



Q1 2015 Investor Supplement

May 5, 2015

Helping You Achieve More

Disclaimers



Forward Looking Statements

Any statements in this presentation that are not historical or current facts are forward looking statements. These forward looking statements include, but are not limited to, statements regarding: expected portfolio acquisitions, economic impact of recapture, success of our 2015 key initiatives and focus areas and expectations regarding cash flow. Forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward looking statements. Certain of these risks and uncertainties are described in the “Business” and “Risk Factors” sections of our most recent annual report and other required documents as filed with the SEC, which are available at the SEC’s website at <http://www.sec.gov>. Nationstar undertakes no obligation to publicly update or revise any forward looking statements or any other information contained herein, and the statements made in this presentation are current as of the date of this presentation only.

Non-GAAP measures

This presentation contains certain references to non-GAAP measures. Please refer to the Appendix and Endnotes for more information on non-GAAP measures.

Nationstar Overview



Nationstar (NYSE:NSM) is a publicly traded residential mortgage services company with a \$2.8 billion market capitalization⁽¹⁾

- 87% total share price return since IPO⁽¹⁾
- Aim to earn strong consolidated adjusted cash flows
- Uniquely positioned to benefit from opportunities across the massive U.S. residential market

87%
*Total share
price return
since IPO⁽¹⁾*



266%
*UPB growth
since IPO*

\$17B
Originations⁽²⁾

\$390B
*UPB servicing
portfolio*

\$2.8B
*Market
Cap⁽¹⁾*

22,000
*Annual Property
Sales⁽³⁾*

1) As of 5/4/15
2) Based on Q1'15 annualized originations
3) Based on Q1'15 annualized property sales

Financial Performance

- Recorded strong adjusted cash flow of \$114 million⁽¹⁾ – **37% increase QoQ**
- Improved capital and liquidity
 - ✓ To be deployed in future investment opportunities
- Pretax income (ex. mark-to-market “MTM”) of \$35 million
 - ✓ Impacted by interest rate environment - \$17mm increase in prepayments

\$ in mm	Q1'15	Q4'14	
Adjusted Cash Flow⁽¹⁾	\$114	\$83	Increase principally due to originations and Solutionstar
Pretax Income ex. MTM Adjustments	\$35	\$53	
GAAP Net Income	(\$48)	\$19	Elevated prepayments and negative MTM due to rate environment (non-cash)

1) Please refer to Appendix for information on non-GAAP numbers and reconciliations

Q1'15 Highlights

Capital Position

- Strong liquidity position with \$816mm in cash
- Significant dry powder for acquisitions
- Substantial cushion over announced FHFA minimum capital / liquidity requirements

Originations

- Strong quarter driven by favorable rate environment and focused execution
- Recaptured loan economics mitigating ~90% of voluntary payoff amortization
- Pilot testing Customer for Life initiatives designed to increase recapture

Servicing

- Acquired \$24B of servicing; increased ending UPB 2%
- Awarded FNMA 5 STAR rating
- Continued decline in 60+ delinquency

Solutionstar

- Third party revenue constitutes 31% of overall revenue
- Strong cash flow business; up \$4mm QoQ
- 5,400 property sales despite slow February (weather impact)

- We focus primarily on three core business segments:

1 Originations

2 Servicing

3 Solutionstar

- Generate stable servicing cash flows supplemented by strong originations
- Strengthen our relationship with customers

Key Strategic Initiatives

Originations

- ✓ The most cost effective acquisition of servicing

Servicing

- ✓ Measured growth and optimizing cash flows

Solutionstar

- ✓ Focus on revolutionizing the nature of residential real estate transactions

Originations Highlights

- Strong quarter driven by favorable rate environment and focused execution
 - ✓ \$4.2B in originations – **up 17% QoQ**
 - ✓ Platform not dependent upon HARP (only 28% of volume)
 - ✓ \$59 million of pretax income – **up 28% QoQ**
- **Recapture mitigated 90% of voluntary run-off economics; generated \$22mm of cash**
- Focused on increasing retention

Strong Financial Results

Key Metrics	Q1'15	Q4'14	% QoQ
Funded Volume (\$B)	\$4.2	\$3.6	+17%
Pretax Income	\$59	\$46	+28%
Purchase %	24%	28%	(14%)
HARP %	28%	32%	(13%)

