

MGIC INVESTMENT CORPORATION

CODE OF BUSINESS CONDUCT

I. INTRODUCTION

MGIC Investment Corporation and its subsidiaries (collectively, “MGIC” or the “Company”) are firmly committed to maintaining our position as a leading provider of residential mortgage insurance and related services. As part of this commitment, MGIC has long emphasized and adhered to a high standard of conduct, and it is important that all co-workers maintain this standard by avoiding activities and affiliations which might conflict with the discharge of their duties to MGIC or lead to the involvement of the Company or its personnel in any unlawful practice.

The guidelines and rules described in this Code of Business Conduct have been approved by the Board of Directors and apply to all co-workers of MGIC. While this Code of Business Conduct deals with the principal areas of concern, it cannot cover every situation that might arise. It is the responsibility of each co-worker to become familiar with the legal standards and restrictions applicable to the co-worker’s assigned duties and to conduct himself or herself accordingly. Beyond the strictly legal standards, however, MGIC co-workers are expected to observe the Company’s high standard of business conduct and personal ethics through honesty and integrity in all aspects of dealing with other co-workers, our customers, suppliers, government and the public.

If any co-worker is uncertain about a particular transaction or has any question concerning the Company’s policies, he or she is urged to consult with the Chief Executive Officer, the General Counsel, another member of the Legal Department or the senior officer to whom he or she reports.

This Code of Conduct applies to members of the Board of Directors who are not co-workers as set forth under “Board of Directors” below.

II. CONFLICTS OF INTEREST AND TRANSACTIONS FOR PERSONAL BENEFIT

All aspects of MGIC’s operations should be conducted on the basis of merit and without favoritism. MGIC co-workers should refrain from affiliations and activities, including personal investments and offices in other organizations, which may conflict with the proper discharge of their responsibilities to MGIC or impair their ability to exercise independence in judgment with respect to business in which they are involved on behalf of MGIC.

A. Purchasing

Suppliers of goods and services to MGIC must be selected on the basis of price, quality, performance and suitability of the product or service. Each co-worker

must avoid doing anything that could imply that the selection of a supplier was made on any basis other than the best interests of MGIC or which could give one supplier an improper advantage over another. Therefore, each co-worker must avoid being in a position where he or she can be subjected to or appear to be subjected to influence or pressures which might cause him or her to act on behalf of MGIC other than in accordance with these principles.

MGIC co-workers and their family members may not accept any discount on personal purchases that may be construed to be offered because of a supplier's relationship with MGIC, unless the same discount is available to all MGIC co-workers.

For additional information on the Company's purchasing guidelines, please refer to "Purchasing Policy" under the Corporate Disbursement Policy heading in the *MGIC Policies and Procedures* database in Lotus Notes Co-Worker Café (or contact a department manager or senior officer).

B. Gifts and Entertainment

Individuals and Non-Government Organizations

Accepting gifts or benefits from persons or companies who do business with MGIC or seek to do business with MGIC may create a conflict of interest for the MGIC co-worker involved. It is MGIC's policy to avoid even the appearance of a conflict of interest. As a general rule, gifts, favors, entertainment, hospitality, services, payments, special privileges, discounts and other gratuities should be avoided.

Gifts and Favors.

MGIC co-workers and their family members should not give to or accept from any person or organization conducting or seeking to conduct business with MGIC, or with which MGIC competes or seeks to do business, any gifts or other favors or benefits, except in the following cases: the gift is a promotional item or novelty; or the gift, favor or benefit has a value of \$100 or less; or the gift, favor or benefit has been approved by the Vice President — Internal Audit of MGIC after consultation with the senior officer (Senior Vice President or above) in the co-worker's department. In any case, the gift, favor or benefit should not be given or accepted if acceptance of the gift could reasonably be considered to influence the recipient's judgment. The total amount of all gifts, favors or benefits offered or accepted during a year by an employee to or from a person or business should not exceed \$100 without the approval described above. Tickets to sporting or cultural events are covered by the "Entertainment and Travel Expenses" section immediately below and are not considered "gifts" for purposes of this section.

Entertainment and Travel Expenses.

