

MGIC INVESTMENT CORP  
Form PRE 14A  
February 11, 2016  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement  
 **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**  
 Definitive Proxy Statement  
 Definitive Additional Materials  
 Soliciting Material under §240.14a-12

**MGIC Investment Corporation**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
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-

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**MGIC**

**MGIC Investment Corporation**

**Notice of 2016 Annual Meeting and Proxy Statement**

**2015 Annual Report to Shareholders**

**PRELIMINARY COPY**

March [28], 2016

Dear Shareholder:

It is my pleasure to invite you to attend our Annual Meeting of Shareholders to be held at 9:00 a.m. on Thursday, April 28, 2016, in the Bradley Pavilion of the Marcus Center for the Performing Arts in Milwaukee, Wisconsin.

At our meeting this year, we will ask shareholders to:

- elect eleven directors,
- conduct an advisory vote to approve MGIC's executive compensation,
- approve our Amended and Restated Rights Agreement, and
- ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016.

We will also report on our business.

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Your vote is important. Even if you plan to attend the meeting, we encourage you to vote as soon as possible. You may vote by telephone, over the Internet or by mail. Please read our Proxy Statement for more information about our meeting and the voting process.

The Annual Report to Shareholders, which follows the Proxy Statement in this booklet, is a separate report and is not part of this Proxy Statement.

Sincerely,

Patrick Sinks

President and Chief Executive Officer

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**IMPORTANT VOTING INFORMATION**

If you hold your shares in street name, meaning your shares are held in a stock brokerage account or by a bank or other nominee, you will have received a voting instruction form from that nominee containing instructions that you must follow in order for your shares to be voted. If you do not transmit your voting instructions before the Annual Meeting, your nominee can vote on your behalf on only the matter considered to be routine, which is the ratification of the appointment of our independent registered public accounting firm.

The following matters are NOT considered routine: election of directors, the advisory vote to approve our executive compensation, and approval of our Amended and Restated Rights Agreement. Your nominee is not permitted to vote on your behalf on such matters unless you provide specific instructions by following the instructions from your nominee about voting your shares and by completing and returning the voting instruction form. For your vote to be counted on such matters, you will need to communicate your voting decisions to your bank, broker or other nominee before the date of the Annual Meeting.

**Your Participation in Voting the Shares You Own is Important**

Voting your shares is important to ensure that you have a say in the governance of your company and to fulfill the objectives of the majority voting standard that we apply in the election of directors. Please review the proxy materials and follow the relevant instructions to vote your shares. We hope you will exercise your rights and fully participate as a shareholder in the future of MGIC Investment Corporation.

**More Information is Available**

If you have any questions about the proxy voting process, please contact the bank, broker or other nominee through which you hold your shares. The Securities and Exchange Commission ( SEC ) also has a website ([www.sec.gov/spotlight/proxymatters.shtml](http://www.sec.gov/spotlight/proxymatters.shtml)) with more information about voting at annual meetings. Additionally, you may contact our Investor Relations personnel at (414) 347-6480.

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS  
FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON APRIL 28, 2016**

Our Proxy Statement and 2015 Annual Report to Shareholders are available at <http://mtg.mgic.com/proxyinfo>. Your vote is very important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote your shares via a toll-free telephone number, over the Internet, or by completing, signing, dating and returning your proxy card or voting instruction form in the pre-addressed envelope provided. No postage is required if your proxy card or voting instruction form is mailed in the United States. If you attend the meeting, you may vote in person, even if you have previously voted by telephone, over the Internet or by mailing your proxy card. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the instructions you receive from them to vote your shares.



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**MGIC INVESTMENT CORPORATION**

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

To Our Shareholders:

The Annual Meeting of Shareholders of MGIC Investment Corporation will be held in the Bradley Pavilion of the Marcus Center for the Performing Arts, 929 North Water Street, Milwaukee, Wisconsin, on April 28, 2016, at 9:00 a.m., to vote on the following matters:

- (1) Election of the eleven directors named in the Proxy Statement, each for a one-year term;
- (2) An advisory vote to approve our executive compensation;
- (3) Approval of our Amended and Restated Rights Agreement;
- (4) Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016; and
- (5) Any other matters that properly come before the meeting.

Only shareholders of record at the close of business March 4, 2016, will be entitled to vote at the Annual Meeting and any postponement or adjournment of the meeting.

By Order of the Board of Directors

Jeffrey H. Lane, Secretary  
March [28], 2016

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**YOUR VOTE IS IMPORTANT**

**PLEASE PROMPTLY VOTE VIA TOLL-FREE TELEPHONE NUMBER, OVER THE INTERNET**

**OR BY COMPLETING, SIGNING, DATING AND RETURNING**

**YOUR PROXY CARD OR VOTING INSTRUCTION FORM**

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**PROXY SUMMARY**

To assist you in reviewing the proposals to be acted upon at the Annual Meeting, including the election of directors and the advisory vote to approve named executive officer compensation, we call your attention to the following information about the Company's 2015 business highlights and recent executive compensation actions and decisions. The following description is only a summary. For more complete information about these topics, please review the Company's Annual Report on Form 10-K and the complete Proxy Statement.

**BUSINESS HIGHLIGHTS**

**Financial Performance**

In 2015, as in 2014, the Company delivered strong results for its shareholders as shown by the financial and operational metrics below. Each of these metrics is included in either the formula used to determine the 2015 bonuses of our named executive officers ( NEOs ) or the formula used to determine March 2016 vesting of long-term equity awards granted in 2015.

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(1) Adjusted book value per share, for purposes of determining vesting of 80% of our CEO's long-term equity awards granted in 2015, is calculated excluding the effects on shareholders' equity of deferred tax assets and accumulated other comprehensive income.

(2) New insurance written refers to direct new insurance written (before the effect of reinsurance).

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**Financial Performance (continued)**

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(1) Our loss ratio, for purposes of determining 2015 bonuses and vesting of 20% of our CEO's long-term equity awards granted in 2015, is the ratio of direct (before the effects of reinsurance) losses incurred to direct premiums earned from the particular policy year. Incurred losses exclude the effect of losses incurred on notices of default that have not yet been reported to us, which is commonly known as IBNR.

(2) Our expense ratio, for purposes of determining 2015 bonuses and vesting of 20% of our CEO's long-term equity awards granted in 2015, is the ratio of combined insurance operations underwriting expenses divided by net premiums written. Although the 2015 expense ratio of 14.9% is slightly higher than 2014's ratio of 14.7%, it remains lower than the expense ratio of each of our competitors who disclose this information.

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**Business Performance**

In 2015, the Company also achieved favorable results against the business metrics listed below. Each of these metrics is included in the formula used to determine our NEOs' 2015 bonuses.

Capital Position

- Successfully renegotiated our reinsurance agreement, which resulted in it receiving 100% credit under the revised private mortgage insurer eligibility requirements (PMIERS) of Fannie Mae and Freddie Mac (the GSEs) (providing \$650 million of PMIERS capital) and state insurance regulations, all at an attractive after-tax cost of capital.

- Met final PMIERS financial requirements with a cushion of approximately \$500 million at December 31, 2015.

- Obtained first dividends from regulated insurance subsidiaries since 2008.

Succession Planning

- After conducting a thorough search process, replaced the retiring Chief Risk Officer and retiring Chief Information Security Officer with highly qualified individuals.

- Successfully integrated four new CEO direct reports into the CEO's staff of senior officers.

Regulatory/Legislative

- Worked with the industry to influence changes to draft PMIERS that resulted in lower capital requirements on delinquent loans.

- Worked with Congress, the Administration, regulators and trade groups to enhance opportunities for the broader use of private mortgage insurance within the current GSE framework and to include favorable language in proposed housing finance legislation.

Business Mix

- Despite competitive pricing pressures, we increased market share while writing high quality new business.

- New insurance written is expected to produce mid-teens returns on PMIERS capital, after considering the effects of reinsurance.

- More than 80% of the new insurance written in 2015 was on loans whose borrowers had FICO scores greater than 700.



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This Proxy Statement contains forward-looking statements. Forward-looking statements consist of statements which relate to matters other than historical fact, including matters that inherently refer to future events. Among others, statements that include words such as believe, anticipate, will, expect, augurs or words of similar import, are forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risk factors which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include those listed in Appendix B to this Proxy Statement. Additional information concerning these and other factors is contained in our filings with the Securities and Exchange Commission. All forward-looking statements speak only as of the date of this Proxy Statement. We assume no obligation, and disclaim any obligation, to update information contained in this Proxy Statement.

### COMPENSATION HIGHLIGHTS

#### Recent Changes

During 2014 and 2015, as a result of feedback received from shareholders and others, the Management Development, Nominating and Governance Committee changed our executive compensation program in the respects described below. Please refer to page [ ] for information about the results of our shareholder engagement efforts.

- Modified the annual bonus plan for 2014 and 2015 for certain of the Company's employees, including our NEOs to provide more transparency so that shareholders may observe how payments under the annual bonus plan are aligned with Company performance. Please refer to page [ ] for a description of our 2015 bonus plan.

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- Modified the vesting goals for 2015 and 2016 grants of restricted stock units as follows (please refer to page [ ] for a description of our 2015 and 2016 grants):
- Vesting is no longer based on goals similar to those used for the annual bonus plan
- Vesting will no longer be based on annual goal achievement; instead, full vesting requires achievement of a three-year cumulative book value growth goal
- Modified our change in control agreements (our Key Executive Employment and Severance Agreements or KEESAs ) as follows (please refer to page [ ] for a description of our KEESAs):
- Eliminated single trigger vesting of equity awards under the KEESAs
- Eliminated excise tax gross-ups from the KEESAs
- Extended the scope of our clawback policy so that it applies to cash compensation in addition to the previously covered compensation from equity awards. Please refer to page [ ] for a description of our clawback policy.

