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PRESENTATION

Operator

Good morning, and welcome to the Realogy Holdings Corporation full-year 2012 conference call via webcast. Today's call is being recorded, and a written transcript will be available in the investor information section of the Company's website later today. A webcast replay will also be made available on the Company's website until March 1.

At this time, I would like to turn the conference over to Realogy Senior Vice President, Alicia Swift. Please go ahead, Alicia.

Alicia Swift - *Realogy Holdings Corp. - SVP, IR and Financial Planning & Analysis*

Thank you, Mel. Good morning, and welcome to Realogy's fourth-quarter and full-year 2012 earnings conference call. On the call with me today are Realogy's Chairman and CEO, Richard Smith, and Chief Financial Officer, Tony Hull.

As a reminder for webcast participants, you will need to advance the slides by clicking the forward arrow on the bottom right of the screen beneath the webcast player as we move through today's presentation.

Starting with slide three, I would like to call your attention to four items. First, you should have access to a copy of our financial results press release for the year ended December 31, 2012, which we have filed with the Securities and Exchange Commission. The press release is available on the investor information section of our website, as well as a copy of today's webcast slides. We anticipate filing our Form 10-K for the year ended December 31, 2012 with the Securities and Exchange Commission on February 25.

Second, the Company will be making statements about its future results and other forward-looking statements during the call. Statements about future results made during the call constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on current expectations and the current economic environment.

Forward-looking statements and projections are inherently subject to significant economic, competitive and other uncertainties and contingencies, many of which are beyond the control of management. The Company cautions that these statements are not guarantees of future performance. Actual results may differ materially from those expressed or implied in the forward-looking statements.

For those who listen to the rebroadcast of this presentation, we remind you that the remarks are made herein are as of today, February 14, and have not been updated subsequent to the initial earnings call. Important assumptions and other important factors that could cause actual results to differ materially from those in the forward-looking statements and projections are set forth under the heading forward-looking statements, risk factors in management's discussion and analysis of the financial condition and results of operations in our filings with the Securities and Exchange Commission, including our final prospectus filed with the SEC on October 11, 2012, our annual report on Form 10-K for the year ended December 31, 2011, as amended, and our quarterly reports on Form 10-Q for the quarters ended March 31, 2012, June 30, 2012, as amended, and September 30, 2012, and in our other periodic reports filed from time to time.

Third, we will be referring to certain non-GAAP financial measures during the call. Our press release contains definitions of these terms, a reconciliation of these terms to their most comparable GAAP measure, and a discussion of why we believe these non-GAAP financial measures are useful to our investors.

Finally, we remind investors that the lockups associated with the IPO and related transactions are scheduled to expire in April 2013. For those unfamiliar with industry data, we use the National Association of Realtors and Fannie Mae as benchmarks of the direction of the residential housing market. We believe changes in Realogy's home sale statistics will continue to vary by those reported by NAR because they use survey data as the basis of their historical reports, whereas we use data based on our actual reported results.

Let me briefly review the headlines from our release issued earlier today regarding Realogy's fourth-quarter and full-year 2012 results. As you will see on slide four, we reported fourth-quarter net revenue of $1.2 billion, a 30% increase compared to the same period in 2011; fourth-quarter adjusted EBITDA of $167 million, an increase of 61% year-over-year; fourth-quarter net loss of $292 million, which is largely due to $400 million of IPO-related charges and $18 million of debt extinguishment and $42 million of depreciation and amortization.

Turning to slide five, full-year revenue of $4.7 billion, a 14% year-over-year increase; full-year adjusted EBITDA totaled $674 million, an 18% year-over-year increase; and full-year net loss attributable to the Company of $543 million, which is largely due to $528 million of interest expense, the IPO-related charges mentioned above and $173 million of depreciation and amortization.

Now I will turn the call over to our Chairman and CEO, Richard Smith.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

Thank you, Alicia, and good morning. And thank you for joining our call as we report on our full-year and fourth-quarter performance in 2012.

We entered 2012 with great promise, tempered by a strong measure of caution, a byproduct of managing through the housing correction of the previous five years. One year ago on this investor call, we spoke about being encouraged by the early indications of an improving near-term housing market. Our strong fourth-quarter results significantly outperformed expectations and capped a much-improved 2012, solidly supporting the thesis of a housing recovery that is growing in strength.

Most notably, Realogy's full-year 2012 revenue of $4.7 billion was a 14% increase over 2011 and marked the Company's highest reported net revenues since 2008. As we have previously disclosed, our net loss in 2012 included $400 million of IPO-related costs. And since the IPO occurred in October of 2012, our reported net loss does not reflect the material reduction in annual interest expense from which we are now benefiting.

Looking ahead to 2013, it is important to note that the impact of our 2012 debt reduction and subsequent lower interest expense will result in a significant improvement in our free cash flow in 2013. It is our intent to use the majority of our free cash flow to further reduce debt.

Now turning to slide six, during 2012, Realogy's Companywide transaction volume, that is average wholesale price times the number of homesale transaction sides, increased 18% compared to 2011 and exceeded the 15% full-year increase reported by the National Association of Realtors. For the fourth quarter alone, Realogy's existing homesale transaction volume increased 35% compared to NAR's reported 23% increase.

Turning to slide seven, according to the National Association of Realtors, existing home sales for 2012 increased by 9% year over year to 4.7 million homes, the highest total sales figure in five years. On a full-year basis, homesale sides increased by 9% as compared to 2011 at RFG, our franchise operation, and 14% at NRT, our company-owned offices.

In 2012, our franchisees reported an 8% increase in average homesale price, which outperformed the 5% increase in average home price reported by the National Association of Realtors. RFG, again, our franchise segment's average sales price is influenced by the growth of it Sotheby International Realty franchise network, which has a higher than industry national average sales price. NRT's average sales price for the same period increased 4%. Price is reacting to abnormally low inventory levels, essentially demand outstripping supply.

Focusing on our fourth-quarter year-over-year results, RFG reported homesale sides increases of 14% and our Company-owned segment reported homesale sides increases of 22%. For the same period, NAR reported a 13% national increase.

Our unit increases in the fourth quarter, which were well above NAR's forecast, were partially influenced by year-end, tax-motivated sales of higher-priced homes, particularly at NRT, as well as an extra business day in the quarter. The influence of these and related factors are reflected in the strong increases in property values in the fourth quarter.

