



# Lender Processing Services

Stephens Best Ideas Conference

San Francisco, March 2009

# Forward-Looking Statements

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This presentation contains forward-looking statements that involve a number of risks and uncertainties. Those forward-looking statements include all statements that are not historical facts, including statements about our beliefs and expectations. Forward-looking statements are based on management's beliefs, as well as assumptions made by and information currently available to management. Because such statements are based on expectations as to future economic performance and are not statements of historical fact, actual results may differ materially from those projected. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The risks and uncertainties to which forward-looking statements are subject include, but are not limited to: changes in general economic, business and political conditions, including changes in the financial markets; the effects of our substantial leverage on our ability to make acquisitions and invest in our business; the elimination of existing and potential customers as a result of failures and consolidations in the banking and financial services industries; changes to the laws, rules and regulations that regulate our businesses as a result of the current economic and financial environment; the impact of adverse changes in the level of real estate activity on demand for certain of our services; our ability to adapt our services to changes in technology or the marketplace; risks associated with protecting information security and privacy; the impact of any potential defects, development delays, installation difficulties or system failures on our business and reputation; risks associated with our spin-off from Fidelity National Information Services, Inc. ("FIS"), including those relating to our new stand-alone public company status and limitations on our strategic and operating flexibility as a result of the tax-free nature of the spin-off; and other risks and uncertainties detailed in the "Statement Regarding Forward-Looking Information," "Risk Factors" and other sections of the Company's Form 10 and other filings with the Securities and Exchange Commission.

# Agenda

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- LPS Overview
- Business Review
- Financial Review
- Summary

# LPS Overview

## Investment Highlights

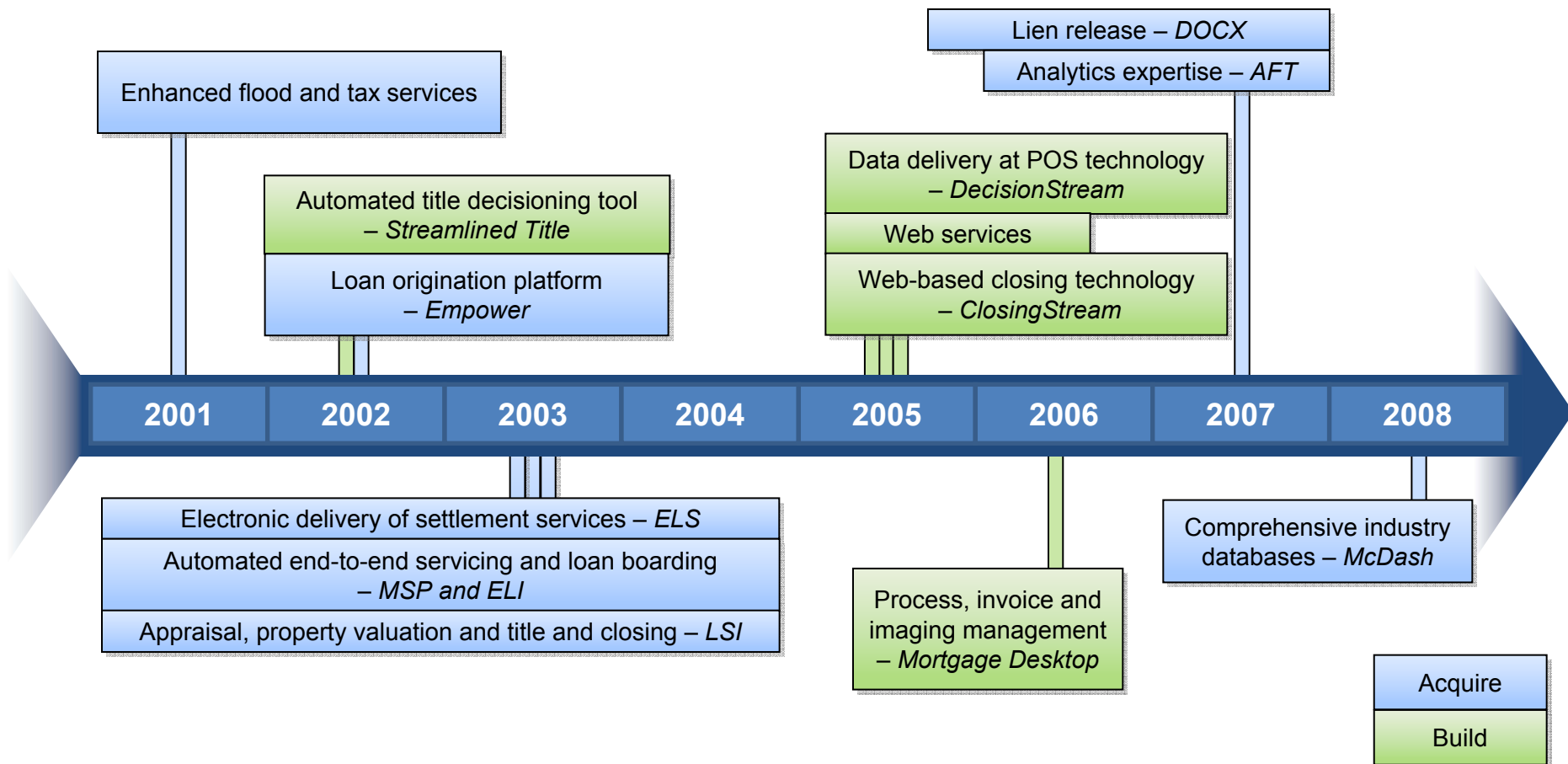
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- One of the largest providers of technology, processing, data and outsourced services to mortgage lenders
- Leading market positions in technology based solutions:
  - #1 U.S. provider of Mortgage Processing Services
  - #1 U.S. provider of Mortgage Default Solutions
  - #1 U.S. provider of Centralized Settlement Services
- Industry's most comprehensive range of integrated applications and services
- Deep and long term relationships with nations top lenders
  - On average, LPS top 10 customers have been with us for 19 years
- Strong organic growth and Free Cash Flow
- Significant scale with 2008 revenue and adjusted EBIT of \$1,861.9 million and \$445.6 million, respectively

