



## **Q2 2012 Earnings Presentation**

*Three Months Ended June 30, 2012*

**August 14, 2012**

# Forward Looking Statements



*Any statements in this presentation that are not historical or current facts are forward-looking statements. Forward-looking statements include, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts. Forward-looking statements convey Nationstar's current expectations or forecasts of future events. When used in this presentation, the words "anticipate," "appears," "believe," "foresee," "intend," "should," "expect," "estimate," "target," "project," "plan," "may," "could," "will," "are likely" and similar expressions are intended to identify forward-looking statements. These statements involve predictions of our future financial condition, performance, plans and strategies, and are thus dependent on a number of factors including, without limitation, assumptions and data that may be imprecise or incorrect. Specific factors that may impact performance or other predictions of future actions have, in many but not all cases, been identified in connection with specific forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Nationstar's actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. Certain of these risks and uncertainties are described in the "Risk Factors" section of Nationstar Mortgage LLC's Annual Report on Form 10-K for the year ended December 31, 2011, and other required reports, as filed with the SEC, which are available at the SEC's website at <http://www.sec.gov>. We caution you not to place undue reliance on these forward-looking statements that speak only as of the date they were made. Unless required by law, Nationstar undertakes no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date of this presentation.*

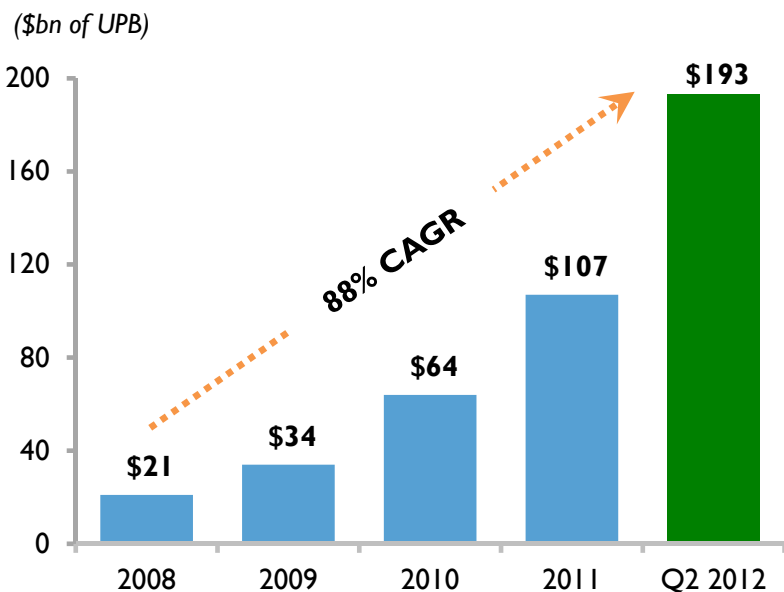
# Q2 2012 Highlights



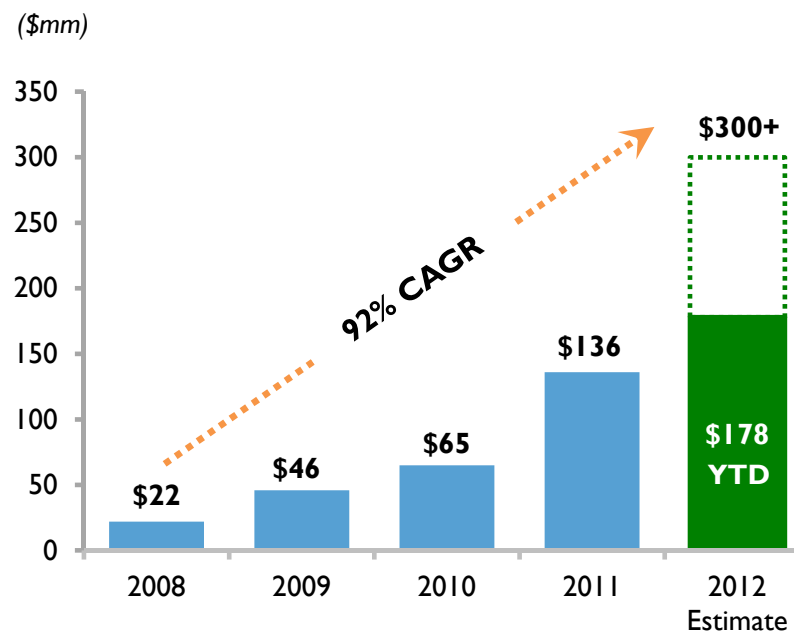
## Another quarter of solid earnings – executed on strategic long term initiatives