The average homesale price increased 14% and 18% at RFG and NRT, respectively, as compared to the fourth quarter of 2011. By comparison, NAR reported a 9% average price increase during the fourth quarter.

We had expected the average sales price to improve during the fourth quarter, although not to these levels. The impact of the increase in high-end transactions was most pronounced in December, and we believe was partially attributable to sales timed to avoid the year-end changes in the capital gains tax rate. The influence of such transactions notwithstanding, the national average sales price should continue to increase in 2013 as inventory levels remain low and demand remains strong.

Now with respect to corporate governance, we were pleased to announce in January that Brett White, the recently retired Chief Executive Officer of CBRE Group, joined our Board as an Independent Director. Brett brings to our Board approximately 30 years of business experience, and more recently, seven years as a CEO of a major New York Stock Exchange firm. We look forward to his contributions to the Board.

Brett is now the third Independent Director on our eight-member Board, joining Ann Hailey and Michael Williams as independent directors. We expect to add to this impressive list of individuals as we continue to attract world-class talent to our Board.

Moving on to the business units on slide eight, Realogy's brands are among the most well-known and respected real estate brokerage brands in the industry. Through year-end 2012, our franchise systems had approximately 13,600 franchised and Company-owned offices and approximately 238,900 independent sales associates operating in 102 countries around the world.

RFG, which manages our franchise brands, generated new franchise sales totaling $70 million in gross commission income, or GCI, during the fourth quarter of 2012, and $234 million in GCI for the full year. As a reminder, we received the full benefit of a royalty stream from new franchise sales in the year following the sale.

Among our brands, Better Homes and Gardens Real Estate posted the biggest annual franchise sales gains in 2012 versus 2011 with a 111% increase in gross commission income. On a full-year, Better Homes and Gardens Real Estate signed 15 companies, adding 55 new offices to its domestic network and increasing the overall size of the franchise system to 42 companies, 252 offices and approximately 8300 sales associates operating in 26 US states and Canada.

Web traffic for all of our brands and Company-owned operations increased significantly year-over-year. As measured by ComScore, overall unique visitors to our websites were up approximately 23% from 2011. As you would expect, higher Web traffic translates into more sales leads, which in turn show a strong correlation to homesale volume on a three-month lag basis.

Last, but certainly not least, I would like to share a couple of data points that illustrate the strong, long-term relationships that RFG has with its franchisees. For full-year 2012, RFG retained approximately 97% of its franchisee production in 2012 as measured by GCI, and for the same period our domestic franchisees' average tenure with our brands was approximately 19 years. Both data points speak to the strength of our brands and the remarkable relationship we enjoy with our franchisees.

NRT, our Company-owned residential real estate brokerage operations, reported strong operating results for the fourth quarter and the full year. During 2012, NRT's organic growth was highlighted by the recruitment of new sales associates representing about $77 million in annualized gross commission income. More importantly, NRT management retained approximately 94% of the production of its first- and second-quartile sales associates, the top-producing segments of its 41,300 independent sales associates.

Management anticipates the addition of about $70 million to $80 million in new agent GCI in 2013, and fully expects to continue to retain a high percentage of its top-producing agents. NRT has the capacity in its 710 offices to house a material increase in agents and not incur incremental office costs.

As we stated in our third-quarter earnings call, brokerage firms of various sizes are increasingly expressing interest in monetizing the value of their companies. As the housing recovery continues to gain strength, we expect to see more brokerage M&A activity. NRT management has a highly successful track record of buying and integrating firms of various sizes and will continue to explore attractive opportunities.

On to slide nine. At Cartus, our relocation company, initiations of relocation orders increased 3% in 2012, while its real estate referrals were up 10% year-over-year. A referral is a transaction referred to a real estate broker, primarily in our network, who pays a referral fee on that transaction. For the full year, Cartus assisted in over 158,000 relocations for approximately 1500 active clients, including about 64% of the Fortune 50 companies as well as several large affinity clients. In addition, Cartus brokered approximately 72,000 domestic and international household goods shipments during 2012.

On a full-year basis, Cartus signed 117 new clients, 24 of which were added in the fourth quarter. The total new signings represent an estimated $13 million in annualized revenue. In addition, Cartus expanded the scope of services provided for nearly 300 existing clients during the full year 2012.

In addition, the Company manages the Cartus Broker Network, a performance-based network of real estate brokers consisting of our Company-owned brokerage operations, qualified franchisees and independent real estate brokers. These brokers receive highly-qualified relocation referrals from Cartus for which they pay a referral fee. The network closed approximately 68,000 real estate transactions in 2012, all generated through Cartus' various lines of business and all serviced by Cartus-affiliated brokers.

Now, at TRG, our Company services segment, refinance title and closing units were up 42% in 2012 compared to 2011. Purchase title and closing units were up 13%, which tracks the NRT homesale unit gains in 2012. The strong gains were modestly offset by a 3% decrease in its average fee per closing unit, reflecting the shift to refinance units which are about half the price of a purchase unit.

We expect TRG's purchase title and closing unit volume to grow in line with NRT's homesale sides, with some additional upside as TRG works to increase its capture rate on NRT sales, which was approximately 40% in 2012. TRG's refinance volume, while dependent on the continued low mortgage rate environment, also will be driven by the expansion of TRG's existing client relationships and its growing lender channel. TRG provides title services to three of the nation's top seven mortgage lenders, and we expect the volume of transactions in this line of business to continue to grow.

For full-year 2012, TRG's underwriter reported a 22% increase in net premiums as compared to 2011. TRG's underwriting claims experience for the year was approximately 1.3%, which continues to substantially outperform the industry average loss ratio of approximately 7%.

On the regulatory front, the Consumer Financial Protection Bureau recently issued its final rule on Qualified Mortgage, or QM. Effective in January 2014, the rule establishes strong consumer protections while ensuring continued access to safe, affordable mortgage credit. In regard to the 3% cap on mortgage and title fees included in the QM rule, we do not think this will have a material impact on our overall business. As the industry awaits the Qualified Residential Mortgage, or QRM, rule, we will continue to work in Washington to help ensure that affordable credit remains available to qualified borrowers.

To that end, it is particularly noteworthy that on February 25, the bipartisan Policy Center, a prominent Washington, DC, bipartisan think tank, following a 16-month intense review of the nation's housing policy by its Housing Commission will issue its long-awaited housing policy recommendations. Realogy played a prominent role, and I had the distinct privilege of serving as one of the 21 commissioners. The report, "Housing America's Future, New Directions for National Policy," will offer a blueprint for a new national housing policy. We look forward to the release of the report and the dialogue that will follow.