Modest entertainment offered or accepted on an infrequent basis is an acceptable part of conducting business. Meals, attendance at sporting events, concerts or other cultural events and participation in recreational activities, such as golf or tennis may be offered or accepted by MGIC co-workers on an occasional basis when related to building or improving business relationships. However, such activities and related expenses must not be excessive or contingent on a particular transaction or transactions. Whether entertainment is excessive shall be determined in light of the position within the organization of the person to whom the entertainment is offered or accepted. For example, an invitation by MGIC to a senior executive of a lender to attend a golf event at a deluxe resort may not be excessive (the determination would depend on the total cost to MGIC of hosting the executive) while the same invitation to a manager of a retail branch of a customer would be excessive.

Entertainment and recreational activities offered in connection with out-of-town business travel may also be accepted by MGIC co-workers if there is a substantial business reason for the trip and the entertainment or recreation is only incidental to the business purpose and is not excessive, as determined above.

Travel expenses should not be paid by the Company for persons who are not MGIC employees unless there is a substantial business purpose for the trip and such expenses are reported to and cleared by a senior manager of the Company in advance. As a general rule, it also is improper for MGIC co-workers to accept payment of their travel-related expenses by a customer, supplier, other party conducting business or seeking to conduct business with MGIC or by a trade organization or community association. However, it is not improper for MGIC to be reimbursed for the travel and accommodation cost of an MGIC employee who is a speaker referred to in the program for an event or who provides support to such a speaker.

Government Employees

Federal and state laws and regulations generally prohibit giving or offering to give anything of value, regardless of the amount, to government employees. It is MGIC's policy not to provide gifts or entertainment of any kind for government employees. Therefore, no MGIC co-worker may pay or arrange payment for any meal, entertainment, gift or transportation for any government employee or give or offer to give anything of value to a federal, state or local government employee in connection with any business transaction or activity of MGIC, unless otherwise specifically reviewed and approved in advance by the General Counsel.

C. Transactions with Related Parties

MGIC co-workers should avoid taking a position or having an interest in another organization which would interfere with the proper discharge of their responsibilities to MGIC or impair independence of judgment with respect to the affairs of MGIC.

Generally, MGIC will not enter into transactions with its co-workers or with enterprises in which its co-workers or their immediate family members have a material personal financial interest or with enterprises in which its co-workers have a material interlocking relationship (a financial interest and an interlocking relationship, regardless of whether either is material, are collectively referred to as an “interest”) unless all of the following conditions are satisfied:

- the terms of the contract or transactions are fair and equitable, at arm’s length and are not detrimental to the interests of MGIC;
- the existence and nature of the interests of the co-worker are fully disclosed to and approved by the senior officer of MGIC responsible for supervising the co-worker; and
- the interested co-worker has not participated on behalf of MGIC in the consideration, negotiation or approval of the contract or transaction.

Upon learning that MGIC is engaged in or contemplating a business transaction with a co-worker (or any of the co-worker’s immediate family members) or a business transaction (other than an excluded transaction) with any other person with which a co-worker (or any of the co-worker’s immediate family members) has an interest (other than an excluded public interest as defined below), the co-worker must immediately make this interest known to his or her supervising officer. In addition, if the transaction is with the co-worker, any of the co-worker’s immediate family members or if the transaction is with such other person and the interest is material (and the transaction is not an excluded transaction), such officer must then determine, in accordance with the standards in the first and third bullets above, whether to approve the transaction. If the transaction is with such other person and it will be approved, such officer must then make the MGIC co-worker’s interest known to the senior management of the other person. If the co-worker is MGIC’s Chief Executive Officer, chief financial officer, chief accounting officer or controller or is a person performing similar functions (these financial officers are referred to as “Senior Financial Officers”) or is an executive officer of MGIC under the rules of the SEC, then in place of disclosure to and any required approval by the supervising officer contemplated above, the disclosure and any required approval shall be of the Audit Committee of the Board of Directors.

An excluded public interest is a financial interest of the co-worker and/or the co-worker's immediate family in publicly-traded securities that is in the aggregate less than 10% of the value of the other person (or the consolidated value of the parent of the other person if the other person is a subsidiary of the parent).

An excluded transaction is a transaction in which the other party is rendering services as a common carrier, public utility or the like or in which the rates or charges are fixed in conformity with law.

