

FORM 10-Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **MARCH 31, 2005**

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
(State or other jurisdiction of
incorporation or organization)

**250 E. KILBOURN AVENUE
MILWAUKEE, WISCONSIN**
(Address of principal executive offices)

39-1486475
(I.R.S. Employer
Identification No.)

53202
(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

NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

YES

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	4/30/05	94,374,078

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MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
March 31, 2005 (Unaudited) and December 31, 2004

	March 31, 2005	December 31, 2004
	(In thousands of dollars)	
ASSETS		
Investment portfolio:		
Securities, available-for-sale, at market value:		
Fixed maturities	\$ 5,476,635	\$ 5,413,662
Equity securities	5,326	5,326
Short-term investments	<u>185,065</u>	<u>163,639</u>
Total investment portfolio	5,667,026	5,582,627
Cash	2,031	2,829
Accrued investment income	63,960	67,255
Reinsurance recoverable on loss reserves	16,233	17,302
Prepaid reinsurance premiums	6,344	6,836
Premiums receivable	87,485	95,396
Home office and equipment, net	33,954	36,382
Deferred insurance policy acquisition costs	26,663	27,714
Investments in joint ventures	406,719	414,309
Other assets	<u>134,063</u>	<u>130,041</u>
Total assets	<u>\$ 6,444,478</u>	<u>\$ 6,380,691</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Loss reserves	\$ 1,134,100	\$ 1,185,594
Unearned premiums	139,101	143,433
Short- and long-term debt (note 2)	655,215	639,303
Income taxes payable	154,575	109,741
Other liabilities	<u>163,806</u>	<u>158,981</u>
Total liabilities	<u>2,246,797</u>	<u>2,237,052</u>
Contingencies (note 3)		
Shareholders' equity:		
Common stock, \$1 par value, shares authorized 300,000,000; shares issued, 3/31/05 - 122,366,592 12/31/04 - 122,324,295; shares outstanding, 3/31/05 - 95,573,151 12/31/04 - 96,260,864	122,367	122,324
Paid-in capital	257,298	270,450
Treasury stock (shares at cost, 3/31/05 - 26,793,441 12/31/04 - 26,063,431)	(1,364,438)	(1,313,473)
Accumulated other comprehensive income, net of tax	66,691	123,383
Retained earnings	<u>5,115,763</u>	<u>4,940,955</u>
Total shareholders' equity	<u>4,197,681</u>	<u>4,143,639</u>
Total liabilities and shareholders' equity	<u>\$ 6,444,478</u>	<u>\$ 6,380,691</u>

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31, 2005 and 2004

(Unaudited)

	Three Months Ended March 31,	
	2005	2004
	(In thousands of dollars, except per share data)	
Revenues:		
Premiums written:		
Direct	\$ 342,287	\$ 358,170
Assumed	202	17
Ceded	<u>(30,250)</u>	<u>(29,125)</u>
Net premiums written	312,239	329,062
Decrease in unearned premiums, net	3,840	12,454
Net premiums earned	<u>316,079</u>	<u>341,516</u>
Investment income, net of expenses	57,003	53,141
Realized investment gains, net	1,565	9,321
Other revenue	<u>10,261</u>	<u>11,461</u>
Total revenues	<u>384,908</u>	<u>415,439</u>
Losses and expenses:		
Losses incurred, net	98,866	190,677
Underwriting and other expenses, net	67,895	67,314
Interest expense	<u>10,722</u>	<u>10,248</u>
Total losses and expenses	<u>177,483</u>	<u>268,239</u>
Income before tax and joint ventures	207,425	147,200
Provision for income tax	59,660	40,131
Income from joint ventures, net of tax	34,248	23,004
Net income	<u>\$ 182,013</u>	<u>\$ 130,073</u>
Earnings per share (note 4):		
Basic	<u>\$ 1.91</u>	<u>\$ 1.32</u>
Diluted	<u>\$ 1.90</u>	<u>\$ 1.31</u>
Weighted average common shares outstanding - diluted (shares in thousands, note 4)	<u>95,784</u>	<u>99,174</u>
Dividends per share	<u>\$ 0.0750</u>	<u>\$ 0.0375</u>

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31, 2005 and 2004

(Unaudited)

	Three Months Ended March 31,	
	2005	2004
	(In thousands of dollars)	
Cash flows from operating activities:		
Net income	\$ 182,013	\$ 130,073
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of deferred insurance policy acquisition costs	5,632	5,454
Increase in deferred insurance policy acquisition costs	(4,581)	(5,152)
Depreciation and amortization	4,519	4,627
Decrease in accrued investment income	3,295	1,823
Decrease in reinsurance recoverable on loss reserves	1,069	893
Decrease in prepaid reinsurance premiums	492	239
Decrease in premium receivable	7,911	17,632
(Decrease) increase in loss reserves	(51,494)	48,137
Decrease in unearned premiums	(4,332)	(12,694)
Increase in income taxes payable	44,834	65,652
Equity earnings in joint ventures	(49,872)	(33,027)
Distributions from joint ventures	60,375	41,550
Other	36,503	(20,812)
Net cash provided by operating activities	236,364	244,395
Cash flows from investing activities:		
Purchase of fixed maturities	(289,505)	(942,035)
Additional investment in joint ventures	(1,760)	(4,085)
Sale of equity securities	616	1,604
Proceeds from sale of fixed maturities	85,089	669,429
Proceeds from maturity of fixed maturities	49,372	63,771
Net cash used in investing activities	(156,188)	(211,316)
Cash flows from financing activities:		
Dividends paid to shareholders	(7,201)	(3,696)
Net proceeds from short-term debt	14,947	208
Reissuance (return) of treasury stock	570	(365)
Repurchase of common stock	(68,567)	(26,654)
Common stock issued	703	17,776
Net cash used in financing activities	(59,548)	(12,731)
Net increase in cash and short-term investments	20,628	20,348
Cash and short-term investments at beginning of period	166,468	161,346
Cash and short-term investments at end of period	\$ 187,096	\$ 181,694

See accompanying notes to consolidated financial statements.

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2005

(Unaudited)

Note 1 – Basis of presentation and summary of certain significant accounting policies

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 accounting principles generally accepted in the United States of America. These statements should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2004 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 auditors in accordance with the standards of the Public Company Accounting Oversight Board (United States), 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 three months ended March 31, 2005 may not be indicative of the results that may be expected for the year ending December 31, 2005.

Stock-based compensation

The Company has certain stock-based compensation plans. Effective January 1, 2003, the Company adopted the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation, prospectively to all employee awards granted or modified on or after January 1, 2003. The adoption of SFAS No. 123 did not have a material effect on the Company’s results of operations or its financial position. Under the fair value method, compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period which generally corresponds to the vesting period. Awards under the Company’s plans generally vest over periods ranging from one to five years. The cost related to stock-based employee compensation included in the determination of net income for 2005 and 2004 is less than that which would have been recognized if the fair value based method had been applied to all awards since the original effective date of SFAS No. 123. The following table illustrates the effect on net income and earnings per share if the fair value method had been applied to all outstanding and unvested awards in each period.

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	Three Months Ended	
	2005	2004
	(in thousands of dollars, except per share data)	
Net income, as reported	\$ 182,013	\$ 130,073
Add stock-based employee compensation expense included in reported net income, net of tax	2,522	1,758
Deduct stock-based employee compensation expense determined under fair value method for all awards, net of tax	<u>(3,622)</u>	<u>(2,325)</u>
Pro forma net income	<u>\$ 180,913</u>	<u>\$ 129,506</u>
Earnings per share:		
Basic, as reported	<u>\$ 1.91</u>	<u>\$ 1.32</u>
Basic, pro forma	<u>\$ 1.90</u>	<u>\$ 1.31</u>
Diluted, as reported	<u>\$ 1.90</u>	<u>\$ 1.31</u>
Diluted, pro-forma	<u>\$ 1.89</u>	<u>\$ 1.31</u>

New Accounting Standards

The guidance contained in EITF 03-1 has been delayed by FSP EITF 03-1-1, "Effective Date of Paragraphs 10-20 of EITF Issue No. 03-1 'The meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments'". The delay of the effective date will be superseded with the final issuance of proposed FSP EITF Issue 03-1-a, "Implementation Guidance for the Application of Paragraph 16 of EITF Issue No. 03-1" which was subject to comments through October 29, 2004. As a result of the comments received, the FASB will reconsider EITF 03-1 in its entirety, therefore the impact of FSP EITF 03-1-a on the Company's financial position or results of operations cannot be determined at this time. Under the proposed guidance, it may be more likely that a decrease in the market value of certain investments in the Company's fixed income portfolio will be required to be recognized as a realized loss in the statement of operations than under existing accounting standards.

In December 2004 the Financial Accounting Standards Board (FASB) issued FASB Statement No. 123R, "Share-Based Payment". This statement is a revision of FASB Statement No. 123, "Accounting for Stock-Based Compensation". The fair value recognition provisions of FASB No 123 were voluntarily adopted by the Company in 2003 prospectively to all employee awards granted or modified on or after January 1, 2003 under FASB No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure". The adoption did not have a material effect on the Company's results of operations or its financial position. FASB No. 123R requires that the compensation

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cost relating to share-based payment transactions be measured based on the fair value of the equity or liability instrument issued and be recognized in the financial statements of the company. In April 2005 the effective date of this statement was delayed. FAS 123R is now effective for annual reporting periods that begin after June 15, 2005. The statement will be adopted by the Company beginning January 1, 2006 under the modified prospective method. The adoption will not have a material effect on the Company's results of operations or its financial position.

Note 2 – Short- and long-term debt

The Company has a \$285 million commercial paper program, which is rated "A-1" by Standard and Poors ("S&P") and "P-1" by Moody's. At March 31, 2005 and 2004, the Company had \$155.5 million and \$100.5 million in commercial paper outstanding with a weighted average interest rate of 2.85% and 1.10%, respectively.

In March of 2005, the Company obtained a \$300 million, five year revolving credit facility, expiring in 2010. The facility replaced the previous \$285 million facility that was due to expire in 2006. Under the terms of the credit facility, the Company must maintain shareholders' equity of at least \$2.25 billion and Mortgage Guaranty Insurance Corporation ("MGIC") must maintain a risk-to-capital ratio of not more than 22:1 and maintain policyholders' position (which includes MGIC's statutory surplus and its contingency reserve) of not less than the amount required by Wisconsin insurance regulation. At March 31, 2005, the Company met these requirements. The facility will continue to be used as a liquidity back up facility for the outstanding commercial paper. The remaining credit available under the facility after reduction for the amount necessary to support the commercial paper was \$144.5 million at March 31, 2005.

The Company had \$300 million, 7.5% Senior Notes due in October 2005 and \$200 million, 6% Senior Notes due in 2007 outstanding at March 31, 2005 and 2004. The Company intends to refinance the \$300 million of Senior Notes due in October through the issuance of senior debt. In March 2005, the Company obtained a bank commitment for a credit facility of \$300 million expiring on the earlier of 364 days from the closing date of the facility or the repayment of the 7.5% Senior Notes. The Company intends to draw upon this facility to refinance these Senior Notes if they cannot otherwise be refinanced. At March 31, 2005 and 2004, the market value of the outstanding debt was \$667.3 million and \$641.7 million, respectively.

Interest payments on all long-term and short-term debt were \$8.6 million and \$7.7 million for the three months ended March 31, 2005 and 2004, respectively.

In March 2005, a swap designated as a cash flow hedge was amended to coincide with the new credit facility. Under the terms of the swap contract, the Company pays a fixed rate of 5.07% and receives an interest rate based on LIBOR. The swap has an expiration date coinciding with the maturity of the credit facility and is designated as a cash flow hedge. The cash flow swap outstanding at March 31, 2005 and 2004 is evaluated quarterly using regression analysis with any ineffectiveness being recorded as an expense. To date this evaluation has not resulted in any hedge ineffectiveness. Swaps are subject to credit risk to the extent the counterparty would be unable to discharge its obligations under the swap agreements.

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Expense on the interest rate swaps for the three months ended March 31, 2005 and 2004 of approximately \$0.5 million and \$0.9 million, respectively, was included in interest expense. Gains or losses arising from the amendment or termination of interest rate swaps are deferred and amortized to interest expense over the life of the hedged items.

Note 3 – Litigation and contingencies

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

Consumers are bringing a growing number of lawsuits against home mortgage lenders and settlement service providers. In recent years, seven mortgage insurers, including the Company's MGIC subsidiary, have been involved in litigation alleging violations of the Real Estate Settlement Procedures Act, which is commonly known as RESPA, and the Fair Credit Reporting Act, which is commonly known as FCRA. MGIC's settlement of class action litigation against it under RESPA became final in October 2003. MGIC settled the named plaintiffs' claims in litigation against it under FCRA in late December 2004 following denial of class certification in June 2004. There can be no assurance that MGIC will not be subject to future litigation under RESPA or FCRA.

Spokesmen for insurance commissioners in Colorado and North Carolina have been publicly reported as saying that those commissioners are considering investigating or reviewing captive mortgage reinsurance arrangements. Insurance departments or other officials in other states may also conduct such investigations or reviews. The anti-referral fee provisions of RESPA provide that HUD as well as the insurance commissioner or attorney general of any state may bring an action to enjoin violations of these provisions of RESPA. The insurance law provisions of many states prohibit paying for the referral of insurance business and provide various mechanisms to enforce this prohibition. While the Company believes its captive reinsurance arrangements are in conformity with applicable laws and regulations, it is not possible to predict the outcome of any such reviews or investigations nor is it possible to predict their effect on the Company or the mortgage insurance industry.

Under its contract underwriting agreements, the Company may be required to provide certain remedies to its customers if certain standards relating to the quality of the Company's underwriting work are not met. The cost of remedies provided by the Company to customers for failing to meet these standards has not been material to the Company's financial position or results of operations for the three months ended March 31, 2005 and 2004.

Note 4 – Earnings per share

The Company's basic and diluted earnings per share ("EPS") have been calculated in accordance with SFAS No. 128, Earnings Per Share. The Company's net income is the same for both basic and diluted EPS. Basic EPS is based on the weighted average

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number of common shares outstanding. Diluted EPS is based on the weighted average number of common shares outstanding plus common stock equivalents which include stock awards and stock options. The following is a reconciliation of the weighted average number of shares used for basic EPS and diluted EPS.

	Three Months Ended March 31,	
	2005	2004
Weighted average shares - Basic	95,265	98,674
Common stock equivalents	519	500
Weighted average shares - Diluted	<u>95,784</u>	<u>99,174</u>

Note 5 – Comprehensive income

The Company's total comprehensive income, as calculated per SFAS No. 130, Reporting Comprehensive Income, was as follows:

	Three Months Ended March 31,	
	2005	2004
Net income	\$ 182,013	\$ 130,073
Other comprehensive (loss) income	(56,692)	8,399
Total comprehensive income	<u>\$ 125,321</u>	<u>\$ 138,472</u>
Other comprehensive income (loss) (net of tax):		
Change in unrealized net derivative gains and losses	\$ 711	\$ (111)
Amortization of deferred losses on derivatives	203	270
Change in unrealized gains and losses on investments	(58,356)	9,263
Other	750	(1,023)
Other comprehensive (loss) income	<u>\$ (56,692)</u>	<u>\$ 8,399</u>

At March 31, 2005, accumulated other comprehensive income of \$66.7 million included \$67.7 million of net unrealized gains on investments and (\$1.0) million relating to derivative financial instruments. At December 31, 2004, accumulated other comprehensive income of \$123.4 million included \$126.0 million of net unrealized gains on investments, (\$1.9) million relating to derivative financial instruments and (\$0.7) million relating to the accumulated other comprehensive loss of the Company's joint venture investment.

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

Overview

Business and General Environment

The Company, through its subsidiary Mortgage Guaranty Insurance Corporation ("MGIC"), is the leading provider of private mortgage insurance in the United States to the home mortgage lending industry. The Company's principal products are primary mortgage insurance and pool mortgage insurance. Primary mortgage insurance may be written through the flow market channel, in which loans are insured in individual, loan-by-loan transactions. Primary mortgage insurance may also be written through the bulk market channel, in which portfolios of loans are individually insured in single, bulk transactions.

The Company's results of operations are affected by:

- Premiums written and earned

Premiums written and earned in a year are influenced by:

- New insurance written, which increases the size of the in force book of insurance. New insurance written is the aggregate principal amount of the mortgages that are insured during a period and is referred to as "NIW". NIW is affected by many factors, including the volume of low down payment home mortgage originations and competition to provide credit enhancement on those mortgages, including competition from other mortgage insurers and alternatives to mortgage insurance, such as 80-10-10 loans.
- Cancellations, which reduce the size of the in force book of insurance that generates premiums. Cancellations due to refinancings are affected by the level of current mortgage interest rates compared to the mortgage coupon rates throughout the in force book.
- Premium rates, which are affected by the risk characteristics of the loans insured and the percentage of coverage on the loans.
- Premiums ceded to reinsurance subsidiaries of certain mortgage lenders and risk sharing arrangements with the GSEs.

Premiums are generated by the insurance that is in force during all or a portion of the period. Hence, lower average insurance in force in one period compared to another is a factor that will reduce premiums written and earned, although this effect may be mitigated (or enhanced) by differences in the average premium rate between the two periods as well as by premium that is ceded. Also, NIW and cancellations during a period will generally have a greater effect on premiums written and earned in subsequent periods than in the period in which these events occur.

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- Investment income

The investment portfolio is comprised almost entirely of highly rated, fixed income securities. The principal factors that influence investment income are the size of the portfolio and its yield.

- Losses incurred

Losses incurred are the expense that results from a payment delinquency on an insured loan. As explained under “Critical Accounting Policies” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2004, this expense is recognized only when a loan is delinquent. Losses incurred are generally affected by:

- The state of the economy, which affects the likelihood that loans will become delinquent and whether loans that are delinquent cure their delinquency.
- The product mix of the in force book, with loans having higher risk characteristics generally resulting in higher delinquencies and claims.
- The average claim payment, which is affected by the size of loans insured (higher average loan amounts tend to increase losses incurred), the percentage coverage on insured loans (deeper average coverage tends to increase incurred losses), and housing values, which affect the Company’s ability to mitigate its losses through sales of properties with delinquent mortgages.
- The distribution of claims over the life of a book. Historically, the first years after a loan is originated are a period of relatively low claims, with claims increasing substantially for several years after that and then declining, although persistency and the condition of the economy can affect this pattern.
- Underwriting and other expenses.

The operating expenses of the Company generally vary primarily due to contract underwriting volume, which in turn generally varies with the level of mortgage origination activity. Contract underwriting generates fee income included in “Other revenue.”

The Company’s results of operations are also affected by income from joint ventures. Joint venture income principally consists of the aggregate results of the Company’s investment in two less than majority owned joint ventures, Credit-Based Asset Servicing and Securitization LLC (“C-BASS”) and Sherman Financial Group LLC (“Sherman”).

C-BASS: C-BASS is primarily an investor in the credit risk of credit-sensitive single-family residential mortgages. It finances these activities through borrowings included on its balance sheet and by securitization activities generally conducted through off-balance sheet entities. C-BASS generally retains the first-loss and other subordinate securities created in the securitization. The loans owned by C-BASS and underlying C-BASS’s mortgage securities investments are serviced by Litton Loan Servicing LP, a subsidiary of C-BASS (“Litton”). Litton’s servicing operations primarily support

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C-BASS's investment in credit risk, and investments made by funds managed or co-managed by C-BASS, rather than generating fees for servicing loans owned by third-parties.

C-BASS's consolidated results of operations are affected by:

- Net interest income

Net interest income is principally a function of the size of C-BASS's portfolio of whole loans and mortgage and other securities, and the spread between the interest income generated by these assets and the interest expense of funding them. Interest income from a particular security is recognized based on the expected yield for the security.

- Gain on sale and liquidation

Gain on sale and liquidation results from sales of mortgage and other securities, and liquidation of mortgage loans. Securities may be sold in the normal course of business or because of the exercise of call rights by third parties. Mortgage loan liquidations result from loan payoffs, from foreclosure or from sales of real estate acquired through foreclosure.

- Servicing revenue

Servicing revenue is a function of the unpaid principal balance of mortgage loans serviced and servicing fees and charges. The unpaid principal balance of mortgage loans serviced by Litton is affected by mortgages acquired by C-BASS because servicing on subprime and other mortgages acquired is generally transferred to Litton. Litton also services or provides special servicing on loans in mortgage securities owned by funds managed or co-managed by C-BASS. Litton also may obtain servicing on loans in third party mortgage securities acquired by C-BASS or when the loans become delinquent by a specified number of payments (known as "special servicing").

- Gain on securitization

Gain on securitization is a function of the face amount of the collateral in the securitization and the margin realized in the securitization. This margin depends on the difference between the proceeds realized in the securitization and the purchase price paid by C-BASS for the collateral. The proceeds realized in a securitization include the value of securities created in the securitization that are retained by C-BASS.

- Revenues from money management activities

These revenues include management fees from C-BASS issued collateralized bond obligations ("CBOs"), equity in earnings from C-BASS investments in investment funds managed or co-managed by C-BASS and management fees and incentive income from investment funds managed or co-managed by C-BASS.

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- Hedging gains and losses, net of mark-to-market and whole loan reserve changes

Hedging gains and losses primarily consist of changes in the value of derivative instruments (including interest rate swaps, interest rate caps and futures) and short positions, as well as realized gains and losses from the closing of hedging positions. C-BASS uses derivative instruments and short sales in a strategy to reduce the impact of changes in interest rates on the value of its mortgage loans and securities. Changes in value of derivative instruments are subject to current recognition because C-BASS does not account for the derivatives as “hedged” under FAS 133.

Mortgage and other securities are classified by C-BASS as trading securities and are carried at fair value, as estimated by C-BASS. Changes in fair value between period ends (a “mark-to-market”) are reflected in C-BASS’s statement of operations as unrealized gains or losses. Changes in fair value of mortgage and other securities may relate to changes in credit spreads or to changes in the level of interest rates or the slope of the yield curve. Mortgage loans are not marked-to-market and are carried at the lower of cost or fair value on a portfolio basis, as estimated by C-BASS.

During a period in which short-term interest rates decline, in general, C-BASS’s hedging positions will decline in value and the change in value, to the extent that the hedges related to whole loans, will be reflected in C-BASS’s earnings for the period as an unrealized loss. The related increase, if any, in the value of mortgage loans will not be reflected in earnings but, absent any countervailing factors, when mortgage loans owned during the period are securitized, the proceeds realized in the securitization should increase to reflect the increased value of the collateral.

Sherman: Sherman is principally engaged in the business of purchasing and collecting for its own account delinquent consumer assets which are primarily unsecured. The borrowings used to finance these activities are included in Sherman’s balance sheet.

Sherman’s consolidated results of operations are affected by:

- Revenues from receivable portfolios

These revenues are the cash collections on such portfolios, and depend on the aggregate amount of receivables owned by Sherman, the type of receivable and the length of time that the receivable has been owned by Sherman.

- Amortization of receivables portfolios

Amortization is the recovery of the cost to purchase the receivable portfolios. Amortization expense is a function of estimated collections from the portfolios over their estimated lives. If estimated collections cannot be reasonably predicted, cost is fully recovered before any net revenue (the difference between

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revenues from a receivable portfolio and that portfolio's amortization) is recognized.

- Costs of collection, which include servicing fees paid to third parties to collect receivables.

2005 First Quarter Results

The Company's results of operations in the first three months of 2005 were principally affected by:

- Losses incurred

Losses incurred for the first quarter of 2005 decreased compared to the same period in 2004 primarily due to a larger decrease in the delinquency inventory, as well as smaller increases in the estimates regarding how many delinquencies will eventually result in a claim and how much will be paid on claims when compared to the prior period.

- Premiums written and earned

During the first quarter of 2005, the Company's written and earned premiums were lower than in the first quarter of 2004 due to a decline in the average insurance in force.

- Investment income

During the first quarter of 2005, investment income was higher than in the first quarter of 2004 due to an increase in the portfolio, as well as a slight increase in the pre-tax yield.

- Underwriting and other expenses

Underwriting and other expenses in the first quarter of 2005 were comparable to the same period in 2004.

- Income from joint ventures

Income from joint ventures increased in the first quarter of 2005 compared to the same period in 2004 due to higher income from each of Sherman and C-BASS.

The discussion below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

RESULTS OF CONSOLIDATED OPERATIONS

As discussed under “Risk Factors” below, actual results may differ materially from the results contemplated by forward looking statements. The Company is not undertaking any obligation to update any forward looking statements it may make in the following discussion or elsewhere in this document.

NIW

The amount of MGIC’s NIW (this term is defined in the “Overview-Business and General Environment” section) during the three months ended March 31, 2005 and 2004 was as follows:

	Three Months Ended March 31, (\$ billions)	
	2005	2004
Flow NIW	\$ 8.9	\$ 10.8
Bulk NIW	2.5	2.1
Total NIW	\$ 11.4	\$ 12.9

Refinance volume as a % of primary flow NIW 33% 36%

The decrease in NIW on a flow basis was primarily the result of continued market growth for structured transactions that offer alternatives to mortgage insurance, as well as a decrease in refinance volume. Refinance volume in turn is driven by changes in interest rates as discussed with respect to cancellations below. For a discussion of NIW written through the bulk channel, see “Bulk transactions” below. The Company expects new insurance written for the last three quarters of 2005 to be lower than for the comparable period in 2004.