In January, the National Association of Realtors reported that the inventory of existing homes for sale through the end of December 2012 was 1.8 million units, a 4.4-month supply, and 22% below December 2011 inventory levels. Nationally, demand is outstripping supply, and thus the rising home values.

As more homeowners realize they can get a higher average sales price, more inventory should enter the market this spring. In the field, we are already seeing a stabilization of inventory levels. In January, CoreLogic reported that 1.4 million borrowers had returned to a positive equity position through the end of the third quarter of 2012. Their analysis also showed that nationwide, the number of underwater borrowers, those with negative equity, declined from 11.1 million at the end of 2011 to 10.7 million at the end of the third quarter of 2012.

In its Q3 2012 report, CoreLogic estimated that there are 1.8 million borrowers who are only 5% underwater and will be in a positive equity position as home prices increase 5% or more. When these previously underwater borrowers realize they can get a selling price that exceeds their mortgage, we believe more of them will move back into the market as sellers.

Now let's take a look at the current operating environment. As you may recall, Realogy does not provide full-year earnings guidance, but there are a number of readily-available third-party industry forecasts, as shown on slide 10. As we review the NAR and Fannie Mae full-year 2013 forecasts, keep in mind that in 2011, for every 1% increase or decrease in homesale transaction sides or average sales price, holding all else constant, there would have been a corresponding $11 million impact on Realogy's EBITDA.

In 2012, that sensitivity improved to $12 million per point of change to sides or price, of which $2 million relates to RFG and $10 million relates to NRT, including intercompany royalties. As the housing market continues to expand, the sensitivity will increase.

The National Association of Realtors is forecasting a 15% increase on a combined sales volume basis in 2013. That is transaction sides times median price. This volume growth consists of a 9% year-over-year increase in existing homesale units to 5.1 million and a 6% increase in median homesale price.

Fannie Mae is currently forecasting an 11% year-over-year increase in home sales for 2013 and a 3% increase in the median homesales price. Of significant note, between its December and January reports, Fannie Mae increased its full-year 2013 forecast to 5.2 million units from 5 million and increased its 2013 median sales price forecast to $178,000. On a combined basis for volume, Fannie Mae's annual forecast nearly doubled in a one-month span, going from an 8% increase to a 14% increase in 2013, and is now in line with NAR's 2013 forecast.

Now, there is other positive housing market trends, and they include that earlier this week, the National Association of Realtors issued its fourth-quarter 2012 metro-area home price report, with national price showing the strongest year-over-year increase in seven years. The median existing single-family home price rose in 87% of metropolitan statistical areas, MSAs, compared to the fourth quarter of 2011, in which only 19% of metros showed home price increases.

NAR's Housing Affordability Index has continued to be at historically high levels. The 2012 annual index was recently reported at 194, which compares to 186 and 172 in the two prior years, respectively. At current levels, the Affordability Index means that the average family has 194% of the median income necessary to purchase a home at the annual median sales price of $176,900 with a 20% down payment.

Last week, CoreLogic released its monthly Home Price Index report, which indicated that home prices nationwide increased by 8.3% in December 2012 compared to December 2011. This change represents the biggest increase since May 2006 and the 10th consecutive monthly increase in home prices nationally.

Freddie Mac's Primary Mortgage Market Survey showed mortgage rates trending slightly upward, but they remain at extremely attractive levels. Monthly 30-year fixed rates averaged 3.41% for January 2013, which was slightly above the record levels of 3.35% in November and December, but still below the 2012 average rate of 3.66%. Last year at this time, the 30-year fixed rate averaged 3.92%. The all-time record low for the 30-year fixed was set the week of November 21, 2012 when it averaged 3.31%.

In mid-January, the US Commerce Department announced that December 2012 housing starts increased 37% from December 2011 and housing permits were up 29% year-over-year. These continued strong gains in both metrics should ultimately help alleviate the inventory shortage later this year as more new homes come into the market to meet increased demand.

Demographics will be a key driver in the increased demand for homes. Research from a recent Goldman Sachs report indicates that annual household formation will increase from the current 1.3 million to 1.6 million over the next several years as household formation continues to normalize. And if history repeats itself, about 65% of those households should become homeowners.

In 2012, Realogy maintained its industry-leading position in terms of US residential real estate market penetration. Based on NAR's and our actual results, we were involved, either through our franchise operations or our Company-owned brokerages, in approximately 26% of all existing homesale transaction volume, that is sides times average price, for domestic transactions involving a real estate brokerage firm in 2012. According to NAR, non-broker-assisted sales, including For Sale by Owner sales, declined one percentage point to 12% of the existing homesale market, thereby increasing the broker-assisted market to 88% for 2012 compared to 82% in 2004. Thus, Realogy's market penetration of the broker-assisted market held steady as the size of the market we serve increased.

In conclusion, we are very pleased with the Company's performance for the year and most definitely for the quarter. On all fronts, management executed exceptionally well against our short-and long-term strategies. More specifically, the growth strategies of each business unit, the continued cost efficiency of our business model, the intense focus on deleveraging and our time-tested capital allocation discipline. We know well how our business model performs under intense downward pressure. Now, we are excited about using that experience to capitalize on a market recovery. And to that point, based on what we see in both the housing market and the economy, we are confident that we are in the midst of a housing recovery which we believe is only growing in strength.

Now I will turn the call over to Tony. Tony.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

Thank you, Richard. Before I discuss the results for the full year and the fourth quarter of 2012 in detail, I have a few brief comments on slide 11.

For the fourth quarter of 2012, Realogy's net revenue is $1.2 billion, a 30% increase compared to Q4 2011. And adjusted EBITDA was $167 million, an increase of 61% year-over-year. This increase was driven by Realogy's combined Q4 transaction volume, sides times price, which was up 35%, marking a significant increase in its key business drivers.

EBITDA in the fourth quarter was impacted by $400 million in IPO-related costs and $18 million of debt extinguishment costs. The IPO-related costs included a charge of $256 million related to the issuance of additional shares of common stock, with no impact to cash or shareholders' equity, and a nonrecurring cash fee of $105 million attributable to the semiannual interest payment issued to convertible note holders upon conversion.

