FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended JUNE 30, 1998

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to ________

Commission file number 1-10816

MGIC INVESTMENT CORPORATION
(Exact name of registrant as specified in its charter)

WISCONSIN	39-1486475
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
250 E. KILBOURN AVENUE MILWAUKEE, WISCONSIN	53202
(Address of principal executive offices)	(Zip Code)

(414) 347-6480
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES X NO ____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS OF STOCK	PAR VALUE	DATE	NUMBER OF SHARES
Common stock	$1.00	6/30/98	113,340,426

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
June 30, 1998 (Unaudited) and December 31, 1997

	June 30, 1998	December 31, 1997
ASSETS	(In thousands of dollars)	
Investment portfolio:		
Securities, available-for-sale, at market value:		
Fixed maturities	$2,441,750	$2,185,954
Equity securities	4,221	116,053
Short-term investments	124,649	114,733
Total investment portfolio	2,570,620	2,416,740
Cash	10,876	4,893
Accrued investment income	39,283	35,485
Reinsurance recoverable on loss reserves	22,111	26,415
Reinsurance recoverable on unearned premiums	7,147	9,239
Home office and equipment, net	32,997	33,784
Deferred insurance policy acquisition costs	25,265	27,156
Investment in joint venture	49,320	29,400
Other assets	37,662	34,575
Total assets	$2,795,281	$2,617,687
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Loss reserves	$ 630,951	$ 598,683
Unearned premiums	180,293	198,305
Notes payable (note 2)	245,000	237,500
Income taxes payable	22,064	27,717
Other liabilities	87,900	68,700
Total liabilities	1,166,208	1,130,905
Contingencies (note 3)		
Shareholders' equity:		
Common stock, $1 par value, shares authorized 300,000,000; shares issued 121,110,800; shares outstanding, 6/30/98 - 113,340,426; 1997 - 113,791,593	121,111	121,111
Paid-in surplus	218,317	218,499
Treasury stock (shares at cost, 6/30/98 - 7,770,374; 1997 - 7,319,207)	(287,421)	(252,942)
Unrealized appreciation in investments, net of tax (note 6)	77,381	83,985
Retained earnings	1,499,685	1,316,129
Total shareholders' equity	1,629,073	1,486,782
Total liabilities and shareholders' equity	$2,795,281	$2,617,687

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF OPERATIONS
Three and Six Month Periods Ended June 30, 1998 and 1997
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(In thousands of dollars, except per share data)			
Revenues:				
Premiums written:				
Direct	$187,733	$171,110	$365,530	$326,399
Assumed	2,168	3,065	4,137	5,859
Ceded	(3,238)	(3,259)	(6,517)	(5,736)
Net premiums written	186,663	170,916	363,150	326,522
Decrease in unearned premiums	2,585	2,563	15,919	17,249
Net premiums earned	189,248	173,479	379,069	343,771
Investment income, net of expenses	35,325	30,372	69,714	59,880
Realized investment gains, net	946	507	11,241	596
Other revenue	12,507	6,507	21,968	11,709
Total revenues	238,026	210,865	481,992	415,956
Losses and expenses:				
Losses incurred, net	52,514	58,251	111,952	121,445
Underwriting and other expenses	45,532	37,920	90,690	76,133
Interest expense	3,456	-	7,086	319
Ceding commission	(929)	(966)	(1,266)	(1,508)
Total losses and expenses	100,573	95,205	208,462	196,389
Income before tax	137,453	115,660	273,530	219,567
Provision for income tax	42,241	35,045	84,271	66,516
Net income	$ 95,212	$ 80,615	$189,259	$153,051
Earnings per share (note 4):				
Basic	$ 0.83	$ 0.68	$ 1.66	$ 1.29
Diluted	$ 0.82	$ 0.67	$ 1.64	$ 1.28
Weighted average common shares outstanding - diluted (shares in thousands, note 4)	115,713	119,594	115,727	119,473
Dividends per share	$ 0.025	$ 0.025	$ 0.050	$ 0.045

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Six Months Ended June 30, 1998 and 1997
(Unaudited)

	Six Months Ended June 30, 1998	Six Months Ended June 30, 1997
	(In thousands of dollars)	
Cash flows from operating activities:		
Net income	$189,259	$153,051
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred insurance policy acquisition costs	11,249	14,672
Increase in deferred insurance policy acquisition costs	(9,358)	(12,272)
Depreciation and amortization	3,503	4,055
Increase in accrued investment income	(3,798)	(765)
Decrease in reinsurance recoverable on loss reserves	4,304	3,561
Decrease in reinsurance recoverable on unearned premiums	2,092	2,328
Increase in loss reserves	32,268	39,358
Decrease in unearned premiums	(18,012)	(19,578)
Equity earnings in joint venture	(4,920)	500
Other	(4,866)	(23,625)
Net cash provided by operating activities	201,721	161,285
Cash flows from investing activities:		
Purchase of equity securities	(3,886)	(41,579)
Purchase of fixed maturities	(503,774)	(356,099)
Additional investment in joint venture	(15,000)	(6,850)
Proceeds from sale of equity securities	106,223	-
Proceeds from sale or maturity of fixed maturities	245,910	226,989
Net cash used in investing activities	(170,527)	(177,539)
Cash flows from financing activities:		
Dividends paid to shareholders	(5,705)	(5,319)
Net increase (decrease) in notes payable	7,500	(35,424)
Reissuance of treasury stock	12,210	10,931
Repurchase of common stock	(29,300)	-
Net cash used in financing activities	(15,295)	(29,812)
Net increase (decrease) in cash and short-term investments	15,899	(46,066)
Cash and short-term investments at beginning of period	119,626	143,975
Cash and short-term investments at end of period	$135,525	$ 97,909

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 1998
(Unaudited)

Note 1 - Basis of presentation

The accompanying unaudited consolidated financial statements of MGIC Investment Corporation (the "Company") and its wholly-owned subsidiaries have been prepared in accordance with the instructions to Form 10-Q and do not include all of the other information and disclosures required by generally accepted accounting principles. These statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 1997 included in the Company's Annual Report on Form 10-K for that year.

The accompanying consolidated financial statements have not been audited by independent accountants in accordance with generally accepted auditing standards, but in the opinion of management such financial statements include all adjustments, consisting only of normal recurring accruals, necessary to summarize fairly the Company's financial position and results of operations. The results of operations for the six months ended June 30, 1998 may not be indicative of the results that may be expected for the year ending December 31, 1998.

Note 2 - Notes payable

In June of 1998, the Company completed a $250 million bank loan agreement with several lending institutions to finance a Stock Repurchase program in addition to the repurchase program completed in 1997. The weighted average interest rates on the notes payable for borrowings under the 1997 and 1998 credit agreements were 5.89% and 5.91% per annum, respectively, at June 30,1998.

The 1997 and 1998 credit facilities provide up to $225 million and $250 million, respectively, of availability at June 30, 1998. The 1997 credit facility will decrease by $25 million each year through June 20, 2001. Any outstanding borrowings under this facility mature on June 20, 2002. The 1998 credit facility decreases by $25 million each year beginning June 9, 1999 through June 9, 2002. Any outstanding borrowings under this facility mature on June 9, 2003. The Company has the option, on notice to lenders, to prepay any borrowings under the agreements subject to certain provisions.

Under the terms of the credit facilities, the Company must maintain shareholders' equity of at least $1 billion and MGIC must maintain a claims paying ability rating of AA- or better with Standard & Poor's Corporation ("S&P"). At June 30, 1998, the Company had shareholders' equity of $1.6 billion and MGIC had a claims paying ability rating of AA+ from S&P.

MGIC is guaranteeing one half of a $50 million credit facility for C-BASS, a 48% owned unconsolidated joint venture. The facility matures in July 1999.

Note 3 - Contingencies

The Company is involved in litigation in the ordinary course of business. In the opinion of management, the ultimate disposition of the pending litigation will not have a material adverse effect on the financial position of the Company.

Note 4 - Earnings per share

The Company's basic and diluted earnings per share ("EPS") have been calculated in accordance with Statement of Financial Accounting Standards No. 128, Earnings Per Share ("SFAS 128"). The following is a reconciliation of the weighted-average number of shares used for basic EPS and diluted EPS.

