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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 13, 2006

MGIC Investment Corporation

(Exact name of registrant as specified in its charter)

Wisconsin	1-10816	39-1486475
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

MGIC Plaza, 250 East Kilbourn Avenue, Milwaukee, WI 53202

(Address of principal executive offices, including ZIP code)

(414) 347-6480

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 C.F.R. §230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 C.F.R. §230.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 C.F.R. §14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 C.F.R. §13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

Offering of Senior Notes

MGIC Investment Corporation (the "Company") does not view either the Underwriting Agreement or the supplement to the Indenture effected by the Officer's Certificate (as such instruments are defined in Item 8.01) as, respectively, a material agreement or an amendment to a material agreement within the meaning of Item 1.01 of Form 8-K because, among other reasons, the aggregate principal amount of the Notes (as defined in Item 8.01) does not exceed 10% of the Company's consolidated assets. In the event it is determined, however, that the Underwriting Agreement or such supplement to the Indenture is a material agreement or an amendment to a material agreement within the meaning of Item 1.01, the text of Item 8.01 describing those agreements is incorporated by reference herein.

Restructuring of Option to Purchase Interests in Sherman Financial Group

The Company and Radian Guaranty, Inc. ("Radian") currently each own 34.58% of the existing interests in Sherman Financial Group LLC ("Sherman"), which has a single class of interests. The remainder of the interests are owned by entities owned by Sherman's management. The Company, Radian and one of these management entities ("Management Entity") are parties to a Call Option Agreement, dated as of June 15, 2005, under which the Company and Radian each have the right to purchase 6.92% (13.84% in total for both options) of the existing interests in Sherman.

On September 14, 2006, the Company, Radian and the Management Entity entered into an Amended and Restated Call Option Agreement, dated as of September 13, 2006, under which each option has been restructured. Under the Company's restructured option, the portion of the original option that covered 3% of the existing interests in Sherman now covers Preferred Units that were issued in a recapitalization of Sherman (described in Item 8.01) in exchange for those existing interests (half of the Preferred Units issued in the recapitalization). The remainder of the option now covers Class A Units issued in that recapitalization in exchange for the remaining interests subject to the original option (3.92% of the original interests, which represent 4.17% of the Class A Units issued in the recapitalization). The option price allocable to the Preferred Units will be reduced to 60% of what it would have otherwise been on 3% of the existing interests. The option price under the restructured option is $65.3 million. Because the recapitalization underlying the option is effective as of July 1, 2006, the Company will also pay the Management Entity about $750,000 in interest to compensate it for the delay in receiving the option price. Radian's option has been restructured in the same way.

The Company has exercised the Company's restructured option in full. Upon the September 22, 2006 closing of the option exercise, the Company would own 40.96% of the Class A Units and 50% of the Preferred Units. Assuming Radian exercises its option in full, Radian would own the same percentages of each Class. Giving effect to that closing, the remainder of the Class A Units and all of the Class B Units issued in the recapitalization would be owned collectively by the Management Entity and another entity owned by Sherman's management.

The Amended and Restated Call Option Agreement is filed as Exhibit 1.2. The description above is qualified in its entirety by the actual text of that agreement.

Item 8.01. Other Events.

Offering of Senior Notes

On September 13, 2006, the Company agreed to sell $200 million aggregate principal amount of its 5.625% Senior Notes due 2011 (the "Notes") in a public offering pursuant to an Underwriting Agreement, dated September 13, 2006, among the Company and the underwriters named therein (the "Underwriting Agreement"). The public offering of the Notes is scheduled to close September, 18 2006.

The Notes are registered under the Securities Act of 1933, as amended (the "1933 Act"), pursuant to a Registration Statement on Form S-3 (Registration No. 333-126631) that the Company filed with the Securities and Exchange Commission (the "Commission") relating to the public offering, pursuant to Rule 415 under the 1933 Act, of up to an aggregate of $500 million of the Company's debt securities.

The Notes were issued under an Indenture, dated October 15, 2000 (the "Indenture"), between the Company and U.S. Bank National Association, as successor trustee (the "Trustee"), subject to the designation of the terms of the Notes in the form of an Officer's Certificate, dated as of September 13, 2006 (the "Officer's Certificate"), executed pursuant to Section 3.1 of the Indenture. The Notes were issued at a price to the public of 99.979% of their principal amount. The Notes mature on September 15, 2011 and are subject to the terms and conditions set forth in the Indenture. Interest on the Notes is payable semiannually in arrears on March 15 and September 15 of each year, beginning on March 15, 2007. The Company intends to use the proceeds from the sale of the Notes to repay short-term indebtedness to a balance of approximately $100 million and, together with cash to be generated from future sales of short-term indebtedness and future dividends from the Company's wholly owned subsidiary, Mortgage Guaranty Insurance Corporation, to repay all $200 million of the Company's outstanding 6.00% Senior Notes due March 15, 2007. Additional terms of the Notes are described in the Company's Prospectus Supplement, dated September 13, 2006, filed with the Commission under the 1933 Act.

The Underwriting Agreement, the Indenture and the Officer's Certificate are filed as exhibits hereto and are incorporated herein by reference. The foregoing description of the Underwriting Agreement, the Indenture and the Officer's Certificate and the transactions contemplated therein is qualified in its entirety by reference to such exhibits.

Recapitalization of Sherman Financial Group

In connection with the restructuring of the options described in Item 1.01, effective as of July 1, 2006, 94% of the existing interests in Sherman were recapitalized into Class A Common Units and the remaining 6% were recapitalized into a combination of Preferred Units and Class B Common Units.

The Preferred Units have a preference over the Class B Units in the allocation of 6% of Sherman's operating income. Under the preference, 6% of the first $200 million of operating income is allocated to the Preferred Units. Six percent of operating income above $200 million is not part of the preference and is allocated 50% to the Preferred Units and 50% to the Class B Units. The preference is cumulative so that until the Preferred Units have been allocated the preference amount on a cumulative basis, no operating income is allocated to the Class B Units. The description above expresses the $200 million preference on an annual basis. The $200 million threshold amount will be lower during the next year and will be higher thereafter.

In liquidation or on sale of Sherman, the Preferred Units are entitled to approximately $45 million plus any undistributed operating income allocated to the Preferred Units. Assuming the value of Sherman increases by at least $45 million above its value on July 1, 2006, remaining amounts in a liquidation or sale occurring on or after July 1, 2010 are allocated 94% to the Class A Common Units and 6% to the Class B Common Units. If the value increases by less than $45 million or the liquidation or sale occurs prior to July 1, 2010, the percentage of the liquidation or sale proceeds to which the Class B Common Units are entitled is less than 6%. Upon the closing of the Company's option exercise, the Company will own half the Preferred Units and so the Company's share of the 6% to which the Preferred Units are entitled will be half, or 3%.

The percentages of Sherman's income to which the Class A Units, the Preferred Units and the Class B Units are entitled and the percentage of the liquidation proceeds payable to the Class A Units and the Class B Units vary depending on the percentage that the outstanding Class B Units are of the total of the outstanding Class A Units and Class B Units. Based on the number of Class A Units and Class B Units that were outstanding immediately after the recapitalization, this percentage is 6%, as set forth in the description above.

The Company understands the exercise of the Company's option will have the following GAAP accounting consequences, which will occur in MGIC's financial records rather than in Sherman's financial records. The option price paid will be allocated to Sherman's assets, up to the fair market value of those assets. This allocation will increase the basis of the assets. The written up assets will be amortized over their assumed lives, resulting in additional amortization expense above Sherman's historical amortization expense. Any difference between the option price and the fair value of the assets will be goodwill. Goodwill will not be amortized but will be periodically tested for impairment.

Item 9.01. Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Exhibits:

(1.1) Underwriting Agreement, dated September 13, 2006, by and among the Company and BNP Paribas Securities, Inc. and Lehman Brothers, Inc., as representatives of the several underwriters named therein.

(1.2) Amended and Restated Call Option Agreement, dated as of September 13, 2006, by and among the Company, Radian Guaranty, Inc., and Sherman Capital, L.L.C.

(4.1) Indenture, dated as of October 15, 2000, between the Company and U.S. Bank National Association (as successor in interest to Bank One Trust Company, National Association), as Trustee [Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 17, 2000].

(4.2) Officer's Certificate, dated as of September 13, 2006, executed and delivered in connection with the issuance and sale of the Company's 5.625% Senior Notes due 2011.

SIGNATURES

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

MGIC INVESTMENT CORPORATION

Date: September 15, 2006

By: /s/ Joseph J. Komanecki
Joseph J. Komanecki
Senior Vice President and Chief Accounting Officer

MGIC INVESTMENT CORPORATION
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EXHIBIT INDEX

Exhibit Number	Description
(1.1)	Underwriting Agreement, dated September 13, 2006, by and among the Company and BNP Paribas Securities, Inc. and Lehman Brothers, Inc., as representatives of the several underwriters named therein.
(1.2)	Amended and Restated Call Option Agreement, dated as of September 13, 2006, by and among the Company, Radian Guaranty, Inc., and Sherman Capital, L.L.C.
(4.1)	Indenture, dated as of October 15, 2000, between the Company and U.S. Bank National Association (as successor in interest to Bank One Trust Company, National Association), as Trustee [Incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K dated October 17, 2000].
(4.2)	Officer's Certificate, dated as of September 13, 2006, executed and delivered in connection with the issuance and sale of the Company's 5.625% Senior Notes due 2011.

Execution Copy

$200,000,000

MGIC INVESTMENT CORPORATION

5.625% Senior Notes due 2011

Underwriting Agreement

September 13, 2006

To the Representatives named
in Schedule I hereto of the
Underwriters named in
Schedule II hereto

Dear Sirs:

MGIC INVESTMENT CORPORATION, a Wisconsin corporation (the "Company"), proposes to issue and sell to the underwriters named in Schedule II hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), the principal amount of its debt securities identified in Schedule I hereto (the "Securities"), to be issued under an Indenture, dated as of October 15, 2000 (the "Indenture"), between the Company and Bank One Trust Company, National Association, as trustee thereunder (the "Trustee"). If the firm or firms listed in Schedule II hereto include only the firm or firms listed in Schedule I hereto, then the terms "Underwriters" and "Representatives", as used herein, shall each be deemed to refer to such firm or firms**.**

The Company has filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (No. 333-126631) under the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Securities Act"), relating to certain debt securities (the "Shelf Securities") and the offering thereof from time to time in accordance with Rule 415 of Regulation C under the Securities Act by the Company. Such registration statement and each post-effective amendment thereto, if applicable, has been declared effective by the Commission. Promptly after execution and delivery of this Agreement, the Company will prepare and file a prospectus in accordance with the provisions of Rule 430B ("Rule 430B") under the Securities Act and paragraph (b) of Rule 424 ("Rule 424(b)") under the Securities Act. Any information included in such prospectus that was omitted from such registration statement at the time it became effective but that is deemed to be part of and included in such registration statement pursuant to Rule 430B is referred to as "Rule 430B Information." Each prospectus used in connection with the offering of the Securities that omitted Rule 430B Information is herein called a "preliminary prospectus." Such registration statement, at any given time, including the amendments thereto to such time and the

exhibits and any schedules thereto at such time, and the documents otherwise deemed to be a part thereof or included therein pursuant to the rules of the Commission under the Securities Act, is herein called the "Registration Statement." The final prospectus in the form first furnished to the Underwriters for use in connection with the offering of the Securities is herein called the "Prospectus."

Any reference in this Agreement to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Securities Act, which were filed under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Exchange Act"), on or before the date of this Agreement or the date of the preliminary prospectus or the Prospectus, as the case may be; and any reference to "amend", "amendment" or "supplement" with respect to the Registration Statement, the preliminary prospectus or the Prospectus shall be deemed to refer to and include any documents filed under the Exchange Act after the date of this Agreement or the date of the preliminary prospectus or the Prospectus, as the case may be, which are deemed to be incorporated by reference therein.