This charge also included a $39 million payment for the Apollo management fee termination. As you may recall, we originally agreed to pay $40 million of the termination payment in January 2013, with $25 million in stock and $15 million in cash. We amended the terms of that agreement to make the payment all cash in the amount of $39 million. None of the termination payment was in the form of stock.

As shown on slide 12, full-year 2012 revenue was $4.7 billion, and it increased 14% year-over-year. Adjusted EBITDA totaled $674 million, an increase of 18% year-over-year. Realogy's net debt at December 31 was $3.98 billion, and the Company had 145.4 million shares outstanding.

As previously discussed, we intend to use about $200 million of our remaining $220 million IPO proceeds to retain $190 million of 12 3/8% notes at par in April, as well as $10 million of 13 3/8% extended maturity notes at a slight premium. This will fully retire all of Realogy's subordinated debt. Our next focus will be the 11.5% and 12% senior unsecured notes that become redeemable in April of 2013.

On Tuesday, we launched a refinancing of our existing credit facility, which, if completed, would reduce the cost we pay on approximately $2 billion of our debt and push out the maturities on the term loan and revolver. We will continue to analyze and optimize our capital structure, using a significant portion of our free cash flow to retire debt, with the ultimate goal of becoming investment-grade.

Slide 13 shows revenue for the full year, which was up 14% from 2011. The breakdown by category of the $4.7 billion of total net revenue was as follows. Gross commission income totaled $3.4 billion at NRT, up 17% from 2011. Service revenues, principally from Cartus and Title Resource Group, increased to $821 million, up 9% from 2011. And the Realogy Franchise Group's third-party franchise fees were up $15 million to $271 million for the year.

Other revenue decreased $7 million to $152 million. Lower NRT REO fees, RFG sales incentive impairments and international revenues were the largest components of this decline.

On slide 14, we compare expenses during 2012 versus 2011. Total commission and other related costs of $2.3 billion increased $387 million year-over-year. The commission expense is exclusively an NRT variable cost which is paid to our 41,300 independent sales associates.

Operating excesses of $1.3 billion rose 3% year over year, primarily due to greater TRG refinance activity. Marketing costs were $5 million higher, primarily due to higher transaction volume at NRT.

General and administrative costs increased $73 million, primarily due to the incremental compensation expense from our 2010 retention program and payments that were made thereon, and achievement of over 100% in our 2012 management incentive plan.

Next, I will discuss our key revenue drivers from slide 15. In Q4 2012, sides and price for RFG and NRT significantly outperformed our expectations. RFG homesale sides increased 14% year-over-year in Q4, and average homesale price increased 14% to approximately $222,000. Compared to NAR, RFG's transaction volume increase of 30% exceeded NAR's volume increase of 23% in the quarter. RFG sides and price increases exceeded national industry reported improvements [at] Sotheby's International Realty, our luxury brand, continues to be a more prominent contributor to RFG's results. Sotheby's International Realty had an average sales price of approximately $790,000 in December 2012, a 43% increase from December 2011.

We believe RFG also was favorably impacted by the temporarily heightened activity, particularly at the high end of the market, due to tax-related selling.

NRT homesale sides increased 22% year-over-year in Q4 compared to 2011, and average homesale price increased 18% to approximately $477,000. All of NRT's regions performed well in the fourth quarter. Southern California had a 22% increase in homesale sides and an average sales price increase of 27%. Northern California continued to perform well, with homesale side increases of 12% and average price increases of 28%.

The New York, New Jersey, Connecticut tri-state area experienced a price increase of 4% during the quarter and the sides increase of 22%. Florida had a 12% increase in sides and a 20% increase in price.

Again, we believe tax-related selling, particularly at NRT's core at the high end of the market, had a partial impact on its results. In December, NRT sold 2.5 times as many homes priced greater than $5 million than it did in December 2011. We don't think that level of activity in high-end homes was a pull-forward of activity from 2013. These homes sell regularly, although not at the rate we saw in Q4.

During January 2013, NRT had approximately the same level of sales of homes with an average price over $5 million compared to the prior three years in January. We believe these higher-priced homes will continue to sell in 2013 at a normal rate, if not accelerated pace, given the strength in the housing market.

So what are we seeing for the first quarter of 2013? First, let's look at January, which included one extra business day compared to 2012. Preliminary closed homesale sides combined for RFG and NRT increased approximately 10% in January versus 2012. We also had an average sale price increase of 9% on a combined basis for January 2013.

For the first quarter of 2013, based on the January results, as well as what we are seeing in our February pending contracts, we expect to see between a 4% to 5% increase in transaction sides year-over-year in the first quarter for RFG and NRT combined, which is negatively impacted by about two percentage points due to there being one less business day in Q1 2013 than there was in Q1 of 2012.

Average sales price looks like it will increase between 8% and 9% on a combined RFG and NRT basis. As a result, transaction volume is expected to be up between 14% and 16% on a combined basis, after adjusting for one additional business day in the first quarter of 2012.

As previously discussed, Cartus initiations in the fourth quarter were down from the fourth quarter 2011. We believe that this was due to caution on the part of many of our corporate clients as they waited for certainty from Washington on fiscal policy.

Slide 16 provides a full-year look at all revenue drivers. In 2012, RFG transaction volume improved 17%, with homesale sides increasing 9% year-over-year and average homesale price increasing 8%. NRT transaction volume improved 19%, with homesale sides increasing 14% year-over-year compared to 2011 and its average homesale price increasing 4% due to increased high-end activity at the end of 2012. Gross commission income per side increased 3% year over year.

Average broker commission rates for 2012 decreased one basis point at RFG to 2.54% and NRT to 2.49%, which is consistent with the average sales price increases seen at both business units. Also, the Realogy Franchise Group's net effective royalty rate declined to 4.63% compared to 2011 as its larger affiliates continued to achieve incentives for higher volume levels. RFG's top 250 companies represented 57% of total franchisee revenue in 2012 versus 54% in 2011.

Also this year, the top 250 brokers saw an increase in their revenue of 21% compared to the remainder of our franchisees, who were up 7%. Remember that the decline in royalty rate means that our franchisees achieve higher volume incentive levels commensurate with higher production, and this only comes with improved revenue in EBITDA at RFG that more than offsets the lower net effective royalty rate.

Cartus relocation initiations for 2012 increased 3% and referrals increased 10%. The increase was driven primarily by stronger affinity business.

