

## MGIC INVESTMENT CORPORATION

### CORPORATE GOVERNANCE GUIDELINES

#### I. COMPOSITION OF THE BOARD

##### A. Number and Terms of Directors

The Board will endeavor to maintain its size in a range of 9-12 directors. Directors are divided into three approximately equal classes, with a three-year term of office for each class.

##### B. Independence

###### 1. Meaning of Independence

A director is independent for purposes of these Guidelines if the requirements in (a), (b) and (c) are met.

- (a) Within the last three years, neither the director nor a member of the director's immediate family was
  - (i) In the case of an immediate family member, an executive officer of the Company, and in the case of a director, an employee of the Company, other than in the case of a director, an interim CEO or other executive officer or Chairman,
  - (ii) the recipient of more than \$120,000 during a 12-month period within such three years in direct compensation from the Company, other than compensation for service as a director of the Company or as interim CEO or other executive officer or Chairman, or
  - (iii) a partner or employee of the firm that is serving as the independent auditor of the Company if the rules of the New York Stock Exchange would preclude the director's independence.
- (b) The director does not have a material relationship with the Company in the sense that such relationship could reasonably call into question whether the director is independent from the management of the Company. Such relationships may arise as a result of the director's being a service provider, customer, lender or through transactions between the director and the Company or its

subsidiaries. Relationships that may impair independence may be indirect and arise through the director's position with (other than solely as a director) or ownership of an entity that has a relationship with the Company. However, transactions in the ordinary course of the Company's business that do not exceed the threshold in the next paragraph shall be deemed not to impair independence.

- (c) Transactions in year involving payments for property or services between the Company and another person in which the director is an executive officer or employee, or a member of the director's immediate family is an executive officer that exceed the greater of \$1 million or 2% of the other person's consolidated gross revenues for the fiscal year in which the transaction occurred shall be deemed to impair independence until three years (or such shorter period as provided in the rules of the New York Stock Exchange) after the threshold is not exceeded but only for so long as the officer or employment relationship exists.
- (d) A director (the "first director") is not independent if an executive officer of the Company is a director of a company that employs the first director as an executive officer. In addition, if an executive officer of the Company is or was on the compensation committee of a company that employs the first director (or a member of the first director's immediate family) as an executive officer, the first director is not independent until three years after the executive officer ceased being on that committee or the first director (or immediate family member) ceased being an employee or executive officer of such company.
- (e) The Company includes any parent or subsidiary in a consolidated group with MGIC Investment Corporation. A director's immediate family consists of the director's parents, parents-in-law, siblings, siblings-in-law, spouse, children, children-in-law, and anyone else who shares the director's home, but excludes persons who are no longer immediate family members as a result of legal separation, divorce, death or incapacity.

## 2. Number of Independent Directors

A substantial majority of the Board will consist of directors who are independent.

### **C. Board Membership Criteria**

The Management Development, Nominating and Governance Committee is responsible for developing Board membership criteria and recommending these criteria to the Board for approval. The criteria include an inquiring and independent mind, sound and considered judgment, high standards of ethical conduct and integrity, well-respected experience at senior levels of business, academia, government or other fields, ability to commit sufficient time and attention to Board activities, anticipated tenure on the Board, and whether an individual will enable the Board to continue to have a substantial majority of independent directors. The Management Development, Nominating and Governance Committee seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and enable the Board to have access to a diverse body of talent and expertise relevant to the Company's activities. The Committee also seeks to enhance the diversity of the Board in other areas, such as geography, age, race, gender and ethnicity.

The Management Development, Nominating and Governance Committee reviews the qualifications of director candidates in light of the criteria approved by the Board and recommends the Company's candidates to the Board for election by the Company's shareholders at the annual meeting. The Committee also considers director candidates recommended by Company shareholders in compliance with the procedures set forth in the proxy statement.

### **D. Director Elections**

The Board has amended the Company's Articles of Incorporation to provide for majority voting in the election of directors. In uncontested elections, each nominee who receives a "majority vote" will be elected a director. A "majority vote" means that when there is a quorum present, more than 50% of the votes cast in the election of the director were cast "for" the director, with votes cast being equal to the total of the votes "for" the election of the director plus the votes "withheld" from the election of the director.