**Industry Leader with Growing Market Share**

# LPS Overview

## Evolution of LPS

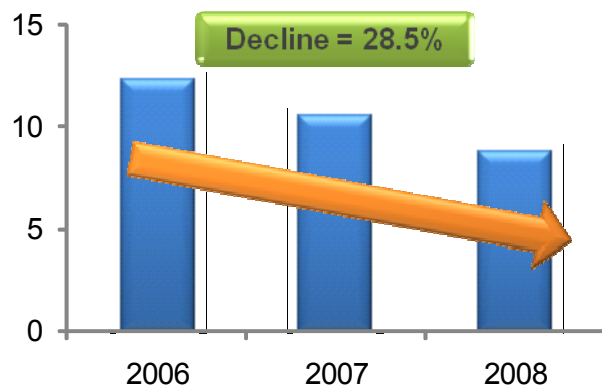


**Strong Competitive Position & High Barriers to Entry**

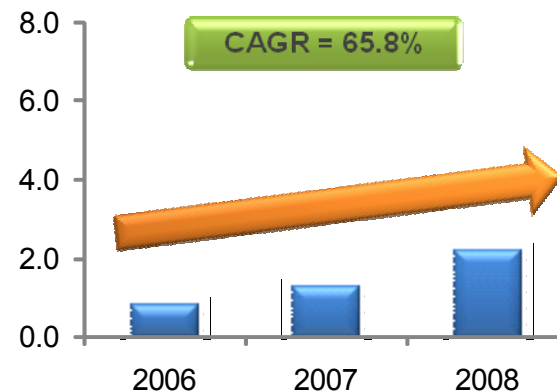
# LPS Overview

## Market Metrics

**Originations & Refis**  
(in millions)



**Foreclosures**  
(in millions)



**Mortgage Volume –  
Loans Outstanding**  
(in millions)

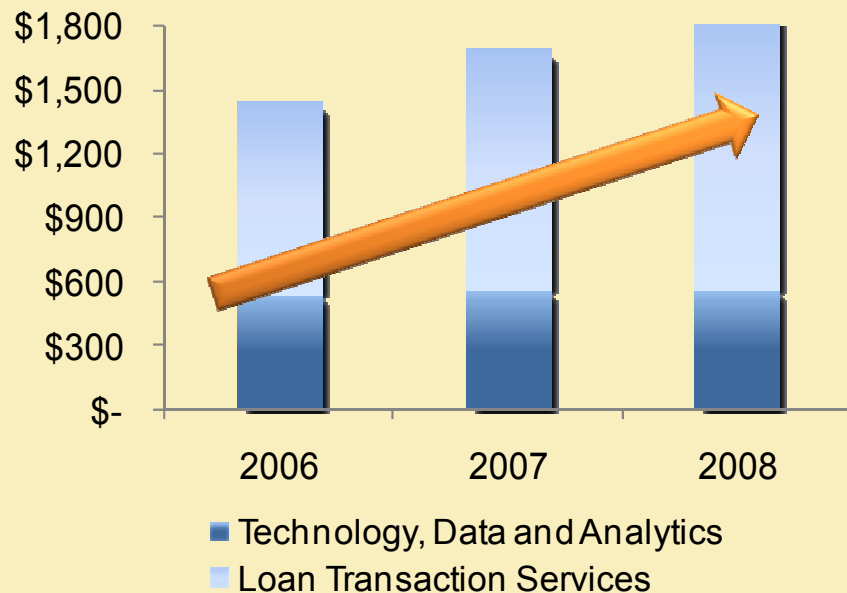


# LPS Overview

## Financial Performance

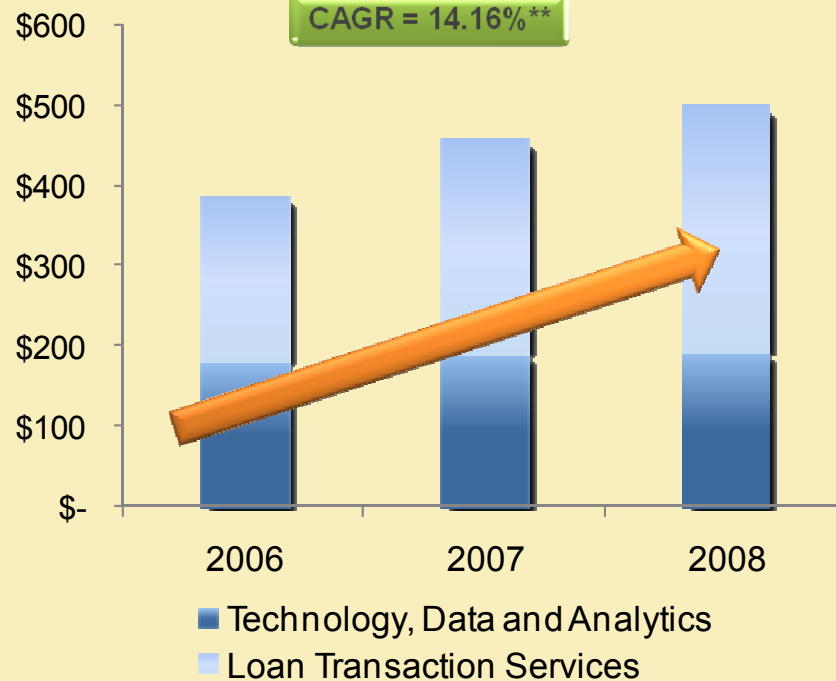
### Revenue Growth

CAGR = 11.97% \*\*



### EBIT Growth\*

CAGR = 14.16% \*\*



**Strong, consistent revenue and EBIT growth**

\* Adjusted EBIT; \*\* Total company

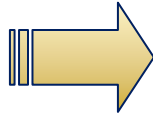
# LPS Overview

## Favorable Market Dynamics

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### Market Consolidation

- Consolidation towards larger institutions and new entrants
- Large banks are gaining market share
- Increased direct lending versus wholesale or correspondent lending



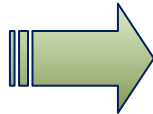
### Increased Market Share

- Strongest relationships with top 25 lenders/servicers that have consolidated market
- New entrants look to LPS first for servicing and default technology and other solutions
- Outsourced settlement services model built to support large centralized lenders
- Remaining wholesale lenders are looking to LPS for valuation solutions that comply with HVCC

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### Unprecedented Regulatory Changes

- Home Valuation Code of Conduct
- RESPA Reform
- New foreclosure & bankruptcy rules
- Government bailout plans
- Modernization of financial regulatory structure



### Proactive Compliance

- Dedicated team focused on regulatory compliance
- Appraisal model provides independence
- Desktop allows servicers to manage new foreclosure rules and timeline changes
- Data and analytics delivering valuable tools to government entities to manage the crisis



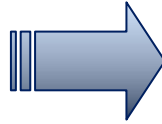
# LPS Overview

## Favorable Market Dynamics (Contd.)

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### Improved Risk Management

- Need for more sophisticated risk management and analytical tools
- Ensure quick, accurate and timely communication of loans/portfolios
- Improved decision making processes as a result of consistent, detailed and accurate data

