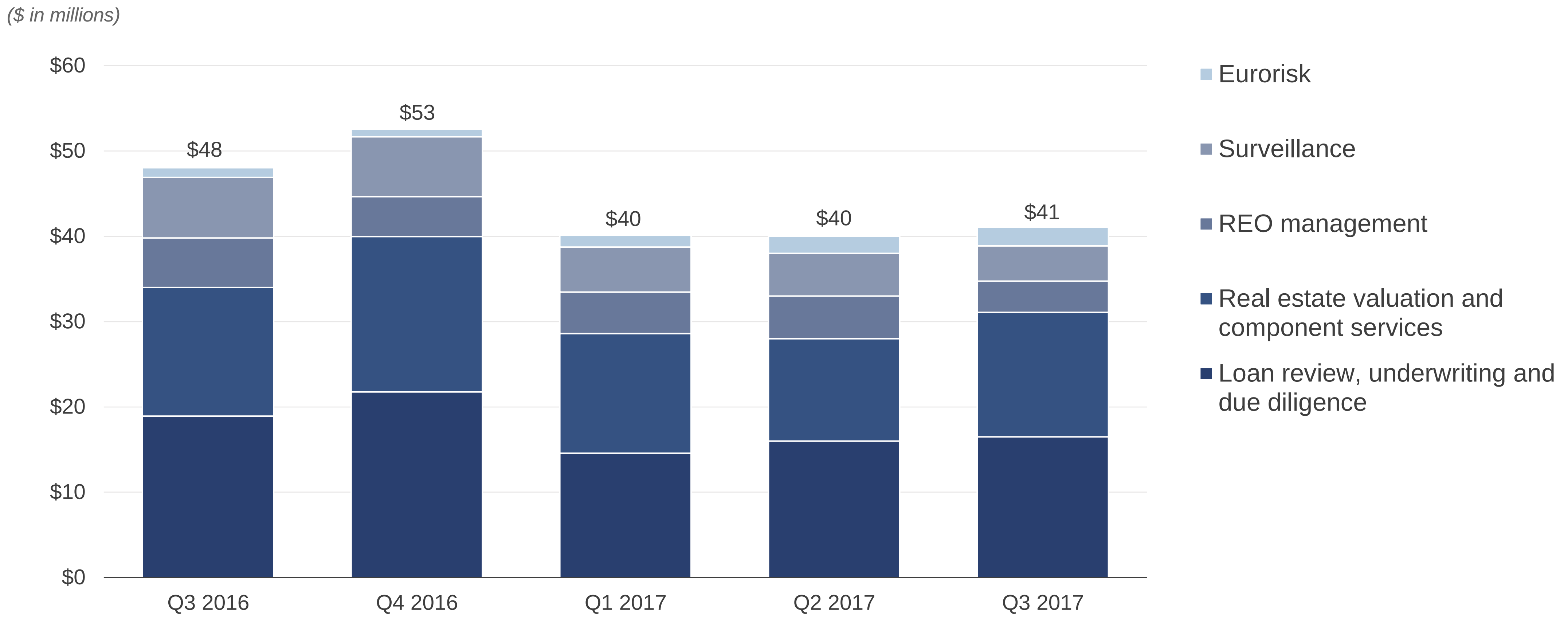
ValuAmerica

Appraisal, title, closing and settlement services as well as technology solutions for vendor management

