



to record mortgage, municipal and structured finance and refinance activity. Employment grew while the unemployment rate increased. Home values improved. Corporate credit deteriorated. Market uncertainty and volatility challenged each of us. All of which set the stage for opportunity and growth at Radian — a conservative, yet bold company with the depth of resources and capital, as well as the energy and drive, to respond while ensuring confidence among our clients and business partners.

CHANGING THE NATURE OF RISK

Conservative, yet bold. I've been asked why I describe our company using this unlikely coupling of attributes. At Radian, our business model combines a conservative financial and risk management strategy with a bold approach to new products and ideas. It is this combination that has fueled our growth and helped to create a diversified platform on which we will continue to build.

In 2001, each of our business segments — financial guaranty, mortgage insurance (MI) and mortgage services — added to the strength of that diversified platform. A clear proof point is found in our fourth-quarter premium mix: 56% came from our core mortgage insurance business, while 20% resulted