



Q2 2015 Investor Supplement
July 30, 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: estimates of our overall earnings and cash flow, impact of our key strategic initiatives and results of enhanced customer experience, servicing profitability, trends, targets and impact on other segments, benefits from rising rates and potential upside to MSR value. 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 residential mortgage services company and the largest non-bank servicer in the U.S.

- Generate strong, recurring cash flows
- Best positioned to capitalize on opportunities across the massive U.S. residential market
- Uniquely situated to transform the home purchase and ownership experience through Xome

\$404B
Portfolio
291% UPB growth since IPO



\$18B⁽¹⁾
Originations
278% growth since IPO

4th largest servicer⁽²⁾
Largest non-bank servicer

Top Rated GSE Servicer
FNMA 5-STAR rating

23,000
Annual Property Sales⁽³⁾

\$122MM
Xome Q2'15 Revenue; up 53% YoY

1) Based on 1H'15 annualized originations.
2) Inside Mortgage Finance Q1'15 rankings.
3) Based on 1H'15 annualized property sales.

Q2'15 Financial Performance

- Significantly improved results driven by servicing – **adjusted pretax income up 57%⁽¹⁾**
- Strong quarter of originations results - **\$59mm of adjusted pretax income⁽¹⁾**
- Continued top-line growth for Xome - **increased revenue to \$122mm, up 13% QoQ**
- Sustained strong adjusted cash flow generation of \$137 million⁽¹⁾

\$ mm	Q1'15	Q2'15	QoQ %
Operating Revenue ⁽¹⁾	\$643	\$702	+9%
Total Expenses ⁽¹⁾	437	464	(6%)
Adj. Operating Income	\$206	\$237	+15%
Total Servicing Amortization ⁽²⁾	(76)	(88)	(16%)
Partner Payments	(94)	(94)	--
Adjusted Pretax Income⁽¹⁾	\$35	\$55	+57%
Adjusted Cash Flow ⁽¹⁾	\$127	\$137	+8%
GAAP Net Income	(\$48)	\$75	--

✓ **Increase in Adjusted Pretax Income and Adjusted Cash Flow driven by improved profitability in Servicing**

✓ **Benefitting from rising interest rates**

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

2) Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm and \$13mm in Q2'15 and Q1'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.

Servicing Highlights

- **Sequential progress in profitability to 2.3 bps⁽¹⁾**
- Acquired \$29B in Q2; record ending UPB of \$404B
- \$28B of outstanding commitments

Improving Financial Results⁽³⁾

\$ mm	Q1'15	Q2'15	Q3'15 Target ⁽²⁾
Operating Revenue ⁽¹⁾	\$375	\$408	
Total Expenses ⁽¹⁾	197	203	
Adj. Operating Income	\$178	\$205	
Adj. Operating Income (bps)	18.4	20.8	20.8 – 22.6
Total Amortization ⁽¹⁾	(76)	(88)	
Partner Payments	(94)	(94)	
Adj. Pretax Income⁽¹⁾	\$7	\$23	
Adj. Pretax Income (bps)	0.7	2.3	3.5 – 4.0
Key Metrics:			
Avg. UPB (\$B)	\$386	\$395	
60+ day delinquency	8.8%	7.4%	
Annualized CPR rate	13.8%	16.9%	

Positioned to Benefit from Rising Rates

Slower prepayments

- ✓ 1% reduction in CPR = \$12mm lower amortization annually

Lower DQs / lower cost to service

- ✓ 2% decrease in DQ = \$24mm lower annual operating costs

Reduced advance balances

- ✓ 10% decrease in advances = \$8mm interest savings annually

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

2) Estimates of future profitability targets are forward looking and based on a number of factors outside our control. Results could differ materially.

3) During the second quarter, the Veripro recovery business was reclassified from the Xome segment into the Servicing segment. Veripro generated \$4.6mm in pretax income in Q2'15 and \$2.9mm in Q1'15. All periods have been reclassified for comparability.