The Company hereby agrees with the Underwriters as follows:

1. The Company agrees to issue and sell the Securities to the several Underwriters as hereinafter provided, and each Underwriter, on the basis of the representations, warranties and agreements of the Company herein contained, but subject to the conditions hereinafter stated, agrees to purchase, severally and not jointly, from the Company the respective principal amount of Securities set forth opposite such Underwriter's name in Schedule II hereto at the purchase price set forth in Schedule I hereto plus accrued interest, if any, from the date specified in Schedule I hereto to the date of payment and delivery.

2. The Company understands that the several Underwriters intend (i) to make a public offering of their respective portions of the Securities in conformity with the Securities Act, any applicable blue sky laws and all other rules and regulations applicable to them in connection therewith and (ii) initially to offer the Securities upon the terms set forth in the Prospectus.

3. Payment for the Securities shall be made to the Company or to its order by wire transfer of same-day funds to an account designated by the Company or, if specifically requested by the Company, by certified or official bank check or checks payable to the Company in federal or other same-day funds on the date and at the time and place set forth in Schedule I hereto (or at such other time and place on the same or such other date, not later than the tenth Business Day (as hereinafter defined) thereafter, as you and the Company may agree in writing). Such payment will be made upon delivery to, or to you for the respective accounts of, such Underwriters of the Securities through the facilities of The Depository Trust Company or, if specifically requested by the Representatives, in certificated form registered in such names and in such denominations as you shall request not less than one full Business Day prior to the date of delivery, or with any

transfer taxes payable in connection with transfer to the Underwriters duly paid by the Company. As used herein, the term “Business Day” means any day other than a day on which banks are authorized or required to be closed in the City of New York or Milwaukee, Wisconsin. The time and date of such payment and delivery with respect to the Securities are collectively hereinafter referred to as the “Closing Date.” The certificates for the Securities will be made available for inspection and packaging by you by 1:00 P.M. on the Business Day prior to the Closing Date at such place in the City of New York as you and the Company shall agree.

4. The Company represents and warrants to each Underwriter as of the date hereof, the Applicable Time (as defined below) and as of the Closing Date (each, a “Representation Date”) that:

(a) The Company meets the requirements for use of Form S-3 under the Securities Act. The Registration Statement has been declared effective by the Commission under the Securities Act; no stop order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose has been instituted or, to the knowledge of the Company, threatened by the Commission; at the respective times the Registration Statement and each amendment thereto became effective, at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) under the Securities Act and at the Closing Date, the Registration Statement and any amendment thereto complied, or will comply, as the case may be, in all material respects with the Securities Act and the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (collectively, the “Trust Indenture Act”); at the respective times the Registration Statement and each amendment thereto became effective, at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) under the Securities Act and at the Closing Date, the Registration Statement and any amendment thereto did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; each preliminary prospectus (including the prospectus or prospectuses filed as part of the Registration Statement or any amendment thereto) and the Prospectus complied or will comply with the Securities Act and the rules and regulations of the Commission thereunder; neither the Prospectus nor any amendments or supplements thereto, at the time the Prospectus or any such amendment or supplement was issued and at the Closing Date, did not and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

As of the Applicable Time, neither (x) the Issuer Free Writing Prospectus(es) (as defined below) issued at or prior to the Applicable Time (as defined below), the Statutory Prospectus (as defined below) and the Final Term Sheet (as defined below), all considered together (collectively, the “Disclosure Package”), nor (y) any individual Issuer Free Writing Prospectus, when considered together with the Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the

time of the filing of the Final Term Sheet, the Disclosure Package will not include any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

As used in this subsection (a) and elsewhere in this Agreement:

"Applicable Time" means 1:00 p.m. (Eastern time) on September 13, 2006 or such other time as agreed by the Company and the Representatives.

"Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433 of the Regulations ("Rule 433"), relating to the Securities, including the Final Term Sheet, that (i) is required to be filed with the Commission by the Company, (ii) is a "road show that is a written communication" within the meaning of Rule 433(d)(8)(i), whether or not required to be filed with the Commission or (iii) is exempt from filing pursuant to Rule 433(d)(5)(i) because it contains a description of the Securities or of the offering that does not reflect the final terms, in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company's records pursuant to Rule 433(g).

"Statutory Prospectus" as of any time means the prospectus relating to the Securities that is included in the Registration Statement immediately prior to that time, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof.

Each Issuer Free Writing Prospectus, as of its issue date and at all subsequent times through the completion of the public offer and sale of the Securities or until any earlier date that the issuer notified or notifies the Representatives as described in Section 4(b), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any document incorporated by reference therein and any preliminary or other prospectus deemed to be a part thereof that has not been superseded or modified.

The representations and warranties in this subsection (a) shall not apply to (i) that part of the Registration Statement which constitutes the Statement of Eligibility (Form T-1) under the Trust Indenture Act of the Trustee, and (ii) statements or omissions in the Registration Statement or the Prospectus made in reliance upon and in conformity with information relating to any Underwriter furnished to the Company in writing by such Underwriter through the Representatives expressly for inclusion therein.

(b) The documents incorporated by reference in the Prospectus, when they were filed with the Commission, complied in all material respects with the requirements of the Exchange Act, and none of such documents, when they were so filed, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Prospectus, when such documents are filed with the Commission, will comply in all material respects with the

requirements of the Exchange Act, as applicable, and will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company, except as rights to indemnity and contribution hereunder may be limited by applicable law.

(d) The Indenture has been duly qualified under the Trust Indenture Act and has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable in accordance with its terms (except as the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting the enforceability of creditors' rights generally and general principles of equity and an implied covenant of good faith and fair dealing), the Securities have been duly authorized by the Company and, when executed and authenticated in accordance with the terms of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of this Agreement, will have been duly executed and delivered by the Company and will constitute valid and binding obligations of the Company, enforceable in accordance with their terms and the terms of the Indenture (except as the enforceability thereof may be limited by bankruptcy, insolvency and other laws affecting the enforceability of creditors' rights generally and general principles of equity and an implied covenant of good faith and fair dealing), and holders of the Securities will be entitled to the benefits provided by the Indenture; and the Securities and the Indenture conform in all material respects to the descriptions thereof in the Disclosure Package and the Prospectus.

(e) The Company has been duly incorporated and is validly existing as a corporation under the laws of the State of Wisconsin, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing (or the local equivalent) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to so qualify or to be in good standing would not result in a material adverse effect on the business, financial position or results of operations of the Company and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business (a "Material Adverse Effect").

(f) Each of the Company's subsidiaries that constitutes a "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X) as of the last day of the Company's most recent fiscal quarter (each a "Subsidiary" and collectively, the "Subsidiaries") has been duly organized and is validly existing as a corporation or limited liability company in good standing under the laws of the jurisdiction of its incorporation or organization, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Prospectus, and has been duly qualified as a foreign corporation

or limited liability company for the transaction of business and is in good standing (or the local equivalent) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect.

(g) The authorized, issued and outstanding shares of capital stock of the Company is as set forth in the column entitled "Actual" under the "Capitalization" section of the Disclosure Package and the Prospectus, and such shares of capital stock have been duly authorized and validly issued by the Company and are fully paid and non-assessable, and none of such shares of capital stock was issued in violation of pre-emptive or other similar rights of any security holder of the Company; all of the outstanding shares of capital stock or limited liability company interests of each Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable, and, except as otherwise set forth in the Disclosure Package and the Prospectus, all outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned subsidiaries free and clear of any perfected security interest or any other security interests, claims, liens or encumbrances.

(h) The financial statements and schedules of the Company and its consolidated subsidiaries included or incorporated by reference in the Disclosure Package, the Prospectus and the Registration Statement present fairly in all material respects the consolidated financial condition, results of operations and cash flows of the Company and its consolidated subsidiaries as of the dates and for the periods indicated, comply as to form with the applicable accounting requirements of the Securities Act or the Exchange Act, as applicable, and have been prepared in conformance with United States generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein).

(i) PricewaterhouseCoopers LLP, who have certified the financial statements included or incorporated by reference in the Disclosure Package, the Prospectus and the Registration Statement, are independent public accountants as required by the Securities Act.

(j) Since the respective dates as of which information is given in the Registration Statement, Disclosure Package and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change, or any development involving a prospective material adverse change, in or affecting the business, financial position or results of operations of the Company and its subsidiaries taken as a whole, whether or not arising in the ordinary course of business (a "Material Adverse Change") and (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those arising in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise.

(k) The execution, delivery and performance of this Agreement, the Indenture and any other agreement or instrument entered into or issued or to be entered into or issued by the Company in connection with the transactions contemplated hereby or thereby or in the

Registration Statement, the Disclosure Package and the Prospectus and the consummation of the transactions contemplated herein and in the Registration Statement, the Disclosure Package and the Prospectus and compliance by the Company with its obligations hereunder and thereunder do not and will not conflict with or result in a breach of, or constitute a default under, or result in the creation or imposition of any lien, charge or encumbrance upon any assets, properties or operations of the Company or any of its subsidiaries pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound or to which any of the assets, properties or operations of the Company or any of its subsidiaries is subject (collectively, the "Agreements and Instruments") the result of which would have a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or bylaws of the Company or any of its Subsidiaries or any applicable law or statute or any order, rule, regulation or judgment of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries or any of their assets, properties or operations, except for any such violations that would not, individually or in the aggregate, result in a Material Adverse Effect.

(l) There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body now pending, or to the knowledge of the Company threatened, against or affecting the Company or any of its subsidiaries which is required to be disclosed in the Registration Statement, the Disclosure Package and the Prospectus (other than as stated therein, including documents incorporated by reference), or which might reasonably be expected to result in a Material Adverse Effect (other than as stated therein, including the documents incorporated by reference), or have a material adverse effect on the consummation of the transactions contemplated under the Disclosure Package and the Prospectus, this Agreement or the Indenture or the performance by the Company of its obligations hereunder and thereunder; and the aggregate of all pending legal or governmental proceedings to which the Company or any of its subsidiaries is a party or of which any of their respective assets, properties or operations is the subject which is not described in the Registration Statement, the Disclosure Package and the Prospectus, including ordinary routine litigation incidental to the business, is not reasonably expected to result in a Material Adverse Effect.

(m) No consent, approval, authorization, order, registration or qualification of or with any court or governmental agency or body is required for the due authorization, execution and delivery by the Company of this Agreement or for the performance by the Company of the transactions contemplated under the Disclosure Package and the Prospectus, this Agreement or the Indenture, except such as have already been made, obtained or rendered, as applicable, and such as may be required under state securities laws.

(n) Each insurance company subsidiary of the Company (collectively, the "Insurance Subsidiaries") is duly licensed as an insurance company in its jurisdiction of organization and is duly licensed or authorized as an insurer in each jurisdiction outside its jurisdiction of organization where it is required to be so licensed or authorized to conduct its

business as described in the Registration Statement, the Disclosure Package and the Prospectuses, except where the failure to be so licensed or authorized, individually or in the aggregate, would not result in a Material Adverse Effect.

(o) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Prospectus, will not be an "investment company" as defined in the Investment Company Act of 1940, as amended (the "Investment Company Act").

Any certificate signed by any officer of the Company and delivered to the Representatives or counsel for the Underwriters in connection with the offering of the Securities shall be deemed a representation and warranty by the Company, as to matters covered thereby, to each Underwriter.

5. The Company covenants and agrees with each Underwriter as follows:

(a) To file the Prospectus in a form approved by you (such approval not to be unreasonably withheld or delayed) pursuant to Rule 424 of Regulation C under the Securities Act not later than the Commission's close of business on the second Business Day following the date of determination of the offering price of the Securities. To prepare a final term sheet (the "Final Term Sheet"), in the form of Exhibit B hereto, reflecting the final terms of the Securities, in form and substance satisfactory to the Representatives, and shall file such Final Term Sheet as an "issuer free writing prospectus" pursuant to Rule 433 prior to the close of business two business days after the date hereof; provided that the Company shall furnish the Representatives with copies of any such Final Term Sheet a reasonable amount of time prior to such proposed filing and will not use or file any such document to which the Representatives or counsel to the Underwriters shall object.

