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PRESENTATION

Alicia Swift *- Realogy Holdings Corporation - SVP - Financial Planning & IR*

Okay. Good morning everyone, and thank you for coming to Realogy's Investor Day. For those of you who don't know me, I'm Alicia Swift, Senior Vice President of Investor Relations and Financial Planning and Analysis. Let me remind you that the presentations this morning are webcasted.

We have a full day planned, but before we begin let me go through some logistics. If everyone could do me a favor and turn off then silence their phones, it would be really appreciated. Also, please note that we have provided Wi-Fi and powers for your devices. And we have Realogy associates to help you find the facilities or anything else you need while you're here.

Looking at the agenda, you'll see that we have a scheduled Q&A session at the end of all the presentations. So if you could please hold your questions until the end. There will also be Realogy representatives sitting at each of the lunch tables, so during lunch you can also have an opportunity to ask more Q&A.

To round out the day, we are delighted to have Lanny Baker and Jamie Wilson doing a Zip technology demo and also with the mobile app. So we assure you you don't want to miss that. So please plan on staying until after lunch and to have great insight into the Zip technology.

And finally, I want to remind you that this presentation contains forward-looking statements and actual results may differ from these statements. The presentation also contains industry data and forecasts as well as non-GAAP financial measures. I refer you to slide 1 of the presentation which includes cautionary statements regarding the use of forward-looking statements and industry data and forecasts as well as a note regarding non-GAAP financial measures.

So with that, let us begin. And I'd like to introduce Richard Smith, Chairman and CEO of Realogy.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Well, good morning. Thank you for attending the investor day. Fortunately, we are not burdened with snow, sleet and rain or hail, so it's an unusual and a well-received day for all of us, I'm sure.

So Realogy is the world's largest residential real estate brokerage franchisor. We are a fee-for-service business model, we're not capital intensive and we're a very strong free cash flow generator -- themes you'll hear throughout our presentations today. We manage six of the most prominent brands in residential real estate. The franchise side of our business last year represented about 58% of the EBITDA of the Company.

As a good franchisor, we're also an owner-operator. As an owner operator through NRT we own and operate about 726 of our offices in 40 major markets. And that represents about 25% of last year's EBITDA. You'll hear a great deal more about all these business units when the business unit leadership presents following my comments.

Cartus is an employee relocation company. At its core we manage real estate transactions for corporate clients through a derivative value to our franchise side of the business as well as our company-owned operations that are substantial. And that represented about 13% of the EBITDA last year.

TRG is a title agency business. You either provide that through a third party. We like to keep that internal so we can capture 100% of the economics for the benefit of our shareholders. And TRG is the world's largest affiliated title agency.

So there are going to be the key messages throughout our presentations today. One is a very strong market position. Our market position is without precedent. The barriers to entry on the same basis are substantial and I would represent to you not achievable. We outperformed the market last year in the macro sense by about 4%. Our market penetration increased from 26%, as we define it, to 27%.

We have a demonstrated track record of organic growth and a proven highly accretive tuck-in acquisition strategy principally housed in NRT. We are incredibly focused on technology and the impact of technology on our business, thus we're fortunate to achieve the ZipRealty acquisition which we'll speak to in great detail in both Alex Perriello's presentation and also Lanny Baker who will present the fundamentals of the technology we acquired in the ZipRealty acquisition.

Our adjusted EBITDA out of the free cash flow generation is substantial. You'll hear that throughout my comments as well as Tony Hull when he presents on the financial condition of the Company. And our goal at the end of the day, and has been since the very beginning, is to retire debt and make it possible for the Board and management to consider how to return capital to shareholders.

So where are we in the housing recovery? What's holding back a much stronger recovery? What are the opportunities?

The first-time buyer clearly is underrepresented. The first-time buyer should be 40% to 50% of all transactions. And as the economy improves, we are highly confident that will be the case. When the economy improves housing will respond in kind and the first-time buyer will return to historic levels.

