

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

RLGY - Realogy Holdings Announces Agreement to Acquire ZipRealty
Conference Call

EVENT DATE/TIME: JULY 15, 2014 / 8:45PM GMT



CORPORATE PARTICIPANTS

Alicia Swift *Realogy Holdings Corp. - SVP*

Tony Hull *Realogy Holdings Corp. - CFO*

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

Lanny Baker *ZipRealty - President & CEO*

CONFERENCE CALL PARTICIPANTS

Mike Dahl *Credit Suisse - Analyst*

Tony Paolone *JPMorgan Chase & Co. - Analyst*

Brandon Dobell *William Blair & Company - Analyst*

Will Randow *Citigroup - Analyst*

David Ridley-Lane *BofA Merrill Lynch - Analyst*

PRESENTATION

Operator

Good afternoon and welcome to the Realogy Holdings Corporation conference call via webcast. Today's call is being recorded and a written transcript will be made available in the investor information section of the Company's website later today and in a filing with the Securities and Exchange Commission.

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

Alicia Swift - *Realogy Holdings Corp. - SVP*

Thank you, Manny. Welcome to the Realogy conference call to discuss today's announcement about our agreement to acquire ZipRealty Inc. On the call with me today are Realogy's Chairman, CEO and President, Richard Smith, and Chief Financial Officer, Tony Hull. In addition, Lanny Baker, ZipRealty's President and CEO, also is on the call and he will be available to answer questions.

Starting with slide 1, Realogy will be making statements about its future results and other forward-looking statements during this call. Statements about future results made during the call constitute forward-looking statements. 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 (technical difficulty) 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 a list of factors that could cause a Realogy's actual results to differ materially from those described in the forward-looking statements, please refer to Realogy's Form 10-K for the year ended December 31, 2013 and it's Form 10-Q for the first quarter of 2014.

In addition, the tender offer to be described in today's presentation has not yet commenced and we are not making any offer to purchase or solicitation of an offer to sell any shares of the common stock of ZipRealty or any other securities. When the offer has commenced, relevant materials relating to the offer will be filed with the Securities and Exchange Commission and we urge you to read such materials when they become available.



JULY 15, 2014 / 8:45PM, RLGY - Realogy Holdings Announces Agreement to Acquire ZipRealty Conference Call

A copy of Realogy's press release, together with any accompanying slides, are available in the investor section of the www.realogy.com website. Please note, Realogy will be releasing Q2 results on August 4 and we will not be answering any questions related to Q2 on this call. Now, I will turn the call over to our Chief Financial Officer, Tony Hull.

Tony Hull - *Realogy Holdings Corp. - CFO*

Thank you for joining us this afternoon. We're excited to tell you about the ZipRealty acquisition we announced earlier today. I will discuss the transaction and then turn the call over to Richard who will review the strategic nature of the acquisition and its expected positive impact on Realogy's Company-Owned Franchise and Title business segments.

The aggregate value for the acquisition is about \$166 million, based upon an agreed purchase price of \$6.75 per share for ZipRealty, which consists of \$147 million to purchase ZipRealty's outstanding shares and \$19 million to satisfy the exercise of outstanding ZipRealty options. The transaction will be affected through a cash tender offer that we have agreed to commence within the next five business days and which is expected to close in the third quarter subject to the satisfaction of customary closing conditions including the receipt of regulatory clearance. The ZipRealty Board of Directors has unanimously approved and will recommend the transaction to its shareholders.

While ZipRealty's real estate brokerage and its technology platform are inextricably linked in how they operate and how they should be valued, we generally think of the purchase price in three components. First, \$100 million to \$120 million for ZipRealty's brokerage operation which is a five to six multiple of the \$20 million in EBITDA we expect this operation to earn annually within the next three years.

Second, ZipRealty has significant NOLs which we believe have a present value to us of up to \$21 million. And third, approximately \$25 million to \$45 million which we are investing in a strategic technology platform that we will roll out to our franchisees to make them and their affiliated sales associates more productive. Thus, for an amount in the range of what we would have otherwise spent on similar technology development across the Company over a two to three-year timeframe, this acquisition will accelerate our pace of implementation and we will do so with the benefit of a proven technology solution.

While deleveraging our balance sheet remains a very high priority, this unique transaction represents our opportunistic approach to enhancing shareholder value. We expect this investment to drive incremental revenue and profitability. And there are significant synergies in the acquired brokerage operations.