(b) To deliver to each Representative and counsel for the Underwriters, at the expense of the Company, a conformed copy of the Registration Statement (as originally filed) and each amendment thereto, in each case including exhibits and documents incorporated by reference therein and, during the period mentioned in subsection (e) below, to each of the Underwriters as many copies of the Prospectus (including all amendments and supplements thereto) and documents incorporated by reference therein as you may reasonably request.

(c) For so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities (including in circumstances where such requirement may be satisfied pursuant to Rule 172), to furnish to you a copy of any proposed amendment or supplement to the Registration Statement or the Prospectus, for your review, and not to file any such proposed amendment or supplement to which you reasonably and timely object in writing; *provided, however*, that the provisions of this subsection (c) shall not apply to any of the Company's periodic filings under the Exchange Act described in subsection (d), copies of which filings in substantially final form the Company has delivered to you in advance of their transmission to the Commission for filing.

(d) To file promptly all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required in connection with the offering or sale of the Securities, and during such same period, to advise you promptly, and to confirm such advice in writing, (i) when the Prospectus, and any supplement thereto, shall have been filed (if required) with the Commission pursuant to Rule 424 of Regulation C under the Securities Act or when any Rule 462(b) Registration Statement shall have been filed with the Commission, (ii) when any amendment to the Registration Statement shall have become effective, (iii) of any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for any additional information, insofar as such amendment or supplement relates to or covers the Company generally or the Securities specifically, (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or the initiation or threatening of any proceeding for that purpose, and (v) of the receipt by the Company of any notification with respect to any suspension of the qualification of the Securities for offer and sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and to use its best efforts to prevent the issuance of any such stop order or notification and, if issued, to obtain as soon as possible the withdrawal thereof.

(e) If, at any time when a prospectus is required to be delivered under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172), any event shall occur or condition shall exist as a result of which it is necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with law, promptly to prepare and furnish, subject to subsection (c) above, at the expense of the Company (unless such event shall occur more than nine months after the date of the Prospectus, in which case the cost of preparing and furnishing such amendments or supplements shall be borne by the Underwriter or Underwriters requesting the same), to the Underwriters and to the dealers (whose names and addresses you will furnish to the Company) to which Securities may have been sold by you on behalf of the Underwriters and to any other dealers upon request, such amendments or supplements to the Prospectus as may be necessary so that the statements in the Prospectus as so amended or supplemented will not, in the light of the circumstances when the Prospectus is delivered to a purchaser, be misleading or so that the Prospectus will comply with law. If at any time following issuance of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement or the Statutory Prospectus or any preliminary prospectus or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, the Company will promptly notify the Representatives and will promptly amend or supplement, at its own expense, such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing sentence does not apply to statements in or omissions form

any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to the Company by any Underwriter through the Representatives specifically for use therein.

(f) To make generally available to its security holders as soon as practicable an earnings statement covering a period of at least twelve months beginning with the first fiscal quarter of the Company occurring after the effective date of the Registration Statement, which shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 of the Commission promulgated thereunder.

(g) From and including the date hereof to and including the Business Day following the Closing Date, not to offer, sell, contract to sell or otherwise dispose of any debt securities of, or guaranteed by, the Company which are substantially similar to the Securities without your prior written consent.

(h) To arrange, if necessary, for the qualification of the Securities for sale under the laws of such jurisdictions as the Representatives may designate, will maintain such qualifications in effect so long as required for the distribution of the Securities and will pay any fee of the National Association of Securities Dealers, Inc., in connection with its review of the offering; provided that in no event shall the Company be obligated to qualify to do business in any jurisdiction in which it is not now so qualified or to take any action that would subject it to service of process in suits, other than those arising out of the offering or sale of the Securities, in any jurisdiction in which it is not now so subject.

(i) To pay, except as otherwise provided in paragraph (e) above, all costs and expenses incident to the performance of its obligations hereunder, including, without limiting the generality of the foregoing, all costs and expenses (i) incident to the preparation, issuance, execution, authentication and delivery of the Securities, including any expenses of the Trustee, (ii) incident to the preparation and filing under the Securities Act of the Registration Statement, the Prospectus and any preliminary prospectus (including in each case all exhibits, amendments and supplements thereto), (iii) incident to the printing and delivery to you and the other Underwriters of reasonable quantities of the Registration Statement, the Prospectus and any preliminary prospectus (including in each case all exhibits, amendments and supplements thereto), (iv) incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the laws of such jurisdictions as the Underwriters may designate (including the fees and disbursements of counsel for the Underwriters in an amount not to exceed $5,000), (v) in connection with any listing of the Securities on any stock exchange or quotation system, (vi) related to any required filing with the National Association of Securities Dealers, Inc., (vii) in connection with the duplication and delivery of this Agreement, the Indenture, the Preliminary and Final Blue Sky Memoranda and any Legal Investment Survey and (viii) payable to rating agencies in connection with the rating of the Securities; *provided*, *however*, that, except as provided in this Section 5(i) and in Sections 7 and 10 hereof, the Underwriters shall pay their own costs and expenses, including the fees and

expenses of their counsel, any transfer taxes on the Securities which they may sell and the expenses of advertising any offering of the Securities made by the Underwriters.

(j) To not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in, under the Exchange Act or otherwise, stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Securities.

(k) The Company represents and agrees that, unless it obtains the prior consent of the Representatives, and each Underwriter represents and agrees that, unless it obtains the prior consent of the Company and the Representatives, it has not made and will not make any offer relating to the Securities that would constitute an "issuer free writing prospectus," as defined in Rule 433, or that would otherwise constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission (which consent is deemed to have been given with respect to (A) the Final Term Sheet prepared and filed pursuant to Section 5(a) hereof and (B) and other Issuer Free Writing Prospectus identified in Exhibit A hereto). Any such free writing prospectus consented or deemed consented to by the Company and the Representatives is hereinafter referred to as a "Permitted Free Writing Prospectus." The Company represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping.

6. The several obligations of the Underwriters hereunder shall be subject to the following conditions:

(a) The representations and warranties of the Company contained herein are true and correct on and as of the Closing Date as if made on and as of the Closing Date, and the Company shall have complied with all agreements and all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Date.

(b) The Prospectus shall have been filed with the Commission pursuant to Rule 424 of Regulation C under the Securities Act within the applicable time period prescribed for such filing by the rules and regulations under the Securities Act (without reliance on Rule 424(b)(8)); no stop order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the Commission; and all reasonable requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction.

(c) From and including the date of this Agreement to and including the Closing Date, there shall not have occurred any downgrading, nor shall any notice have been given of (i) any intended or potential downgrading or (ii) any probable change that does not indicate an improvement in the rating accorded any securities of, or guaranteed by, the Company by Moody's Investors Service, Inc. or Standard & Poor's Ratings Services.

(d) Since the respective dates as of which information is given in the Disclosure Package and the Prospectus there shall not have been any Material Adverse Change, otherwise than as set forth or contemplated in the Disclosure Package and the Prospectus, the effect of which in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Disclosure Package and the Prospectus.

(e) The Representatives shall have received on and as of the Closing Date a certificate of the Chief Financial Officer or the Treasurer of the Company, acting in their corporate capacities, to the effect set forth in subsections (a) through (c) of this Section 6 and to the further effect that there has not occurred any Material Adverse Change, other than as set forth or contemplated in the Disclosure Package and the Prospectus.

(f) Foley & Lardner LLP, counsel for the Company, shall have furnished to you their written opinion (other than as to subparagraphs (vii) and (viii) insofar as such subparagraphs relate to insurance law matters) and the General Counsel or Associate General Counsel of the Company, shall have furnished to you his written opinion (as to subparagraphs (vii) and (viii) insofar as such subparagraphs relate to insurance law matters), each dated the Closing Date, in form and substance reasonably satisfactory to you, to the effect that:

(i) The Company is validly existing as a corporation under the laws of the State of Wisconsin, with corporate power and authority to own its properties and conduct its business as described in the Disclosure Package and the Prospectus, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing (or the local equivalent) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect.

(ii) Each Subsidiary of the Company is validly existing as a corporation or limited liability company under the laws of the jurisdiction of incorporation or organization, with corporate power and authority to own its properties and conduct its business as described in the Disclosure Package and the Prospectus, and has been duly qualified as a foreign corporation or limited liability company for the transaction of business and is in good standing (or the local equivalent) under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except where the failure to so qualify or to be in good standing would not result in a Material Adverse Effect.

(iii) All the outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued and are fully paid and non-assessable, and, except as otherwise set forth in the Disclosure Package and the Prospectus, all outstanding shares of capital stock of the Subsidiaries are owned by the Company either directly or through wholly owned subsidiaries free and clear of any perfected security interest and, to the knowledge of such counsel, after due inquiry, any other security interest, claim, lien or encumbrance.

(iv) This Agreement has been duly authorized, executed and delivered by the Company.

(v) The Securities have been duly authorized by the Company and, assuming that the Securities have been duly authenticated by the Trustee in the manner described in its certificate delivered to you today and payment of the consideration for the Securities as specified in the Underwriting Agreement has been made, the Securities have been duly executed, issued and delivered by the Company and will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and the terms of the Indenture, except (A) as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (B) as enforcement thereof is subject to general equity principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing; and holders of the Securities will be entitled to the benefits provided by the Indenture.

(vi) The Indenture has been duly authorized, executed and delivered by the Company and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except (A) as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, (B) as enforcement thereof is subject to general equity principles (whether considered in a proceeding in equity or at law) and an implied covenant of good faith and fair dealing; and the Indenture has been duly qualified under the Trust Indenture Act.

(vii) The issue and sale of the Securities and the performance by the Company of its obligations under the Securities, the Indenture and this Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any Agreements and Instruments known to such counsel to which the Company or any of its subsidiaries is a party or by which the Company or any such subsidiary is bound or to which any of the assets, properties or operations of the Company or any such subsidiary is subject, other than in each case such breaches or defaults which, individually or in the aggregate, would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or bylaws of the Company or any of its Subsidiaries or any applicable law or statute or any order, rule, regulation or judgment known to such counsel of any court or governmental agency or body having jurisdiction over the Company or any such subsidiary or any of their assets, properties or operations.

(viii) No consent, approval, authorization, order, registration or qualification of or filing with any court or governmental agency or body is required for the issue and sale of the Securities or the consummation of the other transactions contemplated by the

Disclosure Package and the Prospectus, this Agreement or the Indenture, except such as have been already made, obtained or rendered, as applicable, and such as may be required under state securities laws.

(ix) The statements in (A) the Disclosure Package and the Prospectus under "Description of Debt Securities" and "Description of Notes" and (B) the Registration Statement in Item 15, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present in all material respects the matters, documents or proceedings summarized therein; and the Securities and the Indenture conform as to legal matters in all material respects to the descriptions thereof in the Disclosure Package and the Prospectus.

(x) To the knowledge of such counsel, there is no pending or threatened action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its subsidiaries or its or their property, of a character required to be disclosed in the Registration Statement, the Disclosure Package or the Prospectus which is not adequately disclosed in the Disclosure Package and the Prospectus, and, to the knowledge of such counsel, there is no franchise, contract or other document of a character required to be described in the Registration Statement, the Disclosure Package and the Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required.

(xi) The Company is not and, after giving effect to the offering and sale of the Securities and the application of the proceeds thereof as described in the Disclosure Package and the Prospectus, will not be an "investment company" as defined in the Investment Company Act.

(xii) The Registration Statement has become effective under the Securities Act; any required filing of the Prospectus or any preliminary prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b) (without reliance on Rule 424(b)(8)); any required filing of each Issuer Free Writing Prospectus pursuant to Rule 433 has been made in the manner and within the time period required by Rule 433(d); to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued, and no proceedings for that purpose have been instituted or threatened.