- AEBITDA up 31% QoQ to \$101 million; Net Income of \$36.3 million; EPS of \$0.41
- Servicing book grew to \$193 billion in UPB – an increase of \$90 billion QoQ
- Closed \$63.7 billion Aurora portfolio and named “stalking horse” bidder for ResCap auction
- Record quarter for loan originations – \$1.8 billion of volume

### Servicing Growth



### AEBITDA Growth<sup>(1)</sup>



1) Please see <http://investors.nationstarholdings.com> and Appendix for information on AEBITDA reconciliation

## Highlights

**Aurora Bank**

**ResCap**

**Bank of America**

**Reverse Mortgage**

## Details

Closed on \$63.7 billion portfolio of servicing assets

Named “stalking horse” bidder in bankruptcy proceedings

Closed on \$10.4 billion primary GSE portfolio

MetLife: Closed on \$9.7 billion portfolio  
Bank of America: Closed on \$9.6 billion portfolio

# Aurora Transaction



- Closed on \$63.7 billion Aurora servicing portfolio in June
- Portfolio is 75% non-agency - opportunity to improve loan performance
- Additional customer base drives opportunities for origination volume through recapture
- Operational ramp-up costs in Q2 of approximately \$4.1 million
- Year 1 annualized AEBITDA expected to be between \$70 to \$75 million, exclusive of integration expenses<sup>(1)</sup>

## Summary of Aurora Transaction

**\$63.7 billion of servicing assets**  
*Approx. 300,000 loans*  
**25% Agency & 75% Non-Agency**

**Nationstar**  
MORTGAGE  
+  
Receive base servicing fees + 35% interest in Excess MSR

**NEWCASTLE**  
Purchase 65% interest in Excess MSR

## Servicing Locations



★ Nationstar      ■ Aurora

1) Please reference disclaimer in endnotes

# ResCap Transaction

- Named 363 (“stalking horse”) bidder by bankruptcy court on June 19<sup>th</sup>
  - Entitled to breakup fee of \$24 million<sup>(1)</sup>
  - \$371 billion UPB portfolio (\$196 billion in primary servicing and \$174 billion in sub-servicing contracts<sup>(2)</sup>)
- Stalking horse bid of \$2.4 billion
- Acquisition would result in estimated pro-forma UPB of \$550 billion
- Anticipate closing in January '13<sup>(3)</sup>

## Summary of Rescap Transaction

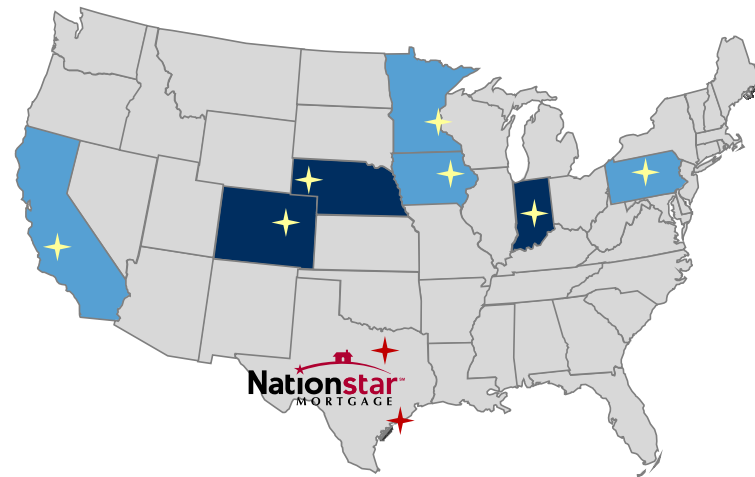
**\$371 billion of servicing assets**  
*2.4 million customers*  
**68% Agency & 32% Non-Agency**

