

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

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MAY 27, 2015**

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**TO OUR STOCKHOLDERS:**

**WHAT:** Our 2015 Annual Meeting of Stockholders

**WHEN:** May 27, 2015

**WHERE:** Peter J. Solomon Company  
1345 Avenue of the Americas  
31<sup>st</sup> Floor  
New York, New York 10105

**WHY:** At this meeting, you will be asked to elect directors for a one-year term and until their respective successors have been duly elected and qualified.

The proxy statement fully describes these matters. We have not received notice of other matters that may properly be presented at the annual meeting or any postponement, adjournment or rescheduling thereof.

A list of stockholders entitled to vote at the annual meeting will be open for examination by our stockholders, during regular business hours, for a period of ten days prior to the annual meeting, at Peter J. Solomon Company, 1345 Avenue of the Americas, 31<sup>st</sup> Floor, New York, New York 10105. Only stockholders of record at the close of business on May 5, 2015 will receive notice of, and be eligible to vote at, the annual meeting or any adjournment, postponement or rescheduling thereof.

**Your vote is important. Please read the proxy statement and the voting instructions on the enclosed proxy card. Whether or not you plan to attend the annual meeting in person, and no matter how many shares you own, you are urged to sign, date and promptly return the enclosed proxy card. A self-addressed envelope is enclosed for your convenience, and no postage is required if mailed in the United States. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the annual meeting, you must obtain a proxy issued in your name from that record holder.**

By Order of the Board of Directors,

Timothy R. Graham  
Chairman, President and Secretary

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

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**PROXY STATEMENT**

**FOR THE ANNUAL MEETING OF STOCKHOLDERS  
To Be Held on May 27, 2015**

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**INFORMATION CONCERNING SOLICITATION AND VOTING**

**WHY DID YOU SEND ME THIS PROXY STATEMENT?**

The Board of Directors of The PMI Group, Inc., a Delaware corporation, seeks your proxy for use at our 2015 Annual Meeting of Stockholders (or any adjournment, postponement or rescheduling thereof, referred to as the “annual meeting”) to be held on May 27, 2015, at 10:00 a.m. (Eastern Standard Time). Our annual meeting will be held at 1345 Avenue of the Americas, New York, 31<sup>st</sup> Floor, New York 10105. Unless otherwise indicated, or the context requires otherwise, references in this proxy statement to “PMI,” “we,” “us,” and “our” or similar terms are to The PMI Group, Inc. The approximate date on which the proxy materials, including this proxy statement and the accompanying form of proxy, are first being sent or given to stockholders is May 8, 2015.

**WHAT AM I VOTING UPON?**

At the annual meeting, stockholders will be asked to take action to elect directors, as described in this proxy statement.

**WHO CAN VOTE?**

Only holders of record of our common stock at the close of business on May 5, 2015, the record date, will receive notice of, and be entitled to vote at, our annual meeting. At the close of business on the record date, 2,074,411 shares of common stock, par value \$0.01 per share, were outstanding and entitled to vote. Our common stock is our only class of voting securities that is issued and outstanding.

***Stockholder of Record: Shares Registered in Your Name***

If, on May 5, 2015, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, LLC, then you are a stockholder of record. As a stockholder of record, you may vote in person at the annual meeting or vote by proxy. Whether or not you plan to attend the annual meeting, we urge you to sign, date and return the enclosed proxy card to ensure your vote is counted.

***Beneficial Owner: Shares Registered in the Name of a Broker, Bank or Agent***

If, on May 5, 2015, your shares were held, not in your name, but rather in an account at a bank, brokerage firm, or other agent or nominee, then you are the beneficial owner of shares held in “street name” and proxy materials are being forwarded to you by that organization. The organization holding your account is considered the stockholder of record for purposes of voting at the annual meeting. As a beneficial owner,

you have the right to direct your bank, broker or other agent or nominee on how to vote the shares in your account. You are also invited to attend the annual meeting. However, since you are not the stockholder of record, you may not vote your shares in person at the annual meeting unless you request and obtain a power of attorney or other proxy authority from your bank, broker or other agent or nominee, and bring it to our annual meeting.

