



# **Q1 2014 Earnings Presentation**

*Three Months Ended March 31, 2014*

**May 8, 2014**

# 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 servicing segment's growth and profitability; estimates of our origination's segment's profitability; REO property sales in 2014; the anticipated benefits of the Real Estate Digital acquisition; estimates of fiscal year 2014 revenue, guidance for AEBITDA per share and GAAP EPS and pre-tax income; profitability through our fee-services business; 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, performances or achievements expressed or implied by the forward-statements. Certain of these risks and uncertainties are described in the "Risk Factors" section of our most recent annual and quarterly reports and other required reports as filed with the SEC, which are available at the SEC's website at <http://www.sec.gov>. Certain amounts included in this presentation are presented strictly for illustrative purposes, and such amounts should not be viewed as a representation regarding management's expectations or actual results. Management's expectations and actual results could differ materially from statements made for illustrative purposes. 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.*

# Q1'14: Improved Performance Across All Segments



## Financial

- GAAP EPS of \$0.27
  - Pro forma EPS of \$0.53<sup>(1)</sup>
- ✓ Includes net MSR mark-to-market of (\$0.08)
- Significant increases QoQ**

## Servicing

### **Attractive source of long-term, fee-based recurring revenues**

- 7 bps pretax operating profitability<sup>(2)</sup>; or \$69mm
- ✓ 11 bps '14 target
- Ending portfolio UPB of \$384B

## Solutionstar

### **Growing fee-for-service revenue stream**

- Revenue of \$78mm<sup>(3)</sup>; \$35mm pretax income
- Building-out digital marketplace through acquisition of Real Estate Digital<sup>(4)</sup>

## Originations

### **Cost-effective and profitable means to generate servicing assets**

- Pretax income increased ~ \$150mm QoQ
- Right-sized operations, returned to profitability
- Funded \$4.7B

- 1) Pro forma EPS excludes \$39 million in one time expenses. One-time expenses includes transaction expenses related to sale of advances to NRZ and expenses related to right-sizing the originations operations. Please refer to Appendix for information on non-GAAP numbers and reconciliations.
- 2) Q1'14 servicing pretax operating profitability is calculated as pretax income excluding the net negative change in MSR mark-to-market adjustments of \$11mm plus one-time expenses of \$18mm related to the write-off of deferred advance financing facilities fees related to the NRZ advance sale. Please refer to Appendix for information on non-GAAP numbers and reconciliations.
- 3) Solutionstar revenue assumes 100% of proceeds to Solutionstar. In the future, there may be a revenue / work share venture with NSM regarding the sale of REO properties.
- 4) In May, Solutionstar entered into a definitive agreement to acquire substantially all of the assets of Real Estate Digital, LLC and its affiliate. The transaction is expected to close in Q2'14 at which time Solutionstar will assume RED's management team and employees.