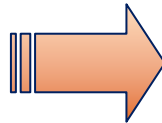


### Leveraging Data in Predictive Models

- Largest combined public records, loan-level servicing and securities database
- Portfolio monitoring to assess property values and trends more accurately
- Project loan behavior (prepayment and default), asset liability management and MSR values
- Loan portfolio benchmarking

### Focus on Loan Modifications

- Government pressure on servicers to improve solutions
- Continued concerns about re-defaults of modified loans
- Servicers strained for resources to execute on loan modification strategy



### Focus on Delivering Greater Efficiencies

- Technology solutions for proactive risk management, document presentment and execution
- Unique analytics to optimize modification and predict modification success
- Outsource solutions to ease servicer resource constraints

# LPS Overview

## Growth Drivers

### Leveraging Comprehensive Solutions

- Drive market share gains
- Extend product penetration
- Expand usage

### Extending Technology Leadership Position

- Desktop expansion
- DecisionStream and ClosingStream
- RealEC

### Expanding Current Service Offerings

- Capital markets
- Data and analytics
- Fraud solutions

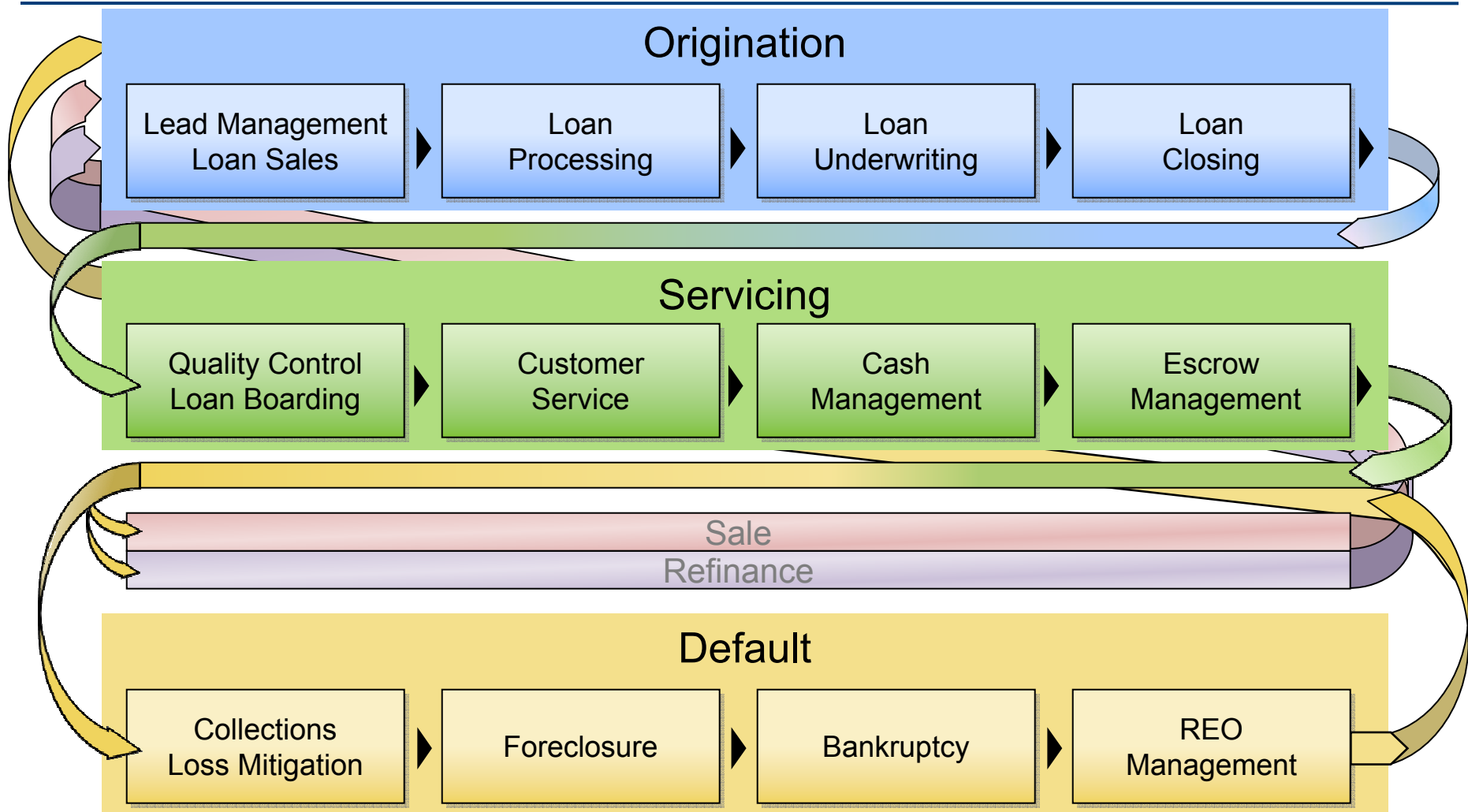
### Pursuing Selected Acquisitions

- FNRES
- Watterson Prime, McDash
- Applied Financial Technology

**Focused on Strong Profitable Growth**

# Business Review

## End-to-End Mortgage Process



# Business Review

## Technology, Data & Analytics

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### Segment Overview

- **Mortgage processing services** – automates all areas of loan servicing, including loan setup and ongoing processing, customer service, accounting and reporting.
- **Desktop System** – workflow information system that assists customers in managing business processes and connectivity used primarily in connection with default management.
- **Other software applications** – include mortgage origination, real estate, and title insurance software.
- **Data and analytics businesses** – includes alternative property valuations, property records business and advanced analytic services, which assists customers in their loan marketing or loss mitigation efforts.

