

MEMORANDUM

To: All Option Members, Member Organizations and ROPs

From: Market Watch

Date: May 4, 2007

Subject: Radian Group, Inc. (RDN) Pending Merger With MGIC Investment Corporation (MTG)

On Wednesday, May 9, 2007, the shareholders of Radian Group, Inc. (RDN) will vote to approve the proposed merger with MGIC Investment Corporation (MTG). **Pursuant to the merger terms each RDN share will be converted into the right to receive 0.9658 MTG common shares.** Cash will be paid in lieu of fractional shares.

The merger will become effective on a date to be announced in the 4th quarter of 2007.

The new combined company will be called MGIC Radian Financial Group, Inc. (MTG)

***The foregoing is an unofficial summary of the terms of the Merger, prepared by the PHLX for the convenience of its members. PHLX accepts no responsibility for the accuracy or completeness of the summary. Members should refer to the proxy statement for the authoritative description of the merger terms and conditions.*

Pursuant to Options Clearing Corporation (OCC) By-Laws, all outstanding RDN options will be adjusted as follows:

EFFECTIVE DATE: Option changes are expected to become effective on a date to be announced
SYMBOL(s): RDN/YNH/OQL becomes RDT/LFR/ZFR respectively
STRIKE PRICE: No Change
POS/EXERCISE LIMIT: 500,000 contracts until January 2009 expiration; where the limits revert to 250,000 contracts
MULTIPLIER: 100*(eg., Premium of 1.00 = \$100)
NEW DELIVERABLE: 1) 96 MTG common shares.
 2) Cash in lieu of 0.58 fractional MTG shares.

Radian Group, Inc. (RDN) (Before - Date To Be Announced)					Radian Group, Inc. (RDT) (Beginning - Date To Be Announced) (See New Deliverable Above)				
100 shares RDN									
			Calls	Puts			Calls	Puts	
RDN	MAY	45	EI	QI	RDT	MAY	45	EI	QI
RDN	MAY	50	EJ	QJ	RDT	MAY	50	EJ	QJ
RDN	MAY	55	EK	QK	RDT	MAY	55	EK	QK
RDN	MAY	60	EL	QL	RDT	MAY	60	EL	QL
RDN	MAY	65	EM	QM	RDT	MAY	65	EM	QM
RDN	MAY	70	EN	QN	RDT	MAY	70	EN	QN
RDN	JUN	45	FI	RI	RDT	JUN	45	FI	RI
RDN	JUN	50	FJ	RJ	RDT	JUN	50	FJ	RJ
RDN	JUN	55	FK	RK	RDT	JUN	55	FK	RK
RDN	JUN	60	FL	RL	RDT	JUN	60	FL	RL
RDN	JUN	65	FM	RM	RDT	JUN	65	FM	RM
RDN	JUN	70	FN	RN	RDT	JUN	70	FN	RN
RDN	AUG	40	HH	TH	RDT	AUG	40	HH	TH
RDN	AUG	45	HI	TI	RDT	AUG	45	HI	TI
RDN	AUG	50	HJ	TJ	RDT	AUG	50	HJ	TJ
RDN	AUG	55	HK	TK	RDT	AUG	55	HK	TK
RDN	AUG	60	HL	TL	RDT	AUG	60	HL	TL
RDN	AUG	65	HM	TM	RDT	AUG	65	HM	TM
RDN	AUG	70	HN	TN	RDT	AUG	70	HN	TN

RDN	NOV	40	KH	WH	RDT	NOV	40	KH	WH
RDN	NOV	45	KI	WI	RDT	NOV	45	KI	WI
RDN	NOV	50	KJ	WJ	RDT	NOV	50	KJ	WJ
RDN	NOV	55	KK	WK	RDT	NOV	55	KK	WK
RDN	NOV	60	KL	WL	RDT	NOV	60	KL	WL
RDN	NOV	65	KM	WM	RDT	NOV	65	KM	WM
RDN	NOV	70	KN	WN	RDT	NOV	70	KN	WN
RDN	NOV	75	KO	WO	RDT	NOV	75	KO	WO

Radian Group - 2008 Leap (RDN/YNH)

(Before - Date To Be Announced)

100 shares RDN

			Call	Put
YNH	JAN	30	AF	MF
YNH	JAN	35	AG	MG
YNH	JAN	40	AH	MH
YNH	JAN	45	AI	MI
YNH	JAN	50	AJ	MJ
YNH	JAN	55	AK	MK
YNH	JAN	60	AL	ML
YNH	JAN	70	AN	MN
YNH	JAN	80	AP	MP

Radian Group - 2008 Leap (RDN/LFR)

(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Call	Put
LFR	JAN	30	AF	MF
LFR	JAN	35	AG	MG
LFR	JAN	40	AH	MH
LFR	JAN	45	AI	MI
LFR	JAN	50	AJ	MJ
LFR	JAN	55	AK	MK
LFR	JAN	60	AL	ML
LFR	JAN	70	AN	MN
LFR	JAN	80	AP	MP

Radian Group - 2009 Leap (RDN/OQL)

(Before - Date To Be Announced)

100 shares RDN

			Call	Put
OQL	JAN	40	AH	MH
OQL	JAN	50	AJ	MJ
OQL	JAN	60	AL	ML
OQL	JAN	70	AN	MN
OQL	JAN	80	AP	MP

Radian Group - 2009 Leap (RDN/ZFR)

(Beginning - Date To Be Announced)

(See New Deliverable Above)

			Call	Put
ZFR	JAN	40	AH	MH
ZFR	JAN	50	AJ	MJ
ZFR	JAN	60	AL	ML
ZFR	JAN	70	AN	MN
ZFR	JAN	80	AP	MP

Customers should be advised that all Good-til-Cancelled (GTC) orders not on AUTOM must be cancelled and re-entered prior to the effective date. GTC AUTOM orders will be deleted by PHLX Service Desk/AUTOM personnel.

Questions regarding this release may be directed to Market Watch at 1-800-THE-PHLX, choice #2, or (215) 496-5380.