(xiii) Each document incorporated by reference in the Registration Statement and the Prospectus (except for the financial statements and schedules and other financial data included therein, as to which such counsel need express no opinion) complied as to form when filed with the Commission in all material respects with requirements of the Exchange Act and the Registration Statement, including without limitation the Rule 430B Information, and the Prospectus and each amendment or supplement thereto as of their respective effective or issue dates (including without limitation each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) under the Securities Act) (except for the financial

statements and schedules and other financial data included therein, as to which such counsel need express no opinion) complied as to form in all material respects with the requirements of the Securities Act and the Trust Indenture Act.

Nothing has come to such counsel's attention that would lead such counsel to believe that (except for the financial statements and schedules and other financial data included therein, as to which such counsel need express no belief) (A) the Registration Statement or any amendment thereof including any Rule 430B Information, when such Registration Statement or amendment became effective and at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) under the Securities Act, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) the Prospectus or any amendment or supplement thereto, at the time the Prospectus was issued, at the time any such amended or supplemented prospectus was issued and on the Closing Date, included or includes an untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or (C) the Disclosure Package, as of the Applicable Time, contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of circumstances under which they were made, not misleading.

In rendering such opinions, such counsel may: (A) rely as to matters of fact, to the extent such counsel deems proper, on certificates of responsible officers of the Company given in their corporate capacity (it is understood that such counsel shall be entitled to rely on certificates of such officers and those of Subsidiaries with respect to the foreign qualification matters referred to in subparagraph (ii) above) and certificates or other written statements of officials of jurisdictions having custody of documents respecting the corporate existence or good standing of the Company and (B) limit such opinions to the laws of the States of Delaware and Wisconsin and the Federal laws of the United States of America and assume that the laws of the State of New York are identical in all relevant aspects to the substantive laws of the State of Wisconsin. With respect to the matters to be covered in the preceding paragraph, counsel may state his belief is based upon his participation in the preparation of the Registration Statement, the Disclosure Package, the Prospectus and any amendment or supplement thereto but is without independent check or verification except as specified.

(g) On the date hereof and on the Closing Date, PricewaterhouseCoopers LLP shall have furnished to you a letter, dated such date, in form and substance reasonably satisfactory to you, containing statements and information of the type customarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained or incorporated by reference in the Registration Statement, the Disclosure Package and the Prospectus.

(h) You shall have received on and as of the Closing Date an opinion of Mayer, Brown, Rowe & Maw, counsel to the Underwriters, with respect to the validity of the

Indenture and the Securities, the effectiveness of the Registration Statement, the disclosure in the Registration Statement, the Disclosure Package and the Prospectus and such other matters as the Representatives may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(i) On or prior to the Closing Date, the Company shall have furnished to the Representatives such further certificates and documents as the Representatives shall reasonably request.

7. (a) The Company agrees to indemnify and hold harmless each Underwriter, its affiliates, as such term is defined in Rule 501(b) under the Securities Act (each, an "Affiliate"), its selling agents and each person, if any, who controls any Underwriter within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and liabilities (including, without limitation, the reasonable legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted in respect thereof), as incurred, to which such Underwriter or controlling person may be subject, insofar as such losses, claims, damages or liabilities arise out of or are based upon:

(i) any untrue statement or alleged untrue statement of a material fact contained or included in the Registration Statement or any amendment thereof, including the Rule 430B Information, the Statutory Prospectus, the Disclosure Package, the Prospectus as amended or supplemented or any amendment or supplement thereto, any preliminary prospectus or any Issuer Free Writing Prospectus; or

(ii) the omission or alleged omission to state therein a material fact required to be stated therein or, in the case of the Registration Statement or any amendment thereof, including the Rule 430B Information, the Statutory Prospectus, the Disclosure Package, the Prospectus as amended or supplemented or any amendment or supplement thereto, or any Issuer Free Writing Prospectus necessary to make the statements therein not misleading or, in the case of any preliminary prospectus, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

provided, *however*, that the Company shall not be liable insofar as such losses, claims, damages or liabilities arise out of or are based upon an untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus or in the Registration Statement or any amendment thereof, the Prospectus, the Prospectus as amended or supplemented or any such amendment or supplement thereto in reliance upon and in conformity with information furnished to the Company in writing by such Underwriter through the Representatives expressly for inclusion therein.

(b) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers who sign the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act from and against any and all losses, claims, damages and

liabilities (including, without limitation, the reasonable legal fees and other expenses reasonably incurred in connection with any suit, action or proceeding or any claim asserted in respect thereof), as incurred, to which the Company may become subject, insofar as such losses, claims, damages or liabilities arise out of or are based upon:

(i) any untrue statement or alleged untrue statement of a material fact contained or included in the Registration Statement or any amendment thereof, the Prospectus, the Prospectus as amended or supplemented or any amendment or supplement thereto, or any preliminary prospectus; or

(ii) the omission or alleged omission to state therein a material fact required to be stated therein or, in the case of the Registration Statement or any amendment thereof, the Prospectus or the Prospectus as amended or supplemented or any amendment or supplement thereto, necessary to make the statements therein not misleading or, in the case of any preliminary prospectus, necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

in each case to the extent, but only to the extent, that such untrue statement or omission or alleged untrue statement or alleged omission was made in any preliminary prospectus or in the Registration Statement or any amendment thereof, the Prospectus or the Prospectus as amended or supplemented or any amendment or supplement thereto in reliance upon and in conformance with information furnished to the Company in writing by or on behalf of such Underwriter expressly for use therein.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought (the "Indemnified Person") pursuant to either of subsections (a) or (b) above, such Indemnified Person shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Person") in writing (in such detail as may be available to such Indemnified Person). In no case shall an Indemnifying Person be liable under this Section 7 with respect to any claim made against an Indemnified Person unless such Indemnifying Person shall be notified in writing of the nature of the claim within a reasonable time after the Indemnified Party is aware of such claim thereof, but failure so to notify such Indemnifying Person shall not relieve it from any liability that it may have otherwise than on account of this Section 7. Upon such notice, the Indemnifying Person shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other Indemnifying Person similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Person, and after notice from the Indemnifying Person to such Indemnified Person of its election so to assume the defense thereof, the Indemnifying Person shall not be liable to such Indemnified Person for any legal or other expenses subsequently incurred by such Indemnified Person in connection with the defense thereof other than reasonable costs of investigation or as provided in subsection (d) below. Each Indemnified Person shall assist the Indemnifying Person in any defense undertaken pursuant to this Section 7 by providing such

assistance and cooperation (including, without limitation, witness and documentary or other information) as may be reasonably requested by the Indemnifying Person in connection with such defense, provided that all reasonable costs and expenses of such assistance and cooperation shall be borne by the Indemnifying Person.

(d) Notwithstanding anything herein contained, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in the applicable suit, action, proceeding, claim or demand (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or defenses available to them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses, to the extent they are reasonable, shall be reimbursed as they are incurred. Any such separate firm for the Underwriters and such control persons of the Underwriters shall be designated in writing by the first of the named Representatives on Schedule I hereto and any such separate firm for the Company, its directors, its officers who sign the Registration Statement and such control persons of the Company or authorized representatives shall be designated in writing by the Company. In either case, the separate firm so selected shall be reasonably satisfactory to the Indemnifying Person. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened claim, action, suit or proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless the Indemnifying Person has first given the Indemnified Person reasonable prior written notice of such proposed settlement and consulted in good faith with the Indemnified Person as to the inclusion therein of an unconditional release of the Indemnified Person from all liability arising out of such claim, action, suit or proceeding; and in the event that an Indemnified Person is an actual party to such claim, action, suit or proceeding, the Indemnifying Party shall not, without the prior written consent of the Indemnified Person, settle or compromise or consent to the entry of any judgment therein unless the same includes an unconditional release of such Indemnified Person from all liability arising out of or otherwise relating to the subject matter of such claim, action, suit or proceeding.

(e) If the indemnification provided for in subsections (a) or (b) above is legally unavailable to an Indemnified Person in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such subsection, in lieu of

indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Underwriters on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations.

(f) The relative benefits received by the Company on the one hand and the Underwriters on the other hand shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Securities (before deducting expenses) received by the Company and the total underwriting discounts and the commissions received by the Underwriters bear to the aggregate public offering price of the Securities. The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. With respect to any Underwriter, such relative fault shall also be determined by reference to the extent (if any) to which such losses, claims, damages or liabilities (or actions in respect thereof) with respect to any preliminary prospectus result from the fact that such Underwriter sold Securities to a person to whom there was not sent or given, at or prior to the written confirmation of such sale, a copy of the Prospectus (excluding documents incorporated by reference) or of the Prospectus as then amended or supplemented (excluding documents incorporated by reference) if the Company has previously furnished copies thereof to such Underwriter.

(g) The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account the equitable considerations referred to in subsection (f) above. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in subsection (f) above shall be deemed to include, subject to the limitations set forth above, any reasonable legal or other expenses incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall an Underwriter be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages that such Underwriter has otherwise been required to pay by reason of such untrue statement or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

The Underwriters' obligations to contribute pursuant to this Section 7 are several in proportion to the respective principal amounts of the Securities set forth opposite their names in Schedule II hereto, and not joint.

(h) The indemnity and contribution agreements contained in this Section 7 are in addition to any liability that the Indemnifying Persons may otherwise have to the Indemnified Persons referred to above.

(i) The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Company set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Underwriter or any person controlling any Underwriter or by or on behalf of the Company, its officers or directors or any other person controlling the Company and (iii) acceptance of and payment for any of the Securities.

8. Notwithstanding anything herein contained, this Agreement may be terminated in the absolute discretion of the Representatives, by notice given to the Company, if, from and including the date of this Agreement to and including the Closing Date, (i) trading generally shall have been suspended or materially limited on or by, as the case may be, the New York Stock Exchange or the National Association of Securities Dealers, Inc., (ii) trading of any securities of, or guaranteed by, the Company shall have been suspended on any stock exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by either Federal or New York State authorities or a material disruption shall have occurred in securities settlement, payment or clearance services in the United States, or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the judgment of the Representatives, is material and adverse and which, in the good faith judgment of the Representatives, makes it impracticable to market the Securities on the terms and in the manner contemplated in the Disclosure Package and the Prospectus.

9. If, on the Closing Date, any one or more of the Underwriters shall fail or refuse to purchase Securities that it or they have agreed to purchase under this Agreement, and the aggregate principal amount of Securities which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Securities, the other Underwriters shall be obligated severally in the proportions that the principal amount of Securities set forth opposite their respective names in Schedule II hereto bears to the aggregate principal amount of Securities set forth opposite the names of all such non-defaulting Underwriters, or in such other proportions as the Representatives may specify, to purchase the Securities that such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the principal amount of Securities that any Underwriter has agreed to purchase pursuant to Section I be increased pursuant to this Section 9 by an amount in excess of one-ninth of such principal amount of Securities without the written consent of such Underwriter.

If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Securities and the aggregate principal amount of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount of Securities to be purchased, and arrangements satisfactory to you and the Company for the purchase of such Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or Underwriters or the Company. In any such case, either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, the Disclosure Package and in the Prospectus or in any other documents or arrangements may be effected.

Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company to comply in all material respects with the terms or to fulfill in all material respects any of the conditions of this Agreement, the Company agrees to reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all documented out-of-pocket expenses (including the fees and expenses of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering of Securities.

11. This Agreement shall inure to the benefit of and be binding upon the Company, the Underwriters, any controlling persons referred to herein and their respective successors and assigns. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

12. Any action by the Underwriters hereunder may be taken by you jointly or by the first of the named Representatives set forth in Schedule I hereto alone on behalf of the Underwriters, and any such action taken by you jointly or by the first of the named Representatives set forth in Schedule I hereto alone shall be binding upon the Underwriters. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be given at the address set forth in Schedule I hereto. Notices to the Company shall be given to it at MGIC Plaza, 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202 Attention: Treasurer, with a copy to the same address, Attention: General Counsel.