Customer Select™ Pilot

- Focus on long term relationships vs. short term transactions
 - ✓ Individualized market / property insights from RED
 - ✓ High touch *One Call Concierge* service to ensure positive phone interactions
- Build awareness and affinity for the Nationstar brands
- Launched first test pilot in March; continue to refine the program to engage customers

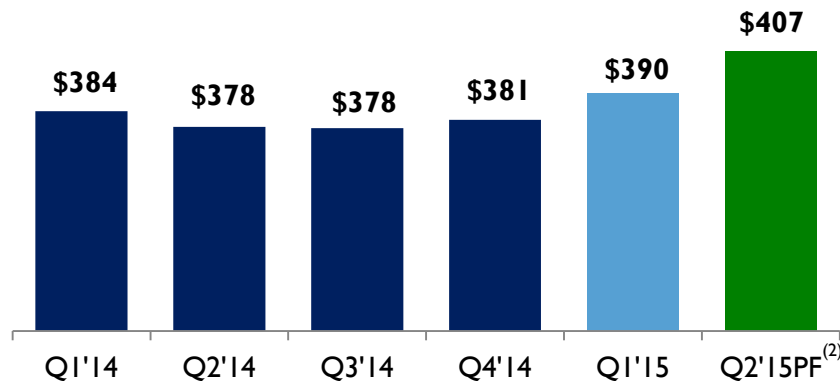
Servicing Highlights

- Ending UPB of \$390B, up 2% QoQ
 - ✓ \$52B of portfolio acquisition commitments⁽¹⁾
 - ✓ \$31B to close in Q2, remaining upon GSE approvals
- Strong adjusted cash flows of \$110mm
 - ✓ Rate environment during quarter impacted GAAP earnings, not cash flows
- Continued decline in 60+ delinquency to 8.8%
- Received FNMA 5-STAR rating for servicer performance

Portfolio Sustainability

(\$ in B)

Demonstrated ability to sustain portfolio during periods of elevated CPR and slowed transfers



Positioned to Benefit from Rising Rates

- Slower prepayments
- Lower DQs
- Lower cost to service
- Reduced advance balances

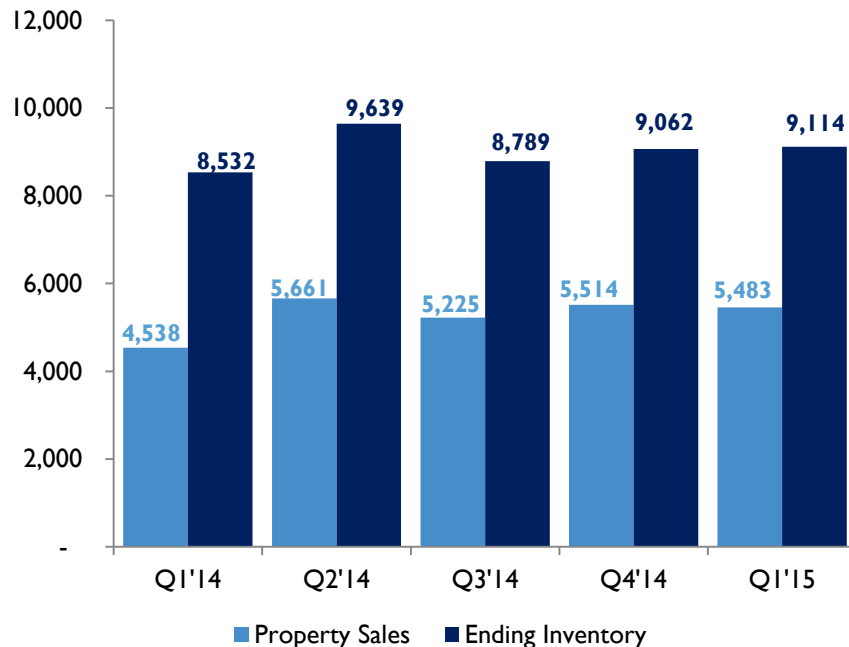
Extended duration of cash flows and increased profitability

1) Commitments represent a signed LOI or definitive agreement, but the transaction has not yet closed
 2) Pro forma for \$31B in previously announced acquisitions expected to close in Q2'15; assumes ~14.0% CPR in Q2'15