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Cancellations and insurance in force

NIW and cancellations of primary insurance in force during the three months ended March 31, 2005 and 2004 were as follows:

	Three Months Ended	
	March 31,	
	2005	2004
	(\$ billions)	
NIW	\$ 11.4	\$ 12.9
Cancellations	(16.4)	(17.2)
Change in primary insurance in force	<u>\$ (5.0)</u>	<u>\$ (4.3)</u>

Direct primary insurance in force was \$172.1 billion at March 31, 2005 compared to \$177.1 billion at December 31, 2004 and \$185.3 billion at March 31, 2004.

Cancellation activity has historically been affected by the level of mortgage interest rates and the level of home price appreciation. Cancellations generally move inversely to the change in the direction of interest rates, although they generally lag a change in direction. MGIC's persistency rate (percentage of insurance remaining in force from one year prior) of 59.7% at March 31, 2005 decreased slightly from 60.2% at December 31, 2004 and increased from 51.0% at March 31, 2004. The Company expects modest improvement in the persistency rate for the remainder of 2005, although this expectation assumes the absence of significant declines in the level of mortgage interest rates from their level in late April 2005.

Bulk transactions

The Company's writings of bulk insurance are in part sensitive to the volume of securitization transactions involving non-conforming loans. The Company's writings of bulk insurance are also sensitive to competition from other methods of providing credit enhancement in a securitization, including an execution in which the subordinate tranches in the securitization rather than mortgage insurance bear the first loss from mortgage defaults. Competition from such an execution in turn depends on, among other factors, the yield at which investors are willing to purchase tranches of the securitization that involve a higher degree of credit risk compared to the yield for tranches involving the lowest credit risk (the difference in such yields is referred to as the spread) and the amount of credit for losses that a rating agency will give to mortgage insurance, which may be affected by the agency's view of the outlook for the insurer's claims-paying ability. As the spread narrows, competition from an execution in which the subordinate tranches bear the first loss increases. The competitiveness of the mortgage insurance execution in the bulk channel may also be impacted by changes in the Company's view of the risk of the business, which is affected by the historical performance of previously insured pools and the Company's expectations for regional and local real estate values. As a result of the sensitivities discussed above, bulk volume can vary materially from period to period.

The Company continued to face competition from other mortgage insurers which adversely affected the competitiveness of the mortgage insurance execution during the first quarter of 2005. As it has in past quarters, the Company priced the bulk business written in the first quarter of 2005 to generate acceptable returns; there can be no assurance, however, that the assumptions underlying the premium rates will achieve this objective.

NIW for bulk transactions increased from \$2.1 billion during the first quarter of 2004 to \$2.5 billion in the first quarter of 2005, although NIW written through the bulk channel in the first quarter of 2005 was below the level of the second through fourth quarters of 2004 (\$2.9 billion, \$6.0 billion and \$4.8 billion, respectively).

Pool insurance

In addition to providing primary insurance coverage, the Company also insures pools of mortgage loans. New pool risk written during the three months ended March 31, 2005 and 2004 was \$48 million and \$47 million, respectively. The Company's direct pool risk in force was \$3.1 billion, \$3.0 billion and \$2.9 billion at March 31, 2005, December 31, 2004 and March 31, 2004, respectively. These risk amounts are contractual aggregate loss limits and for contracts without such limits, risk is calculated at the estimated amount that would credit enhance the loans in the pool to a 'AA' level based on a rating agency model. At March 31, 2005 and 2004, there was \$5.1 billion and \$5.0 billion, respectively, of risk without such limits for which risk in force was calculated on this basis at \$438 million and \$367 million, respectively. During the three months ended March 31, 2005 and 2004, new risk written calculated on this basis was \$20 million and \$14 million, respectively.

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Net premiums written and earned

Net premiums written and earned during the first quarter of 2005 decreased due to a decline in the average insurance in force, when compared to the same period in 2004. The Company expects the average insurance in force during the remainder of 2005 will be lower than during the comparable period in 2004. As a result, the Company anticipates that net premiums written and earned in the remaining quarters of 2005 will be lower than the comparable periods in 2004.

Risk sharing arrangements

For the quarter ended December 31, 2004, approximately 48.5% of the Company's new insurance written on a flow basis was subject to captive reinsurance arrangements with subsidiaries of certain mortgage lenders or risk sharing arrangements with the GSEs compared to 51.2% for the quarter ended March 31, 2004. (New insurance written through the bulk channel is not subject to risk sharing arrangements.) The percentage of new insurance written during a period covered by such arrangements normally increases after the end of the period because, among other reasons, the transfer of a loan in the secondary market can result in a mortgage insured during a period becoming part of such an arrangement in a subsequent period. Therefore, the percentage of new insurance written covered by such arrangements is not shown for the current quarter. Premiums ceded in such arrangements are reported in the period in which they are ceded regardless of when the mortgage was insured. See also the second paragraph of "The mortgage insurance industry is subject to the risk of private litigation and regulatory proceedings" under "Risk Factors" below.

Investment income

Investment income for the first quarter of 2005 increased due to an increase in the amortized cost of average invested assets to \$5.5 billion for the first quarter of 2005 from \$5.1 billion for the first quarter of 2004, as well as a slight increase in the average investment yield. The portfolio's average pre-tax investment yield was 4.3% at March 31, 2005 and 4.2% at March 31, 2004. The portfolio's average after-tax investment yield was 3.8% at March 31, 2005 and 3.7% at March 31, 2004. The Company's net realized gains in the first quarter of 2005 and 2004 resulted primarily from the sale of fixed maturities. As discussed in Note 1 – New Accounting Standards, the impact of the final issuance of proposed FSP EITF 03-1-a cannot be determined at this time. Under the proposed guidance, it may be more likely that a decrease in the market value of certain investments in the Company's fixed income portfolio will be required to be recognized as a realized loss in the statement of operations than under the existing accounting standard.

Other revenue

The slight decrease in other revenue is primarily the result of decreased revenue from non-insurance operations.

Losses

As discussed in "Critical Accounting Policies" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2004, consistent with industry

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practices, loss reserves for future claims are established only for loans that are currently delinquent. (The terms “delinquent” and “default” are used interchangeably by the Company and are defined as an insured loan with a mortgage payment that is 45 days or more past due.) Loss reserves are established by management’s estimating the number of loans in the Company’s inventory of delinquent loans that will not cure their delinquency (historically, a substantial majority of delinquent loans have cured), which is referred to as the claim rate, and further estimating the amount that the Company will pay in claims on the loans that do not cure, which is referred to as claim severity. Estimation of losses that the Company will pay in the future is inherently judgmental. The conditions that affect the claim rate and claim severity include the current and future state of the domestic economy and the current and future strength of local housing markets.

Net losses incurred decreased in the first quarter of 2005 compared to the same period of 2004 due to a larger decrease in the delinquency inventory, as well as smaller increases in the estimates regarding how many delinquencies will eventually result in a claim and how much will be paid on claims. The average primary claim paid for the three months ended March 31, 2005 was \$26,094 compared to \$23,972 for the same period in 2004.

The Company believes that the level of losses incurred in the first quarter of 2005 was in part related to a normal seasonal reduction in delinquencies. The Company expects that incurred losses in the second quarter of 2005 will be above the level of the first quarter.

Information about the composition of the primary insurance default inventory at March 31, 2005, December 31, 2004 and March 31, 2004 appears in the table below.

	March 31, 2005	December 31, 2004	March 31, 2004
Total loans delinquent	78,234	85,487	80,869
Percentage of loans delinquent (default rate)	5.71%	6.05%	5.34%
Flow loans delinquent	41,469	44,925	41,636
Percentage of flow loans delinquent (default rate)	3.77%	3.99%	3.52%
Bulk loans delinquent	36,765	40,562	39,233
Percentage of bulk loans delinquent (default rate)	13.59%	14.06%	11.85%
A-minus and subprime credit loans delinquent*	32,545	35,824	32,694
Percentage of A-minus and subprime credit loans delinquent (default rate)	15.66%	16.49%	13.88%

* A portion of A-minus and subprime credit loans is included in flow loans delinquent and the remainder is included in bulk loans delinquent. Most A-minus and subprime credit loans are written through the bulk channel. A-minus loans have FICO credit scores of 575-619, as reported to MGIC at the time a commitment to insure is issued, and subprime loans have FICO credit scores of less than 575.

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The pool notice inventory decreased from 25,500 at December 31, 2004 to 23,568 at March 31, 2005; the pool notice inventory was 26,427 at March 31, 2004.

Information about net losses paid in 2005 and 2004 appears in the table below.

Net paid claims (\$ millions)	Three months ended March 31,	
	2005	2004
Flow	\$ 71	\$ 68
Bulk	58	54
Pool and other	20	20
	<u>\$ 149</u>	<u>\$ 142</u>

As of March 31, 2005, 83% of the Company's primary insurance in force was written subsequent to December 31, 2001. On the Company's flow business, 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 can be affected by many factors, including low persistency (which can have the effect of accelerating the period in the life of a book during which the highest claim frequency occurs) and deteriorating economic conditions (which can result in increasing claims following a period of declining claims). The Company expects the period of highest claims frequency on bulk loans will occur earlier than in the historical pattern on the Company's flow business.

Underwriting and other expenses

Underwriting and other expenses in the first quarter of 2005 were comparable to the same period in 2004.

Consolidated ratios

The table below presents the Company's consolidated loss, expense and combined ratios for the periods indicated.

Consolidated Insurance Operations:	Three months ended March 31,	
	2005	2004
Loss ratio	31.3%	55.8%
Expense ratio	15.9%	13.7%
Combined ratio	<u>47.2%</u>	<u>69.5%</u>

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The loss ratio (expressed as a percentage) is the ratio of the sum of incurred losses and loss adjustment expenses to net premiums earned. The expense ratio (expressed as a percentage) is the ratio of underwriting expenses to net premiums written. The combined ratio is the sum of the loss ratio and the expense ratio.

Income taxes

The effective tax rate was 28.8% in the first quarter of 2005, compared to 27.3% in the first quarter of 2004. During those periods, the effective tax rate was below the statutory rate of 35%, reflecting the benefits recognized from tax preferred investments. Tax preferred investments of the Company include tax-exempt municipal bonds, interests in mortgage related securities with flow through characteristics and investments in real estate ventures which generate low income housing credits. The higher effective tax rate in 2005 resulted from a lower percentage of total income before tax being generated from tax preferred investments, which resulted from higher levels of underwriting income.

Joint ventures

The Company's equity in the earnings from the C-BASS and Sherman joint ventures with Radian Group Inc. and certain other joint ventures and investments, accounted for in accordance with the equity method of accounting, is shown separately, net of tax, on the Company's consolidated statement of operations. The increase in income from joint ventures from the first quarter of 2004 to the first quarter of 2005 is primarily the result of increased equity earnings from each of Sherman and C-BASS.

C-BASS

Summary C-BASS balance sheets and income statements at the dates and for the periods indicated appear below.

Summary Balance Sheet:

	March 31, 2005	December 31, 2004
	(\$ millions)	
Total Assets	\$ 3,618	\$ 4,009
Total Liabilities	2,976	3,409
Debt*	2,011	2,648
Owners' Equity	642	600

* Most of which is scheduled to mature within one year or less.

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Included in total assets and total liabilities at March 31, 2005 and December 31, 2004 are approximately \$457 million of assets and the same amount of liabilities from securitizations that did not qualify for off-balance sheet treatment. The liabilities from these securitizations are not included in Debt in the table above.

Summary Income Statement:

	Three Months Ended	
	March 31,	
	2005	2004
	(\$ millions)	
Revenues	\$ 147.3	\$ 104.7
Expenses	86.7	59.2
Income before tax	<u>\$ 60.6</u>	<u>\$ 45.5</u>
Company's share of pretax income	<u>\$ 28.0</u>	<u>\$ 21.4</u>

The increased contribution from C-BASS in the first quarter of 2005 compared to the first quarter of 2004 was primarily due to an increase in gains from liquidation of mortgage loans, net hedging gains and higher net interest income. Gains on liquidation of whole loans reflects payoff of loans and mortgage insurance payments. C-BASS had net hedging gains on whole loans in the first quarter of 2005, compared to net hedging losses in the first quarter of 2004. Higher net interest income was the result of a higher average portfolio of mortgage loans and higher earnings rate on trust deposits for securities serviced by Litton.

The Company's investment in C-BASS on an equity basis at March 31, 2005 was \$304.8 million. The Company received \$8.5 million in distributions from C-BASS during the first quarter of 2005.

Sherman

Summary Sherman balance sheets and income statements at the dates and for the periods indicated appear below.

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Summary Balance Sheet:

	March 31, 2005	December 31, 2004
	(\$ millions)	
Total Assets	\$ 741	\$ 484
Total Liabilities	568	245
Debt	409	143
Members' Equity	173	239

In March 2005, Sherman acquired the holding company for First National Bank of Marin ("Bank of Marin") for a payment of cash and subordinated notes. This acquisition materially increased Sherman's consolidated assets as well as its debt and financial leverage. In 2004, the Bank of Marin was the 43rd largest credit card issuer in the United States, as measured by the amount of receivables generated. The Bank of Marin's operations following the acquisition will consist of originating subprime credit cards the receivables from which will be sold to an affiliate of Sherman. The primary regulator of Bank of Marin is the Office of the Comptroller of the Currency ("OCC"). Under the Change in Bank Control Act and the regulations of the OCC, any person who acquires 25% or more of the Company's voting securities would be deemed to control the Bank of Marin (and, under certain circumstances, any person who acquires 10% or more of the Company's voting securities might be deemed to control the Bank of Marin) and would be required to seek the approval of the OCC prior to achieving such ownership threshold.

Summary Income Statement:

	Three Months Ended March 31,	
	2005	2004
	(\$ millions)	
Revenues from receivable portfolios	\$ 218.1	\$ 212.4
Portfolio amortization	69.5	113.4
Revenues, net of amortization	148.6	99.0
Other revenue	7.3	8.9
Expenses	100.0	77.7
Income before tax	\$ 55.9	\$ 30.2
Company's share of pretax income	\$ 23.2	\$ 12.6

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The increased contribution from Sherman was primarily due to increased net revenue from portfolios owned during the 2004 and 2005 periods attributable to continuing collections and lower amortization on those portfolios. The Company's investment in Sherman on an equity basis at March 31, 2005 was \$69.4 million, down from \$97.0 million at December 31, 2004 due to a \$51.9 million distribution received from Sherman in the first quarter of 2005.

Other Matters

Under the Office of Federal Housing Enterprise Oversight's ("OFHEO") risk-based capital stress test for the GSEs, claim payments made by a private mortgage insurer on GSE loans are reduced below the amount provided by the mortgage insurance policy to reflect the risk that the insurer will fail to pay. Claim payments from an insurer whose claims-paying ability rating is 'AAA' are subject to a 3.5% reduction over the 10-year period of the stress test, while claim payments from a 'AA' rated insurer, such as MGIC, are subject to an 8.75% reduction. The effect of the differentiation among insurers is to require the GSEs to have additional capital for coverage on loans provided by a private mortgage insurer whose claims-paying rating is less than 'AAA.' As a result, there is an incentive for the GSEs to use private mortgage insurance provided by a 'AAA' rated insurer.

Financial Condition

The Company had \$300 million, 7.5% Senior Notes due in October 2005 and \$200 million, 6% Senior Notes due in 2007 outstanding at March 31, 2005 and December 31, 2004. The Company intends to refinance the \$300 million of Senior Notes due in October through the issuance of senior debt. In March 2005, the Company obtained a bank commitment for a credit facility of \$300 million expiring on the earlier of 364 days from the closing date of the facility or the repayment of the 7.5% Senior Notes. The Company intends to draw upon this facility to refinance these Senior Notes if they cannot otherwise be refinanced. At March 31, 2005 and 2004, the market value of the Company's outstanding debt was \$667.3 million and \$641.7 million, respectively.

See "Results of Operations—Joint ventures" above for information about the financial condition of C-BASS and Sherman.

As of March 31, 2005, 80% of the investment portfolio was invested in tax-preferenced securities. In addition, at March 31, 2005, based on book value, the Company's fixed income securities were approximately 99% invested in 'A' rated and above, readily marketable securities, concentrated in maturities of less than 15 years.

At March 31, 2005, the Company's derivative financial instruments in its investment portfolio were immaterial. 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 March 31, 2005, the effective duration of the Company's fixed income investment portfolio was 5.6 years. This means that for an instantaneous

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parallel shift in the yield curve of 100 basis points there would be an approximate 5.6% change in the market value of the Company's fixed income portfolio.

Liquidity and Capital Resources

The Company's consolidated sources of funds consist primarily of premiums written and investment income. Positive cash flows are invested pending future payments of claims and other expenses. Management believes that future cash inflows from premiums will be sufficient to meet future claim payments. Cash flow shortfalls, if any, could be funded through sales of short-term investments and other investment portfolio securities subject to insurance regulatory requirements regarding the payment of dividends to the extent funds were required by other than the seller. Substantially all of the investment portfolio securities are held by the Company's insurance subsidiaries.

The Company has a \$285 million commercial paper program, which is rated "A-1" by Standard and Poors ("S&P") and "P-1" by Moody's. At March 31, 2005 and 2004, the Company had \$155.5 million and \$100.5 million in commercial paper outstanding with a weighted average interest rate of 2.85% and 1.10%, respectively.

In March of 2005, the Company obtained a \$300 million, five year revolving credit facility, expiring in 2010. The facility replaced the previous \$285 million facility that was set to expire in 2006. Under the terms of the credit facility, the Company must maintain shareholders' equity of at least \$2.25 billion and Mortgage Guaranty Insurance Corporation ("MGIC") must maintain a risk-to-capital ratio of not more than 22:1 and maintain policyholders' position (which includes MGIC's statutory surplus and its contingency reserve) of not less than the amount required by Wisconsin insurance regulation. At March 31, 2005, the Company met these requirements. The facility will continue to be used as a liquidity back up facility for the outstanding commercial paper. The remaining credit available under the facility after reduction for the amount necessary to support the commercial paper was \$144.5 million at March 31, 2005.

In March 2005, a swap designated as a cash flow hedge was amended to coincide with the new credit facility. Under the terms of the swap contract, the Company pays a fixed rate of 5.07% and receives an interest rate based on LIBOR. The swap has an expiration date coinciding with the maturity of the credit facility and is designated as a cash flow hedge. The cash flow swap outstanding at March 31, 2005 and 2004 is evaluated quarterly using regression analysis with any ineffectiveness being recorded as an expense. To date this evaluation has not resulted in any hedge ineffectiveness. Swaps are subject to credit risk to the extent the counterparty would be unable to discharge its obligations under the swap agreements.

Expense on the interest rate swaps for the three months ended March 31, 2005 and 2004 of approximately \$0.5 million and \$0.9 million, respectively, was included in interest expense. Gains or losses arising from the amendment or termination of interest rate swaps are deferred and amortized to interest expense over the life of the hedged items.

The commercial paper, back-up credit facility and the Senior Notes are obligations of the Company and not of its subsidiaries. The Company is a holding company and the

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payment of dividends from its insurance subsidiaries is restricted by insurance regulation. MGIC is the principal source of dividend-paying capacity. For the remainder of 2005 MGIC can pay up to \$133 million in dividends at a quarterly rate of approximately \$44 million without the approval of the Office of the Commissioner of Insurance of the State of Wisconsin.

During the first quarter of 2005, the Company repurchased 1.1 million shares of Common Stock under publicly announced programs at a cost of \$68.6 million. At March 31, 2005, the Company had authority covering the purchase of an additional 3.5 million shares under these programs. In April 2005 the Company purchased an additional 1.8 million shares at a cost of \$105.7 million, a portion of which is subject to adjustment. For additional information regarding stock repurchases during the first quarter of 2005, see Item 2(c) of Part II of this Quarterly Report on Form 10-Q. From mid-1997 through March 31, 2005, the Company has repurchased 27.9 million shares under publicly announced programs at a cost of \$1.5 billion. Funds for the shares repurchased by the Company since mid-1997 have been provided through a combination of debt, including the Senior Notes and the commercial paper, and internally generated funds.

The Company's principal exposure to loss is its obligation to pay claims under MGIC's mortgage guaranty insurance policies. At March 31, 2005, MGIC's direct (before any reinsurance) primary and pool risk in force (which is the unpaid principal balance of insured loans as reflected in the Company's records multiplied by the coverage percentage, and taking account of any loss limit) was approximately \$52.4 billion. In addition, as part of its contract underwriting activities, the Company is responsible for the quality of its underwriting decisions in accordance with the terms of the contract underwriting agreements with customers. Through March 31, 2005, the cost of remedies provided by the Company to customers for failing to meet the standards of the contracts has not been material. However, the decreasing trend of home mortgage interest rates over the last several years may have mitigated the effect of some of these costs since the general effect of lower interest rates can be to increase the value of certain loans on which remedies are provided. There can be no assurance that contract underwriting remedies will not be material in the future.

The Company's consolidated risk-to-capital ratio was 7.5:1 at March 31, 2005 compared to 7.9:1 at December 31, 2004. The decrease was due to an increase in capital and a decrease in risk in force during the first three months of 2005.

The risk-to-capital ratios set forth above have been computed on a statutory basis. However, the methodology used by the rating agencies to assign claims-paying ability ratings permits less leverage than under statutory requirements. As a result, the amount of capital required under statutory regulations may be lower than the capital required for rating agency purposes. In addition to capital adequacy, the rating agencies consider other factors in determining a mortgage insurer's claims-paying rating, including its historical and projected operating performance, business outlook, competitive position, management and corporate strategy.

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For certain material risks of the Company's business, see "Risk Factors" below.

Risk Factors

Forward-Looking Statements and Risk Factors:

The Company's revenues and losses could be affected by the risk factors discussed below that are applicable to the Company, and the Company's income from joint ventures could be affected by the risk factors discussed below that are applicable to C-BASS and Sherman. These risk factors are an integral part of Management's Discussion and Analysis.

These risk factors may also cause actual results to differ materially from the results contemplated by forward looking statements that the Company may make. Forward looking statements consist of statements which relate to matters other than historical fact. Among others, statements that include words such as the Company "believes", "anticipates" or "expects", or words of similar import, are forward looking statements. The Company is not undertaking any obligation to update any forward looking statements it may make.

The amount of insurance the Company writes could be adversely affected if lenders and investors select alternatives to private mortgage insurance.

These alternatives to private mortgage insurance include:

- lenders structuring mortgage originations to avoid private mortgage insurance, such as a first mortgage with an 80% loan-to-value ratio and a second mortgage with a 10%, 15% or 20% loan-to-value ratio (referred to as 80-10-10, 80-15-5 or 80-20 loans, respectively) rather than a first mortgage with a 90%, 95% or 100% loan-to-value ratio,
- investors holding mortgages in portfolio and self-insuring,
- investors using credit enhancements other than private mortgage insurance or using other credit enhancements in conjunction with reduced levels of private mortgage insurance coverage, and
- lenders using government mortgage insurance programs, including those of the Federal Housing Administration and the Veterans Administration.

While no data is publicly available, the Company believes that 80-10-10 loans and related products are a significant percentage of mortgage originations in which borrowers make down payments of less than 20% and that their use, which the Company believes is primarily by borrowers with higher credit scores, continues to increase. During the fourth quarter of 2004, the Company introduced on a national basis a program designed to recapture business lost to these mortgage insurance avoidance products but there can be no assurance that it will be successful.

Deterioration in the domestic economy or changes in the mix of business may result in more homeowners defaulting and the Company's losses increasing.

Losses result from events that reduce a borrower's ability to continue to make mortgage payments, such as unemployment, and whether the home of a borrower who defaults on his mortgage can be sold for an amount that will cover unpaid principal and interest and the expenses of the sale. Favorable economic conditions generally reduce the likelihood that borrowers will lack sufficient income to pay their mortgages and also favorably affect the value of homes, thereby reducing and in some cases even eliminating a loss from a mortgage default. A deterioration in economic conditions generally increases the likelihood that borrowers will not have sufficient income to pay their mortgages and can also adversely affect housing values.

The mix of business the Company writes also affects the likelihood of losses occurring. In recent years, the percentage of the Company's volume written on a flow basis that includes segments the Company views as having a higher probability of claim has continued to increase. These segments include loans with LTV ratios over 95% (including loans with 100% LTV ratios), FICO credit scores below 620, limited underwriting, including limited borrower documentation, or total debt-to-income ratios of 38% or higher, as well as loans having combinations of higher risk factors.

Approximately 8% of the Company's risk in force written through the flow channel, and more than half of the Company's risk in force written through the bulk channel, consists of ARMs. The Company believes that during a prolonged period of rising interest rates, claims on ARMs would be substantially higher than for fixed rate loans, although the performance of ARMs has not been tested in such an environment. In addition, the Company believes the volume of "interest-only" loans has recently increased. Because interest-only loans are a relatively recent development, the Company has no data on their historical performance. The Company believes claim rates on certain interest-only loans will be substantially higher than on comparable loans requiring amortization. Interest-only loans may also be ARMs.

Competition or changes in the Company's relationships with its customers could reduce the Company's revenues or increase its losses.

Competition for private mortgage insurance premiums occurs not only among private mortgage insurers but also with mortgage lenders through captive mortgage reinsurance transactions. In these transactions, a lender's affiliate reinsures a portion of the insurance written by a private mortgage insurer on mortgages originated or serviced by the lender. As discussed under "The mortgage insurance industry is subject to risk from private litigation and regulatory proceedings" below, it has been publicly reported that certain insurance departments may review or investigate captive mortgage insurance arrangements.

The level of competition within the private mortgage insurance industry has also increased as many large mortgage lenders have reduced the number of private mortgage insurers with whom they do business. At the same time, consolidation among mortgage lenders has increased the share of the mortgage lending market held by large lenders.