At TRG, 2012 purchase unit volume increased 13%, which was consistent with the NRT unit sales gains. TRG's refinance title and closing units increased 42% in 2012 compared to 2011. TRG's average fee per closing decreased 3% in 2012 due to the increase in the refinancing volume and the overall mix of business.

Now let's look at revenue and EBITDA by business unit for the full-year 2012 as shown on slide 17. Total revenue at RFG was $604 million in 2012 compared to $557 million in 2011. The 8% revenue increase was due to higher homesale sides and price, partially offset by the decrease in the net effective royalty rate discussed earlier. The revenue gains were impacted by a $5 million writeoff of sales incentive notes and a $4 million decrease in international area development fees and royalty revenues.

EBITDA at RFG was $364 million in 2012 compared with $320 million in 2011. The EBITDA increase was due to the $47 million increase in revenue, a $5 million reduction in bad debt expense due to improved collections and a $2 million decrease in impairment expense, partially offset by a $13 million increase in employee-related costs due to the compensation accruals mentioned above. The EBITDA margin for the year at RFG was 60% compared to 57% in 2011.

Revenue at NRT increased $499 million or 17% to $3.5 billion due to a 14% increase in homesale transaction sides and a 4% increase in average sale price. NRT EBITDA in 2012 was $165 million. This was a $109 million improvement from 2011. The EBITDA improvement was due to the revenue increase, along with a $36 million increase in PHH Home Loans venture earnings and a $21 million decrease in operating expenses. These improvements were partially offset by $387 million of higher commissions as a result of higher revenues, an increase of $30 million in intercompany royalties paid to RFG and a $28 million increase in employee-related costs, primarily due to the compensation accruals mentioned above and higher office manager incentives.

At Cartus, EBITDA was $103 million in 2012, down from $115 million in 2011. Revenue was flat year-over-year as higher referral fee revenue was offset by lower at-risk transaction volume. The EBITDA decline was primarily due to a $9 million increase in employee-related costs associated with the compensation accruals mentioned earlier and an $8 million increase in operating costs, primarily due to higher volume-related staffing. This was partially offset by a $7 million decrease in at-risk transaction costs.

At TRG, revenue increased $62 million or 17% to $421 million as a result of a $27 million increase in resale volume, a $19 million increase in underwriter revenue and a $17 million increase in refinancing volume. EBITDA increased $9 million due to higher revenue, partially offset by an increase in variable operating costs from increased volume, as well as incremental employee-related costs due to the compensation accruals mentioned above.

Corporate on the page includes the $400 million of IPO-related costs discussed earlier.

Turning to the balance sheet on slide 18, we ended the year with a cash balance of $376 million, which includes approximately $220 million of remaining IPO proceeds and $63 million of statutory cash required for our title business.

Turning to the liabilities slide, which is slide 19, the level of revolving credit facility usage was $110 million at December 31, down from $327 million at year-end 2011. Accrued expenses and other liabilities decreased to $427 million at December 31, 2012 from $520 million at the end of 2011, mostly due to lower accrued interest at year-end 2012.

Total debt at December 31, including the revolver, was $4.4 billion, down from $7.2 billion at the end of 2011. The IPO resulted in approximately $3.1 billion of net debt reduction, which includes $220 million of remaining IPO proceeds.

Shareholders' equity improved $3 billion from a deficit of $1.5 billion at the end of 2011 to positive $1.5 billion at the end of 2012.

Moving to slide 20, let me discuss anticipated cash requirements for 2013. Corporate cash interest of $315 million to $320 million. This includes the anticipated paydown of the $200 million of 12 3/8% and 13 3/8% senior subordinated notes in the second quarter. Capital expenditures of $55 million to $60 million. Cash taxes of approximately $20 million. This is for foreign, state and alternative minimum federal taxes. Cash legacy payments of approximately $10 million to $20 million. And working capital is expected to be flat in 2013.

Some other items to note, we renegotiated our Apple Ridge facility in December and reduced the interest costs by approximately 50 basis points for 2013, and that will benefit Cartus' EBITDA. And depreciation and amortization is anticipated to be approximately $170 million to $175 million in 2013.

Turning to slide 21, in conclusion, Realogy's capital structure was materially improved by the recent IPO, and we will see the benefits of the year-end deleveraging in 2013 in the form of lower interest expense. We expect to generate significant free cash flow in 2013, with which, along with remaining IPO proceeds, we plan to retire all of our subordinated debt in April. Our next target as the year progresses will be our high-cost senior notes. By also pushing out the maturity of our term loan, we will be able to focus on our debt repayment activities on retiring our most expensive debt over the next several years.

As to the near-term, based on the visibility we have into the coming months, we anticipate Q1 growth will outperform revenue driver trends we saw in Q1 of 2012 at RFG and NRT. Given our closed volume increase in January and what we are seeing from pending contracts at RFG and NRT for both January and February, we expect overall sales volume to gain 14% to 16% in the first quarter of 2013 on a combined basis, after adjusting out one additional business day in Q1 of 2012.

With that, I will turn it over to the operator, who will open this call to Q&A.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Dan Oppenheim, Credit Suisse.

Dan Oppenheim - *Credit Suisse - Analyst*

Thanks very much. I was wondering if you can just provide a little bit more color. You talked about the expectations here for the business for the first quarter of 2013. You talked also about trends in January.

Can you talk about what you are seeing in terms of the open contracts and is this -- you talked I guess initially about conservatism there, but presumably what is pending at this point would be closing -- generally closing through the first quarter here. Can you provide a little more color in terms of the mix issues that you're seeing in 1Q and also the volumes based on the pending contracts right now?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

I think, as we said, we expect volume to be up about 14% to 16% on an apples-to-apples basis. A little more of the increase is weighted towards price improvement versus unit improvement or sides improvement. But besides that, we don't have much regional color to add.

Dan Oppenheim - *Credit Suisse - Analyst*

Okay, and trends consistent in terms of just NRT and RFG overall?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

Yes.

Dan Oppenheim - *Credit Suisse - Analyst*

Okay. Thank you.

Operator

David Ridley-Lane, Bank of America Merrill Lynch.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

How many NRT offices were closed in 2012, and how many are planned for closure in 2013? And if you could remind us what is the run rate savings there are on average for an office closure.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

This is Richard. It's very few. A de minimis number in 2012. Probably ten offices or so. And it is primarily -- they are not really closed. They are consolidated into an existing office. And although there are none in particular planned for 2013, we continue to make sure that our offices are as efficient as they possibly can.

