

Q3 2014 Earnings Presentation
November 6, 2014



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 servicing segment's profitability and the amount of acquisitions, estimates of Solutionstar property sales and the expectation and boarding of assets on HomeSearch, the generation of efficiencies in the origination segment, key operational metrics and targets, and estimates regarding customer complaints. 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 "Risk Factors" section 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.

Q3'14 Financial Highlights



- GAAP EPS of \$1.22; increase of 65% QoQ
- Core EPS⁽¹⁾ of \$0.80; core pretax income⁽¹⁾ of \$115 million

\$ in mm	Q3'14	Q2'14	\$ QoQ	% QoQ
Revenue	\$504	\$550	(\$46)	-8%
Pretax Income	\$110	\$106	\$4	+4%
One Time Items	\$7	\$26	n/a	n/a
MSR Mark	(\$1)	(\$7)	n/a	n/a
Core Pretax Income⁽¹⁾	\$115 ⁽²⁾	\$125	(\$10)	-8%

1) Core EPS and core pretax income exclude gain on sale of facility in Scottsbluff, expenses related to the retirement of 10 7/8 unsecured notes, expenses related to the originations platform consolidation, expense related to the completion of the sale of advances to NRZ, one-time severance expenses related to consolidation of servicing operations and MSR fair value adjustments. Please refer to appendix for information on non-GAAP numbers and reconciliations.

2) Core pretax income for Q3 was \$115mm; table may not sum due to rounding to nearest million.

Servicing Financial Highlights



Continued execution on profitability initiatives

\$ in mm, unless noted

Key Metrics	Q3'14	Q2'14	% QoQ
Fee Income	\$282	\$302	-7%
Pretax Income	\$90	\$67	+34%
One Time Expenses	\$4	\$26	n/a
MSR Mark	(\$1)	(\$7)	n/a
Core Pretax Income ⁽²⁾	\$93	\$86	+8%
Core Pretax Income Margin	33%	28%	+18%
Ending UPB (\$B)	\$378	\$378	--
Average UPB (\$B)	\$378	\$381	-1%
Core Operating Profitability (bps)	9.9	9.0	+10%

Quarter Highlights

- Strong core pretax margins; growth QoQ
- Profitability initiatives on track
 - ✓ Expect to exit FY'14 at or above 11bps⁽¹⁾
- Stable servicing portfolio annuity
 - ✓ Replaced ~100% of Q3 runoff
- Signed commitments to acquire \$43B since Q2'14
 - ✓ Closed \$16B in Q3

Revenue and Margin Expansion Considerations

- Additional accretive servicing acquisitions
- Non-performing loans servicing
- Continued productivity / technology investments

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

2) Core pretax income excludes one-time severance expenses related to consolidation of servicing operations and MSR fair value adjustments.

Solutionstar Financial Highlights



Third-party customer growth; continued build-out of offerings including strategic acquisitions

<small>\$ in mm</small> Key Metrics	Q3'14	Q2'14	% QoQ
Revenue	\$86	\$83	+4%
Pretax Income	\$35	\$38	-8%
Pretax Income Margin	41%	46%	-11%
REO Inventory (ending)	9,639	8,789	+10%
Property Sales	5,225	5,661	-8%

Quarter Highlights

- Continued topline growth
- Increase in REO inventory of 10%
- Continued growth in 3rd party business
 - ✓ Signed 10 new customers in Q3

Revenue and Margin Expansion Considerations

- Increased transactions delivered via HomeSearch.com
- Continued growth in third-party business
- New products / services
- Complementary acquisitions

Originations Financial Highlights



Continued strength in core pretax income margin

\$ in mm, unless noted

Key Metrics	Q3'14	Q2'14	% QoQ
Revenue	\$139	\$165	-16%
Pretax Income	\$51	\$69	-26%
One Time Expenses	\$3	n/a	n/a
Core Pretax Income ⁽¹⁾	\$54	\$69	-22%
Core Pretax Income Margin	39%	42%	-7%
Funded Volume (\$B)	\$4.1	\$4.4	-7%
Locked Pipeline (\$B)	\$2.4	\$2.5	-4%
Recapture %	29%	32%	-9%

Quarter Highlights

- Strong consecutive quarterly margins
- Completed platform migration
- Beneficial rate environment continues into Q4

Revenue and Margin Expansion Considerations

- Efficiency gains due to single platform / process
- Increase in recapture
- Launch new marketing efforts
- New product offerings

1) Core pretax income excludes one-time expenses related to the transition to a single originations platform.