An interest is material if (1) the co-worker is a director or officer of the other person (or the parent of the other person if the other person is a subsidiary of the parent), or (2) it is a financial interest of the co-worker and/or the co-worker's immediate family in the other person (or the parent of the other person if the other person is a subsidiary of the parent) that is in the aggregate 10% or more of the value of the other person (or the consolidated value of the parent of the other person if the other person is a subsidiary of the parent).

Immediate family members consist of the co-worker's spouse, parents, children and siblings.

D. Diversion of Corporate Opportunity for Personal Benefit

It is essential that MGIC co-workers avoid any activity which might create a conflict of interest, or even the appearance of a conflict of interest, impair independence of judgment, prejudice the best interests of MGIC, or raise a question as to diversion of corporate opportunity. MGIC co-workers must make certain that investment or other business opportunities which are not generally available to the public and which come to their attention in the course of performing employment duties at MGIC are made available to MGIC and not diverted for personal benefit.

No MGIC co-worker may, directly or indirectly, personally pursue any such business opportunities unless the senior officer to whom the co-worker reports shall have first been given prior written notice of and declined to pursue the opportunity on behalf of MGIC. If the co-worker is MGIC's Chief Executive Officer or is a Senior Financial Officer, then in place of disclosure to and approval by the senior officer contemplated above, the disclosure and declination shall be of the Audit Committee of the Board of Directors.

E. Confidential Information

MGIC co-workers should consider all information they receive or produce on behalf of the Company as confidential and proprietary information which should not be used or disclosed to third parties except as reasonably necessary to perform the co-worker's duties and responsibilities for MGIC.

MGIC receives confidential information on a regular basis from customers, vendors, and other third parties with whom it does business. Confidential information includes nonpublic information concerning a company's business operations, products, services and strategies, security programs, individual mortgage loan and borrower or applicant information, mortgage loan portfolio statistics, copyrighted or proprietary computer software, and other materials and information which may be protected by a confidentiality agreement or which the third party reasonably expects MGIC to keep in confidence.

MGIC also possesses and develops its own confidential and proprietary information. Much of this information is used by MGIC to obtain a competitive advantage over competitors. This information includes marketing research and plans; strategic planning information; risk management studies, analyses and reports; claims and loss information; financial information; information residing on any of MGIC's computers, internal sales, underwriting, claims and other manuals; human resources and payroll records; information concerning MGIC's computer systems and software; customer information; and other details concerning MGIC's business methods and operations.

In addition, all consumer credit information is confidential. Use and disclosure of consumer credit information is regulated by federal and state law. Co-workers may not use MGIC's systems to order or access consumer credit information, including credit scores, for their own personal benefit or for the benefit of another person (other than MGIC). Co-workers may order, access, disclose and use consumer credit information only as required in the performance of their responsibilities as employees of MGIC.

For additional guidance, please refer to the "Confidentiality Policy" statement in the *Co-Worker Handbook* database in Lotus Notes Co-Worker Café.

III. COMPLIANCE WITH LEGAL AND REGULATORY REQUIREMENTS

It is the policy of MGIC to comply with all applicable federal, state, and local laws governing the conduct of its business. Many of these laws and regulations are complex, with varying interpretations and applications based on specific factual situations. In order to provide clear and concise compliance standards for MGIC co-workers, in some cases, this Code of Business Conduct may overstate the legal rules or require a standard more strict than might otherwise apply to a particular circumstance. It is the personal responsibility of each co-worker to become familiar with the laws and regulations pertaining to the co-worker's areas of responsibility and to seek assistance from the Legal Department whenever there is a question regarding the application or interpretation of a law or regulation or any of the guidelines and policies set forth in this Code of Business Conduct.

A. Accounting Books and Records and SEC Disclosures

Federal law requires that MGIC's books of account and records be accurately maintained and fully disclose the nature of the transactions reflected in them, including the following record keeping requirements:

- all books, records, and accounts of MGIC must be kept in reasonable detail and must accurately and fairly reflect the transactions and dispositions of MGIC's assets;
- all disbursements of funds by MGIC and all receipts by MGIC must be properly and promptly recorded on the books, records and accounts of MGIC;
- no undisclosed or unrecorded fund may be established by MGIC for any purposes; and
- a system of internal accounting controls must be maintained by MGIC which is sufficient to provide reasonable assurances that transactions are
 - executed in accordance with management's authorization,
 - recorded in a manner that permits preparation of financial statements in conformity with generally accepted accounting principles and other applicable criteria, and
 - recorded so as to maintain accountability for MGIC's assets.