In addition to the changes described above, our 2015 Omnibus Incentive Plan, which shareholders approved at our 2015 Annual Meeting, contained the following changes compared to our 2011 Omnibus Incentive Plan (please refer to page [ ] for a description of our 2015 Omnibus Incentive Plan):

- No automatic single trigger vesting of equity awards upon a change in control
- No share recycling for shares withheld for tax purposes
- No ability of the Management Development, Nominating and Governance Committee to accelerate vesting,

except under certain specified instances

- Minimum vesting period for all except 5% of shares to be issued under the plan

**VOTING MATTERS AND BOARD RECOMMENDATIONS**

<b>Voting Matter</b>	<b>Our Board Vote Recommendation</b>
Election of Eleven Director Nominees (page [ ])	FOR each Director Nominee
Advisory Vote on Executive Compensation (page[ ])	FOR
Approval of our Amended and Restated Rights Agreement (page [ ])	FOR
Ratification of Independent Registered Public Accounting Firm (page [ ])	FOR

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**MGIC Investment Corporation**

**P.O. Box 488**

**MGIC Plaza, 250 East Kilbourn Avenue**

**Milwaukee, WI 53201**

**PROXY STATEMENT**

Our Board of Directors is soliciting proxies for the Annual Meeting of Shareholders to be held at 9:00 a.m., Thursday, April 28, 2016, in the Bradley Pavilion of the Marcus Center for the Performing Arts, 929 North Water Street, Milwaukee, Wisconsin, and at any postponement or adjournment of the meeting. In this Proxy Statement we sometimes refer to MGIC Investment Corporation as the Company, we or us. This Proxy Statement and the enclosed form of proxy are being mailed to shareholders beginning on March [28], 2016. Our Annual Report to Shareholders for the year ended December 31, 2015, which follows the Proxy Statement in this booklet, is a separate report and is not part of this Proxy Statement. If you have any questions about attending our Annual Meeting, you can call our Investor Relations personnel at (414) 347-6480.

**ABOUT THE MEETING AND PROXY MATERIALS**

**What is the purpose of the Annual Meeting?**

At our Annual Meeting, shareholders will act on the matters outlined in our notice of meeting preceding the Table of Contents, including the election of the eleven directors named in the Proxy Statement, an advisory vote to approve our executive compensation, approval of our Amended and Restated Rights Agreement and ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016. In addition, management will report on our performance during the last year and, after the meeting, respond to questions from shareholders.

**Who is entitled to vote at the meeting?**

Only shareholders of record at the close of business March 4, 2016, the record date for the meeting, are entitled to receive notice of and to participate in the Annual Meeting. For each share of Common Stock that you held on that date, you are entitled to one vote on each matter considered at the meeting. On the record date, [ ] shares of Common Stock were outstanding and entitled to vote.

**What is a proxy?**

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A proxy is another person you legally designate to vote your shares. If you designate someone as your proxy in a written document, that document is also called a proxy or a proxy card.

### **How do I vote my shares?**

Please contact our Investor Relations personnel at (414) 347-6480 if you would like directions on attending the Annual Meeting and voting in person. At our meeting, you will be asked to show some form of identification (such as your driving license).

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Shareholders of Record: If you are a shareholder of record, meaning your shares are registered directly in your name with Wells Fargo Bank Minnesota, N.A., our stock transfer agent, you may vote your shares in one of three ways:

- **By Telephone** Shareholders of record who live in the United States or Canada may submit proxies by telephone by calling 1-866-883-3382 and following the instructions. Shareholders of record must have the control number that appears on their proxy card available when voting.
- **By Internet** Shareholders may submit proxies over the Internet by following the instructions on the proxy card.
- **By Mail** Shareholders may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope.

If you attend the meeting, you may withdraw your proxy and vote your shares in person.

Street Name Holders: If you hold your shares in street name, meaning your shares are held in a stock brokerage account or by a bank or other nominee, your broker or nominee has enclosed or provided a voting instruction form for you to use to direct the broker or nominee how to vote your shares. Certain of these institutions offer telephone and Internet voting.

Participants in our Profit Sharing and Savings Plan: If you hold shares as a participant in our Profit Sharing and Savings Plan, you may instruct the plan trustee how to vote those shares in any one of three ways:

- **By Telephone** If you live in the United States or Canada, you may submit a proxy by telephone by calling 1-866-883-3382 and following the instructions. You must have the control number that appears on your proxy card available when voting.
- **By Internet** You may submit a proxy over the Internet by following the instructions on the proxy card.

- **By Mail** You may submit a proxy by completing, signing and dating your proxy card and mailing it in the accompanying pre-addressed envelope.

The plan trustee will vote shares held in your account in accordance with your instructions and the plan terms. The plan trustee may vote the shares for you if your instructions are not received at least three business days before the Annual Meeting date.

**Can I change my vote after I return my proxy card?**

Yes. If you are a shareholder of record, you can revoke your proxy at any time before your shares are voted by advising our corporate Secretary in writing, by granting a new proxy with a later date, or by voting in person at the meeting. If your shares are held in street name by a broker, bank or nominee, or in our Profit Sharing and Savings Plan, you must follow the instructions of the broker, bank, nominee or plan trustee on how to change your vote.

**How are the votes counted?**

A quorum is necessary to hold the meeting and will exist if a majority of the [ ] shares of Common Stock outstanding on the record date are represented, in person or by proxy, at the meeting. Votes cast by proxy or in person at the meeting will be counted by Wells Fargo Bank Minnesota, N.A., which has been appointed by our Board to act as inspector of election for the meeting. All shares voted by proxy are counted as present for purposes of establishing a quorum, including those that abstain or as to which the proxies contain broker non-votes as to one or more items.

Broker non-votes occur when a broker or other nominee does not vote on a particular matter because the broker or other nominee does not have authority to vote without instructions from the beneficial owner of the shares and has not received such instructions. Broker non-votes will not be counted as votes for or against any matter. Brokers and other

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nominees have discretionary authority to vote shares without instructions from the beneficial owner of the shares only for matters considered routine. For the 2016 Annual Meeting, nominees will only have discretionary authority to vote shares on the ratification of the appointment of the independent registered public accounting firm without instructions from the beneficial owner.

**What are the Board's recommendations?**

Our Board of Directors recommends a vote **FOR** all of the nominees for director (Item 1), **FOR** approval of our executive compensation (Item 2), **FOR** approval of our Amended and Restated Rights Agreement (Item 3), and **FOR** ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2016 (Item 4).

If you sign and return a proxy card or voting instruction form without specifying how you want your shares voted, the named proxies will vote your shares in accordance with the recommendations of the Board for all Items and in their best judgment on any other matters that properly come before the meeting.

**Will any other items be acted upon at the Annual Meeting?**

The Board does not know of any other business to be presented at the Annual Meeting. No shareholder proposals will be presented at this year's Annual Meeting.

**What are the deadlines for submission of shareholder proposals for the next Annual Meeting?**

Shareholders may submit proposals on matters appropriate for shareholder action at future Annual Meetings by following the SEC's rules. Proposals intended for inclusion in next year's proxy materials must be received by our Secretary no later than November 25, 2016.

Under our Amended and Restated Bylaws ( Bylaws ), a shareholder who wants to bring business before the Annual Meeting that has not been included in the proxy materials for the meeting, or who wants to nominate directors at the meeting, must be eligible to vote at the meeting and give written notice of the proposal to our corporate Secretary in accordance with the procedures contained in our Bylaws. Our Bylaws require that shareholders give notice to our Secretary at least 45 and not more than 70 days before the first anniversary of the date set forth in our Proxy Statement for the prior Annual Meeting as the date on which we first mailed such Proxy Statement to shareholders. For the 2017 Annual Meeting, the notice must be received by the Secretary no later than February 11, 2017, and no earlier than January 17, 2017. For director nominations, the notice must comply with our Bylaws and provide the information required to be included in the Proxy Statement for individuals nominated by our Board. For any other proposals, the notice must describe the proposal and why it should be approved, identify any material interest of the shareholder in the matter, and include other information required by our Bylaws.



**Who pays to prepare, mail and solicit the proxies?**

We will pay the cost of soliciting proxies. In addition to soliciting proxies by mail, our employees may solicit proxies by telephone, email, facsimile or personal interview. We have also engaged D.F. King & Co., Inc. to provide proxy solicitation services for a fee of \$13,500, plus expenses such as charges by brokers, banks and other nominees to forward proxy materials to the beneficial owners of our Common Stock.

**STOCK OWNERSHIP**

The following table identifies the beneficial owners of more than 5% of our Common Stock as of December 31, 2015, based on information filed with the SEC, unless more recent information filed with the SEC is available.

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Name	Shares Beneficially Owned	Percent of Class
The Vanguard Group, Inc.(1) 100 Vanguard Boulevard, Malvern, PA 19355	30,787,000	9.1%
BlackRock, Inc.(2) 55 East 52nd Street, New York, NY 10022	18,584,985	5.5%

(1) The Vanguard Group, Inc. reported ownership as of December 31, 2015, on behalf of itself and certain subsidiaries. It reported that it had sole dispositive power for 30,219,316 shares and shared dispositive power for 567,684 shares. It further reported that it had sole voting power for 572,368 shares and shared voting power for 15,600 shares.

(2) BlackRock, Inc. reported ownership as of December 31, 2015, on behalf of itself and several subsidiaries. It reported that it had sole dispositive power for 18,584,985 shares and shared dispositive power for no shares. It further reported that it had sole voting power for 17,839,494 shares and shared voting power for no shares.

The following table shows the amount of our Common Stock beneficially owned by each of our directors and named executive officers, and all directors and executive officers as a group, as of March 4, 2016. Unless otherwise noted, the parties listed in the table have sole voting and investment power over their shares.