2015 Target Operating Metrics⁽¹⁾



Focused on strategic investments that will generate sustainable long term earnings growth in excess of 20% annually to drive shareholder value

	FY'15	
Servicing		
UPB Growth	~10%	✓ Grow servicing annuity
Customer Complaint % ⁽²⁾	<1.0%	✓ Reduce customer complaints / improve customer experience
		✓ Efficiency gains
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Solutionstar		
Overall Earnings Growth	>30%	✓ New services
% of 3 rd Party Revenue	>20%	✓ Increased penetration
		✓ Focus on 3 rd party business
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Originations		
Volume – consumer direct ⁽³⁾	>\$13B	✓ Grow volume
Recapture (% of voluntary run-off)	>40%	✓ Increase recapture
Turn Times ⁽⁴⁾	<45 days	✓ Maintain margin

1) Estimates of future financial and operating targets are forward looking and based on a number of factors outside our control. Results could differ materially.
 2) Customer complaint volume measured as number of complaints divided by average number of customers during the period.
 3) Consumer direct channel includes portfolio recapture, new customer acquisition and our KB JV, Home Community Mortgage. Does not include correspondent channel; an opportunistic way to acquire servicing assets.
 4) Operational turn times defined as time from when application is submitted to processor to time when the loan is funded.

Capital and Liquidity



Continue to focus on balance sheet fundamentals

Capital Position⁽¹⁾		
<i>\$ in mm</i>	Q3'14	Q2'14
Assets ⁽¹⁾	\$10,891	\$11,182
Total Equity ⁽¹⁾	\$1,181	\$1,065
TNW to Assets Ratio ⁽²⁾	10.2%	9.0%
Net Leverage	2.1x	2.1x

- Current liquidity in excess of \$445mm⁽³⁾
 - ✓ Optimizing use of balance sheet cash to avoid unnecessary interest carry
- No impact from announced GNMA capital requirements
- Expect TNW / Assets ratio to continue to improve⁽⁴⁾

1) Capital requirements are calculated based on financial position of Nationstar Mortgage LLC, the licensed servicing entity. Assets and total equity shown for Nationstar Mortgage LLC.
 2) Tangible net worth ("TNW") calculated as total equity minus goodwill and intangible assets. Q3'14 total equity of \$1,181mm minus goodwill of \$55mm and minus intangible assets of \$20mm resulting in tangible net worth of \$1,106.
 3) Current liquidity includes cash, cash equivalents and available capacity to immediately borrow under origination warehouse, servicer advance and MSR facilities in which unencumbered collateral is available to pledge.
 4) Estimate of future expected capital position is forward looking and based on a number of factors outside our control. Results could differ materially.

Committed to Delivering Long-Term Shareholder Value



Exit year strong through continued execution on initiatives to increase shareholder value

I Strong cash generation

- ✓ Smart cash utilization and balance sheet management

II Servicing: *predictable, stable cash flows*

- ✓ Continued execution on profitability initiatives
- ✓ Portfolio replenishment maintains annuity stream; grow through acquisitions that meet investment hurdles
- ✓ Improving economy should translate to increased profitability with longer earnings tail
- ✓ Improve customer experience; engage “Customers For Life”

III Solutionstar: *high margin, technology enabled fee-for-service business*

- ✓ Transform the home purchase and ownership experience
- ✓ Diversify through penetration of existing and attainment of new 3rd party business

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

- ✓ Replenish servicing annuity
- ✓ Becoming more efficient; lowering operating costs
- ✓ Capitalize on new market opportunities as they arise utilizing a measured approach