Originations Highlights

- \$4.8B in funded volume – **up 14% QoQ**
- \$59mm of adjusted pretax income⁽¹⁾
- 50 basis point recapture referral fee to servicing would generate 1.4 bps of increased servicing profitability in Q2

Strong Financial Results

\$ in mm

	Q1'15	Q2'15	QoQ%
Revenue	\$158	\$170	+8%
Total Expenses ⁽¹⁾	99	111	(12%)
Adjusted Pretax Income⁽¹⁾	\$59	\$59	--

Key Metrics:

Funded Volume (\$B)	\$4.2	\$4.8	+14%
Recapture percentage	24%	25%	+4%
Purchase % funded volume	24%	27%	+13%
30 year mortgage rate	3.69%	4.02%	+9%

Illustrative Example: PTI Increase from Recapture

\$ in mm, unless noted

		Margin		
		125 bps	150 bps	175 bps
Increase in Recapture	+1%	\$6.6	\$7.9	\$9.3
	+5%	\$33.0	\$39.7	\$46.3
	+10%	\$66.1	\$79.3	\$92.5

5% increase in recapture results in ~\$40mm annual pretax income

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

XomeSM Highlights



- Rebranded Solutionstar to Xome
- Successful launch of Xome.com platform
- **Grew revenues to \$122mm; 13% increase QoQ**
- Continue to focus on 3rd party business expansion
 - ✓ Signed large title / close contract from Top-4 bank in Q2

Performance Metrics⁽¹⁾

\$ in mm

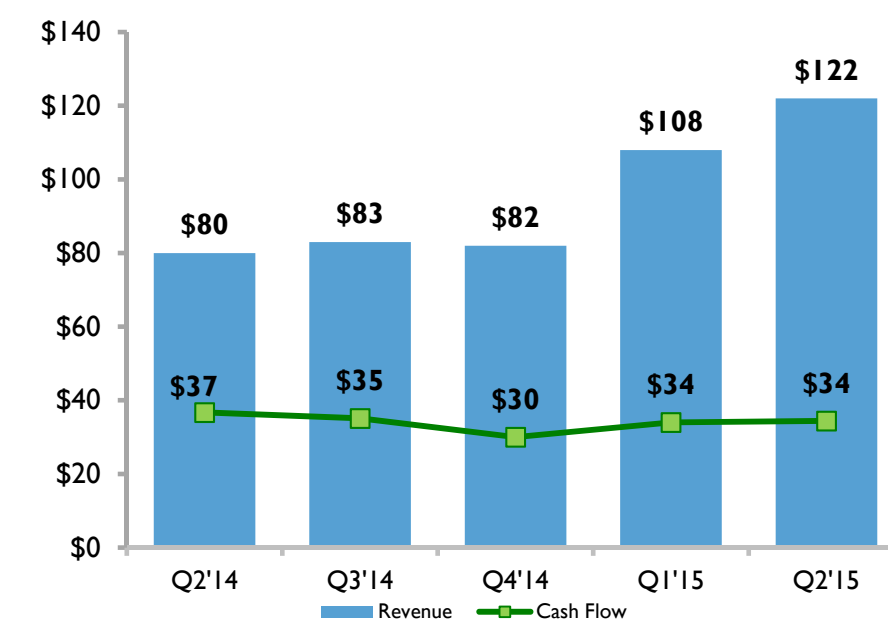
	Q1'15	Q2'15	QoQ %
Revenue	\$108	\$122	+13%
Total Expenses	79	94	(19%)
Pretax income	\$28	\$28	--

Key Metrics:

Property sales	5,483	6,131	+12%
REO ending inventory	9,114	8,279	(9%)
3 rd party business %	31%	30%	(3%)

Revenue Growth & Stable Cash Flows⁽¹⁾

\$ in mm



1) During the second quarter, the Veripro recovery business was reclassified from the Xome segment into the Servicing segment. Veripro generated \$4.6mm in pretax income in Q2'15 and \$2.9mm in Q1'15. All periods have been reclassified for comparability.