Solutionstar Highlights

- Strong cash flows: increased \$4mm QoQ to \$38mm
 - ✓ Pretax income down slightly due to D&A and significant investments in digital business (over \$6mm)
- Maintained property sales volume, despite slow February due to weather (down 20% from Jan / Mar average)
 - ✓ Over 2,100 property sales in April - best in history of segment
 - ✓ Entering seasonally strong selling months
- Launching Xome in Q2
 - ✓ Comprehensive real estate ecosystem that will change the nature of residential real estate transactions

Property Sales & Ending REO Inventory

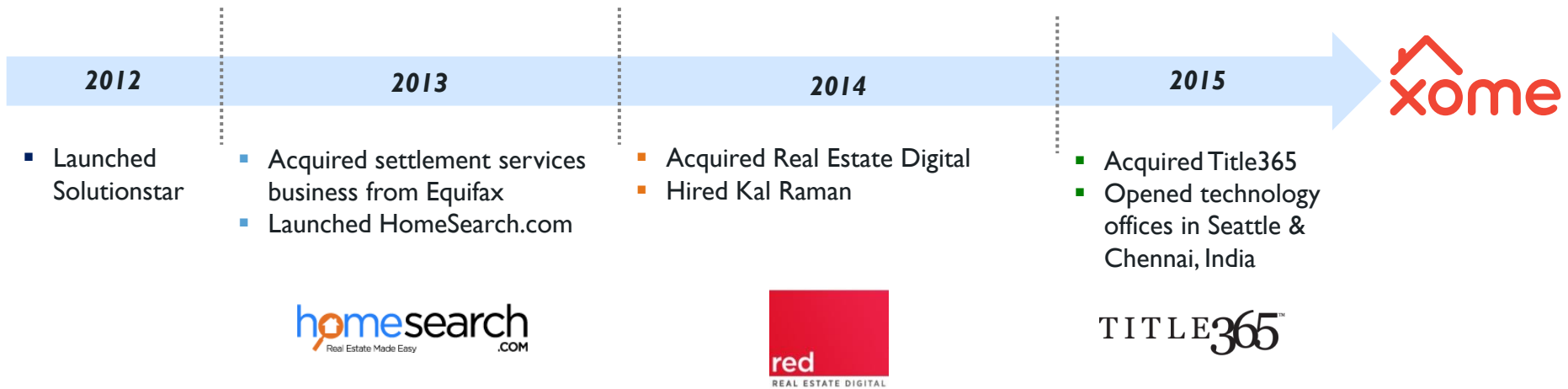


Xome's Upcoming Milestone

	Timing
Beta testing <i>Testing across all devices – desktop & mobile</i>	In process
Advanced real estate analytics / valuation models	Q2'15
Trusted Signing <i>Enables closing of real estate or escrow transaction via smartphone</i>	Q2'15
Public Launch	Q2 / Q3'15
PR Campaign	Q2 / Q3'15

Evolution to Xome

Building the world's first digital and truly integrated way to buy and sell a home



Key Strategic Objectives:

- ✓ Capture revenue streams from NSM
- ✓ Appraisal / title / close services for large bank clients
- ✓ REO auction website
- ✓ Hired world class consumer technology and real estate experts
- ✓ Enhanced data for consumers
- ✓ Tech-enabled purchase title business
- ✓ Additional 3rd party clients
- ✓ Launch new technology offerings