# Providing Solutions to Our Customers

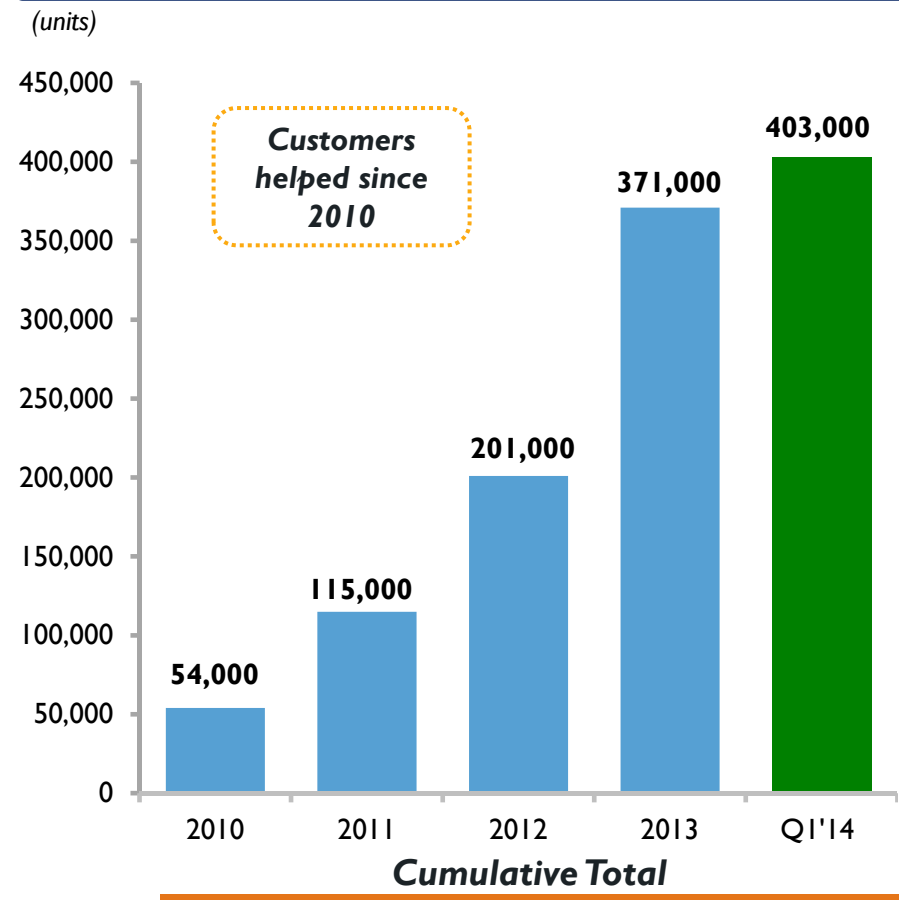


**GOAL: Preserve homeownership and increase mortgage affordability for our 2.3mm customers**

- Emphasis on customer service and loan performance
- Single point of contact since founding in 1994
- #2 for fewest complaints from delinquent borrowers<sup>(1)</sup>
  - ✓ 65% lower than the group average

- ~305,000 workouts since '10
  - ✓ ~23,000 in Q1
  - ✓ Average annual payment savings of **\$4,800**
- ~98,000 HARP loans since '10
  - ✓ ~9,000 in Q1
  - ✓ Average annual payment savings of **\$2,400**

## Loan Workouts & HARP Originations



<sup>1)</sup> In 2012 and 2013, on average Nationstar received complaints from only 2.1% of delinquent borrowers. Group average of top ten servicers (excluding Nationstar) was 5.9%. CFPB complaint data available at [www.consumerfinance.gov/complaintdatabase](http://www.consumerfinance.gov/complaintdatabase).

# Q1'14 Servicing Highlights



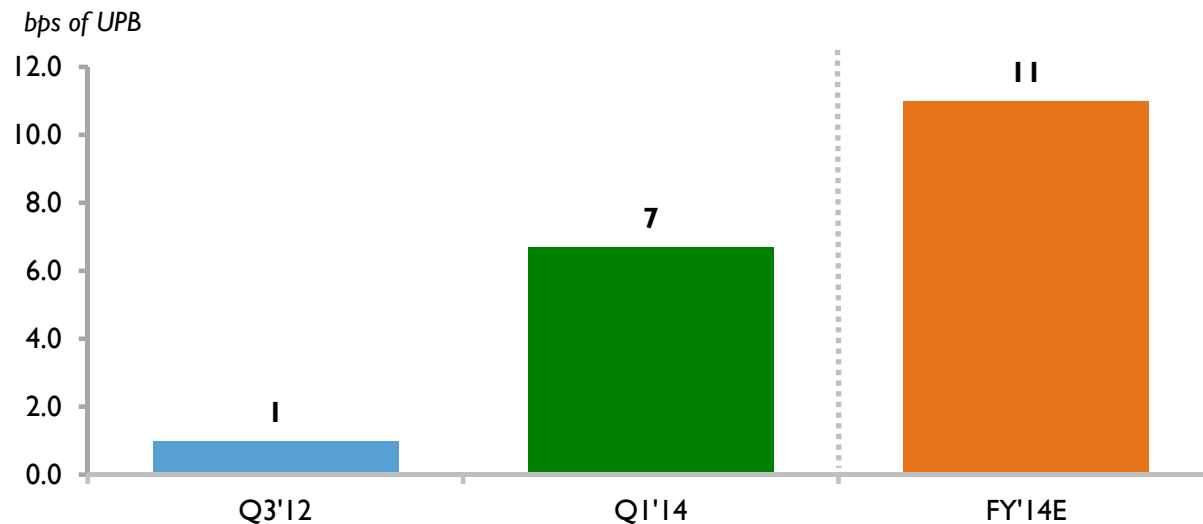
## Performance

- Predictable, growing cash flows over long-term
- 7 bps pretax operating profitability<sup>(1)</sup>
- 24% reduction in advance ratio QoQ; focus on recovering advances

## Portfolio Statistics

- 60+ day delinquency rate down 80 bps QoQ to 11.1%
- Annualized CPR down 290 bps QoQ to 11.9%

