

## Appendix

Chart A

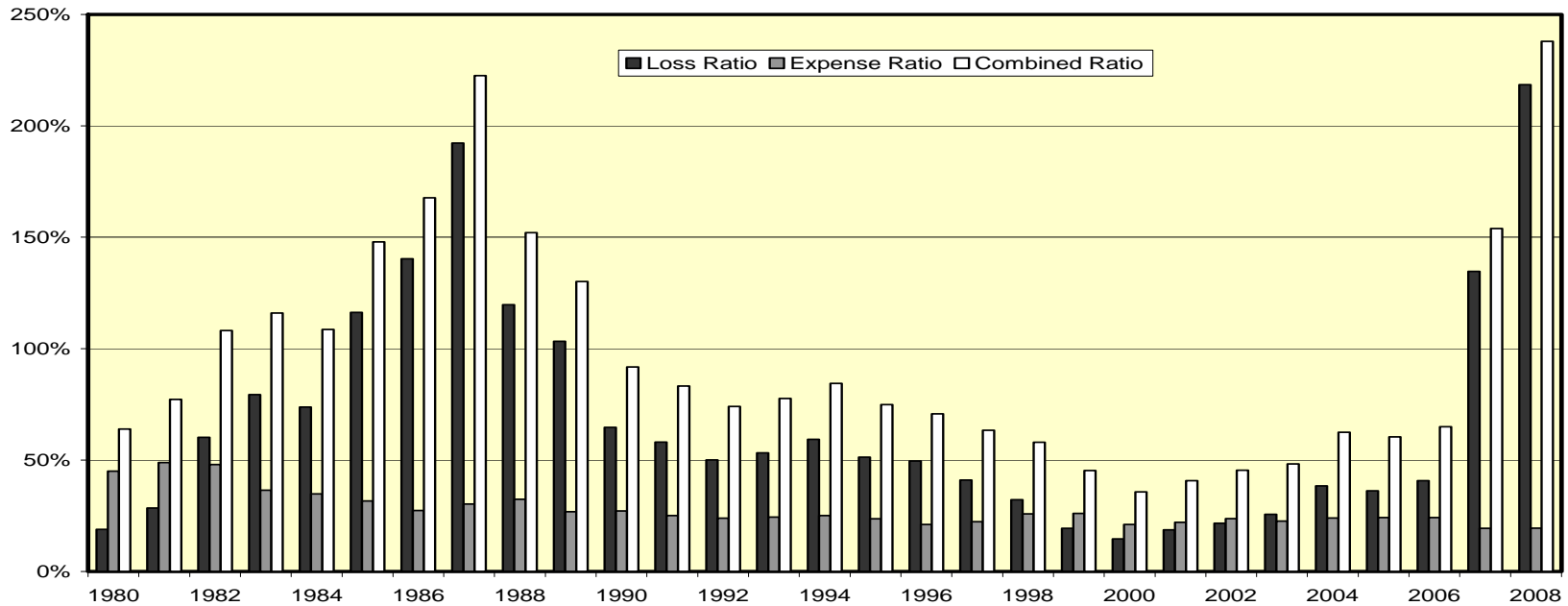


Chart A above shows the critical ratios for the MI industry from 1980 through 2008. The current stress in the housing market matches that experienced by the MI industry during the oil patch decline of the mid-1980s. However, note that the annual combined ratios exceeded 100% or more for eight straight years beginning in 1982 and the industry paid all claims and grew during that period. The reason for the continued strong claims paying ability of the MI industry is tied to its state capital and reserve requirements.