Building Off A Strong Platform



Servicing: Financial Performance⁽¹⁾

\$ mm	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Operating Revenue	\$399	\$381	\$388	\$375	\$408
Total Expenses	199	172	174	197	203
Adj. Operating Income	\$200	\$209	\$214	\$178	\$205
Adj. Operating Income (bps)	21.1	22.2	22.5	18.4	20.8
Total Amortization	(46)	(60)	(68)	(76)	(88)
Partner Payments	(95)	(100)	(99)	(94)	(94)
Adjusted Pretax Income	\$59	\$49	\$47	\$7	\$23
Adjusted Pretax Income bps	6.3	5.2	5.0	0.7	2.3

Servicing Outlook⁽²⁾

- ✓ Q3'15: expect to achieve 3.5 bps
- ✓ Q4'15: exit the year above 5.0 bps
- ✓ 2016: long-term stability of 5 – 7 bps

Originations: Financial Performance⁽¹⁾

\$ mm	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15
Revenue	\$165	\$139	\$145	\$158	\$170
Total Expenses	97	85	99	99	111
Adjusted Pretax income	\$69	\$54	\$47	\$59	\$59

Originations Outlook⁽²⁾

- ✓ Continued strong performance in July
- ✓ Large opportunity within portfolio

Note: During the second quarter 2015, the Veripro recovery business was reclassified from the Xome segment into the Servicing segment. All periods have been reclassified for comparability.

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

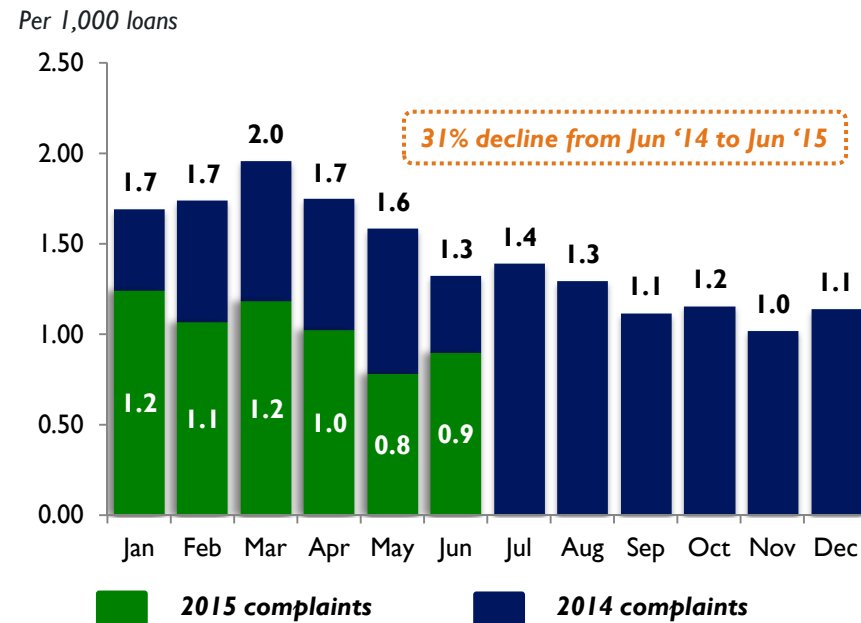
2) Estimates of future profitability targets are forward looking and based on a number of factors outside our control. Results could differ materially.

Enhancing the Customer Experience

- **Keys to increasing recapture:**

- ✓ **Reduce complaints:** utilize root cause analysis, self-help, employee training
- ✓ **Redefine customer experience:** provide customers with enhanced web-portals and best-in-class service
- ✓ **Reward employees:** align employee compensation with customer experience