### Pretax Operating Profitability Growth<sup>(1)</sup>

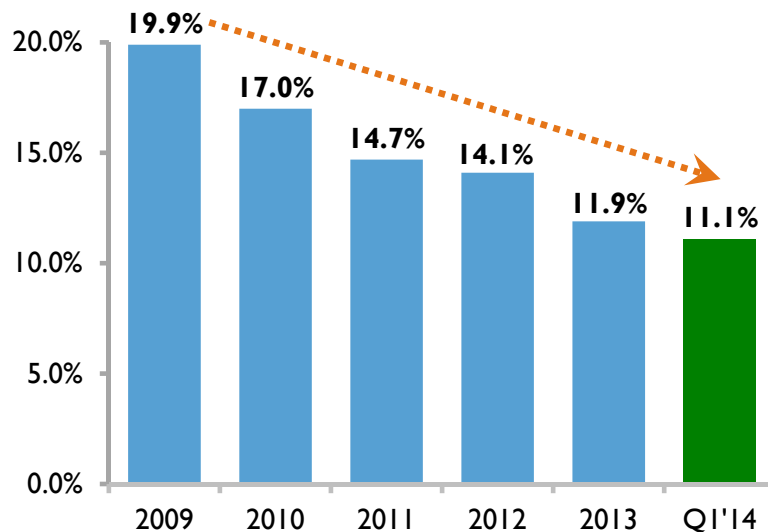


1) Q1'14 pretax operating profitability is calculated as pretax income excluding the net negative change in MSR mark-to-market adjustments of \$11mm plus one-time expenses of \$18mm related to the write-off of deferred advance financing facilities fees related to the NRZ advance sale. Please refer to Appendix for information on non-GAAP numbers and reconciliations. Estimates of future profitability targets are forward looking statements and based on a number of factors outside our control. Results could differ materially.

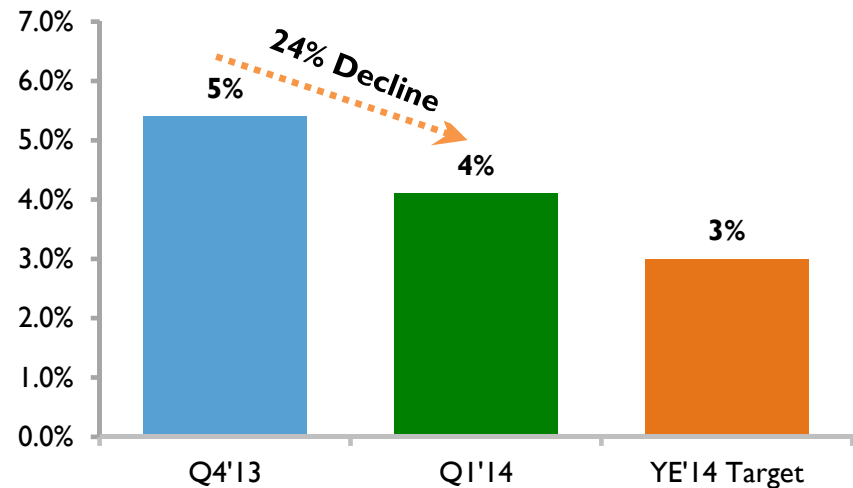
# Servicing: Initiatives Update<sup>(1)</sup>

- Benefits from profitability focus areas should be realized over the course of 2014
  - ✓ Automation / workforce management
  - ✓ Driving down delinquencies
  - ✓ Reducing vendor spend
  - ✓ Real estate services
- Lowering delinquencies provides customers with solutions while reducing costs and advances
- Since Q4, reduced PLS advance ratio by 24%
  - ✓ Targeting reduction of PLS advance ratio to 3% by YE

**Portfolio Delinquency (60+ Day)**



**PLS Portfolio Advance Ratio<sup>(2)</sup>**



1) Statements regarding our profitability initiatives are forward looking statements and based on a number of factors outside our control. Results could differ materially.

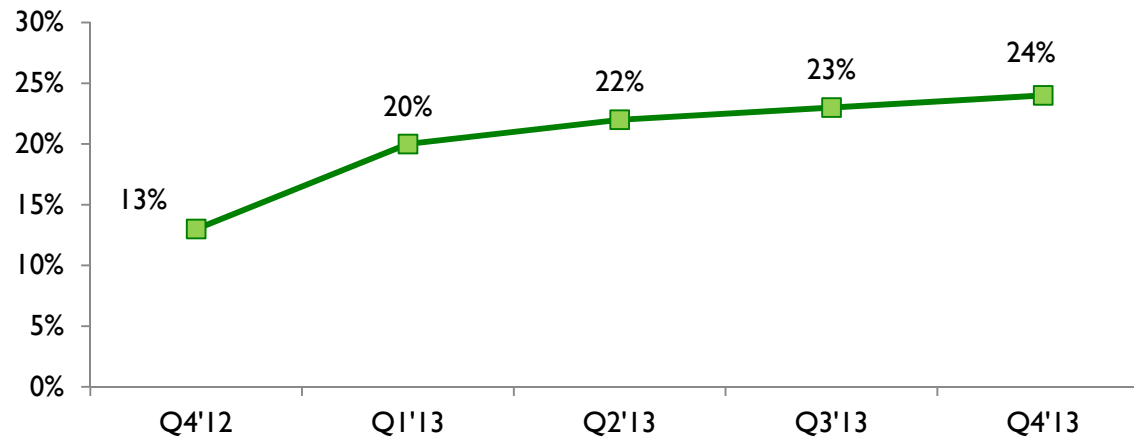
2) Advance ratio is calculated as the PLS advance balance divided by the total PLS servicing portfolio UPB. Advance balances declined in the quarter as a result of providing customers with loan modifications, workouts and resolutions. Targeted reduction in advance ratio is a forward looking statement and based on a number of factors outside our control. Results could differ materially.