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(Shares in thousands)			
Weighted-average shares - Basic EPS	114,144	118,322	114,067	118,215
Common stock equivalents	1,569	1,272	1,660	1,258
Weighted-average shares - Diluted EPS	115,713	119,594	115,727	119,473

Earnings per share for 1997 has been restated to reflect the provisions of SFAS 128. The Company's previously reported EPS for 1997 equaled diluted EPS under SFAS 128.

Note 5 - Comprehensive income

Effective January 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS 130"). The statement establishes standards for the reporting and display of comprehensive income and its components in annual financial statements. The Company's total comprehensive income, as calculated per SFAS 130, was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(In thousands of dollars)			
Net income	$ 95,212	$ 80,615	$189,259	$153,051
Other comprehensive gain (loss)	4,188	25,073	(6,604)	2,222
Total comprehensive income	$ 99,400	$105,688	$182,655	$155,273

The difference between the Company's net income and total comprehensive income for the three and six months ended June 30, 1998 and 1997 is due to the change in unrealized appreciation on investments, net of tax.

Note 6 - New accounting standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"), which will be effective for all fiscal quarters of all fiscal years beginning after June 15, 1999. The statement establishes accounting and reporting standards for derivative instruments and for hedging activities. It is not anticipated that the effects of SFAS 133 will be material to MGIC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Consolidated Operations

Three Months Ended June 30, 1998 Compared With Three Months Ended June 30, 1997

Net income for the three months ended June 30, 1998 was $95.2 million, compared to $80.6 million for the same period of 1997, an increase of 18%. Diluted earnings per share for the three months ended June 30, 1998 was $0.82 compared to $0.67 in the same period last year, an increase of 22%. See note 4 to the consolidated financial statements.

The amount of new primary insurance written by Mortgage Guaranty Insurance Corporation ("MGIC") during the three months ended June 30, 1998 was $10.7 billion, compared to $7.7 billion in the same period of 1997. Refinancing activity accounted for 32% of new primary insurance written in the second quarter of 1998, compared to 12% in the second quarter of 1997.

New insurance written for the second quarter of 1998 reflected an increase in the usage of the monthly premium product to 94% of new insurance written from 92% of new insurance written in the second quarter of 1997. New insurance written for adjustable-rate mortgages ("ARMs") decreased to 11% of new insurance written in the second quarter of 1998 from 30% of new insurance written in the same period of 1997. Mortgages with loan-to-value ("LTV") ratios in excess of 90% but not more than 95% ("95%") decreased to 36% of new insurance written in the second quarter of 1998 from 43% of new insurance written in the same period of 1997. Also, mortgages with 95% LTVs and 30% coverage decreased to 34% of new insurance written in the second quarter compared to 40% in the same period of 1997.

The $10.7 billion of new primary insurance written during the second quarter of 1998 was offset by the cancellation of $11.5 billion of insurance in force, and resulted in a net decrease of $0.8 billion in primary insurance in force, compared to new primary insurance written of $7.7 billion, the cancellation of $6.3 billion, and a net increase of $1.4 billion in insurance in force during the second quarter of 1997. Direct primary insurance in force was $137.5 billion at June 30, 1998 compared to $138.5 billion at December 31, 1997 and $134.2 billion at June 30, 1997. In addition to providing primary insurance coverage, the Company also insures pools of mortgage loans. New pool risk written during the three months ended June 30, 1998 was $148 million, which was virtually all agency pool insurance. The Company's direct pool risk in force at June 30, 1998 was $860.9 million compared to $590.3 million at December 31, 1997 and $348.0 million at June 30, 1997 and is expected to increase during the remainder of 1998 as a result of outstanding commitments to write additional agency pool insurance.

Cancellation activity increased during 1997 and the first half of 1998 due to favorable mortgage interest rates which resulted in a decrease in the MGIC persistency rate (percentage of insurance remaining in force from one year prior) to 74.7% at June 30, 1998 from 83.0% at June 30, 1997. Cancellation activity could increase due to factors other than refinances and home sales due to recently enacted legislation regarding cancellation of mortgage insurance.

Net premiums written were $186.7 million during the second quarter of 1998, compared to $170.9 million during the second quarter of 1997, an increase of 9%. Net premiums earned were $189.2 million for the second quarter of 1998, an increase of 9% over the $173.5 million for the same period in 1997. The increases were primarily a result of a higher percentage of renewal premiums on mortgage loans with deeper coverages and the growth in insurance in force since June 30, 1997.

MGIC continues to enter various risk sharing arrangements with its customers. These arrangements have not had a material impact on underwriting income thus far in 1998. The volume of risk sharing arrangements is expected to increase during the remainder of 1998 and may have a material impact on underwriting results in the future.

Investment income for the second quarter of 1998 was $35.3 million, an increase of 16% over the $30.4 million in the second quarter of 1997. This increase was primarily the result of an increase in the amortized cost of average invested assets to $2.4 billion for the second quarter of 1998 from $2.1 billion for the second quarter of 1997, an increase of 18%. The portfolio's average pre-tax investment yield was 5.8% for the second quarter of 1998 and 5.9% for the same period in 1997. The portfolio's average after-tax investment yield was 4.9% for the second quarter of 1998 and 5.0% for the same period in 1997.

Other revenue was $12.5 million for the second quarter of 1998 compared to $6.5 million for the same period in 1997. The increase is primarily the result of $3.0 million of equity earnings from C-BASS, the Company's joint venture with Enhance Financial Services Group Inc. and an increase in fee-based services for underwriting.

Net losses incurred decreased 10% to $52.5 million during the second quarter of 1998 from $58.3 million during the second quarter of 1997. Such decrease was primarily attributed to an increase in the redundancy in prior year loss reserves and generally favorable economic conditions throughout the country. The redundancy results from actual claim rates and actual claim amounts being lower than those estimated by the Company when originally establishing the reserve at December 31, 1997. At June 30, 1998, 63% of MGIC's insurance in force was written during the preceding fourteen quarters, compared to 65% at June 30, 1997. The highest claim frequency years have typically been the third through fifth year after the year of loan origination. However, the pattern of claims frequency for refinance loans may be different from the historical pattern of other loans.

Underwriting and other expenses increased to $45.5 million in the second quarter of 1998 from $37.9 million in the second quarter of 1997, an increase of 20%. This increase was primarily due to an increase in expenses associated with the fee-based services for underwriting and an increase in premium tax due to higher premiums written.

Interest expense increased to $3.5 million in the second quarter of 1998. There was no interest expense during the quarter ended June 30, 1997. Interest expense in the current period is the result of debt incurred to fund the stock repurchase program. See note 2 to the consolidated financial statements.

The consolidated insurance operations loss ratio was 27.7% for the second quarter of 1998 compared to 33.6% for the second quarter of 1997. The consolidated insurance operations expense and combined ratios were 19.1% and 46.8%, respectively, for the second quarter of 1998 compared to 17.9% and 51.5% for the second quarter of 1997.

The effective tax rate was 30.7% in the second quarter of 1998, compared to 30.3% in the second quarter of 1997. During both periods, the effective tax rate was below the statutory rate of 35%, reflecting the benefits of tax-preferenced investment income. The higher effective tax rate in 1998 resulted from a lower percentage of total income before tax being generated from tax-preferenced investments.

Six Months Ended June 30, 1998 Compared With Six Months Ended June 30, 1997

Net income for the six months ended June 30, 1998 was $189.3 million, compared to $153.1 million for the same period of 1997, an increase of 24%. Diluted earnings per share for the six months ended June 30, 1998 was $1.64 compared to $1.28 in the same period last year, an increase of 28%. See note 4 to the consolidated financial statements.

The amount of new primary insurance written by MGIC during the six months ended June 30, 1998 was $19.2 billion, compared to $14.2 billion in the same period of 1997. Refinancing activity accounted for 34% of new primary insurance written in the first half of 1998, compared to 14% in the first half of 1997.