In addition, we believe that the upfront investment and approximately \$8 million to \$10 million in estimated ongoing annual costs mostly associated with the enhanced technology made available to our franchisees, will be more than offset by their increased productivity over time. Now I will turn the call over to Richard Smith.

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

Thank you, Tony. And again thank you for joining us on this call. We are very excited about the growth potential that the acquisition of ZipRealty will mean for Realogy and we look forward to working with the ZipRealty team. This acquisition represents a unique opportunity for our Company. ZipRealty is a leading technology-based national real estate brokerage that utilizes innovative technology and comprehensive online marketing, linked to an intelligent customer relationship Management system to service customers and drive its business.

Importantly, ZipRealty recently unveiled its private label solution for brokerages seeking to digitize their business. This new product offering, which is based on ZipRealty's proven and time tested brokerage and lead management system, makes this an opportune time to capture the current and future value of this technology asset and product team for the exclusive benefit of our franchisees and Company-owned operations.

We believe ZipRealty is a great fit for our business on two fronts, residential brokerage operations and an integrated technology platform. In a single transaction we are gaining ZipRealty's residential real estate brokerage operations in 23 offices across the United States, 6 of which are new

market entries for NRT. And most importantly, we are acquiring ZipRealty's leading edge real estate technology platform which we expect to leverage across all of our brands and Company-owned offices.

Put simply, ZipRealty has a terrific technology product and we have the largest distribution network which makes for a perfect marriage. We fully expect that this acquisition will strengthen the competitive advantages of our Realogy brands by ensuring they are equipped with a productivity platform that will not only drive more customers their way, but that will provide those customers with more personalized service to strengthen relationships and convert more home shoppers into home buyers.

ZipRealty's scalable technology platform makes this far more impactful than a typical brokerage acquisition. It was designed from a brokerage perspective with real-time feedback from thousands of sales associates in the field. The platform offers a fully integrated end-to-end solution for developing web-based leads and in managing the lead to a closed transaction.

The technology platform is based upon years of investment in field research. It is a turnkey, fully integrated technology solution that satisfies virtually every requirement a broker or sales associate may have to develop and manage web-based home buyer leads or to serve clients in their circle of influence in a highly responsive and efficient way.

The platform uses both proprietary and third-party technology and offers a comprehensive suite of tools, including an intelligent CRM, customer relationship management system, that is fully integrated with both web-based and mobile applications. A transaction management program, e-mail, training, comprehensive website support and service, lead management, sales associate recruiting and broker business reporting tools to name just a few.

It draws relevant real estate data in a timely fashion directly from the most complete and authoritative multiple listing service sources. And surrounds that with other content from valuable sources including the informed comments of local sales associates who are also connected to the system.

What is most important is that the platform is as close to plug-and-play as you can get in our industry. It is the one-stop solution for sales associate and broker technology, which in our view is not otherwise available. It would have taken us several years to build a comparable end-to-end solution, not to mention making a significant investment.

It is particularly important that this technology is well known to us. NRT has been field testing the ZipRealty platform in four separate locations for approximately a year. In parallel with the [E Agent] lead management strategy that we discussed at our Investor Day on May 9. We also have a larger number of our franchisees who have tested the platform in their markets. The results of those tests give us a high degree of confidence in the effectiveness of the technology.

Once we became aware of ZipRealty's private label solution, we realized the potential this solution could represent to our franchisees. By enabling Realogy's affiliated brokers to deploy ZipRealty's integrated end-to-end technology offerings to their approximately 170,000 independent sales associates in the United States, our expectation is that those sales associates will capture more business while simultaneously enhancing the transaction experience for consumers. When implemented locally, we are by our franchisees the private label technology has the power to increase broker and sales associate productivity, sales associate recruiting and broker and sales associate retention.

This acquisition is also an acceleration of our strategic efforts to provide more Internet leads to the sales associates in our Company-owned operations and facilitate a higher conversion rate. We believe that the unique ZipRealty lead generation and management process can be expanded as a product of virtually all of the NRT owned operations.

NRT will add 1,800 independent sales professionals across 23 offices in the United States. ZipRealty has offices in 17 locations that will be welcomed into existing NRT Coldwell Banker operations and it's sales associates will continue to leverage the ZipRealty system while benefiting from the considerable support and tools of the full NRT value proposition.

In its remaining six locations outside of NRT's existing footprint, NRT will continue to operate ZipRealty offices on a standalone basis. The new ZipRealty locations for NRT are in Seattle, Portland, Houston, Austin, Las Vegas and Richmond.