Name of Beneficial Owner	Common Stock Owned Directly (1)	Common Stock Owned Indirectly (2)	Restricted Stock and Common Stock Underlying RSUs (3)	Total Number of Shares Beneficially Owned	Director Deferred Stock Units / Additional Underlying Units	Total Shares Beneficially Owned Plus Underlying Units
Daniel A. Arrigoni		20,000		20,000	[ ](4)	[ ]
Cassandra C. Carr	5,000			5,000	[ ](4)	[ ]
C. Edward Chaplin	10,000			10,000	[ ](4)	[ ]
Curt S. Culver (6)	[ ]	12,696		[ ]	[ ](5)	[ ]
Timothy A. Holt	20,000			20,000	[ ](4)	[ ]
Kenneth M. Jastrow, II	1,146		31,552	32,698	[ ](4)	[ ]
Michael E. Lehman	19,939		3,050	22,989	[ ](4)	[ ]
Donald T. Nicolaisen	182		16,217	16,399	[ ](4)	[ ]
Gary A. Poliner					[ ](4)	[ ]
Mark M. Zandi					[ ](4)	[ ]
Patrick Sinks	[ ]	11,733		608,415	[ ](5)	[ ]
Timothy M. Mattke	[ ]	957		84,525	[ ](5)	[ ]
Gregory A. Chi	[ ]				[ ](5)	[ ]
James J. Hughes	[ ]	[ ]		[ ]	[ ](5)	[ ]
Jeffrey H. Lane	[ ]			465,103	[ ](5)	[ ]
All Directors and Executive Officers as a Group (16 Persons)	[ ]	[ ]	50,819	[ ](7)	[ ]	[ ]

(1) Includes shares for which investment power is shared as follows: Mr. Chi [ ]; all directors and executive officers as a group [ ].

(2) Includes shares held in our Profit Sharing and Savings Plan as follows: Mr. Culver 12,696; Mr. Sinks 11,733; Mr. Mattke 957; Mr. Hughes 674; and all executive officers as a group 26,060. Also includes shares held by a family trust affiliated with Mr. Arrigoni 20,000; Mr. Hughes [ ]; and all directors and executive officers as a group [ ].

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(3) Includes:

- Shares underlying restricted stock units ( RSUs ) which were issued to our non-management directors pursuant to our former RSU award program (See Compensation of Directors Former RSU Award Program in our 2015 Proxy Statement filed with the Securities and Exchange Commission on March 24, 2015 ( our 2015 Proxy Statement )) and could be settled in shares of Common Stock within 60 days of the record date as follows: Mr. Jastrow 3,050; Mr. Lehman 3,050; and Mr. Nicolaisen 1,700. Directors have neither voting nor investment power over the shares underlying any of these units.

- Shares underlying RSUs which are held under the Deposit Share Program for Non-Employee Directors under our 2002 Stock Incentive Plan (See Compensation of Directors Former Deposit Share Program in our 2015 Proxy Statement) and could be settled in shares of Common Stock within 60 days of the record date as follows: Mr. Jastrow 19,769 and Mr. Nicolaisen 14,517. Directors have neither voting nor investment power over the shares underlying any of these units.

- 6,733 shares of restricted stock that Mr. Jastrow held under the Deposit Share Program for Non-Employee Directors under our 1991 and 2002 Stock Incentive Plans. Mr. Jastrow has sole voting power and no investment power over these shares.

- 2,000 shares held by Mr. Jastrow under our 1993 Restricted Stock Plan for Non-Employee Directors. (See Compensation of Directors Former Restricted Stock Plan in our 2015 Proxy Statement). Mr. Jastrow has sole voting power and no investment power over these shares.

(4) Represents share equivalents held under our Deferred Compensation Plan for Non-Employee Directors (See Compensation of Directors Deferred Compensation Plan and Annual Grant of Share Units below) over which the directors have neither voting nor investment power.

(5) Includes shares underlying RSUs that cannot be settled in Common Stock within 60 days of the record date: Mr. Culver [ ]; Mr. Sinks [ ]; Mr. Mattke [ ]; Mr. Chi [ ]; Mr. Hughes [ ]; Mr. Lane [ ]; and all directors and executive officers as a group [ ]. For Mr. Culver, also includes [ ] share equivalents held under our Deferred Compensation Plan for Non-Employee Directors (See Compensation of Directors Deferred Compensation Plan and Annual Grant of Share Units below) over which he has neither voting nor investment power.

(6) Mr. Culver served as our Chief Executive Officer until his retirement on February 28, 2015. Mr. Culver continues to be a director of the Company.

(7) Individual directors and executive officers, as well as directors and executive officers as a group, beneficially own less than 1% of the shares of Common Stock outstanding, as of March 4, 2016.

**CORPORATE GOVERNANCE AND BOARD MATTERS**

The Board of Directors oversees the management of the Company and our business. The Board selects our CEO and in conjunction with our CEO selects the rest of our senior management team, which is responsible for operating our business.

#### **Corporate Governance Guidelines and Code of Business Conduct**

The Board has adopted Corporate Governance Guidelines, which set forth a framework for our governance. The Guidelines cover the Board's composition, leadership, meeting process, director independence, Board membership criteria, committee structure and functions, succession planning and director compensation. Among other things, the Board meets in executive session outside the presence of any member of our management after at least two Board meetings at which directors are present in person and at any additional times determined by the Board or the Lead Director. Mr. Jastrow presides at these sessions and has served as the Board's Lead Director since the position was created in October 2009. See [Board Leadership](#) for information about the Lead Director's responsibilities and authority. The Corporate Governance Guidelines provide that a director shall not be nominated by the Board for re-election if at the date of the Annual Meeting of Shareholders, the director is age 74 or more. The Corporate Governance Guidelines also provide that a director who retires from his principal employment or joins a new employer shall offer to resign from the Board. Unless the Board determines that a Chief Executive Officer who is Chairman of the Board should continue as Chairman of the Board after his or her tenure as Chief Executive Officer, a director who is an officer of the Company or a subsidiary and leaves the Company shall resign from the Board. In July 2014, the Board determined that Mr. Culver should become non-executive Chairman of the Board upon retirement from his position as Chief Executive Officer effective February 28, 2015.

We have a Code of Business Conduct emphasizing our commitment to conducting our business in accordance with legal requirements and high ethical standards. The Code applies to all employees, including our executive officers, and specified portions are applicable to our directors. Certain portions of the Code that apply to transactions with our executive officers,

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directors, and their immediate family members are described under Other Matters Related Person Transactions below. These descriptions are subject to the actual terms of the Code.

Our Corporate Governance Guidelines and our Code of Business Conduct are available on our website (<http://mtg.mgic.com>) under the Investor Information; Corporate Governance links. Written copies of these documents are available to any shareholder who submits a written request to our Secretary. We intend to disclose on our website any waivers from, or amendments to, our Code of Business Conduct that are subject to disclosure under applicable rules and regulations.

**Director Independence**

Our Corporate Governance Guidelines regarding director independence provide that a director is not independent if the director has any specified disqualifying relationship with us. The disqualifying relationships are equivalent to those of the independence rules of the New York Stock Exchange, except that our disqualification for board interlocks is more stringent than under the NYSE rules. Also, for a director to be independent under the Guidelines, the director may not have any material relationship with us. For purposes of determining whether a disqualifying or material relationship exists, we consider relationships with MGIC Investment Corporation and its consolidated subsidiaries.

The Board has determined that all of our current directors except for Mr. Culver, our former CEO, and Mr. Sinks, our current CEO, are independent under the Guidelines and the NYSE rules. The Board made its independence determinations by considering whether any disqualifying relationships existed during the periods specified under the Guidelines and the NYSE rules. To determine that there were no material relationships, the Board applied categorical standards that it had adopted and incorporated into its Corporate Governance Guidelines. All independent directors met these standards. Under these standards, a director is not independent if payments under transactions between us and a company of which the director is an executive officer or 10% or greater owner exceeded the greater of \$1 million or 1% of the other company's gross revenues. Payments made to and payments made by us are considered separately, and this quantitative threshold is applied to transactions that occurred in the three most recent fiscal years of the other company. Also under these standards, a director is not independent if during our last three fiscal years the director:

- was an executive officer of a charity to which we made contributions, or
- was an executive officer or member of a law firm or investment banking firm providing services to us, or
- received any direct compensation from us other than as a director, or if during such period a member of the director's immediate family received compensation from us.

In making its independence determinations, the Board considered payments we made to Moody's Analytics (of which Dr. Zandi is an executive officer) for research and subscription services for Moody's Economy.com and related publications, and payments to Moody's Investor Services for credit rating services. These transactions were below the quantitative threshold contained in our Corporate Governance Guidelines and were

entered into in the ordinary course of business by us, Moody's Analytics and Moody's Investor Services.

### **Board Leadership**

Currently, Mr. Culver serves as non-executive Chairman of the Board and Mr. Jastrow serves as Lead Director. Under this structure, the Chairman chairs Board meetings, where the Board discusses strategic and business issues. The Board believes that this approach makes sense at this time because Mr. Culver, as our former CEO, is intimately familiar with the development and implementation of our strategic plans as reviewed by the Board. Mr. Culver has been with us since 1985, and served as Chief Executive Officer from 2000 until his retirement February 28, 2015.

Because the Board also believes that strong, independent Board leadership is a critical aspect of effective corporate governance, the Board maintains the position of Lead Director. The Lead Director is an independent director selected by

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the independent directors. Mr. Jastrow has served as the Lead Director since the position was established in 2009. The Lead Director's responsibilities and authority include:

- presiding at all meetings of the Board at which the Chairman is not present;
- having the authority to call and lead executive sessions of directors without the presence of any director who is an officer (or if determined by the Board, a former officer) (the Board meets in executive session after at least two Board meetings each year);
- serving as a conduit between the CEO and the independent directors to the extent requested by the non-management directors;
- serving as a conduit for the Board's informational needs, including proposing topics for Board meeting agendas; and
- being available, if requested by major shareholders, for consultation and communication.

The Board believes that a leader intimately familiar with the development and implementation of our strategic plans serving as Chairman, together with an experienced and engaged Lead Director, is the most appropriate leadership structure for the Board at this time. The Board reviews the structure of the Board and the Board's leadership as part of the succession planning process. The Board reviews succession planning for the CEO annually. The Management Development, Nominating and Governance Committee is responsible for overseeing this process and periodically reports to the Board.