Complaint Reductions



Improving Customer Experience

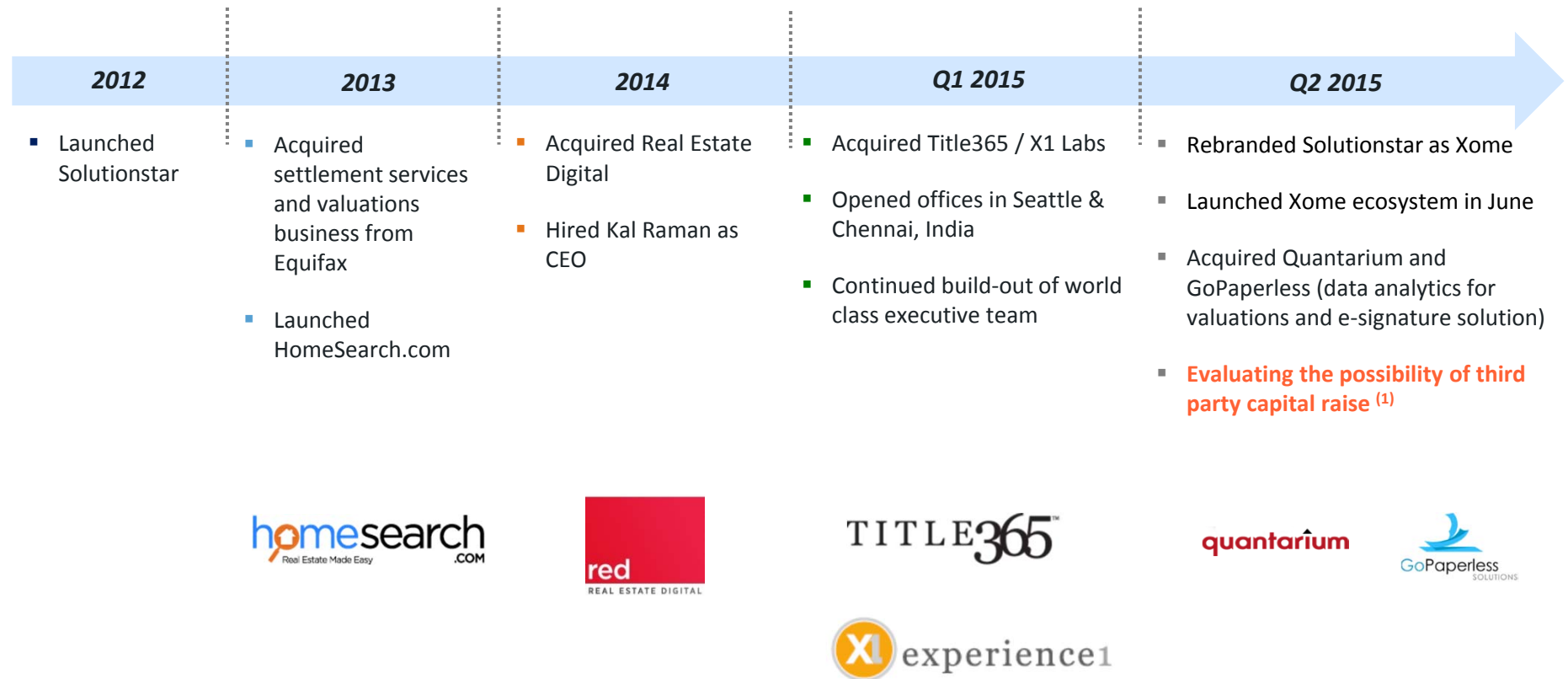
	YoY Improvement %
Google customer review rating	+130%
GlassDoor rankings	+20%
NSM servicing customer "Promoters"	+40%

Enhance the customer experience, increase brand loyalty and convert more customers to Promoters

Evolution to Xome



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



1) These materials are not an offer to sell or a solicitation of an offer to buy any securities of the Company or any of its subsidiaries. Any securities may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act of 1933, as amended. Xome Holdings LLC has not registered and does not intend to register any offering of securities in the United States or to conduct a public offering of securities in the United States. 9