Co-workers should be aware that penalties for violating the laws and regulations in this area can be severe for MGIC, as well as the co-workers involved.

In addition, it is MGIC's goal that the disclosure in documents MGIC files with the Securities and Exchange Commission and in communications to investors be full, fair, accurate, timely and understandable. The meaning of such standards is to be determined in light of MGIC's good faith view of applicable law. The Chief Executive Officer and Senior Financial Officers are members of the Disclosure Committee established to assist MGIC in meeting its disclosure requirements in filings made by it with the Securities and Exchange Commission.

B. Political Activity

MGIC encourages all co-workers to vote, be active in the political process and to make political contributions if they wish to do so with their own personal funds. However, federal laws restrict any use of corporate funds in connection with federal elections, and there are similar laws in many states. As a result, MGIC has established policies strictly prohibiting the use of Company funds and facilities for political purposes, even in jurisdictions where corporate

contributions are legal. Political contributions include funds contributed to a candidate and to political action committees (“PACs”).

It is against MGIC policy, and also may be illegal, for any co-worker to include, directly or indirectly, on the co-worker’s expense account, any political contribution that the co-worker makes, or for any co-worker to be reimbursed in any way by MGIC for a political contribution. In general, the cost of tickets for fund-raising events and political functions are considered political contributions. For example, including the cost of a fund-raising dinner on an expense account, even if business is, in fact, discussed, is against MGIC policy and may be illegal.

It is against MGIC policy, and also may be illegal, for any co-worker to use any MGIC property or facilities, or the time of any MGIC co-workers for any political activity. Examples of prohibited conduct would be using MGIC co-workers to send invitations for political fund-raising events, using an MGIC telephone to make politically motivated solicitations, allowing a candidate to use MGIC facilities, such as meeting rooms, for political purposes or loaning any MGIC-owned property for use in connection with a political campaign or fund-raising event.

The political process is highly regulated and any co-worker who has a question about what is or is not proper should consult with the Legal Department before agreeing to do anything that could be construed as involving MGIC in political activity at either the federal, state or local level.

C. Antitrust Laws

It is MGIC’s policy to conduct its business in strict compliance with federal and state antitrust and unfair trade practice laws. Generally, these laws prohibit joint business activities which set prices or restrict competition, and also prohibit misrepresentation and false advertising, unlawful discrimination, secret rebates, issuance or circulation of false literature, and unfair claim settlement practices. Several states also have laws specifically prohibiting direct and indirect inducements, rebates and commissions by mortgage guaranty insurance companies and their affiliates.

MGIC co-workers are required to avoid any conduct which violates or might even appear to violate the antitrust and unfair trade practice laws. MGIC’s co-workers should avoid any discussion, communication, agreement or understanding with any competitor concerning prices, pricing policy, allocation of customers or division of markets, costs of doing business, terms and conditions in mortgage insurance policies and service contracts, or any other activity that restrains competition, whether by sellers or purchasers. Any understanding or agreement, regardless how informal or tacit, with another person or company to refrain from doing business or relating to the manner in which MGIC conducts its business is against MGIC policy unless reviewed and approved by the Legal Department.

MGIC's Antitrust Compliance Guide, containing a summary statement of certain basic legal requirements of the antitrust laws, has been prepared by the Legal Department and is available in print or on the *MGIC Policies and Procedures* database in Lotus Notes Co-Worker Café. It is the responsibility of each co-worker to understand how these laws affect the performance of their duties and to seek assistance from the Legal Department whenever there is any question regarding compliance with the antitrust laws. MGIC management officials may be charged with antitrust violations committed by co-workers under their supervision and should be diligent in reviewing Company policies in this area with their subordinates.

D. Securities Law Compliance and Insider Trading

Co-workers often have information about MGIC and other companies with which MGIC conducts business that is not known to the investing public. Sometimes, this information also may be "material" in relation to the stock market. In general, information is "material" when there is a substantial likelihood that it would alter a reasonable investor's view of the total mix of information about a company, such as information that a reasonable investor would consider important in making a decision to buy, hold or sell stock.

In general, co-workers with material nonpublic information about MGIC, or about another company when the information is received in the course of employment with MGIC (or in certain other circumstances) are prohibited by law from buying or selling the stock of MGIC or such other company. The penalties for violating the prohibition are severe.