In closing, we believe the acquisition of ZipRealty represents a unique opportunity to make a strategic investment in the growth of our Company. With this single transaction, we significantly bolster our real estate network, capture synergies across our operations and have the opportunity to scale leading edge technology across our enterprise. We firmly believe that this will create significant value for our brokers, our sales associates and our shareholders. And with that, we are pleased to take your questions.

QUESTIONS AND ANSWERS

Operator

Thank you. We will now be conducting a question-and-answer session. (Operator Instructions)

Dan Oppenheim, Credit Suisse.

Mike Dahl - Credit Suisse - Analyst

Hi this is actually Mike Dahl on for Dan. Thanks for a lot of helpful color on this. I wanted to ask about the expectations for profitability and contribution of this to Realogy. It seems like over the past year this is a business that hasn't generated any EBITDA, so could you help us understand the zero to \$20 million within three years, bucket that out into how much is purely cost takeout from consolidating these 17 locations? How much of it is a growth aspect or a leveraging it across your existing platform? And what's the trajectory that we should think about in terms of getting to that \$20 million?

Tony Hull - Realogy Holdings Corp. - CFO

Well just on the 2013 results for Zip, I think that the simplest way to look at it is their [O&Os] -- their brokerage operations made about \$10 million and that was in EBITDA. And that was offset by about \$10 million of investment in technology as well as their corporate overhead costs. So obviously on the synergy front, a large portion of the corporate overhead costs are going to go away because they don't need the public company support and back office that they have not because that will all get integrated into our Company.

We expect to keep the technology investment going and that's a critical part of this transaction. The most important part of this transaction is to make sure that the technology is there to really marry with our 3,000 franchisees over time and increase their productivity. So anyway that's one side of the equation.

The other side is going back to the \$10 million that their O&Os made with synergies, cost takeouts, growth and expansion of some of their technology to the markets outside the overlapping markets, the 17 overlapping markets, remember NRTs in 40 markets, we think we can easily double that EBITDA to \$20 million within a fairly quick timeframe. The longer term investment is really going to be on, which we think is the more exciting side is the, well they're both exciting, but the -- being able to offer this value to our 3,000 franchisees in terms of the platform that they've created, the basically broker in a box, end-to-end platform that they've created for our franchisees.

We think that our franchisees are going to benefit from it's because they're going to be able to eliminate spending that they're currently doing and replace it with this comprehensive platform. And we think once it's rolled out to our franchisees it's going to make their agents much more productive. And if you just look at it simply, if a quarter of our agents or their agents do one more transaction per year as a result of this technology being made available to the brokers and agents, and we made about \$280 per transaction in royalties alone, that would be \$8 million of incremental royalties for RFG.

So in addition to the \$20 million which we talked about for the O&Os, you can see easily that even if we had modest success on rolling this out our franchisee and our agents became more productive as a result, the EBITDA opportunities are very strong.



Mike Dahl - *Credit Suisse - Analyst*

Thanks and to clarify on that last point, so then getting that additional synergy on top is that what's actually necessary to get to the \$20 million when you take into consideration the \$8 million to \$10 million in ongoing costs?

Tony Hull - *Realogy Holdings Corp. - CFO*

Yes, I mean -- well the \$20 million is the O&Os and then there's an \$8 million to \$10 million investment on the technology side that we're going to be making annually. So we basically need \$8 million to \$10 million from the RFG side to subsidize that. Anything over that is going to be incremental to the \$20 million.

Mike Dahl - *Credit Suisse - Analyst*

Okay. And then shifting gears, is there any difference in the way that the sales associates are -- the economics of a transaction and commission splits for these versus your current NRT agents?

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

No, this is very much in keeping with the conversation we had on Investor Day. The intent and the way a model currently works is it's distributed on a different set of economics. The splits are generally more favorable to the broker because it's a highly qualified lead and the lead has been generated by the system, delivered by the system and managed by the system. So there are improved economics as a result of the growth of this lead channel. So we're very -- we're not -- we didn't base any of our models on that, this is all upside, but is clearly how it works and it's very similar to the discussion we had about NRT on Investor Day.

Mike Dahl - *Credit Suisse - Analyst*

Okay, thank you.

Operator

Tony Paolone, JPMorgan.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Thanks, and I apologize if I tried to clarify a few of these things again that you mentioned in the prior questions. But in terms of I think, Tony you had mentioned maybe one of your comments that the technology components of the acquisition price, is that -- do you see that as basically being in lieu of other CapEx you would have spent related to technology? I missed that comment.