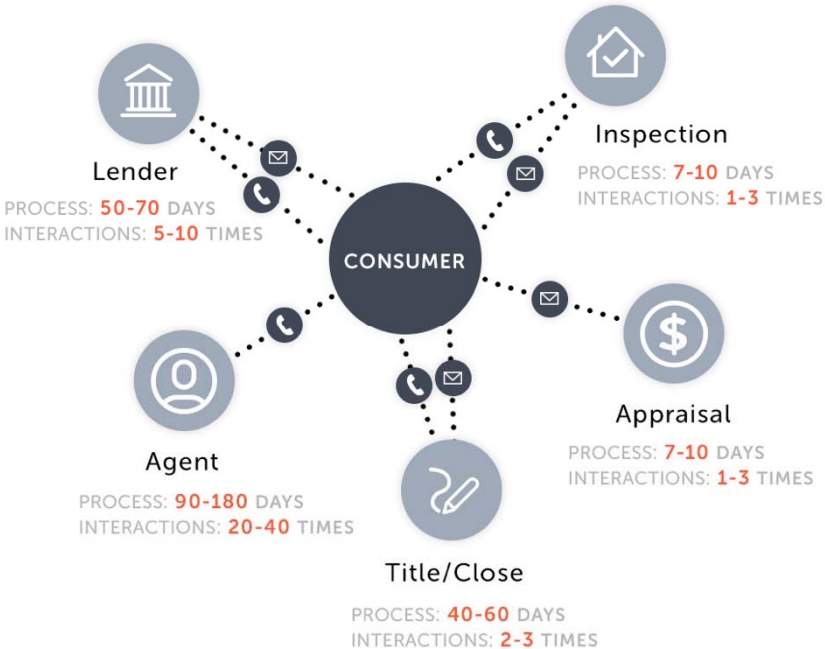
Xome Redefines the Real Estate Transaction Experience



HOW IT WORKS TODAY

vs.

XOME'S TRANSFORMATIONAL PROCESS



Consumer works with each party to navigate the overwhelming process

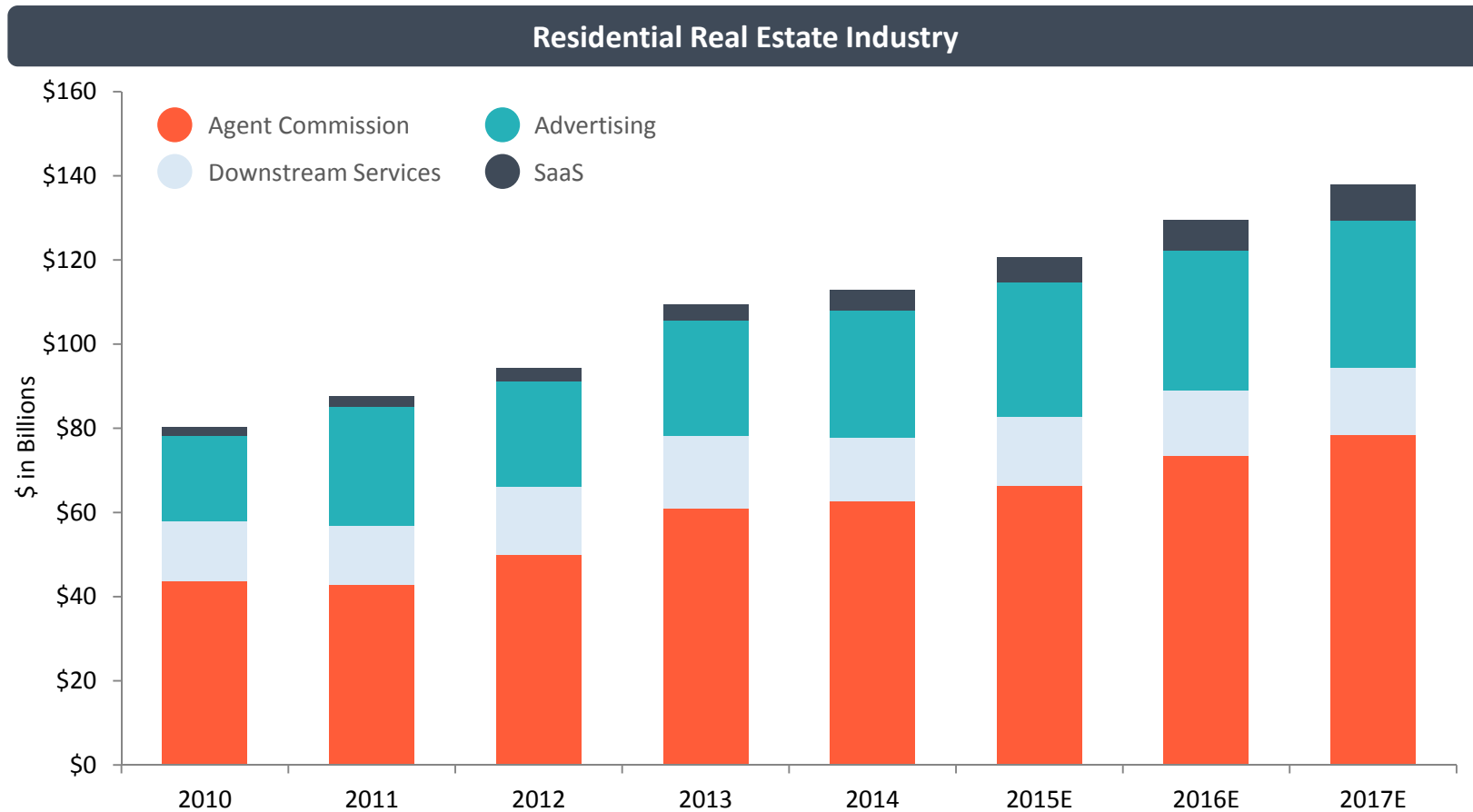
Xome enables a seamless transaction process, from property search to closing