CLAYTON EURO RISK

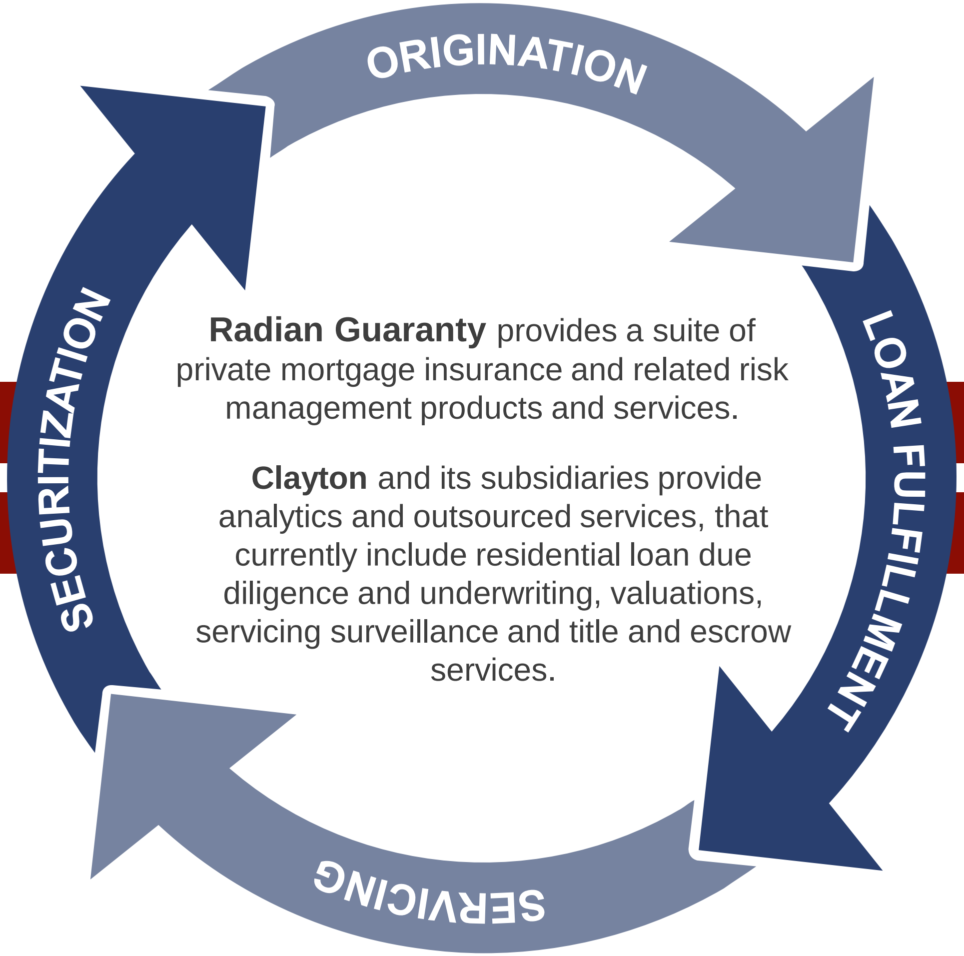
Third-party mortgage credit analytics, due diligence and consulting services for the United Kingdom and European mortgage markets

