

Gaddy Shirley A
Form 4
January 04, 2011

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Gaddy Shirley A

(Last) (First) (Middle)
101 SOUTH STRATFORD ROAD
(Street)

WINSTON-SALEM, NC 27104

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
TRIAD GUARANTY INC [TGIC]

3. Date of Earliest Transaction
(Month/Day/Year)
01/01/2011

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)
SVP Operations

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)			
				(A) or (D)	Price					
Common Stock	01/01/2011		M	V	3,333 (1)	A	\$ 0 (2)	26,765	D	
Common Stock	01/01/2011		D		3,333 (1)	D	\$ 0.24	23,432	D	
Common Stock								1,325.2474	I	401 (k)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pr Deriv Secur (Instr. 3 and 4)
Phantom Stock	(2)	01/01/2011		M	3,333 (1)	01/01/2011 (3)	Common Stock	3,333

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Gaddy Shirley A 101 SOUTH STRATFORD ROAD WINSTON-SALEM, NC 27104			SVP Operations	

Signatures

/s/Julia Turner/Earl Wall/Scott Ayers
Date: 01/04/2011

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) One third of the shares of phantom stock vested on 1/1/2011.
- (2) Each share of phantom stock was the economic equivalent of one share of TGIC common stock. The reporting person settled one-third of her shares of phantom stock for cash.
- (3) The phantom stock vests one-third on 1/1/2011, one-third on 1/1/2012 and the remaining one-third on 1/1/2013.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.