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The Company's private mortgage insurance competitors include:

- PMI Mortgage Insurance Company
- GE Capital Mortgage Insurance Corporation
- United Guaranty Residential Insurance Company
- Radian Guaranty Inc.
- Republic Mortgage Insurance Company
- Triad Guaranty Insurance Corporation
- CMG Mortgage Insurance Company

Assured Guaranty Limited f/k/a/ AGC Holdings Limited, a financial guaranty company whose mortgage insurance business is primarily reinsurance, has announced that it intends to write investment grade mortgage guaranty insurance on a direct basis.

If interest rates decline, house prices appreciate or mortgage insurance cancellation requirements change, the length of time that the Company's policies remain in force could decline and result in declines in the Company's revenue.

In each year, most of the Company's premiums are from insurance that has been written in prior years. As a result, the length of time insurance remains in force (which is also generally referred to as persistency) is an important determinant of revenues. The factors affecting the length of time the Company's insurance remains in force include:

- the level of current mortgage interest rates compared to the mortgage coupon rates on the insurance in force, which affects the vulnerability of the insurance in force to refinancings, and
- mortgage insurance cancellation policies of mortgage investors along with the rate of home price appreciation experienced by the homes underlying the mortgages in the insurance in force.

During the 1990s, the Company's year-end persistency ranged from a high of 87.4% at December 31, 1990 to a low of 68.1% at December 31, 1998. At March 31, 2005 persistency was at 59.7%, compared to the record low of 44.9% at September 30, 2003. Over the past several years, refinancing has become easier to accomplish and less costly for many consumers. Hence, even in an interest rate environment favorable to persistency improvement, the Company does not expect persistency will approach its December 31, 1990 level.

If the volume of low down payment home mortgage originations declines, the amount of insurance that the Company writes could decline which would reduce the Company's revenues.

The factors that affect the volume of low-down-payment mortgage originations include:

- The level of home mortgage interest rates,

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- the health of the domestic economy as well as conditions in regional and local economies,
- housing affordability,
- population trends, including the rate of household formation,
- the rate of home price appreciation, which in times of heavy refinancing can affect whether refinance loans have loan-to-value ratios that require private mortgage insurance, and
- government housing policy encouraging loans to first-time homebuyers.

In general, the majority of the underwriting profit (premium revenue minus losses) that a book of mortgage insurance generates occurs in the early years of the book, with the largest portion of the underwriting profit realized in the first year. Subsequent years of a book generally result in modest underwriting profit or underwriting losses. This pattern of results occurs because relatively few of the claims that a book will ultimately experience occur in the first few years of the book, when premium revenue is highest, while subsequent years are affected by declining premium revenues, as persistency decreases due to loan prepayments, and higher losses.

If all other things were equal, a decline in new insurance written in a year that followed a number of years of higher volume could result in a lower contribution to the mortgage insurer's overall results. This effect may occur because the older books will be experiencing declines in revenue and increases in losses with a lower amount of underwriting profit on the new book available to offset these results.

Whether such a lower contribution would in fact occur depends in part on the extent of the volume decline. Even with a substantial decline in volume, there may be offsetting factors that could increase the contribution in the current year. These offsetting factors include higher persistency and a mix of business with higher average premiums, which could have the effect of increasing revenues, and improvements in the economy, which could have the effect of reducing losses. In addition, the effect on the insurer's overall results from such a lower contribution may be offset by decreases in the mortgage insurer's expenses that are unrelated to claim or default activity, including those related to lower volume.

Changes in the business practices of Fannie Mae and Freddie Mac could reduce the Company's revenues or increase its losses.

The business practices of Fannie Mae and Freddie Mac affect the entire relationship between them and mortgage insurers and include:

- the level of private mortgage insurance coverage, subject to the limitations of Fannie Mae and Freddie Mac's charters, when private mortgage insurance is used as the required credit enhancement on low down payment mortgages,

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- whether Fannie Mae or Freddie Mac influence the mortgage lender's selection of the mortgage insurer providing coverage and, if so, any transactions that are related to that selection,
- whether Fannie Mae or Freddie Mac will give mortgage lenders an incentive, such as a reduced guaranty fee, to select a mortgage insurer that has a "AAA" claims-paying ability,
- rating to benefit from the lower capital requirements for Fannie Mae and Freddie Mac when a mortgage is insured by a company with that rating,
- the underwriting standards that determine what loans are eligible for purchase by Fannie Mae or Freddie Mac, which thereby affect the quality of the risk insured by the mortgage insurer and the availability of mortgage loans,
- the terms on which mortgage insurance coverage can be canceled before reaching the cancellation thresholds established by law, and
- the circumstances in which mortgage servicers must perform activities intended to avoid or mitigate loss on insured mortgages that are delinquent.

The mortgage insurance industry is subject to the risk of private litigation and regulatory proceedings.

Consumers are bringing a growing number of lawsuits against home mortgage lenders and settlement service providers. In recent years, seven mortgage insurers, including the Company's MGIC subsidiary, have been involved in litigation alleging violations of the anti-referral fee provisions of the Real Estate Settlement Procedures Act, which is commonly known as RESPA, and the notice provisions of the Fair Credit Reporting Act, which is commonly known as FCRA. MGIC's settlement of class action litigation against it under RESPA became final in October 2003. MGIC settled the named plaintiffs' claims in litigation against it under FCRA in late December 2004 following denial of class certification in June 2004. There can be no assurance that MGIC will not be subject to future litigation under RESPA or FCRA.

Spokesmen for insurance commissioners in Colorado and North Carolina have been publicly reported as saying that those commissioners are considering investigating or reviewing captive mortgage reinsurance arrangements. Insurance departments or other officials in other states may also conduct such investigations or reviews. The anti-referral fee provisions of RESPA provide that HUD as well as the insurance commissioner or attorney general of any state may bring an action to enjoin violations of these provisions of RESPA. The insurance law provisions of many states prohibit paying for the referral of insurance business and provide various mechanisms to enforce this prohibition. While the Company believes its captive reinsurance arrangements are in conformity with applicable laws and regulations, it is not possible to predict the outcome of any such reviews or investigations nor is it possible to predict their effect on the Company or the mortgage insurance industry.

Net premiums written could be adversely affected if the Department of Housing and Urban Development repropose and adopts a regulation under the Real Estate

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Settlement Procedures Act that is equivalent to a proposed regulation that was withdrawn in 2004.

The regulations of the Department of Housing and Urban Development under the Real Estate Settlement Procedures Act prohibit paying lenders for the referral of settlement services, including mortgage insurance, and prohibit lenders from receiving such payments. In July 2002, the Department of Housing and Urban Development proposed a regulation that would exclude from these anti-referral fee provisions settlement services included in a package of settlement services offered to a borrower at a guaranteed price. HUD withdrew this proposed regulation in March 2004. Under the proposed regulation, if mortgage insurance were required on a loan, the package must include any mortgage insurance premium paid at settlement. Although certain state insurance regulations prohibit an insurer's payment of referral fees, had this regulation been adopted in this form, the Company's revenues could have been adversely affected to the extent that lenders offered such packages and received value from the Company in excess of what they could have received were the anti-referral fee provisions of the Real Estate Settlement Procedures Act to apply and if such state regulations were not applied to prohibit such payments.

The Company's income from joint ventures could be adversely affected by credit losses, insufficient liquidity or competition affecting the business of C-BASS or Sherman.

C-BASS: C-BASS is particularly exposed to credit risk and funding risk. In addition, C-BASS's results are sensitive to its ability to purchase mortgage loans and securities on terms that it projects will meet its return targets.

With respect to credit risk, an increasing proportion of non-conforming mortgage originations (the types of mortgages C-BASS principally purchases), are products, such as interest only loans to subprime borrowers, that are viewed by C-BASS as having greater credit risk. In addition, credit losses are a function of housing prices, which in certain regions have experienced rates of increase greater than historical norms and greater than growth in median incomes.

With respect to liquidity, the substantial majority of C-BASS's on-balance sheet financing for its mortgage and securities portfolio is short-term and dependent on the value of the collateral that secures this debt. While C-BASS's policies governing the management of capital at risk are intended to provide sufficient liquidity to cover an instantaneous and substantial decline in value, such policies cannot guaranty that all liquidity required will in fact be available.

Although there has been growth in the volume of non-conforming mortgage originations in recent years, such growth may not continue if interest rates increase or the economy weakens. There is an increasing amount of competition to purchase non-conforming mortgages, including from newly established real estate investment trusts and from firms that in the past acted as mortgage securities intermediaries but which are now establishing their own captive origination capacity. The continuing decrease in credit spreads has also heightened competition in the purchase of non-conforming mortgages and other securities.

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Sherman: Sherman's results are sensitive to its ability to purchase receivable portfolios on terms that it projects will meet its return targets. While the volume of charged-off consumer receivables and the portion of these receivables that have been sold to third parties such as Sherman has grown in recent years, there is an increasing amount of competition to purchase such portfolios, including from new entrants to the industry, which has resulted in increases in the prices at which portfolios can be purchased.

The March 2005 acquisition of Bank of Marin is intended to provide Sherman with the capability to originate subprime credit card receivables. This acquisition has materially increased Sherman's assets as well as its debt and its financial leverage. There can be no assurance that the benefits projected from the acquisition by Sherman will be achieved.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

At March 31, 2005, the Company's derivative financial instruments in its investment portfolio were immaterial. The Company places its investments in instruments that meet investment grade 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 March 31, 2005, the effective duration of the Company's fixed income investment portfolio was 5.6 years. This means that for each instantaneous parallel shift in the yield curve of 100 basis points there would be an approximate 5.6% change in the market value of the Company's fixed income investment portfolio.

The Company's borrowings under its commercial paper program are subject to interest rates that are variable. See the fourth and fifth paragraphs under "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources" for a discussion of the Company's interest rate swaps.

ITEM 4. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's principal executive officer and principal financial officer, has evaluated the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, the Company's principal executive officer and principal financial officer concluded that such controls and procedures were effective as of the end of such period. There was no change in the Company's internal control over financial reporting that occurred during the first quarter of 2005 that materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 2. CHANGES IN SECURITIES, USE OF PROCEEDS AND ISSUER PURCHASES OF EQUITY SECURITIES**

(c) Repurchase of common stock:

Information about shares of Common Stock repurchased during the first quarter of 2005 appears in the table below.

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (A)
January 1, 2005 through January 31, 2005	199,531(B)	\$ 64.05	175,000	4,382,700
February 1, 2005 through February 28, 2005	600,000	\$ 62.25	600,000	3,782,700
March 1, 2005 through March 31,2005	325,100	\$ 61.55	325,100	3,457,600
Total	1,124,631(B)	\$ 62.37	1,100,100	3,457,600

(A) On May 8, 2003 the Company announced that its Board of Directors authorized the repurchase of up to five million shares of the Company's Common Stock in the open market or in private transactions.

(B) 24,531 of the shares purchased in January 2005 were purchased as part of stock option exercises by Company employees.

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securities might be deemed to control the Bank of Marin) and would be required to seek the approval of the OCC prior to achieving such ownership threshold.

ITEM 6. EXHIBITS

The accompanying Index to Exhibits is incorporated by reference in answer to this portion of this Item, and except as otherwise indicated in the next sentence, the Exhibits listed in such Index are filed as part of this Form 10-Q. Exhibit 32 is not filed as part of this Form 10-Q but accompanies this Form 10-Q.

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 May 10, 2005.

MGIC INVESTMENT CORPORATION

/s/ J. Michael Lauer

J. Michael Lauer
Executive Vice President and
Chief Financial Officer

/s/ Joseph J. Komanecki

Joseph J. Komanecki
Senior Vice President, Controller and
Chief Accounting Officer

**INDEX TO EXHIBITS
(Part II, Item 6)**

Exhibit Number	Description of Exhibit
4.1	Bridge Credit Agreement, dated as of March 31, 2005, among MGIC Investment Corporation and the several financial institutions from time to time party to such Agreement.
4.2	Five-Year Credit Agreement, dated as of March 31, 2005, among MGIC Investment Corporation and the several financial institutions from time to time party to such Agreement.
11	Statement Re Computation of Net Income Per Share
31.1	Certification of CEO under Section 302 of Sarbanes-Oxley Act of 2002
31.2	Certification of CFO under Section 302 of Sarbanes-Oxley Act of 2002
32	Certification of CEO and CFO under Section 906 of Sarbanes-Oxley Act of 2002 (as indicated in Item 6 of Part II, this Exhibit is not being "filed").

BRIDGE
CREDIT AGREEMENT

Dated as of March 31, 2005

Among

MGIC INVESTMENT CORPORATION,

BNP PARIBAS,
as Administrative Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged by

BNP PARIBAS SECURITIES CORP.,
as Sole Lead Arranger and Sole Bookrunner

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EXHIBITS

Exhibit A	Form of Notice of Borrowing
Exhibit B	Form of Notice of Conversion/Continuation
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Legal Opinion of Company's Counsel
Exhibit E	Form of Assignment and Acceptance
Exhibit F	Form of Promissory Note
Exhibit G	Form of Designation Agreement

BRIDGE CREDIT AGREEMENT

This BRIDGE CREDIT AGREEMENT is entered into as of March 31, 2005, among MGIC Investment Corporation, a Wisconsin corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and BNP Paribas, as administrative agent for the Banks (in such capacity, the "Agent").

WHEREAS, the Banks have agreed to make available to the Company a credit facility upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Defined Terms. The following terms have the following meanings:

"Acquired Subsidiary" means a Subsidiary (i) the stock or equity interests in which are acquired (whether by purchase, merger or otherwise) after the date hereof from a Person or Persons which are not Subsidiaries at the time of such acquisition or (ii) the majority of the assets of which are acquired (whether by purchase, merger or otherwise) after the date hereof from a Person or Persons which are not Subsidiaries at the time of such acquisition.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary), provided that the Company or the Subsidiary is the surviving entity.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means BNP Paribas in its capacity as administrative agent for the Banks hereunder, and any successor administrative agent arising under Section 9.9.

"Agent-Related Persons" means BNP Paribas and any successor agent arising under Section 9.9, together with their respective Affiliates (including, in the case of BNP Paribas, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“Agent’s Payment Office” means the address for payments set forth on the signature page hereto in relation to the Agent, or such other address as the Agent may from time to time specify.

“Agreement” means this Credit Agreement.

“Annual Statement” means the annual financial statement of any insurance company as required to be filed with the Department, together with all exhibits or schedules filed therewith, prepared in conformity with SAP.

“Applicable Margin” means 0.0% for Base Rate Loans and 0.33% for Offshore Base Rate Loans.

“Arranger” means BNP Paribas Securities Corp., as sole lead arranger and sole bookrunner.

“Assignee” has the meaning specified in subsection 10.8(a).

“Attorney Costs” means and includes all fees and disbursements of any law firm or other external counsel, the non-duplicative allocated cost of internal legal services and all disbursements of internal counsel.

“Bank” has the meaning specified in the introductory clause hereto.

“Bankruptcy Code” means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.).

“Base Rate” means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest established by BNP Paribas as its prevailing “base rate,” with each change in such rate to be effective for purposes of this Agreement and the transactions contemplated hereby without necessity of any action on the part of any Person, on the day on which such change is effective, it being understood that such rate does not and shall not necessarily reflect the best or lowest rate of interest available to BNP Paribas’ best or preferred commercial customers. Such rate is a rate set by BNP Paribas based upon various factors including BNP Paribas’ costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by BNP Paribas shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Borrowing” means a borrowing hereunder consisting of Loans of the same Type made to the Company on the same day by the Banks under Article II, and, other than in the case of Base Rate Loans, having the same Interest Period.

“Borrowing Date” means any date on which a Borrowing occurs under Section 2.3.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

“Capital Adequacy Regulation” means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

“Change of Control” means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of voting stock of the Company.

“Closing Date” means the date that the Agent notifies the Company and the Banks that all conditions precedent set forth in Section 4.1 are satisfied or waived by all Banks (or, in the case of subsection 4.1(e), waived by the Person entitled to receive such payment).

“Code” means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

“Commitment” as to each Bank, has the meaning specified in Section 2.1.

“Commitment Termination Date” means the earlier to occur of:

(a) October 15, 2005; and

(b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

“Company” has the meaning specified in the introductory clause hereto.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

“Conversion/Continuation Date” means any date on which, under Section 2.4, the Company (a) converts Loans of one Type to another Type, or (b) continues as Loans of

the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

“Default” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“Department” means the applicable Governmental Authority of the state of domicile of an insurance company responsible for the regulation of said insurance company.

“Designated Bank” means a special purpose corporation that (a) shall have become a party to the Agreement pursuant to Section 10.8(f) of the Agreement and (b) is not otherwise a Bank.

“Designating Bank” means each Bank that shall designate a Designated Bank pursuant to Section 10.8(f) of the Agreement.

“Designation Agreement” means a designation agreement in substantially the form of Exhibit G to the Credit Agreement, entered into by a Bank and a Designated Bank and accepted by the Company and the Agent.

“Dollars”, “dollars” and “\$” each mean lawful money of the United States.

“Eligible Assignee” means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$100,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the “OECD”), or a political subdivision of any such country, and having a combined capital and surplus of at least \$100,000,000, provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD; and (iii) a Person that is primarily engaged in the business of commercial banking and that is (A) a Subsidiary of a Bank, (B) a Subsidiary of a Person of which a Bank is a Subsidiary, or (C) a Person of which a Bank is a Subsidiary.

“Environmental Claims” means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

“Environmental Laws” means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental matters.

“ERISA” means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

“Eurodollar Reserve Percentage” has the meaning specified in the definition of “Offshore Rate.”

“Event of Default” means any of the events or circumstances specified in Section 8.1.

“Exchange Act” means the Securities and Exchange Act of 1934, and regulations promulgated thereunder.

“Existing Notes” means the Company’s 7 1/2% Senior Notes due October 15, 2005.

“FDIC” means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

“Federal Funds Rate” means, for any day, the rate per annum (rounded upwards to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

“FRB” means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

“GAAP” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guaranty Obligation” means, as to any Person, without duplication, any direct or indirect liability of that Person, whether or not contingent, with or without recourse (but excluding any such liability to the Company or any Affiliate of the Company), Indebtedness, lease or letter of credit (the “primary obligations”) of another Person (the “primary obligor”), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof. The amount of any Guaranty Obligation shall be deemed equal to the lesser of (i) the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and (ii) the stated maximum amount of such Guaranty Obligation.

“Indebtedness” of any Person means, without duplication, (a) the principal amount of all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade and similar accounts payable and accrued expenses entered into in the ordinary course of business employee compensation and pension obligations, and other similar obligations, obligations in respect of trade letters of credit, obligations in respect of earnout and holdbacks and obligations in respect of customer advances received in the ordinary course of business); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) the principal amount of all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced

incurred in connection with the acquisition of property, assets or businesses; (e) the principal amount of all indebtedness created or arising under any conditional sale or other title retention agreement (excluding operating leases), or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations with respect to capital leases; (g) all net obligations with respect to Swap Contracts; (h) the principal amount of all indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (i) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above. The amount of any obligation characterized as Indebtedness of any Person by reason of clause (h) of this definition but which has not been assumed by such Person shall be deemed equal to the lesser of (i) the stated or determinable amount of the primary obligation secured (or subject to a right to be secured by) by the Lien referred to in such clause or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof and (ii) the fair market value of the property subject (or which may become subject) to such Lien. For purposes of determining the amount of any Indebtedness outstanding for any purpose of this Agreement, there shall be no double-counting of any primary obligation and any other Indebtedness arising by reason of such primary obligation by operation of clause (h) or (i) of this definition. Notwithstanding the foregoing, the term "Indebtedness" shall not include any obligations of the Company or any of its Subsidiaries owing to the Company or any of its Subsidiaries.

"Indemnified Liabilities" has the meaning specified in Section 10.5.

"Indemnified Person" has the meaning specified in Section 10.5.

"Independent Auditor" has the meaning specified in subsection 6.1(a).

"Insolvency Proceeding" means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

"Insurance Code" means, with respect to any insurance company, the insurance code of its state of domicile and any successor statute of similar import, together with the regulations thereunder, as amended or otherwise modified and in effect from time to time. References to sections of the Insurance Code shall be construed to also refer to successor sections.

“Interest Payment Date” means, as to any Offshore Rate Loan, the last day of each Interest Period applicable to such Loan (or quarterly, if earlier) and, as to any Base Rate Loan, quarterly on the last Business Day of each of March, June, September and December.

“Interest Period” means, as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation (or on such other date as all of the Banks may agree); provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

“IRS” means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

“Joint Venture” means a single-purpose corporation, partnership, joint venture or other similar legal arrangement which is not a Subsidiary (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Company or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person and in which the Company or any of its Subsidiaries is an “equity method investor”.

“Lending Office” means, as to any Bank, the office or offices of such Bank specified as its “Lending Office” or “Domestic Lending Office” or “Offshore Lending Office”, as the case may be, on Schedule 10.2, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

“Lien” means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment for security, charge or deposit arrangement for collateral purposes, encumbrance, lien (statutory or other) or consensual preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same

economic effect as any of the foregoing, and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

“Loan” means an extension of credit by a Bank to the Company under Article II, and may be a Base Rate Loan or an Offshore Rate Loan (each, a “Type” of Loan).

“Loan Documents” means this Agreement and any Notes.

“Majority Banks” means at any time Banks then holding in excess of 50% of the then aggregate unpaid principal amount of the Loans, or, if no such principal amount is then outstanding, Banks then having in excess of 50% of the Commitments.

“Maturity Date” means the first anniversary of the initial borrowing hereunder or, if such anniversary is not a Business Day, then the Maturity Date shall be the Business Day most immediately preceding such anniversary.

“Margin Stock” means “margin stock” as such term is defined in Regulation T, U or X of the FRB.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the business, liabilities, financial position or results of operations of the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company to perform its obligations under any Loan Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of any Loan Document; provided, however, that the repurchase by the Company of Company common stock shall not be considered to be a Material Adverse Effect so long as such repurchase does not give rise to a Default or an Event of Default.

“Material Debt” of any Person means, without duplication, all indebtedness for borrowed money and all obligations evidenced by notes, bonds, debentures or similar instruments having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) in excess of the greater of \$200,000,000 and 5% of the tangible net worth of such person. Notwithstanding the foregoing, the term “Material Debt” shall not include any obligations of the Company or any of its Subsidiaries owing to the Company or any of its Subsidiaries.

“MGIC” means Mortgage Guaranty Insurance Corporation, a Wisconsin stock insurance corporation.

“Multiemployer Plan” means a “multiemployer plan”, within the meaning of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

“NAIC” means the National Association of Insurance Commissioners or any successor thereto.

“Note” means a promissory note executed by the Company in favor of a Bank pursuant to subsection 2.2(b), in substantially the form of Exhibit E.

“Notice of Borrowing” means a notice in substantially the form of Exhibit A.

“Notice of Conversion/Continuation” means a notice in substantially the form of Exhibit B.

“Obligations” means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

“Offshore Rate” means, for any Interest Period, with respect to Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/100th of 1%) determined by the Agent pursuant to the following formula:

$$\text{Offshore Rate} = \frac{\text{Offshore Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

“Offshore Base Rate” means, for such Interest Period:

(x) the rate per annum (rounded upward, if necessary, to the higher 1/16th of one percent) equal to the rate determined by the Agent to be the offered rate that appears on the page of the Telerate Screen that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(y) in the event the rate referenced in the preceding subsection (x) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(z) in the event the rates referenced in the preceding subsections (x) and (y) are not available, the rate per annum determined by the Agent as the rate of interest at which Dollar deposits (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable Offshore Rate Loan and with a term equivalent to such Interest Period would be offered by its London Branch to major banks in the offshore Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Offshore Rate for each outstanding Offshore Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

The determination of the Eurodollar Reserve Percentage and the Offshore Base Rate by the Agent shall be conclusive in the absence of manifest error.

“Offshore Rate Loan” means a Loan that bears interest based on the Offshore Rate.

“Organization Documents” means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

“Other Taxes” means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents, but not including taxes on or taxes measured by income or any franchise taxes imposed in lieu of income taxes.

“Participant” has the meaning specified in subsection 10.8(d).

“PBGC” means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

“Pension Plan” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

“Permitted Liens” has the meaning specified in Section 7.1.

“Person” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

“Plan” means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

“Pro Rata Share” means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank’s Commitment divided by the combined Commitments of all Banks.

“Replacement Bank” has the meaning specified in Section 3.6.

“Reportable Event” means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“Requirement of Law” means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

“Responsible Officer” means, as to the Company or any Subsidiary, the chief executive officer, the president, any senior vice president or any executive vice president of the Company or such Subsidiary, as the case may be, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer, chief accounting officer, treasurer or any assistant treasurer of the Company or such Subsidiary, as the case may be, or any other officer having substantially the same authority and responsibility.

“SAP” means, as to any insurance company, the statutory accounting practices prescribed or permitted by the Department.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Significant Insurance Subsidiary” means, at any time, MGIC and any other Subsidiary engaged primarily in the business of insurance having at such time total assets in excess of 20% of total consolidated assets based upon the Company’s most recent annual or quarterly financial statements delivered to the Agent under Section 6.1.

“Significant Subsidiary” means, at any time, MGIC and any other Subsidiary having at such time total (gross) revenues for the preceding four fiscal quarter periods in excess of the greater of \$100,000,000 and 10% of consolidated gross revenues based

upon the Company's most recent annual or quarterly financial statements delivered to the Agent under Section 6.1; provided, that MGIC Investor Services Corporation (or any successor thereto) shall not be deemed a Significant Subsidiary so long as it has total (gross) revenues for the preceding four fiscal quarter periods not in excess of \$200,000,000.

