



Dear fellow Stockholders,

The mortgage industry has awakened to a simple truth. For borrowers, the home loan experience is anything but easy. Managing a mortgage can be complex. The paperwork can be confusing. The time demands are unnecessarily stressful. The quality of customer interactions is poor. But therein lies opportunity. The Nationstar journey is not just to create a better mortgage company, it's to create a people company that offers our customers a profoundly enhanced lifecycle of homeownership.

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lifecycle of homeownership.”*

A home is likely the largest single purchase someone will make in their lifetime. It's both a financial and emotional commitment. At Nationstar, we want to be there for our customers at every twist and turn of their homeownership journey. To do so, we are transforming ourselves into a consumer-first home loan company and striving to be known for radical service above and beyond the mortgage industry.

We are well on our way. 2016 was a year of remarkable progress in our efforts to make home loans simpler, less worrisome and more rewarding for borrowers. We began by transforming ourselves from

the inside out to become a more customer-centric team focused on delivering radical service. We defined and embraced our purpose, established new core values and developed training to help our team rally behind our goal of keeping the dream of homeownership alive. In doing so, we started to forge a mortgage experience that is light years ahead of where we once were.





Each day, we apply unique capabilities to serve customers at their specific stage of owning a home. By focusing on their needs and transforming ourselves to serve them, we are driving much needed change as a leader in the mortgage industry.

While the industry retreated from the servicing market, we invested and improved our capabilities. As our culture and products evolve, our core business grows stronger and our opportunities become richer. Our team's passion, dedication and hard work have allowed us to invest in our future while delivering strong, consistent financial results in the here and now. The industry saw many other portfolios shrink, but Nationstar emerged from 2016 as one of the largest residential mortgage servicers in the country and the largest non-bank servicer with a 22% increase in market capitalization. We ended the year with over 2.9 million customers reflecting \$473B in unpaid principal balance (UPB) – our largest portfolio ever. Over the past year, Nationstar's book value per share grew more than 6%. Undoubtedly, 2016 was a great year. We made impressive gains across all our business segments, and looking forward, we expect to further our growth with a strong pipeline in 2017.

2.9 MILLION
TOTAL CUSTOMERS

LARGEST
NON-BANK SERVICER
IN THE U.S.

\$473B
IN UPB

Servicing



WELCOMED MORE THAN
864,000
CUSTOMERS

BOARDED OVER
\$161B
IN UPB

We boarded \$161 billion in UPB and welcomed more than 864,000 customers mostly through our new subservicing offerings while achieving greater than five basis points of adjusted servicing profitability. Subservicing UPB has grown to over 25% of our portfolio and is now a powerful growth engine for our business as it provides higher margins and substantially higher return with minimal capital requirements. Highly respected servicing owners such as USAA® chose us for our bold leadership and customer focus. We are intently focused on delivering differentiated digital experiences across our consumer businesses. For example, we launched a new mobile app, and we redesigned our website with simpler navigation and more personalized experiences. We also developed Street Smarts™ from Nationstar offering customers valuable insights into their loan, neighborhood and home. This easy-to-use digital tool is the first of its kind in the mortgage industry and another step in our journey to inform, enlighten and reward our customers.

GREATER THAN
5 BPS
IN ADJUSTED
SERVICING PROFITABILITY

We're also very proud of our servicing efforts to keep the dream of homeownership alive. In 2016, we provided solutions to over 25,000 struggling customers, reduced delinquencies for the second year in a row and saw a 30% year-over-year decline in reported complaints to the Consumer Financial Protection Bureau.



— 2016 —
ORIGINATIONS

The Originations segment earned a record-breaking \$738 million in revenue, an 11% increase year-over-year. The beneficiary of a favorable interest rate environment, the segment originated over \$20 billion in loans. We view our originations segment as an integral part of our Company's success as it's a differentiator from our competitors, a cost-efficient complement to our servicing book and a key contributor to helping our customers keep their dream of homeownership alive. In 2016, we saved our customers an average of \$1,900 annually through refinancing. In addition, we applied powerful, multi-channel marketing capabilities to a robust and growing product line. Our enhanced digital platforms should serve

\$209M

IN
PRE-TAX INCOME

\$20B

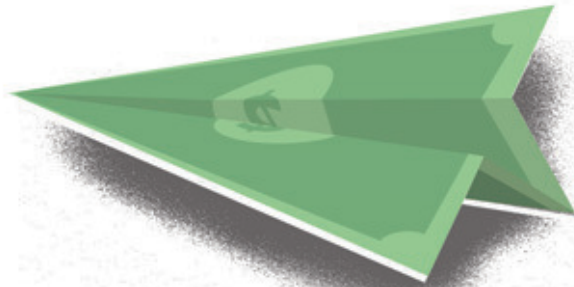
IN
LOANS ORIGINATED

as a catalyst for additional growth by clarifying the options available to our customers. Although the segment faces pressure from an increasing rate environment, we continue to have tremendous refinancing opportunity present in our portfolio. For many of our customers, we perform a vital service as we help them achieve and maintain solid payment histories, improve their credit scores and expand their available options for refinancing.



Xome™ continues to provide customers with a unique digital real estate experience. A focus on operations has allowed us to continue to increase revenue from Xome services and reduce expenses. From a technology perspective, we launched a white-label search platform for a major financial institution and also completed the transition to our proprietary auction and valuation platforms, bringing convenience and transparency to the digital auction process. Third-party revenue increased to 40% of overall revenues, driven by our title and close business and our technology offerings. In addition, through the launch of Street Smarts™ from Nationstar, we have also leveraged Xome's content to provide mortgage customers with up-to-date personalized insights about their home and neighborhood. These initiatives are all part of our effort to identify synergies across our businesses to increase customer retention and create a more rewarding home loan experience. We are committed to fostering Xome's growth while maintaining its consistent profitability.

595,000
TOTAL ORDERS



Capital Position

We remain focused on driving value for our stockholders by delivering financial results and prudently deploying capital to support our growth. In 2016, we repurchased \$114 million of Nationstar shares of common stock at an average price of \$11.08, or about a 35% discount to year-end 2016 common stockholders' equity per share. Our balance sheet continues to strengthen as a result of the improving performance of our servicing portfolio and expansion into subservicing, which allows us to reduce outstanding advances, accelerate growth and improve return on equity measurements. Our capital position, as well as the capital position of our financing partners, makes us well positioned to continue growing our portfolio and deliver significant value to stockholders.

***We enter 2017 with great momentum
and our transformation to Mr. CooperSM
is well underway.***

As we celebrate five years as a publicly-traded company, we have rededicated ourselves to making home loans simpler, less worrisome and more rewarding for our 2.9 million customers. We're seizing opportunities overlooked by competitors, growing our business through every business cycle and delivering value to our stockholders.

But we are just getting started. Our journey forward has never looked more exciting than it does right now.

Thank you to all our stockholders for your continued support and dedication to our company.



Jay Bray
President, CEO & Chairman