MORTGAGE AND REAL ESTATE SERVICES REVENUE



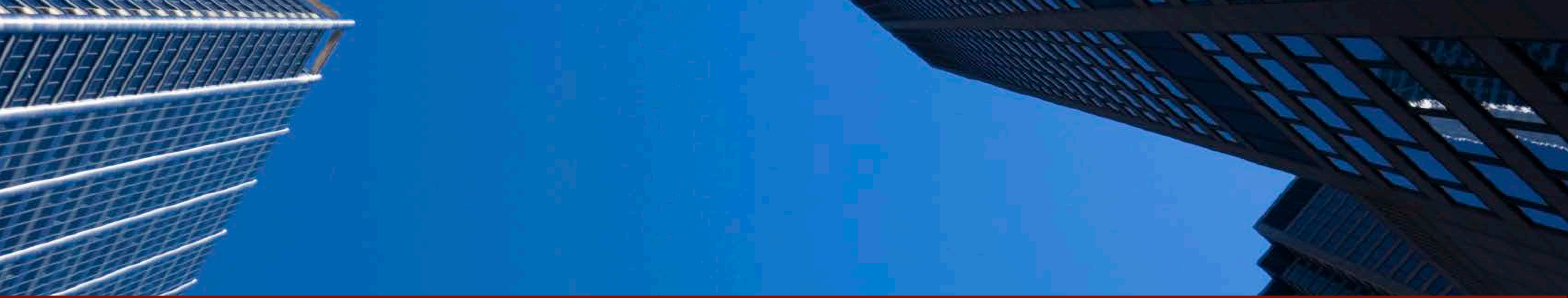
GROWTH OPPORTUNITIES

Our Product and Service Offerings Span the Mortgage Value Chain

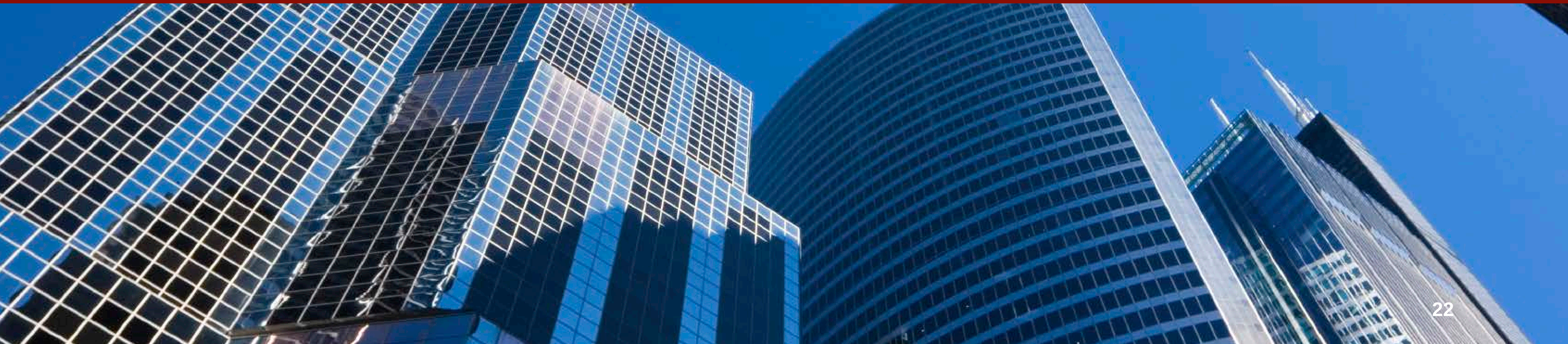


Radian Guaranty provides a suite of private mortgage insurance and related risk management products and services.

Clayton and its subsidiaries provide analytics and outsourced services, that currently include residential loan due diligence and underwriting, valuations, servicing surveillance and title and escrow services.



CAPITAL AND DEBT STRUCTURE



CAPITAL STRUCTURE

Total Capitalization as of September 30, 2017

Coupon	Description	Carrying Value ($'000)	Principal ($'000)	% of Total Capitalization[1]
5.50%	Senior Notes due 2019	$157,470	$158,623	3.9%
5.25%	Senior Notes due 2020	231,618	234,126	5.8
7.00%	Senior Notes due 2021	194,974	197,661	4.9
4.50%	Senior Notes due 2024	442,223	450,000	11.0
	Total Senior Notes:	**1,026,285**	**1,040,410**	**25.6**
3.00%	Convertible Senior Notes due 2017	521	526	0.0
	Total Convertible Senior Notes	**521**	**526**	**0.0**
	Total Debt	**1,026,806**	**$1,040,936**	**25.6**
	Stockholders Equity	2,988,202		74.4
	Total Capitalization	**$4,015,008**		**100.0%**

In Q3 2017, conducted a tender offer and purchased a portion of the Company's outstanding Senior Notes due 2019, 2020, and 2021.

In Q3 2017, issued $450M aggregate principal amount of Senior Notes due 2024 and received net proceeds of $443.3M.

The company has no material debt maturities prior to June 2019.

In October 2017, entered into a three-year, $225 million unsecured revolving credit facility with a panel of banks.

Radian Group is focused on positioning for a return to investment grade ratings. Prudent balance sheet management and strong performance has led to ratings upgrades.