### **WHAT CONSTITUTES A QUORUM?**

A quorum of stockholders is necessary to hold a valid meeting. The presence, in person or by proxy, of the holders of a majority of the issued and outstanding shares of common stock entitled to vote at the annual meeting will constitute a quorum for the transaction of business at the annual meeting. On the record date, there were 2,074,411 shares issued and outstanding and entitled to vote. Thus, at least 1,037,206 shares must be represented by stockholders present at the annual meeting or by proxy to have a quorum.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your bank, broker or other agent or nominee) or if you vote in person at the annual meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. Broker non-votes occur when a broker or other nominee that holds shares for a beneficial owner does not vote on a proposal because the broker or other nominee does not have discretionary authority to vote on the proposal and has not received voting instructions from the beneficial owner.

### **WHAT VOTE IS REQUIRED TO APPROVE THE PROPOSAL?**

The Proposal, the election of directors, requires a plurality of the votes of the shares present in person or represented by proxy at the annual meeting and entitled to vote on the election of directors. The nominees receiving the most "For" votes will be elected as our directors. Only votes "For" will affect the outcome. Withheld votes or broker non-votes will not affect the outcome of the vote on the Proposal.

### **HOW DO I VOTE IF I ATTEND THE ANNUAL MEETING?**

If you are a stockholder of record, you can attend the annual meeting and vote in person the shares you hold directly in your name on any matters properly brought before the annual meeting. If you choose to do that, please bring the enclosed proxy card and proof of identification. If you want to vote in person at our annual meeting and you hold our common stock through a bank, broker or other agent or nominee, you must obtain a power of attorney or other proxy authority from that organization and bring it to our annual meeting as well as the proof of identification. Follow the instructions from your bank, broker or other agent or nominee included with these proxy materials, or contact your bank, broker or other agent or nominee to request a power of attorney or other proxy authority. Voting in person at the annual meeting will revoke any prior proxy you may have submitted.

### **HOW DO I VOTE IF I DO NOT ATTEND THE ANNUAL MEETING?**

Stockholders of record who do not attend the annual meeting may vote by mail if a properly completed proxy is received by us prior to the date of the annual meeting. Please sign, date and return the enclosed proxy card.

By casting your vote, you are authorizing the individuals listed on the proxy card to vote your shares in accordance with your instructions.

If you are a beneficial owner of shares registered in the name of your bank, broker or other agent or nominee, you should have received a proxy card and voting instructions with these proxy materials from that organization rather than from us. Simply complete and mail the proxy card to ensure that your vote is counted.

## **WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?**

If you receive more than one proxy card from us or your bank, your shares are registered in more than one name or are registered in different accounts. Please complete, sign and return each proxy card to ensure that all of your shares are voted.

## **CAN I CHANGE MY VOTE?**

Yes. You may revoke your proxy by doing any of the following:

(1) You may send a written notice that you are revoking your proxy at the address indicated below prior to the annual meeting.

(2) You may submit another properly completed proxy card with a later date, so long as it is received prior to the annual meeting.

(3) You may attend the annual meeting and vote in person. Simply attending the annual meeting will not, by itself, revoke your proxy.

Any written notice of revocation, or later dated proxy, should be delivered:

***By record holders to:***

American Stock Transfer & Trust Company, LLC  
6201 15th Avenue  
Brooklyn, NY 11219  
Phone: 718-921-8200

***By beneficial holders to:***

Broadridge Financial Solutions, Inc.  
51 Mercedes Way  
Edgewood, NY 11717  
Attn: RECEIVING DEPARTMENT  
Phone: 631-254-7400

**PROPOSAL  
ELECTION OF DIRECTORS**

**General**

Our Bylaws provide that the Board of Directors shall consist of not less than one and not more than five directors as determined by amendment to our Certificate of Incorporation or Bylaws, or by resolution adopted by a majority of our Board of Directors. The Board of Directors currently consists of two members: Timothy R. Graham and John Brecker, who are also the two Board nominees for election as directors at the annual meeting.

The nominees will be elected for a term of one year and until their successors are elected and qualified or until each director's earlier resignation or removal.