# Servicing Pipeline Opportunities



- Banks continue to vocalize desire to exit default servicing business and reduce exposure to mortgage market
  - ✓ Proven track record of reducing delinquencies and strong customer service
- Bulk/flow pipeline in excess of \$300B
  - ✓ Transfers still occurring; long-term opportunities remain strong
- Continue to execute monthly flow programs totaling \$20B of annual volume

**Non-bank Share of the Mortgage Servicing Market<sup>(1)</sup>**



**Banks still control 76% of the \$10 trillion servicing market**

1) Source: Inside Mortgage Finance

# Solutionstar: Diversified, Sustainable Fee-Based Business



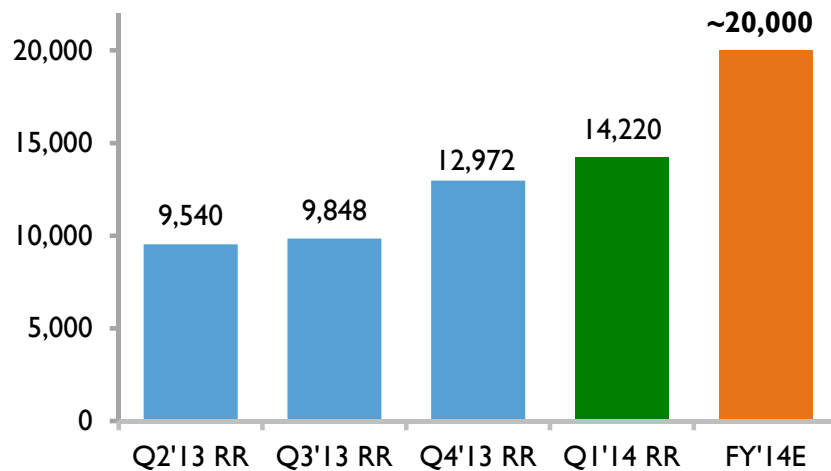
## Q1'14 Performance

- Revenue of \$78mm<sup>(1)</sup>; pretax income of \$35mm
- Revenue mix: Real Estate Services (51%); Settlement Services (44%); Asset Recovery (5%)

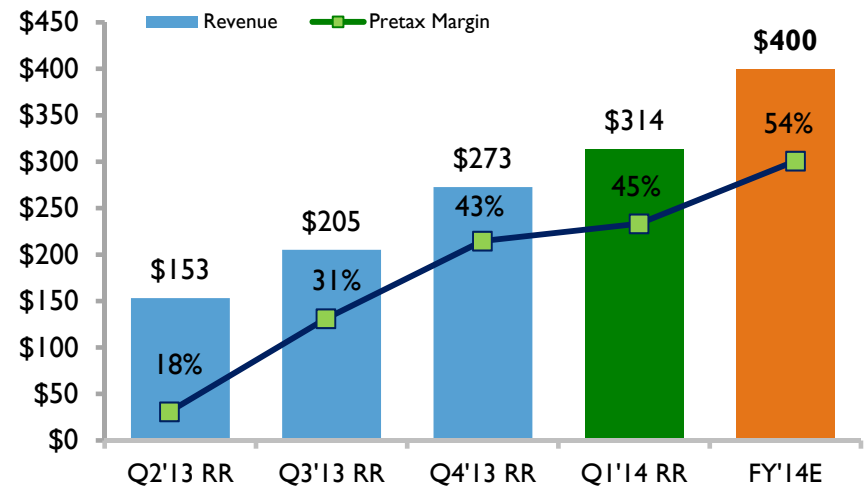
## 2014 Focus Areas

- Property sale opportunities (potential for 165,000 over next 5 years<sup>(2)</sup>)
- Develop Homesearch.com into comprehensive online marketplace
- Increase 3<sup>rd</sup> party business
- 2014 pretax income target of \$215mm<sup>(1)</sup>

## Property Sales<sup>(3)</sup>



## Revenue / Pretax Margin<sup>(3)</sup>



1) Solutionstar revenue assumes 100% of proceeds to Solutionstar. In the future, there may be a revenue / work share venture with NSM regarding the sale of REO properties.  
 2) For illustrative purposes only. This illustration uses assumptions that affect results shown, including assumptions that are based on factors that are beyond NSM's control. Actual results could differ materially from this illustration. Assumes average CDR of 7% on PLS portfolio over five year period. NSM currently does not dispose of REO properties on GSE portfolios.  
 3) Estimates of future revenues, pretax income and property sales are forward looking statements and based on a number of factors outside our control. Results could differ materially.