"Subsidiary" of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof (such 50% threshold is herein referred to as the "50% Threshold"), provided, however that Credit-Based Asset Servicing and Securitization LLC, and Sherman Financial Group LLC and any successors thereto, and any other joint venture in which the Company or any of its Affiliates is a party if the interests of such Person in such joint venture do not on the Closing Date satisfy the 50% Threshold, shall not become Subsidiaries as a result of the acquisition of interests therein from members of the management of such Persons if the interests so acquired that would, but for this exception, result in such Person being a Subsidiary under the foregoing definition do not exceed 10% of the interests in the entity. Any Person identified in Schedule 1.1 by the Company shall not be deemed a "Subsidiary" of the Company if (a) the Company owns more than 50% but less than 100% of the voting stock or other equity interests (in the case of Persons other than corporations) therein and (b) the total investment (either by capital contribution, loan, advance or otherwise but excluding any increase in such investment as a result of the recognition of earnings from a Person identified on such Schedule) by the Company and its Subsidiaries in all such Persons shall not at any time exceed the greater of \$300,000,000 and 10% of the Company's shareholders equity. The Company may amend Schedule 1.1 from time to time upon notice to the Agent. Unless the context otherwise clearly requires, references here in to a "Subsidiary" refer to a Subsidiary of the Company.

"Surety Instruments" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement (including any master agreement and any agreement, whether or not in writing, relating to any single transaction) that is an interest rate swap agreement, basis swap, forward rate agreement, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, forward foreign exchange agreement, rate cap, collar or floor agreement, currency swap agreement, cross-currency rate swap agreement, swaption, currency option or any other, similar agreement (including any option to enter into any of the foregoing).

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, fines, penalties, interest and additions to tax arising from the action or inaction of such Bank or Agent and such taxes (including income taxes or

franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is or was organized, maintains or maintained a lending office or would be subject to taxation if this Agreement were not in effect.

"Type" has the meaning specified in the definition of "Loan."

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

"Wholly-Owned Subsidiary" means any corporation in which (other than directors' qualifying shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.2 Other Interpretive Provisions

- (a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.
- (b) The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.
- (c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.
 - (ii) The term "including" is not limiting and means "including without limitation."
 - (iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding", and the word "through" means "to and including."
- (d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

- (e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.
- (f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.
- (g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agent merely because of the Agent's or Banks' involvement in their preparation.

1.3 Accounting Principles

- (a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP (excluding the effect of FIN 46 issued by the Financial Accounting Standards Board), consistently applied, except as otherwise required or permitted by GAAP, or with respect to any financial statements of any insurance company, in accordance with SAP; provided, however, that if at any time any change in GAAP would affect the computation of the covenant set forth in Section 7.8(a) and the Company or the Majority Banks shall so request, the Agent and the Company shall negotiate in good faith to amend such covenant (with the consent of the Majority Banks) to preserve the original intent thereof, provided that prior to such amendment such covenant shall be calculated in accordance with GAAP prior to such change.
- (b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.1 Amounts and Terms of Commitments. Each Bank severally agrees, on the terms and conditions set forth herein, to make Loans to the Company from time to time on any Business Day during the period from the Closing Date to the Commitment Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth on Schedule 2.1 (such amount, as the same may be reduced under Section 2.5 or as a result of one or more assignments under Section 10.8, the Bank's "Commitment"); provided, however, that, after giving effect to any Borrowing, the aggregate principal amount of all outstanding Loans shall not at any time exceed the combined Commitments. Within the limits of each Bank's Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.1, prepay under Section 2.6 and reborrow under this Section 2.1.

2.2 Loan Accounts.

- (a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.
- (b) Upon the request of any Bank made through the Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Company with respect thereto. Each such Bank is irrevocably authorized by the Company to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.3 Procedure for Borrowing.

- (a) Each Borrowing shall be made upon the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing, or (except for the initial borrowing) the Company's telephonic notice to the Agent, to be immediately confirmed in writing. Any such notice must be received by the Agent prior to 11:00 a.m. New York time (i) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans, and (ii) on the requested Borrowing Date, in the case of Base Rate Loans, specifying:
 - (A) the amount of the Borrowing, which shall be in an aggregate minimum amount of \$50,000,000 or any multiple of \$1,000,000 in excess thereof;
 - (B) the requested Borrowing Date, which shall be a Business Day;
 - (C) the Type of Loans comprising the Borrowing; and
 - (D) with respect to Offshore Rate Loans, the duration of the Interest Period applicable to such Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be three months.
- (b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.
- (c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 1:00 (New York

time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. The proceeds of all such Loans will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of BNP Paribas with the aggregate of the amounts made available to the Agent by the Banks and in immediately available funds.

(d) After giving effect to any Borrowing, there may not be more than twelve different Interest Periods in effect.

2.4 Conversion and Continuation Elections.

(a) The Company may, upon irrevocable written notice to the Agent in accordance with subsection 2.4(b):

- (i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Loans, to convert any such Loans (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof) into Loans of the other Type; or
- (ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$10,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than \$10,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 11:00 a.m. (New York time) at least (i) three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Offshore Rate Loans; and (ii) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

- (A) the proposed Conversion/Continuation Date;
- (B) the aggregate amount of Loans to be converted or continued;
- (C) the Type of Loans resulting from the proposed conversion or continuation; and
- (D) in the case of continuation of, or conversion into, Offshore Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period for Offshore Rate Loans, the Company has failed to select timely a new Interest Period to be applicable to such Offshore Rate Loans, the Company shall be deemed to have selected a one month Interest Period for such Offshore Rate Loan.

- (d) If upon the expiration of any Interest Period for Offshore Rate Loans, any Default then exists, the Company shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.
- (e) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.
- (f) Unless the Majority Banks otherwise agree, during the existence of a Default or Event of Default, the Company may not elect to have a Loan converted into or continued as an Offshore Rate Loan.
- (g) After giving effect to any conversion or continuation of Loans, there may not be more than twelve different Interest Periods in effect.

2.5 Termination or Reduction of Commitments. Unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the then-outstanding principal amount of the Loans would exceed the amount of the combined Commitments then in effect, the Company may, upon not less than three Business Days' prior notice to the Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of \$10,000,000 or any multiple of \$1,000,000 in excess thereof. If the Company pays, prepays, defeases or redeems all or any portion of the Existing Notes other than with the proceeds of Loans, it shall forthwith notify the Agent of such event; and upon receipt by the Agent of such notice the Commitments shall automatically be reduced by the aggregate principal amount of the Existing Notes so paid, prepaid or redeemed or if the Existing Notes are so paid in full the Commitments hereunder shall be terminated. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued facility fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination. Each notice of a termination or reduction of Commitments shall be irrevocable, except that a notice of termination of the Commitments may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Agent on or prior to the specified effective date) if such condition is not satisfied.

2.6 Optional Prepayments. Subject to Section 3.4, the Company may, at any time or from time to time, upon notice to the Agent received not later than 11:00 a.m. (New York time) on the date of prepayment (in the case of Base Rate Loans) or three Business Days' irrevocable notice to the Agent (in the case of Offshore Rate Loans), ratably prepay Loans in whole or in part, in minimum amounts of \$5,000,000 or any multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of

such Bank's Pro Rata Share of such prepayment. Each notice of prepayment shall be irrevocable, except that if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.5, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.5. If such notice is given by the Company and not revoked as aforesaid, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid (except for amounts prepaid on Base Rate Loans) and any amounts required pursuant to Section 3.4.

2.7 Mandatory Prepayments. If the Company finances or refinances the payment, prepayment or redemption of all of any portion of the Existing Notes with the proceeds of Indebtedness (other than the Loans) incurred after the maturity date of the Existing Notes, it shall forthwith notify the Agent of such event and prepay the Loans in an aggregate principal amount equal to the amount of such proceeds used for such purpose.

2.8 Repayment . The Company shall repay to the Banks on the Maturity Date the aggregate principal amount of Loans outstanding on such date.

2.9 Interest.

- (a) Each Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.4), plus the Applicable Margin.
- (b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid upon payment in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Majority Banks.
- (c) Notwithstanding subsection (a) of this Section, while any Event of Default exists or after acceleration, the Company shall, if requested by the Majority Banks, pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Loans, at a rate per annum which is determined by adding 2.00% per annum to the applicable rate then in effect for such Loans (as determined pursuant to clause (a) above); provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, if requested by the Majority Banks, during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2.00%.
- (d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be

contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.10 Commitment Fees.

- (a) If the Company makes any borrowing hereunder, the Company shall pay to the Agent for the account of each Bank a commitment fee on the average daily unused amount of such Bank's Commitment, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, at the rate of 0.07% per annum. Such commitment fee shall accrue from the date of the initial borrowing hereunder to the Commitment Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each of March, June, September and December, with the final payment to be made on the Commitment Termination Date. The commitment fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

2.11 Computation of Fees and Interest.

- (a) All computations of interest in respect of Base Rate Loans based on BNP Paribas' "base rate" shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.
- (b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error.

2.12 Payments by the Company.

- (a) All payments to be made by the Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 2:00 p.m. (New York time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 2:00 p.m. (New York time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.
- (b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

- (c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.13 Payments by the Banks to the Agent.

- (a) Unless the Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, on or prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Pro Rata Share of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing; provided, however, that the Agent may, solely at its option, make available a Loan to the Company in an amount not to exceed the Pro Rata Share of such Bank and such Loan shall be payable to the Agent.
- (b) The failure of any Bank to make any Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any Borrowing Date.

2.14 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata

Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.9) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.1 Taxes.

- (a) Any and all payments by the Company to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Company shall pay all Other Taxes.
- (b) The Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Bank or the Agent and any liability (including expenses, penalties, fines, interest and additions to tax (except expenses, penalties, fines, interest and additions to tax arising as a result of the action or inaction of the Agent or the applicable Bank)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor accompanied by a certificate showing in reasonable detail the calculation of such amount.
- (c) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:
 - (i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

- (ii) the Company shall make such deductions and withholdings;
 - (iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and
 - (iv) the Company shall also pay to each Bank or the Agent for the account of such Bank, without duplication, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.
- (d) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish the Agent the original or a copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.
 - (e) If the Company is required to pay additional amounts to any Bank or the Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change in the judgment of such Bank is not otherwise materially disadvantageous to such Bank.
 - (f) Any Bank or Agent requesting a payment under this Section 3.1 shall provide the Company contemporaneously with any demand for payment by the Company hereunder with a Certificate setting forth in reasonable detail the calculation of such payment.

3.2 Illegality.

- (a) If, after the date of this agreement, any Bank reasonably determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist.
- (b) If a Bank reasonably determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.4, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Company is required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Company shall borrow from the affected Bank, in the amount of such repayment, a Loan at the Federal Funds Rate plus 0.50% per annum, with interest payable on the dates on which interest on Base Rate Loans would be payable.

3.3 Increased Costs and Reduction of Return.

- (a) If any Bank reasonably determines that after the date of this Agreement, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) (any event referred to in the preceding clause (i) or (ii) being referred to herein as a “Change in Law”), there shall be any increase in the direct cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans (based on the assumption contained in the last sentence of Section 3.4 hereof), then the Company shall be liable for, and shall from time to time, within 30 days after receipt by the Company of written demand, which demand shall be accompanied by a certificate showing in reasonable detail the calculation of such amounts (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, such additional amounts as are sufficient to compensate such Bank for such increased costs; provided, however, that the Company shall not be liable for costs incurred more than 60 days before such demand was made, except to the extent that such costs result from any Change in Law having retroactive effect; and further provided that the Company shall be liable for increased costs only if such costs are also charged to a significant number of similarly situated borrowers and the determination of such costs so charged is made in accordance with the methodology set forth in such certificate.
- (b) If any Bank shall have reasonably determined that after the date of this Agreement (i) the adoption after the date of this Agreement of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation (any event referred to in the preceding clause (i), (ii), (iii) or (iv) being referred to herein as a “New Capital Adequacy Regulation”), affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank’s or such corporation’s policies with respect to capital adequacy and such Bank’s desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, within 30 days after receipt by the Company of written demand (accompanied by a certificate showing in reasonable detail the calculation of such amount) made by such Bank to the Company through the Agent, the Company shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase; provided, however, that the Company shall not be liable for costs incurred more than 60 days before such demand was made, except to the extent that such costs result from any New Capital Adequacy Regulation having retroactive effect; and further provided that, the Company shall be liable for increased costs only if such costs are also charged to a significant number of similarly situated borrowers and the

determination of such costs so charged is made in accordance with the methodology set forth in such certificate.

3.4 Funding Losses. Upon five days notice by the relevant Bank accompanied by a certificate showing in reasonable detail the calculation of such amount, the Company shall reimburse each Bank and hold each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

- (a) the failure of the Company to make on a timely basis any payment of principal of any Offshore Rate Loan;
- (b) the failure of the Company to borrow, continue or convert a Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/ Continuation;
- (c) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.6 (whether or not the notice of such prepayment is revoked in accordance with said Section 2.6);
- (d) the prepayment (including pursuant to Section 2.7) or other payment (including after acceleration thereof) of an Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or
- (e) the automatic conversion under Section 2.4 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Banks under this Section and under subsection 3.3(a), each Offshore Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the Offshore Base Rate used in determining the Offshore Rate for such Offshore Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan is in fact so funded.

3.5 Inability to Determine Rates. If the Agent reasonably determines that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate applicable pursuant to subsection 2.9(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to BNP Paribas of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Agent revokes such notice in writing (and the Agent shall revoke such notice promptly after becoming aware that the condition triggering notice ceases to exist). Upon receipt of such notice, the Company may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such

Notice, the Banks shall make, convert or continue the Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Loans shall be made, converted or continued as Loans at the Federal Funds Rate plus 0.50% per annum instead of Offshore Rate Loans with interest payable on the dates on which interest on Base Rate Loans would be payable.

3.6 Substitution of Banks. Upon the receipt by the Company from any Bank of a claim for compensation under Section 3.1, 3.2 or 3.3, or if any Lender does not consent to a proposed amendment, modification or waiver of this Agreement requested by the Company which requires the consent of all of the Banks to become effective and which is approved by at least the Majority Banks (any Bank making such claim or not consenting being referred to herein as an "Affected Bank"), the Company may: (i) request the Affected Bank to use its best efforts to obtain a replacement bank or financial institution satisfactory to the Company to acquire and assume all or a ratable part of all of such Affected Bank's Loans and Commitment (a "Replacement Bank"); (ii) request one more of the other Banks to acquire and assume all or part of such Affected Bank's Loans and Commitment (it being understood and agreed that none of the other Banks shall be required to do so); or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld or delayed).

3.7 Survival. The agreements and obligations of the Company in this Article III shall survive for one year after the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Conditions of Initial Loans. The effectiveness of the obligation of each Bank to make its initial Loan hereunder is subject to the condition that the Agent shall have received on or before March 31, 2005 all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement and Notes. This Agreement and the Notes executed by each party thereto;

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors or the executive committee of the board of directors of the Company authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Company; and

(ii) A certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(c) Organization Documents; Good Standing. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of the Company as in effect on the Closing Date, certified by the Secretary or Assistant Secretary of the Company as of the Closing Date; and

(ii) a good standing certificate for the Company from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation;

(d) Legal Opinion.

(i) an opinion of the general counsel of the Company addressed to the Agent and the Banks, substantially in the form of Exhibit D;

(e) Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, together with Attorney Costs of BNP Paribas to the extent invoiced prior to or on the Closing Date; including any such costs, fees and expenses arising under or referenced in Section 10.4;

(f) Certificate. A certificate signed by a Responsible Officer or Treasurer of the Company, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the initial Borrowing; and

(iii) there has occurred since December 31, 2004, no event or circumstance that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(g) Other Documents. Such other approvals, opinions, documents or materials as the Agent or any Bank may request.

4.2 Conditions to All Borrowings. The obligation of each Bank to make any Loan to be made by it (including its initial Loan, but not including any continuation or conversion) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Notice of Borrowing. The Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing or telephonic notice as provided in Section 2.3 hereof;

(b) Continuation of Representations and Warranties. The representations and warranties in Article V (other than Section 5.5) shall be true and correct in all material

respects on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date); and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing.

Each Notice of Borrowing submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice and as of each Borrowing Date, that the conditions in Section 4.2 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank that:

5.1 Corporate Existence and Power. The Company and each of its Significant Subsidiaries:

(a) is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization;

(b) has the power and authority and all material governmental licenses, authorizations, consents and approvals necessary to own its assets, carry on its business and to execute, deliver, and perform its obligations, if any, under the Loan Documents;

(c) is duly qualified as a foreign corporation or other organization and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and

(d) is in compliance with all Requirements of Law; except, in each case referred to in clause (c) or clause (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.2 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each other Loan Document, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of the Company's Organization Documents,

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any material Contractual Obligation to which the Company is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or its property is subject, or

(c) violate any Requirement of Law,

except in each case referred to in clause (b) or clause (c) to the extent that such conflict or violation would not have a Material Adverse Effect.

5.3 Governmental Authorization. Except for filings required to be made after the Closing Date (which the Company hereby agrees to make), no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of the Agreement or any other Loan Document.

5.4 Binding Effect. This Agreement and each other Loan Document to which the Company is a party constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.5 Litigation. Except as specifically disclosed in Schedule 5.5, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which:

(a) purport to affect this Agreement or any other Loan Document; or

(b) would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the borrowing or repaying of the Loans or the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.6 No Default. As of the Closing Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 8.1(e).

5.7 ERISA Compliance. Except as specifically disclosed in Schedule 5.7:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law to the extent noncompliance would reasonably be expected to have a Material Adverse Effect. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Company, nothing has occurred which would cause the loss of such qualification, if the loss of such qualification would reasonably be expected to have a Material Adverse Effect. The Company and each ERISA Affiliate has made all required contributions to any Plan

subject to Section 412 of the Code to the extent the failure to do so would have a Material Adverse Effect, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of Company, threatened in writing claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) To the extent that any of the following would reasonably be expected to have a Material Adverse Effect (i) no ERISA Event has occurred or is reasonably expected to occur; (ii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (iv) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) No Pension Plan has any Unfunded Pension Liability in excess of \$100,000,000.

5.8 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.5. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.9 Title to Properties. The Company and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as would not, individually or in the aggregate, have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Company or any Subsidiary that would reasonably be expected to have a Material Adverse Effect.

5.11 Financial Condition.

- (a) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 2004, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the periods ended on such date:
- (i) were prepared in accordance with GAAP, consistently applied, except as otherwise required or permitted by GAAP, throughout the period covered thereby, except as otherwise expressly noted therein with respect to material changes; and
 - (ii) fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby in accordance with GAAP, consistently applied, except as otherwise required or permitted by GAAP.
- (b) The Annual Statement of each of the Significant Insurance Subsidiaries (including, without limitation, the provisions made therein for investments and the valuation thereof, reserves, policy and contract claims and statutory liabilities) as filed with the Department, as of and for the 2004 Fiscal Year, (the "Statutory Financial Statements"), have been prepared in accordance with SAP, consistently applied, except as otherwise required or permitted by SAP (except as noted therein with respect to material changes). Each such Statutory Financial Statement was in compliance in all material respects with applicable law when filed. The Statutory Financial Statements fairly present the financial position, the results of operations and changes in equity of each such Significant Insurance Subsidiary as of and for the respective dates and periods indicated therein in accordance with SAP, consistently applied, except as otherwise required or permitted by SAP. Except for liabilities and obligations, including, without limitation, reserves, policy and contract claims and statutory liabilities (all of which have been computed in accordance with SAP), disclosed or provided for in the Statutory Financial Statements, the Significant Insurance Subsidiaries did not have, as of the respective dates of each of such financial statements, any liabilities or obligations (whether absolute or contingent and whether due or to become due) which, in conformity with SAP (consistently applied, except as otherwise required or permitted by SAP) would have been required to be disclosed or provided for in such financial statements. All books of account, taken as a whole, of each of the Significant Insurance Subsidiaries fully and fairly disclose all of the material transactions, properties, assets, investments, liabilities and obligations of such Significant Insurance Subsidiary and all of such books of account are in the possession of each such Significant Insurance Subsidiary and, taken as a whole, are true, correct and complete in all material respects.

5.12 Environmental Matters. Except as specifically disclosed in Schedule 5.12, there are no Environmental Claims which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 Regulated Entities. None of the Company, any Person controlling the Company, or any Subsidiary, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public

utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 Full Disclosure. None of the representations or warranties made by the Company or any Subsidiary in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished in writing by or on behalf of the Company or any Subsidiary in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Company to the Banks prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.1 Financial Statements. The Company shall deliver to the Agent, in form and detail satisfactory to the Agent:

(a) as soon as available, but not later than 90 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of PricewaterhouseCoopers or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP, consistently applied, except as otherwise required or permitted by GAAP and as otherwise noted therein. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Significant Subsidiary's records, except as permitted by the rules of the SEC or the Public Company Accounting Oversight Board with respect to acquired businesses;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP, consistently applied, except as otherwise required or permitted by GAAP (subject to ordinary, good faith year-

end audit adjustments and the absence of complete footnotes), the financial position and the results of operations of the Company and the Subsidiaries;

(c) as soon as available, but not later than 60 days after the end of each fiscal year, a copy of the Annual Statements of each Significant Insurance Subsidiary for such fiscal year prepared in accordance with SAP and accompanied by the certification of a Responsible Officer of such Significant Insurance Subsidiary that such Annual Statement presents fairly in accordance with SAP the financial position of such Significant Insurance Subsidiary for the period then ended;

(d) as soon as possible, but no later than 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the quarterly statement of each Significant Insurance Subsidiary for each such fiscal quarter, prepared in accordance with SAP and accompanied by the certification of a Responsible Officer of such Significant Insurance Subsidiary that such quarterly statement presents fairly in accordance with SAP the financial position of such Significant Insurance Subsidiary for the period then ended;

(e) as soon as available, a copy of any management discussion and analysis filed with the Department with respect to any of the foregoing financial statements.

6.2 Certificates; Other Information. The Company shall furnish to the Agent:

(a) concurrently with the delivery of the financial statements referred to in subsections 6.1(a) and (b), a Compliance Certificate executed by a Responsible Officer;

(b) promptly, copies of all financial statements and regular, periodical or special reports (including Forms 10K and 10Q but excluding, unless it discloses information that could reasonably be expected to have a Material Adverse Effect, Form 8K) that the Company or any Significant Insurance Subsidiary may make to, or file with, the SEC or any applicable Department in its state of domicile; and

(c) within five Business Days of the receipt of such notice by a Responsible Officer, notice of the actual suspension, termination or revocation of any material license of the Company or any of its Significant Subsidiaries by any Governmental Authority or notice from any Governmental Authority notifying the Company or any of its Significant Subsidiaries of a hearing relating to such a suspension, termination or revocation, including any request by a Governmental Authority which commits the Company or any of its Significant Subsidiaries to take, or refrain from taking, any action or which otherwise materially and adversely affects the authority of the Company or any of its Significant Subsidiaries to conduct its business;

(d) upon reasonable notice, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank, may from time to time reasonably request.

Documents required to be delivered under Section 6.1(a), (b), (c) or (d) or Section 6.2(b) may be delivered electronically and are deemed delivered on the date the Company posts such documents on the Company's website or provides a link thereto on the Company's website.

6.3 Notices. The Company shall promptly notify the Agent of the occurrence of any Default or Event of Default and such notice shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Significant Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.3(a) shall describe with particularity all clauses or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated, if any.

6.4 Preservation of Corporate Existence, Etc. The Company shall, and shall cause each Significant Subsidiary to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation except in connection with transactions permitted by Section 7.3; and

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary to the normal conduct of its business except in connection with transactions permitted by Section 7.3.

6.5 Maintenance of Property. The Company shall maintain, and shall cause each Significant Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.6 Insurance. The Company shall maintain, and shall cause each Significant Subsidiary to maintain, with insurers that the Company in good faith believes are financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds the Company in good faith believes are customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as the Company in good faith believes are customarily carried under similar circumstances by such other Persons, except to the extent that such failure to maintain such insurance could not reasonably be expected to have a Material Adverse Effect.

6.7 Payment of Obligations. The Company shall, and shall cause each Significant Subsidiary to, pay and discharge all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets as the same shall become due and payable, (unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Significant Subsidiary), except to the extent that failure to pay or discharge the same could not be reasonably expected to have a Material Adverse Effect.

6.8 Compliance with Laws. The Company shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law (including the Federal Fair Labor Standards Act) of any Governmental Authority having jurisdiction over it or its business if noncompliance would reasonably be expected to have a Material Adverse Effect, except such as may be contested in good faith or as to which a bona fide dispute may exist.

6.9 Compliance with ERISA. The Company shall, and shall cause each of its ERISA Affiliates, to the extent failure to do so would reasonably be expected to have a Material Adverse Effect, to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Code.

6.10 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which, as to the Company and its Subsidiaries taken as a whole, full, true and correct entries shall be made so that financial statements can be properly prepared in conformity with GAAP, consistently applied, except as otherwise required or permitted by GAAP. The Company shall permit, and shall cause each Significant Subsidiary to permit, representatives and independent contractors of the Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Agent or such Bank and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided, however, when an Event of Default exists the Agent or any Bank may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice.

6.11 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws, the violation of which would have a Material Adverse Effect.