If any nominee becomes unavailable for election as a result of an unexpected occurrence, your shares will be voted for the election of a substitute nominee determined by our Board. The nominees have consented to being named in this proxy statement and have agreed to serve if elected. We have no reason to believe that either of the nominees will be unable to serve.

The following table sets forth the name and age of our nominees, his position with us and the year in which he was first elected to the Board.

<b>Name</b>	<b>Position Held in PMI</b>	<b>Director of PMI Since</b>	<b>Age as of May 5, 2015</b>
Timothy R. Graham .....	Chairman, President, Secretary	2013	65
John Brecker .....	Vice President, Treasurer, Assistant Secretary	2013	51

The business experience of our nominees for director is set forth below.

**Timothy Graham** has been a Director since October 1, 2013 and is the Chairman, President and Secretary of PMI. Mr. Graham is an executive with transactional, management and compliance experience in the restructuring, reorganization, corporate and private equity capital contexts. Mr. Graham has experience in addressing the unique assets of post-emergent bankrupt companies particularly with respect to entities having similar attributes as PMI and entities operating in regulated industries such as insurance and communications domestically and abroad. Currently, Mr. Graham is a board member of WMIH Holdings Co. (formerly Washington Mutual Inc.) where he has served on the strategic development and compensation committees and Financial Guaranty Insurance Company (FGIC), a rehabilitated bond insurance company where he was appointed pursuant to a plan of rehabilitation proposed by the New York State Department of Financial Services. He has served as the chairman of the Nominating Committee and currently serves as a member of the Audit and Investment Committees of FGIC. From 2008 to 2010, he was retained with the consent of the Illinois Insurance Department to advise Triad Guaranty Insurance Corporation, a distressed mortgage insurance company, on the development and implementation of its runoff plan and during such period through 2012 he advised various institutional investors with respect to opportunities arising from in the restructuring of distressed financial insurers and funds particularly as it related to RMBS related assets and rights. From 2005 to 2008, he served as the President and Chief Restructuring Officer of LaSalle Re Limited, a Bermuda based NYSE listed catastrophe reinsurance company in developing and implementing to successful closure its multinational runoff. From 2003 to 2005, he served in various capacities including Chief Restructuring Officer of the Trenwick Group Limited, a NASDAQ traded holding company of domestic and foreign

insurance and reinsurance entities with combined insurance assets in excess of \$5 billion, which filed for US bankruptcy and entered into foreign insolvency proceedings in 2003. From 1994 to 2002, Mr. Graham served as a board member, general counsel and in various executive capacities at Winstar Communications, a communications company with operating entities throughout the US and in ten foreign jurisdictions located in Europe, South America and Asia. Previously, Mr. Graham acted as a principal in a private investment fund targeted on achieving value through resolution of distressed financial, media, energy and real estate assets and as a partner of several New York based law firms where he focused on corporate transactions, capital raising activities, resolution of distressed entities, compliance and regulatory matters. Mr. Graham is a graduate of Fordham Law School and the Georgetown University School of Foreign Service. He has lectured and been published in the areas of restructuring of domestic and multinational regulated entities, board fiduciary responsibilities, managing external professionals, regulatory compliance in the distressed environment, securities law and U.S. capital raising alternatives.

**John Brecker** has been a Director since October 1, 2013 and is the Vice President, Treasurer and Assistant Secretary. Mr. Brecker is a partner of Drivetrain Advisors, which provides fiduciary services to financial firms and for financially troubled entities. Mr. Brecker served as a Principal and Co-founder of Longacre Fund Management, L.L.C. from 1998 to 2013 and has extensive experience in distressed debt investing. He also serves as a member of numerous boards of directors and associated committees, including most recently as Chairman of the Board of Refrigerator Holdings, Inc., a member of the Audit Committee for Catalyst Paper Company, Inc., a director for Broadview Networks, Inc. and a member of the Audit and Compensation Committees of Morgans Hotel Group. Mr. Brecker is a graduate of St. John's University School of Law and American University.