THERE'S NO PLACE LIKE XOMESM

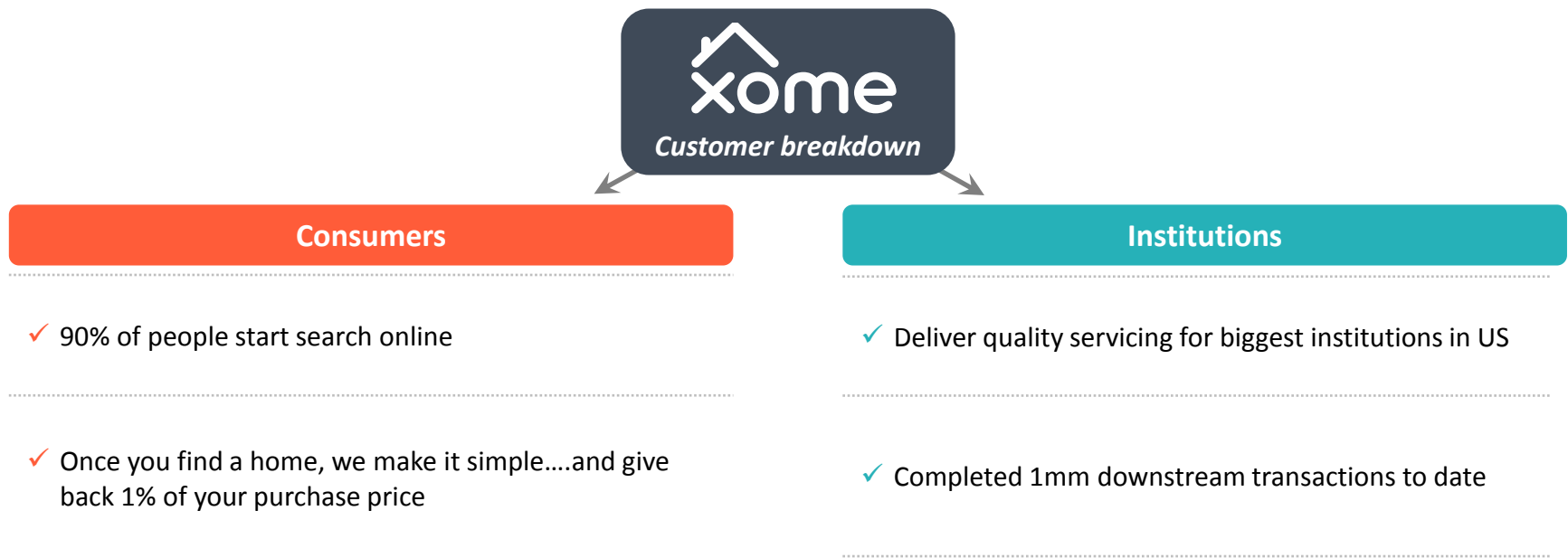
We assist customers through every step of the process from start to finish including:

- ✓ Find a home via dynamic search platform
- ✓ Transact
- ✓ Save money and time

Making the real estate process easier and more transparent

Xome: Business Overview

- **The residential real estate market is a large and attractive industry, primed for a technology revolution**
 - ✓ 5 million home purchases and 5 million refinances completed annually
 - ✓ \$110 billion industry, with evergreen inventory and attractive economics
- **Traditional process of buying / selling a home is stressful, filled with complexities and lacks transparency**
 - ✓ Most expensive transaction a consumer will make, and is often the most stressful due to a lack of visibility



We Believe...

- ✓ Buying a house should be fun.
- ✓ Closing should be simple.
- ✓ The process should be transparent.



Endnotes



Adjusted Cash Flow (“Adjusted Cash Flow”) This disclaimer applies to every usage of in this presentation. Adjusted Cash Flow is a metric that is used by management to provide an estimate of cash flow generated by the operating segments. Adjusted Cash Flow begins with pretax income and makes adjustments for cash and non-cash items including changes in the fair value of MSRs, value of capitalized servicing retained, depreciation and amortization, stock based compensation and cash taxes.

Adjusted Operating Income (“Adjusted Operating Income”) This disclaimer applies to every usage of Adjusted Operating Income in this presentation. Adjusted Operating Income is a metric that is used by management to provide a better depiction of the results of servicing operations by excluding changes in fair value of the MSR and payments made to partners in connection with excess spread co-investment and the sale of servicing advances.

Appendix



Segment Adjusted Cash Flow Reconciliations

\$ in mm	Q1'15					Q4'14				
	Servicing	Solutionstar	Orig	Corp / Other	Total	Servicing	Solutionstar	Orig	Corp / Other	Total
GAAP Pretax Income	(\$106)	\$32	\$59	(\$59)	(\$74)	\$14	\$34	\$46	(\$62)	\$32
MTM Adjustments	\$110	---	---	---	\$110	\$21	---	---	---	\$21
Amortization	\$63	---	---	---	\$63	\$46	---	---	---	\$46
Principal Payments on Co-Invest	\$40	---	---	---	\$40	\$39	---	---	---	\$39
Servicing Value Retained	---	---	(\$44)	---	(\$44)	---	---	(\$52)	---	(\$52)
Other ⁽¹⁾	\$3	\$6	\$2	\$8	\$19	\$5	\$0	\$3	(\$11)	(\$2)
Adjusted Cash Flow	\$110	\$38	\$18	(\$52)	\$114	\$125	\$34	(\$3)	(\$74)	\$83^(2,3)