# Q1'14 Originations: Return to Profitability



- Focus on consumer direct channel<sup>(1)</sup>; evaluating non-agency and expanded purchase strategy
- Executed on right-sizing operations
- Recapture rate up 200 bps QoQ to 51%
- Outperformed industry; decline in volume (13%) less than industry<sup>(2)</sup> average (28%)

## Consumer Direct<sup>(1)</sup> Pretax Income

*(bps of funded volume)*

|   | Q1'14         | March '14      |
|---|---------------|----------------|
| Pretax Income                                 | 30 bps        | 135 bps        |
| Nonrecurring Items <sup>(3)</sup>             | 50            | -              |
| <b>Normalized Pretax Income<sup>(4)</sup></b> | <b>80 bps</b> | <b>135 bps</b> |

1) Includes recapture channel and Greenlight.

2) KBW research report dated May 4, 2014. Industry average includes WFC, JPM, USB, BAC, C, FBC, STI, BBT, PNC and FITB.

3) \$16 million of nonrecurring items include costs related to right-size originations operations.

4) Please see Appendix for additional information on Normalized Pretax Income.

- Significant step forward in development of an end-to-end real estate experience
  - ✓ Provider of online marketing, data, transaction management and digital media solutions
- Purchase price of \$18mm at 0.7x '14E revenue

### Online Marketing

- Created over 25,000 websites; 30,000 subscribers
- Generates 3mm+ unique visitors per month
- Technology relationships with 300,000 agents (~30% of market)

***Diversifies revenue – instant access to expanded client base***

### Data Services

- Licenses, aggregates and standardizes MLS<sup>(1)</sup> data
- License to 98% of all MLS listings<sup>(1)</sup>

***Target servicing assets listed for sale on MLS<sup>(1)</sup>***

### Transaction Management

- End-to-end software
- Licensed to 125,000 real estate agents; 150,000 transactions per year
- Develop technology replacements; up to \$15mm annual synergies

***Turn existing expenses into profitable revenue streams***

### Digital Media Solutions

- Lead aggregation potential
- Advertising and search engine optimization

***Drive traffic to our online websites***

1) Multiple Listing Services. Aggregates listings from local agents for syndication amongst real estate professionals across different brokerages and markets.

# Comprehensive, Advanced Transactional Real Estate Marketplace



## Market Opportunity<sup>(1)</sup>

8mm real estate transactions annually

5mm homes sold annually

10mm transaction sides available for representation by agents

70% of online audience plans to make a real estate transaction within 12 months



## Nationstar Positioning

Homesearch.com transaction portal will offer search capabilities for real estate agents, properties and services

Real Estate Digital provides:

- ✓ MLS<sup>(2)</sup> content identifies assets when listed for sale
- ✓ Transaction management software now a revenue driver
- ✓ SEO<sup>(3)</sup> / advertising will help drive traffic to both Nationstar and Solutionstar

**End-to-End services creating exceptional customer experience leading to customer for life** →

1) Source: Morgan Stanley research report dated February 24, 2014.  
 2) Multiple Listing Services. Aggregates listings from local agents for syndication amongst real estate professionals across different brokerages and markets.  
 3) Search engine optimization.

# Q1'14 Financial Highlights



- Significant quarterly improvement across key financial metrics
- Predictable and stable servicing contributed ~ 85% of pretax income
  - ✓ 6 bps pretax operating profitability<sup>(1)</sup> improvement since Q3'12
- \$0.83 improvement in GAAP EPS QoQ
- \$150mm turn-around in origination pretax income
- Expect to generate over \$1B of investable cash flow<sup>(2)</sup> in 2014

| \$mm  | Q1'14 | Q4 '13 | \$ Increase (QoQ) | % Increase (QoQ) |
|---|-------|--------|-------------------|------------------|
| <b>Revenue<sup>(3)</sup></b>                    | \$470 | \$430  | +\$40             | 10%              |
| <b>AEBITDA<sup>(3)(4)</sup></b>                 | \$170 | \$25   | +\$145            | 580%             |
| <b>Pro forma Pretax Income<sup>(3)(4)</sup></b> | \$81  | \$(16) | +\$97             | --               |
| <b>Pretax Income<sup>(3)</sup></b>              | \$48  | \$(68) | +\$116            | --               |

1) Servicing pretax operating profitability is calculated as pretax income excluding the net change in MSR mark-to-market adjustments and one-time expenses. Please refer to Appendix for information on non-GAAP numbers and reconciliations.  
 2) Please refer to Endnotes for information regarding investable cash.  
 3) For operating segments.  
 4) Excludes one-time expenses totaling \$39mm. Please refer to Appendix and Endnote for information and reconciliations on Pro forma Pretax Income and AEBITDA.

## 2014 Guidance



- Updated guidance reflects external market conditions
  - ✓ Near term servicing transfers have slowed; originations market conditions remain soft industry-wide
- Earnings expected to grow throughout fiscal year to achieve target guidance range
- Earnings contribution is heavily weighted toward higher multiple businesses of servicing and Solutionstar

|                                  | <b><u>2014E</u></b> |
|----------------------------------|---------------------|
| AEBITDA per share <sup>(1)</sup> | \$12.00 - \$12.75   |
| GAAP EPS <sup>(1)</sup>          | \$4.00 - \$5.00     |

1) Please refer to Appendix for information regarding non-GAAP numbers, including 2014E AEBITDA and EPS.