**Communicating with the Board**

Shareholders and other interested persons can communicate with the members of the Board, the non-management members of the Board as a group or the Lead Director, by sending a written communication to our Secretary, addressed to: MGIC Investment Corporation, Secretary, P.O. Box 488, Milwaukee, WI 53201. The Secretary will pass along any such communication, other than a solicitation for a product or service, to the Lead Director.

**COMMITTEE MEMBERSHIP AND MEETINGS**



The Board of Directors held five meetings during 2015. Each director attended at least 75% of the meetings of the Board and committees of the Board on which he or she served during 2015. The Annual Meeting of Shareholders is scheduled in conjunction with a Board meeting and, as a result, directors are expected to attend the Annual Meeting. All of our directors with the exception of one, who had an unavoidable conflict, attended the 2015 Annual Meeting of Shareholders. That director attended, telephonically, the Board meeting held the same day.

The Board has five standing committees: Audit; Management Development, Nominating and Governance; Risk Management; Securities Investment; and Executive. Information regarding these committees is provided below. Each of the Audit, Management Development, Nominating and Governance, Risk Management and Securities Investment Committees consists entirely of independent directors and the charters for those committees are available on our website (<http://mtg.mgic.com>) under the Investor Information; Corporate Governance links. Written copies of these charters are available to any shareholder who submits a written request to our Secretary. The functions of the Executive Committee are established under our Bylaws and are described below.

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Committee membership and the number of 2015 committee meetings are identified below.

	Audit	Executive	Management Development, Nominating and Governance	Risk Management	Securities Investment
Daniel A. Arrigoni	•			•	
Cassandra C. Carr			•	•	
C. Edward Chaplin				•	•
Curt S. Culver		C			
Timothy A. Holt	•				C
Kenneth M. Jastrow, II		•	C		
Michael E. Lehman	C				
Donald T. Nicolaisen		•	•	C	
Gary A. Poliner	•				•
Patrick Sinks					
Mark M. Zandi				•	
2015 Meetings	14	0	5	5	4

C = Chairman

**Audit Committee**

The Audit Committee assists the oversight by the Board of Directors of the integrity of MGIC Investment Corporation's financial statements, the effectiveness of its system of internal controls, the qualifications, independence and performance of its independent accountants, the performance of its internal audit function, and its compliance with legal and regulatory requirements. The Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under Board Oversight of Risk.

All members of the Audit Committee meet the heightened independence criteria that apply to Audit Committee members under SEC and NYSE rules. The Board has determined that Messrs. Holt and Lehman are audit committee financial experts as defined in SEC rules.

**Management Development, Nominating and Governance Committee**

The Management Development, Nominating and Governance Committee is responsible for overseeing our executive compensation program, including approving corporate goals relating to compensation for our CEO, determining our CEO's annual compensation and approving compensation for our other senior executives. The Committee prepares the Compensation Committee Report and reviews the Compensation Discussion and Analysis included in our Proxy Statement. The Committee also makes recommendations to the Board regarding the compensation of directors. Although the Committee may delegate its responsibilities to subcommittees, it has not done so.

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The Committee receives briefings on information that includes: detailed breakdowns of the compensation of the named executive officers, the amount, if any, that our named executive officers realized in at least the previous five years pursuant to sales of shares awarded under equity grants; the total amount of stock and RSUs held by each named executive officer (RSUs are sometimes referred to in this Proxy Statement as restricted equity ); and the other compensation information disclosed in this Proxy Statement under the SEC's rules. The Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under Board Oversight of Risk.

The Committee has retained Frederic W. Cook & Co. ( FWC ), a nationally recognized executive compensation consulting firm, to advise it. The Committee retains this compensation consultant to, among other things, help it

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evaluate and oversee our executive compensation program and review the compensation of our directors. The scope of the compensation consultant's services during 2015 is described under "Role of the Compensation Consultant" in our Compensation Discussion and Analysis below. In providing its services to the Committee, the compensation consultant regularly interacts with our senior management. The compensation consultant does not provide any other services to us. The Committee has assessed the independence of FWC pursuant to Securities and Exchange Commission and stock exchange rules and concluded that FWC's work for the Committee does not raise any conflict of interest.

The Committee also evaluates the annual performance of the CEO, oversees the CEO succession planning process, and makes recommendations to the Board to fill open director and committee member positions. In addition, the Committee reviews our Corporate Governance Guidelines and oversees the Board's self-evaluation process. Finally, the Committee identifies new director candidates through recommendations from Committee members, other Board members and our executive officers, and will consider candidates who are recommended by shareholders.

Shareholders may recommend a director candidate for consideration by the Committee by submitting background information about the candidate, a description of his or her qualifications and the candidate's consent to being recommended as a candidate. If the candidate is to be considered for nomination at the next annual shareholders meeting, the submission must be received by our corporate Secretary in writing no later than December 1 of the year preceding the meeting. Information on shareholder nominations is provided under "About the Meeting and Proxy Materials" in response to the question *What are the deadlines for submission of shareholder proposals for the next Annual Meeting?*

The Committee evaluates new director candidates under the criteria described under "Director Selection" as well as other factors the Committee deems relevant, through background reviews, input from other members of the Board and our executive officers, and personal interviews with the candidates attended by the Committee Chairman. The Committee will evaluate any director candidates recommended by shareholders using the same process and criteria that apply to candidates from other sources.

All members of the Management Development, Nominating and Governance Committee meet the heightened independence criteria that apply to compensation committee members under SEC and NYSE rules.

**Risk Management Committee**

The Risk Management Committee is responsible for overseeing management's operation of our mortgage insurance business, including reviewing and evaluating with management the Company's insurance programs, rates, underwriting guidelines, and external reinsurance programs, and changes in market conditions affecting our business. The Risk Management Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under "Board Oversight of Risk."

**Securities Investment Committee**

The Securities Investment Committee oversees management of our investment portfolio and the investment portfolios of our employee benefit plans for which the plan document does not assign responsibility to other persons. The Committee also makes recommendations to the Board with respect to our retirement benefit plans that are available to employees generally, capital management, including dividend policy, repurchase

of debt and external funding. Finally, the Committee supports the Board's role in overseeing the risks facing the Company, as described in more detail below under Board Oversight of Risk.

**Executive Committee**

The Executive Committee provides an alternative to convening a meeting of the entire Board should a matter arise between Board meetings that requires Board authorization. The Committee is established under our Bylaws and has

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all authority that the Board may exercise with the exception of certain matters that under the Wisconsin Business Corporation Law are reserved to the Board itself.

**Board Oversight of Risk**

Our senior management is charged with identifying and managing the risks facing our business and operations. The Board of Directors is responsible for oversight of how our senior management addresses these risks to the extent they are material. In this regard, the Board seeks to understand the material risks we face and to allocate, among the full Board and its committees, responsibilities for overseeing how management addresses the risks, including the risk management systems and processes that management uses for this purpose. Overseeing risk is an ongoing process. Accordingly, the Board periodically considers risk throughout the year and also with respect to specific proposed actions.

The Board implements its risk oversight function both as a whole and through delegation to various committees. These committees meet regularly and report back to the full Board. The following four committees play significant roles in carrying out the risk oversight function.

- The Management Development, Nominating and Governance Committee evaluates the risks and rewards associated with our compensation philosophy and programs.
- The Risk Management Committee oversees risks related to our mortgage insurance business.
- The Securities Investment Committee oversees risks related to our investment portfolio and capital management.
- The Audit Committee oversees our processes for assessing risks (other than risks overseen by other committees) and the effectiveness of our system of internal controls. In performing this function, the Audit Committee considers information from our independent registered public accounting firm and internal auditors and discusses relevant issues with management, the Internal Audit Director and the independent registered public accounting firm.

We believe that our leadership structure, discussed in Board Leadership above, supports the risk oversight function of the Board. Our former CEO serves as Chairman of the Board and has a wealth of experience with the risks of our Company and industry. Our current President and CEO is a director who keeps the Board informed about the risks we face. In addition, independent directors chair the various committees involved with risk oversight and there is open communication between senior management and directors.

**Director Selection**

The Board believes that the Board, as a whole, should possess a combination of skills, professional experience, and diversity of backgrounds necessary to oversee our business. In addition, the Board believes that there are certain attributes that every director should possess, as reflected in the Board's membership criteria. Accordingly, the Board and the Management Development, Nominating and Governance Committee consider the qualifications of directors and director candidates individually and in the broader context of the Board's overall composition and our current and future needs.

The Management Development, Nominating and Governance Committee is responsible for developing Board membership criteria and recommending these criteria to the Board. The criteria, which are set forth in our Corporate Governance Guidelines, include an inquiring and independent mind, sound and considered judgment, high standards of ethical conduct and integrity, well-respected experience at senior levels of business, academia, government or other fields, ability to commit sufficient time and attention to Board activities, anticipated tenure on the Board, and whether an individual will enable the Board to continue to have a substantial majority of independent directors. In addition, the Management Development, Nominating and Governance Committee in conjunction with the Board

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periodically evaluates the composition of the Board to assess the skills and experience that are currently represented on the Board, as well as the skills and experience that the Board will find valuable in the future. The Management Development, Nominating and Governance Committee seeks a variety of occupational and personal backgrounds on the Board in order to obtain a range of viewpoints and perspectives and enable the Board to have access to a diverse body of talent and expertise relevant to our activities. The Committee's and the Board's evaluation of the Board's composition enables the Board to consider the skills and experience it seeks in the Board as a whole, and in individual directors, as our needs evolve and change over time and to assess the effectiveness of the Board's efforts at pursuing diversity. In identifying director candidates from time to time, the Management Development, Nominating and Governance Committee may establish specific skills and experience that it believes we should seek in order to constitute a balanced and effective board.

Each nominee listed below is currently a director of the Company who was previously elected by the shareholders. In evaluating incumbent directors for renomination to the Board, the Management Development, Nominating and Governance Committee has considered a variety of factors. These include each director's independence, financial literacy, personal and professional accomplishments, tenure on the Board, experience in light of our needs, and past performance on the Board based on feedback from other Board members.

Information about our directors who are standing for election appears below. The biographical information is as of December 31, 2015, and for each director includes a discussion about the skills and qualifications that the Board has determined support the director's continued service on the Board.