New insurance written for the first half of 1998 reflected an increase in the usage of the monthly premium product to 94% of new insurance written from 92% of new insurance written in the first half of 1997. New insurance written for ARMs decreased to 12% of new insurance written in the first half of 1998 from 28% of new insurance written in the same period of 1997. Mortgages with 95% LTVs decreased to 35% of new insurance written in the first half of 1998 from 42% of new insurance written in the same period of 1997. Also, mortgages with 95% LTVs and 30% coverage decreased to 33% of new insurance written during the first half of 1998 compared to 39% in the same period of 1997.

The $19.2 billion of new primary insurance written during the first half of 1998 was offset by the cancellation of $20.2 billion of insurance in force, and resulted in a net decrease of $1.0 billion in primary insurance in force, compared to new primary insurance written of $14.2 billion, the cancellation of $11.4 billion, and a net increase of $2.8 billion in insurance in force during the first half of 1997. Direct primary insurance in force was $137.5 billion at June 30, 1998 compared to $138.5 billion at December 31, 1997 and $134.2 billion at June 30, 1997. In addition to providing primary insurance coverage, the Company also insures pools of mortgage loans. New pool risk written during the six months ended June 30, 1998 was $292 million, which was virtually all agency pool insurance. The Company's direct pool risk in force at June 30, 1998 was $860.9 million compared to $590.3 million at December 31, 1997 and $348.0 million at June 30, 1997 and is expected to increase during the remainder of 1998 as a result of outstanding commitments to write additional agency pool insurance.

Cancellation activity increased during 1997 and the first half of 1998 due to favorable mortgage interest rates which resulted in a decrease in the MGIC persistency rate (percentage of insurance remaining in force from one year prior) to 74.7% at June 30, 1998 from 83.0% at June 30, 1997. Cancellation activity could increase due to factors other than refinances and home sales due to recently enacted legislation regarding cancellation of mortgage insurance.

Net premiums written were $363.2 million during the first half of 1998, compared to $326.5 million during the first half of 1997, an increase of 11%. Net premiums earned were $379.1 million for the first half of 1998, an increase of 10% over the $343.8 million for the same period in 1997. The increases were primarily a result of a higher percentage of renewal premiums on mortgage loans with deeper coverages and the growth in insurance in force since June 30, 1997.

MGIC continues to enter various risk sharing arrangements with its customers. These arrangements have not had a material impact on underwriting income thus far in 1998. The volume of risk sharing arrangements is expected to increase during the remainder of 1998 and may have a material impact on underwriting results in the future.

Investment income for the first half of 1998 was $69.7 million, an increase of 16% over the $59.9 million in the first half of 1997. This increase was primarily the result of an increase in the amortized cost of average invested assets to $2.4 billion for the first half of 1998 from $2.0 billion for the first half of 1997, an increase of 17%. The portfolio's average pre-tax investment yield was 5.8% for the first half of 1998 and 5.9% for the same period in 1997. The portfolio's average after-tax investment yield was 4.9% for the first half of 1998 and 5.0% for the same period in 1997. The Company realized gains of $11.2 million during the six months ended June 30, 1998 resulting primarily from the sale of equity securities compared to realized gains on investments of $0.6 million during the same period in 1997.

Other revenue was $22.0 million for the first half of 1998 compared to $11.7 million for the same period in 1997. The increase is primarily the result of $4.9 million of equity earnings from C-BASS, the Company's joint venture with Enhance Financial Services Group Inc. and an increase in fee-based services for underwriting.

Net losses incurred decreased 8% to $112.0 million during the first half of 1998 from $121.4 million during the first half of 1997. Such decrease was primarily attributed to an increase in the redundancy in prior year loss reserves and generally favorable economic conditions throughout the country. The redundancy results from actual claim rates and actual claim amounts being lower than those estimated by the Company when originally establishing the reserve at December 31, 1997. At June 30, 1998, 63% of MGIC's insurance in force was written during the preceding fourteen quarters, compared to 65% at June 30, 1997. The highest claim frequency years have typically been the third through fifth year after the year of loan origination. However, the pattern of claims frequency for refinance loans may be different from the historical pattern of other loans.

Underwriting and other expenses increased to $90.7 million in the first half of 1998 from $76.1 million in the first half of 1997, an increase of 19%. This increase was primarily due to an increase in expenses associated with the fee-based services for underwriting and an increase in premium tax due to higher premiums written.

Interest expense increased to $7.1 million in the first half of 1998 from $0.3 million during the same period in 1997. Interest expense in the current period is the result of debt incurred to fund the stock repurchase program. Interest expense for the first half of 1997 represents interest prior to the repayment in January 1997 of mortgages payable. See note 2 to the consolidated financial statements.

The consolidated insurance operations loss ratio was 29.5% for the first half of 1998 compared to 35.3% for the first half of 1997. The consolidated insurance operations expense and combined ratios were 19.5% and 49.0%, respectively, for the first half of 1998 compared to 19.4% and 54.7% for the first half of 1997.

The effective tax rate was 30.8% in the first half of 1998, compared to 30.3% in the first half of 1997. During both periods, the effective tax rate was below the statutory rate of 35%, reflecting the benefits of tax-preferenced investment income. The higher effective tax rate in 1998 resulted from a lower percentage of total income before tax being generated from tax-preferenced investments.

Liquidity and Capital Resources

The Company's consolidated sources of funds consist primarily of premiums written and investment income. The Company generated positive cash flows from operating activities of $201.7 million for the six months ended June 30, 1998, as shown on the Consolidated Statement of Cash Flows. Funds are applied primarily to the payment of claims and expenses. The Company's business does not require significant capital expenditures on an ongoing basis. Positive cash flows are invested pending future payments of claims and other expenses; cash flow shortfalls, if any, could be funded through sales of short-term investments and other investment portfolio securities.

Consolidated total investments were $2.6 billion at June 30, 1998, compared to $2.4 billion at December 31, 1997, an increase of 6%. This increase is due primarily to positive cash flow from operations. The investment portfolio includes unrealized gains on securities marked to market at June 30, 1998 and December 31, 1997 of $119.0 million and $129.2 million, respectively. As of June 30, 1998, the Company had $124.6 million of short-term investments with maturities of 90 days or less. In addition, at June 30, 1998, based on amortized cost, the Company's total investments, which were primarily comprised of fixed maturities, were approximately 99% invested in "A" rated and above, readily marketable securities, concentrated in maturities of less than 15 years.

Consolidated loss reserves increased 5% to $631.0 million at June 30, 1998 from $598.7 million at December 31, 1997. Consistent with industry practices, the Company does not establish loss reserves for future claims on insured loans which are not currently in default.

Consolidated unearned premiums decreased $18.0 million from $198.3 million at December 31, 1997 to $180.3 million at June 30, 1998, primarily reflecting the continued high level of monthly premium policies written, for which there is no unearned premium. Reinsurance recoverable on unearned premiums decreased $2.1 million to $7.1 million at June 30, 1998 from $9.2 million at December 31, 1997, primarily reflecting the reduction in unearned premiums.

Consolidated shareholders' equity increased to $1.6 billion at June 30, 1998, from $1.5 billion at December 31, 1997, an increase of 10%. This increase consisted of $189.3 million of net income during the first six months of 1998 and $13.1 million from the reissuance of treasury stock offset by approximately $47.8 million for the repurchase of 837,000 shares of the Company's outstanding common stock, a decrease in net unrealized gains on investments of $6.6 million, net of tax, and dividends declared of $5.7 million.

MGIC is the principal insurance subsidiary of the Company. MGIC's risk-to-capital ratio was 14.5:1 at June 30, 1998 compared to 15.7:1 at December 31, 1997. The decrease was due to MGIC's increased policyholders' reserves, partially offset by the net additional risk in force of $172.5 million, net of reinsurance, during the first six months of 1998.

The Company's combined insurance risk-to-capital ratio was 15.0:1 at June 30, 1998, compared to 16.4:1 at December 31, 1997. The decrease was due to the same reasons as described above.

On May 7, 1998, the Company's Board of Directors authorized the repurchase of shares of the Company's common stock with an aggregate purchase price of up to $250 million. Funds for the repurchase program are provided under a bank loan facility and from operating cash flow. The Company's previous $250 million stock repurchase program was completed in 1997.