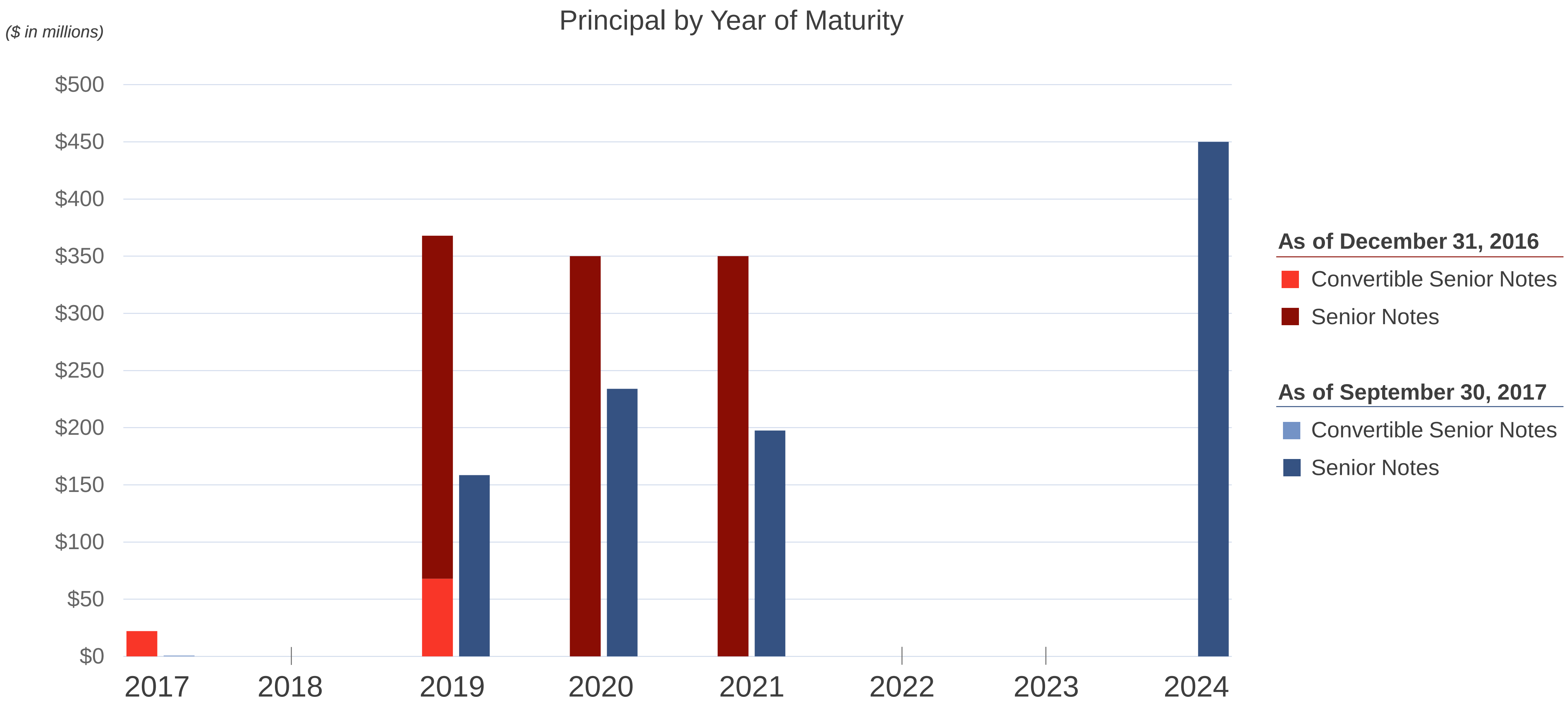
Current Radian Group Ratings:

S&P
- BB+ with stable outlook
- Upgraded from BB to BB+ on September 11, 2017

Moody's
- Ba3 with positive outlook
- Upgraded from stable to positive outlook on August 17, 2017

1) Based on carrying value of debt and stockholders' equity.