Servicing Highlights

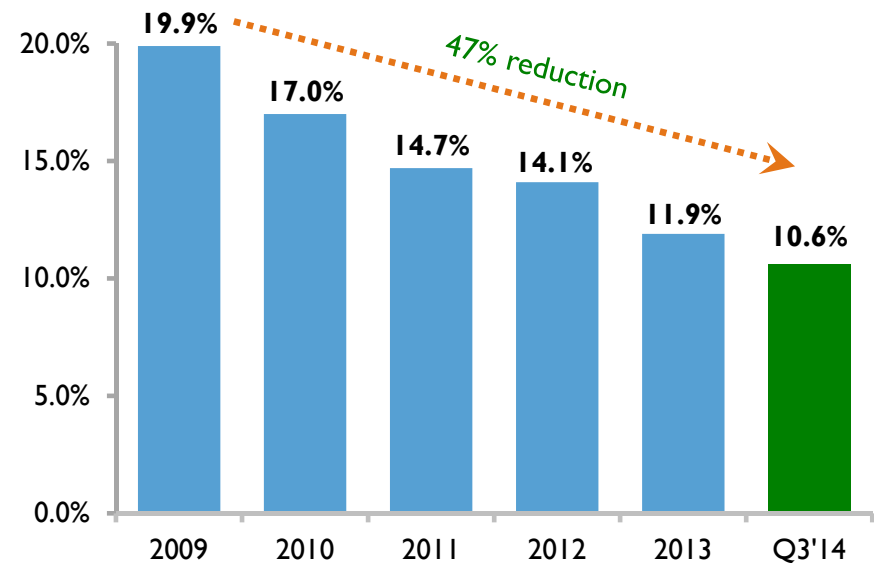
Highlights

- Predictable, growing cash flows over long-term
- Ending portfolio UPB of \$378B (flat QoQ)
- **Since Q2, commitments to acquire \$43B**
 - ✓ \$16B closed in Q3
 - ✓ Expect \$27B to close in Q4 / Q1
- Annualized CPR at 14%

2015 Focus Areas⁽¹⁾

- 10% UPB growth
- Efficiency / operating gains

Portfolio Delinquency (60+ Day)



Helping customers through modifications and workouts

- 60+ day DQ rate at 10.6%
- Reduced DQ rate by 47% since 2009

1) 2015 focus areas are forward looking and based on a number of factors outside our control. Results could differ materially.

Enhancing the Customer Experience



Objective

- Strengthen position as industry leading customer-centric organization
- Provided 460,000+ solutions⁽¹⁾ to customers since '10
- Improve the overall customer experience
 - ✓ Reduce customer complaints
 - ✓ Engage “Customers for Life”
 - ✓ Reduce our cost structure

2015 Focus Areas⁽²⁾

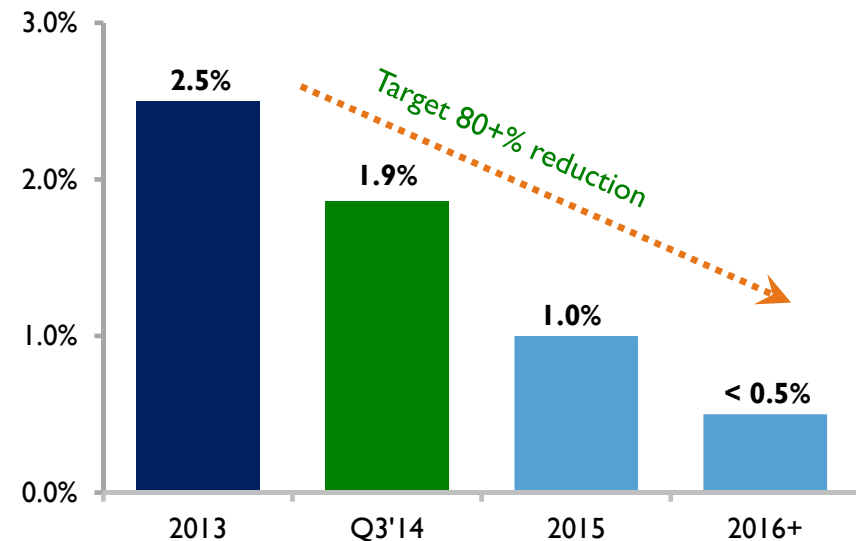
- Launch Customer Feedback Portal in Q1
- Provide easy and convenient way for customers to provide feedback
 - ✓ Direct interaction with support staff
- Fully transparent with all parties
- Reduce complaint ratio to < 1.0%

1) Customer solutions includes workouts, trial modifications and HARP originations.

2) 2015 focus areas are forward looking and based on a number of factors outside our control. Results could differ materially.

3) Customer complaint volume measured as number of complaints divided by average number of customers during the period. Estimates of customer complaints in 2016 is forward looking and based on a number of factors outside our control. Results could differ materially.