**NOMINEES FOR DIRECTOR**

*For One-Year Term Ending 2017*

**DANIEL A. ARRIGONI**

**Committees:** Audit Committee; Risk Committee

**Director Since:** 2013

**Age:** 65

Daniel A. Arrigoni was President and Chief Executive Officer of U.S. Bank Home Mortgage Corp., one of the largest originators and servicers of home loans in the U.S., until his retirement in July 2013. Prior to his retirement, Mr. Arrigoni also served as an Executive Vice President of U.S. Bank, N.A. Mr. Arrigoni led the mortgage company for U.S. Bank and its predecessor companies since January 1996. Mr. Arrigoni has over 40 years of experience in the home mortgage and banking industries.

Mr. Arrigoni brings to the Board a broad understanding of the mortgage business and its regulatory environment, skill in assessing and managing credit risk, and significant finance experience, each gained from his many years of executive management in the home mortgage and



banking industries.

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**CASSANDRA C. CARR**

**Committees:** Management Development, Nominating & Governance Committee; Risk Committee

**Director Since:** 2013

**Age:** 71

Cassandra C. Carr is currently a consultant. She was Global Vice Chair of Talent at Hill+Knowlton Strategies before leaving in 2012, and spent nine years as a Senior Advisor for Public Strategies, Inc., both of which firms provide public relations services. Prior to joining Public Strategies, Ms. Carr held various senior-level positions with SBC Communications, Inc., which during her tenure became one of the world's largest telecommunications companies, including Senior Executive Vice President, External Affairs, Senior Vice President, Human Resources, and Senior Vice President - Finance and Treasurer.

Ms. Carr brings to the Board significant strategic planning, regulatory and public relations consulting and executive management experience, as well as financial management experience with a public company.

**C. EDWARD CHAPLIN**

**Committees:** Risk Committee; Securities Investment Committee

**Director Since:** 2014

**Age:** 59

C. Edward Chaplin has been President and Chief Financial Officer at MBIA Inc., a provider of financial guarantee insurance and the largest municipal bond-only insurer, since 2008. In March 2016, Mr. Chaplin will relinquish that position and will remain with MBIA as an Executive Vice President until January 1, 2017. He served as a member of MBIA's Board of Directors from 2003 until 2006, when he left to become Chief Financial Officer of that company. Prior to joining MBIA, Mr. Chaplin was Senior Vice President and Treasurer of Prudential Financial Inc., a firm he joined in 1983 and for which he held various senior management positions, including Regional Vice President of Prudential Mortgage Capital Company.

Mr. Chaplin brings to the Board a deep understanding of the insurance and real estate industries, management and leadership skills, and financial expertise.

**CURT S. CULVER**

**Committees:** Executive Committee (Chairman)

**Chairman of the Board**

**Director Since:** 1999

**Age:** 63

Curt S. Culver was our Chairman of the Board from 2005 until his retirement as our Chief Executive Officer in 2015. He is currently our non-executive Chairman of the Board. He was our Chief Executive Officer from January 2000 and was the Chief Executive Officer of Mortgage Guaranty Insurance Corporation ( MGIC ) from January 1999, in both cases until his retirement, and he held senior executive positions with us and MGIC for more than five years before he became Chief Executive Officer. He is also a director of Wisconsin Electric Power Company and Wisconsin Energy Corporation.

Mr. Culver brings to the Board extensive knowledge of our business and operations and a long-term perspective on our strategy.

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**TIMOTHY A. HOLT**

**Committees:** Audit Committee; Securities Investment Committee (Chairman)

**Director Since:** 2012

**Age:** 63

Timothy A. Holt was an executive committee member and Senior Vice President and Chief Investment Officer of Aetna, Inc., a diversified health care benefits company, when he retired in 2008 after 30 years of service. From 2004 through 2007, he also served as Chief Enterprise Risk Officer of Aetna. Prior to being named Chief Investment Officer in 1997, Mr. Holt held various senior management positions with Aetna, including Chief Financial Officer of Aetna Retirement Services and Vice President, Finance and Treasurer of Aetna. Mr. Holt served as a consultant to Aetna during 2008 and 2009. Mr. Holt also serves as a director of Virtus Investment Partners, Inc. and StanCorp Financial Group, Inc.

Mr. Holt brings to the Board investment expertise, skill in assessing and managing investment and credit risk, broad-based experience in a number of areas relevant to our business, including insurance, and senior executive experience gained at a major public insurance company.

**KENNETH M. JASTROW, II**

**Committees:** Management Development, Nominating & Governance Committee (Chairman); Executive Committee

**Lead Director**

**Director Since:** 1994

**Age:** 68

Kenneth M. Jastrow, II currently serves as our Lead Director. Mr. Jastrow was the non-executive Chairman of the Board of Forestar Group Inc., which is engaged in various real estate and natural resource businesses, from 2007 until September 2015, and was a director of that company through the end of 2015. He is a director of KB Home and Genesis Energy, LLC, the general partner of Genesis Energy, LP, a publicly-traded master limited partnership.

Mr. Jastrow brings to the Board senior executive and leadership experience gained through his service as chairman and chief executive officer at a public company with diversified business operations in sectors relevant to our operations, experience in the real estate, mortgage banking and financial services industries, and knowledge of corporate governance matters gained through his service as a non-executive chairman and on

public company boards.

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**MICHAEL E. LEHMAN**

**Committees:** Audit Committee (Chairman)

**Director Since:** 2001

**Age:** 65

Michael E. Lehman is currently a consultant. He was the interim Chief Financial Officer at Ciber Inc., a global information technology company, from September 2013 until February 2014. He was Chief Financial Officer of Arista Networks, a cloud networking firm, from September 2012 through July 2013, and Chief Financial Officer of Palo Alto Networks, a network security firm, from April 2010 until February 2012. Prior to that, he was the Executive Vice President and Chief Financial Officer of Sun Microsystems, Inc., a provider of computer systems and professional support services, from February 2006 to January 2010, when Sun Microsystems, Inc. was acquired by Oracle Corporation. From July 2000 until his initial retirement in September 2002, he was Executive Vice President of Sun Microsystems; he was its Chief Financial Officer from February 1994 to July 2002, and held senior executive positions with Sun Microsystems for more than five years before then. Mr. Lehman also serves as a director of Solera Holdings, Inc.

Mr. Lehman brings to the Board financial and accounting knowledge gained through his service as chief financial officer of a large, multinational public company, skills in addressing the range of financial issues facing a large company with complex operations, senior executive and operational experience, and leadership skills.

**DONALD T. NICOLAISEN**

**Committees:** Management Development, Nominating & Governance Committee; Risk Committee (Chairman); Executive Committee

**Director Since:** 2006

**Age:** 71

Donald T. Nicolaisen was the Chief Accountant of the United States Securities and Exchange Commission from September 2003 to November 2005, when he retired from full time employment. Prior to joining the SEC, he was a Senior Partner at PricewaterhouseCoopers LLP, an accounting firm that he joined in 1967. He is also a director of Verizon Communications Inc., Morgan Stanley and Zurich Insurance Group.

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Mr. Nicolaisen brings to the Board financial and accounting expertise acquired from his 36 years of service with a major public accounting firm and his tenure as Chief Accountant at the SEC, as well as an understanding of the range of issues facing large financial services companies gained through his service on the boards of public companies operating in the insurance and financial services industries.

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**GARY A. POLINER**

**Committees:** Audit Committee; Securities Investment Committee

**Director Since:** 2013

**Age:** 62

Gary A. Poliner is currently a consultant. Mr. Poliner was President of Northwestern Mutual Life Insurance Company, the nation's largest direct provider of individual life insurance, and a member of its Board of Trustees, until his retirement from that company in June 2013, after more than 35 years of service. He was named President of Northwestern Mutual in 2010. Mr. Poliner also held various other senior-level positions at Northwestern Mutual, including Chief Financial Officer (2001-2008) and Chief Risk Officer (2009-2012).

Mr. Poliner brings to the Board a breadth of executive management experience in the insurance business, including risk management, and financial and insurance regulatory expertise.

**PATRICK SINKS**

**Director Since:** 2014

**Age:** 59

Patrick Sinks has been our Chief Executive Officer since March 1, 2015. He has served as our President and Chief Operating Officer since 2006, and held senior executive positions with MGIC for more than five years before then.

Mr. Sinks brings to the Board extensive knowledge of our industry, business and operations, a long-term perspective on our strategy and the ability to lead our Company as the mortgage finance system and the mortgage insurance industry evolve.



**MARK M. ZANDI**

**Committees:** Risk Committee

**Director Since:** 2010

**Age:** 56

Mark M. Zandi, since 2007, has been Chief Economist of Moody's Analytics, Inc., where he directs economic research. Moody's Analytics is a leading provider of economic research, data and analytical tools. It is a subsidiary of Moody's Corporation that is separately managed from Moody's Investor Services, the rating agency subsidiary of Moody's Corporation. Dr. Zandi is a trusted adviser to policymakers and an influential source of economic analysis for businesses, journalists and the public and he frequently testifies before Congress on economic matters.

Dr. Zandi, with his economics and residential real estate industry expertise, brings to the Board a deep understanding of the economic factors that shape our industry. In addition, Dr. Zandi has expertise in the legislative and regulatory processes relevant to our business.

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**ITEM 1 ELECTION OF DIRECTORS**

Item 1 consists of the election of directors at this Annual Meeting. The Board, upon the recommendation of the Management Development, Nominating and Governance Committee (with Ms. Carr and Messrs. Jastrow and Nicolaisen abstaining on their own nominations), has nominated Daniel A. Arrigoni, Cassandra C. Carr, C. Edward Chaplin, Curt S. Culver, Timothy A. Holt, Kenneth M. Jastrow, II, Michael E. Lehman, Donald T. Nicolaisen, Gary A. Poliner, Patrick Sinks and Mark M. Zandi for re-election to the Board to serve for one year, until our 2017 Annual Meeting of Shareholders. If any nominee is not available for election, proxies will be voted for another person nominated by the Board or the size of the Board will be reduced.

