

MGIC INVESTMENT CORP
Form DEF 14A
March 28, 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
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 - (3) Filing Party:
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-

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**MGIC Investment
Corporation**

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

**2015 Annual Report to
Shareholders**

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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.

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) 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

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.

Pre-tax diluted earnings per share

Adjusted book value per share⁽¹⁾

Pre-tax return on beginning shareholders' equity

New insurance written⁽²⁾

(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 effects of reinsurance).

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Financial Performance (continued)

Loss ratio ⁽¹⁾

Expense ratio ⁽²⁾

-
- (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.

Capital Position

-
- Successfully renegotiated our reinsurance agreement, which resulted in it receiving 100% credit under the 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.

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," or "expect" 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 SEC. 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.

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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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 28 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 37 for a description of our 2015 bonus plan.
- Modified the vesting goals for 2015 and 2016 grants of restricted stock units as follows (please refer to page 41 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 44 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 44 for a description of our clawback policy.

In addition to the changes described above, our 2015 Omnibus Incentive Plan, which provides for equity-based and other incentive awards to participants and which shareholders approved at our 2015 Annual Meeting, contained the following changes compared to our 2011 Omnibus Incentive Plan (please refer to page 31 for a description of certain other provisions 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 (such as death or retirement)
- Minimum vesting period for all except 5% of shares to be issued under the plan

VOTING MATTERS AND BOARD RECOMMENDATIONS

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Voting Matter

Our Board Vote Recommendation

Election of Eleven Director Nominees (page 20)
Advisory Vote on Executive Compensation (page 24)
Approval of our Amended and Restated Rights Agreement (page 55)
Ratification of Independent Registered Public Accounting Firm (page 62)

FOR each Director Nominee
FOR
FOR
FOR

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Proxy Statement

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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, 340,636,237 shares of Common Stock were outstanding and entitled to vote.

What is a proxy?

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 340,636,237 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

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received such instructions. Broker non-votes will not be counted as votes for or against any matter. Brokers and other 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 28, 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.

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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.

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	17,668 ⁽⁴⁾	37,668
Cassandra C. Carr	5,000	-	-	5,000	40,666 ⁽⁴⁾	45,666
C. Edward Chaplin	10,000	-	-	10,000	42,741 ⁽⁴⁾	52,741
Curt S. Culver ⁽⁶⁾	1,457,313	52,696	-	1,510,009	135,082 ⁽⁵⁾	1,645,091
Timothy A. Holt	20,000	-	-	20,000	58,347 ⁽⁴⁾	78,347
Kenneth M. Jastrow, II	1,146	-	31,552	32,698	47,804 ⁽⁴⁾	80,502
Michael E. Lehman	19,939	-	3,050	22,989	19,049 ⁽⁴⁾	42,038
Donald T. Nicolaisen	182	-	16,217	16,399	72,075 ⁽⁴⁾	88,474
Gary A. Poliner	-	-	-	-	60,698 ⁽⁴⁾	60,698
Mark M. Zandi	-	-	-	-	42,225 ⁽⁴⁾	42,225
Patrick Sinks	827,695	11,733	-	839,428	657,231 ⁽⁵⁾	1,496,659
Timothy M. Mattke	148,953	957	-	149,910	240,288 ⁽⁵⁾	390,198
Gregory A. Chi	103,020	-	-	103,020	79,291 ⁽⁵⁾	182,311
James J. Hughes	9,226	71,499	-	80,725	76,587 ⁽⁵⁾	157,312
Jeffrey H. Lane	539,661	-	-	539,661	240,288 ⁽⁵⁾	779,949
All Directors and Executive Officers as a Group (16 Persons)	3,147,135	156,885	50,819	3,354,839 ⁽⁷⁾	1,980,040	5,334,879

(1)

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Includes shares for which investment power is shared as follows: Mr. Chi 103,020; all directors and executive officers as a group 108,020.

(2)

Includes shares held in our Profit Sharing and Savings Plan as follows: Mr. Culver 12,696; Mr. Sinks 11,733; Mr. Matke 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. Culver 40,000; Mr. Hughes 70,825; and all directors and executive officers as a group 130,825.

(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

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the SEC 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 117,414; Mr. Sinks 657,231; Mr. Mattke 240,288; Mr. Chi 79,291; Mr. Hughes 76,587; Mr. Lane 240,288; and all directors and executive officers as a group 1,561,099;. For Mr. Culver, also includes 17,668 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

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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.

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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, 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 ("NYSE"), 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 our 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

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familiar with our business and 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 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 independent 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 our business and 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 periodically the structure of the Board and the Board's leadership.

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		•			
Timothy A. Holt	•				C
Kenneth M. Jastrow, II		•	C		
Michael E. Lehman	C				
Donald T. Nicolaisen		•	•	C	
Gary A. Poliner	•				•
Patrick Sinks		C			
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. The Committee may delegate its responsibilities to subcommittees of the Committee.

The Committee receives 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. (the "Compensation Consultant"), a nationally recognized executive compensation consulting firm, to advise it. The Committee retains the Compensation Consultant to, among

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other things, help it 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 the Compensation Consultant pursuant to SEC and NYSE rules and concluded that its 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 (other than external reinsurance), 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."

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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 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 there are certain attributes 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

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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 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 the Board membership criteria described under "Director Selection" above and past performance on the Board based on any feedback from other Board members.

Information about our directors who are standing for election appears below. The biographical information is as of March 15, 2016, 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
Director Since: 2013
Age: 65
Committees: Audit Committee; Risk Management Committee

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 Management 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 Management 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 relinquished 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 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. (which was a public company until it was acquired on March 7, 2016).

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);
Lead Director Executive Committee
Director Since: 1994
Age: 68

Kenneth M. Jastrow, II currently serves as our Lead Director. During 2000 - 2007, Mr. Jastrow served as Chairman and Chief Executive Officer of Temple-Inland Inc., a paper and forest products company, which during Mr. Jastrow's tenure also had interests in real estate and financial services. Mr. Jastrow is a director of KB Home and Genesis Energy, LLC, the general partner of Genesis Energy, LP, a publicly-traded master limited partnership. He served as 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.

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
Director Since: 2001
Age: 65
Committees: Audit Committee (Chairman)

Michael E. Lehman is currently the interim vice chancellor for finance and administration for the University of Wisconsin – Madison, a role he assumed in March 2016. 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. During the past five years, Mr. Lehman also served as a director of Solera Holdings, Inc., until it was acquired by a private company.

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
Director Since: 2006
Age: 71
Committees: Management Development, Nominating & Governance Committee; Risk Management Committee (Chairman); Executive Committee

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.

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 The Northwestern Mutual Life Insurance Company ("Northwestern Mutual"), 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 **Committees:** Executive Committee (Chairman)
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 Management 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, Frederic W. Cook & Co., 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 January 1, 2015. The changes to this program were 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 Component	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 elected to be deferred 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 5 th meeting) ⁽²⁾		
Board	\$3,000	No Change
Committee	\$2,000	No Change
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 over a

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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	Total Stock Awards	Total
	(\$) ⁽¹⁾	(\$) ⁽²⁾	(\$)
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.

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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. 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 SEC, 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 current and former chief executive officers, our 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 set forth 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 and Chief Operating Officer of our Company.

EXECUTIVE SUMMARY

Business Highlights

Our Business

Through our wholly-owned subsidiary Mortgage Guaranty Insurance Corporation ("MGIC") we are a leading provider of mortgage insurance to lenders throughout the United States and to Fannie Mae and Freddie Mac (the "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, 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 our recognition in Washington, D.C. 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; 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").

Pre-tax diluted earnings per share

Adjusted book value per share ⁽¹⁾

Pre-tax return on beginning shareholders' equity

New insurance written ⁽²⁾

(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 effects of reinsurance).

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Financial Performance (continued)

Loss ratio ⁽¹⁾

Expense ratio ⁽²⁾

-
- (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 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%

(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

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

What we heard

Shareholders want more transparency into how the annual bonuses for our NEOs are determined and how they are aligned with Company performance.