## **COMPENSATION OF DIRECTORS**

Since emergency from bankruptcy on October 1, 2013, the chairman of PMI, Walter Jones, who resigned from the Board effective April 30, 2015 and is not standing for election, was paid \$24,000 per calendar quarter, and each of the other directors was paid \$20,000 per calendar quarter. In 2015, effective upon their re-election, each director of PMI will receive \$6,500 per month, of which \$4,000 will be deferred until the earlier of (i) the resolution of the QBE Claim (as described below), (ii) the closing by PMI of a corporate strategic transaction and (iii) May 30, 2016 or the resignation of such director prior to such date. Directors are also reimbursed travel expenses for each in-person meeting attended and miscellaneous expenses incurred in connection with their service.

On December 13, 2013, PMI entered into a Claim Resolution Incentive Award Agreement and a Transaction Incentive Award Agreement with each of Timothy Graham, Walter Jones and John Brecker. The Claim Resolution Incentive Award Agreements and the Transaction Incentive Award Agreements with Timothy Graham and John Brecker will be amended by PMI, effective upon their re-election.

Each Claim Resolution Incentive Award Agreement originally provided that, in the event PMI's ongoing claim against QBE Holdings (AAP) PTY Limited (the "QBE Claim") is resolved for AUD\$5 million or more, each of the directors party thereto will receive a payment of 1% of the amount recovered in respect of the QBE Claim without regard to costs incurred by PMI in connection with the claim. Effective upon their re-election as director, the Claim Resolution Incentive Award Agreements with Timothy Graham and John Brecker will be amended to (i) eliminate the minimum recovery threshold and (ii) increase the potential award to each director to 3% of the amount recovered in respect of the QBE Claim up to US\$5 million *plus* 2% of any recovery in excess of US\$5 million, up to US\$12.5 million *plus* 1% of any recovery in excess of US\$12.5 million. No award will be available under these agreements unless the QBE Claim is resolved by December 31, 2018.

Each Transaction Incentive Award Agreement currently provides an incentive award opportunity for the applicable director in the event that PMI enters into one of the types of transactions enumerated in the agreement, such as a capital raise, an acquisition of an unrelated entity (or the assets of an unrelated

entity), a minority investment in an unrelated entity or a combination of the foregoing transactions, in each case to the extent that the value of the transaction is at least \$4 million.

In order to be entitled to an award under the agreement, a director must remain in continuous service on the board of directors of PMI until the earlier of the closing of the applicable transaction or December 31, 2015 (unless an earlier termination of that relationship is due to a termination without cause or a reduction in the size of the board of directors of PMI, as has occurred in the case of Mr. Jones). In addition, the transaction must have been agreed to by December 31, 2016 in order for a director to be entitled to any benefits under the agreement. This date will be extended to December 31, 2018 pursuant to the amendment to each of the Transaction Incentive Award Agreements with each of Timothy Graham and John Brecker which will become effective upon their re-election. If a director's service terminates due to death or disability or due to voluntary termination (but prior to the closing of the transaction), the service based vesting component will be deemed completed as to a pro-rata portion of the award, determined by dividing the number of full months beginning on October 1, 2013, the date of emergence from bankruptcy, that have elapsed as of the date of termination by a denominator of 27.

The amount payable under each of the Transaction Incentive Award Agreements, as amended upon re-election of Timothy Graham and John Brecker, is based on the value of all transactions which are agreed to on or prior to December 31, 2018, provided, however, if the transaction value of a transaction is below \$5 million, the award will be \$50,000 without regard to a minimum transaction value. If the transaction value is between \$5 million and \$36 million, the award will be an amount equal to one percent of the transaction value up to a maximum award payment under each agreement of \$360,000, which is an increase from the maximum award potential of \$240,000 under the current agreement. There will be no additional cash awards under the amended agreements regardless of the aggregate transaction value exceeding \$36 million or number of transactions. The offset in the current agreements of up to \$50,000 under the Claims Resolution Agreements will be eliminated. In addition, pursuant to the amendment to the Transaction Incentive Award Agreements, each such director will be awarded restricted share units with respect to shares of common stock of PMI equal to 1% of the total outstanding shares of common stock of PMI measured on a fully diluted basis upon the issuance of any shares of common stock by PMI and its subsidiaries between their re-election and December 31, 2018.

By Order of the Board of Directors,

Timothy R. Graham  
Chairman, President and Secretary