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans solely to pay, prepay or redeem Existing Notes.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.1 Limitation on Liens. The Company shall not, and shall not suffer or permit any Significant Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following (“Permitted Liens”):

(a) any Lien existing on property of the Company or any Significant Subsidiary on the Closing Date and set forth in Schedule 7.1 and extensions, renewals and replacements thereof that do not increase the outstanding principal amount of the obligations secured thereby;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.7, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Company or any Significant Subsidiary securing (i) the nondelinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens, provided that the enforcement of such Liens is effectively stayed and all such liens in the aggregate at any time outstanding for the Company and its Significant Subsidiaries, taken together with Liens described in subsections (j) and (k) hereof, do not exceed the greater of \$200,000,000 and 10% of the consolidated total assets of the Company and its Subsidiaries;

(h) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Significant Subsidiaries;

(i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Significant Subsidiary to provide collateral to the depository institution;

(j) Liens arising in connection with capitalized leases, in aggregate amount at any time not, when taken together with Liens under subsection (g) and (k) hereof, in excess of the greater of \$200,000,000 and 10% of the consolidated total assets of the Company and its Subsidiaries;

(k) purchase money Liens in an aggregate amount at any one time not, when taken together with Liens under subsection (g) and (j) hereof, in excess of the greater of \$200,000,000 and 10% of total assets;

(l) Liens on assets or stock of any Acquired Subsidiary, if such Liens do not extend to any assets of the Company or any Significant Subsidiary that is not an Acquired Subsidiary;

(m) Liens on assets or stock of any Significant Subsidiary (other than MGIC) to secure Indebtedness or other obligations to the Company or a Wholly-Owned Subsidiary of the Company;

(n) Liens on properties acquired in the claims settlement process in the ordinary course of business of the Company and its Significant Subsidiaries;

(o) Liens on assets or stock of any Person at the time such person is merged or consolidated with or into the Company or a Significant Subsidiary which Lien was not created in contemplation of such event;

(p) any Lien arising under or as a result of any reverse repurchase agreements entered into by the Company or any Significant Subsidiary for its investment portfolio in the ordinary course of business;

(q) deposits made by a Significant Subsidiary which is an insurance company, or other statutory Lien against the assets of any such Subsidiary, in each case made or incurred in favor of policyholders of such Subsidiary in the ordinary course of business pursuant to insurance regulatory requirements; and

(r) additional Liens securing Indebtedness or other obligations that do not exceed 5% of consolidated tangible assets at any time outstanding.

7.2 Disposition of Assets The Company shall not, and shall not suffer or permit any Significant Subsidiary to, directly or indirectly, sell, convey, transfer or otherwise dispose of (whether in one or a series of related transactions) all or substantially all of its assets (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except:

(a) the sale or disposition of all or any part of its interests in Credit-Based Asset Servicing and Securitization LLC, Sherman Financial Group LLC or Customers Forever LLC, or any Joint Venture or in any Subsidiary of any such Person;

(b) the sale or disposition of assets with a market value in the aggregate, when taken together with amounts allowed under Section 7.3(e) hereof (without duplication), not to exceed \$300,000,000 from the date hereof until the Termination Date; and

(c) the sale, conveyance, transfer or other disposition by any Subsidiary of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or another Wholly-Owned Subsidiary.

7.3 Consolidations and Mergers. The Company shall not, and shall not suffer or permit any Significant Subsidiary to, merge or consolidate with or into any other Person, except:

(a) any Subsidiary may merge with any one or more Subsidiaries, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation and no Event of Default shall occur as a result thereof;

(b) the Company may merge with any one or more companies, provided that the Company shall be the continuing or surviving corporation;

(c) the Company or any Subsidiary may engage in a merger solely for the purposes of a change of domicile and/or changes in its articles of incorporation;

(d) any Subsidiary may merge with one or more companies provided that the continuing or surviving entity is owned, directly or indirectly, by the Company in a percentage not less the percentage ownership of such Subsidiary by the Company immediately prior to such merger; and

(e) a merger or consolidation in which the market value of the assets subject thereto in the aggregate when taken together with amounts allowed under Section 7.2(b) hereof (without duplication), not to exceed \$300,000,000 from the date hereof until the Termination Date.

7.4 Limitation on Indebtedness. The Company shall not permit any Significant Subsidiary to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(a) Indebtedness existing on the Closing Date and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof;

(b) Swap Contracts entered into in the ordinary course of business as bona fide hedging transactions;

(c) Indebtedness of Acquired Subsidiaries for so long as such Indebtedness is not guaranteed by and does not become the obligation of, the Company or a Subsidiary that is not an Acquired Subsidiary; and

(d) additional Indebtedness provided that, at the time such additional Indebtedness is incurred (both immediately before and immediately after giving effect to such incurrence), either of the following conditions are satisfied: (i) the aggregate principal amount of such additional Indebtedness does not exceed \$500,000,000 or (ii) the aggregate principal amount of all Indebtedness of the Company and its Subsidiaries calculated on a consolidated basis in accordance with GAAP ("Consolidated Debt") does not exceed 25% of the sum of shareholder's equity of the Company plus Consolidated Debt at any time.

7.5 Use of Proceeds. The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds in any manner which would conflict with Regulation U of the FRB.

7.6 ERISA. The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA, to the extent that to do so would reasonably be expected to have a Material Adverse Effect.

7.7 Change in Business. The Company shall not, and shall not suffer or permit any Significant Insurance Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof and extensions thereof that are reasonably ancillary or related thereto; provided that the Company and any Significant Insurance Subsidiary may engage in the home mortgage finance, financial guaranty and surety businesses and other lines of business related thereto.

7.8 Financial Covenants. The Company shall not permit:

(a) its consolidated stockholders' equity (as determined in accordance with GAAP) to be less than \$2,250,000,000 at any time; or

(b) MGIC to fail to maintain a Policyholder's Position (as defined in Section 3.09(3)(m) of the Insurance Code of the State of Wisconsin) at least equal to the minimum amount required by Section 3.09(5) of the Insurance Code of the State of Wisconsin; or

(c) the risk to capital ratio of MGIC to be greater than 22 to 1. Such ratio shall be computed by dividing MGIC's risk in force by MGIC's Policyholder's Position (as defined in Section 3.09(3)(m) of the Insurance Code of the State of Wisconsin as in effect on the date hereof.)

ARTICLE VIII

EVENTS OF DEFAULT

8.1 Event of Default. Any of the following shall constitute an “Event of Default”:

(a) Non-Payment. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within five days after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company fails to perform or observe any term, covenant or agreement contained in any of Section 6.1, 6.2, 6.3, 6.9, 7.2, 7.3, 7.4 or 7.8;_or

(d) Other Defaults. The Company fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the date upon which written notice thereof is given to the Company by the Agent; or

(e) Cross-Payment Default; Cross-Acceleration. The Company or any Significant Subsidiary (i) fails to make any payment in respect of any Material Debt when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any Material Debt, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause such Material Debt to be declared to be due and payable prior to its stated maturity; or

(f) Insolvency; Voluntary Proceedings. The Company or any Significant Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Significant Subsidiary, or any writ,

judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any Significant Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Company or any Significant Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-US. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any Significant Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgage in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$100,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$100,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$100,000,000; or

(i) Monetary Judgments. One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Company or any Significant Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of \$100,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 90 days after the entry thereof, or at any time after the entry thereof the adverse party shall take any action to realize on such judgment, order, decree or award; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Company or any Significant Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Change of Control. There occurs any Change of Control; or

(l) Loss of Licenses. Any Significant Insurance Subsidiary for any reason loses any material license, permit or franchise necessary to engage in the insurance business in its state of incorporation; or

(m) Change in Law. Any change is made in the Insurance Code which affects the dividend practices of any Significant Insurance Subsidiary and which is reasonably likely to have a Material Adverse Effect on the ability of the Company to perform its obligations under the Agreement.

8.2 Remedies. If any Event of Default occurs and is continuing, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the commitment of each Bank to make Loans to be terminated, whereupon such commitments shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.1 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank.

8.3 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX

THE AGENT

9.1 Appointment and Authorization. Each Bank hereby irrevocably (subject to Section 9.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

9.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall

not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.3 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

9.4 Reliance by Agent.

- (a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.
- (b) For purposes of determining compliance with the conditions specified in Section 4.1, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless

the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default”. The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.6 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting from such Person’s gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.8 Agent in Individual Capacity. BNP Paribas and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though BNP Paribas were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BNP Paribas or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BNP Paribas shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms “Bank” and “Banks” include BNP Paribas in its individual capacity.

9.9 Successor Agent. The Agent may, and at the request of the Majority Banks shall, resign as Agent upon 30 days’ notice to the Banks and the Company. If the Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be subject to the approval of the Company. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and with the approval of the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term “Agent” shall mean such successor agent and the retiring Agent’s appointment, powers and duties as Agent shall be terminated. After any retiring Agent’s resignation hereunder as Agent, the provisions of this Article IX and Sections 10.4 and 10.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent’s notice of resignation, the retiring Agent’s resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

9.10 Withholding Tax.

- (a) If any Bank is a “foreign corporation, partnership or trust” within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent and the Company, to deliver to the Agent and the Company:
 - (i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;
 - (ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States

trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement, and IRS Form W-9; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

- (a) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent and the Company of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.
- (b) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.
- (c) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent and the Company may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent and the Company, then the Agent and the Company may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.
- (d) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent and the Company fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE X

MISCELLANEOUS

10.1 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks and the Company and acknowledged by the Agent, do any of the following:

(a) increase or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 8.2);

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document, including, without limitation, mandatory prepayments required pursuant to Section 2.7;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder; or

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, and (ii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.2 Notices.

- (a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile or e-mail transmission, provided that any matter (except as otherwise provided in Section 6.2) transmitted by the Company by facsimile or e-mail shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.2), and mailed, e-mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.2; or, as directed to the Company or the Agent, to such other address as shall be designated by such party in a

written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

- (b) All such notices, requests and communications shall, when transmitted by overnight delivery, faxed, or e-mailed be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine or e-mail, respectively, or if delivered, upon delivery.
- (c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone, e-mail or facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person reasonably appearing to be a Person authorized by the Company to give such notice and the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic, e-mail or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic, e-mail or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic, e-mail or facsimile notice.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.4 Costs and Expenses. The Company shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BNP Paribas (including in its capacity as Agent) promptly (subject to subsection 4.1(e)) for all reasonable costs and expenses incurred by BNP Paribas (including in its capacity as Agent) in connection with the development, preparation, delivery and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by BNP Paribas (including in its capacity as Agent) with respect thereto; and

(b) pay or reimburse the Agent, the Arranger and each Bank promptly (subject to subsection 4.1(e)) for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

10.5 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an “Indemnified Person”) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the “Indemnified Liabilities”); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person as found by a non-appealable judgment of a court of competent jurisdiction.. Notwithstanding any of the foregoing, the Company shall have no obligation to indemnify any Indemnified Person: (a) for such Indemnified Person’s willful violation of banking laws, (b) with respect to Indemnified Liabilities resulting from litigation between any Bank or Banks (qua Banks, and not including the Agent in its capacity as Agent) and any other Bank or Banks (qua Banks, and not including the Agent in its capacity as Agent), (c) for the breach by such Indemnified Person of its obligations hereunder or (d) other than the Agent, for fees and expenses incurred in connection with the execution and delivery of this Agreement and any amendment, supplement, waiver or modification thereto. The agreements in this Section shall survive payment of all other Obligations.

10.6 Payments Set Aside. To the extent that the Company makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

10.7 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

10.8 Assignments, Participations, etc.

- (a) Any Bank may, with the written consent of the Company (at all times other than during the existence of an Event of Default) and the Agent, which consent of the Company and the Agent shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each, an “Assignee”) all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of \$10,000,000; provided, however, that the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit E (“Assignment and Acceptance”) together with any Note or Notes subject to such assignment and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$3,500.
- (b) From and after the date that the Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.
- (c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment in accordance with subsection 10.8(a)), the Company shall execute and deliver to the Agent, new Notes evidencing such Assignee’s assigned Loans and Commitment and, if the assignor Bank has retained a portion of its Loans and its Commitment, replacement Notes in the principal amount of the Loans retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank). Immediately upon each Assignee’s making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.
- (d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Company (a “Participant”) participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the “originating Bank”) hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank’s obligations under this Agreement shall remain unchanged, (ii) the

originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.1. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 3.1, 3.3, 3.6 and 10.5 as though it were also a Bank hereunder, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of and during the continuance of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

- (e) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.
- (f) Any Bank may at any time designate not more than one Designated Bank to fund Loans on behalf of such Designating Bank subject to the terms of this Section 10.8(f), and the provisions of Section 10.8(a) and (e) shall not apply to such designation. No Bank may have more than one Designated Bank at any time. Such designation may occur by the execution by such Bank and Designated Bank of a Designation Agreement substantially in the form of Exhibit G and delivery thereof to the Agent and the Company for their acceptance. Upon receipt of an appropriately completed Designation Agreement executed by a Designating Bank and a designee representing that it is a Designated Bank and consented to by the Company, the Agent will accept such Designation Agreement and will give prompt notice thereof to the Company and the other Banks, whereupon,
 - (i) the Company shall, upon the request of the Designating Bank, execute and deliver to the Designating Bank a Note payable to the order of the Designated Bank,
 - (ii) from and after the effective date specified in the Designation Agreement, the Designated Bank shall become a part to this Agreement with a right to make Loans on behalf of its Designating Bank pursuant to Section 2.1, and
 - (iii) the Designated Bank shall not be required to make payments with respect to any obligations in this Agreement except to the extent of excess cash flow of such Designated Bank which is not otherwise required to repay obligations of such Designated Bank which are then due and payable; provided, however, that regardless of

such designation and assumption by the Designated Bank, the Designating Bank shall be and remain obligated to the Company, the Agent and the Banks for each and every obligation of the Designating Bank and its related Designated Bank with respect to this Agreement, including, without limitation, its Commitment, any indemnification obligations under Section 9.7 and any sums otherwise payable to the Company by the Designated Bank. Each Designating Bank, or a specified branch of affiliate thereof, shall serve as the administrative agent of its Designated Bank and shall on behalf of its Designated Bank: (x) receive any and all payments made for the benefit of such Designated Bank and (y) give and receive all communications and notices and take all actions hereunder, including, without limitation, votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver, consent or amendment shall be signed by a Designating Bank, or specified branch or affiliate thereof, as administrative agent for its Designated Bank and need not be signed by such Designated Bank on its own behalf and shall be binding upon such Designated Bank. The Company, the Agent and the Banks may rely thereon without any requirement that the Designated Bank sign or acknowledge the same. No Designated Bank may assign or transfer all or any portion of its interest hereunder or under any other Loan Document, other than via an assignment (by way of collateral, participation or conveyance) to its Designating Bank provided any such assignment shall be subject to the provisions of the Designation Agreement, or otherwise in accordance with the applicable provisions of this Section 10.8

10.9 Confidentiality. Each Bank agrees that all information concerning the Company or its Subsidiaries that is furnished or has previously been furnished to the Agent or the Banks on behalf of the Company (herein, collectively, the "Confidential Information") in connection with this Agreement will be held and treated by the Agent, each Bank, their Affiliates and their respective directors, officers, employees, advisors, agents or representatives (collectively, the "Related Persons") in confidence and will not, except as hereinafter provided, without the prior consent of the Company, be disclosed by the Agent or the Banks in any manner whatsoever, in whole or in part, or be used by the Agent or the Banks other than in connection with this Agreement; except to the extent such Confidential Information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank; provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority or self-regulatory body to which the Bank is subject or in connection with an examination of such Bank by any such authority or self-regulatory body; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party in connection with this Agreement; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks

hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or written agreement regarding confidentiality to which the Company is a party; and (I) to its Affiliates, subject to the same restrictions contained in this Section.

10.10 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmeasured. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.11 Margin Stock Not Collateral. Each of the Banks represents to the Agent and each of the other Banks that it in good faith is not relying on margin stock (as such term is defined in Regulation U of the FRB) as collateral in the extension or maintenance of the credit provided for in this Agreement.

10.12 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.13 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.14 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.15 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.16 Governing Law and Jurisdiction.

- (a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW

YORK; PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

- (b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENT, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW. THE COMPANY HEREBY CONSENTS TO PERSONAL SERVICE IN THE STATE OF WISCONSIN BY ANY MEANS PERMITTED BY WISCONSIN LAW.

10.17 Waiver of Jury Trial. THE COMPANY, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.18 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

10.19 No Bankruptcy Proceedings. Each of the Company, the Banks and the Agent agrees that it will not institute against any Designated Bank or join any other Person in instituting against any Designated Bank any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Designated Bank. The terms of this provision shall survive the termination of this Agreement.

10.20 USA Patriot Act. Pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), each Bank is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with the Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MGIC INVESTMENT CORPORATION

By: /s/ _____

Name: James Karpowicz
Title: SENIOR VICE PRESIDENT, CHIEF INVESTMENT
OFFICER & TREASURER

BNP PARIBAS
as Administrative Agent

By: /s/ _____

Name: Wendy Breuder
Title: Managing Director

By: /s/ _____

Name: Jo Ellen Bender
Title: Managing Director

FIVE-YEAR
CREDIT AGREEMENT

Dated as of March 31, 2005

Among

MGIC INVESTMENT CORPORATION,

BNP PARIBAS,
as Administrative Agent,

and

THE OTHER FINANCIAL INSTITUTIONS PARTY HERETO

Arranged by

BNP PARIBAS SECURITIES CORP.,
as Sole Lead Arranger and Sole Bookrunner

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FIVE-YEAR CREDIT AGREEMENT

This FIVE-YEAR CREDIT AGREEMENT is entered into as of March 31, 2005, among MGIC Investment Corporation, a Wisconsin corporation (the "Company"), the several financial institutions from time to time party to this Agreement (collectively, the "Banks"; individually, a "Bank"), and BNP Paribas, as administrative agent for the Banks (in such capacity, the "Agent").

WHEREAS, the Banks have agreed to make available to the Company a credit facility upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Defined Terms. The following terms have the following meanings:

"2002 Credit Agreement" means the Credit Agreement, dated as of May 3, 2002, among the Company, Bank of America, N.A., as agent, and the other financial institutions party thereto as lenders, as amended, supplemented or otherwise modified to the date hereof.

"Acquired Subsidiary" means a Subsidiary (i) the stock or equity interests in which are acquired (whether by purchase, merger or otherwise) after the date hereof from a Person or Persons which are not Subsidiaries at the time of such acquisition or (ii) the majority of the assets of which are acquired (whether by purchase, merger or otherwise) after the date hereof from a Person or Persons which are not Subsidiaries at the time of such acquisition.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary), provided that the Company or the Subsidiary is the surviving entity.

"Affiliate" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

"Agent" means BNP Paribas in its capacity as administrative agent for the Banks hereunder, and any successor administrative agent arising under Section 9.9.

“Agent-Related Persons” means BNP Paribas and any successor agent arising under Section 9.9, together with their respective Affiliates (including, in the case of BNP Paribas, the Arranger), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

“Agent’s Payment Office” means the address for payments set forth on the signature page hereto in relation to the Agent, or such other address as the Agent may from time to time specify.

“Agreement” means this Credit Agreement.

“Annual Statement” means the annual financial statement of any insurance company as required to be filed with the Department, together with all exhibits or schedules filed therewith, prepared in conformity with SAP.

“Applicable Margin” means, for any date of determination, a percentage equal to the Applicable Margin set forth in the following table, corresponding to the Financial Strength Rating of MGIC from Moody’s and S&P on such date:

Level	Financial Strength Rating	Applicable Margin for Base Rate Loans	Applicable Margin for Offshore Rate Loans	Facility Fee	Utilization Fee
I	AA+/Aa1 or greater	0.00%	0.190%	0.060%	0.050%
II	AA/Aa2	0.00%	0.210%	0.070%	0.050%
III	AA-/Aa3	0.00%	0.260%	0.090%	0.100%
IV	Less than AA-/Aa3	0.00%	0.275%	0.125%	0.125%

provided, that if the Financial Strength Rating assigned to MGIC by S&P differs from the Financial Strength Rating assigned to MGIC by Moody’s by no more than one level, the level corresponding to the higher Financial Strength Rating shall apply, and provided further that if the Financial Strength Rating assigned to MGIC by S&P differs from the Financial Strength Rating assigned to MGIC by Moody’s by more than one level, the level corresponding to the level one below the higher Financial Strength Rating shall apply. The Applicable Margin shall change simultaneously with any change in the Financial Strength Rating.

“Arranger” means BNP Paribas Securities Corp., as sole lead arranger and sole bookrunner.

“Assignee” has the meaning specified in subsection 10.8(a).

“Assuming Bank” has the meaning specified in Section 2.7(a).

“Attorney Costs” means and includes all fees and disbursements of any law firm or other external counsel, the non-duplicative allocated cost of internal legal services and all disbursements of internal counsel.

“Bank” has the meaning specified in the introductory clause hereto.

“Bankruptcy Code” means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. §101, et seq.).

“Base Rate” means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; and (b) the rate of interest established by BNP Paribas as its prevailing “base rate,” with each change in such rate to be effective for purposes of this Agreement and the transactions contemplated hereby without necessity of any action on the part of any Person, on the day on which such change is effective, it being understood that such rate does not and shall not necessarily reflect the best or lowest rate of interest available to BNP Paribas’ best or preferred commercial customers. Such rate is a rate set by BNP Paribas based upon various factors including BNP Paribas’ costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate announced by BNP Paribas shall take effect at the opening of business on the day specified in the public announcement of such change.

“Base Rate Loan” means a Loan that bears interest based on the Base Rate.

“Borrowing” means a borrowing hereunder consisting of Loans of the same Type made to the Company on the same day by the Banks under Article II, and, other than in the case of Base Rate Loans, having the same Interest Period.

“Borrowing Date” means any date on which a Borrowing occurs under Section 2.3.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required by law to close and, if the applicable Business Day relates to any Offshore Rate Loan, means such a day on which dealings are carried on in the applicable offshore dollar interbank market.

“Capital Adequacy Regulation” means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

“Change of Control” means the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 35% or more of the outstanding shares of voting stock of the Company.

“Closing Date” means the date that the Agent notifies the Company and the Banks that all conditions precedent set forth in Section 4.1 are satisfied or waived by all

Banks (or, in the case of subsection 4.1(e), waived by the Person entitled to receive such payment).

“Code” means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

“Commitment” as to each Bank, has the meaning specified in Section 2.1.

“Commitment Increase” has the meaning specified in Section 2.7(a).

“Commitment Increase Date” has the meaning specified in Section 2.7(a).

“Company” has the meaning specified in the introductory clause hereto.

“Compliance Certificate” means a certificate substantially in the form of Exhibit C.

“Contractual Obligation” means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

“Conversion/Continuation Date” means any date on which, under Section 2.4, the Company (a) converts Loans of one Type to another Type, or (b) continues as Loans of the same Type, but with a new Interest Period, Loans having Interest Periods expiring on such date.

“Default” means any event or circumstance which, with the giving of notice, the lapse of time, or both, would (if not cured or otherwise remedied during such time) constitute an Event of Default.

“Department” means the applicable Governmental Authority of the state of domicile of an insurance company responsible for the regulation of said insurance company.

“Designated Bank” means a special purpose corporation that (a) shall have become a party to the Agreement pursuant to Section 10.8(f) of the Agreement and (b) is not otherwise a Bank.

“Designating Bank” means each Bank that shall designate a Designated Bank pursuant to Section 10.8(f) of the Agreement.

“Designation Agreement” means a designation agreement in substantially the form of Exhibit G to the Credit Agreement, entered into by a Bank and a Designated Bank and accepted by the Company and the Agent.

“Dollars”, “dollars” and “\$” each mean lawful money of the United States.

“Eligible Assignee” means (i) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least \$100,000,000; (ii) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the “OECD”), or a political subdivision of any such country, and having a combined capital and surplus of at least \$100,000,000, provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD; and (iii) a Person that is primarily engaged in the business of commercial banking and that is (A) a Subsidiary of a Bank, (B) a Subsidiary of a Person of which a Bank is a Subsidiary, or (C) a Person of which a Bank is a Subsidiary.

“Environmental Claims” means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

“Environmental Laws” means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental matters.

“ERISA” means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

“Eurodollar Reserve Percentage” has the meaning specified in the definition of “Offshore Rate.”

“Event of Default” means any of the events or circumstances specified in Section 8.1.

“Exchange Act” means the Securities and Exchange Act of 1934, and regulations promulgated thereunder.

“FDIC” means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

“Federal Funds Rate” means, for any day, the rate per annum (rounded upwards to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

“Fee Letter” has the meaning specified in subsection 2.10(a).

“Financial Strength Rating” means the financial strength rating assigned to MGIC by S&P or Moody’s.

“FRB” means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

“GAAP” means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

“Guaranty Obligation” means, as to any Person, without duplication, any direct or indirect liability of that Person, whether or not contingent, with or without recourse (but excluding any such liability to the Company or any Affiliate of the Company), with respect to any Indebtedness, lease or letter of credit (the “primary obligations”) of another Person (the “primary obligor”), including any obligation of that Person (a) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (b) to

advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (d) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof. The amount of any Guaranty Obligation shall be deemed equal to the lesser of (i) the stated or determinable amount of the primary obligation in respect of which such Guaranty Obligation is made or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof, and (ii) the stated maximum amount of such Guaranty Obligation.

“Increasing Bank” has the meaning specified in Section 2.7(a).