If an MGIC co-worker does have material nonpublic information about MGIC, the co-worker may not trade in MGIC stock until the information has become public or is obsolete. At the same time, the co-worker may not pass on the material nonpublic information to others who may use it to trade in MGIC stock. Such "tipping" is not only contrary to MGIC policy, but also illegal. The same rules apply to trades in the stock of another company when a co-worker has material nonpublic information about that company if the information is received in the course of the co-worker's employment with MGIC (or in certain other circumstances).

MGIC and all supervisory co-workers have an obligation to be alert to situations where others within MGIC may not be observing the rules against insider trading. The securities laws provide penalties not only for those who engage in insider trading, but also those "controlling persons" who fail to take appropriate actions when they either knew or should have known that those people within their control were violating the rules.

Directors and officers who have special reporting and other obligations under the federal securities laws receive separate written compliance information from the Legal Department on a regular basis.

For more information, see the “MGIC Investment Corporation Policy Statement Relating to Transactions in MGIC Securities” in the *MGIC Policies and Procedures* database in Lotus Notes Co-Worker Café.

E. Real Estate Settlement Procedures Act and State Laws

It is MGIC’s policy to conduct its business in compliance with the federal Real Estate Settlement Procedures Act (“RESPA”) and state insurance laws. The anti-kickback provisions of RESPA prohibit both giving and accepting any fee, kickback or other “thing of value” pursuant to any formal or informal agreement or understanding for the referral of business incident to a “settlement service.” Under regulations adopted by the U.S. Department of Housing and Urban Development, mortgage insurance and other services related to the origination of a mortgage loan are settlement services. State laws typically prohibit certain inducements, such as rebates for the placement of insurance.

A “thing of value” is defined broadly under RESPA to include not only money, commissions and fees, but also “services of any type at special or free rates” and “trips and payment of another person’s expenses.” Other business arrangements with customers and promotional programs which may or may not include the transfer of money may also constitute a thing of value under RESPA and a violation of the law if conditioned on the referral of mortgage insurance or other settlement services. Therefore, no MGIC co-worker may offer anything of value in exchange for the referral of mortgage insurance or other business services.

Because both MGIC and its customers are subject to these prohibitions, it is important that co-workers understand and observe the rules of RESPA when offering insurance and other services. RESPA imposes criminal penalties as well as treble damages for violations of the anti-kickback provisions.

The following are examples of activities that should be avoided by co-workers; however, questions concerning the application of RESPA or state insurance laws to any particular activity should be directed to the Legal Department before undertaking or participating in the activity.

- Offering a customer contract underwriting or similar services at no charge. Consult the Legal Department before entering into any free or discounted service arrangements to determine whether the discounted fee complies with RESPA.
- Lavish entertainment (that is, entertainment which is not normal or customary under the circumstances) or any entertainment which is conditioned on the

referral of mortgage insurance or other business to MGIC. For additional guidance, see the “Gifts and Entertainment” heading under the “Conflicts of Interest and Transactions for Personal Benefit” section of this Code of Business Conduct.

- Contests or other promotional activities offered or sponsored by MGIC for employees of its customers which are conditioned on the referral of mortgage insurance or other business to MGIC. Consult the Legal Department prior to launching new promotional programs.

F. Improper Payments

Co-workers who make improper payments or use of MGIC’s funds can expose themselves and the Company to civil and criminal penalties.

MGIC co-workers may not pay or offer bribes of any type to any person or organization. A bribe is defined as a payment made to influence someone to do something that should not be done or to omit something that should be done under the rules of that person’s employment or applicable law.

G. Copyright and Patent Laws

Federal and state laws protect the rights of owners of patents, copyrighted material, trademarks and trade names. As a general rule, MGIC co-workers should not use or copy the name, logos or slogans of other organizations in materials prepared by MGIC unless approved or authorized in advance by that organization. Questions concerning the appropriateness of using any such protected items should be referred to the Legal Department.

Copyright

Many materials protected by copyright may be copied by MGIC co-workers as a result of the Company’s subscription to the Copyright Clearance Center (“CCC”). As a licensee of CCC, MGIC co-workers are authorized to make unlimited photocopies of portions of copyrighted materials, for internal purposes only, from more than 1.75 million publications that are licensed with the CCC. The CCC license does not cover every publication at MGIC. Please refer to the *Library* database in Lotus Notes for a list of licensed periodicals.