Tony Hull - *Realogy Holdings Corp. - CFO*

Yes, exactly. We would have invested that over the next several years. Based on our annual run rate spend we would have invested that otherwise either through our brand spending or directly through IT investment that we were -- that we would have done.



Tony Paolone - *JPMorgan Chase & Co. - Analyst*

And that would have been spending that was in the CapEx, the annual CapEx numbers that you guys have given out in the past?

Tony Hull - *Realogy Holdings Corp. - CFO*

Some in CapEx, some in OpEx.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Okay so that is more -- think of that as more or less just being pulled up front here as part of the purchase price?

Tony Hull - *Realogy Holdings Corp. - CFO*

Exactly. With a proven system as opposed to we could invest -- it's a proven system that is fully integrated and fully -- it's been rolled out and tested. So exactly, it's just pulling up that. This is really -- Tony, this is really an acceleration, like Richard mentioned, we talked a lot about this at Investor Day, Bruce has talked about this the E Agent efforts and the differing splits and taking pressure off splits that we get from the lead generated -- the business we get from leads that we generate for our agents. So this is really just an acceleration of that activity.

The -- on the broker side, on the franchisee side it's really been able to offer them this same kind of technology and lead management and really taking a lead from start to finish to a closed transaction and proving conversion rates and making that technology available to our franchisees so that they can become more productive. And obviously if they're more productive, we generate higher royalties.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Right. But that would thus necessitate the ongoing you said \$8 million to \$10 million a year spend that it will be on your P&L I assume?

Tony Hull - *Realogy Holdings Corp. - CFO*

Right it'll be in corporate, it'll be in the corporate line.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Okay. And then, the splits I -- again I may have missed this, the more favorable splits was that to you all or to the agents?

Tony Hull - *Realogy Holdings Corp. - CFO*

To us.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Okay so the ZipRealty agents generally gets lower?



Tony Hull - *Realogy Holdings Corp. - CFO*

They get similar -- it's just again we went through on Investor Day, but they get similar splits to our agents but they pay a referral fee for the lead that we deliver to them to close. So it's the referral fee that effectively takes down the split rate.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Okay. And is there a way if I'm just looking at the ZipRealty basic financial statement for 2013 where they had \$76 million of revenue, is there a way to see that \$10 million of EBITDA that the brokerage more or less produced that you mentioned?

Tony Hull - *Realogy Holdings Corp. - CFO*

Well I can take you through it if you like. I mean, it's basically it's the revenue minus -- well, it's basically I think there's about \$68 million of brokerage revenue, maybe about \$70 million of brokerage revenue. They had about \$26 million of gross profit and that is mostly commission -- obviously agent commissions. And then the fixed costs related to the brokerage side were about \$16 million that includes marketing and office costs. So that gets you the \$26 million of gross profit less the fixed cost gets you to \$10 million of EBITDA.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Okay. So then if I think about your spending \$166 million and day one without any of the assumptions of the productivity and cost savings and so forth, you're getting \$10 million of EBITDA from the brokerage and you'll lose \$8 million to \$10 million from annual spend on technology, so it's maybe a marginal, very simplistic look return on the \$166 million?

Tony Hull - *Realogy Holdings Corp. - CFO*

Yes, I think it really will take I think over the next couple of years. I think this year it'll be a flat, next year it'll be modestly accretive to EBITDA and then it really starts to kick in after that as we start to see the benefit of the RFG, the investment with our franchisees on the platform. So it's really latter part of 2016, 2017, 2018 that we really start to see -- we would expect everything to kick in here and the return on investment to generate some significant shareholder value for us. It's a long -- it's really a long-term investment here.

Tony Paolone - *JPMorgan Chase & Co. - Analyst*

Okay. Thank you.

Operator

Stephen Kim, Barclays.

Unidentified Participant - *Analyst*

Guys, it's John filling in for Steve. Trying to get an understanding of once this deal close, the cost you're going to incur through the P&L, what integration costs will there be? And then you previously had outlined a number of costs for growth investments that were actually going to run through the NRT segment. Is it right to think that there are no longer going to run to NRT but rather run through the corporate segment like you said a few minutes ago?



Tony Hull - *Realogy Holdings Corp. - CFO*

No, the costs that we are incurring at NRT are still in terms of unifying our websites and improving lead generation and conversion. We're going to continue to make those investments because we're pretty far down the road on those. So that's -- we're going to continue those efforts.