“Indebtedness” of any Person means, without duplication, (a) the principal amount of all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade and similar accounts payable and accrued expenses entered into in the ordinary course of business, employee compensation and pension obligations and other similar obligations, obligations in respect of trade letters of credit, obligations in respect of earnout and holdbacks and obligations in respect of customer advances received in the ordinary course of business); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) the principal amount of all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) the principal amount of all indebtedness created or arising under any conditional sale or other title retention agreement (excluding operating leases), or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations with respect to capital leases; (g) all net obligations with respect to Swap Contracts; (h) the principal amount of all indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contracts rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness; and (i) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above. The amount of any obligation characterized as Indebtedness of any Person by reason of clause (h) of this definition but which has not been assumed by such Person shall be deemed equal to the lesser of (i) the stated or determinable amount of the primary obligation secured (or subject to a right to be secured by) by the Lien referred to in such clause or, if not stated or if indeterminable, the maximum reasonably anticipated liability in respect thereof and (ii) the fair market value of the property subject (or which may become subject) to such Lien. For purposes of determining the amount of any Indebtedness outstanding for any purpose of this Agreement, there shall be no double-counting of any primary obligation and any other Indebtedness arising by reason of such

primary obligation by operation of clause (h) or (i) of this definition. Notwithstanding the foregoing, the term “Indebtedness” shall not include any obligations of the Company or any of its Subsidiaries owing to the Company or any of its Subsidiaries.

“Indemnified Liabilities” has the meaning specified in Section 10.5.

“Indemnified Person” has the meaning specified in Section 10.5.

“Independent Auditor” has the meaning specified in subsection 6.1(a).

“Insolvency Proceeding” means (a) any case, action or proceeding before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors, undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

“Insurance Code” means, with respect to any insurance company, the insurance code of its state of domicile and any successor statute of similar import, together with the regulations thereunder, as amended or otherwise modified and in effect from time to time. References to sections of the Insurance Code shall be construed to also refer to successor sections.

“Interest Payment Date” means, as to any Offshore Rate Loan, the last day of each Interest Period applicable to such Loan (or quarterly, if earlier) and, as to any Base Rate Loan, quarterly on the last Business Day of each of March, June, September and December.

“Interest Period” means, as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date one, two, three or six months thereafter as selected by the Company in its Notice of Borrowing or Notice of Conversion/Continuation (or on such other date as all of the Banks may agree); provided that:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless, in the case of an Offshore Rate Loan, the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(ii) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Termination Date.

“IRS” means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

“Joint Venture” means a single-purpose corporation, partnership, joint venture or other similar legal arrangement which is not a Subsidiary (whether created by contract or conducted through a separate legal entity) now or hereafter formed by the Company or any of its Subsidiaries with another Person in order to conduct a common venture or enterprise with such Person and in which the Company or any of its Subsidiaries is an “equity method investor”.

“Lending Office” means, as to any Bank, the office or offices of such Bank specified as its “Lending Office” or “Domestic Lending Office” or “Offshore Lending Office”, as the case may be, on Schedule 10.2, or such other office or offices as such Bank may from time to time notify the Company and the Agent.

“Lien” means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment for security, charge or deposit arrangement for collateral purposes, encumbrance, lien (statutory or other) or consensual preferential arrangement of any kind or nature whatsoever in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under an operating lease.

“Loan” means an extension of credit by a Bank to the Company under Article II, and may be a Base Rate Loan or an Offshore Rate Loan (each, a “Type” of Loan).

“Loan Documents” means this Agreement, any Notes and the Fee Letter.

“Majority Banks” means at any time Banks then holding in excess of 50% of the then aggregate unpaid principal amount of the Loans, or, if no such principal amount is then outstanding, Banks then having in excess of 50% of the Commitments.

“Margin Stock” means “margin stock” as such term is defined in Regulation T, U or X of the FRB.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the business, liabilities, financial position or results of operations of the Company and its Subsidiaries taken as a whole; (b) a material impairment of the ability of the Company to perform its obligations under any Loan Document; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Company of any Loan Document; provided, however, that the repurchase by the Company of Company common stock shall not be considered to be a Material Adverse Effect so long as such repurchase does not give rise to a Default or an Event of Default.

“Material Debt” of any Person means, without duplication, all indebtedness for borrowed money and all obligations evidenced by notes, bonds, debentures or similar instruments having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) in excess of the greater of \$200,000,000 and 5% of the tangible net worth of such person. Notwithstanding the foregoing, the term “Material Debt” shall not include any obligations of the Company or any of its Subsidiaries owing to the Company or any of its Subsidiaries.

“MGIC” means Mortgage Guaranty Insurance Corporation, a Wisconsin stock insurance corporation.

“Moody’s” means Moody’s Investors Service or any successor thereto.

“Multiemployer Plan” means a “multiemployer plan”, within the meaning of Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three calendar years, has made, or been obligated to make, contributions.

“NAIC” means the National Association of Insurance Commissioners or any successor thereto.

“Note” means a promissory note executed by the Company in favor of a Bank pursuant to subsection 2.2(b), in substantially the form of Exhibit F.

“Notice of Borrowing” means a notice in substantially the form of Exhibit A.

“Notice of Conversion/Continuation” means a notice in substantially the form of Exhibit B.

“Obligations” means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document owing by the Company to any Bank, the Agent, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising.

“Offshore Rate” means, for any Interest Period, with respect to Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/100th of 1%) determined by the Agent pursuant to the following formula:

$$\text{Offshore Rate} = \frac{\text{Offshore Base Rate}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

Where,

“Offshore Base Rate” means, for such Interest Period:

(x) the rate per annum (rounded upward, if necessary, to the higher 1/16th of one percent) equal to the rate determined by the Agent to be the offered rate that appears on the page of the Telerate Screen that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(y) in the event the rate referenced in the preceding subsection (x) does not appear on such page or service or such page or service shall cease to be available, the rate per annum (carried out to the fifth decimal place) equal to the rate determined by the Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(z) in the event the rates referenced in the preceding subsections (x) and (y) are not available, the rate per annum determined by the Agent as the rate of interest at which Dollar deposits (for delivery on the first day of such Interest Period) in same day funds in the approximate amount of the applicable Offshore Rate Loan and with a term equivalent to such Interest Period would be offered by its London Branch to major banks in the offshore Dollar market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period.

“Eurodollar Reserve Percentage” means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the Board of Governors of the Federal Reserve System for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as “Eurocurrency liabilities”). The Offshore Rate for each outstanding Offshore Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

The determination of the Eurodollar Reserve Percentage and the Offshore Base Rate by the Agent shall be conclusive in the absence of manifest error.

“Offshore Rate Loan” means a Loan that bears interest based on the Offshore Rate.

“Organization Documents” means, for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation.

“Other Taxes” means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents, but not including taxes on or taxes measured by income or any franchise taxes imposed in lieu of income taxes.

“Participant” has the meaning specified in subsection 10.8(d).

“PBGC” means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

“Pension Plan” means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Company sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

“Permitted Liens” has the meaning specified in Section 7.1.

“Person” means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

“Plan” means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Company sponsors or maintains or to which the Company makes, is making, or is obligated to make contributions and includes any Pension Plan.

“Pro Rata Share” means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank’s Commitment divided by the combined Commitments of all Banks.

“Replacement Bank” has the meaning specified in Section 3.6.

“Reportable Event” means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

“Requirement of Law” means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental

Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

“Responsible Officer” means, as to the Company or any Subsidiary, the chief executive officer, the president, any senior vice president or any executive vice president of the Company or such Subsidiary, as the case may be, or any other officer having substantially the same authority and responsibility; or, with respect to compliance with financial covenants, the chief financial officer, chief accounting officer, treasurer or any assistant treasurer of the Company or such Subsidiary, as the case may be, or any other officer having substantially the same authority and responsibility.

“S&P” means Standard & Poor’s Ratings Group or any successor thereto.

“SAP” means, as to any insurance company, the statutory accounting practices prescribed or permitted by the Department.

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Significant Insurance Subsidiary” means, at any time, MGIC and any other Subsidiary engaged primarily in the business of insurance having at such time total assets in excess of 20% of total consolidated assets based upon the Company’s most recent annual or quarterly financial statements delivered to the Agent under Section 6.1.

“Significant Subsidiary” means, at any time, MGIC and any other Subsidiary having at such time total (gross) revenues for the preceding four fiscal quarter periods in excess of the greater of \$100,000,000 and 10% of consolidated gross revenues based upon the Company’s most recent annual or quarterly financial statements delivered to the Agent under Section 6.1; provided, that MGIC Investor Services Corporation (or any successor thereto) shall not be deemed a Significant Subsidiary so long as it has total (gross) revenues for the preceding four fiscal quarter periods not in excess of \$200,000,000.

“Subsidiary” of a Person means any corporation, association, partnership, joint venture or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof (such 50% threshold is herein referred to as the “50% Threshold”), provided, however that Credit-Based Asset Servicing and Securitization LLC, and Sherman Financial Group LLC and any successors thereto, and any other joint venture in which the Company or any of its Affiliates is a party if the interests of such Person in such joint venture do not on the Closing Date satisfy the 50% Threshold, shall not become Subsidiaries as a result of the acquisition of interests therein from members of the management of such Persons if the interests so acquired that would, but for this exception, result in such Person being a Subsidiary under the foregoing definition do not exceed 10% of the interests in the entity. Any Person identified in Schedule 1.1 by the Company shall not be deemed a “Subsidiary” of the Company if (a) the Company owns

more than 50% but less than 100% of the voting stock or other equity interests (in the case of Persons other than corporations) therein and (b) the total investment (either by capital contribution, loan, advance or otherwise but excluding any increase in such investment as a result of the recognition of earnings from a Person identified on such Schedule) by the Company and its Subsidiaries in all such Persons shall not at any time exceed the greater of \$300,000,000 and 10% of the Company's shareholders equity. The Company may amend Schedule 1.1 from time to time upon notice to the Agent. Unless the context otherwise clearly requires, references here in to a "Subsidiary" refer to a Subsidiary of the Company.

"Surety Instruments" means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

"Swap Contract" means any agreement (including any master agreement and any agreement, whether or not in writing, relating to any single transaction) that is an interest rate swap agreement, basis swap, forward rate agreement, commodity swap, commodity option, equity or equity index swap or option, bond option, interest rate option, forward foreign exchange agreement, rate cap, collar or floor agreement, currency swap agreement, cross-currency rate swap agreement, swaption, currency option or any other, similar agreement (including any option to enter into any of the foregoing).

"Taxes" means any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Bank and the Agent, fines, penalties, interest and additions to tax arising from the action or inaction of such Bank or Agent and such taxes (including income taxes or franchise taxes) as are imposed on or measured by each Bank's net income by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Agent, as the case may be, is or was organized, maintains or maintained a lending office or would be subject to taxation if this Agreement were not in effect.

"Termination Date" means the earlier to occur of:

- (a) the fifth anniversary of the date hereof; and
- (b) the date on which the Commitments terminate in accordance with the provisions of this Agreement.

"Type" has the meaning specified in the definition of "Loan."

"Unfunded Pension Liability" means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." each means the United States of America.

“Wholly-Owned Subsidiary” means any corporation in which (other than directors’ qualifying shares required by law) 100% of the capital stock of each class having ordinary voting power, and 100% of the capital stock of every other class, in each case, at the time as of which any determination is being made, is owned, beneficially and of record, by the Company, or by one or more of the other Wholly-Owned Subsidiaries, or both.

1.2 Other Interpretive Provisions

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words “hereof”, “herein”, “hereunder” and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term “documents” includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term “including” is not limiting and means “including without limitation.”

(iii) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including”; the words “to” and “until” each mean “to but excluding”, and the word “through” means “to and including.”

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation are to be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting the statute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agent, the Company and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or the Agent merely because of the Agent’s or Banks’ involvement in their preparation.

1.3 Accounting Principles

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made, in accordance with GAAP (excluding the effect of FIN 46 issued by the Financial Accounting Standards Board), consistently applied, except as otherwise required or permitted by GAAP, or with respect to any financial statements of any insurance company, in accordance with SAP; provided, however, that if at any time any change in GAAP would affect the computation of the covenant set forth in Section 7.8(a) and the Company or the Majority Banks shall so request, the Agent and the Company shall negotiate in good faith to amend such covenant (with the consent of the Majority Banks) to preserve the original intent thereof, provided that prior to such amendment such covenant shall be calculated in accordance with GAAP prior to such change.

(b) References herein to “fiscal year” and “fiscal quarter” refer to such fiscal periods of the Company.

ARTICLE II

THE CREDITS

2.1 Amounts and Terms of Commitments. Each Bank severally agrees, on the terms and conditions set forth herein, to make Loans to the Company from time to time on any Business Day during the period from the Closing Date to the Termination Date, in an aggregate amount not to exceed at any time outstanding the amount set forth on Schedule 2.1 (such amount, as the same may be reduced under Section 2.5 or as a result of one or more assignments under Section 10.8, or as the same may be increased under Section 2.7, the Bank’s “Commitment”); provided, however, that, after giving effect to any Borrowing, the aggregate principal amount of all outstanding Loans shall not at any time exceed the combined Commitments. Within the limits of each Bank’s Commitment, and subject to the other terms and conditions hereof, the Company may borrow under this Section 2.1, prepay under Section 2.6 and reborrow under this Section 2.1.

2.2 Loan Accounts

(a) The Loans made by each Bank shall be evidenced by one or more loan accounts or records maintained by such Bank in the ordinary course of business. The loan accounts or records maintained by the Agent and each Bank shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Company and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Company hereunder to pay any amount owing with respect to the Loans.

(b) Upon the request of any Bank made through the Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of loan accounts. Each such Bank shall endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Company with respect

thereto. Each such Bank is irrevocably authorized by the Company to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided, however, that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the obligations of the Company hereunder or under any such Note to such Bank.

2.3 Procedure for Borrowing

(a) Each Borrowing shall be made upon the Company's irrevocable written notice delivered to the Agent in the form of a Notice of Borrowing, or (except for the initial borrowing) the Company's telephonic notice to the Agent, to be immediately confirmed in writing. Any such notice must be received by the Agent prior to 11:00 a.m. (New York time) (i) three Business Days prior to the requested Borrowing Date, in the case of Offshore Rate Loans, and (ii) on the requested Borrowing Date, in the case of Base Rate Loans, specifying:

(A) the amount of the Borrowing, which shall be (i) in an aggregate minimum amount of \$10,000,000 or any multiple of \$1,000,000 in excess thereof, in the case of Offshore Rate Loans, and (ii) in an aggregate minimum amount of \$5,000,000 or any multiple of \$1,000,000 in excess thereof, in the case of Base Rate Loans;

(B) the requested Borrowing Date, which shall be a Business Day;

(C) the Type of Loans comprising the Borrowing; and

(D) with respect to Offshore Rate Loans, the duration of the Interest Period applicable to such Loans included in such notice. If the Notice of Borrowing fails to specify the duration of the Interest Period for any Borrowing comprised of Offshore Rate Loans, such Interest Period shall be three months.

(b) The Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Each Bank will make the amount of its Pro Rata Share of each Borrowing available to the Agent for the account of the Company at the Agent's Payment Office by 1:00 p.m. (New York time) on the Borrowing Date requested by the Company in funds immediately available to the Agent. The proceeds of all such Loans will then be made available to the Company by the Agent at such office by crediting the account of the Company on the books of BNP Paribas with the aggregate of the amounts made available to the Agent by the Banks and in immediately available funds.

(d) After giving effect to any Borrowing, there may not be more than 12 different Interest Periods in effect.

2.4 Conversion and Continuation Elections(a) The Company may, upon irrevocable written notice to the Agent in accordance with subsection 2.4(b):

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of Offshore Rate Loans, to

convert any such Loans (or any part thereof in an amount not less than \$5,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof) into Loans of the other Type; or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Loans having Interest Periods expiring on such day (or any part thereof in an amount not less than \$10,000,000, or that is in an integral multiple of \$1,000,000 in excess thereof);

provided, that if at any time the aggregate amount of Offshore Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof to be less than \$10,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans.

(b) The Company shall deliver a Notice of Conversion/Continuation to be received by the Agent not later than 11:00 a.m. (New York time) at least

(i) three Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Offshore Rate Loans; and
(ii) on the Conversion/Continuation Date, if the Loans are to be converted into Base Rate Loans, specifying:

(A) the proposed Conversion/Continuation Date;

(B) the aggregate amount of Loans to be converted or continued;

(C) the Type of Loans resulting from the proposed conversion or continuation; and

(D) in the case of continuation of, or conversion into, Offshore Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period for Offshore Rate Loans, the Company has failed to select timely a new Interest Period to be applicable to such Offshore Rate Loans, the Company shall be deemed to have selected a one month Interest Period for such Offshore Rate Loan.

(d) If upon the expiration of any Interest Period for Offshore Rate Loans, any Event of Default then exists, the Company shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(e) The Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Company, the Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans with respect to which the notice was given held by each Bank.

(f) Unless the Majority Banks otherwise agree, during the existence of an Event of Default, the Company may not elect to have a Loan converted into or continued as an Offshore Rate Loan.

(g) After giving effect to any conversion or continuation of Loans, there may not be more than 12 different Interest Periods in effect.

2.5 Voluntary Termination or Reduction of Commitments. Unless, after giving effect thereto and to any prepayments of Loans made on the effective date thereof, the then-outstanding principal amount of the Loans would exceed the amount of the combined Commitments then in effect, the Company may, upon not less than three Business Days' prior notice to the Agent, terminate the Commitments, or permanently reduce the Commitments by an aggregate minimum amount of \$10,000,000 or any multiple of \$1,000,000 in excess thereof. Once reduced in accordance with this Section, the Commitments may not be increased. Any reduction of the Commitments shall be applied to each Bank according to its Pro Rata Share. All accrued facility fees to, but not including the effective date of any reduction or termination of Commitments, shall be paid on the effective date of such reduction or termination. Each notice of a termination or reduction of Commitments shall be irrevocable, except that a notice of termination of the Commitments may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Company (by notice to the Agent on or prior to the specified effective date) if such condition is not satisfied.

2.6 Optional Prepayments. Subject to Section 3.4, the Company may, at any time or from time to time, upon notice to the Agent received not later than 11:00 a.m. (New York time) on the date of prepayment (in the case of Base Rate Loans) or three Business Days' irrevocable notice to the Agent (in the case of Offshore Rate Loans), ratably prepay Loans in whole or in part, in minimum amounts of \$5,000,000 or any multiple of \$1,000,000 in excess thereof. Such notice of prepayment shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Agent will promptly notify each Bank of its receipt of any such notice, and of such Bank's Pro Rata Share of such prepayment. Each notice of prepayment shall be irrevocable, except that if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.5, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.5. If such notice is given by the Company and not revoked as aforesaid, the Company shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to each such date on the amount prepaid (except for amounts prepaid on Base Rate Loans) and any amounts required pursuant to Section 3.4.

2.7 Commitment Increases

(a) The Company may, at any time or from time to time, propose that the Commitments hereunder be increased (each such proposed increase being a "Commitment Increase") by notice to the Agent, specifying each existing Bank (each an "Increasing Bank") and/or each additional bank (each an "Assuming Bank") that, in the case of each Increasing Bank and each Assuming Bank, shall have agreed in its sole discretion to an additional Commitment and the date on which such increase is to be effective (the "Commitment Increase Date"), which shall be a Business Day at least three Business Days after delivery of such notice and 30 days prior to the Termination Date; provided that:

(i) the minimum amount of the Commitment of any Assuming Lender, and the minimum amount of the increase of the Commitment of any Increasing Lender, as part of such Commitment Increase shall be \$25,000,000 or a larger multiple of \$5,000,000;

(ii) immediately after giving effect to such Commitment Increase, the total Commitments of all of the Banks hereunder shall not exceed \$500,000,000;

(iii) no Default or Event of Default shall have occurred and be continuing on such Commitment Increase Date or shall result from the proposed Commitment Increase; and

(iv) the representations and warranties contained in this Agreement shall be true and correct in all material respects on and as of the Commitment Increase Date as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

(b) Effectiveness of Commitment Increase by Company. The Assuming Bank, if any, shall become a Bank hereunder as of such Commitment Increase Date and the Commitment of any Increasing Bank and such Assuming Bank shall be increased as of such Commitment Increase Date; provided that:

(i) the Agent shall have received on or prior to 11:00 a.m. (New York time) on such Commitment Increase Date a certificate of a duly authorized officer of the Company stating that each of the applicable conditions to such Commitment Increase set forth in the foregoing paragraph (a) has been satisfied; and

(ii) each Assuming Bank or Increasing Bank shall have delivered to the Agent, on or prior to 11:00 a.m. (New York time) on such Commitment Increase Date, an agreement, in form and substance satisfactory to the Company and the Agent, pursuant to which such Bank shall, effective as of such Commitment Increase Date, undertake a Commitment or an increase of Commitment, duly executed by such Assuming Bank or Increasing Bank, as the case maybe, and the Company and acknowledged by the Agent.

(c) Recordation into Register. Upon its receipt of an agreement referred to in clause (b)(ii) above executed by an Assuming Bank or any Increasing Bank, together with the certificate referred to in clause (b)(i) above, the Agent shall, if such agreement has been completed, (i) accept such agreement, (ii) record the information contained therein in its loan accounts or records and (iii) give prompt notice thereof to the Company.

(d) Adjustments of Borrowings upon Effectiveness of Increase. In the event that the Agent shall have received notice from the Company as to any agreement with respect to a Commitment Increase on or prior to the relevant Commitment Increase Date and the actions provided for in clauses (b)(i) and (b)(ii) above shall have occurred by 11:00 a.m. (New York time) on such Commitment Increase Date, the Agent shall notify the Banks (including any Assuming Banks) of the occurrence of such Commitment Increase Date promptly on such date

by facsimile transmission or electronic messaging system. On the date of such Commitment Increase, the Company shall prepay outstanding Loans and borrow new Loans (which prepayments and borrowings may be made on a non-ratable basis) in such amounts, so that, after giving effect thereto, the Loans (and Interest Periods) are held ratably by the Banks in accordance with the respective Commitments of such Banks (after giving effect to such Commitment Increase) and (iii) pay to the Banks the amounts, if any, payable under Section 3.4 as a result of any such prepayment.

2.8 Repayment. The Company shall repay to the Banks on the Termination Date the aggregate principal amount of Loans outstanding on such date.

2.9 Interest

(a) Each Loan shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a rate per annum equal to the Offshore Rate or the Base Rate, as the case may be (and subject to the Company's right to convert to other Types of Loans under Section 2.4), plus the Applicable Margin.

(b) Interest on each Loan shall be paid in arrears on each Interest Payment Date. Interest shall also be paid upon payment in full thereof and, during the existence of any Event of Default, interest shall be paid on demand of the Agent at the request or with the consent of the Majority Banks.

(c) Notwithstanding subsection (a) of this Section, while any Event of Default exists or after acceleration, the Company shall, if requested by the Majority Banks, pay interest (after as well as before entry of judgment thereon to the extent permitted by law) on the principal amount of all outstanding Loans, at a rate per annum which is determined by adding 2.00% per annum to the applicable rate then in effect for such Loans (as determined pursuant to clause (a) above); provided, however, that, on and after the expiration of any Interest Period applicable to any Offshore Rate Loan outstanding on the date of occurrence of such Event of Default or acceleration, the principal amount of such Loan shall, if requested by the Majority Banks, during the continuation of such Event of Default or after acceleration, bear interest at a rate per annum equal to the Base Rate plus 2.00%.

(d) Anything herein to the contrary notwithstanding, the obligations of the Company to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Company shall pay such Bank interest at the highest rate permitted by applicable law.

2.10 Fees

(a) Arrangement, Agency Fees. The Company shall pay an arrangement fee to the Arranger for the Arranger's own account, and shall pay an agency fee to the Agent for the Agent's own account, as required by the letter agreement ("Fee Letter") between the Company, the Arranger and the Agent dated March 2, 2005.

(b) Facility Fees. The Company shall pay to the Agent for the account of each Bank a facility fee on the actual daily amount of such Bank's Commitment (whether or not used), computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, equal to the percentage set forth in the definition of Applicable Margin corresponding to the Financial Strength Ratings for each date during such period per annum. Such facility fee shall accrue from the Closing Date to the Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each of March, June, September and December, with the final payment to be made on the Termination Date. The facility fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

(c) Usage Fees. The Company shall pay to the Agent for the account of each Bank a usage fee on the actual daily utilization of such Bank's Commitment at any time that such utilization exceeds one-half of such Bank's Commitment, computed on a quarterly basis in arrears on the last Business Day of each calendar quarter, equal to the percentage set forth under "Utilization Fee" in the definition of Applicable Margin corresponding to the Financial Strength Ratings for each date during such period per annum. Such usage fee shall accrue from the Closing Date to the Termination Date and shall be due and payable quarterly in arrears on the last Business Day of each of March, June, September and December, with the final payment to be made on the Termination Date. The usage fees provided in this subsection shall accrue at all times after the above-mentioned commencement date, including at any time during which one or more conditions in Article IV are not met.

2.11 Computation of Fees and Interest

(a) All computations of interest in respect of Base Rate Loans based on BNP Paribas' "base rate" shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof to the last day thereof.

(b) Each determination of an interest rate by the Agent shall be conclusive and binding on the Company and the Banks in the absence of manifest error.

2.12 Payments by the Company

(a) All payments to be made by the Company shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Company shall be made to the Agent for the account of the Banks at the Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 2:00 p.m. (New York time) on the date specified herein. The Agent will promptly distribute to each Bank its Pro Rata Share (or other applicable share as expressly provided herein) of such payment in like funds as received. Any payment received by the Agent later than 2:00 p.m. (New York time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Agent receives notice from the Company prior to the date on which any payment is due to the Banks that the Company will not make such payment in full as and when required, the Agent may assume that the Company has made such payment in full to the Agent on such date in immediately available funds and the Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Company has not made such payment in full to the Agent, each Bank shall repay to the Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.13 Payments by the Banks to the Agent

(a) Unless the Agent receives notice from a Bank on or prior to the Closing Date or, with respect to any Borrowing after the Closing Date, on or prior to the date of such Borrowing, that such Bank will not make available as and when required hereunder to the Agent for the account of the Company the amount of that Bank's Pro Rata Share of the Borrowing, the Agent may assume that each Bank has made such amount available to the Agent in immediately available funds on the Borrowing Date and the Agent may (but shall not be so required), in reliance upon such assumption, make available to the Company on such date a corresponding amount. If and to the extent any Bank shall not have made its full amount available to the Agent in immediately available funds and the Agent in such circumstances has made available to the Company such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Agent submitted to any Bank with respect to amounts owing under this subsection (a) shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Agent on the Business Day following the Borrowing Date, the Agent will notify the Company of such failure to fund and, upon demand by the Agent, the Company shall pay such amount to the Agent for the Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing; provided, however, that the Agent may, solely at its option, make available a Loan to the Company in an amount not to exceed the Pro Rata Share of such Bank and such Loan shall be payable to the Agent.