**Execution on strategic and operational initiatives will lead to increased shareholder value**

## **I** **Core Servicing: *predictable, stable cash flows***

- ✓ Continued execution on profitability initiatives in Q1'14
- ✓ Significant pipeline opportunities
- ✓ Improving economy should translate to increased profitability with longer earnings tail

## **II** **Solutionstar: *high margin, fee-for-service business***

- ✓ Expand service offerings to create an end-to-end real estate experience
- ✓ Launch new products / technology platforms; increase 3<sup>rd</sup> party business

## **III** **Originations: *cost-effective and profitable creation of long-term servicing assets***

- ✓ Focus on consumer direct channel
- ✓ Right-sized operations; becoming more efficient; lowering operating costs

## **IV** **Deployment of Investable Cash**

- ✓ Executing on acquisitions – Real Estate Digital

# Appendix



# Servicer Advance Sales Update



| Advance Sales  | Description   | RMSR Structure                         | NSM P&L Presentation   |
|--|---|--|--|
| <b>Completed thru Q1'14</b>  | Paid to <b>NSM</b>  | <b>Ancillary Fees<br/>Up to 10 bps</b> | "Servicing Fee Income"   |
| <ul style="list-style-type: none"> <li>▪ Advance balance sold: \$4.0B</li> <li>▪ Related right to MSR "RMSR" sold: \$79B</li> <li>▪ Proceeds to NSM: \$491mm</li> </ul>                  | Paid to <b>NSM</b>  | <b>Servicing Fee<br/>2 bps</b>         | "Servicing Fee Income"   |
| <b>Subsequent to Q1'14<sup>(1)</sup></b>   | Retained by <b>NRZ</b> to meet target return on investment  | <b>Retained Fee<br/>15 bps</b>         | Gross servicing fees collected flow through "Servicing Fee Income". The Retained & Performance Fee remitted to NRZ will be a deduction from "Servicing Fee Income". Quarterly, NSM will mark-to-market the "Mortgage Servicing Rights Financing Liability" to fair value. The MTM entry flows through "Servicing Fee Income". An increase in the FV of the liability will decrease "Servicing Fee Income" and a decrease in the FV of the liability will increase "Servicing Fee Income" |
| <ul style="list-style-type: none"> <li>▪ Advance balances sold: \$0.6B</li> <li>▪ Proceeds to NSM: \$75mm</li> </ul>   | If target return is met, excess above target return split 50/50 to <b>NSM / NRZ</b> ; up to nearly 8 bps paid to <b>NSM</b>   | <b>Performance Fee<br/>5 bps</b>       |  |
| <b>Remaining<sup>(2)</sup></b>   | If <b>NRZ</b> target return is met, 100% of fee to <b>NSM</b><br>If <b>NRZ</b> target return is not met, portion of fee required for target return to <b>NRZ</b> , with remaining to <b>NSM</b> | <b>Excess Fee<br/>11 bps</b>           |  |
| <ul style="list-style-type: none"> <li>▪ Expected advance balances to be sold: \$0.7B</li> <li>▪ Related "RMSR" to be sold: \$45B</li> <li>▪ Expected proceeds to NSM: \$60mm</li> </ul> | Owned by <b>NSM</b> (2bps), <b>NRZ</b> , and affiliated funds to meet target return on investment   |  | Gross servicing fees flow through "Servicing Fee Income". Excess Spread treated as financing by GAAP. Portion of remittance treated as "principal" will be a deduction from "Servicing Fee Income". Portion of remittance treated as "interest" flows through interest expense. Quarterly, NSM will mark-to-market the excess spread liability to FV   |

1) From April 1, 2014 through May 7, 2014

2) Total expected proceeds from NRZ advance sales have been reduced by ~\$60 million from original projection in Dec '13 as a result of actual advances recovered in 2014.



# Pro Forma Earnings Per Share Reconciliations



| (\$ in millions)                                       | Q1'14         | Q4'13           |
|--|---------------|-----------------|
| Net Income attributable to Nationstar Holdings, Inc.   | \$24.0        | (\$50.9)        |
| Less: net loss attributable to noncontrolling interest | (0.4)         | -               |
| <b>Net Income</b>                                      | <b>23.7</b>   | <b>(50.9)</b>   |
| Income Tax   | 15.0          | (35.0)          |
| Pretax Income  | 38.7          | (85.9)          |
| One-time expenses                                      | 39.3          | 47.2            |
| Ramp expenses  | -             | 4.1             |
| <b>Pro forma Pretax Income</b>                         | <b>\$78.0</b> | <b>(\$34.6)</b> |
| Income Tax   | (30.2)        | 14.1            |
| <b>Pro forma Earnings Per Share</b>                    | <b>\$47.7</b> | <b>(\$20.5)</b> |
| <b>Pro forma Earnings Per Share:</b>                   | <b>\$0.53</b> | <b>(\$0.23)</b> |
| Average shares outstanding                             | 90.1          | 90.6            |