In terms of the one-time costs, for there's -- they're pretty nominal, there's probably \$3 million to \$4 million of transaction costs maybe \$3 million to \$4 million of other integration costs. So they're not overly significant, they'll be one-time in nature this year and obviously they're nonrecurring. As I mentioned to Tony the -- absent those this will be about a break even for us to the remainder of the year.

Unidentified Participant - *Analyst*

Okay. And as it relates to the consumer website that you had talked about developing in addition to your NRT unification website, I suspect the plans for that are on the shelf.

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

No, no.

Tony Hull - *Realogy Holdings Corp. - CFO*

Definitely we want to make the net as wide as possible to get leads, so that is definitely still on the docket.

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

They're actually separate issues so the consumer website unification project which you recall from Investor Day, that continues and [Project Flanker] continues. This will be very complementary to that strategy but it doesn't replace that strategy.

Unidentified Participant - *Analyst*

Okay, thank you.

Operator

Brandon Dobell, William Blair.

Brandon Dobell - *William Blair & Company - Analyst*

Is there assumption within your model of how you're thinking about the forward look on Zip regarding agent retention or maybe growth in the agent counts, I know Zip was on a pretty good trajectory to keep adding new agents?

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

We think we're going to be in fine shape as to retention. There will be a very, very conference of communication program that we'll launch, if it's not already launching as we speak, it will definitely be launched by tomorrow. So we'll reach out and touch just about every Zip agent. They're going to be suddenly in a position of getting substantial support from -- through the NRT footprint and the NRT value proposition. So we think they're going to be thrilled with the opportunity to have more resources than they've had in the past.



And we also have made it very clear we expect to expand that. So they will hear one, a message of here's a lot of support that you probably couldn't afford in the past. And two, we expect to expand the Zip footprint throughout NRT as we mentioned in our comments. And we eventually believe that the Zip model has significant expansion opportunity throughout the franchise network as well. So they should be very, very happy with this outcome.

Tony Hull - *Realogy Holdings Corp. - CFO*

Yes, Lanny I don't know if you're there if you want to add anything to the agent --

Lanny Baker - *ZipRealty - President & CEO*

Sure, sure. Brandon, as you know, we've been growing our agent count at a pretty good clip over the last 12 or 18 months and that I think reflects some of the work that we've done over the last two years on our product and our lead gen, our training and the value proposition we brought to the agents.

I think that as we put our two companies together, our Zip agents are going to look at this proposition as everything they've ever had and a whole lot more in terms of the local branded visible presence of NRT's offices and Coldwell Banker's name in the markets. The local office network is something that we have not historically built anywhere near the level of resource and support that NRT has. And I think for our agents this is going to be a really compelling opportunity to take their business and supercharge it with some of the best brands and best leadership and support in the industry. So I think retention ought to be a pretty good picture.

Brandon Dobell - *William Blair & Company - Analyst*

Okay. And then a follow on that I know part of the white label thesis that you guys had, Lanny, was offering that service or that product in markets where Zip didn't have a physical presence to try and separate the two from a competitive point of view. Now with NRT having a bigger footprint, is there a risk that that bucket of revenues that was ascribed with a white label product offering is going to see some attrition, going to see some downside as the current customers look at this transaction and say well now we got a competitor in my market that feels like Zip plus NRT that make it that technology platform as well and I don't want to be on the same tech platform as the guy next to me or guy down the street? Trying to think about the revenue leakage from now being part of the bigger company relative to how you guys had offered that product before.

Lanny Baker - *ZipRealty - President & CEO*

Well, I think --

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

Go ahead, Lanny.

Lanny Baker - *ZipRealty - President & CEO*

Okay, thanks, Richard. I would say revenue leakage is not something that's on the forefront of -- my thinking right now it's really the revenue opportunity represented by the strength of the RFG franchise network as a huge opportunity for us. And I think part of the strategy behind the white label product was really so that we could take our technological and web and client incubation know how and systems and offer them in the market under the local brands that consumers think of first when they're thinking of their real estate services. So the whole effort that we have around white label is really to support much broader, wider, deeper penetration in support of many more brokerages. So I think in the long term, the opportunity here is just -- there couldn't be a better distribution channel for us, I don't believe.



Brandon Dobell - *William Blair & Company - Analyst*

Okay. Okay, thanks, guys. Appreciate it.

Operator

Will Randow, Citi.

Will Randow - *Citigroup - Analyst*

Hello, congratulations and thanks for taking the question.