So I'm sure during 2013 there will be a few consolidations here or there, but the heavy lifting is well behind us. We are focused now on growth, and I don't think you could anticipate many office consolidations or closures in 2013.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

Got it. And then on the RFG segment's net effective royalty rate, I know it is declining due to volume incentive targets being hit on such a strong year. In thinking about 2013, should we expect the royalty rate to follow a similar amount as in 2012, about 20 basis points or so?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

No, I would expect it to -- it is sort of near its low point. I would expect maybe it will go another five to 10 basis points, but it won't fall as much as it fell in 2012.

And as we've seen in past recoveries, as the market continues to recover, at some point net, effective rate is going to start improving. At its peak, it was about [515], [510]. And it hit its peak when the housing market was at its peak in 2005 and 2006. So as the smaller franchisees do more of the business, it will take pressure off that rate.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

Got it. Maybe two housekeeping questions. What was the period-ending share count, and is there going to be additional sponsor management fee in first quarter, or was that all done in the fourth quarter? Thank you.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

It was 145.3 million at the end of the fourth quarter, the shares outstanding. Are you saying the weighted average shares or the actual shares outstanding?

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

The actual shares outstanding at the end of the quarter.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

145.4 (multiple speakers) -- 145.4 million, sorry. And the management fee has been terminated. So it was terminated in December. It was terminated as part of the IPO and the payments have been made on the termination, so there is no further payments after the January payment.

David Ridley-Lane - *BofA Merrill Lynch - Analyst*

All right. Thank you very much.

Operator

Tony Paolone, JPMorgan.

Tony Paolone - *JPMorgan - Analyst*

Thanks. Good morning, everyone. Richard, why do you think the inventory levels are down so much and the supply situation is what it is? Because I share in your logic that the improvement in price should shake things loose in the future, but price has have been improving for a few quarters and here we are with this low inventory level. So just wondering how you think about that.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

That's a great question. I don't pay a lot of attention to inventory levels in the off-season. That's what we are in. So it's anticipated that because of the aggressive selldown in inventory in the third and fourth quarter of last year, you sold into a lot of the excess inventory. So this is the off-season. You're not going to see a material increase in inventory until spring. Now -- so that is one factor, seasonality.

Two, there is substance, I believe to the fact that such a large number of homeowners are underwater in their equity. What we have theorized since the middle of last year is that average home sale price increased, much as CoreLogic has indicated, people are out of their negative equity position and are in a better position to actually enter the market through new inventory.

There is another sidebar, which we mentioned in our comments. When builders are not building, they are not adding new inventory; that impacts the move-up. So the first-time buyer who wants to sell the house and move into a new home that is larger or more desirable, for whatever reason, they can't because the inventory is not there. So as the builders start adding, the move-up market will improve, will bring more inventory from the first-time buyer into the market.

So if you factor all that in, I think inventory levels will become healthier in 2013, which as we indicated, will result in some slowdown in the average sale price, at least in theory. Could very well not be the case. Sale price could continue to increase. But I think that is the balancing act that we are looking for in 2013, which will occur in the second quarter.

Tony Paolone - *JPMorgan - Analyst*

Okay, thanks. And another question for you. You had mentioned that your share last year for the audience that you go after was flattish it seemed. I know in the past, you talked about having given up some unprofitable share because it just made economic sense. How are you guys looking at that going forward in terms of whether or not some of that other share is now profitable once again, or what initiatives are now being put in place to claw some of that back?

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

Literally, that is a city-by-city, market-by-market issue. Share, the business acts a little differently on the East Coast than it does on the West Coast, versus Florida, versus the Midwest and the breadbasket of the country.

So I think we're going to hold steady. If there is an improvement, it is a slight improvement. I think we -- as you know, we focus on profitability, not share. We are happy to have the share, but our real focus is on profitability. We don't see it going down. We see it going up. But I don't think it is going to move in huge chunks. It will move as the market moves.

Tony Paolone - *JPMorgan - Analyst*

My last question, you alluded to the potential for a bit more M&A or perhaps seeing more activity on that front. When you mention that, is it more along the lines of the types of tuck-ins you've done historically, like that $20 million a year or whatever the spend has been historically? Or are we talking about larger things that you are now seeing emerge?

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

What's interesting about that is that over the past several years, a multiple of nothing was nothing. A lot of these small independent brokers did not have earnings. Now that they are clawing back and their P&Ls look a little more attractive and they've cleaned up their balance sheets a bit, you will find that a fair number of these small tuck-ins will come back into the market as prospective acquisitions.

So we have always had a strong book of business in tuck-ins. We've got a terrific track record of doing that quite well, quite efficiently. It is always accretive on a cash basis.

I think you will start seeing more midmarket brokers. I don't think you'll start seeing the big regionals, but that certainly could be the case. I just believe that as history repeats itself, because we've been through this cycle before, more very attractive brokers will come to market as prospective acquisitions. Again, you know our track record. We do these very efficiently, they are very accretive, and I think it is just another opportunity for us to grow the year -- if it plays out as we sort of think it might.

Tony Paolone - *JPMorgan - Analyst*

Just to clarify, the CapEx number that you gave, is that maintenance or does that include some of the tuck-in activity?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

No, that's pure CapEx.

Tony Paolone - *JPMorgan - Analyst*

Okay, great. Thanks, guys.

Operator

Adam Rudiger, Wells Fargo.

Adam Rudiger - *Wells Fargo - Analyst*

Thank you. Tony, I had some questions on costs and the intent -- or the premise behind the question is just to try to understand the operating leverage as we make our own top-line assumptions for 2013.

Specifically, the commission and other HR-related costs were I think normally running around 66%, 67%. And they were a bit higher this quarter. Can you talk about what drove the increase this quarter and what we should expect for next year, and then maybe touch on how we should think about operating expenses and G&A for next year too?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

Okay. Commission expense was higher as a percentage of revenue last year. It was really a phenomenon that we saw that just given the high levels of activity, it was dominated by our first and second quartile agents. Our first and second quartile agents have the highest splits. So as they do more of the business, it puts pressure on splits.

In terms of going forward, obviously it is a priority of ours to manage that number and to make sure it sort of stays at those current levels or even improves. So that is kind of the goal of NRT's management over time.

The other thing that's going to factor in is naturally as the market improves, some of the lower split agents, which are our third and fourth quartile agents, will start doing more of the business. So that should take pressure off. But also, NRT management is taking actions to proactively reduce the pressure on that number as well.