**Chart B**

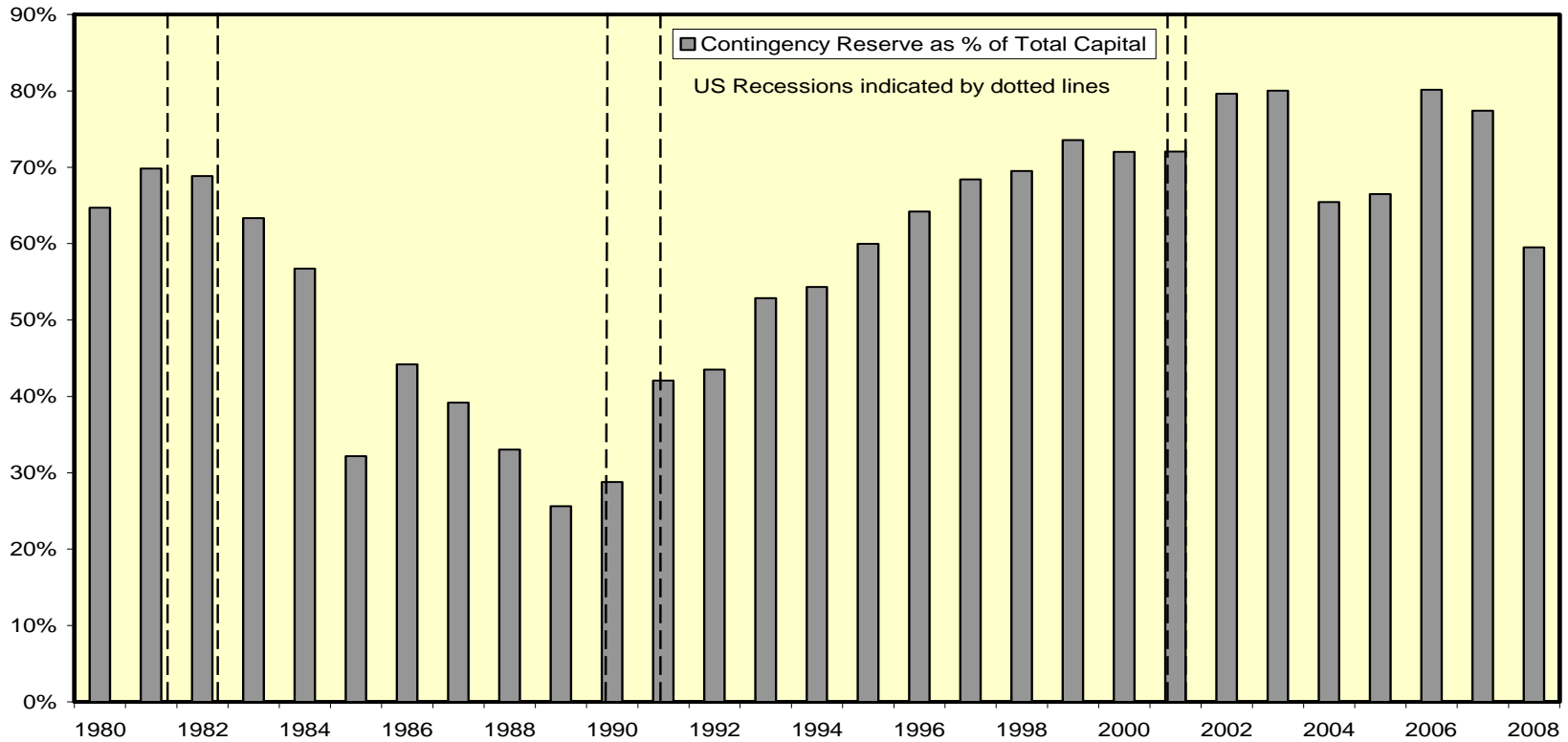


Chart B above shows how contingency reserves are built up during periods of low claims and economic prosperity to be used during periods of economic stress as we are currently experiencing.

**Chart C**

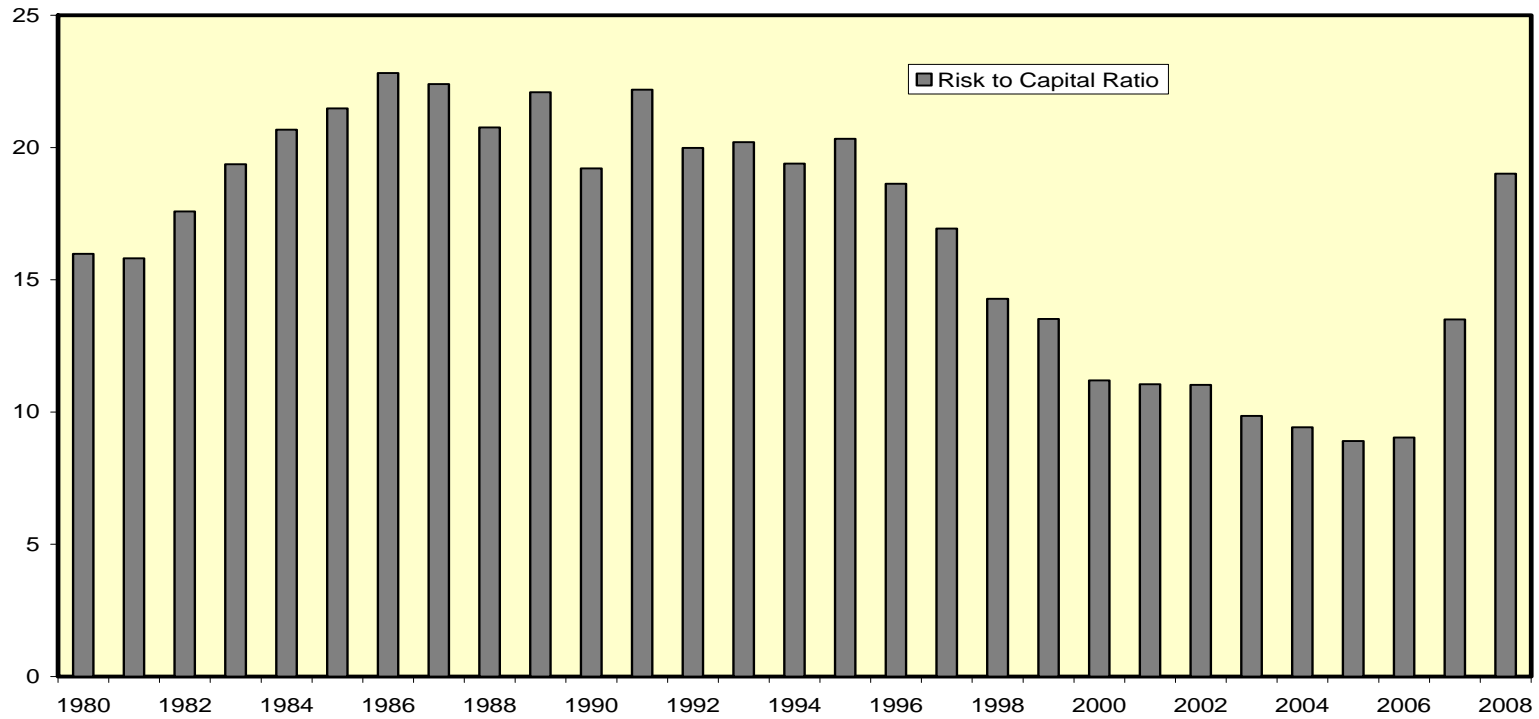


Chart C above shows the industry risk to capital ratio which now stands at 19 to 1, but still below levels seen in the mid-1990s and well below the levels reached during the mid-1980s house price declines.