



# COMPANY PROFILE

## THE PMI GROUP, INC.

Supporting sustainable homeownership that strengthens communities

### PMI Mortgage Insurance Co.

Through its wholly owned subsidiary, PMI Mortgage Insurance Co. (PMI), The PMI Group provides credit enhancement solutions that expand the opportunity of sustainable homeownership, while supporting our lender customers and helping to strengthen the communities they serve.

PMI's residential mortgage insurance products and services provide critical support to the mortgage finance system by protecting lenders and investors from the high costs of default, allowing lenders to accept down payments less than the standard 20 percent. The safest and most predictable way to help more families qualify for homes sooner, mortgage insurance plays a vital role in contributing to both the expansion of the mortgage market and the preservation of homeownership.

### Mortgage Insurance: A Key Piece of the Housing Finance System

Major investors that supply liquidity to the mortgage market, such as Fannie Mae and Freddie Mac, require credit enhancements on loans with loan-to-value ratios over 80 percent in order to diversify risk and help ensure the stability of the mortgage finance system. Mortgage insurers like PMI comprise the private-sector alternative to government-sponsored insurers, FHA and VA.

Given the current challenging credit environment, private mortgage insurance acts as a stabilizing "shock absorber" – using private capital to mitigate losses for Fannie Mae and Freddie Mac.

### Homeownership Preservation Initiatives (HPI)

PMI was an industry leader in forming a dedicated team to work directly with lenders and families to generate loan modifications and workouts on delinquent PMI-insured loans during this extraordinary period in the U.S. housing market.

Between 1/08 and 6/09, PMI's loss mitigation programs:

- Enabled over 28,000 families to retain their homes.
- Reached out to over 85,000 borrowers to provide information on their options and help prepare them to work toward resolution with their lenders.

Among HPI's initiatives:

- Actively supported the implementation of the U.S. Treasury's "Making Home Affordable" programs;
- Offered industry-leading expansion of servicer delegation to approve loan modifications;
- Early participant and active supporter of the HOPE NOW Alliance and other community-based borrower initiatives;
- Developed educational website to help borrowers understand the alternatives they may have to foreclosure ([www.homesafepmi.com](http://www.homesafepmi.com));
- Placement of PMI on-site consultants within targeted servicers' facilities to help expand workout capacity;
- Partner with Fannie Mae and Freddie Mac to find new workout opportunities.

Consolidated financial data for six months ending June 30, 2009

Total Assets: **\$4.9 Billion**

2009 YTD Revenues: **\$447 Million**

Shareholders' Equity: **\$980 Million**

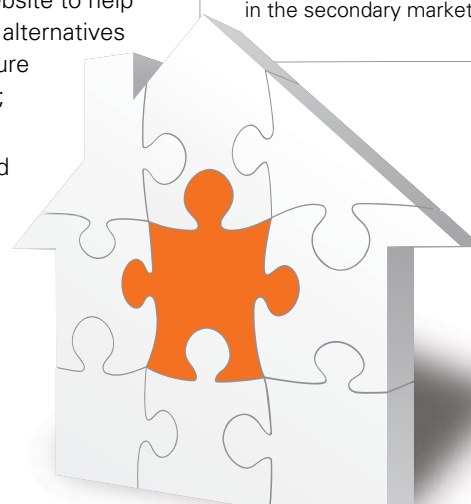
Cash & Investments: **\$3.6 Billion**

Primary Insurance in Force: **\$120 Billion**

NYSE symbol: **PMI**

### PMI's Value Propositions

- Provide market-leading homeowner preservation initiatives to support lenders' loss mitigation efforts and help families remain in their homes.
- Drive sustainable homeownership by sharing our experience and understanding of mortgage credit risk.
- Provide superior economic, housing and mortgage market insight and expertise through nationally recognized research that assists lenders with critical strategic decisions.
- Provide credit enhancement products that facilitate the sale of mortgages in the secondary market.



## Leading Housing Research

PMI has an Economics & Strategy team providing insightful, useful and timely analysis of developments in the general economy, housing and mortgage markets. PMI's housing reports are widely followed across the industry and many professionals use the data to anticipate trends across all Metropolitan Statistical Areas (MSAs) in the U.S.

The *Economic & Real Estate Trends<sup>SM</sup>* (ERET) report, with its U.S. Market Risk Index, is one of the industry's only predictive housing reports that shows the probability of lower housing prices in two years across the nation's MSAs. The *Housing & Mortgage Market Review* (HaMMR) provides monthly commentary on the outlook for housing and regions in focus.

## Industry Innovator

For over 35 years, PMI has been at the forefront of industry innovation, designing and improving risk-assessment models to streamline the insurance process for its lender customers.

- PMI was one of the first financial institutions to develop and implement sophisticated risk management technology. In the 1980s, the company introduced its AURA system to better assess and quantify the combined risk associated with a borrower's credit profile and geographic location.
- PMI was a leader in the adoption of imaging technology to accelerate underwriting decisions and enable better management of credit documentation.
- PMI has also made significant investments in technology to create state-of-the-art data-mining capabilities for more precise identification of portfolio-risk characteristics.

## Supporting the Dream of Homeownership

Throughout its history, PMI has helped revitalize and strengthen communities throughout the United States by offering services, education and information to promote the opportunity of sustainable homeownership for first-time and low- to moderate-income borrowers.

As part of this effort, PMI is a long-term supporter of Habitat for Humanity, and sponsors and maintains strong affiliations with numerous national consumer and housing advocacy organizations. PMI is a strong advocate of pre-purchase home-buyer education, offering services to help borrowers understand the critical obligations of homeownership.

## CMG Mortgage Insurance Company

CMG Mortgage Insurance Company (CMG MI), jointly owned by PMI and CUNA Mutual Insurance Society, is the leading provider of mortgage insurance products and services for credit unions.

CMG MI's focused business model supports the origination of high-quality loans that promote sustainable homeownership. ♦

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## Executive Officers

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*David H. Katkov*  
Executive Vice President,  
Chief Business Officer

*Donald P. Lofe, Jr.*  
Executive Vice President,  
Chief Financial Officer and  
Chief Administrative Officer

*Joanne M. Berkowitz*  
Executive Vice President,  
Chief Insurance Operations Officer

*L. Tony Porter*  
Executive Vice President,  
Chief Risk Officer

*Andrew D. Cameron*  
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Statements in this document that are not historical facts, or that relate to future plans, events, or performance, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include our discussions of the environment for mortgage insurance and our risk management practices. Readers are cautioned that forward-looking statements by their nature involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Many factors could cause actual results and developments to differ materially from those expressed or implied by forward-looking statements including, among others, conditions affecting the mortgage insurance industry, general economic conditions, and regulatory and legislative developments. Other risks and uncertainties are discussed in our SEC filings, including in Item 1A of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2009, and in our Annual Report on Form 10-K for the year ended December 31, 2008. Except as may be required by law, we undertake no obligation to update forward-looking statements.