Customer Complaint Performance⁽³⁾



Targeting complaint ratio less than 0.5%

Solutionstar: Diversified, Sustainable Fee-Based Business



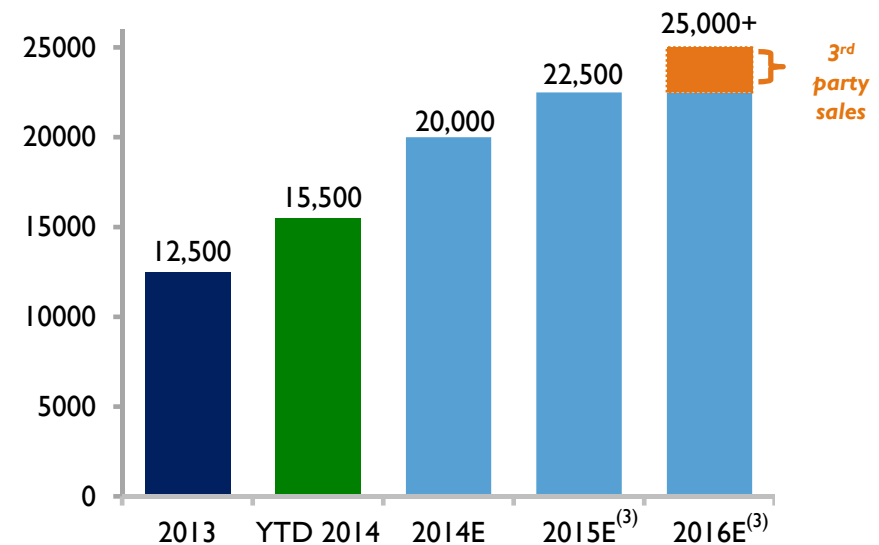
Highlights

- Hired proven technology innovator Kal Raman as CEO
 - ✓ Extensive record of leadership at innovative, consumer-focused technology companies
- Growing 3rd party business
- Ending REO inventory of 9,600 units; up 10% QoQ

2015 Focus Areas⁽²⁾

- Overall growth of 30%
- Increase 3rd party business
 - ✓ Target: 20% of revenue
- Enhance service offerings via strategic acquisitions, investments in technology or de novo

Property Sales⁽¹⁾



- On track to sell over 20,000 properties in 2014
- Long runway of opportunity from existing portfolio
- **Upside from acquisitions, 3rd party sales, non-distressed**

1) Property sales from existing PLS portfolio; does not assume any additional portfolio growth from originations, flow or bulk acquisition.

2) 2015 focus areas are forward looking and based on a number of factors outside our control. Results could differ materially.

3) Estimates of 2014, 2015 and 2016 property sales are forward looking and based on a number of factors outside our control. Results could differ materially.

Homesearch Strategy: Address Sizable Market Opportunity



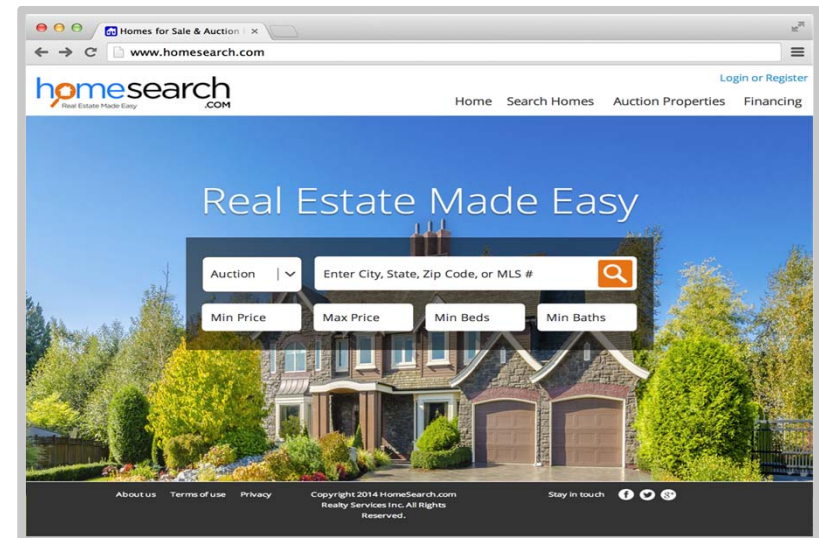
- **Nationstar solution – HomeSearch NextGen**
 - ✓ Launched in early November
 - ✓ Enhanced buyer’s experience
 - Will have access to listed homes nationally
 - Improved design
 - Increased functionality
 - ✓ Accurate and timely data
 - ✓ Continue to partner with agents nationwide

- **Enormous market size**
 - ✓ Real estate is 13% of U.S. GDP
 - ✓ Over 5mm homes sold annually
 - ✓ Average person moves 12 times in a lifetime

HomeSearch Capabilities⁽¹⁾

Timely MLS Updates (15-30 min)	✓
Sold Property Data	✓
Home Valuation / AVM	✓
Auction Properties	✓
Walk Scores, Neighborhood Demographics, School Statistics, Market Trends	✓
Ability to Transact	✓
CRM platform for agents	✓

HomeSearch NextGen



1) Includes existing capabilities and capabilities expected to be launched in upcoming quarters.