DEBT MATURITY PROFILE



Consolidated Non-GAAP
Financial Measures Reconciliations

Use of Non-GAAP Financial Measures

In addition to the traditional GAAP financial measures, we have presented “adjusted pretax operating income” and “adjusted diluted net operating income per share,” non-GAAP financial measures for the consolidated company, among our key performance indicators to evaluate our fundamental financial performance. These non-GAAP financial measures align with the way the Company’s business performance is evaluated by both management and the board of directors. These measures have been established in order to increase transparency for the purposes of evaluating our operating trends and enabling more meaningful comparisons with our peers. Although on a consolidated basis “adjusted pretax operating income” and “adjusted diluted net operating income per share” are non-GAAP financial measures, we believe these measures aid in understanding the underlying performance of our operations. Our senior management, including our Chief Executive Officer (Radian's chief operating decision maker), uses adjusted pretax operating income (loss) as our primary measure to evaluate the fundamental financial performance of the Company’s business segments and to allocate resources to the segments.

Adjusted pretax operating income is defined as GAAP pretax income (loss) excluding the effects of: (i) net gains (losses) on investments and other financial instruments; (ii) loss on induced conversion and debt extinguishment; (iii) acquisition-related expenses; (iv) amortization or impairment of goodwill and other intangible assets; and (v) net impairment losses recognized in earnings. Adjusted diluted net operating income per share is calculated by dividing (i) adjusted pretax operating income attributable to common shareholders, net of taxes computed using the company’s statutory tax rate, by (ii) the sum of the weighted average number of common shares outstanding and all dilutive potential common shares outstanding. Interest expense on convertible debt, share dilution from convertible debt and the impact of share-based compensation arrangements have been reflected in the per share calculations consistent with the accounting standard regarding earnings per share, whenever the impact is dilutive.

Although adjusted pretax operating income excludes certain items that have occurred in the past and are expected to occur in the future, the excluded items represent those that are: (i) not viewed as part of the operating performance of our primary activities or (ii) not expected to result in an economic impact equal to the amount reflected in pretax income (loss). These adjustments, along with the reasons for their treatment, are described below.

1. *Net gains (losses) on investments and other financial instruments.* The recognition of realized investment gains or losses can vary significantly across periods as the activity is highly discretionary based on the timing of individual securities sales due to such factors as market opportunities, our tax and capital profile and overall market cycles. Unrealized investment gains and losses arise primarily from changes in the market value of our investments that are classified as trading securities. These valuation adjustments may not necessarily result in realized economic gains or losses.

   Trends in the profitability of our fundamental operating activities can be more clearly identified without the fluctuations of these realized and unrealized gains or losses. We do not view them to be indicative of our fundamental operating activities. Therefore, these items are excluded from our calculation of adjusted pretax operating income (loss).

2. *Loss on induced conversion and debt extinguishment.* Gains or losses on early extinguishment of debt and losses incurred to purchase our convertible debt prior to maturity are discretionary activities that are undertaken in order to take advantage of market opportunities to strengthen our financial and capital positions; therefore, we do not view these activities as part of our operating performance. Such transactions do not reflect expected future operations and do not provide meaningful insight regarding our current or past operating trends. Therefore, these items are excluded from our calculation of adjusted pretax operating income (loss).

3. *Acquisition-related expenses.* Acquisition-related expenses represent the costs incurred to effect an acquisition of a business (i.e., a business combination). Because we pursue acquisitions on a strategic and selective basis and not in the ordinary course of our business, we do not view acquisition-related expenses as a consequence of a primary business activity. Therefore, we do not consider these expenses to be part of our operating performance and they are excluded from our calculation of adjusted pretax operating income (loss).

4. *Amortization or impairment of goodwill and other intangible assets.* Amortization of intangible assets represents the periodic expense required to amortize the cost of intangible assets over their estimated useful lives. Intangible assets with an indefinite useful life are also periodically reviewed for potential impairment, and impairment adjustments are made whenever appropriate. These charges are not viewed as part of the operating performance of our primary activities and therefore are excluded from our calculation of adjusted pretax operating income (loss).