**Shareholder Vote Required**

Our Articles of Incorporation contain a majority vote standard for the election of directors in uncontested elections. Under this standard, each of the eleven nominees must receive a majority vote at the meeting to be elected a director. A majority vote means that when there is a quorum present, more than 50% of the votes cast in the election of the director are cast for the director, with votes cast being equal to the total of the votes for the election of the director plus the votes withheld from the election of the director. Therefore, under our Articles of Incorporation, a withheld vote is effectively a vote against a nominee. Broker non-votes will be disregarded in the calculation of a majority vote. Any incumbent director who does not receive a majority vote (but whose term as a director nevertheless would continue under Wisconsin law until his successor is elected) is required to send our Board a resignation. The effectiveness of any such resignation is contingent upon Board acceptance. The Board will accept or reject a resignation in its discretion after receiving a recommendation made by our Management Development, Nominating and Governance Committee and will promptly publicly disclose its decision regarding the director's resignation (including the reason(s) for rejecting the resignation, if applicable).

**YOUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE ELEVEN NOMINEES. SIGNED PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE NOMINEES UNLESS A SHAREHOLDER GIVES OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.**

**COMPENSATION OF DIRECTORS**

Under our Corporate Governance Guidelines, compensation of non-management directors is reviewed periodically by the Management Development, Nominating and Governance Committee. Mr. Sinks is our CEO and receives no additional compensation for service as a director and he is not eligible to participate in any of the following programs or plans.

**Non-Management Director Compensation Program**

In 2014, the Management Development, Nominating and Governance Committee engaged its independent compensation consultant, FWC, to review the existing director compensation program, which had last been evaluated in 2009. Based on that review, the Committee recommended to the Board, and the full Board approved, changes to the compensation program for non-employee directors which became effective on

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January 1, 2015. This program is intended to bring the compensation of the non-employee directors in line with market practice.

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The following table describes the components of the non-employee director compensation program in effect during 2014 and the revised compensation program that became effective January 1, 2015:

Compensation Element		2014 Compensation Program	2015 Compensation Program
Annual Retainer	Chairman of the Board	n/a	\$250,000
Annual Retainer	Non-Chairman Directors	\$100,000, which may be deferred, at the Director's option, and credited to an interest-bearing account.	\$125,000, which may be elected to be deferred and either converted into share units or credited to an interest-bearing account.
Annual Equity Retainer		\$100,000 in cash-settled restricted stock units that vest after approximately one year and for which settlement may be deferred at the option of the director.	\$100,000 in cash-settled restricted stock units that vest immediately but are not settled for approximately one year. Such settlement may be deferred at the option of the director.
Annual Retainer	Lead Director	\$25,000	No Change
Annual Retainer	Committee Chair	\$20,000 for the Audit Committee \$10,000 for the Management Development, Nominating and Governance Committee \$10,000 for all other committees(1)	\$25,000 for the Audit Committee \$25,000 for the Management Development, Nominating and Governance Committee \$15,000 for all other committees(1)
Annual Retainer	Committee Member	\$5,000 for Audit Committee	\$15,000 for Audit Committee \$5,000 for other committees(1)
Meeting Fees (after 5th meeting)(2)	Board		
	Committee	\$3,000 \$2,000	\$3,000 \$2,000
Stock Ownership Guideline		Ownership of 25,000 shares of Common Stock, including deferred share units that have vested or are scheduled to vest within one year. Directors are expected to meet the guideline within five years of joining the Board.(3)	
Expense Reimbursement		Subject to certain limits, we reimburse directors, and for meetings not held on our premises, their spouses, for travel, lodging and related expenses incurred in connection with attending Board and Committee meetings.	
Directors & Officers Insurance		We pay premiums for D&O liability insurance under which the directors are insureds.	

(1) Excludes the Executive Committee. Other than the Executive Committee, directors who are members of management do not serve on any committees.

(2) After the fifth Board meeting attended, or the fifth committee meeting attended for a particular committee, our non-management directors receive \$3,000 for each Board meeting attended, and the committee members receive \$2,000 for all committee meetings attended on any one day. Meetings of the Board of MGIC (or Committees of its Board) that are not held in conjunction with meetings of the Board of the Company (or Committees of its Board) are counted to determine meeting fees.

(3) Each of our non-employee Directors satisfies this guideline.

Deferred Compensation Plan and Annual Grant of Share Units: Under the Deferred Compensation Plan for Non-Employee

Directors (the Deferred Compensation Plan ), our non-management directors can elect to defer payment of all or part of their retainers and meeting fees until the director's death, disability, termination of service as a director or to another date specified by the director. A director who elected to defer retainer or fees in recent years would have his or her deferred compensation account credited quarterly with interest accrued at an annual rate equal to the six-month U.S. Treasury Bill rate determined at the closest preceding January 1 and July 1 of each year. Beginning in 2015 (similar to 2008 and prior years), our non-management directors may, as an alternative, elect to have the retainer and fees deferred during a quarter translated into share units. Each share unit is equal in value to one share of our Common Stock and is ultimately paid only in cash. Such payment will be based on the stock's closing price

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over a relatively brief period in advance of the payment date(s). If a director defers fees into share units, dividend equivalents in the form of additional share units are credited to the director's account as of the date of payment of cash dividends on our Common Stock (we have not paid dividends since 2008).

Under the Deferred Compensation Plan, we also provide to each director an annual equity retainer, which is a grant of cash-settled share units. Grants made in 2014 and prior years vested at least twelve months after they were awarded. Share units that had not vested when a director left the Board were forfeited, except in the case of the director's death or certain events specified in the Deferred Compensation Plan, such as not standing for re-election due to an age-related retirement policy. The Management Development, Nominating and Governance Committee could waive the forfeiture. Dividend equivalents in the form of additional share units are credited to the director's account as of the date of payment of cash dividends on our Common Stock.

In January 2015, each of our non-management directors was granted share units valued at \$100,000, which vested immediately and were settled on February 16, 2016, unless the director elected a later settlement date. Effective March 1, 2015, Mr. Culver was granted 9,949 share units valued at \$90,836, representing his pro rata share of the annual grant made to each of the Company's non-management directors, based on the time in the settlement period that he served as a non-management director. The directors could elect to receive payment for vested units in up to 10 annual installments beginning shortly after departure from the Board, or on another date specified by the director that was after February 16, 2016. In all cases, the payment was or will be based on the stock's closing price over a relatively brief period in advance of the payment date(s).

**2015 Director Compensation**

The following table shows the compensation paid to each of our non-management directors in 2015, other than Mr. Culver. Mr. Culver served as our CEO until February 28, 2015, and during his tenure as CEO, received no compensation for service as a director. The compensation he earned as a non-management director beginning March 1, 2015 is included in the Summary Compensation Table. Mr. Sinks, our CEO beginning March 1, 2015, was also a director in 2015 but received no compensation for service as a director.

Name	Fees Earned or Paid in Cash \$(1)	Total Stock Awards \$(2)	Total (\$)
Daniel A. Arrigoni	165,000	100,000	265,000
Cassandra C. Carr	135,000	100,000	235,000
C. Edward Chaplin	135,000	100,000	235,000
Timothy A. Holt	171,000	100,000	271,000
Kenneth M. Jastrow, II	175,000(3)	100,000	275,000(3)
Michael E. Lehman	166,000	100,000	266,000
Donald T. Nicolaisen	145,000	100,000	245,000
Gary A. Poliner	161,000	100,000	261,000
Mark M. Zandi	130,000	100,000	230,000

(1) The following directors elected to defer all the fees shown in this column into share units as described under Compensation of Directors Non-Management Director Compensation Plan Deferred Compensation Plan and Annual Grant of Share Units above: Mr. Chaplin received 13,937 share units; Mr. Holt received 17,681 share units; Mr. Poliner received 16,657 share units; and Dr. Zandi received 13,421 share units.

(2) The amount shown in this column for each director represents the grant date fair value of the annual share unit award granted to non-management directors in 2015 under our Deferred Compensation Plan, computed in accordance with FASB Accounting Standard Codification ( ASC ) Topic 718. The value of each share unit is equal to the value of our Common Stock on the grant date. See Compensation of Directors Deferred Compensation Plan and Annual Grant of Share Units above for more information about these grants.

The aggregate number of unvested stock awards outstanding as of December 31, 2015, for each director other than Mr. Culver, was as follows: Mr. Jastrow 2,000, which represents shares held under our 1993 Restricted Stock Plan for Non-Employee Directors.

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Mr. Culver's unvested stock awards outstanding as of December 31, 2015 are reported in the Outstanding Equity Awards at 2015 Fiscal Year-End Table below.

The aggregate number of vested and unvested stock awards outstanding as of March 4, 2016, for each director, is described under "Stock Ownership" above.

(3) Includes \$25,000 retainer paid for services as Lead Director.



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**ITEM 2 ADVISORY VOTE TO APPROVE OUR EXECUTIVE COMPENSATION**

At our 2011 Annual Meeting, we held a non-binding, advisory shareholder vote on the frequency of future advisory shareholder votes on the compensation of our named executive officers. Our shareholders expressed a preference that advisory shareholder votes on the compensation of our named executive officers be held on an annual basis and, as previously disclosed, the Company adopted a policy to hold such votes annually. Accordingly, as required by Section 14A of the Securities Exchange Act of 1934, we are asking shareholders to approve, on an advisory basis, the compensation of our named executive officers as disclosed under the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the compensation tables and any related material contained in this Proxy Statement.

We strongly believe you should approve our compensation in light of the factors discussed in the Executive Summary of the Compensation Discussion and Analysis.

While this vote is advisory and is not binding, the Board and the Management Development, Nominating and Governance Committee will review and consider the voting results when making future decisions regarding compensation of named executive officers. See Investor Outreach and Consideration of Last Year's Say on Pay Vote in the Executive Summary.

After this vote, under the Company's policy, the next advisory vote to approve the compensation of our named executive officers is scheduled to occur at our 2017 Annual Meeting. At that meeting, as required by SEC rules, we will again hold a non-binding, advisory shareholder vote on the frequency of future advisory shareholder votes on the compensation of our named executive officers.