Computer Software

Software used at MGIC is either created and copyrighted by MGIC or other companies. MGIC does not usually own software created by other companies, but receives and uses the software under a license agreement. Reproducing software without authorization may violate these agreements and also may be illegal. For that reason, MGIC co-workers may not copy, resell or transfer

software created by another company unless specifically authorized to do so by the terms of the applicable software license agreement. In addition, unless specifically authorized in writing by the senior officer of MGIC's Information Services Department, MGIC co-workers may not copy for personal use any software that is owned by or licensed to MGIC.

For further guidance, please refer to the "Computer Security Policy" statement in the *Co-Worker Handbook* database in Lotus Notes Co-Worker Café.

H. Employment Discrimination

MGIC strives to maintain a professional work environment free from discrimination. Each co-worker is expected to observe the highest standard of personal conduct. MGIC's policies with regard to sexual harassment, affirmative action and other employment matters are more fully described in the *Co-Worker Handbook* database in Lotus Notes Co-Worker Café.

Sexual Harassment

All co-workers are responsible for assuring that the workplace is free from sexual harassment. Because of the Company's strong disapproval of offensive or inappropriate sexual behavior at work, all co-workers must avoid any action or conduct which could be viewed as sexual harassment.

Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when:

- submission to such conduct is either an explicit or implicit term or condition of employment (for example, promotion, training, assignments); or
- submission to or rejection of the conduct is used as a basis for making employment decisions; or
- the conduct has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile or offensive work environment.

This policy applies to all co-workers, including officers, managers, administrators and supervisors. No officer, manager, administrator or supervisor shall grant, recommend or refuse to take any personnel action because of sexual favors, or take, or fail to take, a personnel action in reprisal against any co-worker for rejecting or reporting a sexual advance.

In order to avoid any potential conflict of interest, any co-worker involved in a consensual sexual or romantic relationship of any kind with another co-worker normally should not directly or indirectly supervise, audit, or evaluate the performance of the other co-worker. If such a relationship develops, or if there is any question about whether a relationship in which a co-worker is involved falls within this policy, please contact either the Vice President — Human Resources, or any Senior Employee Relations Administrator.

If a co-worker believes he or she has been subjected to sexual harassment by anyone (including officers, managers, supervisors, administrators, co-workers, customers, or visitors), the co-worker is entitled to tell the other person to stop any offensive conduct. Whether or not the co-worker informs the other person that the person's conduct is offensive, the co-worker should promptly bring the problem to the attention of the Company. Co-workers may bring their complaints to the Vice President — Human Resources, or to any Senior Employee Relations Administrator.

All complaints will be promptly investigated by the Company. The Company will take appropriate corrective action, including disciplinary action up to and including discharge where justified, to remedy all violations of this policy. No co-worker will be retaliated against for making a harassment complaint or providing information to the Company in connection with any investigation. However, anyone who knowingly makes a false complaint or knowingly provides false information in the course of a Company investigation will be subject to disciplinary action.

Affirmative Action

It is MGIC's policy to employ qualified individuals without discrimination against any co-worker or applicant for employment because of race, color, age, religion, sex, national origin, disability, sexual orientation, or status as a disabled veteran or veteran of the Vietnam Era. The Company has established affirmative action programs relating to all aspects of employment, including, recruiting, hiring, training, promoting and compensation, to ensure that all employment decisions are made in a manner which will further the principles of equal employment opportunity.

I. Government Requests for Information

From time to time, MGIC may receive letters of inquiry, personal visits, or telephone calls from federal, state or local government authorities requesting information in connection with a government audit, investigation or other inquiry. MGIC's policy is to cooperate fully with all reasonable requests for information made by government representatives. However, because these contacts may be a prelude to administrative enforcement proceedings, civil litigation or criminal charges, all government requests, either oral or written, for information,

interviews, or access to files or documents must be referred immediately to the senior officer in the co-worker's department who will then contact the Legal Department. No information, whether oral or written, and no records or files of any nature should be furnished to an outside investigator except upon prior advice from the Legal Department.

However, routine audits by tax, insurance or labor and employment authorities need not be referred to the Legal Department because other departments regularly respond to such audits.