13. The Company hereby acknowledges that the Underwriters are acting as principal and not as the agent or fiduciary of the Company and (b) its their engagement of the Underwriters in connection with the Offering is as independent contractors and not in any other capacity. Furthermore, the Company agrees that it is solely responsible for independently making its own judgments in connection with the Offering (irrespective of whether any of the Underwriters has advised or is currently advising the Company on other matters).

14. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to the conflicts of laws provisions thereof.

Very truly yours,

MGIC INVESTMENT CORPORATION

By: /s/ James A. Karpowicz
Name: James A. Karpowicz
Title: Senior Vice President — Chief Investment Officer and Treasurer

Accepted:

BNP PARIBAS SECURITIES CORP.

By: /s/ Jim Turner, MD
Name: Jim Turner, MD
Title: Head of Debt Capital Markets

LEHMAN BROTHERS INC.

By: /s/ Martin Goldberg
Name: Martin Goldberg
Title: Senior Vice President

Acting severally on their own behalf and on behalf of the several Underwriters named herein.

SCHEDULE I

The Securities

Representatives:	BNP Paribas Securities Corp. Lehman Brothers Inc.
Title of Securities:	5.625% Senior Notes due 2011
Aggregate principal amount:	$200,000,000
Maturity:	September 15, 2011
Interest Rate:	5.625% per annum
Interest Payment Dates:	March 15 and September 15, commencing March 15, 2007
Optional Redemption/ Repayment Provisions:	Market make-whole at T+0.15%, as described in the Prospectus
Sinking Fund Provisions:	None
Price to Public:	99.979%
Price to Underwriters:	99.379%
Form:	Book-entry only form through the facilities of The Depository Trust Company
Other Provisions:	Not applicable

Closing Date and Location:	September 18, 2006 9:00 a.m., Central Time Foley & Lardner LLP 777 East Wisconsin Avenue Milwaukee, Wisconsin 53202
Address for Notices to Underwriters:	BNP Paribas Securities Corp. 787 Seventh Avenue New York, New York 10019 Attn: Debt Capital Markets Facsimile: (212) 841-3158 -and- Lehman Brothers Inc. 745 Seventh Avenue New York, New York 10019 Attn: Debt Capital Markets – Financial Institutions Group Facsimile: (212) 526-0943 (with a copy to the General Counsel at the same address)

SCHEDULE II

Name of Underwriter	Principal Amount of Notes
BNP Paribas Securities Corp.	$ 100,000,000
Lehman Brothers Inc.	32,000,000
Banc of America Securities LLC	20,000,000
Deutsche Bank Securities Inc.	20,000,000
LaSalle Financial Services, Inc.	20,000,000
Piper Jaffray & Co.	8,000,000
Total	$ 200,000,000

Exhibit A

Issuer Free Writing Prospectus

None

Exhibit B

Form of Final Term Sheet

Filed Pursuant to Rule 433
Registration No. 333-126631
Dated September 13, 2006

$200,000,000

5.625% Senior Notes due 2011

Final Term Sheet

Issuer:	MGIC Investment Company
Ratings:	A1/A
Format:	SEC Registered
Ranking:	Senior Unsecured
Size:	$200,000,000
Trade Date:	September 13, 2006
Settlement Date:	September 18, 2006
Final Maturity:	September 15, 2011
Interest Payment Dates:	Semi-annually on March 15 and September 15
First Pay Date:	March 15, 2007
Pricing Benchmark:	4.625% UST due August 31, 2011
UST Spot (PX/Yield):	99-24 1/4 / 4.68%
Spread to Benchmark:	+95 basis points
Yield to Maturity:	5.63%
Coupon:	5.625%
Price:	99.979
Underwriters' Commission:	0.600%
Proceeds to Issuer:	$198,758,000
Day Count:	30/360
Optional Redemption:	Treasury Rate plus 0.15%
Minimum Denominations:	$1,000
Bookrunners:	BNP Paribas Securities Corp. Lehman Brothers Inc.
Co-managers:	Banc of America Securities LLC Deutsche Bank Securities Inc. LaSalle Financial Services, Inc. Piper Jaffray & Co.
CUSIP:	552845 AG 4
Exchange Listing:	None

This communication is intended for the sole use of the person to whom it is provided by us.

The issuer has filed registration statements (including prospectuses) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectuses in those registration statements and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll-free: BNP Paribas 1-800-854-5674 and Lehman Brothers at 1-888-603-5847.

EXECUTION COPY

AMENDED AND RESTATED CALL OPTION AGREEMENT

THIS AMENDED AND RESTATED CALL OPTION AGREEMENT (this "Agreement") is made and entered into as of September 13, 2006 by and among Sherman Capital, L.L.C., a Delaware limited liability company ("Sherman Capital"), Mortgage Guaranty Insurance Corporation, a Wisconsin corporation ("MGIC") and Radian Guaranty Inc., a Pennsylvania corporation ("Radian").

WHEREAS, the parties to this Agreement are also parties to that certain Call Option Agreement dated as of June 15, 2005, as amended by instruments dated June 27, 2006, July 10, 2006, July 25, 2006, August 3, 2006, August 16, 2006, August 31, 2006 and September 6, 2006 (the "Call Option Agreement");

WHEREAS, the parties hereto desire to amend and restate the Call Option Agreement in its entirety;

WHEREAS, MGIC and Radian own Class A Units in Sherman Financial Group LLC ("Sherman Financial") and may each desire to increase their equity interests in Sherman Financial; and

WHEREAS, Sherman Capital is willing to sell to MGIC and Radian, and MGIC and Radian are willing to purchase from Sherman Capital, the Class A Units and Preferred Units of Sherman Financial currently owned by Sherman Capital and described on Schedule 1 attached hereto, on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree to amend and restate the Call Option Agreement in its entirety as follows:

Section 1. Grant of Option.

(a) Sherman Capital hereby grants to MGIC an irrevocable option (the "MGIC Option"), on the terms set forth in Section 2 below, to require Sherman Capital to sell to MGIC on the Exercise Date the Final Option Amount with respect to MGIC in consideration of the payment by MGIC to Sherman Capital of the Settlement Amount.

(b) Sherman Capital hereby grants to Radian an irrevocable option (the "Radian Option"), subject to Section 2 below, to require Sherman Capital to sell to Radian on the Exercise Date the Final Option Amount with respect to Radian in consideration of the payment by Radian to Sherman Capital of the Settlement Amount.

(c) In consideration of Sherman Capital's granting of the Options hereunder, each of MGIC and Radian has previously paid to Sherman Capital an amount equal to $1 million (the "Option Premium").

(d) Subject to Section 2(a), each of the MGIC Option and the Radian Option shall expire immediately following the exercise thereof or, if unexercised, shall expire as of the close of business on the Exercise Date.

(e) Definitions.

"Business Day" means any day other than (a) Saturday or Sunday or (b) a day on which commercial banks in New York, New York, are authorized or required by applicable Law or executive order to close.

"Class A Units" has the meaning assigned to such term in the Sherman Financial LLC Agreement.

"Collateral" has the meaning set forth in Section 3(b).

"Defaulting Party" has the meaning set forth in Section 3(f).

"Delaying Event" has the meaning set forth in Section 2(a)(i).

"Event of Default" has the meaning set forth in Section 3(f).

"Exercise Date" has the meaning set forth in Section 2(a)(i).

"Final Option Amount" means (i) with respect to MGIC, the MGIC Option Amount plus, if MGIC has elected to purchase the Radian Option Amount in accordance with Section 2(a)(ii), the Radian Option Amount and (ii) with respect to Radian, the Radian Option Amount plus, if Radian has elected to purchase the MGIC Option Amount in accordance with Section 2(a)(ii), the MGIC Option Amount.

"Governmental Entity" means (i) any foreign, federal, state or local government and (ii) any agency or instrumentality thereof, with authority to regulate any operations of the Sherman Capital or any of its Subsidiaries, including banking, lending and credit collection operations.

"Law" means any statute, law, ordinance, regulation, rule, code, order, rule of common law or judgment enacted, promulgated, issued, enforced or entered by any Governmental Entity.

"Manager" has the meaning assigned to such term in the Sherman Financial LLC Agreement.

"MGIC" has the meaning set forth in the introductory paragraph to this Agreement.

"MGIC Collateral" has the meaning set forth in Section 3(a).

"MGIC Option" means the option held by MGIC to purchase the Class A Units and Preferred Units included in the MGIC Option Amount.

"MGIC Option Amount" means the class and number of Units of Sherman Financial owned by Sherman Capital and set forth opposite MGIC's name on Schedule 1.

"Option" means either the Radian Option or the MGIC Option, as the case may be.

"Option Amount" means either the MGIC Option Amount or the Radian Option Amount, as the case may be.

"Optionholder" means either MGIC or Radian, as the case may be.

"Option Premium" has the meaning set forth in Section 1(c).

"Option Price" means, with respect to the Class A Units and Preferred Units that are subject to options hereunder, respectively, the option price set forth on Schedule 1 attached hereto.

"Party" or "Parties" means the persons appearing on the signature page to this Agreement.

"Preferred Units" has the meaning assigned to such term in the Sherman Financial LLC Agreement.

"Radian" has the meaning set forth in the introductory paragraph to this Agreement.

"Radian Collateral" has the meaning set forth in Section 3(b).

"Radian Option" means the option held by Radian to purchase the Class A Units and Preferred Units included in the Radian Option Amount.

"Radian Option Amount" means the class and number of Units of Sherman Financial owned by Sherman Capital and set forth opposite Radian's name on Schedule 1.

"Representatives" means, with respect to any Party, such Party's agents, representatives (including its employees, attorneys and consultants, financial or otherwise) and affiliates.

"Settlement Amount" means, with respect to each Optionholder, the aggregate Option Price for the Class A Units and Preferred Units included in the Final Option Amount plus interest in an amount equal to the product of (i) the Option Price paid by the Optionholder multiplied by (ii) a fraction, the numerator of which is the product of 5% multiplied by the number of days in the period beginning on July 1, 2006, and ending on the day before the payment of the Option Price and the denominator of which is 365.

"Sherman Capital LLC Agreement" means that certain Limited Liability Company Agreement of Sherman Capital, as amended from time to time.

"Sherman Financial" has the meaning set forth in the recitals to this Agreement.

"Sherman Financial LLC Agreement" means the Fourth Amended and Restated Limited Liability Company Agreement of Sherman Financial, effective as of July 1, 2006.

"UCC" shall mean the Uniform Commercial Code in the State of New York.

All other capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Sherman Financial LLC Agreement.

As used in this Agreement, unless the context otherwise requires, words in the singular include the plural and words in the plural include the singular. A reference to any Party to this Agreement or any other agreement or document shall include such Party's successors and permitted assigns. A reference to any agreement or order shall include any amendment of such agreement or order from time to time in accordance with the terms herewith and therewith. A reference to any legislation, to any provision of any legislation or to any regulation issued thereunder shall include any amendment to, and any modification or re-enactment thereof, any legislative provision or regulation substituted therefor and all regulations issued thereunder or pursuant thereto. The headings contained in this Agreement are for convenience and reference only and do not form a part of this Agreement. Section references in this Agreement refer to sections of this Agreement unless otherwise specified.

Section 2. Exercise of Option.

(a) Exercise of Option.