Year 2000 Compliance

Almost all of the Company's information technology systems ("IT Systems"), including all of its "business critical" IT Systems, either have been originally developed to be Year 2000 compliant or have been reprogrammed. The Company plans to reprogram the remaining Systems (the "Remaining Systems") and to complete internal testing of all IT Systems for Year 2000 compliance by the end of the second quarter of 1999. In general, the Remaining IT Systems have either been developed and maintained by the Company's Information Technology Department or use off-the-shelf software from national software vendors such as Microsoft and IBM who have publicly announced that their software is Year 2000 compliant. All of the IT Systems developed and maintained by the Information Technology Department have already been assessed for Year 2000 compliance and a portion of the Systems using off-the-shelf software have been assessed. If the Company is unable to complete any required reprogramming of the Remaining Systems on a timely basis, the efficiency of certain of the Company's business processes will likely decline but this consequence is not expected to be material to the Company.

Some of the Company's "business critical" IT Systems interface with computer systems of third parties. The Company, Fannie Mae, Freddie Mac and many of these third parties are participating in the Mortgage Bankers Association Year 2000 Inter-Industry Work Group (the "MBA Work Group"). The Company understands that the MBA Work Group is surveying its participants about their interest in conducting and scheduling compliance testing during the second and third quarters of 1999 as well as how such testing should be structured. The Company and one national service bureau have already conducted certain successful Year 2000 compliance testing and it is possible the Company will conduct additional Year 2000 compliance testing with individual companies in advance of the MBA Work Group testing. However, the Company understands it is the position of a number of larger companies in the MBA Work Group not to engage in any testing with third parties in advance of the testing sponsored by the MBA Work Group.

All costs incurred through June 1998 for IT Systems for Year 2000 compliance have been expensed and were immaterial. The costs of the remaining reprogramming and testing are expected to be immaterial.

If the Company is unable to do business with third parties electronically, the Company would seek to do business with them on a paper basis. As discussed below, the Company is in the process of developing a Year 2000 contingency plan and has not yet made an assessment of the effects on its operations of having to replace a substantial portion of the business conducted electronically with business conducted on a paper basis.

Telecommunications services and electricity are essential to the Company's ability to conduct business. The Company's long-distance voice and data telecommunications suppliers and the local telephone company serving the Company's owned headquarters and warehouse facilities have written to the Company to the effect that their respective systems will be Year 2000 compliant. The electric company serving these facilities has given the Company oral assurance that it will also be Year 2000 compliant. In addition, the Company is exploring the feasibility of acquiring back-up power for its headquarters. The Company is seeking assurance regarding Year 2000 compliance from landlords of the Company's underwriting service centers and has received letters from the local telephone companies providing service to those centers that they will be Year 2000 compliant.

The Company has begun developing a Year 2000 contingency plan. The process to complete a plan is expected to extend into 1999.

For the portion of the Company's "Safe Harbor" Statement relating to Year 2000 matters, see "Safe Harbor" Statement below.

SAFE HARBOR STATEMENT

The following is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995, which applies to all statements in this Form 10-Q, which are not historical facts and to all oral statements that the Company may make from time to time relating thereto which are not historical facts (such written and oral statements are herein referred to as "forward looking statements"):

Actual results may differ materially from those contemplated by the forward looking statements. These forward looking statements involve risks and uncertainties, including but not limited to, the following:

--the risk that demand for mortgages may be adversely affected by increases in interest rates, adverse economic conditions, or other factors;

--that the Company's new insurance written or, with respect to certain of the factors below, its market share may be adversely affected as a result of: factors affecting or relating to mortgage demand, government housing policy (including the FHA) and the programs of Freddie Mac and Fannie Mae; the competitive environment in the mortgage insurance industry, including underwriting criteria, pricing or products offered; decisions by lenders or investors to originate or purchase low down payment loans having reduced levels of mortgage insurance or using substitutes for mortgage insurance, including self-insurance, or to the extent legally permissible, to provide insurance themselves; or for other reasons;

--that insurance in force and persistency may be adversely affected due to refinancings (which are affected by changes in interest rates), changes in Fannie Mae or Freddie Mac cancellation policies, legislation or other reasons; and

--that credit quality may be adversely affected as a result of adverse changes in regional or national economies which affect borrowers' incomes or housing values.

The foregoing "Safe Harbor" Statement also identifies certain material risks of the Company's business.

In addition, with respect to forward looking statements regarding Year 2000 compliance, there is the risk that the timetables for completing Year 2000 compliance actions may be delayed due to Company personnel devoting time and attention to non-Year 2000 projects.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At June 30, 1998, the Company had no derivative financial instruments in its investment portfolio. The Company places its investments in instruments that meet high credit quality standards, as specified in the Company's investment policy guidelines; the policy also limits the amount of credit exposure to any one issue, issuer and type of instrument. At June 30, 1998, the average duration of the Company's investment portfolio was 5.9 years. The effect of a 1% increase/decrease in market interest rates would result in a 5.9% decrease/increase in the value of the Company's investment portfolio.

The Company's borrowings under the credit facilities are subject to interest rates that are variable. Changes in market interest rates would have minimal impact on the value of the note payable. See note 2 to the consolidated financial statements.

PART II.OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

(a), (c), (d) Not applicable

(b) The Company's bank loan agreements referred to in Note 2 to the Consolidated Financial Statements appearing elsewhere herein require that the Company maintain consolidated shareholders' equity, determined under generally accepted accounting principles, of at least $1 billion. The Company's consolidated shareholders' equity at June 30, 1998 exceeded $1.6 billion. The foregoing requirement to maintain at least $1 billion of consolidated shareholders' equity could limit the payment of future dividends by the Company, although the Company does not currently expect that its ability to pay dividends will be limited by this requirement.

ITEM 4.SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

(a) The Annual Meeting of Shareholders of the Company was held on May 7, 1998.

(b) At the Annual Meeting, the following Directors were elected to the Board of Directors, for a term expiring at the Annual Meeting of Shareholders to be held in 2001 or until a successor is duly elected and qualified:

James A. Abbott
James D. Ericson
Daniel Gross
Sheldon B. Lubar
Edward J. Zore

Directors with continuing terms of office are:

Term expiring 1999:	Mary K. Bush
	David S. Engelman
	Kenneth M. Jastrow, II
	William H. Lacy
Term expiring 2000:	Karl E. Case
	William A. McIntosh
	Leslie M. Muma
	Peter J. Wallison

(c) Matters voted upon at the Annual Meeting and the number of shares voted for, against, withheld, abstaining from voting and broker non-votes were as follows:

(1) Election of four Directors for a term expiring in 2001.

	FOR	WITHHELD
James A. Abbott	102,906,864	1,004,956
James D. Ericson	102,894,251	1,017,569
Daniel Gross	102,902,629	1,009,191
Sheldon B. Lubar	102,896,872	1,014,948
Edward J. Zore	102,894,501	1,017,319

(2) Approval of an amendment to the Company's Articles of Incorporation to increase the authorized shares of Common Stock to 300 million shares.

For:	98,553,144
Against:	5,197,746
Abstaining from Voting:	160,930

(3) Approval of an amendment to the Company's Articles of Incorporation to authorize 10 million shares of Preferred Stock, issuable in series.

For:	74,169,643
Against:	16,257,583
Abstaining from Voting:	209,174
Broker Non-votes:	13,275,420

(4) Ratification of the appointment of Price Waterhouse LLP as independent public accountants for the Company for 1998.

For:	103,789,981
Against:	50,722
Abstaining from Voting:	71,117

There were no broker non-votes on any matter other than the amendment to the Company's Articles of Incorporation to authorize 10 million shares of Preferred Stock, issuable in series.

(d) Not applicable

ITEM 5. OTHER INFORMATION

On May 13, 1998, the Circuit Court of Jefferson County, Alabama, Bessemer Division entered an order dismissing with prejudice against MGIC the claims of the named plaintiffs in Crenshaw v. Chemical Mortgage Company, Inc., Mortgage Guaranty Insurance Corporation, et. al. pending in such Court. Earlier in May, 1998, MGIC and the named plaintiffs entered into a stipulation of dismissal of the action. The action challenges the necessity of maintaining private mortgage insurance in certain circumstances, primarily when the loan-to-value ratio is below 80%. While MGIC is no longer a defendant in the action, neither the Court's order nor the stipulation affects the rights, if any, of the members of the purported class on whose behalf the action was brought, other than the rights of named plaintiffs, who are precluded from further pursuing their claims against MGIC.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits - The exhibits listed in the accompanying Index to Exhibits are filed as part of this Form 10-Q.