# Servicing Operating Pretax Income Reconciliation



*(\$ in millions unless noted)*

|   | Q1'14         | Q4'13         |
|---|---------------|---------------|
| <b>Pretax Income</b>                          | <b>\$40.1</b> | <b>\$75.0</b> |
| Ramp expenses                                 | -             | 4.1           |
| One-time expenses                             | 17.9          | 32.6          |
| Ramp / One-time expenses                      | 17.9          | 36.7          |
| Changes in FV due to inputs / assumptions     |               |               |
| Mortgage servicing rights                     | 20.6          | (93.7)        |
| Excess spread financing                       | (5.1)         | 44.5          |
| Mortgage servicing rights financial liability | (4.4)         | -             |
| Net change in FV due to inputs / assumptions  | 11.1          | (49.2)        |
| <b>Servicing Pretax Operating Income</b>      | <b>\$69.1</b> | <b>\$62.5</b> |

# AEBITDA and Pro Forma Pre-Tax Income Reconciliation



For Quarter Ended March 31, 2014

(\$ in millions)

|   | Servicing      | Originations  | Operating      | Legacy          | Total         |
|---|----------------|---------------|----------------|-----------------|---------------|
| <b>Adjusted EBITDA</b>                                      | <b>\$144.1</b> | <b>\$26.2</b> | <b>\$170.3</b> | <b>(\$8.0)</b>  | <b>162.3</b>  |
| Interest expense on corporate notes                         | (35.6)         | (14.7)        | (50.3)         | -               | (50.3)        |
| MSR valuation adjustment                                    | (78.3)         | -             | (78.3)         | -               | (78.3)        |
| Amortization of Mortgage Serv. Obligations                  | (0.3)          | -             | (0.3)          | -               | (0.3)         |
| Excess spread adjustment                                    | 3.4            | -             | 3.4            | -               | 3.4           |
| Mortgage Servicing Financing Liability                      | 10.8           | -             | 10.8           | -               | 10.8          |
| Depreciation & amortization                                 | (4.6)          | (3.0)         | (7.6)          | (1.2)           | (8.8)         |
| Stock-based compensation                                    | (1.8)          | (1.0)         | (2.8)          | -               | (2.8)         |
| Fair value adjustment for derivatives                       | 2.6            | -             | 2.6            | 0.2             | 2.8           |
| Hedge ineffectiveness                                       | -              | -             | -              | -               | -             |
| <b>Pre-Tax Income</b>                                       | <b>\$40.1</b>  | <b>\$7.6</b>  | <b>\$47.7</b>  | <b>(\$9.0)</b>  | <b>\$38.7</b> |
| Income Tax  |                |               |                |                 | (15.0)        |
| <b>Net Income</b>   |                |               |                |                 | <b>\$23.7</b> |
| Plus: Net loss attributable to noncontrolling interests     |                |               |                |                 | (0.4)         |
| <b>Net Income attributable to Nationstar Holdings, Inc.</b> |                |               |                |                 | <b>\$24.0</b> |
| Nationstar Holdings Inc. Earnings per share                 |                |               |                |                 | <b>\$0.27</b> |
| <b>AEBITDA per share</b>                                    | <b>\$1.60</b>  | <b>\$0.29</b> | <b>\$1.89</b>  | <b>(\$0.09)</b> | <b>\$1.80</b> |
| Average shares outstanding                                  | 90.1           | 90.1          | 90.1           | 90.1            | 90.1          |
| <b>Pre-Tax Income</b>                                       | <b>\$40.1</b>  | <b>\$7.6</b>  | <b>\$47.7</b>  | <b>(\$9.0)</b>  | <b>\$38.7</b> |
| One-time expenses   | 17.9           | 15.9          | 33.8           | 5.5             | 39.3          |
| <b>Pro forma Pre-Tax Income</b>                             | <b>\$58.0</b>  | <b>\$23.5</b> | <b>\$81.5</b>  | <b>(\$3.5)</b>  | <b>\$78.0</b> |