- 1) Other includes \$13mm of depreciation & amortization, \$6mm of stock based compensation and (\$1mm) of cash taxes in Q1'15. Other includes \$10mm of depreciation & amortization, \$5mm of stock based compensation and \$18mm of cash taxes in Q4'14.
- 2) Total may not sum due to rounding
- 3) Adjusted cash flow in Q4 presentation of \$118mm should have been \$83mm to reflect cash taxes paid in Q4

Substantial Cushion on Proposed FHFA Requirements



<i>\$ in mm, unless noted</i>	Q1'15	FHFA Minimum	Cushion
Nationstar Mortgage LLC <i>(seller / servicer)</i>			
Tangible Net Worth	\$1,552	\$929	\$623
Assets	\$12,642		
Tangible Net Worth / Assets	12%	6%	6%
Total Owned UPB (\$B)	\$371		
Owned Agency UPB (\$B)	\$235		
Agency 90+ DQ UPB > 6%	--		
Liquidity⁽¹⁾	\$1,130	\$82	\$1,047

1) Liquidity includes cash, cash equivalents and available capacity to immediately borrow agency servicer advance facilities in which unencumbered collateral is available to pledge and marketable securities

Servicing: Operational P&L

Refined presentation provides more insight into servicing's performance

\$ in mm

	Q1'15		Q4'14	
	\$	bps	\$	bps
Operating Revenue ⁽¹⁾	\$357.5	37.1	\$362.4	38.2
Labor costs	58.4	6.1	65.8	6.9
Direct corporate allocation ⁽²⁾	39.2	4.1	38.5	4.1
Other direct expenses	83.4	8.7	81.6	8.6
Total Expenses	181.0	18.8	185.9	19.6
Other (income) / expense ⁽³⁾	14.7	1.5	(4.6)	(0.4)
Adj. operating income blf amortization	161.8	16.8	181.1	19.1
Total amortization	62.9	6.5	46.3	4.9
Adjusted operating income	98.9	10.3	134.9	14.2
MSR financing liability payments	34.3	3.6	41.1	4.3
Excess spread payments – principal	40.3	4.2	38.7	4.1
Excess spread payments – interest / other	20.4	2.1	20.3	2.1
Total financing structure payments	95.0	9.9	100.1	10.7
Pretax income ex. MTM	3.9	0.4	34.8	3.7
Financing MTM	4.4	0.5	(5.0)	(0.5)
MSR MTM	(109.7)	(11.4)	(26.9)	(2.8)
Excess Spread MTM	(4.4)	(0.5)	11.2	1.2
Total MTM adjustments	(109.7)	(11.4)	(20.7)	(2.2)
GAAP Pretax Income	(105.8)	(11.0)	14.1	1.5
Average UPB (\$B)	\$385.6	--	\$379.4	--

Ability to leverage existing employee base

Q4'14 included benefits from reverse HECM securitization, master trust collapse and advance discount accretion

Amortization up due to rate environment

MSR financing liability payments will continue to decline as PLS advances are recovered

Q1 avg UPB includes \$9B portfolio closed on 3/31; no earnings received on portfolio in Q1

1) Operating revenue excludes payments made in connection with excess spread co-investment and sale of advances, amortization and MTM adjustments. See page 19 for reconciliations

2) Direct corporate allocation includes: legal / compliance, accounting and finance involved directly with the segment

3) Other (income) / expense excludes portion of excess spread remittance treated as financing. See appendix for reconciliation

Servicing: Operational P&L (in bps)