(b) Reports on Form 8-K - No reports were filed on Form 8-K during the quarter ended June 30, 1998.

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 thereunto duly authorized, on August 13, 1998.

MGIC INVESTMENT CORPORATION

/s/ J. Michael Lauer

J. Michael Lauer
Executive Vice President and
Chief Financial Officer

/s/ Patrick Sinks

Patrick Sinks
Vice President, Controller and
Chief Accounting Officer

INDEX TO EXHIBITS
(Item 6)

Exhibit Number	Description of Exhibit
3	Articles of Incorporation
10	1991 Stock Incentive Plan, As Amended
11.1	Statement Re Computation of Net Income Per Share
27	Financial Data Schedule

Exhibit 3

ARTICLES OF INCORPORATION
OF
MGIC INVESTMENT CORPORATION

ARTICLE 1

The name of the corporation is MGIC Investment Corporation.

ARTICLE 2

The period of existence is perpetual.

ARTICLE 3

The purpose for which the corporation is organized is to engage in any lawful activity within the purposes for which corporations may be organized under the Wisconsin Business Corporation Law, Chapter 180 of the Wisconsin Statutes.

ARTICLE 4

The aggregate number of shares of capital stock which the corporation shall have the authority to issue, the designation of each class of shares, the authorized number of shares of each class and the par value thereof per share shall be as follows:

Designation of Class	Par Value Per Share	Authorized Number of Shares
Common Stock	$1.00	300,000,000
Preferred Stock	$1.00	10,000,000

The preferences, limitations and relative rights of shares of each class of capital stock shall be as follows:

A. COMMON STOCK.

(1) Voting. Except as otherwise provided by law and subject to any voting rights of any series of Preferred Stock, only the Common Stock shall be entitled to vote for the election of directors of the Corporation and for all other corporate purposes. Except as otherwise provided by law, upon any such vote, each share of Common Stock shall have one vote.

(2) Dividends. Subject to any rights of any series of Preferred Stock, the Common Stock shall be entitled to receive such dividends as may be declared thereon from time to time by the Board of Directors, in its discretion.

(3) Liquidation. In the event of the voluntary or involuntary dissolution, liquidation or winding up of the Corporation, after there have been paid to or set aside for each series of Preferred Stock the full preferential amounts, if any, to which they are entitled, the Common Stock shall be entitled to share ratably, according to the number of shares, in the remaining assets of the Corporation, subject to any rights of any series of Preferred Stock to participate therein.

B. PREFERRED STOCK.

The Board of Directors is expressly authorized, to the fullest extent provided by the Wisconsin Business Corporation Law, at any time, and from time to time, to provide for the issuance of Preferred Stock in one or more series, with such designations, preferences, limitations and relative rights as shall be stated in the resolution or resolutions of the Board of Directors providing for the issue thereof, including, without limitation, the number of shares constituting such series; voting rights, if any, of the shares of such series, provided that the shares of such series will not be entitled to more than one vote per share when voting as a single voting group with the Common Stock; rights relating to redemption, exchange or conversion: (i) at the option of the Corporation, a holder of shares, another person, or upon the occurrence of a designated event or otherwise, (ii) for cash, indebtedness, securities or other property, or (iii) in a designated amount or in an amount determined under a formula, by reference to extrinsic data or events or otherwise; rights to distributions that may be cumulative, partially cumulative or noncumulative; and preference over any other class or series with respect to distributions.

ARTICLE 5

Holders of shares of capital stock shall not be entitled to any preemptive right to acquire unissued shares of capital stock or securities convertible into such shares or carrying a right to subscribe to or acquire shares, except as may be provided by contracts entered into by the Corporation with the approval of its Board of Directors.

ARTICLE 6

A. POWERS, NUMBER, CLASSIFICATION, VACANCIES AND NOMINATION OF DIRECTORS.

The general powers, number, classification, filling of vacancies and requirements for nomination of directors shall be as set forth in Sections 3.01 and 3.02 of Article III of the Bylaws of the Corporation (and as such sections shall exist from time to time).

B. REMOVAL OF DIRECTORS.

Any director may be removed from office, with or without cause, in accordance with the Wisconsin Business Corporation Law.

C. DIRECTORS ELECTED BY PREFERRED STOCK.

Notwithstanding the foregoing, whenever any one or more series of Preferred Stock shall have the right, voting pursuant to the terms of such series, to elect directors at any annual or special meeting of shareholders, the number, election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of such series of Preferred Stock. Unless expressly provided by such terms, directors so elected shall not be divided into classes and, during the prescribed terms of office of such directors, the Board of Directors shall consist of such number of directors determined as provided in Section A of this Article 6 plus the number of directors determined as provided by the terms of the Preferred Stock entitled to elect such directors.

ARTICLE 7

The address of the initial registered office of the Corporation is MGIC Investment Corporation, MGIC Plaza, Milwaukee, Wisconsin 53202 and the name of its initial registered agent at such address is John Galanis.

ARTICLE 8

The name and address of the sole incorporator is: William J. Willis, Suite 3700, 777 East Wisconsin Avenue, Milwaukee, Wisconsin 53202.

ARTICLE 9

Pursuant to the authority set forth in Section 180.1150(2), of the Wisconsin Statutes, any shares of the Corporation's Common Stock held by any person which are acquired by such person directly from The Northwestern Mutual Life Insurance Company, or any subsidiary thereof, shall be excluded from the application of Section 180.1150 of the Wisconsin Statutes while they are held by such person.

Exhibit 10

MGIC INVESTMENT CORPORATION
1991 STOCK INCENTIVE PLAN, AS AMENDED

1. Purpose. The purpose of the MGIC Investment Corporation 1991 Stock Incentive Plan, as amended to March 6, 1997 and as proposed to be further amended in accordance with amendments adopted by the Board (as hereinafter defined) on March 6, 1997 (the "Amended Plan"), is to secure for MGIC Investment Corporation (the "Company") and its subsidiaries the benefits of the additional incentive inherent in the ownership of the Company's Common Stock, $1.00 par value (the "Common Stock"), by certain key employees and executive officers of the Company and its subsidiaries and directors of the Company, who are important to the success and the growth of the business of the Company and to help the Company secure and retain the services of such persons. In addition to granting stock options ("Options"), the Amended Plan provides for a deposit share program ("Deposit Share Program") and for the award of Common Stock, subject to certain terms, conditions and restrictions ("Restricted Stock"). It is intended that certain of the Options issued pursuant to the Amended Plan will constitute incentive stock Options ("Incentive Stock Options") within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and the remainder of the Options issued pursuant to the Amended Plan will constitute nonstatutory Options. The Options and Restricted Stock are hereinafter referred to collectively as "Awards".

2. Administration.

(a) Stock Award Committee. The Amended Plan shall be administered under the supervision of the Board of Directors of the Company (the "Board"), which shall exercise its powers, to the extent herein provided, through the agency of the Stock Award Committee (the "Committee"), which shall consist of at least two members and shall be appointed from among the members of the Board who are "Non-Employee Directors," as that term is defined in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or any substitute provision therefor ("Rule 16b-3"). Any member of the Committee may resign or be removed by the Board and new members may be appointed by the Board. Additionally, the Committee shall be constituted so as to satisfy at all times the outside director requirement of Code Section 162(m) and the regulations thereunder or any substitute provision therefor.

(b) Rules and Regulations. The Committee, from time to time, may adopt rules and regulations for carrying out the provisions and purposes of the Amended Plan. The interpretation and construction of any provision of the Amended Plan by the Committee shall be final, conclusive and binding on all interested parties. In order to carry out its responsibilities, the Committee may execute such documents and enter into such agreements and make all determinations deemed necessary or advisable to effectuate the purposes of the Amended Plan.

