

**THE PMI GROUP, INC.**  
1201 North Orange Street, Suite 800  
Wilmington, DE 19801

December 6, 2016

Dear Stockholders:

I want to update you on the positive progress The PMI Group, Inc. (“PMI”) has made since our last communication with you in May 2015. Throughout 2015 and 2016, PMI has continued to pursue the principal goals set out upon emergence from plan of reorganization in 2013 which were to: (i) resolve the remaining claims and complete the bankruptcy process, (ii) pursue strategic transactions to maximize value to stockholders and (iii) prosecute a claim arising from a breach of contract that arose with respect to a pre-bankruptcy transaction.

I am happy to report that we have successfully completed our first goal. Since emerging from bankruptcy, PMI has served as disbursing agent pursuant to PMI’s Plan of Reorganization and has made total distributions to claimholders of \$188.8 million and 2,074,441 common shares, currently constituting all of PMI’s outstanding stock. On June 16, 2015, the Bankruptcy Court issued a final decree and order finding that PMI had fulfilled all of its obligations under its plan of reorganization and releasing PMI from any further obligation thereunder.

With respect to the second goal, we are again very happy to report that in August 2015, PMI entered into a series of transactions in conjunction with the acquisition by a fund affiliated with Blackstone Tactical Opportunities (“Blackstone”) of 764,542 common shares of PMI from another shareholder. Blackstone agreed to provide PMI with a loan of up to \$8 million for working capital needs in exchange for warrants and certain other rights as discussed in our December 31, 2015 audited financial statement. PMI will be using the funds and the support of Blackstone to further pursue strategic transactions to maximize value for stockholders.

Lastly, we are also happy to report on the recent settlement of the breach of contract claim against QBE Holdings (AAP) PTY Limited (“QBE”). As we discussed with you previously, we filed a lawsuit against QBE in Australia in the spring of 2014 alleging a breach of contract claim arising from a transaction that occurred several years prior to PMI’s bankruptcy (the “QBE Litigation”). The case proceeded to trial in May 2016. During June 2016, PMI was notified that the Australian Court ruled in favor of QBE dismissing the action and awarding QBE costs with respect to this litigation. PMI filed a notice of appeal with the Australian Court shortly thereafter. On August 18, 2016, PMI and QBE entered into an agreement with respect to the settlement of the litigation with QBE, which provided that QBE would pay in full and final settlement of the claim AUD 3,300,000 (approximately \$2,516,000), that each of PMI and QBE would be responsible

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for their own costs incurred in connection with the claim and QBE would agree to the release to PMI of AUD 930,000, plus interest, (approximately \$724,000) posted as security for QBE's costs incurred in the defense of the claim. In addition, the parties agreed to release and discharge each other from any and all claims related to the matter.

Another item of note is that we have been working diligently to set up a company website to provide our stockholders with our up to date information . We anticipate that our website will go live in early 2017.

We anticipate PMI's current resources will allow it to operate under its current governance structure through the next twelve months if no significant unbudgeted costs arise. Nevertheless lack of financial resources may cause us to delay and/or abandon certain aspects of our business strategy and we may be unable to pursue corporate opportunities to their most desirable conclusion. However, we will continue to work to maximize our limited resources to create value for our stockholders.

PMI's annual stockholders meeting will be held at the offices of Accordion Partners, 31 West 52nd Street, 16th Floor, New York, NY 10019 on January 6, 2017 at 9:00 a.m. Eastern time. We encourage your attendance in person or participation by proxy if you are unable to attend. Accompanying this letter is a Notice of Annual Meeting of Stockholders, a proxy card and our audited financial statements for the year ended December 31, 2015.

Sincerely,

John Brecker  
Chairman of the Board