IV. MGIC INTERNET AND E-MAIL USAGE POLICY

Internet access at MGIC is provided as a business tool. This tool is made available to co-workers at a significant cost; the corporate facilities that provide Internet and e-mail access represent a considerable commitment of resources for telecommunications, networking, software, hardware, support, etc. As such, the Internet and E-Mail Usage Guidelines below are designed to help co-workers understand the company's expectations for the use of these resources, as well as the system monitoring tools available to detect and report suspected Internet and e-mail abuses.

All existing company policies apply to co-worker conduct on the Internet, especially (but not exclusively) company policies that address confidentiality, electronic information and privacy, sexual harassment, and computer security. (See the *Co-Worker Handbook* database in Lotus Notes Co-Worker Café for specific policy information.)

- MGIC communication systems should not be used to access personal e-mail accounts, to set up personal businesses or to send chain letters. Further, MGIC systems must not be used to publish or send personal views on social, political, religious, or other non-business related matters. Only those employees who are authorized to speak to the media, analysts, or at public gatherings on behalf of the company may use the Internet or e-mail to represent the company to any newsgroup or other public forum.
- Precautions need to be taken when transmitting confidential corporate information over the Internet or through the e-mail system.
- The display or distribution of any kind of sexually explicit image or document on any company system is a violation of MGIC's sexual harassment policy. Further, accessing, distributing, or storing obscene, profane, racist, or any objectionable material using company communication systems is prohibited. This includes, for example, accessing objectionable websites and sending or forwarding any messages, jokes, programs, and/or graphics which violate MGIC's sexual harassment policy or in any way create an intimidating or hostile work environment.
- The Internet, while a vast information resource, can also pose significant risks to MGIC's data and systems if appropriate security measures are not followed. Co-workers should not download any unauthorized software, nor should co-workers

download any information that is not business-related. When there is a legitimate business reason to download information from the Internet, co-workers must follow copyright/software licensing laws and established anti-virus practices to ensure that they are not unknowingly exposing the company to viruses. See the memo regarding virus precautions on the MGIC Bulletin Board for more information.

- MGIC's Information Security department utilizes Internet usage monitoring software to record details about each co-worker's Internet activity, including websites visited, chat, newsgroup or e-mail messages, and file transfers into and out of the MGIC network. All MGIC Internet activity is summarized and reviewed monthly and, when requested by a manager, a report detailing an individual co-worker's Internet activity is provided.
- Inappropriate use of the Internet and/or e-mail systems should be reported immediately to a supervisor or the Information Security department.

V. ADMINISTRATION

A. Interpretation of the Code of Business Conduct

Except where this Code of Business Conduct provides that determinations are to be made by the Audit Committee or the Board of Directors, the General Counsel is responsible for interpreting and applying the policies contained in this Code of Business Conduct to specific situations. Any questions relating to how these policies should be interpreted or applied should be addressed to the General Counsel.

All of the restrictions and limitations under this Code of Business Conduct applicable to a co-worker apply not only when the co-worker is involved directly, but also when the co-worker is involved indirectly. For example, a co-worker would be indirectly involved when a transaction or event involves:

- a member of the co-worker's immediate family (persons living in the co-worker's household), or
- an organization in which the co-worker is a trustee, director or officer, or
- an organization in which the co-worker and members of the co-worker's immediate family have in the aggregate a 10% ownership interest, or
- anyone else acting at the direction or with the assistance of the co-worker.

B. Report Violations

All co-workers are obligated to call to MGIC's attention any situation in which the policies described in this Code of Business Conduct are not observed.

Information will be received with the understanding that no discipline or other retaliatory action will be taken against the co-worker for informing MGIC of a violation of these policies. Reports of possible violations should be made to the General Counsel. Co-workers may, if they wish, report suspected violations of these policies or of any law anonymously by either:

- writing to the General Counsel at 250 East Kilbourn Avenue, Milwaukee, Wisconsin 53202;
- filing an online report via a secure, third-party administered website at <http://www.mgiccompliance.com>; or
- filing a report via MGIC's Compliance Hotline.