5. *Net impairment losses recognized in earnings.* The recognition of net impairment losses on investments and the impairment of other long-lived assets does not result in a cash payment and can vary significantly in both amount and frequency, depending on market credit cycles and other factors. We do not view these impairment losses to be indicative of our fundamental operating activities. Therefore, whenever these losses occur, we exclude them from our calculation of adjusted pretax operating income (loss).

We have also presented a non-GAAP measure for tangible book value per share, which represents book value per share less the per-share impact of goodwill and other intangible assets, net. We use this measure to assess the quality and growth of our capital. Because tangible book value per share is a widely-used financial measure which focuses on the underlying fundamentals of our financial position and operating trends without the impact of goodwill and other intangible assets, we believe that current and prospective investors may find it useful in their analysis of the Company.

In addition to the above non-GAAP measures for the consolidated company, we also have presented as supplemental information a non-GAAP measure for our Services segment, representing a measure of earnings before interest, income tax provision (benefit), depreciation and amortization (“EBITDA”). We calculate Services adjusted EBITDA by using adjusted pretax operating income as described above, further adjusted to remove the impact of depreciation and corporate allocations for interest and operating expenses. We have presented Services adjusted EBITDA to facilitate comparisons with other services companies, since it is a widely accepted measure of performance in the services industry.

See Slides 27 through 30 for the reconciliation of the most comparable GAAP measures, consolidated pretax income (loss), diluted net income (loss) per share and book value per share, to our non-GAAP financial measures for the consolidated company, adjusted pretax operating income, adjusted diluted net operating income per share and tangible book value per share, respectively. Slides 27 through 30 also contain the reconciliation of the most comparable GAAP measure, net income (loss), to Services adjusted EBITDA.

Total adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share and Services adjusted EBITDA should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share, book value per share or net income (loss). Our definitions of adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share or Services adjusted EBITDA may not be comparable to similarly-named measures reported by other companies.

Reconciliation of Consolidated Pretax Income (Loss) to Adjusted Pretax Operating Income

($ in thousands)	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Consolidated pretax income (loss)	**$102,814**	$(35,474)	$114,670	$97,796	$126,941
Less income (expense) items:					
Net gains (losses) on investments and other financial instruments	**2,480**	5,331	(2,851)	(38,773)	7,711
Loss on induced conversion and debt extinguishment	**(45,766)**	(1,247)	(4,456)	–	(17,397)
Acquisition-related expenses [(1)]	**(54)**	(64)	(8)	(358)	(10)
Impairment of goodwill	**–**	(184,374)	–	–	–
Amortization and impairment of other intangible assets	**(2,890)**	(18,856)	(3,296)	(3,290)	(3,292)
Impairment of other long-lived assets [(2)]	**(6,575)**	–	–	–	–
Total adjusted pretax operating income [(3)]	**$155,619**	$163,736	$125,281	$140,217	$139,929
1) Please see Slide 26 for the definition of this line item.					
2) This item is included within restructuring and other exit costs.					
3) Adjusted pretax operating income (loss):					
Mortgage Insurance	$168,508	$170,361	$134,633	$142,795	$141,814
Services	(12,889)	(6,625)	(9,352)	(2,578)	(1,885)
Total adjusted pretax operating income	$155,619	$163,736	$125,281	$140,217	$139,929

Reconciliation of Diluted Net Income (Loss) Per Share to Adjusted Diluted Net Operating Income Per Share