**Nationstar**  
 MORTGAGE  
 Receive base servicing fees + 35% interest in Excess MSR



**NEWCASTLE**  
 Purchase up to 65% interest in Excess MSR alongside Fortress affiliates

## Servicing Locations



★ Nationstar    ■ ResCap    ■ Aurora

1) A portion of the breakup fee would be payable to Newcastle Investment Corporation  
 2) UPB as of March 31, 2012  
 3) Subject to auction process and court/regulatory approvals

# Servicing: Proven, Scalable Infrastructure

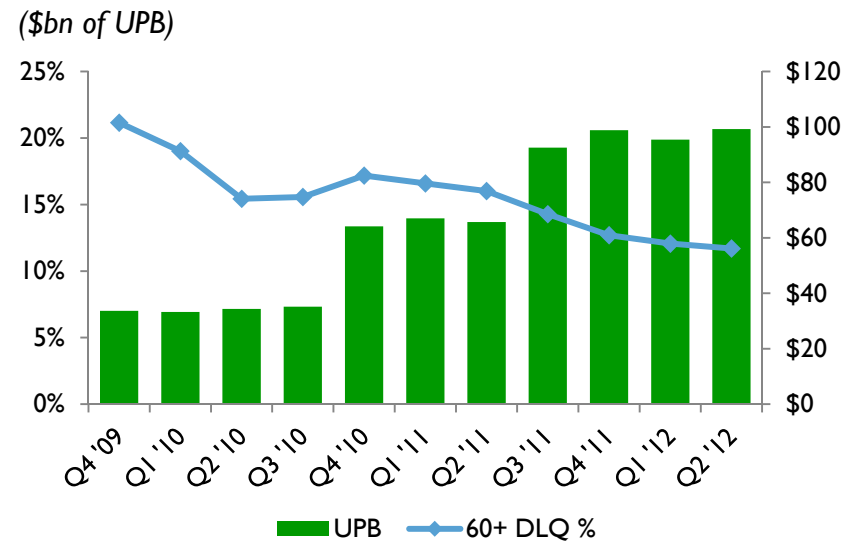


- Strong track record of integrating portfolios and improving performance
- Approximately 344 transfers completed since December 2008
- Scale up through “bolt on” acquisitions
- Throughout UPB growth, continued decline in portfolio delinquency rate

## Transfers Since December 2008<sup>(1)</sup>

Size	Size of Loan Pool	# of Pools	Loan Count	Balance
Large	60,000+	5	354,277	\$62.3 bn
Medium	10,001 - 59,999	11	246,840	\$42.1 bn
Small	1 - 10,000	328	40,161	\$7.7 bn
<b>Total</b>		<b>344</b>	<b>641,278</b>	<b>\$112.1 bn</b>

## Portfolio Growth & Performance<sup>(1)</sup>



1) As of June 30, 2012, excludes un-boarded Aurora and Reverse

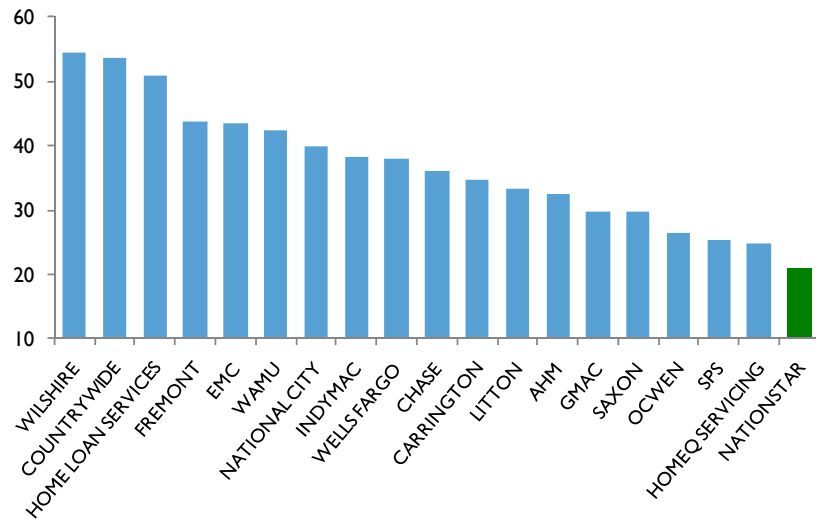
# Servicing: Performance Drives Earnings