Originations Highlights



Highlights

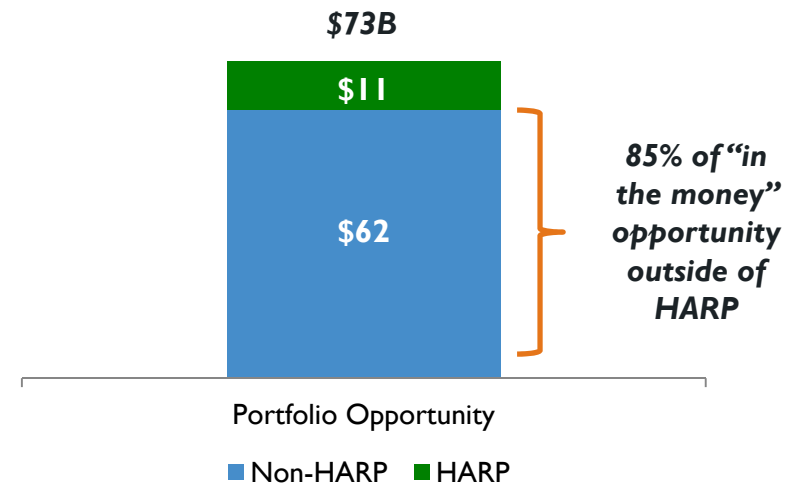
- Right-sized and stabilized operations
- Highly profitable consumer direct channel
- Opportunistically originating through correspondent

2015 Focus Areas⁽¹⁾

- Recapture and new customer acquisitions to maintain / grow servicing annuity
 - ✓ Target: recapture rate of 40%
- Purchase money and builder strategy to capitalize on the growing purchase market
- Non-agency strategy to address existing PLS portfolio

Portfolio Opportunity (\$B)

- Immense opportunity across wide array of products



1) 2015 focus areas are forward looking and based on a number of factors outside our control. Results could differ materially.

Future Initiatives

I *Servicing*

- ✓ Sustain / grow servicing portfolio through originations, flow and strategic portfolio acquisitions
- ✓ Increase operating leverage through investments in technology and process

II *Enhancing the Customer Experience*

- ✓ Focused on reducing complaints in order to improve the customer experience
- ✓ Fully transparent with all parties

III *Solutionstar Strategy: Real Estate Made Easy*

- ✓ Strong growth opportunities
- ✓ Expand capabilities of HomeSearch.com
- ✓ Focus on 3rd party business
- ✓ Leverage technology as a differentiator and to create efficiencies
- ✓ Add new service offerings, new customers and increase customer allocations

IV *Originations*

- ✓ Grow volume
- ✓ Increase recapture
- ✓ Capitalize on market opportunities where they exist and develop new products to serve customers
- ✓ Maintain strong margins

Appendix



Segment Core Pretax Income Reconciliation



Core Pretax Income <i>\$ in mm</i>	Q3'14	Q2'14	% QoQ	Q3 Margin %
Servicing	\$93	\$86	+8%	33%
Solutionstar	35	38	-8%	41%
Originations	54	69	-22%	39%
Corporate / Other	(67)	(68)	+1%	n/a
Total	\$115	\$125	-8%	23%

Core Earnings Per Share Reconciliations

(\$ in mm)	Q3'14	Q2'14
Net Income attributable to Nationstar	\$111.2	\$66.5
Less: net gain (loss) attributable to noncontrolling interest	0.1	0.2
Net Income	111.3	66.6
Income Tax	(1.7)	38.9
Pretax Income	109.6	105.6
One time items ⁽¹⁾	6.8	25.7
MSR Mark	(1.2)	(6.7)
Core Pretax Income	\$115.2	\$124.6
Income Tax	(42.5)	(46.0)
Core Earnings	\$72.7	\$78.7
Core Earnings Per Share:	\$0.80	\$0.87
Average shares outstanding	91.1	90.2

1) One-time items include gain on sale of facility in Scottsbluff, expenses related to the retirement of 10 7/8 unsecured notes, expenses related to the originations platform consolidation, expense related to the completion of the sale of advances to NRZ and severance expenses related to consolidation of servicing operations.

Endnotes



Core Pretax Income (“Core Pretax Income”) This disclaimer applies to every usage of Core Pretax Income in this presentation. Core Pretax 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. Q3’14 Core Pretax Income excludes certain one-time expenses related to the write-off of advance financing facility fees related to the advance sale to NRZ and MSR fair value adjustments.

Core Earnings Per Share (“Core EPS”) This disclaimer applies to every usage of Core EPS in this presentation. Core 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. Core Q3’14 EPS excludes certain one-time expenses related to the write-off of advance financing facility fees related to the advance sale to NRZ and MSR fair value adjustments.