**Shareholder Vote Required**

Approval of the compensation of our named executive officers requires the affirmative vote of a majority of the votes cast on this matter. Abstentions and broker non-votes will not be counted as votes cast.

**YOUR BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE  
APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS. SIGNED  
PROXY CARDS AND VOTING INSTRUCTION FORMS WILL BE VOTED FOR THE  
APPROVAL OF THE EXECUTIVE COMPENSATION UNLESS A SHAREHOLDER GIVES  
OTHER INSTRUCTIONS ON THE PROXY CARD OR VOTING INSTRUCTION FORM.**



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**COMPENSATION DISCUSSION AND ANALYSIS**

In this Compensation Discussion and Analysis ( CD&A ), we describe the material components of our executive compensation program for our chief executive officer, chief financial officer and our three other most highly compensated executive officers (our named executive officers or NEOs ), whose compensation is set forth in the 2015 Summary Compensation Table and other compensation tables contained in this Proxy Statement. We also provide an overview of the objectives of our executive compensation program and explain how and why the Management Development, Nominating and Governance Committee of our Board (the Committee ) arrived at compensation decisions involving the NEOs for 2015. Mr. Patrick Sinks assumed the position of Chief Executive Officer of our Company on March 1, 2015, following the retirement from that position of Mr. Curt Culver. In this CD&A, when we discuss our CEO s 2015 compensation, we are referring to Mr. Sinks 2015 compensation, and when we discuss our CEO s 2014 compensation, we are referring to Mr. Culver s 2014 compensation. Mr. Sinks 2015 compensation generally represents a full year of compensation as CEO, with the exception of his January and February 2015 base salary which he earned at a lower rate while President of our Company.

**EXECUTIVE SUMMARY**

**Business Highlights**

Our Business

Through our wholly-owned subsidiaries we are a leading provider of mortgage insurance to lenders throughout the United States and to government sponsored entities ( GSEs ) to protect against loss from defaults on low down payment residential mortgage loans. In 2015, our net premiums written were \$1.0 billion and as of December 31, 2015, our primary insurance in force was \$174.5 billion.

2015 Business Highlights

During 2015, under our management s leadership, we transitioned from a company recovering from the financial crisis to one achieving profitability and positioned for continued success. Our financial performance in 2015 was strong, reflecting our high quality business mix, industry-leading expense structure, and our capital and liquidity position. We believe our non-financial performance was also strong, reflecting our regulatory and GSE relationships and being recognized as a respected voice in the discussion of reform of the housing finance system. However, our industry remains subject to significant challenges including intense price competition within the industry; enhanced competition from the Federal Housing Administration, the Veterans Administration, and recently established private mortgage insurers; continuing losses from loans insured in 2005-2008, operating under the revised mortgage insurer capital requirements of the GSEs that became effective December 31, 2015; and uncertainty about the role of private capital, including private mortgage insurance, in a post-reform residential housing finance system. Despite the challenging environment, we were able to deliver strong results as shown below.



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**Financial Performance**

In 2015, as in 2014, the Company delivered strong results for its shareholders as shown by the financial and operational metrics below. Each of these metrics is included in either the formula used to determine the 2015 bonuses of our NEOs (see Components of Our Executive Compensation Program Incentive Programs Annual Bonus ) or the formula used to determine March 2016 vesting of long-term equity awards granted in 2015 (see Components of Our Executive Compensation Program Incentive Programs Long-Term Equity Awards 2015 Program ).

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(1) Adjusted book value per share, for purposes of determining vesting of 80% of our CEO's long-term equity awards granted in 2015, is calculated excluding the effects on shareholders' equity of deferred tax assets and

accumulated other comprehensive income.

- (2) New insurance written refers to direct new insurance written (before the effect of reinsurance).

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**Financial Performance (continued)**

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(1) Our loss ratio, for purposes of determining 2015 bonuses and vesting of 20% of our CEO's long-term equity awards granted in 2015, is the ratio of direct (before the effects of reinsurance) losses incurred to direct premiums earned from the particular policy year. Incurred losses exclude the effect of losses incurred on notices of default that have not yet been reported to us, which is commonly known as IBNR.

(2) Our expense ratio, for purposes of determining 2015 bonuses and vesting of 20% of our CEO's long-term equity awards granted in 2015, is the ratio of combined insurance operations underwriting expenses divided by net premiums written. Although the 2015 expense ratio of 14.9% is slightly higher than 2014's ratio of 14.7%, it remains lower than the expense ratio of each of our competitors who disclose this information.

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**Business Performance**

In 2015, the Company also achieved favorable results against the business metrics listed below. Each of these metrics is included in the formula used to determine the 2015 bonuses of our NEOs (see Components of Our Executive Compensation Program Incentive Programs Annual Bonus ).

Capital Position

- Successfully renegotiated our reinsurance agreement, which resulted in it receiving 100% credit under the revised private mortgage insurer eligibility requirements ( PMIERS ) of the GSEs (providing \$650 million of PMIERS capital) and state insurance regulations, all at an attractive after-tax cost of capital.

- Met final PMIERS financial requirements with a cushion of approximately \$500 million at December 31, 2015.

- Obtained first dividends from regulated insurance subsidiaries since 2008.

Succession Planning

- After conducting a thorough search process, replaced the retiring Chief Risk Officer and retiring Chief Information Security Officer with highly qualified individuals.

- Successfully integrated four new CEO direct reports into the CEO s staff of senior officers.

Regulatory/Legislative

- Worked with the industry to influence changes to draft PMIERS that resulted in lower capital requirements on delinquent loans.

- Worked with Congress, the Administration, regulators and trade groups to enhance opportunities for the broader use of private mortgage insurance within the current GSE framework and to include favorable language in proposed housing finance legislation.

Business Mix

- Despite competitive pricing pressures, we increased market share while writing high quality new business.

- New insurance written is expected to produce mid-teens returns on PMIERS capital, after considering the effects of reinsurance.

- More than 80% of the new insurance written in 2015 was on loans whose borrowers had FICO scores greater than 700.



**Senior Executive Compensation as a Percentage of Net Income 2014 versus 2015**

The table below shows the total direct compensation (salary, bonus and equity awards) of the CEO and his direct reports as a percentage of our net income for each of 2014 and 2015. For 2015, net income has been adjusted to eliminate the positive effect of the reversal of the deferred tax valuation allowance. We use this non-GAAP financial measure, adjusted net income, to allow comparability between periods of our financial results.

	2014	2015 (1)
Total Direct Compensation of CEO and Direct Reports as a Percentage of Adjusted Net Income	7.7%	4.3%

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(1) Includes our current CEO for the full year and our former CEO for the two months of his service in that position. Includes both our current Chief Risk Officer for his 7 months with the Company during 2015 and his predecessor for the 9 months of his service in that position. Until Mr. Sinks became our CEO in March 2015, the group also includes his direct reports as Chief Operating Officer.

**Investor Outreach and Consideration of Last Year's Say on Pay Vote**

During 2015, we reached out to shareholders owning approximately 55% of our outstanding shares to discuss executive compensation and other corporate governance matters. We held meetings with, or received informal feedback from, shareholders owning approximately 27% of the outstanding shares. This outreach was a continuation of our prior outreach efforts. During 2014, we reached out to shareholders owning approximately 70% of our outstanding shares to discuss our executive compensation program. We held meetings with, or received informal feedback from, shareholders owning almost 50% of the outstanding shares. As a result of feedback received from

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shareholders and others, the Committee changed our executive compensation program in the respects described below.

<b>What we heard</b>	<b>How we responded</b>
Shareholders want more transparency into how the annual bonuses for our NEOs are determined and how they are aligned with Company performance.	For bonuses paid for 2014 and 2015 performance, we modified the bonus plan to be more formulaic; the bonuses were based on specific financial and business goals which align the bonus payouts with Company performance. We continued this formulaic approach for the 2016 bonus plan.
Shareholders prefer goals to determine vesting of grants of equity awards that are largely different from the goals used to determine the annual bonus.	For the equity grants made in January 2015 and 2016, vesting of performance-based equity awards is based on growth in adjusted book value per share, which is a different financial goal than is used in determining annual bonuses.
Shareholders prefer that equity awards vest based on performance against multi-year goals, not annual goals.	For the equity grants made in January 2015 and 2016, full vesting of performance-based equity awards requires achievement of a three-year cumulative book value growth goal.
The Company should adopt a double trigger mechanism in order for equity awards to vest upon a change in control and should eliminate excise tax gross-ups from all change in control agreements.	We modified our change in control agreement to eliminate both single trigger vesting of equity awards and excise tax gross-ups (gross-ups were previously only available for executives younger than 62). In addition, we implemented double trigger change in control vesting in our equity grants made in January 2015 and in our 2015 Omnibus Incentive Plan, which governs equity grants made after its adoption in April 2015.
The Company should adopt a more robust clawback policy.	We extended the scope of our clawback policy to apply to cash compensation in addition to the previously covered compensation from equity awards.
The Company should incorporate certain best practice provisions in its Omnibus Incentive Plan.	We added a minimum vesting period for all except 5% of shares to be issued under the plan, and we removed from the plan: (1) automatic single trigger vesting of equity awards upon a change in control; (2) share recycling for shares withheld for tax purposes; and (3) the ability of the Committee to accelerate vesting, except under certain specified instances.

We will continue to engage with and solicit feedback from shareholders on executive compensation and other corporate governance matters.

Following the 2015 Annual Meeting, the Committee reviewed the results of the Say on Pay vote. More than 99% of the votes cast on the proposal were in support of the compensation of our NEOs. The Committee viewed this voting result as confirmation that shareholders were in support of the overall compensation program.

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**Compensation-Related Corporate Governance Policies and Best Practices**

We have many compensation-related governance policies and best practices that align our executive compensation with long-term shareholder interests:

Stock Ownership: Stock ownership guidelines, expressed as a fixed number of shares, are in place for our NEOs and other executive officers. As of December 31, 2015, our CEO, Mr. Sinks, had shares under the guidelines that were more than 10 times his year-end base salary.