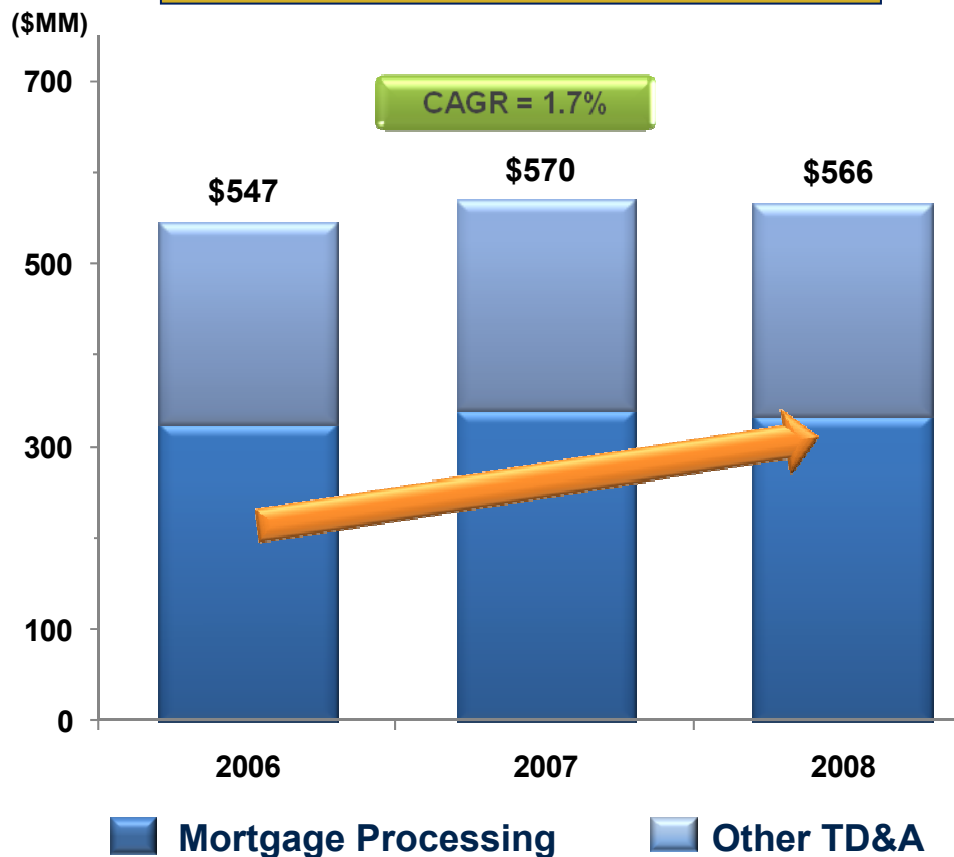
### Revenue Drivers

- **Mortgage processing services** – Typically fee per month per loan on file. Recurring revenue, long-term contracts, high switching costs.
- **Desktop System** – Activity fees per foreclosure. To be expanded to other mortgage servicing business processes. High switching costs; clients typically use LPS exclusively.
- **Other software applications** – License, maintenance and professional service fees.
- **Data and analytics businesses** – Transaction, activity and subscription fees.

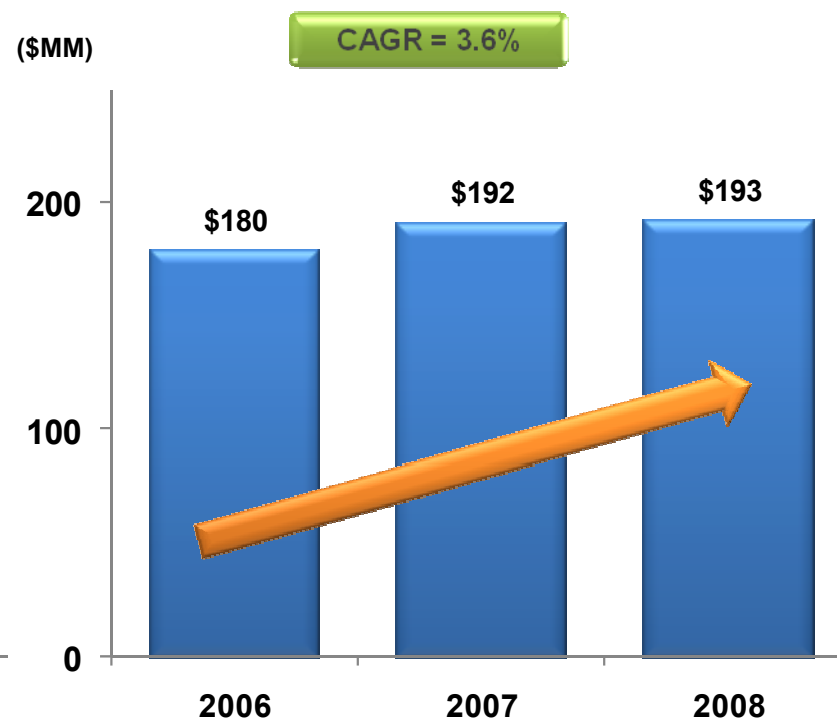
# Business Review

## Technology, Data & Analytics

### Historical Revenue



### Historical EBIT\*



\* Adjusted EBIT

# Business Review

## Loan Transaction Services

### Segment Overview

#### Loan facilitation services:

- **Settlement services** – title agency and closing services
- **Appraisal services** – traditional appraisal and appraisal management services
- **Other origination services** – real estate tax services and flood zone information

#### Default management services:

- **Property preservation services** – designed to preserve value of properties securing defaulted loans
- **Foreclosure services** – includes access to a nationwide network of independent attorneys, document preparation and recording and other services
- **REO services** – covering real estate to which our customers take title and seek to sell following default

### Revenue Drivers

#### Loan facilitation services:

- Transaction driven
- Origination services paid by lender and ultimately, primarily borne by customer

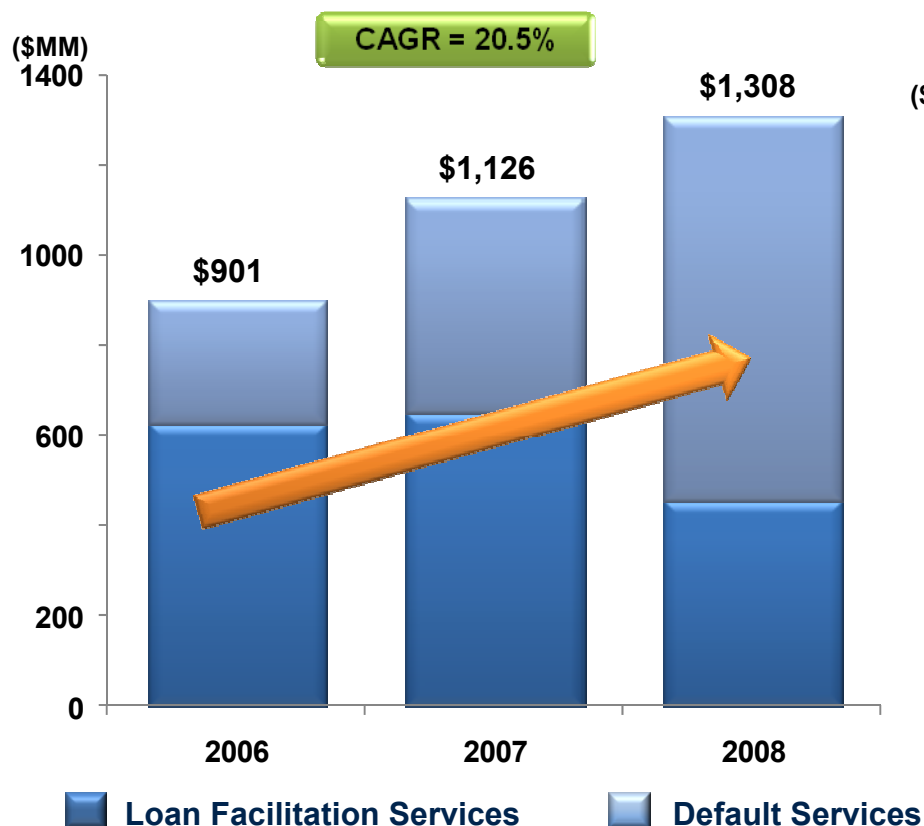
#### Default management services:

- Transaction driven
- Various services related to defaulted and foreclosed properties, paid by lender or vendor

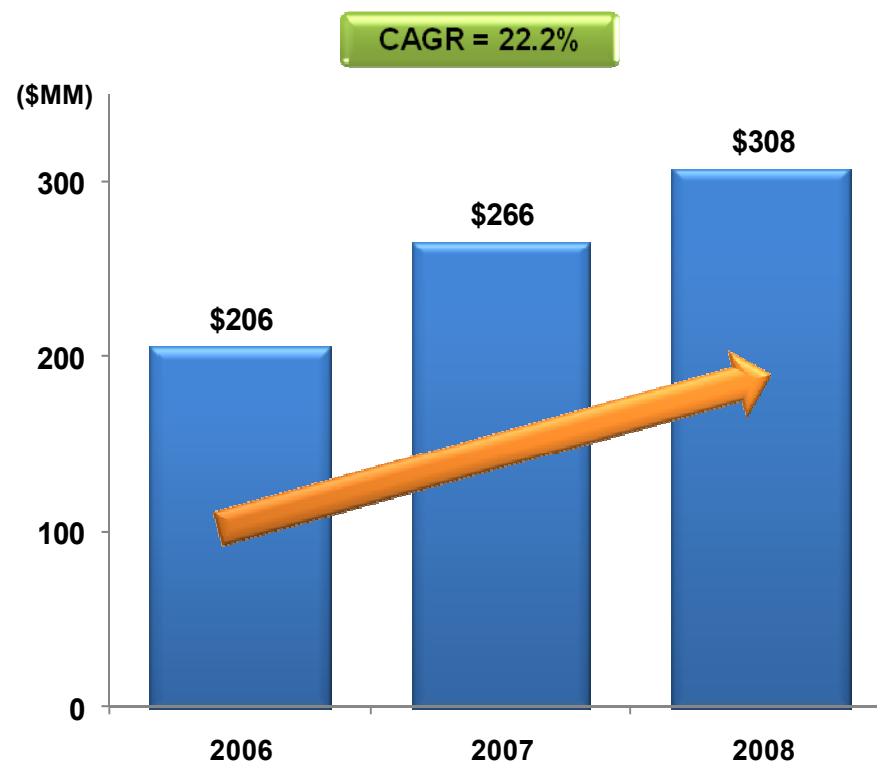
# Business Review

## Loan Transaction Services

### Historical Revenue



### Historical EBIT\*



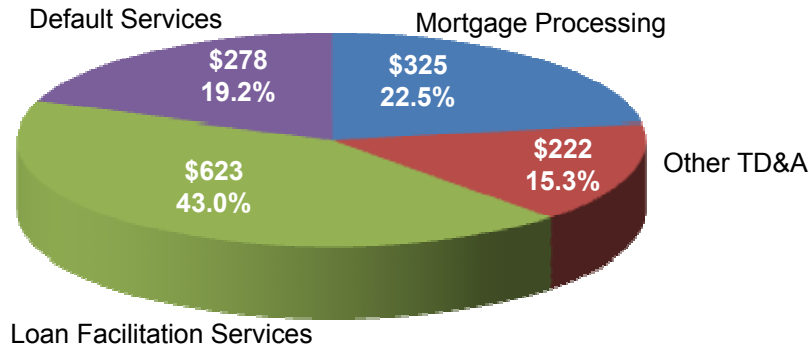
\* Adjusted EBIT

# Business Review

## Highly Diversified Revenue

### FY2006 Revenue Mix\*

(\$ in millions)

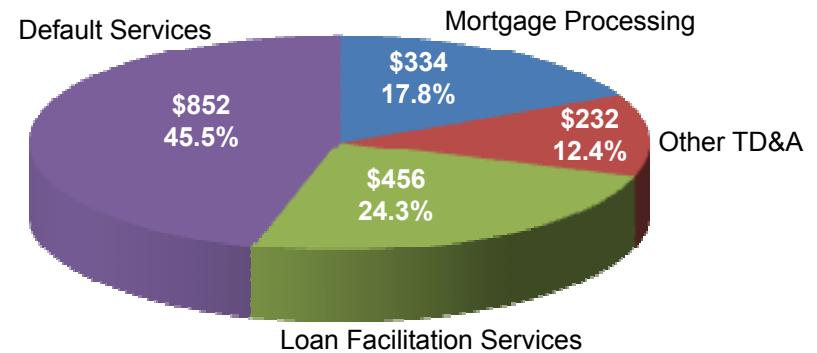


Total Revenue:	\$1,485 million
EBIT**:	\$ 341.9 million
EBIT Margin:	23.0%

Segment:	EBIT margin
Technology, Data & Analytics	32.9%
Loan Transaction Services	22.9%

### FY2008 Revenue Mix\*

(\$ in millions)



Total Revenue:	\$1,862 million
EBIT**:	\$ 445.6 million
EBIT Margin:	23.9%

Segment:	EBIT margin
Technology, Data & Analytics	34.2%
Loan Transaction Services	23.6%

**Strong revenue growth, robust margins**

\* Excludes corporate segment; \*\* Adjusted EBIT



# Business Review

## Competitive Landscape – Data and Services

	LPS	First American	Fiserv	Credit Bureaus
<i>Appraisal / Property Valuation</i>	✓	✓	✓	✓
<i>Title Search, Closing and Lien Release</i>	✓	✓	✓	✓
<i>Title Underwriting</i>		✓		
<i>Flood Certificate</i>	✓	✓	✓	✓
<i>Property Inspections and Preservation</i>	✓	✓		
<i>REO Disposition</i>	✓	✓		
<i>Real Estate Data and Services</i>	✓	✓		✓
<i>Default Management Outsource</i>	✓	✓		
<i>Portfolio Analytics / AVM / Due Diligence</i>	✓	✓	✓	