Shareholders prefer goals to determine vesting of grants of equity awards that are largely different from the goals used to determine the annual bonus.

Shareholders prefer that equity awards vest based on performance against multi-year goals, not annual goals.

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.

The Company should adopt a more robust "clawback" policy.

The Company should incorporate certain "best practice" provisions in its Omnibus Incentive Plan.

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.

In addition to giving consideration to the Say on Pay vote, we intend to continue to engage with and solicit feedback from shareholders on executive compensation and other corporate governance matters.

How we responded

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.

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.

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.

We modified our change in control agreements 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.

We extended the scope of our clawback policy to apply to cash compensation in addition to the previously covered compensation from equity awards.

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 (such as death or retirement).

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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 had a value of 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 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 Percentage of 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 payment of relocation expenses, our NEOs' perks ranged between approximately \$400 and \$2,600. Although we are required by SEC rules to disclose payment of relocation expenses as a perk, we do not view such payment as an executive perk because our relocation program is a broad-based benefit plan available to a majority of employees and because the employee does not receive a personal benefit for the relocation expenses in the way he or she may for other perks.

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:

- "Double trigger" is required for any benefits to be paid;
- Automatic "single trigger" vesting of equity awards has been eliminated;
- 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., is retained by the Committee and performs no other services for the Company.

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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.

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:

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

Re-pricing (reduction in exercise price) of stock options

Cash buy-outs of underwater stock options

Inclusion of reload provisions in any stock option grant

Payment of dividends on performance shares before they are vested

Single trigger vesting of awards upon a change in control in which the awards are assumed or replaced

Share recycling for shares withheld for tax purposes upon vesting

Granting of more than 5% of the awards under the plan with a vesting period of less than one year

Committee discretion to accelerate vesting of awards, except under certain limited instances like death and disability

OBJECTIVES OF OUR EXECUTIVE COMPENSATION PROGRAM

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.
-

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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 reflects 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 "Committee Membership and Meetings 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 compensation 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. While our Chief Human Resources Officer coordinates its assignments, 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 compensation 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 to periodically review the compensation of our directors. In connection with our executive compensation program, the Compensation Consultant provides various services to the Committee, including 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.
-

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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 SEC and New York 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 of the Compensation Consultant for the Committee and the annual preparation of an executive compensation risk evaluation, 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 Compensation Consultant has periodically prepared 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 base salary changes for the coming year. The compensation surveys that we reviewed and, with the concurrence of the Compensation Consultant, 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.

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

- These companies are in the industries with which we currently compete for executive talent.
- Five of the companies are parent companies of direct competitors whose overall results are principally or significantly impacted by these competitors.
- Three of the 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, relevant size comparisons are possible.
- Six of the companies also named us a peer.
- One of the companies (Fidelity National Financial Inc.) 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, from which we calculated the percentile rank shown for MGIC.

MGIC Percentile Rank Among Ten-Company Peer Group

	2014	2015		
	CEO	CEO		
	Total	Total		
	Direct	Direct		
Revenue	Capitalization	Compensation	Compensation	
(\$	(\$	(\$	(\$	
millions)	millions)	thousands) ⁽²⁾	thousands) ⁽²⁾	
Peer Group				
75 th percentile	4,817	3,862	8,623	8,623
Median	1,680	2,399	7,686	7,686
25 th percentile	713	1,207	4,971	4,971
MGIC	1,053	2,999	6,283	6,112
MGIC Percentile Rank	39th	58th	39th	38th

(1) Revenues are for twelve months ended September 30, 2015, and market capitalization is as of December 31, 2015.

(2) Peer company compensation is for 2014 because in January 2016, that was the latest compensation data available for our peer group.

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The following table shows the Company's absolute Total Shareholder Return ("TSR") and its ranking relative to the ten companies in our peer group over the last one and three year time periods. We believe our above-average TSR performance reflects our improved capital position, our increased market share beginning in mid-2013 and lower losses from our books of business written in 2005-2008.

	Total Shareholder Return (TSR)	
	1-Year	3-Year
MGIC Annualized TSR	-5.3%	49.2%
Percentile Rank within Peer Group	62nd	100th

Source: Standard and Poor's *Capital IQ*

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During our 2014 and 2015 shareholder outreach efforts, our shareholders did not raise concerns about our peer group selection process.

Why we do not select our peer group primarily from companies within our GICS code

We are in the "Thriffs and Mortgage Finance Companies" eight-digit Global Industry Classification Standard code ("GICS code"). We do not select our peers primarily from the companies within this GICS code because, with few exceptions, those companies: (1) have substantially different business models from that of our Company, (2) are not subject to residential mortgage risk to the same extent that our Company and our peers are and (3) are not the companies with which we compete for executive talent. The U.S. mortgage insurance industry has only seven active companies and it does not have a unique GICS code. While four mortgage insurers, including our Company, are included in the "Thriffs and Mortgage Finance Companies" GICS code, substantially all of the other companies in our GICS code are community banks and other smaller lending institutions, not insurers. Two mortgage insurers are in the "Multi-line Insurance" GICS code and one is in the "Property and Casualty Insurance" GICS code.

In January 2016, the Compensation Consultant simulated a 24 company peer group employing the published peer group selection methodology used by a leading proxy advisory firm, which is expected to be similar to the peer group that firm will use when analyzing our 2016 Proxy Statement. We refer to this peer group as the "Expected Proxy Advisory Firm Peer Group." The Expected Proxy Advisory Firm Peer Group consisted of 22 companies in the Thriffs and Mortgage Finance Companies GICS code, one company in the Property and Casualty Insurance GICS code and one company in the Specialized Finance GICS Code. It included only two companies we had chosen as peers. We do not believe that comparisons to the Expected Proxy Advisory Firm Peer Group are appropriate for us because, according to the Compensation Consultant's analysis, we are not similar in size or market capitalization to the companies in that peer group: our revenues were in the 90th percentile of the Expected Proxy Advisory Firm Peer Group and our market capitalization was in the 96th percentile. In addition, we are not in a similar industry to most of the companies in the Expected Proxy Advisory Firm Peer Group. The 24 companies in the Expected Proxy Advisory Firm Peer Group include 19 community and regional banks. Our business is very different from community and regional banking.

The published material of the proxy advisory firm referred to above says the firm applies size constraints to select peer groups. We understand that companies in our GICS code are generally selected by the proxy advisory firm if they have total assets between 0.4 and 2.5 times our assets; companies in the Property and Casualty Insurance GICS code (which includes six of the companies we had chosen as peers) and companies in the Multi-line Insurance GICS code (which includes one company we had chosen as a peer) are selected if they have revenues between 0.4 and 2.5 times our revenues. Even if our GICS code were used to select a peer group, because we are an insurance company, revenues are a better metric for selection of a peer group than balance sheet assets. Unlike community and regional banks whose revenues are largely a function of assets on their balance sheets, our revenues are largely a function of our insurance in force, which is not on our balance sheet.

The Compensation Consultant also simulated a peer group using the published peer selection methodology of the proxy advisory firm, but using revenues rather than assets as the size constraint yardstick. The resulting peer group consisted of 24 companies, eight of which are in the Thriffs and Mortgage Finance Companies GICS code and 16 of which are in the Property and Casualty Insurance GICS code. While many of these companies are not in an industry similar to ours (this peer group included only four companies we had chosen as peers), we are much more similar in size to the companies in this simulated peer group: our revenues are in the 49th percentile and our assets are in the 53rd percentile of this simulated peer group. Our market capitalization is in the 91st percentile. Our CEO's 2015 SCT compensation had a much lower multiple of the median of the most recent available SCT compensation of the CEOs of this peer group than his compensation's multiple of the median CEO compensation of the Expected Proxy Advisory Firm Peer Group, which consisted primarily of community and regional banks that are much smaller than us.