- Primary driver of profitability is servicing performance – ability to drive down defaults and delinquencies
- Nationstar has strong heritage of servicing credit-challenged loans and preserving home ownership
  - Best-in-class delinquencies and roll rates
  - Track record of making loans affordable, including HAMP modifications
  - Consistently improves 25% of 60+ delinquent accounts each month

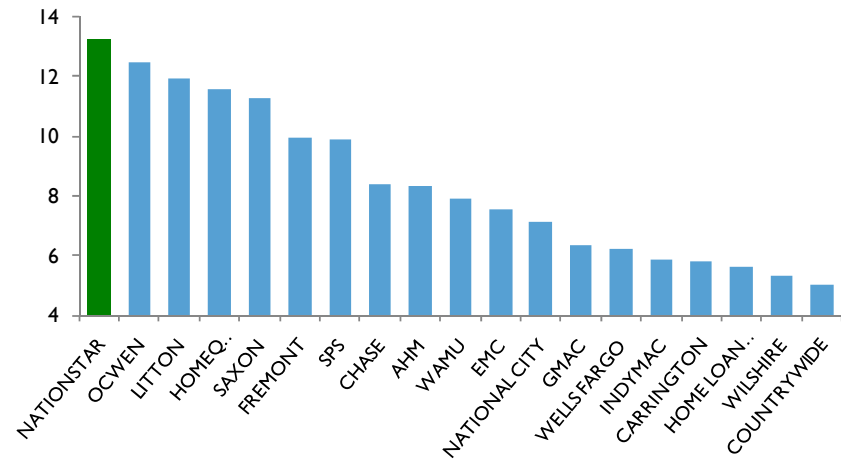
## Delinquency Rate<sup>(1)</sup>

(60+ DQ as % of UPB)



## Positive Roll Rates<sup>(1)</sup>

(% of delinquent UPB that improves)



1) Loan Performance, Subprime, 2004- 2007 origination years. Data as of 6/25/12



## Multiple Avenues of Growth

### Active Opportunities

### Prospective Opportunities



#### ResCap

- Stalking horse bidder

#### Bulk Servicing

- MSRs and subservicing

#### Flow Servicing

- Multiple lenders
- Newly-originated loans
- Delinquent loans

#### Banks Under Pressure

- Banks presently dominate servicing market share (nearly 90%)<sup>(3)</sup>
- Top 4 banks have 50% share<sup>(3)</sup>
- Basel III<sup>(4)</sup>

#### Potential Opportunity Size:

<b>\$371 billion<sup>(2)</sup></b>	<b>\$300 billion+</b>	<b>\$25-50 billion annually</b>	<b>\$2 trillion+</b>
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1) The active pipeline of potential servicing transactions referenced above are identified opportunities and not currently serviced by the Company and there can be no assurance that these potential servicing transactions will ultimately be consummated, or will remain the same size. Notwithstanding the above, it is possible that these potential servicing transactions, if consummated, could result in a partial or total loss of any invested capital

2) Represents UPB as of March 31, 2012

3) Inside Mortgage Finance, as of Q1 2012

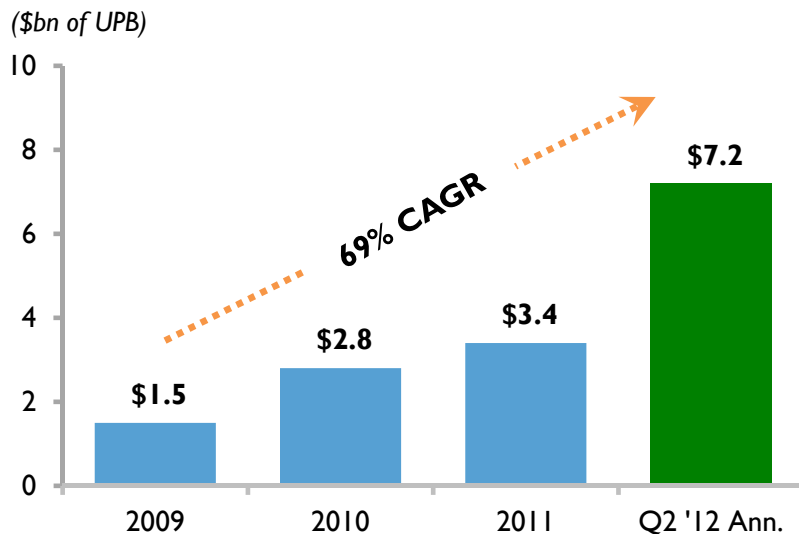
4) Sterne Agee, *A Primer on Mortgage Originators/Servicer*—Summer '12, Aug. 7, 2012