	Q1'15	Q4'14	Q3'14	Q2'14	Q1'14
Operating Revenue ⁽¹⁾	37.1	38.2	39.4	40.5	39.2
Labor costs	6.1	6.9	6.5	6.8	6.6
Direct corporate allocation ⁽²⁾	4.1	4.1	3.6	3.5	3.5
Other direct expenses	8.7	8.6	7.1	9.1	7.1
Total Expenses	18.8	19.6	17.2	19.4	17.2
Other (income) / expense	1.5	(0.4)	1.0	3.1	4.1
Adj. operating income b/f amortization	16.8	19.1	21.3	18.1	17.9
Total amortization	6.5	4.9	5.6	3.5	4.6
Adjusted operating income	10.3	14.2	15.7	14.6	13.3
MSR financing liability payments	3.6	4.3	4.4	4.9	3.6
Excess spread payments – principal	4.2	4.1	4.3	4.2	3.7
Excess spread payments – interest / other	2.1	2.1	2.3	2.3	2.2
Total financing structure payments	9.9	10.7	11.0	11.4	9.5
Pretax income ex. MTM	0.4	3.7	4.7	3.2	3.7
Financing MTM	0.5	(0.5)	(0.7)	4.1	0.7
MSR MTM	(11.4)	(2.8)	9.5	2.9	(0.3)
Excess spread MTM	(0.5)	1.2	(4.1)	(2.9)	0.9
Total MTM adjustments	(11.4)	(2.2)	4.6	4.1	1.2
GAAP Pretax Income	(11.0)	1.5	9.4	7.3	5.0
Average UPB (\$B)	\$385.6	\$379.4	\$378	\$378	\$388

1) Operating revenue excludes payments made in connection with excess spread co-investment and sale of advances, amortization and MTM adjustments.

2) Includes compliance, accounting, finance

Servicing: Operating P&L Reconciliation

GAAP Revenue Reconciliation

<i>\$ in MM</i>	Q1'15	Q4'14	Q3'14	Q2'14	Q1'14
Operating Revenue	\$358	\$362	\$373	\$383	\$380
Less: MSR Financing Liability	(34)	(40)	(42)	(47)	(35)
Less: Excess Spread - principal	(40)	(39)	(41)	(40)	(36)
Less: Amortization – total	(63)	(46)	(53)	(33)	(45)
MTM Adjustments	(110)	(21)	44	39	12
Other	(1)	(1)	(1)	(1)	(1)
GAAP Revenue	\$109	\$215	\$280	\$302	\$275

GAAP Other Income / (Expense) Reconciliation

<i>\$ in MM</i>	Q1'15	Q4'14	Q3'14	Q2'14	Q1'14
Other Income / (Expense)	(\$15)	\$5	(\$9)	(\$29)	(\$40)
Plus: Excess Spread – Interest	(19)	(19)	(20)	(20)	(20)
GAAP Other Income / (Expense)	(\$34)	(\$14)	(\$30)	(\$49)	(\$60)

Originations: Recapture Economic Impact

Q1'15 Total Run-off:
~\$15B UPB

Q1'15 Voluntary Run-off: \$9.9B
UPB
(\$49mm amortization)

Q1'15 Involuntary Run-off / Principal Payments : \$5B UPB

Not eligible for origination product

- ✓ Charge-offs
- ✓ Foreclosure
- ✓ REO

Lower delinquencies = lower operating structure

Recaptured: \$2.3B
(24% recapture)

Not Recaptured: \$7.6B

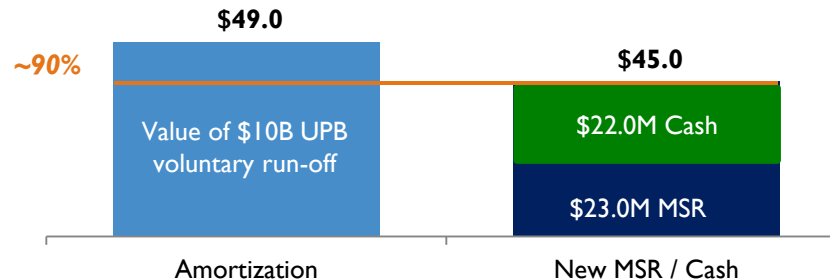
- Initiatives to increase retention:**
- ✓ Customer for Life / Customer Select
 - ✓ Predictive pay algorithm technology
 - ✓ RED MLS data

Economics Generated

Cash: \$22mm⁽¹⁾

New MSR: \$23mm

Economic Impact of Retention



Recapture of voluntary payoffs mitigated ~90% of run-off economic value

1) Cash from points, fees, secondary gains