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The database from which the Compensation Consultant drew the information to perform the simulations referred to above contained revenues for the twelve months ended September 30, 2015, assets as of September 30, 2015 and market capitalization as of November 30, 2015, and our percentile rankings are based on that information.

COMPONENTS OF OUR EXECUTIVE COMPENSATION PROGRAM

The following discussion describes the elements of our executive compensation program and contains information regarding certain performance measures and goals.

Base Salary

Base salaries provide NEOs with a fixed, minimum level of cash compensation. Our general philosophy is to target base salary range midpoints for our executive officers near the median levels of their counterparts in the peer group of companies discussed above under "Benchmarking MGIC-Selected Peer Group." In addition to reviewing market competitiveness, in considering any change to our CEO's compensation, including base salary, the Committee takes into account its evaluation of his performance, based in part on a CEO evaluation survey completed by each non-management director. The subjects covered by the evaluation include financial results, leadership, strategic planning, succession planning, external relationships and communications and relations with the Board. Base salary changes for our other NEOs are recommended to the Committee by the CEO. Historically, these recommendations have been the product of an evaluation of each executive officer's performance, including contributions to the Company, and the base salary surveys referred to under "Benchmarking MGIC-Selected Peer Group" above. The Committee approves changes in salaries for these officers after taking into account the CEO's recommendations and any independent judgment regarding the officer that the Committee has gained through the Committee's and the Board's contact with them.

Mr. Sinks became our Chief Executive Officer effective March 1, 2015 and, at that time, received an increase in base salary in connection with his promotion. Effective in late March 2015, each of our other NEOs received a 3% merit salary increase and Mr. Mattke received an additional increase to better align his base salary with his responsibilities as Chief Financial Officer. Effective in late March 2016, each NEO will receive between a 2 and 3% merit salary increase.

Incentive Programs

To ensure that it meets the objective of aligning compensation and shareholder interests, our executive compensation program includes an annual bonus program whose payout is tied to Company performance, and long-term equity awards whose vesting is based on Company performance and whose ultimate value is based on our stock price.

Annual Bonus

Maximum Bonus Opportunity. The Committee left unchanged the NEOs' maximum bonus opportunities for 2015 (3 times base salary in the case of the CEO, 2.25 times base salary in the case of the NEOs who are Executive Vice Presidents, and 1.80 times base salary in the case of the NEOs who are Senior Vice Presidents). Bonus opportunity represents a multiple of the base salary amount approved by the Committee that becomes effective in March of the year for which the bonuses are awarded. Such base salary amounts will not be the same as the base salary amounts disclosed in the SCT due to the effects of the March pay increases and variability in the number of pay periods in each calendar year. Based on our periodic assessment of peer compensation, we have determined that these maximum bonus opportunities are appropriate to meet our objective that when performance is strong, our bonus and long-term equity awards should move total direct compensation above the market median to reflect that higher performance. In addition, in determining the total direct compensation opportunity, the Committee has weighted bonus potentials more heavily than base salaries because bonuses are more directly linked to Company performance. For 2015, annual

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bonuses represented, on average, approximately 38% of the total direct compensation of our NEOs employed by the Company at year-end; annual bonuses and long-term equity awards represented 82% of that total direct compensation.

The following table shows how our CEO's 2014 maximum bonus opportunity and bonus, in each case as a percentage of base salary, compares to those of the CEOs in our ten-company peer group. 2014 comparisons are shown because this compensation data is the latest compensation data available from our peer group's proxy statements when this CD&A was finalized.

**MGIC Percentile Rank Among Ten-Company Peer Group
CEO Disclosed Maximum Bonus Opportunity and Actual Bonus Paid for 2014 as a Percent of Base Salary**

	Bonus Opportunity⁽¹⁾ (% of Base Salary)	2014 Bonus⁽²⁾ (% of Base Salary)
Peer Group		
25 th percentile	300%	110%
Median	325%	223%
75 th percentile	420%	351%
MGIC	300%	298%

(1) Of the ten peer companies, eight disclose a maximum bonus opportunity.

(2) Represents bonus and annual short-term cash incentive reported in the SCT.

Determination of 2015 Bonus. Our Omnibus Incentive Plan, approved by shareholders, contains a list of performance goals for an annual bonus plan for our NEOs that condition the payment of bonuses on meeting one or more of the listed goals as selected by the Committee each year. Compensation paid under a bonus plan of this type (which we refer to as a "162(m) bonus plan") is intended to qualify as deductible compensation, as discussed in more detail under "Other Aspects of Our Executive Compensation Program Tax Deductibility Limit" in this CD&A. Under the 2015 bonus plan, if the sum of the Expense Ratio and MGIC's Loss Ratio (the "Combined Ratio") on new business written is less than 40%, then the maximum bonus is paid, unless the bonus formula described below results in a lower amount.

The bonus formula for 2015 had five financial performance goals and four business performance goals. Each goal was assigned a weight. The financial performance goals had a collective weight of 75% in the bonus formula and the business performance goals had a collective weight of 25%. Threshold, target and maximum performance levels were established for each financial performance goal. Actual performance at such levels would result in 0%, 60% and 100% achievement, respectively, for that goal, with actual achievement calculated based on interpolation.

The Company's actual 2015 performance was compared to the threshold, target and maximum values and the resulting percentage was multiplied by the weight to determine a weighted score for each financial performance goal. For each business performance goal, the Committee reviewed management's written report of the Company's activities with respect to each goal and the related score, which was accepted by the Committee. In accordance with the bonus formula, the sum of the weighted financial performance goal scores was weighted 75% and the sum of the weighted business performance goal scores was weighted 25%.

Rigor of Our Bonus Targets. The table on page 39 shows the individual components of the bonus formula and how they were used in the bonus calculation. It also shows how the threshold, target and maximum performance levels for each financial performance goal compared to actual performance in each of 2013, 2014 and 2015. As discussed above and as shown in the table, 75% of our NEOs' bonuses are determined by comparing actual performance to the financial performance goals.

Pre-tax diluted earnings per share. The target performance level of \$0.78 for pre-tax diluted earnings per share was \$0.13 (20%) higher than the actual result for 2014 of \$0.65. However, we think the rigor of the 2015 target performance level should be evaluated by considering that it was \$0.38 (95%) higher than the 2014 actual result of \$0.40, calculated after excluding the effects of favorable "reserve development" in our year-end 2013 loss reserves (explained immediately below).

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Our loss reserves at the end of a period are our best estimate of what we will pay in claims and related expenses for loans we have insured that are in default at the end of the period. The factors that principally affect loss reserves are the percentage of loans in default that we estimate will eventually become claims, and the amount we estimate we will pay on such claims. Estimation of losses is inherently judgmental. The actual amount of the claim payments may be substantially different than our loss reserve estimates.

At year-end 2015 and 2014, loss reserves were 32% and 46%, respectively, of our total liabilities plus shareholders' equity. Because our loss reserves are such a large portion of our balance sheet, small differences in our estimates at a period-end compared to our estimates on the same loans in default at the prior period-end (we refer to this comparison as "reserve development") can materially affect our results.

The impact on pre-tax income from reserve development during the last five years is indicated in the table below.

Impact on pre-tax income (thousands)				
2011	2012	2013	2014	2015
\$99,000	(\$573,000)	\$60,000	\$100,000	\$110,000

Our 2015 forecast (which generally determined our target performance level) for pre-tax diluted earnings per share did not assume there would be any favorable reserve development in 2015 because our loss reserves at the prior year-end were our best estimate of how the loans in default will ultimately resolve. While during the last three years the reserves have developed better than we had estimated (which we refer to as "positive reserve development"), in 2012 they developed materially worse (which we refer to as "negative reserve development").

As noted above, our 2015 pre-tax diluted EPS target performance level was set at \$0.78, which was 95% above our 2014 pre-tax diluted EPS of \$0.40, calculated after excluding the effects of favorable reserve development in our year-end 2013 loss reserves. When the positive reserve development that occurred in 2013 is eliminated in the same way, our 2014 pre-tax diluted EPS target performance level of \$0.00 shown in our 2015 Proxy Statement was \$0.34 better than our 2013 pre-tax diluted EPS of (\$0.34).