	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Diluted net income (loss) per share	**$0.30**	$(0.13)	$0.34	$0.27	$0.37
Less per-share impact of debt Items:					
Loss on induced conversion and debt extinguishment	**(0.21)**	(0.01)	(0.02)	–	(0.08)
Income tax provision (benefit) [(1)]	**(0.07)**	–	(0.01)	–	(0.03)
Per-share impact of debt items	**(0.14)**	(0.01)	(0.01)	–	(0.05)
Less per-share impact of other income (expense) items:					
Net gains (losses) on investments and other financial instruments	**0.01**	0.02	(0.01)	(0.17)	0.03
Acquisition-related expenses	**–**	–	–	–	–
Impairment of goodwill	**–**	(0.86)	–	–	–
Amortization and impairment of other intangible assets	**(0.01)**	(0.09)	(0.01)	(0.02)	(0.01)
Impairment of other long-lived assets	**(0.03)**	–	–	–	–
Income tax provision (benefit) on other income (expense) items [(2)]	**(0.01)**	(0.32)	(0.01)	(0.07)	0.01
Difference between statutory and effective tax rates	**–**	–	(0.01)	(0.02)	–
Per-share impact of other income (expense) items	**(0.02)**	(0.61)	(0.02)	(0.14)	0.01
Add per-share impact of share dilution	**–**	(0.01)	–	–	–
Adjusted diluted net operating income per share [(2)]	**$0.46**	$0.48	$0.37	$0.41	$0.41

1) A portion of the loss on induced conversion and debt extinguishment is non-deductible for tax purposes. The income tax benefit is based on the tax deductible loss using the company's federal statutory tax rate.

2) Calculated using the company's federal statutory tax rate of 35%. Any permanent tax adjustments and state income taxes on these items have been deemed immaterial and are not included.

Reconciliation of Book Value Per Share to Tangible Book Value Per Share(1)

	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Book value per share	**$13.88**	$13.54	$13.58	$13.39	$13.47
Less: Goodwill and other intangible assets, net per share	**0.31**	0.32	1.27	1.29	1.30
Tangible book value per share	**$13.57**	$13.22	$12.31	$12.10	$12.17

	2015
	Q3
Book value per share	$11.77
Less: Goodwill and other intangible assets, net per share	1.39
Tangible book value per share	$10.38

1) All book value per share items are calculated based on the number of shares outstanding at the end of each respective period.

Reconciliation of Net Income (Loss) to Services Adjusted EBITDA

($ in thousands)	2017			2016	
	Q3	Q2	Q1	Q4	Q3
Net income (loss)	**$65,142**	$(27,342)	$76,472	$61,089	$82,803
Less income (expense) items:					
Net gains (losses) on investments and other financial instruments	**2,480**	5,331	(2,851)	(38,773)	7,711
Loss on induced conversion and debt extinguishment	**(45,766)**	(1,247)	(4,456)	–	(17,397)
Acquisition-related expenses	**(54)**	(64)	(8)	(358)	(10)
Impairment of goodwill	–	(184,374)	–	–	–
Amortization and impairment of other intangible assets	**(2,890)**	(18,856)	(3,296)	(3,290)	(3,292)
Impairment of other long-lived assets	**(6,575)**	–	–	–	–
Income tax provision (benefit)	**37,672**	(8,132)	38,198	36,707	44,138
Mortgage Insurance adjusted pretax operating income	**168,508**	170,361	134,633	142,795	141,814
Services adjusted pretax operating income (loss)	**(12,889)**	(6,625)	(9,352)	(2,578)	(1,885)
Less income (expense) items:					
Allocation of corporate operating expenses to Services	**(3,730)**	(3,404)	(3,718)	(1,738)	(2,265)
Allocation of corporate interest expense to Services	**(4,433)**	(4,431)	(4,429)	(4,426)	(4,423)
Services depreciation and amortization	**(1,172)**	(835)	(858)	(829)	(884)
Services adjusted EBITDA	**($3,554)**	$2,045	$(347)	$4,415	$5,687

On a consolidated basis, “adjusted pretax operating income,” “adjusted diluted net operating income per share” and “tangible book value per share” are measures not determined in accordance with GAAP. “Services adjusted EBITDA” is also a non-GAAP measure. These measures should not be considered in isolation or viewed as substitutes for GAAP pretax income (loss), diluted net income (loss) per share, book value per share or net income (loss). Our definitions of adjusted pretax operating income, adjusted diluted net operating income per share, tangible book value per share or Services adjusted EBITDA may not be comparable to similarly-named measures reported by other companies. See Slide 26 for additional information on our consolidated non-GAAP financial measures.

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