Note: Xome ConciergeSM acts as a personal assistant to guide the consumer through the process; consumer must still work directly with the downstream services provider to complete order (e.g. inspector).

Massive Disjointed Residential Real Estate Market



- \$120 billion industry growing 7% per year – primed for a technology revolution⁽¹⁾
 - Driven by 6 million annual home purchases and 2 million annual refinances⁽²⁾
- Xome participates in all four segments



1) Source: MBA (Jun 2015), ALTA (2014), Black Knight (May 2015), Corelogic (Jul 2015), ICON Advisory (Jul 2015), Borrell Associates (Feb 2015), and Xome estimates.

2) Source: MBA (Jun 2015) and ICON Advisory (Jul 2015).

Xome.com Scorecard

Successful launch with encouraging momentum in first **45 days** of operations



+100k

iOS Downloads



+1,400

Qualified Leads



Leading Agents

Across the top 35 MSAs



Android app

Launching soon

Top 100 iTunes Free App and a Top 10 Lifestyle App⁽¹⁾

1) For the week ended July 24th

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 Pretax Income (“Adjusted Pretax Income”) This disclaimer applies to every usage of Adjusted Pretax Income in this presentation. Adjusted Pretax 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 non-recurring expenses.

Appendix



Substantial Cushion on Proposed FHFA Requirements



	Q2'15	FHFA Minimum	Cushion
<i>\$ in mm, unless noted</i>			
Nationstar Mortgage LLC (seller / servicer)			
Tangible Net Worth	\$1,625	\$975	\$650
Assets⁽¹⁾	\$9,897		
Tangible Net Worth / Assets	16%	6%	10%
Liquidity⁽²⁾	\$894	\$87	\$807

1) Calculated in accordance with FHFA's capital and liquidity standards. As of April 2015, Nationstar was granted waivers to exclude reverse assets (\$7,425 as of Q2'15) from the calculation of Tangible Net Worth / Assets.
 2) 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.

Adjusted Income Reconciliation



<i>\$ in mm</i>	<u>Q1'15</u>	<u>Q2'15</u>
GAAP Pretax Income	(\$74)	\$120
MTM Adjustments	\$110	(\$82)
Non-Recurring Expenses ⁽¹⁾	---	\$17
Adjusted Pretax Income	\$35	\$55
Less: Taxes ⁽²⁾	(\$13)	(\$20)
Adjusted Earnings	\$22	\$35
Adjusted Earnings Per Share⁽³⁾	\$0.25	\$0.32

- 1) Non-recurring expenses include severance, early termination of vendor contracts and legal settlements.
- 2) Calculated using tax rate of 36.8% in Q2'15 and 36.6% in Q1'15.
- 3) Calculated using fully-diluted average share count of 107.9mm in Q2'15 and 90.6mm in Q1'15.