Pre-tax diluted earnings per share calculated after excluding the effects of favorable reserve development is a non-GAAP financial measure. We present this non-GAAP financial measure as supplemental information to aid in understanding how we developed the forecast that became the basis for our target performance level in 2015. Following is a reconciliation for 2013 and 2014 of the GAAP financial measure, diluted income (loss) per share, to the non-GAAP financial measure, pre-tax diluted earnings per share calculated after excluding the effects of favorable reserve development.

	2013	2014
Diluted income (loss) per share	\$ (0.16)	\$ 0.64
Adjustment for Tax	0.01	0.01
Pre-tax diluted earnings per share	(0.15)	0.65
Adjustment for reserve development	(0.19)	(0.25)
Pre-tax diluted earnings per share calculated after excluding the effects of favorable reserve development	\$ (0.34)	\$ 0.40

Pre-tax return on beginning equity. Our 2015 pre-tax return on beginning equity target performance level was set at 30%, which is 9.2 percentage points above our 2014 pre-tax return on equity of 20.8%, calculated after excluding the effects of positive reserve development in 2014. The rigor of a 9.2 percentage point increase in this target performance level compared to 2014 results should also be evaluated by considering the much greater beginning equity on which the return must be earned: our equity at the beginning of 2015 of \$1.0 billion was 39% greater than the equity at the beginning of 2014.

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New insurance written. Our 2015 new insurance written target performance level was set at \$36.0 billion, which reflected our 2015 forecast and was 7.8% above our 2014 actual new insurance written of \$33.4 billion.

Calculation of 2015 Percent of Maximum Bonus

	Actual		Performance Levels			Actual 2015	Maximum Possible Score (Weight)	Score	Weighted Score
	2013	2014	Threshold	Target	Maximum				
<u>Financial Performance Goals:</u>									
Pre-tax Diluted EPS ⁽¹⁾	-\$0.15	\$0.65	\$0.28	\$0.78	\$0.94	\$1.18	30%	30	
Pre-tax Return on Equity ⁽²⁾	23.4%	34.2%	15.0%	30.0%	36.0%	47.0%	25	25	
New Insurance Written (bns) ⁽³⁾	\$29.8	\$33.4	\$32.0	\$36.0	\$40.0	\$43.0	15	15	
Loss Ratio ⁽⁴⁾	1.2%	2.2%	18.0%	10.0%	3.0%	1.5%	15	15	
Expense Ratio ⁽⁵⁾	18.6%	14.7%	21.0%	18.0%	16.0%	14.9%	15	15	
Total							100%	100	
Times: Total Weight of Financial Performance Goals							X 75%		75.0%
<u>Business Performance Goals:</u>									
Capital Position ⁽⁶⁾							25%	25	
Business Mix ⁽⁷⁾							25	20	
Succession Planning ⁽⁸⁾							25	25	
Regulatory / Legislative ⁽⁹⁾							25	20	
Total							100%	90	
Times: Total Weight of Business Performance Goals							X 25%		22.5%
Percent of Maximum Bonus									97.5%

- (1) Pre-tax net income adjusted for interest expense on dilutive common stock equivalents related to our convertible debt divided by weighted average shares of common stock outstanding plus dilutive common stock equivalents.
- (2) Pre-tax net income for the year divided by beginning of the year equity.
- (3) Flow new insurance written for the year.
- (4) Direct (before reinsurance) incurred losses divided by direct earned premiums, in both cases for MGIC's primary new insurance written for the 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."
- (5) Combined insurance operations underwriting expenses divided by net premiums written for the year.

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- (6) Manage capital position considering state requirements, the GSEs, and dilution, earnings and market impact.
- (7) Manage 2015 new insurance written by product, geography and customer to produce a short and longer-term desirable mix.
- (8) Develop and nurture a respected management organization with a clear path of succession throughout using best practice talent management efforts.
- (9) Manage the company's business franchise through dealings with federal and state regulatory agencies as well as the GSEs.

As a result of our outstanding performance for 2015, the bonus formula resulted in a preliminary bonus amount of 97.5% of the bonus opportunity for each NEO. The percentage of an executive's maximum possible bonus that was awarded was based primarily on that preliminary bonus amount, however, the Committee has discretion to decrease by as much as 20% or increase by as much as 10% the percentage awarded to a particular executive, subject to his or her maximum bonus opportunity. The Committee exercised its discretion to reduce the bonus of the CEO by 5.5 percentage points to 92% so that it would align with the weighted average bonus percentage of the senior officer group, which is a broader group than the NEOs.

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The following table illustrates how our CEO's bonus payout for the past five years has aligned with our income (loss) before tax and the Company's year-end stock price. We show income (loss) before tax, and not net income, for comparability purposes because our 2015 net income included a one-time benefit of \$687 million associated with the reversal of the valuation allowance that had previously offset our deferred tax assets.

	2011	2012	2013	2014	2015
CEO Bonus (% of Maximum)	28%	17%	75%	99%	92%
Income (Loss) Before Tax (millions)	\$ (484)	\$ (929)	\$ (46)	\$ 255	\$ 488
Year-end Stock Price	\$ 3.73	\$ 2.66	\$ 8.44	\$ 9.32	\$ 8.83

The CEO presents to the Committee a recommended bonus for each of the other NEOs, which takes account of the bonus formula and the CEO's evaluation of the NEO's job performance. The Committee, which generally has regular contact with the NEOs through their interaction with the Board, accepted the CEO's recommendation and approved bonuses for the other NEOs that on a weighted average basis were 95% of their maximum bonus opportunity. Mr. Lane's bonus opportunity eliminates the portion of his base salary attributable to a March 2010 increase that was part of an arrangement with him to continue in the employment of the Company.

Long-Term Equity Awards

Consistent with our belief that there should be a strong link between compensation and performance, long-term equity awards are intended to be one of the most significant total direct compensation opportunities, along with annual bonuses. We emphasize this component of our executive compensation program because it aligns executives' interests with those of shareholders by linking compensation to company performance and stock price. For 2015, long-term equity awards at their grant date value represented 51% of the total direct compensation of our CEO and, on average, 37% of the total direct compensation of our other NEOs employed by the Company at year-end.

Despite having outstanding operating results for 2015, our stock price has experienced significant declines since the 2015 awards were granted. Based on the closing price of our stock of \$5.66 on January 25, 2016 (the date on which the Committee met to grant long-term equity awards and approve bonuses), our CEO's long-term equity awards valued at \$3.1 million on the grant date in 2015 had decreased in value by \$1.2 million, or 19% of his total direct compensation. While the price of our stock had recovered some of this decline at the time this CD&A was finalized, in our view, this decrease nevertheless demonstrates the linkage between our CEO's compensation and shareholder return.

We have awarded approximately the same number of shares to our CEO and other NEOs during 2011-2016. The price of our stock was extremely volatile during this period; its closing price on the award dates in 2011, 2012, 2013, 2014, 2015 and 2016 was \$8.94, \$3.95, \$2.75, \$8.43, \$8.98 and \$5.66, respectively. Given the bounds of this price range, the Committee believed that reducing the number of shares when the price went up and increasing it when the price went down would not foster proper alignment with shareholders. Data provided to the Committee by the Compensation Consultant in January 2016 indicated that the long-term equity awards to our CEO in January 2014 and January 2015 were at approximately the 5th and 22nd percentiles, respectively, of the equity awards by our peer group to their CEOs in 2014; 2014 comparisons were used because in January 2016, this compensation data was the latest compensation data available from our peer group's proxy statements. To the extent our stock price changes materially in the future, the Committee will review the appropriateness of maintaining the current award levels.