Tony Hull - *Realogy Holdings Corp. - CFO*

Thank you.

Will Randow - *Citigroup - Analyst*

Had two questions, the first on bookkeeping. In terms of when we think about it from a modeling perspective, this all will flow into NRT or will it also be plugged into RFG's network?

Tony Hull - *Realogy Holdings Corp. - CFO*

The owned and operated, the 23 offices that are owned and operated that we're assuming will flow through NRT. To the extent that our -- as our franchisee sign up of the business and revenues are generated from that activity, that will flow through RFG and then as we said the technology cost will be at corporate.

And then also, importantly, there's 7,000 to 8,000 -- they did about 10,000, they been Zip, us, did about 10,000 transactions last year. About 75% of those are buy side, so that's going to help title as well because we'll be able to have -- we'll be able to get into that business and close those title transactions and we'll enter -- we'll see the benefit of that at TRG as well.

Will Randow - *Citigroup - Analyst*

And then as a follow up with the NAR recently launching a campaign for realtor.com in regards to accuracy of information, as I'm sure you and Richard both now, I was curious how this augments your web presence? And is, from an online perspective, is zero sum game or do you expect to drive more of your own agents to these websites and potentially reducing the fee base that they're paying out for third-party services?

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

Well it certainly may, Lanny can speak to the substantial presence of Zip's website. Last I recall, Lanny, you can correct me if I'm wrong, but you had about 24 million web visitors last year and close to 3 million mobile app users. So clearly, it's an extremely productive website as are the brand websites. So we -- NRT's initiative, if you recall, is intended to generate more traffic to those websites and cast a wide net. Capturing those leads and then dispersing those leads to our own agents is a good outcome from an economic standpoint and we'll continue doing that.



So that's not the intent of this but certainly, as we become more productive and more proficient in generating web-based leads and also managing those web-based leads that will create the benefit of our franchisees and our Company-owned operations clearly.

Will Randow - Citigroup - Analyst

Thanks for that, guys. Appreciate it.

Operator

David Ridley-Lane, Merrill Lynch.

David Ridley-Lane - BofA Merrill Lynch - Analyst

If we go back to the Investor Day there's a fair amount of follow along EBITDA from the other segments, the PHH JV, Title and Settlement, wondering first of all do you see similar scope in the Zip acquisition to the generic acquisitions you presented at Investor Day around those offerings? And then maybe if you could quantify the benefit you would expect 2015, 2016 from that.

Tony Hull - Realogy Holdings Corp. - CFO

Yes, the O&O profitability from Zip will be spread among NRT, RFG will get a royalty of 6% off the top. And then the Title business I just mentioned will accrue to the TRG segment. So it's probably I'd say more than half will accrue to NRT and then the rest will be split between RFG royalty and TRG title transactions.

David Ridley-Lane - BofA Merrill Lynch - Analyst

Great. And then just so I understand the economics, are you pushing the technology out to the franchisees for all franchisees for a nominal fee or is this a franchisee has to make the decision to purchase the Zip technology?

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

It's a great question, we haven't made any decisions along those lines. The good news is we have a lot of optionality. So one, we are always responsible for increasing value to our franchisees which we will continue to do and this is going to make it possible for us to deliver more value than we contemplated in prior years. So decisions still need to be made, will be made as to how it's priced, what will be priced, if at all and news at 11. But we're working on it, we're very encouraged by what we've seen thus far and we're very encouraged by the feedback we're getting from our franchisees. So there's, again, that will be developed and revealed to our franchisees over the next several months once we close this transaction.

David Ridley-Lane - BofA Merrill Lynch - Analyst

Great. And since you mentioned it, I know your testing this in four NRT locations, how many of the franchisees had on their own gone and bought this technology through Zip directly?

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

Well remember, private label was a brand-new product.

Tony Hull - *Realogy Holdings Corp. - CFO*

There were seven, seven of our franchisees were using it and then there are four more who are going on to the white label product.

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

Yes, so they're -- they've been in the test phase, and the test results have been very, very favorable.

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

Got it. All right, thank you very much.

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

You're welcome.

Alicia Swift - *Realogy Holdings Corp. - SVP*

Okay, with that we're going to wrap up the call. We thank you for joining us today and we look forward to speaking with you.

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

Thanks, everyone.

Operator

Thank you. Ladies and gentlemen, this does conclude today's teleconference. You may disconnect your lines at this time and thank you for your participation.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2014, Thomson Reuters. All Rights Reserved.