(c) Authority. The Committee shall have all the powers vested in it by the terms of the Amended Plan, such powers to include exclusive authority (subject to the terms of the Amended Plan and applicable law) to select the persons to be granted Awards under the Amended Plan, to determine the type, size and terms of Awards to be made to each person selected, to determine the time when Awards will be granted and to establish objectives and conditions for earning Awards. The Committee shall determine which Options are to be Incentive Stock Options and which are to be nonstatutory Options and shall in each case enter into a written Option agreement with the recipient thereof (an "Option Agreement") setting forth the terms and conditions of the grant and the exercise of the subject Option, as determined by the Committee in accordance with the Amended Plan. To the extent that the aggregate fair market value of Common Stock with respect to which Incentive Stock Options under the Amended Plan and any other plans of the Company or its subsidiaries are exercisable by an Employee (as hereinafter defined) for the first time during any calendar year exceeds $100,000, such Options shall be treated as Options which are not Incentive Stock Options. To the extent the Code is amended from time to time to provide additional or different limitations on the grant of Incentive Stock Options, the foregoing limitation shall be considered to be amended accordingly. The Committee shall have full power and authority to administer and interpret the Amended Plan and to adopt such rules, regulations, agreements, guidelines and instruments for the administration of the Amended Plan and for the conduct of its business as the Committee deems necessary or advisable. The Committee's interpretation of the Amended Plan, and all actions taken and determinations made by the Committee pursuant to the powers vested in it, shall be conclusive and binding on all parties concerned, including the Company, its subsidiaries, its shareholders, Participants (as defined in Section 4 below) and any employee of the Company or its subsidiaries. The Committee may delegate duties to any person or persons; provided, that, no delegation of duties is permitted with respect to (i) any grant, award or other acquisition from the Company if the person or persons to whom duties are delegated would not satisfy the standard of Rule 16b-3(d)(1) or the requirements of Section 162(m) of the Code and (ii) any disposition to the Company if the person or persons to whom duties are delegated would not satisfy the standard of Rule 16b-3(d)(1).

(d) Records. The Committee shall maintain a written record of its proceedings. A majority of the Committee members shall constitute a quorum for any meeting. Any determination or action of the Committee may be made or taken by a majority of the members present at any such meeting, or without a meeting by a resolution or written memorandum concurred in by all of the members then in office.

3. Stock Subject to Awards. The aggregate number of shares of Common Stock for which Awards may be granted under the Amended Plan shall not exceed 7,000,000 shares, subject to adjustment as provided in Section 8 below. If, and to the extent that, Options granted under the Amended Plan terminate or expire without having been exercised, or shares of Restricted Stock under the Amended Plan are forfeited, the shares covered by such terminated or expired Options or forfeited Restricted Stock, as the case may be, may be the subject of further grants under the Amended Plan. Restricted Stock granted under the Amended Plan and shares issued upon

the exercise of any Option granted under the Amended Plan may be, at the Company's discretion, shares of authorized and unissued Common Stock, shares of issued Common Stock held in the Company's treasury or reacquired shares or any combination thereof. The foregoing notwithstanding, the maximum number of shares of Restricted Stock for which Awards may be granted is 400,000 shares.

4. Persons Eligible. Under the Amended Plan, (i) Awards may be granted to any key employee or executive officer of the Company who is an employee of the Company or its subsidiaries, including any employee who is also a member of the Board (an "Employee") and (ii) shares of Restricted Stock shall be awarded to each Non-Employee Director under the Deposit Share Program, as provided herein. "Non-Employee Director" means a member of the Board who is not an employee of the Company or of any person, directly or indirectly, controlling, controlled by or under common control with the Company and is not a member of the Board representing a holder of any class of securities of the Company. In determining the Employees to whom Awards are to be granted and the number of shares to be covered by an Award, the Committee shall take into consideration the Employee's present and potential contribution to the success of the Company and such other factors as the Committee may deem proper and relevant. An Employee receiving an Award, and a Non-Employee Director receiving shares of Restricted Stock under the Amended Plan are individually hereinafter referred to as a "Participant". In no event may Awards be granted to any one Participant for more than twenty percent (20%) of the aggregate number of shares of Common Stock for which Awards may be granted under the Amended Plan, including for this purpose Awards granted to such Participant which are subsequently cancelled, forfeited or otherwise terminated.

5. Provisions Applicable to Options.

(a) Price and Type of Options. The purchase price of each share of Common Stock under any Option granted under the Amended Plan shall be as determined by the Committee in its sole discretion, but shall not be less than the Fair Market Value thereof (determined in a manner equivalent to the determination under Section 6(e), unless in the case of Incentive Stock Options, the Code requires a different method, in which case the method required by the Code shall be followed for Incentive Stock Options) on the date of grant. The type of Option granted shall be as determined by the Committee, but any Incentive Stock Options granted shall be subject to such terms and conditions as are required for the qualification as such by the Code on the date of grant. Any Options granted under the Amended Plan shall be clearly identified as Incentive Stock Options or nonstatutory stock Options.

(b) Exercisability of Options. The Committee shall determine when and to what extent an Option shall be vested; and may provide for Options to be vested based upon such performance related goals as the Committee in its sole discretion deems appropriate ("Performance Goals"). The Committee may, in its sole discretion, also provide that some or all Options granted shall immediately become vested or exercisable as of a date fixed by the Committee upon a change in control of the Company as defined by the Committee or in the event of a sale, lease or transfer of all or substantially all of the Company's assets, equity securities or businesses, or merger, consolidation or other business combination of the Company. The Committee may also if it so elects make any such action contingent upon consummation of the event which prompted the action.

(c) Termination of Options. The unexercised portion of any Option granted under the Amended Plan shall automatically and without notice terminate and become null and void at the time of the earliest to occur of the following:

(i) Thirty (30) days after the termination of the Participant's employment with the Company and all subsidiaries thereof for any reason (including, without limitation, disability, or termination by the Company and all subsidiaries thereof, with or without cause) other than by reason of the Participant's death, retirement from the Company and all subsidiaries thereof after reaching age 55 and after having been employed by the Company or any subsidiary thereof for at least seven (7) years or a leave of absence approved by the Company;

(ii) Three Hundred Sixty-Five (365) days after the termination of the Participant's employment with the Company and all subsidiaries thereof by reason of the Participant's death, or by reason of the Participant's retirement from the Company and all subsidiaries thereof after reaching age 55 and after having been employed by the Company or any subsidiary thereof for at least seven (7) years;

(iii)Thirty (30) days after expiration or termination of a leave of absence approved by the Company unless the Participant becomes reemployed with the Company or any subsidiary prior to such 30-day period in which event the Option shall continue in effect in accordance with its terms;

(iv) The expiration of the Option Period (as hereinafter defined); or

(v) In whole or in part, at such earlier time or upon the occurrence of such earlier event as the Committee in its discretion may have provided upon the granting of such Option.

(d) Term of Options. The term of each Option granted under the Amended Plan will be for such period (herein referred to as the "Option Period") of not less than seven (7) years and not more than ten (10) years as the Committee shall determine. With respect to Incentive Stock Options, such term may not exceed ten (10) years or such other term provided in the Code. Each Option shall be subject to earlier termination as described under "Termination of Options" in subparagraph (c) above. An Option shall be considered granted on the date the Committee acts to grant the Option or such date thereafter as the Committee shall specify.

(e) Exercise of Options. Options granted under the Amended Plan may be exercised by the Participant, as to all or part of the shares covered thereby, in accordance with the terms of such Participant's Option Agreement. A partial exercise of an Option may not be made with respect to fewer than ten (10) shares unless the shares purchased are the total number then available for purchase under the Option. A Participant shall exercise such Option by delivering ten (10) days' (or such shorter period as the Company shall permit) prior written notice of the exercise thereof on a form prescribed by the Company to the Secretary of the Company at its principal office, specifying the number of shares to be purchased. The purchase price of the shares as to which an Option shall be exercised shall be paid in full in cash or its equivalent at the time of exercise.

The Participant shall be responsible for paying all withholding taxes, if any, applicable to any Option exercise and the Company shall have the right to take any action necessary to insure that the Participant pays the required withholding taxes. Upon payment of the Option purchase price and the required withholding taxes, the Company shall cause a certificate for the shares so purchased to be delivered to the Participant.