# Originations: Enhances Core Servicing Platform

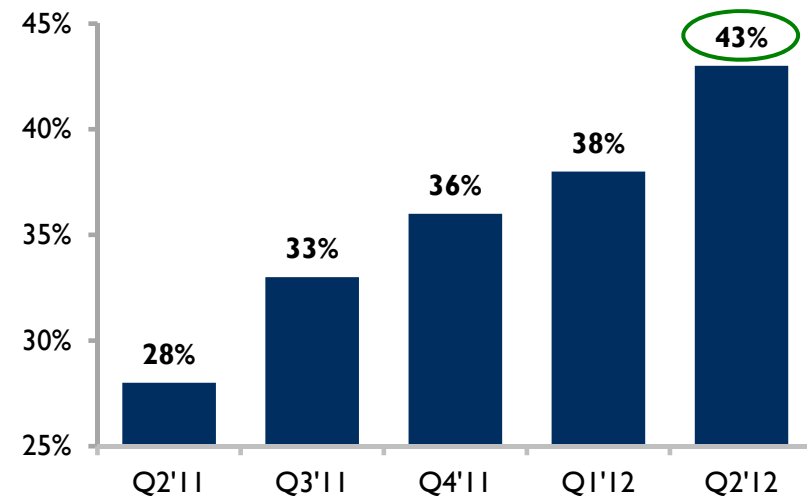
**Originate primarily conforming loans – typically sold into the market within 30 days**

- Loan “Recapture” – refinance Nationstar-serviced loans
  - Most cost effective way to create servicing assets and extend life of servicing cash flows
- Loss Mitigation – refinance borrowers into more affordable agency-backed loans
  - Move loan off lenders’ balance sheets – a loan that is prepaid doesn’t default
- Cash flow positive and profitable

## Origination Volume



## Recapture Rate



# Consolidated Performance



- Operating Segment AEBITDA of \$101 million
- Total GAAP Net Income of \$36.3 million
- Operating Segment AEBITDA per share of \$1.13 and Total GAAP EPS of \$0.41
- Servicing pre-tax income includes \$11.1 million mark-to-market decrease in MSR value, \$5.0 million of interest on April bond proceeds not deployed until late June, and \$4.1 million Aurora ramp costs – totaling \$20.2 million (\$0.17/share after tax-effect)

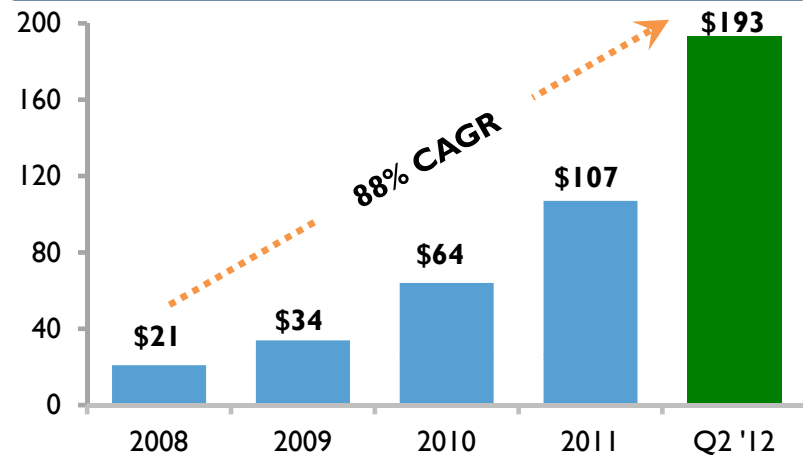
(\$ millions except where noted)	Q2 '12			Total <sup>(2)</sup>	Q1 '12
	Servicing	Originations	Operating		Total
AEBITDA <sup>(1)</sup>	\$37.4	\$63.8	\$101.2	\$93.7	\$69.8
margin%	41%	59%	51%		
Pre-Tax Income	(\$4.7)	\$61.1	\$56.4	\$49.1	\$53.3
Income Tax Expense				(\$12.9)	(\$3.1)
Net Income - GAAP				\$36.3	\$50.2
<b>Per Share Data:</b>					
AEBITDA	\$0.42	\$0.71	\$1.13	\$1.05	\$0.94
Pre-Tax Income	(\$0.05)	\$0.68	\$0.63	\$0.55	\$0.72
Net Income - GAAP				\$0.41	\$0.67
<b>Pro-forma Per Share<sup>(3)</sup>:</b>					
Q1 '12 normalized for tax-rate & share count					\$0.44
Excluding Aurora ramp expenses				\$0.44	