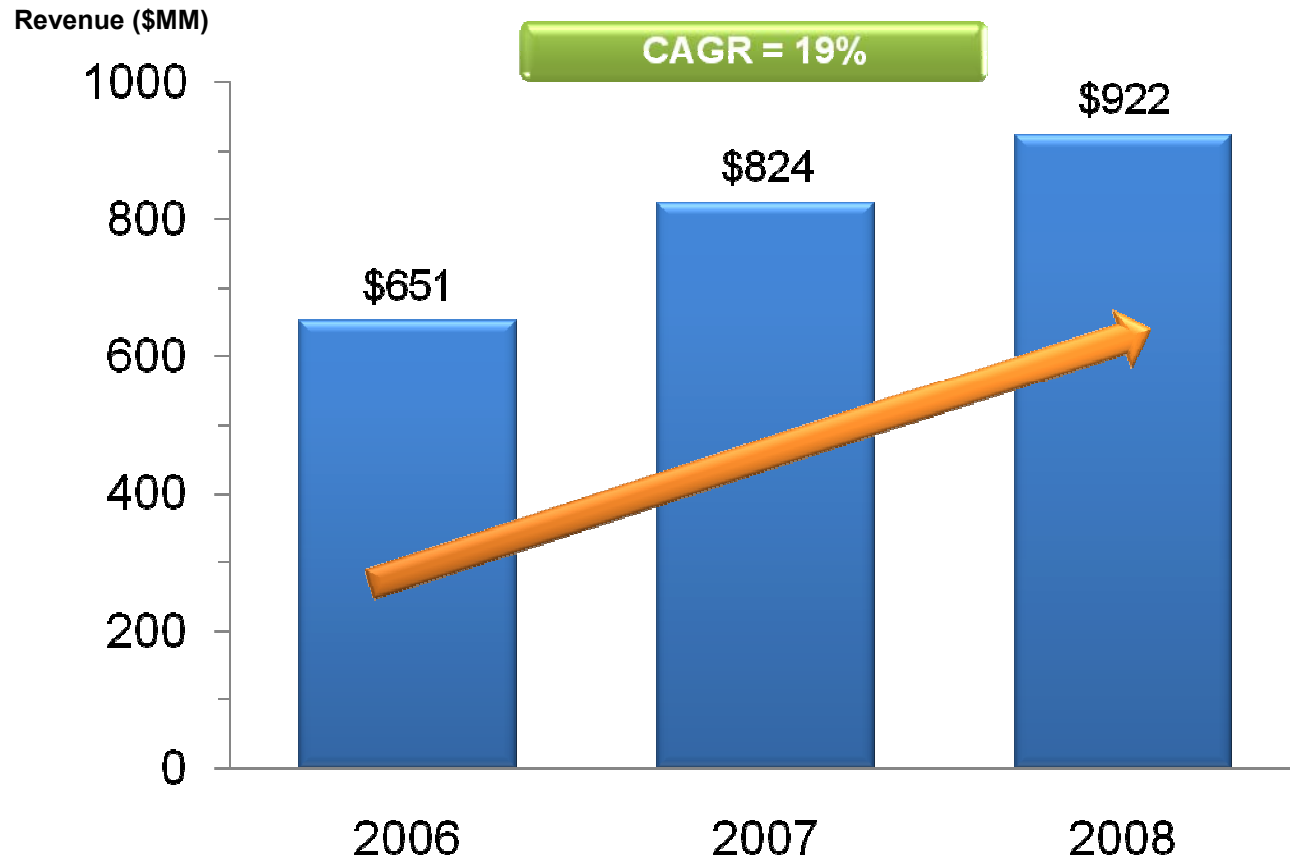
# Business Review

## Competitive Landscape – Technology

	LPS	First American	Fiserv	Credit Bureau
<b>Loan Origination Technology</b>				
<i>Automated End-to-End Loan Process</i>	✓		✓	
<i>Web-Based Closing Solution</i>	✓	✓	✓	
<i>Data Delivery at Point of Sale</i>	✓			
<i>Automated Title Decisioning Tool</i>	✓	✓		
<i>Electronic Delivery Technology</i>	✓	✓	✓	✓
<i>Automated Order, Track and Delivery</i>	✓		✓	
<b>Mortgage Servicing Technology</b>				
<i>Automated End-to-End Servicing</i>	✓		✓	
<i>Electronic Loan Boarding</i>	✓		✓	
<i>Web Services</i>	✓			
<b>Default Management Technology</b>				
<i>Automated End-to-End Servicing</i>	✓		✓	
<i>Process Invoice and Imaging Management</i>	✓	✓		