In the United States: 1-888-475-8376

In Australia: (A2) 1-800-20-8932 or (AU) 1-800-14-1924

The Compliance Hotline is a toll-free phone line operated by an outside, independent service provider that is available 24 hours a day, 365 days a year. The purpose of the hotline is to provide employees, investors, customers, suppliers and others a mechanism to report concerns or allegations regarding accounting, internal accounting controls, auditing matters, fraud or other matters to the Company. Callers may remain anonymous, and the confidentiality of calls will be maintained to the extent possible. The Company strictly prohibits retaliation against anyone who reports concerns or allegations in good faith to the Company. The hotline service operator provides reports containing information received in the calls to the Company's General Counsel and Vice President of Internal Audit, and in cases involving accounting, internal accounting controls, auditing matters or fraud, to the Audit Committee of the Board of Directors.

C. Disciplinary Action

Any co-worker violating this Code of Business Conduct will be subject to discipline, which may include termination of employment. In some cases, MGIC may call violations of this Code to the attention of appropriate law enforcement authorities.

D. Waivers

While some of these policies must be strictly adhered to and no exceptions can be allowed, other policies (particularly those not required by law) may be administered less strictly. A co-worker who believes that an exception to any of these policies is appropriate in his or her case should contact his or her supervisor. If the supervisor agrees that an exception is appropriate, the approval of the General Counsel must then be obtained.

However, any waiver of this Code of Business Conduct for directors (see “Board of Directors” below), executive officers or Senior Financial Officers requires disclosure to and approval of the Audit Committee (or if the Audit Committee decides that the Board should determine whether a waiver is granted; then the waiver is to be determined by the Board).

E. Compliance Monitoring

Compliance with this Code of Business Conduct will be monitored through various means, including periodic audits which may be performed by attorneys from the Legal Department (for example, in the case of compliance with the antitrust laws), or by the Internal Audit Department (for example, to determine compliance with the maintenance of accurate books and records). All MGIC co-workers are required to cooperate fully with such audits and to provide truthful and accurate information.

Each co-worker also will be asked to review this Code of Business Conduct periodically and to sign a statement confirming the co-worker’s compliance with the rules and policies described in this Code. In addition, annual questionnaires will be distributed by the General Counsel to officers and certain other co-workers for the purposes of monitoring compliance with this Code of Business Conduct. The General Counsel will advise the Audit Committee annually with respect to any material matters arising from the responses to such questionnaires.

VI. BOARD OF DIRECTORS

This Code of Business Conduct applies to members of the Board of Directors who are not co-workers (such directors are referred to as “non-employee directors”) as follows:

A. Transactions with Related Parties

A transaction between MGIC and a company in which a non-employee director has a material interest, directly as an employee or owner or in which a member of the director’s immediate family has such a relationship, may raise a question about whether the transaction poses an inappropriate conflict of interest. Whether or not the transaction poses such a conflict can be resolved only after consideration of all the facts and circumstances, including the terms of the transaction and the relationship of the non-employee director or family member to the company having the transaction.

A transaction involving the provision of goods or services in the ordinary course of business of both parties generally would not involve an inappropriate conflict of interest. Absent special circumstances (for example, the transaction involves the provision of services directly by the non-employee director), such a transaction could be engaged in without prior approval of the Audit Committee of the Board of Directors, although the non-employee director is expected to disclose

the transaction in connection with the Board's process to determine whether the director is independent under MGIC's Corporate Governance Guidelines. Transactions not meeting this standard or involving special circumstances should not be engaged in without prior disclosure to and approval of the Audit Committee (or if the Audit Committee decides that the matter should be approved by the Board, then the approval is to be given by the Board).

B. Corporate Opportunity

Investment or other business opportunities which are not generally available to the public and which come to the attention of non-employee directors in the course of their activities as directors of MGIC should not be pursued without prior disclosure to and approval of the Audit Committee (or if the Audit Committee decides the matter should be approved by the Board, then the approval is to be given by the Board).

C. Confidential Information and Securities Law and Insider Trading

The Confidential Information and Securities Law and Insider Trading sections of this Code of Business Conduct apply to non-employee directors generally in the same way in which these sections apply to co-workers.

D. Fair Dealing

It is not anticipated that non-employee directors in their capacity as representatives of MGIC would have dealings with MGIC's customers, suppliers, competitors or employees. However, any such dealings that occur should be conducted without manipulation, concealment, abuse of privileged information or misrepresentation of material facts.

VII. OTHER MATTERS

While this Code of Business Conduct creates obligations as set forth herein, it does not create rights in any person other than MGIC.