

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

December 19, 2017

Dear Stockholders:

I want to update you on what The PMI Group, Inc. (the “Company”) has done since our last communication with you in December 2016. Throughout 2017, the Company has continued to pursue its principal goal of pursuing strategic transactions to maximize value to stockholders.

As we have mentioned to you in previous communications, we consider our relationship with Blackstone Tactical Opportunities (“Blackstone”) critical in helping us create value for our stockholders. In addition, the Company has significant tax attributes and we believe that the ability to utilize these tax attributes is an important and substantial asset. With the support of Blackstone, the Company intends on using its additional working capital to further pursue strategic transactions that can create value for our stockholders, and produce prospective taxable income (or the ability to generate capital gains) that might permit the Company to utilize these tax assets. Because of our relationship with Blackstone we have been fortunate to have had the opportunity to consider many interesting transactions although to date we have not come across anything that we have decided to pursue.

Our company website ([www.pmigrp.net](http://www.pmigrp.net)) went live a few months ago to provide our stockholders with up to date information on the Company.

Our long-time board member, Timothy Graham stepped down as a board member due to health reasons in July 2017. As his replacement, we invited Charles Jacobson who has been serving as our Interim CEO and Interim CFO to serve as director. It is with a heavy heart to inform you that Tim passed away in November after a long fight with cancer. His leadership will be greatly missed.

During October 2017, we approached PMI Mortgage Insurance Co. (“MIC”) in order to release a portion of the escrow deposit being maintained pursuant to the Second Amended and Restated Cost Allocation Agreement (“CAA”). The CAA required an initial escrow deposit when we emerged from bankruptcy of approximately \$1.2 million. MIC agreed to a mutual escrow release of \$500,000 thereby significantly increasing our liquidity. As of the date of this letter we have approximately \$3.9 million in cash.

We anticipate the Company’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. In addition, we may be unable to find suitable opportunities that will enable

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the Company to utilize its existing tax assets. However, we will continue to work to maximize our limited resources to create value for our stockholders. To that end, we also engaged in a search for an individual to lead our deal sourcing and exploration efforts.

The Company's annual stockholders meeting will be held at the offices of The Blackstone Group, 345 Park Avenue, New York, NY 10154 on January 18, 2018 at 2:00 p.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, as well as a proxy card and the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015.

Sincerely,

John Brecker  
Chairman of the Board