# Business Review

## Key Client Relationships

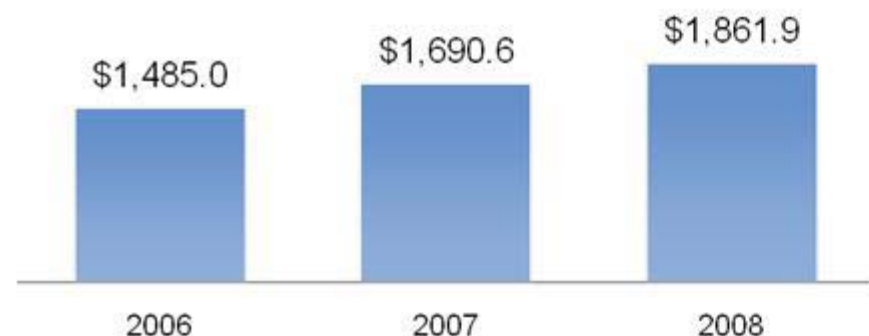


**Average length of relationship is 19 years**

# Financial Review

## Key Statistics

**Revenue (\$ millions)**

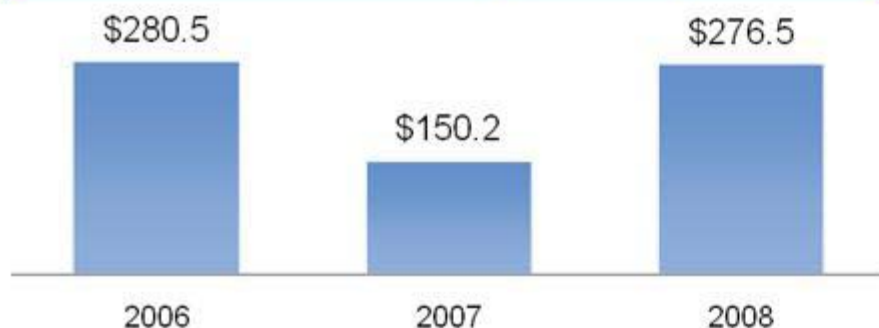


**EBIT\* (\$ millions)**



\* Adjusted EBIT

**Free cash flow\* (\$ millions)**



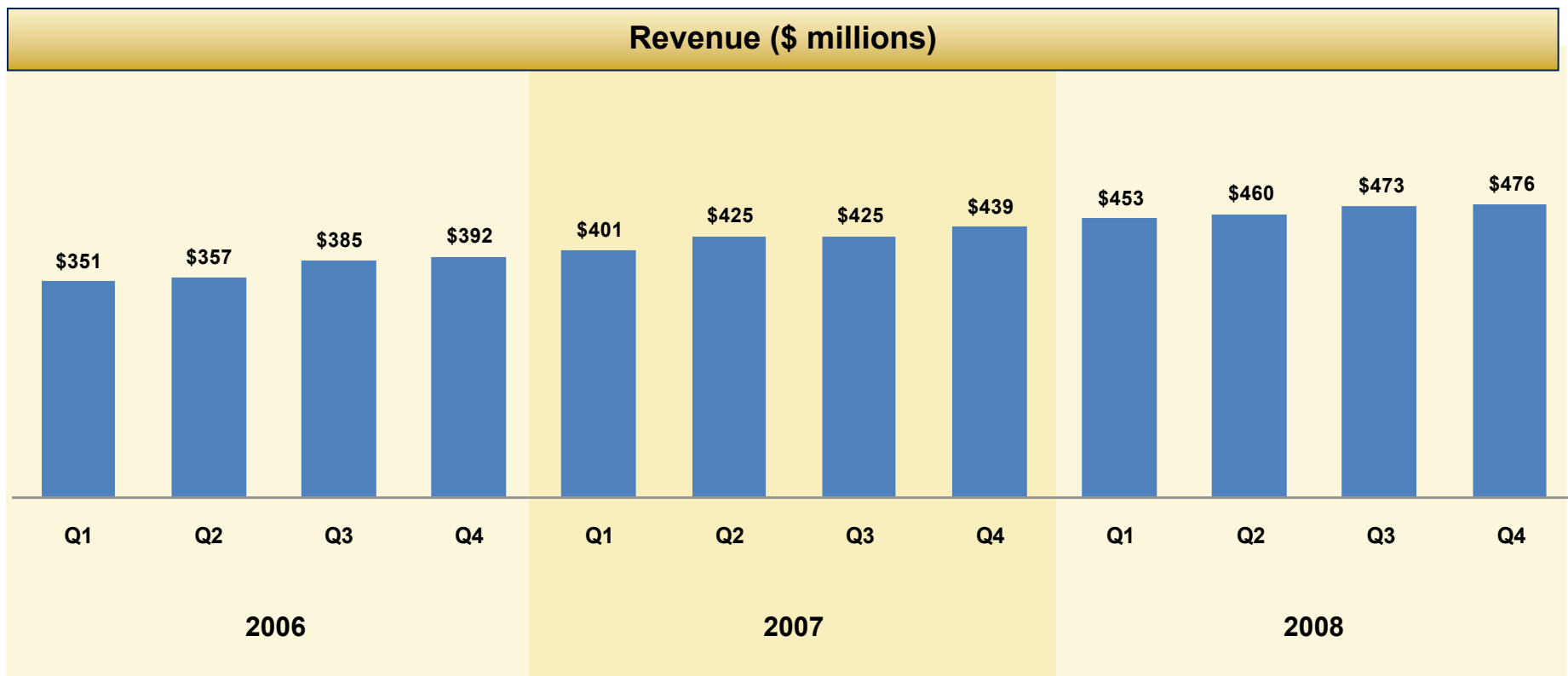
**Capital expenditures (\$ millions)**



\* Adjusted net earnings plus depreciation and amortization less capital expenditures and changes in working capital and other assets & liabilities. 2007 includes pro-forma after-tax interest expense of \$59.6 million. 2008 includes pro-forma after-tax interest expense of \$28.1 million for first half of the year.

# Financial Review

## Historical Quarterly Data



# Financial Review

## 2009 Guidance

(amounts in millions except per share data)	<b>Adjusted 2008</b>	<b>2009 Guidance</b>
Revenue*	\$1,837.6	11 – 13%
EBIT*	436.8	10 – 12%
Adjusted Earnings per Diluted Share	\$2.41	\$2.64 – \$2.74
Free Cashflow	\$276.5	\$230 – \$260
Diluted Shares	95.8	95.2
Capital Expenditures	\$62.3	\$70 – \$80
Depreciation & Amortization	\$93.4	\$95 – \$100

**Well positioned to succeed as a stand-alone public company**

\*For 2008, adjusted for discontinued operation; refer to 4Q08 earnings release and supplemental materials for more info.

# Financial Review

## Long Term Outlook

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- Grow revenue 6–9% annually 2010–2011
- Expand operating margin on average by 50 bps per year
- Target \$450 million in debt reduction through 2011
- Indicated dividend of 40 cents/share
- Repurchase shares opportunistically
- Selectively pursue acquisitions