As a result of feedback received from shareholders and others (see "Investor Outreach and Consideration of Last Year's 'Say on Pay' Vote"), and the Committee's view that our long-term incentive program should reflect our expectation of future profitable operations, we restructured the vesting goals for the long-term equity awards we granted in January 2015. Below is a discussion of the 2015 Long-Term Equity Award Program, followed by a discussion of the 2014 and 2013 Long-Term Equity Award Programs, which has been provided for comparison purposes and because a portion of the long-term equity awards granted in 2014 and 2013 vested in 2015.

Table of Contents**Long-Term Equity Awards 2015 Program**

2015 Performance-Based Long-Term Equity Awards – BV (Book Value) Awards. The vesting goals for performance-based equity awards granted to NEOs beginning in 2015 were changed in response to feedback that our three-year awards granted in 2014 and earlier used annual (not cumulative) measurements to determine vesting and that our long-term performance-based equity awards used vesting goals similar to those used by the 2013 and earlier annual bonus programs to determine payouts. In addition, the changes reflect the progress made in the mortgage insurance industry since the financial crisis began and the Company's return to profitability as well as an effort to simplify the program.

BV Awards represent 80% of the long-term equity awards granted in January 2015 to the CEO and NEOs who were Executive Vice Presidents and 60% of the awards to NEOs who were Senior Vice Presidents. Subject to the Company having a Combined Ratio of less than 40% in the applicable measurement year, vesting for these awards will occur over a three-year period, based on achievement of a three-year cumulative goal for growth in adjusted book value per share. Partial vesting may occur annually (up to a maximum of $\frac{1}{3}$ for the first year and $\frac{2}{3}$ for the first and second years combined) based on progress against the three-year cumulative goal. The vesting structure of the BV Awards will motivate executive officers to improve our multi-year financial performance. Adjusted book value per share is calculated excluding the effects on shareholders' equity of deferred tax assets and accumulated other comprehensive income ("AOCI"). Adjusted book value was chosen as the vesting goal in part because of its simplicity and relevance to management and investors. The Committee believes it is important to adjust book value per share by eliminating the effects of (1) the large increase in shareholders' equity that was expected to (and did) accompany the reversal of the valuation allowance that offsets deferred tax assets, and (2) items in AOCI because they do not and may never flow through the income statement, such as unrealized amounts associated with mark-to-market adjustments on investments, benefit plan adjustments and foreign currency translation income and loss.

The following table shows the recent growth in adjusted book value per share, the three-year cumulative goal for vesting of the 2015 BV Awards, the 2015 growth in adjusted book value per share, and the resulting vesting percentage for the awards that vested in March 2016. The 3-year cumulative goal for 2015 equity awards was 51% higher than three times the growth achieved in 2014.

2013 Actual ⁽¹⁾	Growth in Book Value per Share 2015 Equity Awards 3-year Cumulative			2015 Actual	Vesting %
	2014 Actual	Goal			
\$(0.28)	\$0.75	\$3.39		\$1.21	33.3%

(1) 2013 Growth in Book Value per Share excludes the effect of the public offering of the Company's common stock in March 2013.

For long-term equity awards granted in January 2016, the Committee determined that the three-year cumulative goal for growth in book value per share should reflect 10% annual growth in net income during this period (assuming a 35% tax rate applied to 2015 pre-tax income).

2015 Other Long-Term Equity Awards – CR (Combined Ratio) Awards. The remaining 20% of the long-term equity awards granted in January 2015 to the CEO and NEOs who were Executive Vice Presidents, and 40% of the awards to NEOs who were Senior Vice Presidents, vest through continued service during a three-year performance period, if the Combined Ratio is less than 40%. The Committee adopted performance goals for these awards to further align the interests of our NEOs with shareholders and to permit the awards to qualify for the performance-based compensation exception under Section 162(m) of the Internal Revenue Code. See "Other Aspects of Our Executive Compensation Program – Tax Deductibility Limit" in this CD&A. One-third of the CR Awards are scheduled to vest in each of the three years after they are granted. However, if any of the CR Awards that are scheduled to vest in any year do not vest because we fail to meet the applicable performance goal, the award will remain eligible for vesting if we meet the applicable performance goal in a future year, except that any of the award that has not vested after five years will be forfeited. With respect to all of these awards, dividends are not paid currently, but when awards vest, a payment is made equal to the dividends that would have been paid had those vested awards been entitled to receive current dividends. We do not anticipate paying dividends in the foreseeable future.

For 2015, the Expense Ratio was 14.9% and MGIC's Loss Ratio was 1.5%. Therefore, we met our Combined Ratio performance goal because the Combined Ratio was 16.4%, which is less than the Combined Ratio performance goal and as a result, the portions of the 2015 awards that were scheduled to vest in February 2016 did vest.

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Long-Term Equity Awards 2014 and 2013 Programs

2014 and 2013 Performance-Based Long-Term Equity Awards — LEM (Loss Ratio, Expense Ratio, Market Share) Awards. Vesting for 80% of our 2014 and 2013 long-term equity awards to our then-NEOs depended on actual performance for each year in the three-year performance period beginning with the year of the grant against goals for MGIC's Loss Ratio, our Expense Ratio, and MGIC's Market Share of flow new insurance written. The Committee adopted those performance goals because it believed that more typical earnings goals were inappropriate during the financial crisis and that the goals chosen were appropriate because they are the building blocks of our results of operations. That is, the Loss Ratio measures the quality of the business we write; the Expense Ratio measures how efficiently we use our resources; and the Market Share measures not only our success at generating revenues, but also the extent to which we are successful in leading our industry. The three performance goals were equally weighted for vesting purposes and each was assigned a Threshold, Target and Maximum performance level.

Vesting for awards granted in 2014 was determined in February 2015 and February 2016 and will be determined in February 2017 based on performance during the prior year. Vesting for awards granted in 2013 was determined in February of each of 2014, 2015 and 2016.

For 2015, MGIC's Loss Ratio was 1.5% (which was better than the Maximum performance level for the 2013 and 2014 grants), the Expense Ratio was 14.9% (which was also better than the Maximum performance level for the 2013 and 2014 grants), and Market Share was 20.0% (which was between the Target and Maximum performance levels for the 2013 grants and at maximum for the 2014 grants). As a result, in March 2016, 31.5% of the performance-based equity awards granted in 2013 to the then-NEOs vested and 33.3% of the performance-based equity awards granted in 2014 to the then-NEOs vested. Of the equity awards granted to the then-NEOs in 2013 (for which the three-year performance period ended December 31, 2015), 12.6% were forfeited.

2014 and 2013 Other Long-Term Equity Awards — CR (Combined Ratio) Awards. Except as described below, 20% of our 2014 and 2013 long-term equity awards to our then-NEOs were CR Awards similar to those granted in 2015 and described above. For equity awards granted in 2014 and 2013, vesting was contingent on the sum of the Expense Ratio and MGIC's Loss Ratio (the "combined ratio performance goal") being less than 40% and 50%, respectively. Mr. Mattke was not an NEO in 2013 and Messrs. Chi and Hughes were not NEOs in 2013 or 2014, therefore, this performance goal did not apply to the awards granted to them in those years.

For 2015, the Expense Ratio was 14.9% and MGIC's Loss Ratio was 1.5%. Therefore, we met our combined ratio performance goal for each of the 2014 and 2013 CR Awards because the combined ratio was 16.4%, which is less than the combined ratio performance goal for each of those CR Awards and as a result, the portions of such awards that were scheduled to vest in February 2016 did vest.

Pension Plan

Our executive compensation program includes a qualified pension plan and a supplemental executive retirement plan. We believe retirement plans of this type are an important element of a competitive compensation program. These plans compute retirement benefits based only on current cash compensation (salary and annual bonus) and therefore do not include longer-term incentives that can result in substantial increases in pension value. We also offer a broad-based 401(k) plan to which we make contributions in cash. A description of our pension plan and the changes made to the pension plan effective January 2014, can be found following the table titled "Pension Benefits at 2015 Fiscal Year-End" in "Compensation and Related Tables" below.