1) Please see <http://investors.nationstarholdings.com> and Appendix for information on AEBITDA reconciliation 2) Includes Legacy Segment 3) Please reference Appendix and reconciliation beginning on page 16

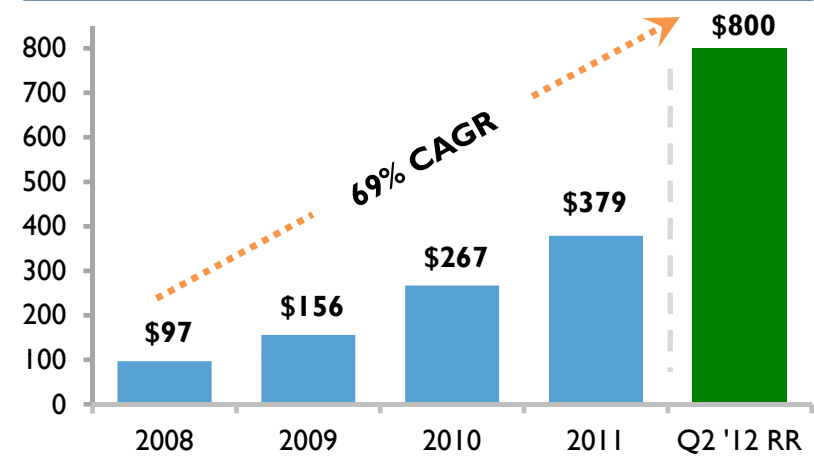
# Focused on Profitable Growth



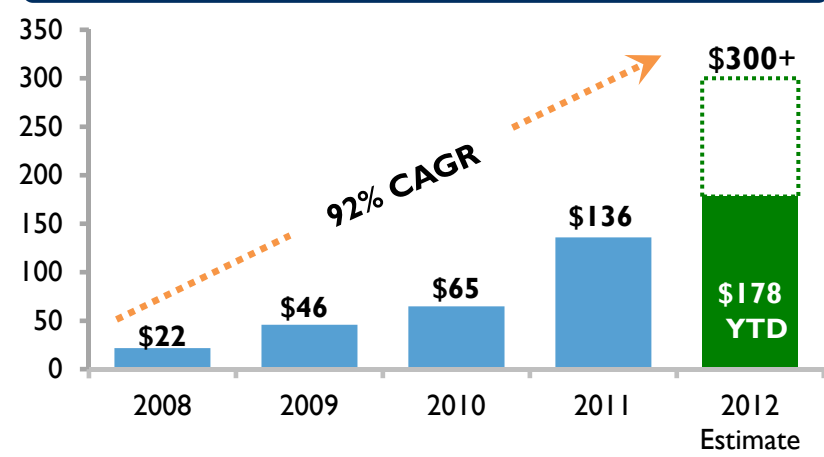
### UPB Growth (\$bn)