# Summary

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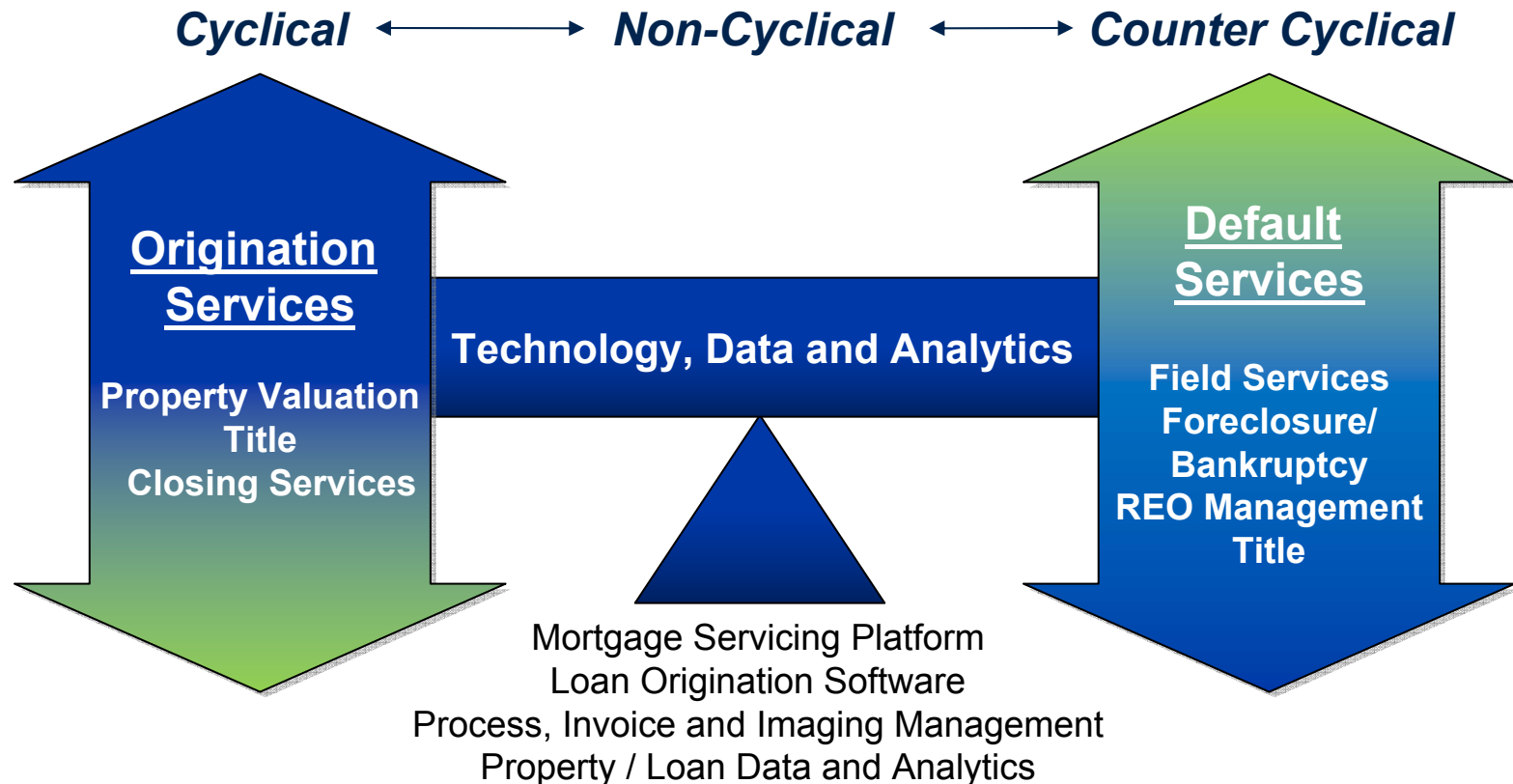
- Leading market positions in:
  - Technology, Data and Analytics
  - Loan Transaction Services
- Revenue growth faster than market
- Robust, growing margins
- Attractive dividend
- Strong free cash flow

**Focused on delivering above average returns to shareholders**



# Appendix

# Balanced Business Model



**LPS business mix results in balanced revenue stream across volatile mortgage markets.**

# GAAP to Non-GAAP Reconciliations

(\$ in thousands)

## EBIT

### TD&A

	Full Year 2008	Full Year 2007	Full Year 2006	Full Year 2005
Operating Income	\$191,041	\$191,629	\$179,533	\$162,142
Non-recurring Charges	2,178	-	353	-
Adjusted Operating Income	<u>\$193,219</u>	<u>\$191,629</u>	<u>\$179,886</u>	<u>\$162,142</u>

### LTS

	Full Year 2008	Full Year 2007	Full Year 2006	Full Year 2005
Operating Income	\$308,129	\$265,573	\$206,356	\$210,798
Non-recurring Charges	163	-	(70)	-
Adjusted Operating Income	<u>\$308,292</u>	<u>\$265,573</u>	<u>\$206,286</u>	<u>\$210,798</u>

### Corp and Other

	Full Year 2008	Full Year 2007	Full Year 2006	Full Year 2005
Operating Income	(\$58,976)	(\$33,140)	(\$58,369)	(\$55,015)
Non-recurring Charges	3,113	(4,235)	14,131	-
Adjusted Operating Income	<u>(\$55,863)</u>	<u>(\$37,375)</u>	<u>(\$44,238)</u>	<u>(\$55,015)</u>

### Consolidated

	Full Year 2008	Full Year 2007	Full Year 2006	Full Year 2005
Operating Income	\$440,194	\$424,062	\$327,520	\$317,925
Non-recurring Charges	5,454	(4,235)	14,414	-
Adjusted Operating Income	<u>\$445,648</u>	<u>\$419,827</u>	<u>\$341,934</u>	<u>\$317,925</u>

## Cash Flow

	Full Year 2008	Full Year 2007	Full Year 2006	Full Year 2005
Net Earnings	\$230,888	\$256,805	\$201,055	\$195,705
Less Non-recurring Charges, net of tax	3,057	(2,596)	8,818	-
Adjusted Net Earnings	<u>233,945</u>	<u>254,209</u>	<u>209,873</u>	<u>195,705</u>
Add: Depreciation and Amortization	93,416	102,607	111,858	112,648
Change in Working Capital	9,714	(107,382)	(7,872)	(47,296)
Add: Non-cash Adjustments	<u>29,842</u>	<u>30,964</u>	<u>36,909</u>	<u>11,735</u>
Net Cash Flows from Operations	366,917	280,398	350,768	272,792
Less: Capital Expenditures	<u>(62,288)</u>	<u>(70,552)</u>	<u>(70,248)</u>	<u>(92,458)</u>
Adjusted Free Cash Flow	304,629	209,846	<u>\$280,520</u>	<u>\$180,334</u>
Pro Forma Interest Expense, net of tax	28,131	59,623		
Pro Forma Adjusted Net Free Cash Flow	<u>\$276,498</u>	<u>\$150,223</u>		

\* Refer to the 4Q08 earnings release and 8/1/08 8K filing for additional details.

# GAAP to Non-GAAP Reconciliations (Contd.)

(\$ in thousands except per share data)

<b>Adjusted Earnings per Diluted Share</b>	<b>Full Year 2008</b>	<b>Full Year 2007</b>
Net Earnings	\$230,888	\$256,805
Less Non-recurring Charges, net of tax	3,142	(2,596)
Adjusted Net Earnings	234,030	254,209
Pro Forma Interest Expense, net of tax	28,131	59,623
Pro Forma Net Earnings	205,899	194,586
Purchase Price Amortization, net of tax	24,751	26,595
Pro Forma Adjusted Net Earnings	\$230,650	\$221,181
Pro Forma Adjusted Net Earnings per Diluted Share	\$2.41	\$2.26
Pro Forma Diluted Weighted Average Shares	95,754	97,697

\* Refer to the 4Q08 earnings release and 8/1/08 8K filing for additional details.