(i) Each Optionholder shall each have the right, but not the obligation, to exercise its Option at 10:00 A.M., New York City time on September 22, 2006 or, if such day is not a Business Day, on the next succeeding Business Day (the "Exercise Date"), by paying to Sherman Capital the Settlement Amount in accordance with the following procedures and limitations. Each Optionholder shall give written notice to Sherman Capital and the other Optionholder during a period beginning on September 11, 2006 and ending on September 15, 2006 (but in no event prior to September 11, 2006) indicating whether it will purchase the Option Amount pursuant to this Option. Any such notice shall become irrevocable at the end of the Business Day on September 15, 2006. If no notice is received from an Optionholder by Sherman Capital during such period, Sherman Capital shall so notify such Optionholder and the other Optionholder and for two (2) Business Days after such notice is received, an Optionholder who had not given notice may give notice as provided above. An Optionholder's failure to notify Sherman Capital that it will purchase the Option Amount in accordance with this Section 2(a) shall be deemed to be an irrevocable election by such Optionholder not to exercise

its Option. Notwithstanding the foregoing, an Optionholder's failure to notify Sherman Capital that it will purchase the Option Amount in accordance with this Section 2(a) or to deliver the Settlement Amount on September 22, 2006 shall not be deemed an irrevocable election not to exercise its Option to the extent (i) such failure is the result of any outbreak or escalation of hostilities, declaration by the United States of a national emergency or war, or other calamity or crisis the effect of which is such as to pose extreme difficulty for the Optionholder to timely deliver such notice or exercise its Option on the Exercise Date or a circumstance in which the Chief Financial Officer, the Treasurer and the General Counsel of an Optionholder are disabled during a period that includes September 11, 2006 and ends at the end of the Business Day on September 15, 2006 (each a "Delaying Event") and such Optionholder delivers the Settlement Amount as soon as practicable, but in no event later than five (5) Business Days, following the later of the onset of the Delaying Event or the availability of communication systems sufficient to permit the delivery of such notice or (ii) (A) such failure is a result of a failure by the Federal Reserve Wire System to deliver the Settlement Amount, (B) such Optionholder delivered the appropriate wire instructions in a timely manner to effect the transfer of the Settlement Amount to Sherman Capital through the Federal Reserve Wire System prior to the Exercise Date and (C) Sherman Capital receives the Settlement Amount from such Optionholder no later than five (5) Business Days after September 22, 2006.

(ii) (A) If MGIC fails to give notice to Sherman Capital that it will purchase the MGIC Option Amount or elects not to exercise its Option and Radian has elected to purchase the Radian Option Amount, Sherman Capital shall notify Radian of such failure or election on or prior to two (2) Business Days prior to September 22, 2006, and Radian shall be entitled pursuant to its Option to purchase the MGIC Option Amount in addition to the Radian Option Amount by delivering notice to Sherman Capital to that effect on or prior to one (1) Business Day prior to September 22, 2006. (B) If Radian fails to give notice to Sherman Capital that it will purchase the Radian Option Amount or elects not to exercise its Option and MGIC has elected to purchase the MGIC Option Amount, Sherman Capital shall notify MGIC of such failure or election on or prior to two (2) Business Days prior to September 22, 2006, and MGIC shall be entitled pursuant to its Option to purchase the Radian Option Amount in addition to the MGIC Option Amount by delivering written notice to Sherman Capital to that effect on or prior to one (1) Business Day prior to September 22, 2006.

(iii) Unless otherwise agreed by the parties and except as provided in the final sentence of Section 2(a)(i), each Optionholder exercising its Option shall make payment on September 22, 2006 of its

Settlement Amount in immediately available funds to the account specified in writing to such Optionholder by Sherman Capital.

(b) Actions Following Exercise. Upon payment of the Settlement Amount, Sherman Capital, MGIC and Radian shall take all such action as may be necessary under the Sherman Financial LLC Agreement to reflect the transactions consummated pursuant to this Agreement on the books and records of Sherman Financial. At the reasonable request of any other Party hereto and without further consideration, each Party hereto shall execute and deliver such additional documents and take such further action as may be necessary or appropriate under all applicable Laws to consummate and make effective, in the most expeditious manner practicable, the exercise of the Options and the transfer of the Class A Units and Preferred Units purchased by MGIC and/or Radian hereunder.

Section 3. Grant of Security Interest.

(a) Grant of Security Interest to MGIC. As security for the timely performance of Sherman Capital's obligation to deliver the Final Option Amount with respect to MGIC to MGIC upon payment of the relevant Settlement Amount pursuant to this Agreement, Sherman Capital hereby grants to MGIC a first priority security interest in all of Sherman Capital's right, title and interest, whether now or hereafter acquired, in, to and under the following (the "MGIC Collateral"):

(i) the Final Option Amount with respect to MGIC;

(ii) all rights and privileges relating to the foregoing (including, without limitation, voting rights); and

(iii) all proceeds (as such term is defined in the UCC) of any and all of the foregoing.

(b) Grant of Security Interest to Radian. As security for the timely performance of Sherman Capital's obligation to deliver the Final Option Amount with respect to Radian to Radian upon payment of the relevant Settlement Amount pursuant to this Agreement, Sherman Capital hereby grants to Radian a first priority security interest in all of Sherman Capital's right, title and interest, whether now or hereafter acquired, in, to and under the following (the "Radian Collateral" and, together with the MGIC Collateral, the "Collateral"):

(i) the Final Option Amount with respect to Radian;

(ii) all rights and privileges relating to the foregoing (including, without limitation, voting rights); and

(iii) all proceeds (as such term is defined in the UCC) of any and all of the foregoing.

(c) Transfer of Security Interest. In the event that MGIC becomes entitled to purchase the Radian Option Amount pursuant to Section 2(a)(ii)(B), the security interest granted to Radian pursuant to Section 3(b) with respect to the Radian Collateral shall be

released from the grant pursuant to Section 3(b). In the event that Radian becomes entitled to purchase the MGIC Option Amount pursuant to Section 2(a)(ii)(A), the security interest granted to MGIC pursuant to Section 3(a) with respect to the MGIC Collateral shall be released from the grant pursuant to Section 3(a).

(d) Rights and Obligations Regarding Collateral.

(i) Sherman Capital agrees promptly to deliver or cause to be delivered to MGIC and Radian any certificate or certificates and any other instruments and documents evidencing the MGIC Collateral, in the case of MGIC, and the Radian Collateral, in the case of Radian, that come into existence from time to time after the date hereof.

(ii) Sherman Capital will, at its expense, execute, endorse, acknowledge and deliver to MGIC and Radian, all such financing and continuation statements, certificates, legal opinions, instruments and other documents and take all such action, and do or cause to be done all such other things, as MGIC or Radian may, from time to time, deem necessary or advisable, or may reasonably request, in order to give full effect to this Section 3 and to protect and enforce the rights intended to be granted to MGIC and Radian hereunder.

(iii) Unless and until an Event of Default shall have occurred and be continuing:

(1) Sherman Capital shall be entitled to exercise any and all voting rights and/or other consensual rights and powers inuring to an owner of the Collateral or any part thereof for any purpose consistent with the terms of this Agreement;

(2) Sherman Capital shall be entitled to receive and retain any and all distributions made with respect to the Collateral; provided, however, that until actually paid, all rights to such distributions shall remain subject to the security interest of this Agreement; and

(3) MGIC and Radian shall execute and deliver to Sherman Capital, or cause to be executed and delivered to Sherman Capital, all such proxies, powers of attorney and other instruments as Sherman Capital may reasonably request for the purpose of enabling Sherman Capital to exercise the voting and/or consensual rights and powers it is entitled to exercise pursuant to paragraph (iii)(1) above and to receive the distributions it is entitled to receive pursuant to paragraph (iii)(2) above, as soon as reasonably practicable after receipt of a written request from Sherman Capital together with a certificate by Sherman Capital's principal financial officer stating that no Event of Default has occurred and is continuing.

(e) Representations Warranties and Covenants. Sherman Capital hereby represents, warrants and covenants, as to itself and the Collateral pledged by it hereunder, to MGIC and Radian (which representations, warranties and covenants will be deemed to be repeated as of the Exercise Date) that:

(i) on the date of this Agreement, the Collateral is not evidenced by any certificate or certificates or other instruments or documents;

(ii) it has the power and right to grant a security interest in and lien on the Collateral and has taken all necessary actions to authorize the granting of that security interest and lien;

(iii) it is the sole owner of the Collateral free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Section 3 and such other encumbrances or restrictions arising under the Sherman Financial LLC Agreement or Sherman Capital LLC Agreement;

(iv) it will make no assignment, pledge, hypothecation or transfer of, or create or permit to exist any security interest in or other lien on, the Collateral, other than the security interest and lien granted under Section 3 hereof and such other encumbrances or restrictions arising under the Sherman Financial LLC Agreement or Sherman Capital LLC Agreement;

(v) upon the filing of a UCC financing statement naming Sherman Capital as debtor and MGIC as secured party and a description of the MGIC Collateral in the office of the Secretary of State of the State of Delaware, MGIC will have a valid and perfected first priority security interest therein;

(vi) upon the filing of a UCC financing statement naming Sherman Capital as debtor and Radian as secured party and a description of the Radian Collateral in the office of the Secretary of State of the State of Delaware, Radian will have a valid and perfected first priority security interest therein;

(vii) the performance by it of its obligations under this Agreement will not result in the creation of any security interest, lien or other encumbrance on the Collateral other than the security interest and lien granted under Section 3;

(viii) its exact legal name, corporate structure and jurisdiction of organization are as shown in Section 4(i) hereof and its chief executive office and primary place of business are located at the address specified in Section 4(i); and

(ix) it will not change (i) its name, identity or corporate structure in any manner (including, without limitation, by merger, consolidation, change in corporate form or otherwise) or (ii) the location of its chief executive office, type of organization or jurisdiction of organization or establish any trade names unless it shall have given MGIC and Radian not less than 30 days' prior notice thereof in writing and taken all actions necessary or advisable to maintain the continuous validity, perfection and the same or better priority of MGIC's and Radian's security interests in the MGIC Collateral and Radian Collateral, respectively, intended to be granted and agreed to hereby.

(f) Events of Default. Each of the following constitutes an event of default hereunder (an "Event of Default"). An Event of Default will exist with respect to a Party (such Party, the "Defaulting Party") if:

(i) any representation or warranty made by a Party in this Agreement proves to have been incorrect or misleading in any material respect when made;

(ii) that Party fails to comply with or perform any agreement or obligation set forth in this Agreement and that continues for 30 days after notice of that failure is given to that Party.

(g) Remedies upon Default.

(i) If any Event of Default shall have occurred and be continuing, subject to the Sherman Financial LLC Agreement, MGIC and Radian shall each have all of the rights and remedies with respect to the MGIC Collateral and Radian Collateral, respectively, of a secured party under the UCC (whether or not in effect in the jurisdiction where the rights and remedies are asserted or sought to be exercised), and such additional rights and remedies to which a secured party is entitled under the Laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted or sought to be exercised. In addition, without being required to give any notice, except as may be required by mandatory provisions of Law, subject to the Sherman Financial LLC Agreement, upon the exercise of its rights and remedies hereunder, MGIC shall have the right to hold the MGIC Collateral and Radian shall have the right to hold the Radian Collateral absolutely free from any claim or right of whatsoever kind.

(ii) Upon the occurrence and during the continuance of an Event of Default:

(1) All rights of Sherman Capital to exercise the voting and consensual rights and powers it is entitled to exercise pursuant to Section 3(d)(iii)(1) above, and the obligations of MGIC and Radian under

paragraph 3(d)(iii)(3) above, shall cease, and all such rights shall thereupon become vested in MGIC and Radian, which shall have sole and exclusive right and authority to exercise such voting and consensual rights and power; and

(2) All rights of Sherman Capital to distributions or other payments pursuant to Section 3(d)(iii)(2) above shall cease, and all such rights shall thereupon become vested in MGIC and Radian, which shall have the sole and exclusive right and authority to receive and retain such distributions or other payments. All distributions or other payments received by Sherman Capital contrary to the provisions of this paragraph (g)(ii)(2) shall be held in trust for the benefit of MGIC and Radian, shall be segregated from other property or funds of Sherman Capital and shall be forthwith delivered to MGIC and Radian upon demand in the same form as so received (with any necessary endorsement). Any and all money and other property paid over to or received by MGIC and Radian pursuant to this paragraph (g)(ii)(2) shall be retained by MGIC and Radian as additional Collateral hereunder and applied in accordance with the provisions hereof.