Adjusted Pretax Income Reconciliations



\$ in mm	Q1'15					Q2'15				
	Servicing	Xome ⁽¹⁾	Orig	Corp / Other	Total	Servicing	Xome ⁽¹⁾	Orig	Corp / Other	Total
GAAP Pretax Income	(\$103)	\$28	\$59	(\$59)	(\$74)	\$96	\$28	\$54	(\$58)	\$120
MTM Adjustments	\$110	---	---	---	\$110	(\$82)	---	---	---	(\$82)
Non-Recurring Expenses ⁽²⁾	---	---	---	---	---	\$9	---	\$4	\$4	\$17
Adjusted Pretax Income	\$7	\$28	\$59	(\$59)	\$35	\$23	\$28	\$59	(\$54)	\$55

1) During the second quarter, the Veripro recovery business was reclassified from the Xome segment and included in the Servicing segment. Veripro generated \$4.6mm in pretax income in Q2'15 and \$2.9mm in Q1'15. All periods have been reclassified for comparability.

2) Non-recurring expenses include severance, early termination of vendor contracts and legal settlements

Segment Adjusted Cash Flow Reconciliations

\$ in mm	Q1'15					Q2'15				
	Servicing	Xome ⁽¹⁾	Orig	Corp / Other	Total	Servicing	Xome ⁽¹⁾	Orig	Corp / Other	Total
GAAP Pretax Income	(\$103)	\$28	\$59	(\$59)	(\$74)	\$96	\$28	\$54	(\$58)	\$120
MTM Adjustments	\$110	---	---	---	\$110	(\$82)	---	---	---	(\$82)
Amortization ⁽²⁾	\$76	---	---	---	\$76	\$88	---	---	---	\$88
Principal Payments on Co-Invest	\$40	---	---	---	\$40	\$42	---	---	---	\$42
Servicing Value Retained	---	---	(\$44)	---	(\$44)	---	---	(\$58)	---	(\$58)
Other ⁽³⁾	\$3	\$6	\$2	\$8	\$19	\$5	\$7	\$3	(\$5)	\$10
Non-Recurring Expenses	---	---	---	---	---	\$9	---	\$4	\$4	\$17
Adjusted Cash Flow	\$127	\$34	\$18	(\$52)	\$127	\$158	\$34	\$4	(\$59)	\$137

- 1) During the second quarter 2015, the Veripro recovery business was reclassified from the Xome segment into the Servicing segment. All periods have been reclassified for comparability.
- 2) Total amortization represents amortization of scheduled, voluntary and involuntary principal payments from the mortgage servicing rights, net of accretion from MSR related liabilities including excess spread financing. Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected as a reduction of amortization totaling \$27mm and \$13mm in Q2'15 and Q1'15, respectively and has been removed to reflect actual amortization for the periods.
- 3) Other includes \$14mm of depreciation & amortization, \$6mm of stock based compensation and \$10mm of cash taxes in Q2'15. Other includes \$13mm of depreciation & amortization, \$6mm of stock based compensation and (\$1mm) of cash taxes in Q1'15.

Servicing: Operational P&L



\$ in mm	Q1'15 ⁽¹⁾		Q2'15 ⁽¹⁾	
	\$	bps	\$	bps
Operating Revenue	\$374.6	38.9	408.2	41.3
Labor costs ⁽²⁾	59.4	6.2	60.7	6.2
Direct corporate allocation	39.2	4.1	39.8	4.0
Other direct expenses ⁽²⁾	83.8	8.7	100.0	10.1
Total Expenses	182.4	18.9	200.5	20.3
Other (income) / expense	14.7	1.5	2.6	0.3
Adj. operating income blf amortization	177.5	18.4	205.0	20.8
MSR amortization	(107.8)	(11.2)	(133.9)	(13.6)
Excess spread accretion	31.6	3.3	45.7	4.6
Total amortization⁽³⁾	(76.2)	(7.9)	(88.3)	(8.9)
Adjusted operating income	101.3	10.5	116.7	11.8
MSR financing liability payments	34.3	3.6	31.1	3.2
Excess spread payments – principal	40.3	4.2	41.9	4.2
Excess spread payments – interest	19.4	2.0	20.6	2.1
Total financing structure payments	94.1	9.8	93.6	9.5
Adjusted Pretax Income	7.2	0.7	23.1	2.3
Excess Spread / Financing MTM	--	--	(43.6)	(4.4)
MSR MTM	(109.7)	(11.4)	125.3	12.7
Total MTM adjustments	(109.7)	(11.4)	81.7	8.3
Non-recurring expenses	--	--	(9.0)	0.9
GAAP Pretax Income	(102.5)	(10.6)	95.8	9.7
Average UPB (\$B)	\$385.6		\$394.9	

- 1) During the second quarter 2015, the Veripro recovery business was reclassified from the Xome segment into the Servicing segment. All periods have been reclassified for comparability.
- 2) Q2'15 labor excludes \$4.3mm severance and other direct expenses excludes \$4.7mm of legal and other non-recurring items.
- 3) Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm and \$13mm in Q2'15 and Q1'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.