Perquisites

As with prior years, the 2015 perks we provided to our NEOs were a small part of each officer's total compensation, ranging between approximately \$400 and \$2,600 (excluding relocation expenses). The 2015 perks included club dues and expenses, the costs associated with a medical examination that are not covered by our medical plan, a covered

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parking space at our headquarters and relocation expenses. We believe our perks are very modest and consistent with our desire to avoid an entitlement mentality.

Although we are required by SEC rules to disclose payment of relocation expenses as a perk, we do not view such payment as an executive perk because our relocation program is a broad-based benefit plan available to a majority of employees and because the employee does not receive a personal benefit for the relocation expenses in the way he or she may for other perks.

OTHER ASPECTS OF OUR EXECUTIVE COMPENSATION PROGRAM

No Employment Agreements

Our named executive officers, including our CEO, do not have employment agreements other than those discussed below that become effective upon a change in control.

Stock Ownership by Named Executive Officers

Stock Ownership Guidelines. We have stock ownership guidelines for our executive officers to encourage them to maintain an ownership interest in the Company and to mitigate potential risks from incentive arrangements. Stock considered owned consists of shares owned outright by the executive (including shares in the executive's account in our 401(k) plan), and unvested restricted stock and restricted stock units scheduled to vest within one year (assuming ratable vesting over the performance period). Each of our NEOs meets his individual stock ownership guideline. The table below shows the guidelines, shares considered owned as of December 31, 2015 for purposes of the guidelines, and the multiple of base salary represented by that ownership for Mr. Sinks and the average for all other NEOs.

	Actual Ownership as a Multiple of Base Salary			
	Actual Guideline (# of shares)	Ownership (# of shares)	As of 12/31/15 and at 12/31/15 closing price per share	As of 1/25/16 and at 1/25/16 closing price per share
Patrick Sinks	100,000	941,750	10.8 × salary 4.6 (wtd avg) × salary	6.9 × salary 3.0 (wtd avg) × salary
Average of Other NEOs	50,000	238,408		

Equity Holding Post-Vesting Requirement. A portion of equity awards granted to our NEOs, other executive officers and our chief accounting officer, must not be sold for one year after vesting. The number of shares that must not be sold is the lower of 25% of the shares that vested and 50% of the shares that were received by the officer after taking account of shares withheld to cover taxes. The holding period may end before one year if the officer is no longer required to report their equity transactions to the SEC. The holding period does not apply to involuntary transactions, such as would occur in a merger, and for certain other dispositions.

Excluding shares withheld from equity awards for income tax withholding, none of our NEOs had sold any of our stock while an NEO since April 2006.

Hedging and Pledging Prohibitions

Under our hedging policy, our directors, NEOs, other executive officers and chief accounting officer may not enter into hedging transactions designed to hedge or offset a decrease in the value of the Company's equity securities. For these purposes, the Company's equity securities include, but are not limited to, vested and unvested restricted stock units and company stock held directly or indirectly. Under our pledging policy, our directors, NEOs, other executive officers and chief accounting officer may not hold Company securities in a margin account or pledge Company securities as collateral for a loan.

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"Clawback" Policy

Under our "clawback" policy, the Company will seek to recover, to the extent the Committee deems appropriate, from any executive officer and the chief accounting officer, amounts associated with cash incentive compensation that was earned and equity awards that vested based on achievement of a performance goal if a subsequent financial restatement shows that such compensation should not have been paid.

Retention Considerations

Retention considerations affected the Committee's decisions regarding the 2015 compensation we paid to our NEOs who were employed as of December 31, 2015. Our industry has undergone a fundamental shift following the mortgage crisis: long-standing competitors have gone out of business and the industry has three recent entrants, including two recently capitalized start-ups that are not encumbered with a portfolio of pre-financial crisis mortgages and one mortgage insurer where customer focus was significantly expanded following its acquisition by a worldwide insurer and reinsurer. Former executives from other mortgage insurers have joined the recent entrants. Our success depends, in large part, on the skills, working relationships and continued services of our management team and other key personnel. The unexpected loss of key personnel, whether to competitors or retirement, could adversely affect the conduct of our business. (Our reinsurance transactions recognize the importance of our NEOs by giving the reinsurers the right under certain circumstances to terminate the transactions if during any six month period two or more officers with positions of Executive Vice President or higher leave and their replacements are objected to by the reinsurers.) If we were to unexpectedly lose our key personnel, we may be required to search for and recruit other personnel to manage and operate the Company, and there can be no assurance that we would be able to employ a suitable replacement for the departing individuals, or that a replacement could be hired on terms that are favorable to us. Long-term equity award vesting over a three year period also serves as a meaningful retention tool. The Company currently has not entered into any employment agreements with our officers or key personnel other than those that become effective upon a change in control.

Change in Control Provisions

Each of our NEOs is a party to a Key Executive Employment and Severance Agreement with us (a "KEESA"), as described in the section titled "Potential Payments Upon Termination or Change-in-Control – Change in Control Agreements" below. No executive officer has an employment or severance agreement, other than these agreements. The period for which our KEESAs provide employment protection ends on the third anniversary of the date of a change in control. Our KEESAs provide for a cash termination payment in two lump sums (or one lump sum if neither the Company nor any affiliate's stock is publicly traded) only after both a change in control and a specified employment termination (a "double trigger"). Until we changed our KEESAs in 2014, they provided for vesting of all equity awards upon a change in control regardless of any employment termination (a "single trigger"). In 2014, we adopted a double trigger for such vesting because we believe that double trigger agreements avoid payment of change in control vesting compensation to an executive whose employment circumstances have not materially changed despite the change in control.

The agreements for our equity awards made in January 2016 under our new 2015 Omnibus Incentive Plan provide that the equity will not vest upon a change in control if the Committee reasonably determines in good faith prior to the occurrence of the change in control that the awards will be assumed or replaced by the employee's employer immediately following the change in control with an alternative award meeting specified requirements. Our 2015 equity award agreements for awards made under our prior Plan provided that outstanding equity awards will automatically vest only upon a double trigger event and our prior equity award agreements provided that outstanding equity awards would become fully vested at the date of a change in control.

Our KEESAs were also modified in 2014 to remove the gross-up by the Company for excise tax payments resulting from payments upon a change in control. For participants with KEESAs effective on or after October 23, 2014, and/or who have reached age 62, payments under the KEESAs or under any other agreement with or plan of the Company are capped by reducing such payments to an amount that will not trigger payment of federal excise taxes on such payment.

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For participants with KEESAs effective before October 23, 2014, and who are younger than age 62, payments under the KEESAs or under any other agreement with or plan of the Company are similarly reduced only if the resulting after-tax value to the participant of the total payments upon a change in control is greater than the after-tax value to the participant if the cash payments were not so reduced with the participant responsible for the excise taxes.

For additional information about our KEESAs, see "Compensation and Related Tables – Potential Payments Upon Termination or Change-in-Control – Change in Control Agreements" below.

No Stock Option Repricing

Our 2011 Omnibus Incentive Plan and our 2015 Omnibus Incentive Plan both prohibit the repricing of stock options, either by amending existing options to lower the exercise price, by granting new options having a lower exercise price in exchange for outstanding options having a higher exercise price or replacing underwater options with cash or other securities, unless such re-pricing is approved by shareholders.

Tax Deductibility Limit

Under Section 162(m) of the Internal Revenue Code, certain compensation in excess of \$1 million paid during a year to any of the NEOs (other than the CFO) for that year is not deductible. Although the rules governing these requirements are complex, we believe that all of our compensation for 2015 qualifies as tax-deductible. However, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and related regulations, and the fact that such regulations and interpretations may change from time to time (with potentially retroactive effect), there is no certainty that compensation intended by the Committee to satisfy the requirements for deductibility under Section 162(m) will be deductible. In addition, the Committee may determine to administer our compensation programs in the future in a manner that does not satisfy the requirements of Section 162(m) of the Internal Revenue Code in order to achieve a result that the Committee determines to be appropriate.