(h) Termination. This Agreement shall create a continuing security interest in the MGIC Collateral and Radian Collateral and shall remain in full force until the exercise or expiration of the Options.

Section 4. Miscellaneous.

(a) Confidentiality. (i) The parties hereto agree to keep this Agreement strictly confidential, and neither Radian, MGIC nor Sherman Capital shall, without the prior written consent of the other parties, disclose this Agreement or any of its terms to any person (other than its Representatives), except to the extent otherwise required by Law (in which case, the provisions of Section 4(a)(ii) shall apply).

(ii) Notwithstanding anything in this Agreement to the contrary, in the event that a Party is advised by its counsel (who may be internal counsel) that disclosure of this Agreement is required by law, the provisions of the following sentence shall apply. Notwithstanding anything in this Agreement to the contrary, in the event that a Party hereto is advised by its counsel that disclosure of this Agreement is required by law, it is agreed that such Party or its Representative, as the case may be, (i) shall notify the other Parties of such requirement as promptly as practicable, (ii) may, without liability hereunder, disclose this Agreement in the manner it is advised is required by law and (iii) will exercise its best efforts to have confidential treatment accorded to any provision of this Agreement that a Party hereto reasonably requests to have accorded such treatment if such requesting Party takes primary responsibility for preparing and, to the extent permissible by law, processing such request.

(b) Covenant Not to Permit Distributions. Each Party agrees that, prior to the exercise of the Option or the expiration thereof in accordance with this Agreement, it shall not approve, and shall cause its Manager not to approve, any distribution by Sherman Financial to the extent such distribution will be made following the Exercise Date.

(c) Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their successors. This Agreement may not be assigned by any Party without the prior written consent of the other parties; provided, that each of MGIC and Radian may assign this Agreement in connection with a Transfer as permitted by Section 9.1(c)(i) or (ii) of the Sherman Financial LLC Agreement.

(d) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS THAT WOULD REQUIRE THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

(e) Resolutions of Disputes.

(i) Generally. Unless prohibited by applicable Law, the Parties agree that any dispute, controversy or claim arising out of or relating to this Agreement or the performance by the Parties of its terms shall be settled by binding arbitration held in the Borough of Manhattan, City of New York, State of New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect, except as specifically otherwise provided in this Section 4(d). Notwithstanding the foregoing, to the extent the arbitrator(s) does not possess the power to subpoena witnesses necessary to the resolution of a dispute, controversy or claim brought hereunder which a court of competent jurisdiction would possess, such dispute, controversy or claim shall not be subject to the terms of this Section 4(d) and shall instead be subject to resolution in such court. If the Parties to the Sherman Financial LLC Agreement are engaged in or submit a matter to arbitration with respect to or related to the same subject matter as a matter which is to be submitted to arbitration pursuant to this Agreement, such arbitrations shall be jointly conducted.

(ii) Arbitrators. If the matter in controversy (exclusive of attorney fees and expenses) shall appear, as at the time of the demand for arbitration, to exceed $500,000, then the panel to be appointed shall consist of three neutral arbitrators; otherwise, one neutral arbitrator. No arbitrator shall be a current or former officer, manager, director or employee of any Party or any member of Sherman Financial.

(iii) Procedures: No Appeal. The arbitrator(s) shall allow such discovery as the arbitrator(s) determines appropriate under the circumstances and shall resolve the dispute as expeditiously as practicable, and if reasonably practicable, within 120 days after the selection of the

arbitrator(s). The arbitrator(s) shall give the Parties written notice of the decision, with the reasons therefor set out, and shall have 30 days thereafter to reconsider and modify such decision if any Party so requests within 10 days after the decision. Thereafter, the decision of the arbitrator(s) shall be final, binding, and nonappealable with respect to all persons, including (without limitation) persons who have failed or refused to participate in the arbitration process, except to the extent such decision shall be premised upon an erroneous application of or shall be contrary to applicable Law. In making any decision, the arbitrator(s) is instructed to preserve, as nearly as possible, to the extent compatible with applicable Law, the original business and economic intent of the Parties embodied in this Agreement.

(iv) Authority. The arbitrator(s) shall have authority to award relief under legal or equitable principles, including interim or preliminary relief, and to allocate responsibility for the costs of the arbitration and to award recovery of attorneys fees and expenses in such manner as is determined to be appropriate by the arbitrator(s).

(v) Entry of Judgment. Judgment upon the award rendered by the arbitrator(s) may be entered in any court having in personam and subject matter jurisdiction. Each Party hereby submits to the in personam jurisdiction of the federal and state courts in the Southern District of New York, and in the borough of Manhattan for the purpose of confirming any such award and entering judgment thereon.

(vi) Confidentiality. All proceedings under this Section 4 and all evidence given or discovered pursuant hereto, shall be maintained in confidence by all Parties and by the arbitrators.

(vii) Continued Performance. The fact that the dispute resolution procedures specified in this Section 4 shall have been or may be invoked shall not excuse any Party from performing its obligations under this Agreement and during the pendency of any such procedure all Parties shall continue to perform their respective obligations in good faith.

(viii) Tolling. All applicable statutes of limitation shall be tolled while the procedures specified in this Section 4 are pending. The Parties will take such action, if any, required to effectuate such tolling.

(f) Waiver of Jury Trial. WITHOUT LIMITING SECTION 4(D), AND ONLY TO THE EXTENT THAT ANY PROVISION OF SECTION 4(D) IS HELD BY A COURT OF COMPETENT JURISDICTION NOT TO BE ENFORCEABLE, EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES THE RIGHT TO A TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY AND FOR ANY

COUNTERCLAIM THEREIN TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.

(g) Amendments. Neither this Agreement nor any provision hereof may be amended, modified or waived except by an instrument in writing duly signed by or on behalf of the parties.

(h) Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was not performed in accordance with the terms hereof and that the parties hereto shall be entitled to specific performance of the terms hereof, in addition to any other remedy at Law or in equity.

(i) Notice. Notices, requests, permissions, waivers, and other communications hereunder shall be in writing and shall be deemed to have been duly given when received if delivered by facsimile transmission:

if to Radian:

Radian Guaranty Inc.
1601 Market Street
Philadelphia, PA 19103-2337
Attention: General Counsel
Telephone No.: (800) 523-1988, ext. 3388
Fax No.: (215) 405-9160

if to MGIC:

Mortgage Guaranty Insurance Corporation
MGIC Plaza, P.O. Box 488
Milwaukee, Wisconsin 53201-0488
Attention: Chief Financial Officer
With a copy to: General Counsel
Telephone No.: (800) 558-9900
Fax No.: (414) 347-6959 (General Counsel)/
(414) 347-2655 (CFO)

if to Sherman Capital, a Delaware limited liability company:

Sherman Capital, L.L.C.
5348 Vegas Drive
Las Vegas, Nevada 89108
Attention: Secretary
Telephone No.: (702) 387-7514
Fax No.: (702) 387-7517 or (843) 722-1884

(j) Headings. The headings of this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.

(k) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(l) Consistent Reporting. The Parties agree that in preparing and filing federal income tax returns and state or local tax returns that follow federal principles (including returns of Sherman Financial), and in any Internal Revenue Service audit, they will treat the grant of the MGIC Option and Radian Option as the grant of an option on a capital asset that (i) produces no current income for Sherman Capital and (ii) will result in capital gain income to Sherman Capital on the Exercise Date equal to the excess of the Option Price plus the Option Premium over Sherman Capital's basis in the Class A Units and Preferred Units transferred pursuant to the Options.

[Signature page follows]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written by their duly authorized officers.

RADIAN GUARANTY INC.

By: /s/ Robert Quint
Name: Robert Quint
Title: Executive Vice President and Chief Financial Officer

MORTGAGE GUARANTY INSURANCE CORPORATION

By: /s/ J. Michael Lauer
Name: J. Michael Lauer
Title: Executive Vice President & Chief Financial Officer

SHERMAN CAPITAL, L.L.C.

By: /s/ Les Gutierrez
Name: Les Gutierrez
Title: Authorized Representative

Schedule 1

Option Amounts and Option Price

	Units Subject to Options						
	Class A Units	Price/A Unit	Total Price for A Units	Preferred Units	Price/ Preferred Unit	Total Price for Preferred Units	Total Option Price
Radian	392,000	$ 114.17286890	$ 44,755,764.61	300,000	$ 68.50372134	$ 20,551,116.40	$ 65,306,881.01
MGIC	392,000	$ 114.17286890	$ 44,755,764.61	300,000	$ 68.50372134	$ 20,551,116.40	$ 65,306,881.01
Total	784,000		$ 89,511,529.22	600,000		$ 41,102,232.80	$ 130,613,762.02

MGIC INVESTMENT CORPORATION

OFFICER'S CERTIFICATE

Dated as of September 13, 2006

Setting Forth Terms of a Series of Debt Securities

5.625% Senior Notes Due 2011

Pursuant to the Indenture
Dated as of October 15, 2000

OFFICER'S CERTIFICATE

The undersigned, the Executive Vice President and Chief Financial Officer of MGIC Investment Corporation, a Wisconsin corporation (the "Company"), hereby certifies as provided below pursuant to Section 3.1 of the Indenture, dated as of October 15, 2000 (the "Indenture"), between the Company and U.S. Bank National Association, as successor trustee (the "Trustee"). This Officer's Certificate is delivered, pursuant to authority granted to the undersigned by resolutions adopted July 12, 2005 by the Board of Directors of the Company, for the purpose of creating and setting forth the terms of a series of Securities to be issued pursuant to the Indenture. Capitalized terms not otherwise defined herein are used as defined in the Indenture.

1. The Board of Directors of the Company has authorized any one or more Appropriate Officers to create and authorize one or more series of unsecured senior debt securities of the Company under an indenture. Pursuant to such authorization, the undersigned Appropriate Officer is determining that a series of such securities shall be issued under the Indenture and in accordance with the Indenture this Officer's Certificate is being delivered to the Trustee to establish the terms of a series of Securities as set forth therein.

2. The title of the Securities shall be "5.625% Senior Notes due 2011" (herein called the "Notes").

3. The aggregate principal amount of Notes which may be authenticated and delivered under the Indenture is limited to U.S. $200,000,000, except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes as provided in Sections 3.4, 3.5, 3.6, 9.5, or 11.7 of the Indenture, upon repayment in part of any Registered Security of such series pursuant to Article 13 of the Indenture, upon surrender in part of any Registered Security for conversion into other securities of the Company or exchange for securities of another issuer pursuant to its terms, or pursuant to or as contemplated by the terms of such Notes. Notwithstanding the foregoing limitation on aggregate principal amount of the Notes, the Notes may be reopened for issuances of additional Notes in accordance with Section 3.1 of the Indenture.

4. The Notes shall be issuable as Registered Securities and shall not be exchangeable for Bearer Securities.

5. Subject to earlier redemption, the principal of the Notes shall be payable in U.S. dollars on September 15, 2011.

6. The Notes shall bear interest at the rate of 5.625% per annum; such interest shall accrue from September 18, 2006 (or from the most recent interest payment date to which interest on the Notes has been paid or provided for); the interest payment dates on which such interest shall be payable shall be March 15 and September 15 in each year, commencing March 15, 2007; the Regular Record Dates for the determination of Holders to whom interest is payable shall be the March 1 or September 1 next preceding each Interest Payment Date. Interest on the Notes shall be payable in U.S. dollars.

7. Pursuant to the Indenture, the Trustee has been appointed as the Security Registrar for the Notes. The Trustee is hereby further appointed as the initial Paying Agent and transfer agent of the Notes. The principal of and interest on the Notes shall be payable at the office of the Paying Agent, which shall initially be located in the Borough of Manhattan, The City of New York.