# AEBITDA and Pro Forma Pre-Tax Income Reconciliation



For Quarter Ended December 31, 2013

(\$ in millions)

|   | Servicing      | Originations     | Operating       | Legacy          | Total           |
|---|----------------|------------------|-----------------|-----------------|-----------------|
| <b>Adjusted EBITDA</b>                                      | <b>\$145.8</b> | <b>(\$120.8)</b> | <b>\$25.0</b>   | <b>(\$16.8)</b> | <b>8.2</b>      |
| Interest expense on corporate notes                         | (35.7)         | (14.8)           | (50.5)          | -               | (50.5)          |
| MSR valuation adjustment                                    | 21.0           | -                | 21.0            | -               | 21.0            |
| Excess spread adjustment                                    | (40.1)         | -                | (40.1)          | -               | (40.1)          |
| Depreciation & amortization                                 | (6.0)          | (2.8)            | (8.8)           | (1.1)           | (9.9)           |
| Stock-based compensation                                    | (1.7)          | (0.7)            | (2.4)           | -               | (2.4)           |
| Fair value adjustment for derivatives                       | -              | -                | -               | 0.3             | 0.3             |
| Hedge ineffectiveness                                       | 0.4            | -                | 0.4             | -               | 0.4             |
| Restructuring Charges                                       | (8.6)          | (3.5)            | (12.1)          | (0.8)           | (12.9)          |
| <b>Pre-Tax Income</b>                                       | <b>\$75.0</b>  | <b>(\$142.5)</b> | <b>(\$67.5)</b> | <b>(\$18.4)</b> | <b>(\$85.9)</b> |
| Income Tax  |                |                  |                 |                 | 35.0            |
| <b>Net Income attributable to Nationstar Holdings, Inc.</b> |                |                  |                 |                 | <b>(\$50.9)</b> |
| Earnings per share  |                |                  |                 |                 | <b>(\$0.56)</b> |
| AEBITDA per share   | \$1.61         | (\$1.33)         | \$0.28          | (\$0.19)        | \$0.09          |
| Average shares outstanding                                  | 90.6           | 90.6             | 90.6            | 90.6            | 90.6            |
| <b>Pre-Tax Income</b>                                       | <b>\$75.0</b>  | <b>(\$142.5)</b> | <b>(\$67.5)</b> | <b>(\$18.4)</b> | <b>(\$85.9)</b> |
| One-time expenses   | 32.6           | 14.6             | 47.2            | -               | 47.2            |
| Ramp expenses   | 4.1            | -                | 4.1             | -               | 4.1             |
| <b>Pro forma Pre-Tax Income</b>                             | <b>\$111.6</b> | <b>(\$127.9)</b> | <b>(\$16.3)</b> | <b>(\$18.4)</b> | <b>(\$34.6)</b> |

# Endnotes



**2014 Estimate EPS** 2014 Estimate EPS 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 2014. Our actual EPS for 2014 on an annualized basis may differ from our 2014(E) EPS.

**2014 Estimate AEBITDA Per Share** 2014 Estimate AEBITDA Per Share 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 2014. Target for all non-GAAP figures excludes the same items as we excluded in our 2011, 2012 and 2013 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 2014 on an annualized basis may differ from our 2014(E) AEBITDA.

**Pro forma Net Income ("Pro forma Net Income")** This disclaimer applies to every usage of pro forma Net Income in this presentation. Pro forma Net Income 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 Q1 '14 Net Income excludes certain one-time expenses related to the write-off of advance financing facility fees related to the advance sale to NRZ and expenses related to right-sizing the originations operations.

**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 Q1 '14 EPS excludes certain one-time expenses related to the write-off of advance financing facility fees related to the advance sale to NRZ and expenses related to right-sizing the originations operations.

**Pro forma Pre-Tax Income ("Pro forma Pre-Tax Income")** This disclaimer applies to every usage of pro forma pre-tax income in this presentation. Pro forma pre-tax income is a metric that is used by management to exclude certain non-recurring items in an attempt to provide a better earnings comparison to prior periods. excludes certain one-time expenses related to the write-off of advance financing facility fees related to the advance sale to NRZ and expenses related to right-sizing the originations operations.

**Investable Cash Flow** This disclaimer applies to every usage of "Pro forma Investable Cash Flow" in this presentation. Pro forma Investable Cash Flow is a key performance metric used by management in evaluating the performance of our business. Pro forma Investable Cash Flow represents the ending Q1'14 cash balance, expected cash to be generated from remaining future advance sales to NRZ, and the expected Investable Cash Flow generated in 2014. Investable Cash Flow is midpoint of our AEBITDA guidance less interest expense from unsecured senior notes, income taxes paid and mortgage servicing rights resulting from sale or securitization of mortgage loans.

**Servicing Pretax Operating Profitability** This disclaimer applies to every usage of "Servicing Pretax Operating Profitability" in this presentation. Servicing Pretax Operating Profitability is a key performance metric used by management in evaluating the performance of our business. Servicing Pretax Operating Profitability is calculated as pretax income excluding the net negative change in MSR mark-to-market adjustments of \$11mm plus one-time expenses of \$18mm related to the write-off of deferred advance financing facilities fees related to the NRZ advance sale.

**Normalized Pretax Income** This disclaimer applies to every usage of "Normalized Pretax Income" in this presentation. Normalized Pretax Income is a performance metric used by management in evaluating the performance of our business. Normalized Pretax Income for the originations segment excludes one-time and non-recurring costs related to right-sizing the business during Q1'14.

**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").

**NOTE:** 2014 Estimate EPS and 2014 Estimate AEBITDA are 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.