(b) The failure of any Bank to make any Loan on any Borrowing Date shall not relieve any other Bank of any obligation hereunder to make a Loan on such Borrowing Date, but no Bank shall be responsible for the failure of any other Bank to make the Loan to be made by such other Bank on any Borrowing Date.

2.14 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary,

involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share, such Bank shall immediately (a) notify the Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Company agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 10.9) with respect to such participation as fully as if such Bank were the direct creditor of the Company in the amount of such participation. The Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.1 Taxes

(a) Any and all payments by the Company to each Bank or the Agent under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for any Taxes. In addition, the Company shall pay all Other Taxes.

(b) The Company agrees to indemnify and hold harmless each Bank and the Agent for the full amount of Taxes or Other Taxes (including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section) paid by the Bank or the Agent and any liability (including expenses, penalties, fines, interest and additions to tax (except expenses, penalties, fines, interest and additions to tax arising as a result of the action or inaction of the Agent or the applicable Bank)) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. Payment under this indemnification shall be made within 30 days after the date the Bank or the Agent makes written demand therefor accompanied by a certificate showing in reasonable detail the calculation of such amount.

(c) If the Company shall be required by law to deduct or withhold any Taxes or Other Taxes from or in respect of any sum payable hereunder to any Bank or the Agent, then:

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Agent, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made;

(ii) the Company shall make such deductions and withholdings;

(iii) the Company shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Company shall also pay to each Bank or the Agent for the account of such Bank, without duplication, at the time interest is paid, all additional amounts which the respective Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes or Other Taxes had not been imposed.

(d) Within 30 days after the date of any payment by the Company of Taxes or Other Taxes, the Company shall furnish the Agent the original or a copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Agent.

(e) If the Company is required to pay additional amounts to any Bank or the Agent pursuant to subsection (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Company which may thereafter accrue, if such change in the judgment of such Bank is not otherwise materially disadvantageous to such Bank.

(f) Any Bank or Agent requesting a payment under this Section 3.1 shall provide the Company contemporaneously with any demand for payment by the Company hereunder with a Certificate setting forth in reasonable detail the calculation of such payment.

3.2 Illegality

(a) If, after the date of this Agreement, any Bank reasonably determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by the Bank to the Company through the Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Agent and the Company that the circumstances giving rise to such determination no longer exist.

(b) If a Bank reasonably determines that it is unlawful to maintain any Offshore Rate Loan, the Company shall, upon its receipt of notice of such fact and demand from such Bank (with a copy to the Agent), prepay in full such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon and amounts required under Section 3.4, either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Company is required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Company shall borrow from the affected Bank, in the amount of such repayment, a Loan at the Federal Funds Rate plus 0.50% per annum, with interest payable on the dates on which interest on Base Rate Loans would be payable.

3.3 Increased Costs and Reduction of Return

(a) If any Bank reasonably determines that after the date of this Agreement, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law) (any event referred to in the preceding clause (i) or (ii) being referred to herein as a “Change in Law”), there shall be any increase in the direct cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans (based on the assumption contained in the last sentence of Section 3.4 hereof), then the Company shall be liable for, and shall from time to time, within 30 days after receipt by the Company of written demand, which demand shall be accompanied by a certificate showing in reasonable detail the calculation of such amounts (with a copy of such demand to be sent to the Agent), pay to the Agent for the account of such Bank, such additional amounts as are sufficient to compensate such Bank for such increased costs; provided, however, that the Company shall not be liable for costs incurred more than 60 days before such demand was made, except to the extent that such costs result from any Change in Law having retroactive effect; and further provided that the Company shall be liable for increased costs only if such costs are also charged to a significant number of similarly situated borrowers and the determination of such costs so charged is made in accordance with the methodology set forth in such certificate.

(b) If any Bank shall have reasonably determined that after the date of this Agreement (i) the adoption after the date of this Agreement of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation (any event referred to in the preceding clause (i), (ii), (iii) or (iv) being referred to herein as a “New Capital Adequacy Regulation”), affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank’s or such corporation’s policies with respect to capital adequacy and such Bank’s desired return on capital) determines that the amount of such capital is increased as a consequence of its Commitment, loans, credits or obligations under this Agreement, then, within 30 days after receipt by the Company of written demand (accompanied by a certificate showing in reasonable detail the calculation of such amount) made by such Bank to the Company through the Agent, the Company shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase; provided, however, that the Company shall not be liable for costs incurred more than 60 days before such demand was made, except to the extent that such costs result from any New Capital Adequacy Regulation having retroactive effect; and further provided that, the Company shall be liable for increased costs only if such costs are also charged to a significant number of similarly situated borrowers and the determination of such costs so charged is made in accordance with the methodology set forth in such certificate.

3.4 Funding Losses. Upon five days notice by the relevant Bank accompanied by a certificate showing in reasonable detail the calculation of such amount, the Company shall

reimburse each Bank and hold each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

(a) the failure of the Company to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the failure of the Company to borrow, continue or convert a Loan after the Company has given (or is deemed to have given) a Notice of Borrowing or a Notice of Conversion/ Continuation;

(c) the failure of the Company to make any prepayment in accordance with any notice delivered under Section 2.6 (whether or not the notice of such prepayment is revoked in accordance with said Section 2.6);

(d) the prepayment (including pursuant to Section 2.7) or other payment (including after acceleration thereof) of an Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.4 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Company to the Banks under this Section and under subsection 3.3(a), each Offshore Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the Offshore Base Rate used in determining the Offshore Rate for such Offshore Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan is in fact so funded.

3.5 Inability to Determine Rates. If the Agent reasonably determines that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate applicable pursuant to subsection 2.9(a) for any requested Interest Period with respect to a proposed Offshore Rate Loan does not adequately and fairly reflect the cost to BNP Paribas of funding such Loan, the Agent will promptly so notify the Company and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Agent revokes such notice in writing (and the Agent shall revoke such notice promptly after becoming aware that the condition triggering the notice ceases to exist). Upon receipt of such notice, the Company may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Company does not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Company, in the amount specified in the applicable notice submitted by the Company, but such Loans shall be made, converted or continued as Loans at the Federal Funds Rate plus 0.50% per annum instead of Offshore Rate Loans with interest payable on the dates on which interest on Base Rate Loans would be payable.

3.6 Substitution of Banks. Upon the receipt by the Company from any Bank of a claim for compensation under Section 3.1, 3.2 or 3.3, or if any Lender does not consent to a proposed amendment, modification or waiver of this Agreement requested by the Company which requires the consent of all of the Banks to become effective and which is approved by at least the Majority Banks (any Bank making such claim or not consenting being referred to herein as an "Affected Bank"), the Company may: (i) request the Affected Bank to use its best efforts to obtain a replacement bank or financial institution satisfactory to the Company to acquire and assume all or a ratable part of all of such Affected Bank's Loans and Commitment (a "Replacement Bank"); (ii) request one more of the other Banks to acquire and assume all or part of such Affected Bank's Loans and Commitment (it being understood and agreed that none of the other Banks shall be required to do so); or (iii) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (i) or (iii) shall be subject to the prior written consent of the Agent (which consent shall not be unreasonably withheld or delayed).

3.7 Survival. The agreements and obligations of the Company in this Article III shall survive for one year after the payment of all other Obligations.

ARTICLE IV

CONDITIONS PRECEDENT

4.1 Conditions of Initial Loans. The effectiveness of the obligation of each Bank to make its initial Loan hereunder is subject to the condition that the Agent shall have received on or before March [___], 2005 all of the following, in form and substance satisfactory to the Agent and each Bank, and in sufficient copies for each Bank:

(a) Credit Agreement and Notes. This Agreement and the Notes executed by each party thereto;

(b) Resolutions; Incumbency.

(i) Copies of the resolutions of the board of directors or the executive committee of the board of directors of the Company authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary or an Assistant Secretary of the Company; and

(ii) A certificate of the Secretary or Assistant Secretary of the Company certifying the names and true signatures of the officers of the Company authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by it hereunder;

(c) Organization Documents; Good Standing. Each of the following documents:

(i) the articles or certificate of incorporation and the bylaws of the Company as in effect on the Closing Date, certified by the Secretary or Assistant Secretary of the Company as of the Closing Date; and

(ii) a good standing certificate for the Company from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation;

(d) Legal Opinion.

(i) an opinion of the general counsel of the Company addressed to the Agent and the Banks, substantially in the form of Exhibit D;

(e) Payment of Fees. Evidence of payment by the Company of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, together with Attorney Costs of BNP Paribas to the extent invoiced prior to or on the Closing Date; including any such costs, fees and expenses arising under or referenced in Sections 2.10 and 10.4;

(f) Certificate. A certificate signed by a Responsible Officer or Treasurer of the Company, dated as of the Closing Date, stating that:

(i) the representations and warranties contained in Article V are true and correct on and as of such date, as though made on and as of such date;

(ii) no Default or Event of Default exists or would result from the initial Borrowing; and

(iii) there has occurred since December 31, 2004, no event or circumstance that has resulted or would reasonably be expected to result in a Material Adverse Effect; and

(iv) all obligations of the Company under the 2002 Credit Agreement have been paid in full (or will be paid in full with the proceeds of the initial Loan) and the 2002 Credit Agreement has been (or contemporaneously with such payment will be) terminated; and

(g) Other Documents. Such other approvals, opinions, documents or materials as the Agent or any Bank may request.

4.2 Conditions to All Borrowings. The obligation of each Bank to make any Loan to be made by it (including its initial Loan, but not including any continuation or conversion) is subject to the satisfaction of the following conditions precedent on the relevant Borrowing Date:

(a) Notice of Borrowing. The Agent shall have received (with, in the case of the initial Loan only, a copy for each Bank) a Notice of Borrowing or telephonic notice as provided in Section 2.3 hereof;

(b) Continuation of Representations and Warranties. The representations and warranties in Article V (other than Section 5.5) shall be true and correct in all material respects on and as of such Borrowing Date with the same effect as if made on and as of such Borrowing Date (except to the extent such representations and warranties expressly refer to an earlier date, in which case they shall be true and correct as of such earlier date); and

(c) No Existing Default. No Default or Event of Default shall exist or shall result from such Borrowing.

Each Notice of Borrowing submitted by the Company hereunder shall constitute a representation and warranty by the Company hereunder, as of the date of each such notice and as of each Borrowing Date, that the conditions in Section 4.2 are satisfied.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Agent and each Bank that:

5.1 Corporate Existence and Power. The Company and each of its Significant Insurance Subsidiaries:

(a) is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization;

(b) has the power and authority and all material governmental licenses, authorizations, consents and approvals necessary to own its assets, carry on its business and to execute, deliver, and perform its obligations, if any, under the Loan Documents;

(c) is duly qualified as a foreign corporation or other organization and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and

(d) is in compliance with all Requirements of Law;

except, in each case referred to in clause (c) or clause (d), to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.2 Corporate Authorization; No Contravention. The execution, delivery and performance by the Company of this Agreement and each other Loan Document, have been duly authorized by all necessary corporate action, and do not and will not:

(a) contravene the terms of any of the Company's Organization Documents,

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any material Contractual Obligation to which the Company is a party or any order, injunction, writ or decree of any Governmental Authority to which the Company or its property is subject, or

(c) violate any Requirement of Law,

except, in each case referred to in clause (b) or clause (c), to the extent that such conflict or violation would not have a Material Adverse Effect.

5.3 Governmental Authorization. Except for filings required to be made after the Closing Date (which the Company hereby agrees to make), no approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Company of the Agreement or any other Loan Document.

5.4 Binding Effect. This Agreement and each other Loan Document to which the Company is a party constitute the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability.

5.5 Litigation. Except as specifically disclosed in Schedule 5.5, there are no actions, suits, proceedings, claims or disputes pending, or to the best knowledge of the Company, threatened in writing, at law, in equity, in arbitration or before any Governmental Authority, against the Company, or its Subsidiaries or any of their respective properties which:

(a) purport to affect this Agreement or any other Loan Document; or

(b) would reasonably be expected to have a Material Adverse Effect. No injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the borrowing or repaying of the Loans or the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

5.6 No Default. As of the Closing Date, neither the Company nor any Subsidiary is in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, would reasonably be expected to have a Material Adverse Effect, or that would, if such default had occurred after the Closing Date, create an Event of Default under subsection 8.1(e).

5.7 ERISA Compliance. Except as specifically disclosed in Schedule 5.7:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law to the extent noncompliance would reasonably be expected to have a Material Adverse Effect. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Company, nothing has occurred which would cause the loss of such qualification, if the loss of such qualification would reasonably be expected to have a Material Adverse Effect. The Company and each ERISA Affiliate has made all required contributions to any Plan subject to Section 412 of the Code to the extent the failure to do so would have a Material Adverse Effect, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of Company, threatened in writing claims, actions or lawsuits, or action by any Governmental Authority, with respect to any

Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) To the extent that any of the following would reasonably be expected to have a Material Adverse Effect, (i) no ERISA Event has occurred or is reasonably expected to occur; (ii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iii) neither the Company nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (iv) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

(d) No Pension Plan has any Unfunded Pension Liability in excess of \$100,000,000.

5.8 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 6.12 and Section 7.5. Neither the Company nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

5.9 Title to Properties. The Company and each Subsidiary have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as would not, individually or in the aggregate, have a Material Adverse Effect. As of the Closing Date, the property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens.

5.10 Taxes. The Company and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Company or any Subsidiary that would reasonably be expected to have a Material Adverse Effect.

5.11 Financial Condition

(a) The audited consolidated financial statements of the Company and its Subsidiaries dated December 31, 2004, and the related consolidated statements of income or operations, shareholders' equity and cash flows for the periods ended on such date:

(i) were prepared in accordance with GAAP, consistently applied, except as otherwise required or permitted by GAAP, throughout the period covered

thereby, except as otherwise expressly noted therein with respect to material changes; and

(ii) fairly present the financial condition of the Company and its Subsidiaries as of the date thereof and results of operations for the period covered thereby in accordance with GAAP, consistently applied, except as otherwise required or permitted by GAAP.

(b) The Annual Statement of each of the Significant Insurance Subsidiaries (including, without limitation, the provisions made therein for investments and the valuation thereof, reserves, policy and contract claims and statutory liabilities) as filed with the Department, as of and for the 2004 Fiscal Year, (the “Statutory Financial Statements”), have been prepared in accordance with SAP, consistently applied, except as otherwise required or permitted by SAP (except as noted therein with respect to material changes). Each such Statutory Financial Statement was in compliance in all material respects with applicable law when filed. The Statutory Financial Statements fairly present the financial position, the results of operations and changes in equity of each such Significant Insurance Subsidiary as of and for the respective dates and periods indicated therein in accordance with SAP, consistently applied, except as otherwise required or permitted by SAP. Except for liabilities and obligations, including, without limitation, reserves, policy and contract claims and statutory liabilities (all of which have been computed in accordance with SAP), disclosed or provided for in the Statutory Financial Statements, the Significant Insurance Subsidiaries did not have, as of the respective dates of each of such financial statements, any liabilities or obligations (whether absolute or contingent and whether due or to become due) which, in conformity with SAP (consistently applied, except as otherwise required or permitted by SAP) would have been required to be disclosed or provided for in such financial statements. All books of account, taken as a whole, of each of the Significant Insurance Subsidiaries fully and fairly disclose all of the material transactions, properties, assets, investments, liabilities and obligations of such Significant Insurance Subsidiary and all of such books of account are in the possession of each such Significant Insurance Subsidiary and, taken as a whole, are true, correct and complete in all material respects.

5.12 Environmental Matters. Except as specifically disclosed in Schedule 5.12, there are no Environmental Claims which would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.13 Regulated Entities. None of the Company, any Person controlling the Company, or any Subsidiary, is an “Investment Company” within the meaning of the Investment Company Act of 1940. The Company is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

5.14 Full Disclosure. None of the representations or warranties made by the Company or any Subsidiary in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished in writing by or on behalf of the Company or any Subsidiary in connection

with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Company to the Banks prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

ARTICLE VI

AFFIRMATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

6.1 Financial Statements. The Company shall deliver to the Agent, in form and detail satisfactory to the Agent:

(a) as soon as available, but not later than 90 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such year, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of PricewaterhouseCoopers or another nationally-recognized independent public accounting firm ("Independent Auditor") which report shall state that such consolidated financial statements present fairly the financial position for the periods indicated in conformity with GAAP, consistently applied, except as otherwise required or permitted by GAAP and as otherwise noted therein. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the Company's or any Significant Subsidiary's records, except as permitted by the rules of the SEC or the Public Company Accounting Oversight Board with respect to acquired businesses;

(b) as soon as available, but not later than 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the unaudited consolidated balance sheet of the Company and its Subsidiaries as of the end of such quarter and the related consolidated statements of income, shareholders' equity and cash flows for the period commencing on the first day and ending on the last day of such quarter, and certified by a Responsible Officer as fairly presenting, in accordance with GAAP, consistently applied, except as otherwise required or permitted by GAAP (subject to ordinary, good faith year-end audit adjustments and the absence of complete footnotes), the financial position and the results of operations of the Company and the Subsidiaries;

(c) as soon as available, but not later than 60 days after the end of each fiscal year, a copy of the Annual Statements of each Significant Insurance Subsidiary for such fiscal year prepared in accordance with SAP and accompanied by the certification of a Responsible Officer of such Significant Insurance Subsidiary that such Annual Statement presents fairly in accordance with SAP the financial position of such Significant Insurance Subsidiary for the period then ended;

(d) as soon as possible, but no later than 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the quarterly statement of each Significant Insurance Subsidiary for each such fiscal quarter, prepared in accordance with SAP and accompanied by the certification of a Responsible Officer of such Significant Insurance Subsidiary that such quarterly statement presents fairly in accordance with SAP the financial position of such Significant Insurance Subsidiary for the period then ended;

(e) as soon as available, a copy of any management discussion and analysis filed with the Department with respect to any of the foregoing financial statements.

6.2 Certificates; Other Information. The Company shall furnish to the Agent:

(a) concurrently with the delivery of the financial statements referred to in subsections 6.1(a) and (b), a Compliance Certificate executed by a Responsible Officer;

(b) promptly, copies of all financial statements and regular, periodical or special reports (including Forms 10K and 10Q but excluding, unless it discloses information that could reasonably be expected to have a Material Adverse Effect, Form 8K) that the Company or any Significant Insurance Subsidiary may make to, or file with, the SEC or any applicable Department in its state of domicile; and

(c) within five Business Days of the receipt of such notice by a Responsible Officer, notice of the actual suspension, termination or revocation of any material license of the Company or any of its Significant Subsidiaries by any Governmental Authority or notice from any Governmental Authority notifying the Company or any of its Significant Subsidiaries of a hearing relating to such a suspension, termination or revocation, including any request by a Governmental Authority which commits the Company or any of its Significant Subsidiaries to take, or refrain from taking, any action or which otherwise materially and adversely affects the authority of the Company or any of its Significant Subsidiaries to conduct its business; and

(d) upon reasonable notice, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary as the Agent, at the request of any Bank, may from time to time reasonably request.

Documents required to be delivered under Section 6.1(a), (b) (c) or (d) or Section 6.2(b) may be delivered electronically and are deemed delivered on the date the Company posts such documents on the Company's website or provides a link thereto on the Company's website.

6.3 Notices. The Company shall promptly notify the Agent:

(a) of any change in the Financial Strength Rating of MGIC; and

(b) of the occurrence of any Default or Event of Default.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer setting forth details of the occurrence referred to therein, and stating what action the Company or any affected Significant Subsidiary proposes to take with respect thereto and at what time. Each notice under subsection 6.3(a) shall describe with particularity all clauses

or provisions of this Agreement or other Loan Document that have been (or foreseeably will be) breached or violated, if any.

6.4 Preservation of Corporate Existence, Etc. The Company shall, and shall cause each Significant Subsidiary to:

(a) preserve and maintain in full force and effect its corporate existence and good standing under the laws of its state or jurisdiction of incorporation except in connection with transactions permitted by Section 7.3; and

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary to the normal conduct of its business except in connection with transactions permitted by Section 7.3.

6.5 Maintenance of Property. The Company shall maintain, and shall cause each Significant Subsidiary to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.6 Insurance. The Company shall maintain, and shall cause each Significant Subsidiary to maintain, with insurers that the Company in good faith believes are financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds the Company in good faith believes are customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as the Company in good faith believes are customarily carried under similar circumstances by such other Persons, except to the extent that such failure to maintain such insurance could not reasonably be expected to have a Material Adverse Effect.

6.7 Payment of Obligations. The Company shall, and shall cause each Significant Subsidiary to, pay and discharge all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets as the same shall become due and payable, (unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Company or such Significant Subsidiary), except to the extent that failure to pay or discharge the same could not be reasonably expected to have a Material Adverse Effect.

6.8 Compliance with Laws. The Company shall comply, and shall cause each Subsidiary to comply, in all material respects with all Requirements of Law (including the Federal Fair Labor Standards Act) of any Governmental Authority having jurisdiction over it or its business if noncompliance would reasonably be expected to have a Material Adverse Effect, except such as may be contested in good faith or as to which a bona fide dispute may exist.

6.9 Compliance with ERISA. The Company shall, and shall cause each of its ERISA Affiliates, to the extent failure to do so would reasonably be expected to have a Material Adverse Effect, to: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is

qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Code.

6.10 Inspection of Property and Books and Records. The Company shall maintain and shall cause each Subsidiary to maintain proper books of record and account, in which, as to the Company and its Subsidiaries taken as a whole, full, true and correct entries shall be made so that financial statements can be properly prepared in conformity with GAAP, consistently applied, except as otherwise required or permitted by GAAP. The Company shall permit, and shall cause each Significant Subsidiary to permit, representatives and independent contractors of the Agent or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Agent or such Bank and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided, however, when an Event of Default exists the Agent or any Bank may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice.

6.11 Environmental Laws. The Company shall, and shall cause each Subsidiary to, conduct its operations and keep and maintain its property in compliance with all Environmental Laws, the violation of which would have a Material Adverse Effect.

6.12 Use of Proceeds. The Company shall use the proceeds of the Loans for working capital and other general corporate purposes not in contravention of any Requirement of Law or of any Loan Document, including repurchases of stock of the Company and payment of obligations of the Company under the 2002 Credit Agreement, if any.

ARTICLE VII

NEGATIVE COVENANTS

So long as any Bank shall have any Commitment hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, unless the Majority Banks waive compliance in writing:

7.1 Limitation on Liens. The Company shall not, and shall not suffer or permit any Significant Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following ("Permitted Liens"):

(a) any Lien existing on property of the Company or any Significant Subsidiary on the Closing Date and set forth in Schedule 7.1 and extensions, renewals and replacements thereof that do not increase the outstanding principal amount of the obligations secured thereby;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 6.8, provided that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Company or any Significant Subsidiary securing (i) the nondelinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business, provided all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens, provided that the enforcement of such Liens is effectively stayed and all such liens in the aggregate at any time outstanding for the Company and its Significant Subsidiaries, taken together with Liens described in subsections (j) and (k) hereof, do not exceed the greater of \$200,000,000 and 10% of the consolidated total assets of the Company and its Subsidiaries;

(h) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the businesses of the Company and its Significant Subsidiaries;

(i) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the FRB, and (ii) such deposit account is not intended by the Company or any Significant Subsidiary to provide collateral to the depository institution;

(j) Liens arising in connection with capitalized leases, in aggregate amount at any time not, when taken together with Liens under subsection (g) and (k) hereof, in excess of the greater of \$200,000,000 and 10% of the consolidated total assets of the Company and its Subsidiaries;

(k) purchase money Liens in an aggregate amount at any one time not, when taken together with Liens under subsection (g) and (j) hereof, in excess of the greater of \$200,000,000 and 10% of total assets;

(l) Liens on assets or stock of any Acquired Subsidiary, if such Liens do not extend to any assets of the Company or any Significant Subsidiary that is not an Acquired Subsidiary;

(m) Liens on assets or stock of any Significant Subsidiary (other than MGIC) to secure Indebtedness or other obligations to the Company or a Wholly-Owned Subsidiary of the Company;

(n) Liens on properties acquired in the claims settlement process in the ordinary course of business of the Company and its Significant Subsidiaries;

(o) Liens on assets or stock of any Person at the time such person is merged or consolidated with or into the Company or a Significant Subsidiary which Lien was not created in contemplation of such event;

(p) any Lien arising under or as a result of any reverse repurchase agreements entered into by the Company or any Significant Subsidiary for its investment portfolio in the ordinary course of business;

(q) deposits made by a Significant Subsidiary which is an insurance company, or other statutory Lien against the assets of any such Subsidiary, in each case made or incurred in favor of policyholders of such Subsidiary in the ordinary course of business pursuant to insurance regulatory requirements; and

(r) additional Liens securing Indebtedness or other obligations that do not exceed 5% of consolidated tangible assets at any time outstanding.