In terms of other operating expenses, I would expect flattish to inflationary type expense increases. Lease costs, they generally go up by inflation, and we have merit increases and those sort of things going forward. But besides that, I think that is -- other than commission expense, that is how the other costs will grow in 2013.

Adam Rudiger - *Wells Fargo - Analyst*

Great. Thank you. And then I just wanted to just go back to what happened in the fourth quarter. Was there anything else that you think impacted the outperformance relative to the fourth-quarter guidance, other than the potential year-end tax selling? It was a pretty big spread between your fourth-quarter guidance and the actuals. And so just trying to understand if the fourth-quarter guidance was really conservative or if there was something else in there that really changed.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

No, I think certainly the tax selling had some impact that we hadn't anticipated. But it was generally just a strong market and the lack of inventory really put pressure on price.

Adam Rudiger - *Wells Fargo - Analyst*

Okay, thank you.

Operator

Steve Kent, Goldman Sachs.

Steve Kent - *Goldman Sachs - Analyst*

First, just on the 1% move in price or sides and the expectation that it might change EBITDA by $12 million, I was wanting to see if you could give us a little bit more color on that. Because it seems to me that on the -- when operating leverage went negative, the downside was much more significant. So as this moves to the upside, isn't there potential for that 1% change to be much more dramatic or is there something structurally that I don't understand?

Separately, I know somebody else asked about maybe some of these tuck-in deals or deals for other brokers. Any idea on what kind of multiples you would end up paying or would that be close to some of the historic multiples you've paid in the past?

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

Steve, let me deal with the multiple, and we'll talk about the 1%. Tony can address the upside and the 1%. As you know, in the multiple question, over the past five or six years, we've always been able to acquire these at five times EBITDA, and that is before synergies, more often much less. So we add about 1.5 to two points in synergies. So all-in, pretty quickly we're -- it's highly accretive, highly attractive. Those are tuck-ins, even in some cases small brokers and markets.

I don't see that materially changing even for the larger brokers. You may see a six multiple as an example. You see the same level of synergy contribution to the Company. So I think that is what's characterized the industry for quite some time, and I don't think that will materially change, even in an improving market. So that is a business we know quite well and we've been very effective in that over the past 10 years or so.

As to the 1%, as you know, the 1% has upside to that number, based on a number of different variables. I'll let Tony address what prospectively that might mean to us in the near term.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

Well, the highest that number got in 2005/2006 was about 16 million per point. So we improved one point from 2011 to 2012; we would expect as the market improves there is still more room to go on that.

Steve Kent - *Goldman Sachs - Analyst*

Okay. Thank you.

Operator

Stephen Kim, Barclays.

Stephen Kim - *Barclays - Analyst*

Thanks, guys. I wanted to follow up, if you could, on the higher end of the market commentary you made. First of all, I know that you talked about the tax-related selling effect. You addressed, Tony, I think the fact that you didn't think that was a pull-forward of demand, and you sort of cited some data about continued strength in January, I believe, comparing against prior years.

But at the same time, it would seem that if it was tax-related selling, that -- and it manifested itself in Decembers particularly, that it would seem like it would have to be to some degree a pulling forward.

So I'm curious -- are you really saying that what you are seeing is that maybe because perhaps you have had some nice price appreciation in the market that the high end of the market is starting to wake up now, and so you are envisioning that this is going to see an area that is going to be more active in the future than it has been in the past? Or -- I'm just trying to reconcile your comment about tax-related selling and the fact that you did not pull forward, if you could help me out.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

Just ignoring the tax-related selling for a second, because we don't think it was a pull-forward because it was just opportunistic for those who had fairly sizable -- you have to start with a $500,000 gain before you take advantage of the capital gains. So you have to be at the pretty high end to be there.

But anyway, I think what we started to see in the fourth quarter was sort of a reversal of what we had seen in the first three quarters of the year. In the first three quarters -- because you remember, as you look at NRT's average sales price, it was flat for the first three quarters of the year, but its sides were up double RFG's and double NAR's. That was because it was the affordability thing happening, which is our lower-end markets -- like the Midwest versus New York City, obviously, it is a lot less expensive in the Midwest -- just because of the affordability to own versus rent, there was just a huge amount of activity at the low end. That put pressure -- that mix put pressure on NRT's price. But they made it up obviously in sides.

In the fourth quarter, what we started to see was that the high end, the move-up, was starting to be more active. So the mix was shifting sort of back to a more normal market between the low-end and first-time buyer and the move-up in the high end. So that is something we saw in the fourth quarter. That is what we anticipated in the fourth quarter, and that is what we are seeing now. Plus you have the inventory shortages putting pressure on price.

So all those things are really helping price, helped price in the fourth quarter, helped price in the first quarter.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

It was Steve, right? This is Richard. Something else to think about when we reference year-end tax selling. There are a number of third parties of the same view. But we are referencing homes with average prices of $5 million or more just as the category.

And the way you should think about that, those are folks not necessarily thinking about selling in the first quarter and pulling forward in the fourth quarter for tax reasons. These are people who probably would have sold two or three years later, so they are just going to take advantage now versus two or three years later or a year later.

So just to demonstrate that point, in the first quarter so far, we are not seeing any year-over-year abnormality in that $5 million plus category. So you would think that if it was pull-forward, you would have seen far fewer anticipated transactions in that price range, and we are not seeing that at all. So we think it was just very opportunistic selling.

And again, as Tony points out, these are people at very high end. These are sophisticated sellers who knew exactly what they doing and they were avoiding almost a 10% increase in capital gains.

Stephen Kim - *Barclays - Analyst*

Yes. Okay, makes sense. Thanks very much for that. That's helpful. I was wondering if you could comment a little bit on your guidance. Tony, you mentioned I think 14% to 16%; after you adjust for the selling day, I guess that puts it more in the realm of 12% to 14%, and it's sort of what we are going to see in your reported results.

Does that, as you look forward, do you anticipate that rate of increase can accelerate? Or do you think that is a rate that if things were to hold together as they have been, that that's a rate than can sort of be continued at that level next year, for the remainder of the year?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

We don't forecast beyond that. But if you look at NAR and Fannie Mae, which are dead on each other in terms of their forecast on total volume, they are both up 14%. So that would indicate that it is not only the first quarter, but they are seeing that for the full year.