Credit remains challenging. The normal Fannie/Freddie FICO score should be 720. The normal FHA score should be in the 650 to 660 range. This will adjust as housing strengthens.

The Urban Institute and Moody's issued a report in 2013 that said for every 10 point reduction in the required average credit score increases the pool of perspective borrowers by about 2.5%. So a 50 point reduction of about 2.5% of the market would improve for about 12.5 million new households. If it's half-wrong, it's a substantial addition to the buying population and housing.

Household formation is finally improving in 2014. The US Census reported 1.6 million households formed for the year. If history repeats itself -- and it will -- 65% of those households will eventually become home owners. This is the highest household formation number since 2005.

This is probably one of the more important issues in the expansion of the credit box, it's slowly occurring. The reduction of the annual insurance premium for an FHA loan of 50 points will save the average borrower about $900 a year. For a low income to moderate income borrower, that's material. The National Association of Realtors has predicted that 90,000 to 140,000 incremental buyers will be in the market as a result of that 50 point reduction in the annual mortgage insurance premium.

GICs can now accept 3% down payment. That again, that's very attractive to low and to moderate income first-time buyers. And that had to occur to get the first-time buyer back into the market.

The clarification of the put-back risk has been important. It's slow to work its way into the credit lending environment, principally because lenders will have to remove their self-imposed credit overlays which they are in the process of doing. The good news is the credit box is expanding.

So the second culprit in the stronger housing recovery is the lack of inventory. Inventory continues to be constrained, demand is simply outstripping supply, substantially so. We are continuing to be plagued with stubborn inventory levels.

But this is not the time of year to worry about inventory. Give us another month or so, when the spring market truly recovers, and we actually see some relief from the weather problems in the northeast. We should start seeing inventory improve with an improving job market and with the expected price year-over-year appreciation of homes.

More negative equity will come back into the market because they will now be in the money. So those homes will be available for first-time buyers. Builders are building more spec homes than they have in the past.

The contribution in those various variables should increase inventory levels. And it continues to be the case that in 100 major metro markets in the United States it is less expensive to own than to rent. The rental market can't help itself but will continue to price itself out of the market foreseeing more perspective lenders into the market as buyers.

So the historical perspective is one that serves as a basis for much of our business model and why we are fundamentally in the business. If you look at this history, it speaks loudly to the resiliency and the strength of the housing market. If you consider that 2014 equal to 1998 production levels and if you could get comfortable with the fact that -- or the thought that it's not going to improve much beyond that, you would also have to get comfortable with the fact that for that period of time, you've discounted all population growth and all household formation growth which is simply not possible.

So the market has demonstrated in the past that the CAGR over the past 40 years of about 7% -- 2% on sides, 5% on price -- continues to perform in spite of everything. So this, again, would strongly suggest that the recovery period will be, in this case, a bit longer. We're in the early stages of the housing recovery as we have said since the IPO. But the recovery will substantially outperform the trough and, in our view, will substantially outperform prior peaks at some point.

So the business units will speak to their growth initiatives but I'll just steal a few points in advance of their presentations.

On the real estate franchise side, tech is becoming far more important to our value proposition. The Zip acquisition has substantially positioned us to create value that I think is important to our franchisees, and most definitely important to our company-owned operations as well.

Our brokerage operations, NRT, will continue to grow through very accretive acquisitions. These are typically tuck-in acquisitions. We have a demonstrated track record of growing both organically and through tuck-in acquisitions that will continue.

The title business will grow organically. The simplest measure for growth is to increase our capture rate in the NRT offices and, from time to time, very accretive tuck-in acquisitions.

On the relocation side, we are re-engineering the business considering how we changed the value proposition to reduce cost and improve efficiency and delivery of services to our corporate clients. Remember, this is a very substantial derivative business as a manager of real estate transactions as real estate transaction businesses go to our franchisees in NRT, so it's got a substantial derivative value to us.

That will conclude my brief comments. I want to leave all the time for the business units so that they can speak to their organic growth and their business strategies which I think you'll find very helpful. At the close of this, Tony Hull will wrap up most of our presentations with a financial overview of the Company then we'll go to Q&A.