Servicing: Operational P&L (in bps)



\$ in mm	Q2'14 ⁽¹⁾	Q3'14 ⁽¹⁾	Q4'14 ⁽¹⁾	Q1'15 ⁽¹⁾	Q2'15 ⁽¹⁾
Operating Revenue	42.2	40.3	40.9	38.9	41.3
Labor costs ⁽²⁾	7.2	6.6	7.0	6.2	6.2
Direct corporate allocation	3.5	3.4	4.0	4.1	4.0
Other direct expenses ⁽²⁾	7.3	7.2	7.9	8.7	10.1
Total Expenses	18.0	17.2	18.9	18.9	20.3
Other (income) / expense	3.1	1.0	(0.5)	1.5	0.3
Adj. operating income b/f amortization	21.1	22.1	22.5	18.4	20.8
MSR amortization	(9.1)	(10.8)	(10.4)	(11.2)	(13.6)
Excess spread accretion	4.2	4.5	3.3	3.3	4.6
Total amortization ⁽³⁾	(4.9)	(6.3)	(7.1)	(7.9)	(8.9)
Adjusted operating income	16.2	15.8	15.4	10.5	11.8
MSR financing liability payments	3.7	4.2	4.3	3.6	3.2
Excess spread payments – principal	4.2	4.3	4.1	4.2	4.2
Excess spread payments – interest / other	2.1	2.1	2.0	2.0	2.1
Total financing structure payments	10.0	10.6	10.4	9.8	9.5
Adjusted Pretax income	6.3	5.2	5.0	0.7	2.3
Excess Spread / Financing MTM	1.2	(4.8)	0.7	0.0	(4.4)
MSR MTM	2.9	9.5	(2.8)	(11.4)	12.7
Total MTM adjustments	4.1	4.6	(2.2)	(11.4)	8.3
Non-recurring expenses	(3.1)	(0.2)	(0.9)	--	(0.9)
GAAP Pretax Income	7.3	9.6	1.9	(10.6)	9.7
Average UPB (\$B)	\$378.4	\$378.1	\$379.4	\$385.6	\$394.9

1) During the second quarter 2015, the Veripro recovery business was reclassified from the Xome segment into the Servicing segment. All periods have been reclassified for comparability.

2) Excludes severance and other non-recurring items.

3) Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm and \$13mm in Q2'15 and Q1'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.

Servicing: Operating P&L Reconciliation



GAAP Revenue Reconciliation

<i>\$ in MM</i>	<u>Q1'15</u>	<u>Q2'15</u>
Operating Revenue	\$375	\$408
Less: MSR Financing Liability	(34)	(31)
Less: Excess Spread - principal	(40)	(42)
Less: Amortization – total ⁽¹⁾	(76)	(88)
MTM Adjustments	(110)	82
Other	(1)	(1)
GAAP Revenue	\$113	\$329

GAAP Other Income / (Expense) Reconciliation

<i>\$ in MM</i>	<u>Q1'15</u>	<u>Q2'15</u>
Other Income / (Expense)	(\$15)	(\$3)
Plus: Excess Spread – Interest	(19)	(21)
GAAP Other Income / (Expense)	(\$34)	(\$24)

1) Total amortization represents amortization of scheduled, voluntary and involuntary principal payments from the mortgage servicing rights, net of accretion from MSR related liabilities including excess spread financing. Previously, the release of mortgage servicing liabilities related to GNMA buy-outs was reflected in the Operating P&L as a reduction of amortization totaling \$27mm and \$13mm in Q2'15 and Q1'15, respectively. These items have been reclassified, for presentation purposes, to the Operating Revenue line item in all periods.