(f) Stock Withholding. Notwithstanding the terms of subparagraph (e) above, a Participant shall be permitted to satisfy the Company's withholding tax requirements by electing to have the Company withhold shares of Common Stock otherwise issuable to the Participant or to deliver to the Company shares of Common Stock having a fair market value on the date income is recognized pursuant to the exercise of an Option equal to the amount required to be withheld. The election shall be made in writing and shall be made according to such rules and in such form as the Committee may determine.

(g) Exercise of Options following Participant's Death. If a Participant dies ("Deceased Participant") while in the employ of the Company, and if the Deceased Participant's death occurs prior to the date the Option terminates, regardless of whether the Option is subject to exercise under the terms of the Option, such Option shall become immediately vested and exercisable by the personal representative of the Deceased Participant or the person to whom the Deceased Participant's rights under the Option would be transferred by law or applicable laws of descent and distribution. The Committee may also provide as to Options outstanding as of January 1, 1994 for a right to surrender the Option to the Company at a price equal to the difference between the aggregate Option price and the fair value of the Common Stock subject to the Option as of the Deceased Participant's death. The surrender shall also be subject to such terms and conditions as are determined by the Committee and set forth in the Option Agreement.

(h) Non-Transferability of Options. Except to the extent as may be permitted under rules established by the Committee, an Option or any right evidenced thereby shall not be transferable otherwise than by will or the laws of descent and distribution, and shall be exercisable during the Participant's lifetime only by him or by his guardian or legal representative.

(i) Rights of Participant. The Participant shall have none of the rights of a shareholder of the Company with respect to the shares subject to any Option granted under the Amended Plan until a certificate or certificates for such shares shall have been issued upon the exercise of any Option.

6. Restricted Stock Awards. The Committee may make awards of Restricted Stock ("Restricted Stock Awards") to Participants who are Employees, and shall make Awards to Non-Employee Directors, subject to the provisions of this Section 6.

(a) Restricted Stock Agreements. Restricted Stock Awards shall be evidenced by Restricted Stock agreements ("Restricted Stock Agreements") which shall conform to the requirements of the Amended Plan and may contain such other provisions (such as provisions for the protection of Restricted Stock in the event of mergers, consolidations, dissolutions and liquidations affecting either the Restricted Stock Agreement or the Common Stock issued thereunder) as the Committee shall deem advisable.

(b) Payment of Restricted Stock Awards. Restricted Stock Awards shall be made by delivering to the Participant or an Escrow Agent (as defined below) a certificate or certificates for such shares of Restricted Stock of the Company, as determined by the Committee ("Restricted Shares"), which Restricted Shares shall be registered in the name of such Participant. The Participant shall have all of the rights of a holder of Common Stock with respect to such Restricted Shares except as to such restrictions as appear on the face of the certificate. The Committee may designate the Company or one or more of its employees to act as custodian or escrow agent for the certificates ("Escrow Agent").

(c) Terms, Conditions and Restrictions. Restricted Shares shall be subject to such terms and conditions, including vesting and forfeiture provisions, if any, and to such restrictions against resale, transfer or other disposition as may be provided in this Amended Plan and, consistent therewith, as may be determined by the Committee at such time as it grants a Restricted Stock Award to a Participant. Any new or different Restricted Shares or other securities resulting from any adjustment of such Restricted Shares pursuant to Section 8 hereof shall be subject to the same terms, conditions and restrictions as the Restricted Shares prior to such adjustment. The Committee may in its discretion, remove, modify or accelerate the release of restrictions on any Restricted Shares as it deems appropriate. In the event of the Participant's death, all transfers or other restrictions to which the Participant's Restricted Shares are subject shall immediately lapse, and the Deceased Participant's legal representative or person receiving such Restricted Shares under the Deceased Participant's will or under the laws of descent and distribution shall take such Restricted Shares free of any such transfer or other restrictions.

(d) Dividends and Voting Rights. Except as otherwise provided by the Committee, during the restricted period the Participant shall have the right to receive dividends from and to vote the Participant's Restricted Shares.

(e) Deposit Share Program. Subject to the provisions set forth below and subject to rules established by the Committee, pursuant to the Company's Deposit Share Program, (1) Employees may elect to acquire shares of Common Stock with a Fair Market Value up to a percentage designated by the Committee of cash bonuses under the Company's incentive compensation programs designated by the Committee, and (2) Non-Employee Directors shall be entitled to acquire shares of Common Stock with a Fair Market Value equal to up to 50% of the compensation of such Non-Employee Director for service as a director of the Company, including for service as a member of a Committee of the Board, during the preceding calendar year (in each case, "Deposit Shares"). Deposit Shares shall be issued in an amount which the Deposit Share Participant (as defined in Section 6(e)(i) below) elects to use to acquire Common Stock (subject to limits provided in this Section 6(e)) divided by the Fair Market Value of a share of Common Stock on the Award Date (as defined in Section 6(e)(ii) below). For purposes hereof, the term "Fair Market Value" shall be as determined by the Committee, except that during any period the Common Stock is traded on a recognized exchange, Fair Market Value shall be based upon the last sales price of Common Stock on the principal securities exchange on which the same is traded on the Award Date or if no sales of Common Stock have taken place on such date, the last sales price on the first date following the Award Date on which sales occur. Deposit Share Participants electing to deposit Deposit Shares with the Company under the Deposit Share Program and receive Restricted Stock Awards in connection therewith shall do so as follows:

(i) The Committee shall notify each Participant who is an Employee selected to participate in the Deposit Share Program and each Non-Employee Director (such Employees and Non-Employee Directors together referred to as "Deposit Share Participants") of the maximum amount which they are permitted to use to acquire Common Stock to be deposited with the Escrow Agent, and Deposit Share Participants may choose to deposit any number of Deposit Shares they are permitted to deposit under the Committee rules (Deposit Shares so acquired and deposited are herein sometimes referred to as the "Original Deposit").

(ii)Deposit Share Participants must make their irrevocable election on or before the date designated by the Committee or if no date is designated, then at least thirty (30) days prior to the Award Date. The Award Date ("Award Date") for each year in which a Deposit Share Participant is eligible to receive Deposit Shares shall be February 15, or the Monday following February 15 in any year in which February 15 falls on a Saturday or Sunday, unless the Committee designates a different Award Date. The Award Date for Employees and Non-Employee Directors need not be the same. The Committee shall have the discretion to waive any date or deadline established pursuant to this section. The Committee may also allow a Deposit Share Participant who is an Employee to acquire Deposit Shares in lieu of a bonus, or to deliver a check equal to the dollar amount of bonuses for which the Deposit Share Participant may purchase Deposit Shares, in which case the full amount of the cash bonus (less applicable withholding) will be paid to the Employee and the Employee shall deliver a check to the Company, subject to the limitations established by the Committee.

(iii)All elections shall be in writing and filed with the Committee or its designee. Such elections may, if permitted by the Committee, also specify one of the following alternatives regarding the manner in which dividends are paid on all deposited stock (including Deposit Shares, shares purchased with dividends, if any, and matching Restricted Shares (but only if the Committee allows dividends on such Restricted Shares to be paid and credited)):

(1) Dividends shall be accumulated by the Escrow Agent for the purchase of additional shares for the Deposit Share Participant's account; or

(2) Dividends shall be paid currently to the Deposit Share Participant.

A Deposit Share Participant shall be deemed to have elected Alternative (1) unless or until the Deposit Share Participant delivers written notice to the Company selecting Alternative (2) as the method by which dividends are to be paid and credited.

(iv)As soon as practicable following an Original Deposit, the Company shall match the Deposit Shares deposited with the Escrow Agent for the Deposit Share Participant's account by depositing (1) for an Employee, up to one (1) Restricted Share for each Deposit Share in the Original Deposit, as determined by the Committee, and (2) for a Non-Employee Director, one and one-half (1-1/2) Restricted Share for each Deposit Share in the Original Deposit. Restricted Shares shall be distributed to the Deposit Share Participant entitled thereto as promptly as practicable after they vest.