8. The Notes shall be redeemable at any time in whole or from time to time in part at a Redemption Price equal to the sum of 100% of the principal amount of the Notes being redeemed, accrued interest thereon to the Redemption Date, and the Make-Whole Amount, if any, with respect to such Notes; provided, however, that installments of interest on Notes due on an Interest Payment Date which occurs on or before any Redemption Date shall be payable to the Holders of such Notes who were registered Holders as of the close of business on the Record Date immediately preceding such Interest Payment Date.

9. The terms defined below shall, for all purposes of the Notes under the Indenture and this Officer's Certificate, have the meanings specified, unless the context clearly otherwise requires or unless otherwise indicated:

"Make-Whole Amount" means, in connection with any optional redemption, the excess, if any, of (i) the aggregate present value as of the date of such redemption of each dollar of principal being redeemed and the amount of interest, exclusive of interest accrued to the Redemption Date, that would have been payable in respect of each such dollar if such redemption had not been made, determined by discounting, on a semi-annual basis, such principal and interest at the Reinvestment Rate, as determined on the third Business Day preceding the date such notice of redemption is given, from the respective dates on which such principal and interest would have been payable if such redemption had not been made, to the date of redemption, over (ii) the aggregate principal amount of the Notes being redeemed. The Make-Whole Amount shall be calculated by the Company and set forth in a certificate of an Authorized Officer delivered to the Trustee, and the Trustee shall be entitled to rely on said certificate.

"Reinvestment Rate" means .15% (15 basis points) plus the arithmetic mean of the yields under the heading "Week Ending" published in the most recent Statistical Release under the caption "Treasury Constant Maturities" for the maturity, rounded to the nearest month, corresponding to the remaining life to maturity, as of the payment date of the principal amount of the Notes being redeemed. If no maturity exactly corresponds to such maturity, yields for the two published maturities most closely corresponding to such maturity shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding in each of such relevant periods to the nearest month. For the purposes of calculating the Reinvestment Rate, the most recent Statistical Release published prior to the date of determination of the Make-Whole Amount shall be used. If the format or content of the Statistical Release changes in a manner that precludes determination of the Treasury yield in the above manner, then the Treasury yield shall be determined in the manner that most closely approximates the above manner, as reasonably determined by the Company.

"Statistical Release" means the statistical release designated "H.15(519)" or any successor publication which is published weekly by the Federal Reserve System and which

reports yields on actively traded United States government securities adjusted to constant maturities, or, if such statistical release is not published at the time of any required determination under the Indenture, then such other reasonably comparable index which shall be designated by the Company.

10. The Notes shall not be subject to any sinking fund and shall not be repurchasable at the option of a Holder.

11. The Notes shall not be convertible into other securities of the Company or exchangeable for securities of another issuer.

12. Defeasance and covenant defeasance under Section 4.2(2) and Section 4.2(3) of the Indenture shall be applicable to the Notes.

13. The Notes shall not be issuable upon the exercise of warrants.

14. The Notes shall initially be issued in whole in the form of one or more permanent global Securities. The Depository Trust Company, a clearing agency registered under the Securities Exchange Act of 1934, as amended ("DTC"), shall initially serve as the depositary for such global Security or Securities. For so long as DTC shall be the depositary, all Notes shall be registered in its name or in the name of a nominee thereof. While the Notes are evidenced by one or more global Securities, the depositary or its nominee, as the case may be, shall be the sole Holder thereof for all purposes under the Indenture. Neither the Company nor the Trustee shall have any responsibility or the obligation to the depositary's participants or the beneficial owners for whom they act with respect to their receipt from the depositary of payments on the Notes or notices given under the Indenture. The global Security or Securities provided for hereunder shall bear such legend or legends as may be required from time to time by the depositary.

15. Except as hereinafter described, Notes in definitive form will not be issued. Notwithstanding the foregoing, in the event the Company decides to discontinue the use of global Securities, any Event of Default has occurred and is continuing or if DTC is at any time unwilling, unable or ineligible to continue as depositary and a successor depositary is not appointed by the Company within 90 days, the Company will issue individual Notes in certificated form to owners of "book-entry" ownership interests in exchange for the Notes held by DTC or its nominee, as the case may be. In such instance, an owner of a "book-entry" ownership interest will be entitled to physical delivery of certificates equal in principal amount to such "book-entry" ownership interest and to have such certificates registered in its name. Individual certificates so issued will be issued in denominations of $1,000 or any multiple thereof.

16. Additional terms regarding the Notes are as set forth in the form of the Notes set forth below.

17. The form of the Notes shall be substantially as follows:

[Form of 5.625% Note due 2011]

No. R-_____ $_____

MGIC INVESTMENT CORPORATION
5.625% Note due 2011

CUSIP No.: 552845 AG 4

MGIC INVESTMENT CORPORATION
promises to pay to_____& nbsp;_____

or registered assigns
the principal sum of_____ Dollars on September 15, 2011

Interest Payment Dates: March 15 and September 15
Regular Record Dates: March 1 and September 1

Dated:

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

MGIC INVESTMENT CORPORATION

By: _____
Authorized Officer

(CORPORATE SEAL)

_____
Authorized Officer

MGIC INVESTMENT CORPORATION
5.625% Note due 2011

Interest. MGIC Investment Corporation, a Wisconsin corporation (the "Company"), promises to pay interest on the principal amount of this Security (as defined herein) at the rate per annum shown above. The Company shall pay interest semiannually on March 15 and September 15 of each year commencing March 15, 2007. Interest on the Securities shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from September 18, 2006. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Method of Payment. The Company shall pay interest on the Securities to the persons who are registered holders of Securities at the close of business on the Record Date for the next Interest Payment Date, except as otherwise provided in the Indenture. Holders must surrender Securities to a Paying Agent to collect principal payments. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Company may pay principal and interest by check payable in such money. The Company may mail an interest check to a Holder's registered address.

Securities Agents. Initially, U.S. Bank National Association, shall act as Paying Agent, transfer agent and Security Registrar. The Company may change any Paying Agent, transfer agent or Security Registrar without notice. The Company or any Affiliate of the Company may act in any such capacity. Subject to certain conditions, the Company may change the Trustee.

Indenture. The Company issued the securities of this series (individually a "Security" and collectively the "Securities") under an Indenture, dated as of October 15, 2000 (the "Indenture"), between the Company and U.S. Bank National Association (the "Trustee"), as supplemented by the Officer's Certificate, dated as of September 13, 2006 (the "Officer's Certificate"). The terms of the Securities include those stated in the Indenture and in the Officer's Certificate establishing the Securities and those made part of the Indenture by the Trust Indenture Act of 1939 (15 U.S. Code Sections 77aaa-77bbbb). Holders are referred to the Indenture, the above-referenced Officer's Certificate and such act for a statement of such terms. All capitalized terms used but not defined herein have the respective meanings ascribed thereto in the Indenture.

Maturity. The principal on the Securities shall be payable on September 15, 2011.

Redemption Prior to Maturity. The Securities shall be redeemable at any time in whole or from time to time in part at a Redemption Price equal to the sum of 100% of the principal amount of the Securities being redeemed, accrued interest thereon to the Redemption Date, and the Make-Whole Amount, if any, with respect to such Securities; provided, however, that installments of interest on Securities due on an Interest Payment Date which occurs on or before any Redemption Date shall be payable to the Holders of such Securities who were registered Holders as of the close of business on the Record Date immediately preceding such

Interest Payment Date. The Company shall give notice of any redemption of any Securities to Holders of the Securities to be redeemed at the addresses of such Holders, as shown in the Security Register, not more than 60 nor less than 30 days prior to the Redemption Date. The notice of redemption will specify, among other items, the Redemption Price and the aggregate principal amount of the Securities to be redeemed. If less than all of the Outstanding Securities are to be redeemed, then the Trustee shall select the Securities to be redeemed in principal amounts of $1,000 or integral multiples of $1,000 by lot, pro rata or by another method the Trustee considers fair and appropriate. The Indenture contains additional provisions with respect to any redemption of the Securities.

Denominations, Transfer, Exchange. The Securities are in registered form without coupons in denominations of $1,000 and whole multiples of $1,000. The transfer of Securities may be registered and Securities may be exchanged as provided in the Indenture. The transfer agent may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or the Indenture.

Persons Deemed Owners. The registered holder of a Security may be treated as its owner for all purposes.

Amendments and Waivers. Subject to certain exceptions, the Indenture or the Securities may be amended with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities of all series affected by the amendment. Subject to certain exceptions, a default on a series may be waived with the consent of the Holders of not less than a majority in principal amount of the series.

Without the consent of any Holder, the Indenture or the Securities may be amended to, among other things, cure any ambiguity or correct any omission, defect or inconsistency; to provide for assumption of Company obligations to Holders; or to make any change that does not materially adversely affect the interests of any Holders of Securities then Outstanding.

Limitations on Debt. The Securities are unsecured general obligations of the Company limited to $200,000,000 principal amount; provided, however, that the Securities may be reopened for issuances of additional Securities in accordance with the Indenture. The Indenture does not limit other unsecured debt.

Successors. When a successor assumes all the obligations of the Company under the Securities and the Indenture, the Company shall be released from those obligations.

Defeasance Prior to Maturity. Subject to certain conditions, the Company at any time may terminate some or all of its obligations under the Securities and the Indenture if the Company deposits with the Trustee U.S. dollars or U.S. Government Obligations for the payment of principal of and interest on the Securities to maturity.

Defaults and Remedies. An Event of Default includes: default for 30 days in payment of interest on the Securities; default in payment of principal on the Securities; default by the Company in the performance of any of its other agreements applicable to the Securities that continues for 60 days after the Company has been given notice of such default; a failure to pay

when due at maturity or a default that results in the acceleration of maturity of any other debt of the Company or certain subsidiaries in an aggregate amount of $40 million or more; and certain events of bankruptcy or insolvency. If an Event of Default occurs and is continuing, the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities may declare the principal of all the Securities to be due and payable immediately.

Holders may not enforce the Indenture or the Securities except as provided in the Indenture. The Trustee may require indemnity satisfactory to it before it enforces the Indenture or the Securities. Subject to certain limitations, Holders of a majority in principal amount of the Securities may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders notice of any continuing default (except a default in payment of principal or interest) if it in good faith determines that withholding such notice is in their best interest.

Trustee Dealings with Company. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with those persons, as if it were not Trustee.

No Recourse Against Others. Any incorporator, director or officer, as such, of the Company shall not have any liability for any obligations of the Company under the Securities or the Indenture or for any claim based on, in respect of or by reason of such obligations or their creation. Each Holder by accepting a Security waives and releases all such liability. The waiver and release are part of the consideration for the issue of the Securities.

Authentication. This Security shall not be valid until authenticated by a manual signature of the Trustee.

Abbreviations. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (=tenants in common), TEN ENT (=tenants by the entirety), JT TEN (=joint tenants with right of survivorship and not as tenants in common), CUST (=custodian), U/G/M/A (=Uniform Gifts to Minors Act), and U/T/M/A (=Uniform Transfers to Minors Act).

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture and the Officer's Certificate, which contains the text of this Security. Requests may be made to: Corporate Secretary, MGIC Investment Corporation, MGIC Plaza, 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202.

All terms used in this Security, which are defined in the Indenture, shall have the meanings assigned to them in the Indenture.

[Form of Assignment Form]

ASSIGNMENT FORM

To assign this Security, fill in the form below:

I or we assign and transfer this Security to _____

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

(Insert assignee's soc. sec. or tax I.D. no.)

and irrevocably appoint _____ as agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____, _____ Your signature: _____

_____

(Sign exactly as your name appears on the face of this Security)

Signature Guaranteed:

_____

* * *

IN WITNESS WHEREOF, I have set my hand as of the day and year first above written.

MGIC INVESTMENT CORPORATION

By: /s/ J. Michael Lauer
J. Michael Lauer
Executive Vice President,
and Chief Financial Officer