7.2 Disposition of Assets. The Company shall not, and shall not suffer or permit any Significant Subsidiary to, directly or indirectly, sell, convey, transfer or otherwise dispose of (whether in one or a series of related transactions) all or substantially all of its assets (including accounts and notes receivable, with or without recourse) or enter into any agreement to do any of the foregoing, except:

(a) the sale or disposition of all or any part of its interests in Credit-Based Asset Servicing and Securitization LLC, Sherman Financial Group LLC or Customers Forever LLC, or any Joint Venture or in any Subsidiary of any such Person;

(b) the sale or disposition of assets with a market value in the aggregate, when taken together with amounts allowed under Section 7.3(e) hereof (without duplication), not to exceed \$300,000,000 from the date hereof until the Termination Date; and

(c) the sale, conveyance, transfer or other disposition by any Subsidiary of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or another Wholly-Owned Subsidiary.

7.3 Consolidations and Mergers. The Company shall not, and shall not suffer or permit any Significant Subsidiary to, merge or consolidate with or into any other Person, except:

(a) any Subsidiary may merge with any one or more Subsidiaries, provided that if any transaction shall be between a Subsidiary and a Wholly-Owned Subsidiary, the Wholly-Owned Subsidiary shall be the continuing or surviving corporation and no Event of Default shall occur as a result thereof;

(b) the Company may merge with any one or more companies, provided that the Company shall be the continuing or surviving corporation;

(c) the Company or any Subsidiary may engage in a merger solely for the purposes of a change of domicile and/or changes in its articles of incorporation;

(d) any Subsidiary may merge with one or more companies provided that the continuing or surviving entity is owned, directly or indirectly, by the Company in a percentage not less the percentage ownership of such Subsidiary by the Company immediately prior to such merger; and

(e) a merger or consolidation in which the market value of the assets subject thereto in the aggregate when taken together with amounts allowed under Section 7.2(b) hereof (without duplication), do not to exceed \$300,000,000 from the date hereof until the Termination Date.

7.4 Limitation on Indebtedness. The Company shall not permit any Significant Subsidiary to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(a) Indebtedness existing on the Closing Date and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof;

(b) Swap Contracts entered into in the ordinary course of business as bona fide hedging transactions;

(c) Indebtedness of Acquired Subsidiaries for so long as such Indebtedness is not guaranteed by and does not become the obligation of, the Company or a Subsidiary that is not an Acquired Subsidiary; and

(d) additional Indebtedness provided that, at the time such additional Indebtedness is incurred (both immediately before and immediately after giving effect to such incurrence), either of the following conditions are satisfied: (i) the aggregate principal amount of such additional Indebtedness does not exceed \$500,000,000 or (ii) the aggregate principal amount of all Indebtedness of the Company and its Subsidiaries calculated on a consolidated basis in accordance with GAAP ("Consolidated Debt") does not exceed 25% of the sum of shareholder's equity of the Company plus Consolidated Debt at any time.

7.5 Use of Proceeds. The Company shall not, and shall not suffer or permit any Subsidiary to, use any portion of the Loan proceeds in any manner which would conflict with Regulation U of the FRB.

7.6 ERISA. The Company shall not, and shall not suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect; or (b) engage in a transaction that could be subject to Section 4069 or 4212(c) of ERISA, to the extent that to do so would reasonably be expected to have a Material Adverse Effect.

7.7 Change in Business. The Company shall not, and shall not suffer or permit any Significant Insurance Subsidiary to, engage in any material line of business substantially different from those lines of business carried on by the Company and its Subsidiaries on the date hereof and extensions thereof that are reasonably ancillary or related thereto; provided that the Company and any Significant Insurance Subsidiary may engage in the home mortgage finance, financial guaranty and surety businesses and other lines of business related thereto.

7.8 Financial Covenants. The Company shall not permit:

(a) its consolidated stockholders' equity (as determined in accordance with GAAP) to be less than \$2,250,000,000 at any time; or

(b) MGIC to fail to maintain a Policyholder's Position (as defined in Section 3.09(3)(m) of the Insurance Code of the State of Wisconsin) at least equal to the minimum amount required by Section 3.09(5) of the Insurance Code of the State of Wisconsin; or

(c) the risk to capital ratio of MGIC to be greater than 22 to 1. Such ratio shall be computed by dividing MGIC's risk in force by MGIC's Policyholder's Position (as defined in Section 3.09(3)(m) of the Insurance Code of the State of Wisconsin as in effect on the date hereof.)

ARTICLE VIII

EVENTS OF DEFAULT

8.1 Event of Default. Any of the following shall constitute an "Event of Default":

(a) Non-Payment. The Company fails to pay, (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within five days after the same becomes due, any interest, fee or any other amount payable hereunder or under any other Loan Document; or

(b) Representation or Warranty. Any representation or warranty by the Company made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Company, furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect in any material respect on or as of the date made or deemed made; or

(c) Specific Defaults. The Company fails to perform or observe any term, covenant or agreement contained in any of Section 6.1, 6.2, 6.3, 6.9, 7.2, 7.3, 7.4 or 7.8; or

(d) Other Defaults. The Company fails to perform or observe any other term or covenant contained in this Agreement or any other Loan Document, and such default shall continue unremedied for a period of 30 days after the date upon which written notice thereof is given to the Company by the Agent; or

(e) Cross-Payment Default; Cross-Acceleration. The Company or any Significant Subsidiary (i) fails to make any payment in respect of any Material Debt when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure; or (ii) fails to perform or observe any other condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any Material Debt, and such failure continues after the applicable grace or notice period, if any, specified in the relevant document on the date of such failure if the effect of such failure, event or condition is to cause such Material Debt to be declared to be due and payable prior to its stated maturity; or

(f) Insolvency; Voluntary Proceedings. The Company or any Significant Subsidiary (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, subject to applicable grace periods, if any, whether at stated maturity or otherwise; (ii) voluntarily ceases to conduct its business in the ordinary course; (iii) commences any Insolvency Proceeding with respect to itself; or (iv) takes any action to effectuate or authorize any of the foregoing; or

(g) Involuntary Proceedings. (i) Any involuntary Insolvency Proceeding is commenced or filed against the Company or any Significant Subsidiary, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Company's or any Significant Subsidiary's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Company or any Significant Subsidiary admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-US. law) is ordered in any Insolvency Proceeding; or (iii) the Company or any Significant Subsidiary acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(h) ERISA. (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of \$100,000,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds \$100,000,000; or (iii) the Company or any ERISA Affiliate shall fail to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of \$100,000,000; or

(i) Monetary Judgments. One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Company or any Significant Subsidiary involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of \$100,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 90 days after the entry thereof, or at any time after the entry thereof the adverse party shall take any action to realize on such judgment, order, decree or award; or

(j) Non-Monetary Judgments. Any non-monetary judgment, order or decree is entered against the Company or any Significant Subsidiary which does or would reasonably be expected to have a Material Adverse Effect, and there shall be any period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(k) Change of Control. There occurs any Change of Control; or

(l) Loss of Licenses. Any Significant Insurance Subsidiary for any reason loses any material license, permit or franchise necessary to engage in the insurance business in its state of incorporation; or

(m) Change in Law. Any change is made in the Insurance Code which affects the dividend practices of any Significant Insurance Subsidiary and which is reasonably likely to have a Material Adverse Effect on the ability of the Company to perform its obligations under the Agreement.

8.2 Remedies. If any Event of Default occurs and is continuing, the Agent shall, at the request of, or may, with the consent of, the Majority Banks,

(a) declare the commitment of each Bank to make Loans to be terminated, whereupon such commitments shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Company; and

(c) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law;

provided, however, that upon the occurrence of any event specified in subsection (f) or (g) of Section 8.1 (in the case of clause (i) of subsection (g) upon the expiration of the 60-day period mentioned therein), the obligation of each Bank to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Agent or any Bank.

8.3 Rights Not Exclusive. The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE IX

THE AGENT

9.1 Appointment and Authorization. Each Bank hereby irrevocably (subject to Section 9.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

9.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

9.3 Liability of Agent. None of the Agent-Related Persons shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Bank s for any recital, statement, representation or warranty made by the Company or any Subsidiary or Affiliate of the Company, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Company or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Company or any of the Company's Subsidiaries or Affiliates.

9.4 Reliance by Agent

(a) The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile,

telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Company), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Banks as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Banks and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 4.1, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

9.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Banks, unless the Agent shall have received written notice from a Bank or the Company referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". The Agent will notify the Banks of its receipt of any such notice. The Agent shall take such action with respect to such Default or Event of Default as may be requested by the Majority Banks in accordance with Article VIII; provided, however, that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

9.6 Credit Decision. Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent hereinafter taken, including any review of the affairs of the Company and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Company and its Subsidiaries, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Company hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Company. Except for notices, reports and other

documents expressly herein required to be furnished to the Banks by the Agent, the Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Company which may come into the possession of any of the Agent-Related Persons.

9.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand the Agent-Related Persons (to the extent not reimbursed by or on behalf of the Company and without limiting the obligation of the Company to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to the Agent-Related Persons of any portion of such Indemnified Liabilities resulting from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Company. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of the Agent.

9.8 Agent in Individual Capacity. BNP Paribas and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Company and its Subsidiaries and Affiliates as though BNP Paribas were not the Agent hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, BNP Paribas or its Affiliates may receive information regarding the Company or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Company or such Subsidiary) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to its Loans, BNP Paribas shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, and the terms "Bank" and "Banks" include BNP Paribas in its individual capacity.

9.9 Successor Agent. The Agent may, and at the request of the Majority Banks shall, resign as Agent upon 30 days' notice to the Banks and the Company. If the Agent resigns under this Agreement, the Majority Banks shall appoint from among the Banks a successor agent for the Banks which successor agent shall be subject to the approval of the Company. If no successor agent is appointed prior to the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Banks and with the approval of the Company, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article IX and Sections 10.4 and 10.5 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under

this Agreement. If no successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Banks appoint a successor agent as provided for above.

9.10 Withholding Tax

(a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Agent and the Company, to deliver to the Agent and the Company:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed IRS Forms 1001 and W-8 before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form 4224 before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement, and IRS Form W-9; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form 1001 and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to notify the Agent and the Company of the percentage amount in which it is no longer the beneficial owner of Obligations of the Company to such Bank. To the extent of such percentage amount, the Agent will treat such Bank's IRS Form 1001 as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form 4224 with the Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Company to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Agent and the Company may withhold from any interest payment to such Bank an amount

equivalent to the applicable withholding tax after taking into account such reduction. If the forms or other documentation required by subsection (a) of this Section are not delivered to the Agent and the Company, then the Agent and the Company may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Agent and the Company fully for all amounts paid, directly or indirectly, by the Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Agent under this Section, together with all costs and expenses (including Attorney Costs). The obligation of the Banks under this subsection shall survive the payment of all Obligations and the resignation or replacement of the Agent.

ARTICLE X

MISCELLANEOUS

10.1 Amendments and Waivers. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Company therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks (or by the Agent at the written request of the Majority Banks) and the Company and acknowledged by the Agent, and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such waiver, amendment, or consent shall, unless in writing and signed by all the Banks and the Company and acknowledged by the Agent, do any of the following:

(a) increase (except as otherwise provided in Section 2.7) or extend the Commitment of any Bank (or reinstate any Commitment terminated pursuant to Section 8.2);

(b) postpone or delay any date fixed by this Agreement or any other Loan Document for any payment of principal, interest, fees or other amounts due to the Banks (or any of them) hereunder or under any other Loan Document, including, without limitation, mandatory prepayments required pursuant to Section 2.7;

(c) reduce the principal of, or the rate of interest specified herein on any Loan, or (subject to clause (ii) below) any fees or other amounts payable hereunder or under any other Loan Document;

(d) change the percentage of the Commitments or of the aggregate unpaid principal amount of the Loans which is required for the Banks or any of them to take any action hereunder; or

(e) amend this Section, or Section 2.14, or any provision herein providing for consent or other action by all Banks;

and, provided further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Majority Banks or all the Banks, as the case may be, affect the rights or duties of the Agent under this Agreement or any other Loan Document, and (ii) the Fee Letters may be amended, or rights or privileges thereunder waived, in a writing executed by the parties thereto.

10.2 Notices

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile or e-mail transmission, provided that any matter (except as otherwise provided in Section 6.2) transmitted by the Company by facsimile or e-mail shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 10.2), and mailed, e-mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 10.2; or, as directed to the Company or the Agent, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Company and the Agent.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, faxed, or e-mailed be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine or e-mail, respectively, or if delivered, upon delivery.

(c) Any agreement of the Agent and the Banks herein to receive certain notices by telephone, e-mail or facsimile is solely for the convenience and at the request of the Company. The Agent and the Banks shall be entitled to rely on the authority of any Person reasonably appearing to be a Person authorized by the Company to give such notice and the Agent and the Banks shall not have any liability to the Company or other Person on account of any action taken or not taken by the Agent or the Banks in reliance upon such telephonic, e-mail or facsimile notice. The obligation of the Company to repay the Loans shall not be affected in any way or to any extent by any failure by the Agent and the Banks to receive written confirmation of any telephonic, e-mail or facsimile notice or the receipt by the Agent and the Banks of a confirmation which is at variance with the terms understood by the Agent and the Banks to be contained in the telephonic, e-mail or facsimile notice.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.4 Costs and Expenses. The Company shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse BNP Paribas (including in its capacity as Agent) promptly (subject to

subsection 4.1(e)) for all reasonable costs and expenses incurred by BNP Paribas (including in its capacity as Agent) in connection with the development, preparation, delivery and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs incurred by BNP Paribas (including in its capacity as Agent) with respect thereto; and

(b) pay or reimburse the Agent, the Arranger and each Bank promptly (subject to subsection 4.1(e)) for all costs and expenses (including Attorney Costs) incurred by them in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document during the existence of an Event of Default or after acceleration of the Loans (including in connection with any “workout” or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

10.5 Indemnity. Whether or not the transactions contemplated hereby are consummated, the Company shall indemnify and hold the Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an “Indemnified Person”) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans and the termination, resignation or replacement of the Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the “Indemnified Liabilities”); provided, that the Company shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities resulting from the gross negligence or willful misconduct of such Indemnified Person as found by a non-appealable judgment of a court of competent jurisdiction. Notwithstanding any of the foregoing, the Company shall have no obligation to indemnify any Indemnified Person: (a) for such Indemnified Person’s willful violation of banking laws, (b) with respect to Indemnified Liabilities resulting from litigation between any Bank or Banks (qua Banks, and not including the Agent in its capacity as Agent) and any other Bank or Banks (qua Banks, and not including the Agent in its capacity as Agent), (c) for the breach by such Indemnified Person of its obligations hereunder or (d) other than the Agent, for fees and expenses incurred in connection with the execution and delivery of this Agreement and any amendment, supplement, waiver or modification thereto. The agreements in this Section shall survive payment of all other Obligations.

10.6 Payments Set Aside. To the extent that the Company makes a payment to the Agent or the Banks, or the Agent or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be

fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agent or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to the Agent upon demand its pro rata share of any amount so recovered from or repaid by the Agent.

10.7 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and permitted assigns, except that the Company may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Agent and each Bank.

10.8 Assignments, Participations, etc.

(a) Any Bank may, with the written consent of the Company (at all times other than during the existence of an Event of Default) and the Agent, which consent of the Company and the Agent shall not be unreasonably withheld, at any time assign and delegate to one or more Eligible Assignees (provided that no written consent of the Company or the Agent shall be required in connection with any assignment and delegation by a Bank to an Eligible Assignee that is an Affiliate of such Bank) (each, an "Assignee") all, or any ratable part of all, of the Loans, the Commitments and the other rights and obligations of such Bank hereunder, in a minimum amount of \$10,000,000; provided, however, that the Company and the Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (i) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Company and the Agent by such Bank and the Assignee; (ii) such Bank and its Assignee shall have delivered to the Company and the Agent an Assignment and Acceptance in the form of Exhibit E ("Assignment and Acceptance") together with any Note or Notes subject to such assignment and (iii) the assignor Bank or Assignee has paid to the Agent a processing fee in the amount of \$3,500.

(b) From and after the date that the Agent notifies the assignor Bank that it has received (and provided its consent with respect to) an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) Within five Business Days after its receipt of notice by the Agent that it has received an executed Assignment and Acceptance and payment of the processing fee (and provided that it consents to such assignment in accordance with subsection 10.8(a)), the Company shall execute and deliver to the Agent, new Notes evidencing such Assignee's assigned Loans and Commitment and, if the assignor Bank has retained a portion of its Loans

and its Commitment, replacement Notes in the principal amount of the Loans retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank). Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Commitments arising therefrom. The Commitment allocated to each Assignee shall reduce such Commitments of the assigning Bank pro tanto.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Company (a "Participant") participating interests in any Loans, the Commitment of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided, however, that (i) the originating Bank's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the performance of such obligations, (iii) the Company and the Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 10.1. In the case of any such participation, the Participant shall be entitled to the benefit of Sections 3.1, 3.3, 3.6 and 10.5 as though it were also a Bank hereunder, and if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of and during the continuance of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and any Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

(f) Any Bank may at any time designate not more than one Designated Bank to fund Loans on behalf of such Designating Bank subject to the terms of this Section 10.8(f), and the provisions of Section 10.8(a) and (e) shall not apply to such designation. No Bank may have more than one Designated Bank at any time. Such designation may occur by the execution by such Bank and Designated Bank of a Designation Agreement substantially in the form of Exhibit G and delivery thereof to the Agent and the Company for their acceptance. Upon receipt of an appropriately completed Designation Agreement executed by a Designating Bank and a designee representing that it is a Designated Bank and consented to by the Company, the Agent will accept such Designation Agreement and will give prompt notice thereof to the Company and the other Banks, whereupon,

(i) the Company shall, upon the request of the Designating Bank, execute and deliver to the Designating Bank a Note payable to the order of the Designated Bank,

(ii) from and after the effective date specified in the Designation Agreement, the Designated Bank shall become a part to this Agreement with a right to make Loans on behalf of its Designating Bank pursuant to Section 2.1, and

(iii) the Designated Bank shall not be required to make payments with respect to any obligations in this Agreement except to the extent of excess cash flow of such Designated Bank which is not otherwise required to repay obligations of such Designated Bank which are then due and payable; provided, however, that regardless of such designation and assumption by the Designated Bank, the Designating Bank shall be and remain obligated to the Company, the Agent and the Banks for each and every obligation of the Designating Bank and its related Designated Bank with respect to this Agreement, including, without limitation, its Commitment, any indemnification obligations under Section 9.7 and any sums otherwise payable to the Company by the Designated Bank. Each Designating Bank, or a specified branch of affiliate thereof, shall serve as the administrative agent of its Designated Bank and shall on behalf of its Designated Bank: (x) receive any and all payments made for the benefit of such Designated Bank and (y) give and receive all communications and notices and take all actions hereunder, including, without limitation, votes, approvals, waivers, consents and amendments under or relating to this Agreement and the other Loan Documents. Any such notice, communication, vote, approval, waiver, consent or amendment shall be signed by a Designating Bank, or specified branch or affiliate thereof, as administrative agent for its Designated Bank and need not be signed by such Designated Bank on its own behalf and shall be binding upon such Designated Bank. The Company, the Agent and the Banks may rely thereon without any requirement that the Designated Bank sign or acknowledge the same. No Designated Bank may assign or transfer all or any portion of its interest hereunder or under any other Loan Document, other than via an assignment (by way of collateral, participation or conveyance) to its Designating Bank provided any such assignment shall be subject to the provisions of the Designation Agreement, or otherwise in accordance with the applicable provisions of this Section 10.8

10.9 Confidentiality. Each Bank agrees that all information concerning the Company or its Subsidiaries that is furnished or has previously been furnished to the Agent or the Banks on behalf of the Company (herein, collectively, the “Confidential Information”) in connection with this Agreement will be held and treated by the Agent, each Bank, their Affiliates and their respective directors, officers, employees, advisors, agents or representatives (collectively, the “Related Persons”) in confidence and will not, except as hereinafter provided, without the prior consent of the Company, be disclosed by the Agent or the Banks in any manner whatsoever, in whole or in part, or be used by the Agent or the Banks other than in connection with this Agreement; except to the extent such Confidential Information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Company, provided that such source is not bound by a confidentiality agreement with the Company known to the Bank;

provided, however, that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority or self-regulatory body to which the Bank is subject or in connection with an examination of such Bank by any such authority or self-regulatory body; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Agent, any Bank or their respective Affiliates may be party in connection with this Agreement; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) to such Bank's independent auditors and other professional advisors; (G) to any Participant or Assignee, actual or potential, provided that such Person agrees in writing to keep such information confidential to the same extent required of the Banks hereunder; (H) as to any Bank or its Affiliate, as expressly permitted under the terms of any other document or written agreement regarding confidentiality to which the Company is a party; and (I) to its Affiliates, subject to the same restrictions contained in this Section.

10.10 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Company, any such notice being waived by the Company to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Company against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agent or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmeasured. Each Bank agrees promptly to notify the Company and the Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

10.11 Margin Stock Not Collateral. Each of the Banks represents to the Agent and each of the other Banks that it in good faith is not relying on margin stock (as such term is defined in Regulation U of the FRB) as collateral in the extension or maintenance of the credit provided for in this Agreement.

10.12 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Agent in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agent shall reasonably request.

10.13 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

10.14 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

10.15 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Company, the Banks, the Agent and the Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

10.16 Governing Law and Jurisdiction

(a) THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK PROVIDED THAT THE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE COMPANY, THE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE COMPANY, THE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENT, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE AGENT AND THE BANKS EACH WAIVE PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY NEW YORK LAW. THE COMPANY HEREBY CONSENTS TO PERSONAL SERVICE IN THE STATE OF WISCONSIN BY ANY MEANS PERMITTED BY WISCONSIN LAW.

10.17 Waiver of Jury Trial. THE COMPANY, THE BANKS AND THE AGENT EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE COMPANY, THE BANKS AND THE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY

SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

10.18 Entire Agreement. This Agreement, together with the other Loan Documents, embodies the entire agreement and understanding among the Company, the Banks and the Agent, and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

10.19 No Bankruptcy Proceedings. Each of the Company, the Banks and the Agent agrees that it will not institute against any Designated Bank or join any other Person in instituting against any Designated Bank any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any federal or state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Designated Bank. The terms of this provision shall survive the termination of this Agreement.

10.20 Termination of 2002 Credit Agreement Commitments. The Company and the Banks that are parties to the 2002 Credit Agreement agree that, concurrently with the effectiveness of this Agreement (and without regard to any requirement for prior notice of the termination of the commitments thereunder), the commitments under the 2002 Credit Agreement shall terminate and be of no further force or effect.

10.21 USA Patriot Act. Pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), each Bank is required to obtain, verify and record information that identifies the Company, which information includes the name and address of the Company and other information that will allow such Bank to identify the Company in accordance with the Act.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

MGIC INVESTMENT CORPORATION

By: /s/ _____

Name: James Karpowicz
Title: SENIOR VICE PRESIDENT,
CHIEF INVESTMENT OFFICER
& TREASURER

BNP PARIBAS
as Administrative Agent

By: /s/ _____

Name: Wendy Breuder
Title: Managing Director

By: /s/ _____

Name: Jo Ellen Bender
Title: Managing Director

Address:

BNP Paribas
919 Third Ave., 3rd floor
New York, NY 10022
Attn: Millie Carrillo
Ph. 212-471-6807

U.S. BANK
as Syndication Agent

By: /s/_____

Name: Caroline Krider
Title: Vice President & Senior Lender

DEUTSCHE BANK AG, NEW YORK BRANCH
as Documentation Agent

By: /s/_____

Name: Ruth Leung
Title: Director

By: /s/_____

Name: John S. McGill
Title: Director

BANK OF AMERICA, N.A.

By: /s/_____

Name: Mark Short
Title: Vice President

LASALLE BANK, N.A.

By: /s/_____

Name: Rob Squires
Title: Officer

THE NORTHERN TRUST COMPANY

By: /s/_____

Name: Kathleen D. Schurr
Title: Vice President

MGIC INVESTMENT CORPORATION AND SUBSIDIARIES
 STATEMENTS RE COMPUTATION OF NET INCOME PER SHARE
 Three Months Ended March 31, 2005 and 2004

	Three Months Ended	
	2005	2004
BASIC EARNINGS PER SHARE		
Average common shares outstanding	95,265	98,674
Net income	\$ 182,013	\$ 130,073
Basic earnings per share	\$ 1.91	\$ 1.32
DILUTED EARNINGS PER SHARE		
Adjusted weighted average shares outstanding:		
Average common shares outstanding	95,265	98,674
Common stock equivalents	519	500
Adjusted weighted average diluted shares outstanding	95,784	99,174
Net income	\$ 182,013	\$ 130,073
Diluted earnings per share	\$ 1.90	\$ 1.31

I, Curt S. Culver, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGIC Investment Corporation;
 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's
-

auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2005

/s/ Curt S. Culver

Curt S. Culver

Chief Executive Officer

CERTIFICATIONS

I, J. Michael Lauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MGIC Investment Corporation;
 2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
 3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
-

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
- (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2005

/s/ J. Michael Lauer

J. Michael Lauer
Chief Financial Officer

SECTION 1350 CERTIFICATIONS

The undersigned, Curt S. Culver, Chief Executive Officer of MGIC Investment Corporation (the "Company"), and J. Michael Lauer, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S. C. Section 1350, that to our knowledge:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2005 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2005

/s/ Curt S. Culver

Curt S. Culver
Chief Executive Officer

/s/ J. Michael Lauer

J. Michael Lauer
Chief Financial Officer