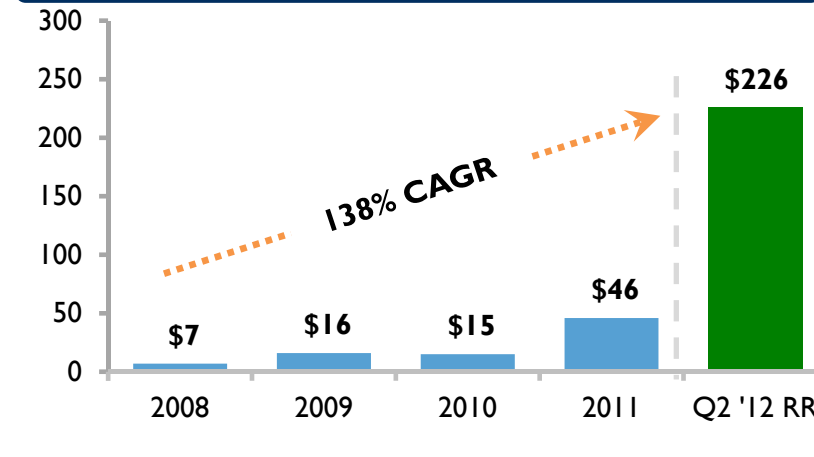
### Revenue Growth (\$mm)<sup>(1)</sup>



### AEBITDA Growth (\$mm)<sup>(1)(2)</sup>



### Pre-Tax Income Growth (\$mm)<sup>(1)</sup>



Margin (%) 22% 30% 24% 36%

7% 11% 6% 12% 28%

1) Revenue, AEBITDA and pre-tax income from operating segments

2) Please see <http://investors.nationstarholdings.com> and Appendix for information on AEBITDA reconciliation

# Appendix



# Balance Sheet



- Deployed March IPO and April unsecured debt proceeds on investments that met return hurdle rates
- Significant capital levers in place for additional investment

\$ millions	Q2 '12	Q1 '12	\$ millions	Q2 '12	Q1 '12
<b>Assets:</b>			<b>Liabilities:</b>		
Cash and cash equivalents	\$16	\$356	Notes payable <sup>(2)</sup>	\$2,412	\$768
Restricted cash	120	109	Senior unsecured notes	556	281
Accounts receivable <sup>(1)</sup>	2,501	535	Payables and accrued liabilities	640	241
Mortgage loans held for sale	838	379	Nonrecourse debt - Legacy assets	106	110
Mortgage loans held for investment - Legacy	238	241	Excess spread financing at fair value	267	47
Mortgage servicing rights - fair value	596	266	Participating interest financing	181	114
Participating interest in reverse mortgages	310	148	Other liabilities <sup>(3)</sup>	101	24
Mortgage servicing rights - amortized cost	8	-	<b>Total Liabilities</b>	<b>\$4,263</b>	<b>\$1,585</b>
Property and equipment, net	39	25	<b>Shareholders Equity</b>	<b>\$633</b>	<b>\$594</b>
Other assets	230	120			
<b>Total Assets</b>	<b>\$4,896</b>	<b>\$2,179</b>	<b>Total Liabilities and Shareholders Equity</b>	<b>\$4,896</b>	<b>\$2,179</b>

1) Includes receivables from affiliates

2) Includes servicing advance facilities and origination warehouse facilities

3) Includes derivative financial instruments and mortgage servicing liabilities

## Servicing Fee Detail



- Fee income before fair value adjustment increased by 25% to \$109 million
- MSR fair value adjustments include portfolio run-off and mark-to-market adjustments

(\$ in thousands)

	Q2 '12	Q1 '12	Q2 '11
Total servicing fee income before MSR fair value adjustments	\$ 109,222	\$ 87,524	\$ 60,603
Fair value adjustments on excess spread financing	(2,412)	(4,852)	-
Reverse mortgage servicing liability amortization/accretion	(9)	633	-
MSR changes in fair value:			
Due to changes in valuation inputs or assumptions	(11,054)	9,368	(3,746)
Other changes in fair value (portfolio run-off)	(9,821)	(8,873)	(4,192)
Servicing fee income	85,926	83,800	52,665
Other fee income	5,969	7,302	3,466
<b>Total servicing fee income</b>	<b>\$ 91,895</b>	<b>\$ 91,102</b>	<b>\$ 56,131</b>

# Originations: Cash-Driven Economics



- Approximately \$100 million in total cash / near-cash revenue

## Q2 2012 Unit Economics

	(\$mm)
<b>Cash – Points, Fees, Gain on Sale</b>	\$54.3
<b>Pipeline Value<sup>(1)</sup></b> <i>(Generally converts to cash in 90 days)</i>	45.5
<b>Subtotal Cash / Near Cash Revenue</b>	<b>\$99.8</b>
<b>Servicing Asset</b> <i>(Cash value realized over time)</i>	11.1
<b>Other</b>	(2.8)
<b>Total Originations Revenue</b>	<b>\$108.1</b>
<hr/>	
<b>Originations Volume</b>	\$1,806
<b>Application Pipeline<sup>(2)</sup></b>	\$3,097