In making decisions about executive compensation, we also consider the impact of other regulatory provisions, including the provisions of Section 409A of the Internal Revenue Code regarding non-qualified deferred compensation and the change in control provisions of Section 280G of the Internal Revenue Code.

Process for Approving Compensation Components

The Committee's practice for many years has been to make equity awards and approve new salaries and bonuses, if any, at its meeting in late January, which normally follows our announcement of earnings for the prior year. The Committee also may approve changes in compensation at other times throughout the year.

The Committee has not adjusted executive officers' future compensation based upon amounts realized or forfeited pursuant to previous equity awards.

COMPENSATION COMMITTEE REPORT

Among its other duties, the Management Development, Nominating and Governance Committee assists the oversight by the Board of Directors of MGIC Investment Corporation's executive compensation program, including approving corporate goals relating to compensation for the CEO and senior officers, evaluating the performance of the CEO and determining the CEO's annual compensation and approving compensation for MGIC Investment Corporation's other senior executives.

The Committee reviewed and discussed with management the foregoing Compensation Discussion and Analysis. Based upon this review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in MGIC Investment Corporation's Proxy Statement for its 2016 Annual Meeting of Shareholders and its Annual Report on Form 10-K for the year ending December 31, 2015.

Members of the Management Development, Nominating and Governance Committee:

Kenneth M. Jastrow, II, Chairman
Cassandra C. Carr
Donald T. Nicolaisen

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The following provides certain information about the compensation of our named executive officers in 2013 through 2015. Other tables that follow provide more detail about the specific types of compensation.

Name and Principal Position	Year	Salary (\$)	Bonus⁽¹⁾ (\$)	Stock Awards⁽²⁾ (\$)	Non-Equity Incentive Plan Compensation⁽¹⁾ (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings⁽³⁾ (\$)	All Other Compensation⁽⁴⁾ (\$)	Total (\$)
Patrick Sinks	2015	769,331	-	3,143,000	2,200,000	455,612	14,600	6,582,543
President and Chief Executive Officer	2014	618,623	-	1,519,288	1,360,000	949,765	14,350	4,462,026
Timothy Mattke ⁽⁵⁾	2013	600,639	1,025,000	556,600	-	-	9,100	2,191,339
Executive Vice President and Chief Financial Officer	2015	464,231	-	1,077,600	1,096,900	101,070	14,600	2,754,401
Gregory Chi ⁽⁵⁾	2014	327,697	-	828,703	755,000	130,869	14,350	2,056,619
Senior Vice President Info. Services	2015	303,923	-	395,120	440,600	147,744	14,600	1,301,987
James Hughes ⁽⁵⁾	2015	257,381	-	395,120	448,700	88,843	46,139	1,236,183
Senior Vice President Sales & Bus. Development	2015	797,600	-	1,077,600	1,129,800	238,920	14,600	3,258,520
Jeffrey Lane	2014	774,362	-	828,703	1,200,000	717,037	14,350	3,534,452
Executive Vice President and General Counsel	2013	751,823	925,000	303,600	-	-	9,100	1,989,523
Curt Culver ⁽⁶⁾	2015	168,404	-	-	-	-	320,819	489,223
Chairman and Former Chief Executive Officer	2014	966,354	-	2,417,050	2,900,000	1,733,450	14,350	8,031,204
	2013	937,854	2,125,000	885,500	-	64,665	9,100	4,022,119

(1)

Our 2015 bonus program is described in "Compensation Discussion and Analysis – Our 2015 Executive Compensation – Annual Bonus" above. The percentage of the maximum bonuses paid was calculated based on a formula which compares actual financial performance to threshold, target and maximum performance achievement levels for five different performance goals (each with specific weights and in total weighted 75%) and a subjective assessment of performance against four different business goals (each with the same weight and in total weighted 25%). Our 2014 bonus program was structurally similar to the 2015 bonus program. All goals for the 2015 and 2014 bonus programs were considered and approved by the Management Development, Nominating and Governance Committee. Because the 2015 and 2014 bonus programs were principally based on objective performance goals, the amounts earned are shown in the Non-Equity Incentive Plan Compensation column above.

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Our 2013 bonus program provided that if a performance target was met, then the Committee could exercise discretion to make a subjective determination of bonuses based on an assessment of several performance criteria. No specific targets or weightings were established for any of the bonus criteria for 2013, and the amounts earned are accordingly shown in the Bonus column above.

(2)

Our stock awards are granted under programs described in "Compensation Discussion and Analysis - Long-Term Equity Awards" above. The amounts shown in this column represent the grant date fair value of the restricted equity awards granted to named executive officers in the years shown, computed in accordance with FASB ASC Topic 718. The fair value of restricted equity is based on the closing price of our Common Stock on the New York Stock Exchange on the date of grant. The vesting of all of the awards represented in this column is subject to our meeting certain performance conditions. In accordance with the rules of the

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SEC, all of the figures in this column represent the value at the grant date based upon the probable outcome of the applicable performance conditions as of the grant date. If the full value of the applicable awards for 2015, 2014 and 2013 were shown, assuming the highest levels of the applicable performance conditions were achieved, rather than an amount based upon the probable outcome of the applicable performance conditions, then the amounts shown would have been:

Name	2015	2014	2013
Patrick Sinks	\$ 3,143,000	\$ 1,854,600	\$ 605,000
Timothy Mattke	1,077,600	1,011,600	See Note ⁽⁵⁾
Gregory Chi	395,120	See Note ⁽⁵⁾	See Note ⁽⁵⁾
James Hughes	395,120	See Note ⁽⁵⁾	See Note ⁽⁵⁾
Jeffrey Lane	1,077,600	1,011,600	330,000
Curt Culver	-	2,950,500	962,500

(3)

The Company does not maintain a nonqualified deferred compensation plan for its employees. The amounts shown in this column reflect, if positive, the sum of (a) the aggregate change in present value of accumulated pension benefits during such year pursuant to our Pension Plan and our Supplemental Executive Retirement Plan ("SERP") when retirement benefits are also provided under the SERP, and (b) in-service distributions the named executive officer received from our SERP during the year. For 2015, such sum was negative \$8,635,783 for Mr. Culver, as post-retirement distributions he received more than offset increases in the present value of accumulated pension benefits. For 2013, such sum was negative for: Mr. Sinks \$38,279; and Mr. Lane \$69,159. The aggregate change in present value of accumulated pension benefits is the difference between (a) the present value of the annual pension payments that the named executive officer would be entitled to receive beginning at age 62, or current age if older than 62, and continuing for his life expectancy determined at the end of the year shown and by assuming that the officer's employment with us ended on the last day of that year shown, and (b) the same calculation done as if the officer's employment had ended one year earlier.

For all years shown, the change in the present value of accumulated pension benefits between years represents the net result of (a) the officer being one year closer to the receipt of the pension payments, which generally means the present value is higher, and the annual pension payment is higher due to the additional benefit earned because of one more year (in the retirement year of Mr. Culver, a partial year) of employment; (b) except for Mr. Culver in 2015, a change in actuarial assumptions used to calculate the benefit, primarily changes in the discount rate used to calculate the present value at the end of each of those years; (c) a decrease for the effect of distributions that the named executive officers received; (d) an increase for in-service distributions the named executive officer received from our SERP; and (e) for Mr. Culver, the effects of the actual benefit elections made upon retirement. For each named executive officer, the change for 2015, 2014 and 2013 consists of:

Name	2015		2014		2013	
	Change in Actuarial Assumptions	Change Due to Other Factors	Change in Actuarial Assumptions	Change Due to Other Factors	Change in Actuarial Assumptions	Change Due to Other Factors
Patrick Sinks	\$ (200,769)	\$ 656,381	\$ 482,826	\$ 466,939	\$ (324,117)	\$ 285,838
Timothy Mattke	(47,985)	149,055	71,878	59,291	See Note ⁽⁵⁾	See Note ⁽⁵⁾
Gregory Chi	(29,433)	177,177	See Note ⁽⁵⁾	See Note ⁽⁵⁾	See Note ⁽⁵⁾	See Note ⁽⁵⁾
James Hughes	(96,255)	185,098	See Note ⁽⁵⁾	See Note ⁽⁵⁾	See Note ⁽⁵⁾	See Note ⁽⁵⁾
Jeffrey Lane	(138,269)	377,189	405,696	311,341	(227,958)	158,799
Curt Culver ⁽⁶⁾	-	(8,635,783)	918,204	815,246	(608,358)	\$ 673,023

See Note 13 of the Notes to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ending December 31, 2015 for additional information regarding the assumptions made in arriving at these amounts.