In addition, under the Company's Amended and Restated Bylaws, any director who does not receive a majority vote in an uncontested election is required to send the Board a resignation. The effectiveness of the resignation is contingent upon Board acceptance. The Management Development, Nominating and Governance Committee will make a recommendation to the Board as to whether to accept or reject the resignation offer within a sufficient time period to enable the Board to make a final determination within ninety (90) days following the date of the election. In determining whether or not to accept the resignation, the Board will be entitled to consider all factors it deems appropriate. If a majority of the members of the Management Development, Nominating and Governance

Committee were required to tender their resignations as provided above, the other directors on the Board who did receive a majority vote or who were not standing for election will appoint a Board committee among themselves to consider the resignation offers and recommend to the Board whether or not to accept them. Unless applicable to all directors, the director(s) whose resignation is under consideration is expected to recuse himself or herself from the Board and committee deliberations. Thereafter, the Board will promptly publicly disclose its decision regarding the director's resignation (including the reason(s) for rejecting the resignation, if applicable). If the Board accepts a director's resignation pursuant to this process, the Board will thereafter determine whether to fill such vacancy or reduce the size of the Board.

**E. Leaving the Board**

- 1 A director shall not be nominated by the Board for re-election if at the date of the related meeting of shareholders the director would be age 74 or more.
- 2 A director who retires from his principal employment or joins a new employer (including a director who was previously retired and returns to being employed) shall offer to resign from the Board. The Board will determine, formally or informally, whether the resignation should be accepted after receiving a recommendation from the Management Development, Nominating and Governance Committee.
- 3 A director who is an officer of the Company or a subsidiary and leaves the Company shall resign from the Board.

**F. Other Directorships**

A director who is the Chief Executive Officer of the Company or a subsidiary may not serve as a director of more than one public company other than the Company.

**G. Board Leadership**

The Board believes that it is in the best interests of the Company and its shareholders at this time for the positions of Chairman of the Board and Chief Executive Officer to be combined.

In addition, to provide independent leadership, the Board has established the position of Lead Director. The independent directors will annually appoint a Lead Director to serve for an annual term. The Lead Director will preside at all meetings of the Board at which the Chairman / Chief Executive Officer is not present, and will have the authority to call, and will lead, the executive sessions referred to in these Guidelines. To the extent one or more independent directors

desire the Lead Director to serve as such a conduit for them, the Lead Director will be a conduit for communication between the Chairman/CEO and the independent directors. The Lead Director will also serve as a conduit for the Board's informational needs, and the Chairman / Chief Executive Officer will include in Board meeting agendas such topics as the Lead Director desires to have discussed. The Lead Director will be available, if requested by major shareholders, for consultation and direct communication.

## **II. BOARD PROCESS**

### **A. Meetings**

Four face-to-face meetings of the Board will be held each year with an additional telephone meeting held primarily to review the Company's Annual Report on Form 10-K and its proxy statement. Additional meetings shall be held if warranted. Under the current meeting schedule, the Board meets face-to-face in January, May, July and October, with a telephone meeting in February.

### **B. Executive Sessions**

Unless additional executive sessions are scheduled by the Board or the Lead Director, and based on the current face-to-face meeting schedule, during at least the January and October meetings, the Board will meet without the presence of any director who is an officer of the Company or any subsidiary (such meetings are "executive sessions"). In addition, if any director who is not an officer of the Company is also not an independent director, one executive session each year shall include only the independent directors. The schedule above gives the minimum number of executive sessions the Board will hold. For a number of years, executive sessions have been held during every face-to-face meeting of the Board, and the Board contemplates this practice will continue. The Lead Director will preside at executive sessions.

### **C. Access to Senior Management**

- 1 Members of senior management should generally attend Board meetings, other than executive sessions. Members of senior management should also generally attend committee meetings and at least two of the four pre-Board meeting dinners (any remaining dinners may be restricted to directors and the CEO).
- 2 Directors are encouraged to communicate directly with members of senior management but such communications should not divert unreasonably senior management members from their job responsibilities. Unless the substance of the communication is such that the director believes it is inappropriate to copy the Chief Executive Officer, the Chief Executive

Officer should be copied on any written communications so that he is kept informed about matters of interest to directors.

