Nationstar MORTGAGE

Launch of Capital-Light Servicing Acquisition Structure

Investor Presentation

December 18, 2013

Forward Looking Statements

Any statements in this release related to our launch of a capital-light servicing acquisition structure, including without limitation references to amounts of and plans for unlocked advance equity, projected efficiencies, use of proceeds, expected amounts and timing of future closings and other potential acquisitions, that are not historical or current facts are forward-looking statements. Forward-looking statements convey our current expectations or forecasts of future events. 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. Unless required by law, we undertake no obligation to publicly update or revise any forward-looking statements to reflect circumstances or events after the date of this presentation.

Launch of Capital-Light Acquisition Structure

- **Nationstar ("NSM") intends to sell servicing advance receivables and the Rights to MSRs ("RMSR")**
  - ✓ $3.2B of advances (1) related to underlying loans, with potential for up to $6.3B (2)
    - Related RMSRs on $58B in UPB on non-agency portfolio, with potential for up to $130B (2)
  - ✓ NSM has also transferred the obligation to fund future servicing advances on the portfolio to NRZ
- **Buyers include New Residential ("NRZ") and one or more other investors**
- **Total sale price of $3.2B with potential of up to $6.3B**
- **NSM will continue to service the loans and generate long-term, fee-based revenue streams**
  - ✓ Receive a base servicing fee and the ability to earn a performance fee
  - ✓ Retain all ancillary fees and Solutionstar fee income
  - ✓ Retain all loan origination economics

1) Of the total $3.2 billion of advances, $2.4 billion was funded on December 17 and the remaining $0.8 billion will be funded in stages by mid-January.
2) NRZ has the right but not the obligation to close on remaining advances and RMSRs at substantially the same terms.

Transformational Structure

Balance Sheet Efficiency

- <u>Low cost structure that can be replicated for future servicing acquisitions</u>
  - ✓ Blended pretax cost of advances of 3.6% [1]
- Eliminates current advance interest expense and future advance obligations on portfolio
- Unlocks up to $681MM in advance equity [2]

Redeployment

- Reinvest unlocked capital in high return opportunities
  - ✓ Portfolio and fee-based services acquisitions
- Potential to retire corporate debt

Flexibility

- Generates long-term, fee-based revenue streams to Nationstar
  - ✓ NSM retains base, ancillary, Solutionstar, and originations income
  - ✓ Performance fees to NSM create additional revenue potential

Evolution of fee-for-service, capital-light strategy

1) Assumes NRZ's advance financing mix of 90% debt and 10% equity for a blended pretax cost of 3.6% to NSM.
2) $362MM expected to close in initial transactions by mid-January; NRZ has the right but not the obligation to close on remaining advances at substantially the same terms.

Transaction Details – P&L Impact

- **Servicing compensation to NSM:**
  - ✓ Base servicing fee
  - ✓ Additional fees: ancillary, Solutionstar

- **Additional potential revenue streams to NSM:**
  - ✓ Performance fee [1]
  - ✓ Other fees in excess of NRZ's target return split 50/ 50 between NSM and NRZ
  - ✓ All origination economics

- **Servicing pretax profitability expectations for 2014 remain unchanged**

1) Additional revenue potential if servicing performance conditions are met.

Executing on Strategic Initiative to Drive Shareholder Value

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Capital-light structure to maximize balance sheet efficiency and investable cash flow

- **Balance sheet impact – less capital intensive**
  - ✓ Reduces advance assets by $3.2B and advance financing by $2.8B, freeing $362MM in advance equity
  - ✓ Potentially reduces total advance assets by $6.3B and advance financing by $5.7B, freeing $681MM in advance equity (1)
  - ✓ Minimal capital investment up-front for future acquisitions
- **Income statement impact – larger fee-for-service, capital light income stream**
  - ✓ Eliminates advance financing expense and future advance funding obligation
  - ✓ Still capturing all ancillary, Solutionstar, and origination economics
- **Plan to redeploy unlocked equity into high return opportunities**
- **Low-cost vehicle for future acquisitions**

1) NRZ has the right but not the obligation to close on remaining advances and RMSRs at substantially same terms.

Appendix

Pro Forma Balance Sheet

$s in millions	9/30/13	Subsequent Boardings	Pro Forma 9/30/13	Initial Transaction	Subsequent Transaction	Total Adv. Sale	Pro-Forma 9/30/13
Assets							
Cash and cash equivalents	275	(88)	187	362	319	681	868
Restricted cash	742	8	749	(38)	(29)	(67)	682
Accounts receivable	7,576	766	8,342	(3,159)	(3,120)	(6,279)	2,063
Other assets	8,476	-	8,476	-	-	-	8,476
Total Assets	**17,068**	**686**	**17,754**	**(2,836)**	**(2,829)**	**(5,665)**	**12,089**
Liabilities and Stockholders' Equity							
Advance and Loan Warehouse Debt	10,004	686	10,690	(2,836)	(2,829)	(5,665)	5,025
Corporate Debt	2,444	-	2,444	-	-	-	2,444
Total Debt	12,448	686	13,134	(2,836)	(2,829)	(5,665)	7,469
Other Liabilities	3,584	-	3,584	-	-	-	3,584
Total Liabilities	**16,032**	**686**	**16,718**	**(2,836)**	**(2,829)**	**(5,665)**	**11,053**
Stockholders' Equity	1,036	-	1,036	-	-	-	1,036
Total Liabilities & Stockholders' Equity	**17,068**	**686**	**17,754**	**(2,836)**	**(2,829)**	**(5,665)**	**12,089**
Leverage: Net Corp Debt to LTM AEBITDA[(1)]	2.9x						2.1x
Interest Coverage: LTM AEBITDA[(1)] to Interest Expense	3.8x						3.8x

1) For Operating segments. Please see AEBITDA reconciliation on page 8 for more information.

AEBITDA Reconciliation

($ in thousands)

	4Q'12	1Q'13	2Q'13	3Q'13	LTM 9/30/13
Net Income (loss)	**$ 63,759**	**$ 62,616**	**$ 123,460**	**$ 81,885**	**$ 331,720**
Adjust for:					
Net loss from Legacy Portfolio and Other	2,189	7,686	7,470	11,683	29,028
Interest expense from unsecured senior notes	24,165	30,690	39,073	46,136	140,064
Depreciation and amortization	3,107	3,528	5,190	6,338	18,163
Change in fair value of MSRs	25,432	9,659	(32,876)	(14,257)	(12,042)
Amortization of mortgage servicing obligations	(1,844)	(275)	(275)	(92)	(2,486)
Fair value changes on excess spread financing	5,633	23,891	23,781	(14,443)	38,862
Share-based compensation	2,675	2,858	2,840	2,416	10,789
Exit costs	-	-	-	-	-
Fair value changes on interest rate swaps	(813)	(795)	(577)	(93)	(2,278)
Ineffective portion of cash flow hedge	-	-	(62)	(94)	(155)
Income tax expense	30,657	38,377	75,669	50,187	194,890
Adjusted EBITDA	**$ 154,960**	**$ 178,235**	**$ 243,693**	**$ 169,666**	**$ 746,555**

1) 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").