See information following the table titled "Pension Benefits at 2015 Fiscal Year-End" below for a summary of our Pension Plan and our SERP.

(4)

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Amounts in this column for 2015, other than for Messrs. Hughes and Culver, consist of matching 401(k) contributions and discretionary retirement plan contributions.

Amounts in this column for 2015 for Mr. Hughes include the following: matching 401(k) contributions and discretionary retirement plan contributions \$14,600; parking subsidy; executive physical; relocation expenses in the amount of \$26,767 and associated tax gross-up of \$3,812 for taxable relocation amounts.

Amounts in this column for 2015 for Mr. Culver include the following: matching 401(k) contributions and discretionary retirement plan contributions \$14,600; continued group health coverage to be provided until Mr. Culver reaches age 65 \$7,050; and

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compensation received for service as a director after he retired from his position as our CEO \$299,169, which is composed of fees earned or paid in cash of \$208,333 and stock awards of \$90,836. The amount of the stock awards represents the grant date fair value, computed in accordance with FASB ASC Topic 718, of the pro rata share of the annual share unit award granted to non-management directors in 2015 under our Deferred Compensation Plan for Non-Employee Directors, such pro rata share based on the time in the settlement period that Mr. Culver served as a non-management director. 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. In recognition of Mr. Culver's long-time service as our Chairman and Chief Executive Officer, we made a contribution of \$100,000 to a charity that he designated. This contribution was not solicited by Mr. Culver, was not made under any agreement with Mr. Culver and is not included in the table.

(5) No compensation data is provided for years prior to Messrs. Mattke, Chi and Hughes becoming a "named executive officer."

(6) Mr. Culver retired in 2015.

2015 Grants of Plan-Based Awards

The following table shows the grants of plan-based awards to our named executive officers in 2015.

Name	Type of Award	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards ⁽¹⁾			Estimated Future Payouts Under Equity Incentive Plan Awards			Grant Date Fair Value of Stock and Option Awards ⁽²⁾
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	
Patrick Sinks	Other ⁽³⁾	1/26/15				0	70,000	70,000	628,600
	Performance Based ⁽⁴⁾	1/26/15	0	1,440,000	2,400,000	0	280,000	280,000	2,514,400
Timothy Mattke	Other ⁽³⁾	1/26/15				0	24,000	24,000	215,520
	Performance Based ⁽⁴⁾	1/26/15	0	675,000	1,125,000	0	96,000	96,000	862,080
Gregory Chi	Other ⁽³⁾	1/26/15				0	17,600	17,600	158,048
	Performance Based ⁽⁴⁾	1/26/15	0	330,480	550,800	0	26,400	26,400	237,072
James Hughes	Other ⁽³⁾	1/26/15				0	17,600	17,600	158,048
	Performance Based ⁽⁴⁾	1/26/15	0	283,380	472,300	0	26,400	26,400	237,072
Jeffrey Lane	Other ⁽³⁾	1/26/15				0	24,000	24,000	215,520
	Performance Based ⁽⁴⁾	1/26/15	0	679,050	1,131,750	0	96,000	96,000	862,080

(1) Our Non-Equity Incentive Awards are described in "Annual Bonus" in our Compensation Discussion and Analysis above.

(2) All of the figures in this column represent the value of stock unit awards at the grant date based upon the probable outcome of the applicable performance conditions as of the grant date. The grant date fair value is based on the New York Stock Exchange closing

price on the day the award was granted.

- (3) These are the CR Awards described in "2015 Other Long-Term Equity Awards - CR (Combined Ratio) Awards" in our Compensation Discussion and Analysis above.
- (4) For Equity Incentive Plan Awards, these are the BV Awards described in "2015 Other Long-Term Equity Awards - BV (Book Value) Awards" in our Compensation Discussion and Analysis above.

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The following table shows our named executive officers' equity awards outstanding on December 31, 2015.

Equity Incentive Plan Awards

Name	Number of Shares or Units of Stock That Have Not Vested ⁽¹⁾	Market Value of Shares or Units of Stock That Have Not Vested ⁽²⁾	Number of Unearned Shares, Units or Other Rights That Have Not Vested ⁽³⁾	Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ⁽²⁾
	(#)	(\$)	(#)	(\$)
Patrick Sinks	-	-	570,002	5,033,118
Timothy Mattke	5,868	51,814	204,283	1,803,819
Gregory Chi	17,602	155,426	61,531	543,319
James Hughes	9,600	84,768	53,563	472,961
Jeffrey Lane	-	-	240,000	2,119,200
Curt Culver ⁽⁴⁾	-	-	350,001	3,090,509

(1) Consists of restricted equity granted to Mr. Mattke in 2013 and to Messrs. Chi and Hughes in 2013 and 2014, prior to each of them becoming a named executive officer. The 2013 awards were granted on January 28, 2013, and the 2014 awards were granted on January 27, 2014. These awards vest in February in each of the first three years following the grant dates and are not subject to performance targets.

(2) Based on the closing price of the Common Stock on the New York Stock Exchange at 2015 year-end, which was \$8.83.

(3) Consists of:

(a) Performance-based restricted equity granted January 28, 2013; January 27, 2014; and January 26, 2015 (other than to Mr. Culver) that will vest in February or March in each of the first three years following the grant dates if we meet certain performance targets (with the vesting amounts, if any, dependent upon our performance).

Vesting for the awards granted in 2015 will occur based on achievement of a three-year cumulative goal for growth in adjusted book value per share. For more information, see "2015 Performance-Based Long-Term Equity Awards - BV (Book Value) Awards" in our Compensation Discussion and Analysis above. The 2015 awards are reported in the table titled "2015 Grants of Plan-Based Awards" above. Vesting for the awards granted in 2014 and 2013 will occur based on achievement of three performance goals. The 2014 awards were similar to the 2013 awards, except that the threshold, target and maximum performance levels for each goal were changed for the 2014 awards. For more information, see "2014 and 2013 Performance-Based Long-Term Equity Awards - LEM (Loss Ratio, Expense Ratio, Market Share) Awards" in our Compensation Discussion and Analysis above.

(b) Other restricted equity granted January 28, 2013 (other than to Messrs. Mattke, Chi and Hughes), January 27, 2014 (other than to Messrs. Chi and Hughes); and January 26, 2015 (other than to Mr. Culver); in each case, one-third of the units awarded will vest in February in each of the first three years following the grant dates if we meet certain performance targets.

The awards that do not vest in a particular year because actual performance is less than target performance in that year may vest in following years. See "2015 Other Long-Term Equity Awards - CR (Combined Ratio) Awards" and "2014 and 2013 Other Long-Term Equity Awards - CR (Combined Ratio) Awards" in our Compensation Discussion and Analysis above for information about vesting of these awards.

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The number of units that are included in this column is a representative number of units that would vest based on performance for the last completed year (2015), or if the payout is based on performance to occur over more than one year, the last completed fiscal years over which performance is measured.

(4)

Mr. Culver retired and was not granted restricted equity in 2015.

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2015 Option Exercises and Stock Vested

The following table shows the vesting of grants of plan based stock awards to our named executive officers in 2015. There were no options exercised in 2015.

Stock Awards