*Cash / near cash is  
92% of total revenue*

1) Includes mark-to-market on loans held for sale and derivative/hedges  
2) As of 6-30-12



# Per Share Reconciliations

For Quarters Ending June 30 and March 31, 2012

(\$ in millions)	Q2 '12	Q1 '12
<b>Net Income</b>	<b>\$36.3</b>	<b>\$50.2</b>
Income Tax	12.8	3.1
Pre-Tax Income	49.1	53.3
Aurora ramp expenses	4.1	-
<b>Pro-forma Pre-Tax Income</b>	<b>\$53.2</b>	<b>\$53.3</b>
Income Tax - Q2 '12 Rate	(13.9)	(13.9)
<b>Pro-Forma Income</b>	<b>\$39.3</b>	<b>\$39.4</b>
<b>Pro-forma Per Share:</b>		
Excluding Aurora ramp <sup>(1)</sup>	<b>\$0.44</b>	
Q1 '12 normalized for tax-rate & share count <sup>(1)</sup>		<b>\$0.44</b>

1) Calculated using a fully-diluted average share count of 89.53 million shares

**Adjusted EBITDA (“AEBITDA”)** This disclaimer applies to every usage of “Adjusted EBITDA” or “AEBITDA” in this presentation. Adjusted EBITDA is a key performance metric used by management in evaluating the performance of our segments. Adjusted EBITDA represents our Operating Segments' income (loss), and excludes income and expenses that relate to the financing of our senior notes, depreciable (or amortizable) asset base of the business, income taxes (if any), exit costs from our restructuring and certain non-cash items. Adjusted EBITDA also excludes results from our legacy asset portfolio and certain securitization trusts that were consolidated upon adoption of the accounting guidance eliminating the concept of a qualifying special purpose entity (“QSPE”).

**2012 Estimate AEBITDA** 2012 Estimate AEBITDA is based on our expectations of continued growth, current market conditions and increased operating efficiencies in our business in addition to our financial targets for 2012. Target for all non-GAAP figures excludes the same items as we excluded in our 2011 non-GAAP reconciliation, as follows: income and expenses that relate to the financing of the senior notes, depreciable (or amortizable) asset base and several other relevant items. Our actual AEBITDA for 2012 on an annualized basis may differ from our 2012(E) AEBITDA.

**NOTE:** 2012 Estimate AEBITDA is forward-looking and subject to significant business, economic, regulatory and competitive uncertainties, many of which are beyond control of Nationstar and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. Nothing in this presentation should be regarded as a representation by any person that this target will be achieved and Nationstar undertakes no duty to update this target

**Expected Year 1 Annual Aurora AEBITDA Contribution** We expect the approximate annualized contribution to Adjusted EBITDA for the first year following the close of the Aurora transaction to be between \$70 to \$75 million, prior to giving effect to approximate integration and transition costs of between \$10 to \$15 million.

Our expectations regarding the approximate annualized contribution to Adjusted EBITDA and the approximate integration and transition costs are based on a number of assumptions, including, but not limited to, prepayments, delinquencies, ancillary fees, cost to service and recapture rates and margins. The actual annualized contribution to Adjusted EBITDA and the actual integration and transition costs will depend on many factors, some of which are beyond our control, and could differ materially from our estimates. Errors in our financial models or changes in assumptions could result in our estimates and expectations being materially inaccurate which may adversely affect our earnings.

**Pro-forma Earnings Per Share (“Pro-forma EPS”)** This disclaimer applies to every usage of pro-forma EPS in this presentation. Pro-forma EPS is a metric that is used by management to exclude certain non-recurring items in an attempt to provide a better earnings per share comparison to prior periods. Pro-forma Q2 '12 EPS excludes certain expenses incurred in advance of the closing of the Aurora transaction. These expenses include the advance hiring of servicing staff, recruiting expenses and travel and licensing expenses. Pro-forma Q1 '12 EPS normalizes Q1 '12 EPS for a full quarter of taxes and share count.