Stephen Kim - *Barclays - Analyst*

Okay, that's great. And then one last thing. You mentioned about your Internet traffic, how it has continued to strengthen. I was curious if you had any thoughts on or interest in pursuing an Internet approach beyond just simply lead generation, if that's something that maybe not in the immediate term -- but is that something you guys are thinking about from a medium-term basis, sort of moving beyond simple lead generation, given the success of your web presence?

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

We've actually been in that business before. It's not attractive to us at all. We are going to stick to our knitting and do what we do well.

What we are -- when you think of web-based traffic, we think in terms of lead generation and closure rates. That is what's most important. This is the enabler for us. We have, as you know, abandoned for the most part the traditional form of media and marketing when it comes to generating transaction-based activity and also brand marketing activity. The Web has been a great enabler for us, and we are particularly effective in utilizing the end suppliers, as in the case of realtor.com, Trulia, Zillow and a number of other providers of traffic.

So I think that's what we do best, and we will stick to that. I appreciate the vote of confidence that we can do something other than what we do for a living, but we will stick to what we do well.

Stephen Kim - *Barclays - Analyst*

All right, great. Thanks very much, guys.

Operator

Dave (multiple speakers). Dave Katz, JPMorgan.

Dave Katz - *JPMorgan - Analyst*

I'm not going to jump off; I'm going to stick on the call. I was just curious how you guys expect to balance your ability to refi the entire capital structure at more attractive rates with your dedication to attaining investment-grade through free cash flow paydown of debt?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

I'm not sure those are mutually exclusive. We have -- our primary intent is to use as much -- primary -- much of our free cash flow to pay off debt over the next several years. And we have a lot of debt securities that are starting to be pre-payable this April, and then there are some that start to be pre-payable in 2015. So there is a lot of -- there's just a lot of dollars to attack. And obviously, to the extent we can do it cheaper through some sort of refinancing than we can with just keeping the current interest rates, expense outstanding, that will accelerate that process.

So again, I don't see them as mutually exclusive. I think our goal -- but our primary goal is to pay off as much debt as quickly as possible and get to investment-grade status as quickly as possible. And if that means refinancing like we're looking to do on the term loan at a lower rate, so that gives us more free cash flow to pay off debt, we will pursue that.

Dave Katz - *JPMorgan - Analyst*

Okay. In your opinion, does it make any sense to accelerate the repayability, in other words, to go after the 1.5 lien notes earlier than they would be callable?

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

No. We have a lot of other debt to work on before that.

Dave Katz - *JPMorgan - Analyst*

Okay. And coming back to the business itself, it seemed like the commissions were running about 73.5% of NRT sides related gross commission income. I know you've talked a little bit about the dynamics there, but I was just curious where you expect that to run over 2013.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

I'm not sure how you are doing your math, but for the year, it was about 67.5%, which was up about 150 basis points from 2011. So again, based on the question earlier, we expect that level to sort of be maintained from actions that NRT is going to take proactively, as well as the lower split agents doing more of the business going forward.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

Just think of it this way. This is very true to form, based on past recoveries. As the housing market recovers, the top producers produce the business as the low -- so that's not low-hanging fruit. That's a tough business, the top producers are the most efficient, the most effective, they have the best relationships. And that is also true of the brokers, our franchisees. They capture a lion's share of the business.

As the market improves, the lower-tier producers start participating. And that creates that balance in the average broker commission rate and also the net effective rate. So this is how markets recover, and there is nothing unusual about this.

Dave Katz - *JPMorgan - Analyst*

Okay. Thank you very much.

Operator

Will Randow, Citigroup.

Will Randow - *Citigroup - Analyst*

Good morning and thanks for fitting me in. So first, congratulations on the quarter. I was just kind of curious if you have any views on a Redfin type business model. I know something was asked earlier on the call like that. And also their aspirations for share, how do you think about that versus the traditional broker model?

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

It is a question that we often ask ourselves, and we have over the past years. I think the way you should view that, and the way we view it, in the strongest market in the history of the business, those folks did not gain share. And in fact, the vast majority of them no longer are in existence today.

In a substantial downturn in the market, over the past five or six years, they either collapsed into a traditional brokerage model or failed to exist altogether. I honestly don't know of any sort of nontraditional web-based brokerage models that exist today.

Now that said, there are nontraditional commission models like those that offer their agents 100% commissions and then they pay for all related expenses. Those will continue to perform as they have in the past. So I don't see them gaining share or doing anything particularly attractive or interesting in the market.

I just think we will -- there's a lot of business we can all go after, and we will. But I don't see the nontraditional sort of web-based brokerage models being any more successful in this kind of environment than they have been over the past 10 years or so.

Tony Hull - *Realogy Holdings Corp. - EVP, CFO, Treasurer*

More to that point, FSBO, for sale by owner, actually went down -- which is part of that model -- went down from 13% to 12% from 2011 to 2012. So the traditional brokers model is continuing to pick up market share as opposed to losing market share. So that is probably with the most effective way to look at whether that's -- what the impact it is having.

Will Randow - *Citigroup - Analyst*

That's a good point.

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

I just want to make sure you know that we are not -- we are very attentive to the market. We pay a lot of attention to everything. We don't assume anything. We are very paranoid. We always have been. But that keeps us on our toes. There is nothing at all on the horizon that gives us any concern whatsoever.

Will Randow - *Citigroup - Analyst*

I appreciate the color. And then I'm not sure if Travis is on the call with you, but how should we think about Apollo's ownership post the April lockup and also the Board seats?

Richard Smith - *Realogy Holdings Corp. - Chairman, President, CEO*

I think -- Travis is not on the call with us, but I would suggest you ask Travis or Apollo that question.

Will Randow - *Citigroup - Analyst*

I got it. Thanks again, guys. Great quarter.

Alicia Swift - *Realogy Holdings Corp. - SVP, IR and Financial Planning & Analysis*

Thank you. A few quick points of information before we conclude today's call. First, a transcript of this webcast will be available on the investors section of the Realogy.com website by the end of the day today. Second, we intend to file our annual report on Form 10-K on Monday, February 25. Third, our annual shareholder meeting will be held on May 7 at our new headquarters at 175 Park Avenue in Madison, New Jersey. Fourth, we anticipate announcing our first-quarter 2013 results at the beginning of May, with the exact date still to be determined.

We thank you for taking the time to join us on the call, and we look forward to speaking with you in May. Thank you.

Operator

And ladies and gentlemen, with this, we conclude today's presentation. We thank you for joining. You may now disconnect.