**D. Board Materials**

For regularly scheduled meetings, materials pertinent to the meeting agenda and the operations of the Company should be circulated to the directors a reasonable time in advance of the meeting. Directors are expected to attend meetings of the Board and review the materials circulated to them in advance of the meeting.

**III. COMMITTEES OF THE BOARD**

**A. Standing Committees**

The Board will have the following standing committees: Audit, Management Development, Nominating and Governance (which will function as both a compensation and a corporate governance committee), Risk Management and Securities Investment. The Board may appoint other standing committees if it chooses to do so as well as appoint ad hoc committees.

The charters of all committees will be approved by the Board. The members of the Audit and Management Development, Nominating and Governance Committees will consist entirely of independent directors. For this purpose, no member of the Audit Committee will be independent if the member receives any compensation from the Company other than compensation as a director or if the member does not satisfy the standards of Rule 10A-3(b)(1) under the Securities Exchange Act of 1934, and is not exempted under the provisions of such Rule. If a member of the Audit Committee also serves on the audit committee of four or more public companies (including the Company), the Board must determine that such service does not impair such Audit Committee member's ability to serve effectively on the Company's Audit Committee. "Public companies" are those whose securities are registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934.

**B. Committee Membership and Chair Recommendations**

Membership and chairs of committees will be recommended to the Board by the Management Development, Nominating and Governance Committee. That committee will seek input from Board members prior to making its recommendations.

#### **IV. SUCCESSION PLANNING**

The Board will review annually the succession plan for the Chief Executive Officer and will include in the review succession that could occur as a result of the death, disability or unexpected resignation of the Chief Executive Officer. The Management Development, Nominating and Governance Committee is responsible for overseeing this process and periodically reports to the Board.

The Board also plans for succession to the position of Chairman of the Board.

#### **V. COMPENSATION OF DIRECTORS**

The Management Development, Nominating and Governance Committee will review periodically compensation of directors, including the portion of compensation consisting of equity in the Company. A meaningful portion of compensation should consist of longer-term common equity in the Company or its equivalent (such as phantom stock).

#### **VI. OTHER MATTERS**

##### **A. Director Orientation and Continuing Education**

- 1 Under the oversight of the Management Development, Nominating and Governance Committee, and in conjunction with the Chief Executive Officer, there will be a formal orientation program for new directors, including an overview of the Company's business and presentations by senior management. All directors will be invited to attend.
- 2 On a triennial basis, or more frequently if required by the rules of the New York Stock Exchange, directors will be reimbursed for the reasonable costs of attending "continuing director education" programs sponsored or approved by the New York Stock Exchange or a comparable organization, such as RiskMetrics Group.

##### **B. Retention of Outside Advisors**

The Board may retain outside advisors in its discretion. The Company shall provide funds to pay the reasonable costs and expenses of such advisors.

##### **C. Board Self-Evaluation**

Under the oversight of the Management Development, Nominating and Governance Committee, the Board will annually conduct a self-assessment.

In connection with making its recommendation to the Board to renominate a director, the Management Development, Nominating and Governance

Committee will review that director's performance, including soliciting feedback from the rest of the Board.

**D. Disclosure of Guidelines, Charters and Code of Business Conduct**

The Company's website will include the text of:

- 1 these Guidelines,
- 2 the charters of all Committees, and
- 3 the Company's Code of Business Conduct.

**E. Review of Guidelines**

The Management Development, Nominating and Governance Committee will review the Guidelines on an annual basis and, if there are changes, will recommend them to the Board.

**F. Miscellaneous**

Directors who are independent directors shall not solicit the Company to make substantial charitable contributions to any organization with which such director has a material relationship.

Interested persons desiring to communicate with the members of the Board, the non-management members of the Board as a group, the Lead Director or the Chair of the Management Development, Nominating and Governance Committee, may do so by sending a written communication to the Company's Secretary. The Secretary shall pass on any such communication, other than a solicitation for a product or service, to the Chair of the Management Development, Nominating and Governance Committee.

All interpretations of and determinations under these Guidelines are within the good faith discretion of the Board. The Guidelines do not create legal rights in any person.