Equity Holding Post-Vesting: 25% of shares that vest under equity awards granted to our NEOs, other executive officers and our chief accounting officer, must not be sold for one year after vesting. Excluding shares withheld from equity awards for income tax withholding, none of our NEOs employed as of December 31, 2015 had sold any of our stock while an NEO since April 2006.

No Hedging and Pledging: Our policies prohibit directors, NEOs, other executive officers and the chief accounting officer from entering into hedging transactions designed to hedge or offset a decrease in the value of the Company's equity securities, holding Company securities in a margin account, or pledging Company securities as collateral for a loan.

High Performance-Based Compensation: More than 87% of our CEO's 2015 total direct compensation is performance-based.

Limited Perquisites: Our perks are very modest. In 2015, other than the reimbursement of relocation expenses, our NEOs perks ranged between approximately \$400 and \$2,600.

Low Burn Rate and Dilution: The total equity awards granted to all participants in the Omnibus Incentive Plans in each of January 2015 and January 2016 were about 0.5% of our outstanding shares at the prior December 31. Using the burn rate methodology of a leading proxy advisory firm, which uses the average of the total awards granted (adjusted depending on the volatility of the price of the underlying stock) during each of the last three completed years and the weighted average number of shares outstanding during each such year, our burn rate would be approximately 1.1%.

Limited Change in Control Benefits under our Parachutes:

- Double trigger is required for any benefits to be paid;
- Cash severance payable does not exceed 2x base salary plus bonus plus retirement plan accrual; and
- There is no excise tax gross-up

Employment Agreements: None, only the limited provisions referred to above that become effective after a change in control.

Clawback Policy: The clawback policy applies to cash incentive compensation as well as compensation from equity awards.

Independent Compensation Consultant: The Committee's independent compensation consultant, Frederic W. Cook & Co., Inc., is retained by the Committee and performs no other services for the Company.

Compensation Risk Evaluation: Annually, the Committee reviews an executive compensation risk evaluation by management that has concluded our compensation programs do not motivate excessive risk-taking and that they are not reasonably likely to have a material adverse effect on the Company.

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*Omnibus Incentive Plan*: In furtherance of our commitment to good compensation governance practices, the MGIC Investment Corporation 2015 Omnibus Incentive Plan, which shareholders approved at the 2015 Annual Meeting, **does not allow** the following:

- X Granting of stock options with an exercise price less than the fair market value of the Company's common stock on the date of grant
  
- X Re-pricing (reduction in exercise price) of stock options
  
- X Cash buy-outs of underwater stock options
  
- X Inclusion of reload provisions in any stock option grant
  
- X Payment of dividends on performance shares before they are vested
  
- X Single trigger vesting of awards upon a change in control in which the awards are assumed or replaced
  
- X Share recycling for shares withheld for tax purposes upon vesting
  
- X Granting of more than 5% of the awards under the plan with a vesting period of less than one year
  
- X Committee discretion to accelerate vesting of awards, except under certain limited instances like death and disability

**OBJECTIVES OF OUR EXECUTIVE COMPENSATION PROGRAM**

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In setting compensation, the Committee focuses on total direct compensation, which we define as the total of base salary, bonus and equity awards. Unless otherwise noted, the value of equity awards is their grant date value reported in the Summary Compensation Table (the SCT).

The objectives of our executive compensation program are to:

- **Attract and retain high-quality executives:** We want a competitive pay opportunity in the sense that:
  - our base salaries are on average around the market median of a group of peers over a several year time horizon, and
  - our bonus and long-term equity awards, when performance is strong, move total direct compensation above the market median to reflect that strong performance.
- **Align executive compensation with long-term shareholder interests:** We achieve a strong alignment between compensation and long-term shareholder interests by:
  - linking compensation to Company and executive performance; and
  - paying a substantial portion of total direct compensation in:
    - bonuses that are based on specific goals that align payouts with Company performance, and
    - long-term equity awards whose vesting is based on goals that align payouts with Company performance and whose value is directly aligned with total shareholder value.
- **Limit perquisites:** Perks for our executive officers should be minimal.

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**HOW WE MAKE COMPENSATION DECISIONS**

**Role of the Management Development, Nominating and Governance Committee**

The Committee, which consists solely of independent directors, is responsible to our Board for overseeing the development and administration of our executive compensation program. The Committee approves the compensation of our CEO and our other senior executives, and in connection with such approval performs other tasks including:

- Review and approval of bonus and equity compensation goals and objectives;
- Evaluation of performance in light of these goals and objectives; and
- Evaluation of the competitiveness of each NEO's total compensation package.

The Committee also supports the Board's role in overseeing the risks facing the Company, as described in more detail above under Board Oversight of Risk.

The Committee is supported in its work by our Chief Executive Officer, our Chief Human Resources Officer, our General Counsel and the Committee's independent consultant, as described below.

**Role of the Compensation Consultant**

The Committee has retained Frederic W. Cook & Co. (the Compensation Consultant), a nationally recognized executive compensation consulting firm, to advise it. The Compensation Consultant reports directly to the Committee; the Committee retains sole authority to approve the compensation of the Compensation Consultant, determine the nature and scope of its services and evaluate its performance. The Committee may replace the Compensation Consultant or hire additional consultants at any time. A representative of the Compensation Consultant attends meetings of the Committee, as requested. Aside from its role as the Committee's independent consultant, the Compensation Consultant provides no other services to the Company.

The Committee retains the Compensation Consultant to help it evaluate and oversee our executive compensation program and review the compensation of our directors. In connection with this role, the Compensation Consultant provides various services to the Committee, including

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advising the Committee on the principal aspects of our executive compensation program and evolving industry practices and providing market information and analysis regarding the competitiveness of our program, including in relationship to performance.

During 2015 and early 2016, the Compensation Consultant performed the following services:

- Provided an evaluation of NEO compensation compared to peers.
- Provided advice about the annual bonus plan, including the goals and target performance incorporated into the formula that is used to determine payouts.
- Provided advice about the long-term equity incentive program, including the level of awards granted under the program and the vesting provisions.
- Provided advice regarding best practice compensation practices, such as stock retention guidelines.
- Reviewed the peer group used for competitive analyses.
- Reviewed drafts and commented on the CD&A and related compensation tables for the Proxy Statement.



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The total amount of fees paid to the Compensation Consultant for services to the Committee in 2015 was \$132,280. The Compensation Consultant provided no other services and received no other fees or compensation from us. The Committee has assessed the independence of the Compensation Consultant pursuant to Securities and Exchange Commission and stock exchange rules and concluded that its work for the Committee does not raise any conflict of interest.

**Role of Officers**

While the Committee is ultimately responsible for making all compensation decisions affecting our NEOs, our CEO participates in the underlying process because his close day-to-day association with the other NEOs enables him to provide feedback to the Committee on their performance and his knowledge of our operations. Among other things, our CEO makes recommendations regarding all of the components of compensation described above for all of the NEOs, other than himself. Our CEO does not participate in the portion of the Committee meeting regarding the review of his own performance or the determination of the actual amounts of his compensation.

Our Chief Human Resources Officer and our General Counsel also participate in the Committee's compensation process. Specifically, our Chief Human Resources Officer is responsible for coordinating the work assigned to the Compensation Consultant by the Committee and is expected to maintain knowledge of executive compensation trends, practices, rules and regulations and he works with our General Counsel on related legal and tax compliance matters. The Committee receives information from management that includes: detailed breakdowns of the compensation of the NEOs; the amount, if any, that our NEOs realized in at least the previous five years from sales of stock received upon vesting of equity awards; the total amount of stock and RSUs held by each NEO (RSUs are sometimes referred to in this Proxy Statement as restricted equity); and the other compensation information disclosed in this Proxy Statement under the SEC's rules.

**BENCHMARKING MGIC-SELECTED PEER GROUP**

To provide a framework for evaluating compensation levels for our NEOs against market practices, the Committee has periodically asked the Compensation Consultant to prepare reports analyzing available compensation data. This data is typically gathered from SEC filings for a peer group of publicly traded companies. In addition, each year we provide the Committee with information regarding trends in expected executive compensation changes for the coming year. The compensation surveys that we reviewed and summarized in the aggregate for the Committee in connection with establishing base salaries for 2015 were published by: Compensation Resources, AON Hewitt, Mercer Consulting, Towers Watson and World at Work.

**Why we selected the particular peers against which we benchmark executive compensation.**

Our peer group consists of the following ten companies:

**MGIC Peer Group**

Ambac Financial Group, Inc.  
Arch Capital Group Ltd.  
Assured Guaranty Ltd.  
Essent Group Ltd.  
Fidelity National Financial Inc.  
First American Financial Corp.  
Genworth Financial Inc.  
MBIA Inc.  
NMI Holdings Inc.  
Radian Group Inc.

We believe this peer group is appropriate for benchmarking our executive compensation because:

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- These companies are in the industries with which we currently compete for executive talent.
- Five companies (50%) are parent companies of direct competitors whose overall results are principally or significantly impacted by these competitors.
- Three companies are financial guaranty insurers having significant exposure to residential mortgage credit risk.
- All of the companies had significant insurance businesses, not lending businesses, and therefore, size comparisons are possible.
- Six of the companies also named us a peer.
- One of the companies also has an operating unit that provides technology and transaction services to the real estate and mortgage industries.
- We do not believe that adding general insurance or other financial services companies beyond the surety and financial guaranty niches would provide meaningful information to the Committee in evaluating executive compensation pay and performance.

We are comparable in size to the companies in our peer group, however, our 2014 and 2015 CEO compensation is lower than median. In January 2016, the Compensation Consultant provided the following comparative data for our peer group.

**MGIC Percentile Rank Among Ten-Company Peer Group**

	Revenue(1) (\$ millions)	Market Capitalization(1) (\$ millions)	2014 CEO Total Direct Compensation (\$ thousands)(2)	2015 CEO Total Direct Compensation (\$ thousands)(2)
Peer Group				
75th percentile	4,817	3,862	8,623	8,623