(v) With respect to Employees, the Restricted Shares deposited by the Company shall vest in accordance with the schedule determined by the Committee. With respect to Non-Employee Directors, the Restricted Shares shall vest on the third anniversary of the date of the Award. Awards of Restricted Stock that are not vested shall be forfeited upon the Non-Employee Director ceasing to be a director of the Company for any reason, except in the case of death, as hereinafter provided in Section 6 (e) (ix), except in the case of a Permissible Event (as hereinafter defined) or except as otherwise provided by the Committee. If a Non-Employee Director ceases to be a director by reason of a Permissible Event, the Restricted Shares shall continue to vest during the balance of the three-year vesting period if (1) no later than the date on which the Non-Employee Director ceases to be a director of the Company, the Non-Employee Director enters into an agreement approved by the Committee under which the Non-Employee Director agrees not to compete with the Company or its subsidiaries during the balance of such period and (2) the Non-Employee Director complies with the agreement. Any Restricted Shares that do not vest by reason of a Permissible Event shall be forfeited unless otherwise provided by the Committee. A Permissible Event shall be any termination of service as a director of the Company by reason of:

(1) the Non-Employee Director being ineligible for continued service as a director of the Company under the Company's retirement policy; or

(2) the Non-Employee Director's taking a position with or providing services to a governmental, charitable or educational institution whose policies prohibit continued service on the Board or due to the fact that continued service as a director would be a violation of law.

The Company may, in its sole discretion, provide that some or all Restricted Stock shall immediately become vested in the circumstances with respect to immediate vesting of Options contemplated by Section 5(b).

(vi)Shares purchased with dividends paid on deposited stock (Original Deposit, Restricted Stock or any shares purchased with dividends) may be withdrawn from a Deposit Share Participant's account at any time.

(vii)A Deposit Share Participant's interests in the Original Deposit or the Restricted Stock may not be sold, pledged, assigned or transferred in any manner, other than by will or the laws of descent and distribution, so long as such shares are held by the Escrow Agent, and any such sale, pledge, assignment or other transfer shall be null and void; provided, however, a pledge of the Deposit Share Participant's interest in the Original Deposit or a transfer of such Participant's interest in the Original Deposit (any permitted transfer not being considered a withdrawal of the Original Deposit) or in the Restricted Stock may be permitted in accordance with rules which the Committee may establish. To the extent Restricted Shares become vested, at the same time as Restricted Shares are released by the Escrow Agent, the Escrow Agent shall also release a percentage (computed to the nearest whole percent) of the Original Deposit equal to the number of Restricted Shares then being released, divided by the number of Restricted Shares deposited by the Company with respect to the Original Deposit.

(viii)Any or all of the Original Deposit may be withdrawn at any time. Such withdrawal shall cause a forfeiture of any non-vested Restricted Shares attributable to the Deposit Shares being withdrawn. Any Deposit Shares withdrawn shall be deemed to have been withdrawn under Section 6(e)(vi) to the extent there are any such shares, and then under this Section 6(e)(viii).

(ix)In the event the employment with the Company or its subsidiaries of a Deposit Share Participant who is an Employee is terminated during the vesting period by reason of the Deposit Share Participant's death, the vesting requirements shall be deemed fulfilled upon the date of such termination of employment. In the event a Non-Employee Director's service as a director of the Company is terminated during the vesting period by reason of the Non-Employee Director's death, the vesting requirements shall be deemed to be fulfilled on the date of such termination of service.

(x) In the event the employment with the Company and its subsidiaries of a Deposit Share Participant who is an Employee is terminated during the vesting period for any reason other than death, the Restricted Shares, to the extent not otherwise vested, shall automatically be forfeited and returned to the Company unless the Committee shall, in its sole discretion, otherwise provide.

7. Right to Terminate Employment. Nothing in the Amended Plan or in any Award granted under the Amended Plan to a Participant who is an Employee shall confer upon any such Participant the right to continue in the employment of the Company or affect the right of the Company to terminate such a Participant's employment at any time, nor cause any Award granted to become exercisable as a result of the election by the Company of its right to terminate at any time the employment of such a Participant subject, however, to the provisions of any agreement of employment between the Company and such Participant. Nothing in the Amended Plan or in any Award of Restricted Stock under the Amended Plan to a Participant who is a Non-Employee Director shall confer upon such Director the right to continue as a member of the Board.

8. Dilution and Other Adjustments. In the event of any change in the outstanding shares of the Company ("capital adjustment") for any reason including, but not limited to, any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination or exchange of shares or other similar event, an adjustment in the number or kind of shares of Common Stock subject to, the Option price per share under, and (if appropriate) the terms and conditions of, any outstanding Award, shall be modified or provided for by the Committee in a manner consistent with such capital adjustment, and the shares reserved for issuance under this Amended Plan shall likewise be modified. The determination of the Committee as to any such adjustment shall be conclusive and binding for all purposes of the Amended Plan.

9. Form of Agreements with Participants. Each Option Agreement and/or Restricted Stock Agreement to be executed by a Participant shall be in such form as the Committee shall in its discretion determine.

10. Legend on Certificates; Restrictions on Transfer. The Company may, to the extent deemed necessary or advisable, endorse an appropriate legend referring to any restrictions imposed by state law or the Securities Act of 1933, as amended, upon the certificate or certificates representing any shares issued or transferred to the Participant pursuant to Awards.

11. Securities Act Compliance. Notwithstanding any provision of the Amended Plan to the contrary, the Committee shall take whatever action it may consider necessary or appropriate to comply with the Securities Act of 1933, as amended, or any other then applicable securities law, including limiting the granting and exercise of Options or the issuance of shares thereunder.

12. Amendment, Expiration and Termination of the Amended Plan. Under the Amended Plan, Awards may be granted at any time and from time to time before the tenth anniversary date of adoption of amendments to this Plan by the Company's Board of Directors on January 27, 1994 (the date on which this Plan was last previously amended) at which time the Amended Plan will expire, except as to Awards then outstanding. The foregoing notwithstanding, no Incentive Stock Options may be granted after January 1, 2001. The Amended Plan will remain in effect with respect to outstanding Awards until such Awards

have been exercised or have expired, as the case may be. The Amended Plan may be terminated or modified at any time by the Board of Directors before the expiration of the Amended Plan, except with respect to any Awards then outstanding under the Amended Plan, provided that any increase in the maximum number of shares subject to Awards specified in Section 3 or in Section 4 hereof shall be subject to the approval of the Company's shareholders unless made pursuant to the provisions of Section 8 hereof. No amendment of the Amended Plan shall adversely affect any right of any Participant with respect to any Award theretofore granted under the Amended Plan.

13. Effective Date. If the Amended Plan is not approved by the Company's shareholders prior to September 1, 1997, the MGIC Investment Corporation 1991 Stock Incentive Plan as in effect immediately prior to March 6, 1997 shall remain in effect and shall not be deemed to have been amended.

14. Governing Law. The Amended Plan and any Option Agreement and/or Restricted Stock Agreement shall be governed by and construed in accordance with the internal substantive laws, and not the choice of law rules, of the State of Wisconsin.

EXHIBIT 11.1

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
STATEMENT RE COMPUTATION OF NET INCOME PER SHARE
Three and Six Month Periods Ended June 30, 1998 and 1997

	Three Months Ended June 30,		Six Months Ended June 30,	
	1998	1997	1998	1997
	(In thousands of dollars, except per share data)			
BASIC EARNINGS PER SHARE				
Average common shares outstanding	114,144	118,322	114,067	118,215
Net income	$ 95,212	$ 80,615	$189,259	$153,051
Basic earnings per share	$ 0.83	$ 0.68	$ 1.66	$ 1.29
DILUTED EARNINGS PER SHARE				
Adjusted shares outstanding:				
Average common shares outstanding	114,144	118,322	114,067	118,215
Net shares to be issued upon exercise of dilutive stock options after applying treasury stock method	1,569	1,272	1,660	1,258
Adjusted shares outstanding	115,713	119,594	115,727	119,473
Net income	$ 95,212	$ 80,615	$189,259	$153,051
Diluted earnings per share	$ 0.82	$ 0.67	$ 1.64	$ 1.28

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THIS SCHEDULE CONTAINS SUMMARY INFORMATION EXTRACTED FROM FORM 10-Q FOR THE
SIX MONTHS ENDED JUNE 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE
TO SUCH FINANCIAL STATEMENTS.

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6-MOS
DEC-31-1998
JUN-30-1998
2,441,750
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0
4,221
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0
2,570,620
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25,265
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189,259
1.66
1.64
0
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0