Following that, the senior leadership of the Company will host tables for lunch. And at the close of that, Lanny Baker and his team will come up and give a live demonstration of the Zip technology which I hope you will stay for. You'll find it to be very interesting and very attractive if you're an investor, current or prospective.

So with that, I'm going to conclude my comments. I'm going to now introduce Alex Perriello. Alex is the CEO of the real estate Franchise Group. He'll speak to not only how we're growing in the franchise side of our business but -- and I think most importantly -- the value that ZipRealty represents to us and to our franchisees.

So with that, Alex?

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

Thank you, Richard.

Good morning everyone. If you'd turn to page 13 of the deck, I will take you through the RFG business unit.

First, from a macro perspective, we are the world's largest real estate franchisor. Our well-respected brands include Coldwell Banker, Coldwell Banker Commercial, Century 21, Better Homes and Gardens Real Estate, ERA, and Sotheby's International Realty. On a combined basis our franchisees do business in 104 countries around the globe.

In August of 2014 Realogy acquired ZipRealty based in Emeryville, California. And I'll share with you later in my presentation how that acquisition will benefit the RFG and our franchisees. Our unique multi-brand strategy allows us to have competing franchisees in the same market, thereby allowing us to capture a larger share of that market than we would otherwise with just a single brand.

At the RFG we do four things very well. We deliver exceptional brand value propositions to our franchisees and their affiliated sales associates. We award franchises to quality unaffiliated companies who want and need what we offer. We provide meaningful, ongoing support to our franchisees. And most importantly, we retain our franchisees.

Two key metrics that support what I just said -- the average tenure of our franchisees is 20 years and our franchisee gross commission income retention rate in 2014 was 98%.

Now, moving to the next page, on the left is a walk-down of how we generate the majority of our revenue at the RFG. And before I begin, let me explain just for a second how a real estate transaction works.

Each property transaction has two sides -- a buy side and a sell side. The commission rate is negotiated between the seller and the listing agent at the time the property is listed for sale. Normally, the total commission is split equally between the sell side and the buy side. So let's say a seller agrees to pay a 5% commission, the sell-side broker would earn 2.5% and the buy-side broker would earn 2.5%.

So, with that said, using the actual data, our franchisees participated in 1,065,339 transaction sides in 2014. Multiply that by the average sale price of those properties, $250,214, times the average broker commission rate earned, which was 2.52%, times our net effective royalty rate of 4.49%, equals our net domestic franchise royalty revenue of $315 million.

Now, RFG's total revenue in 2014 was $716 million, which includes $269 million received from NRT at a 6% royalty fee rate. The pie chart on the right shows our 2014 net revenue distribution from all sources -- 44% from domestic royalties paid by our franchisees, 38% from royalties paid to us by NRT, 12% from marketing fund contributions paid by our franchisees and NRT which is managed on a cash in, cash out basis, 4% from international royalty fees, and 2% other income.

Now, turning to page 15, this is a high level view of our operating structure. Each brand has a separate executive leadership, marketing, training, and field services teams, and they operate autonomously from one another. Each brand has the flexibility to maintain its own unique culture and personality with the tools and systems to address the needs of their respective brokers in the markets that they serve.

Now, supporting the brands is our shared service organization which provides a host of support functions to our brands which include administration, compliance, finance, audit, franchise sales, HR, legal, and IT. This highly efficient structure which we have honed over the past 20 years is unique to the RFG and offers us a significant competitive advantage. In other words, it would be extraordinarily difficult for any competitor to replicate what we have done and how we do business. And most importantly, our structure allows us to maintain operating margins north of 60% while we deliver exceptional service to our franchisees at a fraction of the cost it would otherwise take if our brands were operated as standalone companies.

Now, moving to the next page -- this chart shows a detailed breakout of our global footprint by brand and by office distribution. As you can see, 44% of our branded offices are located domestically and 56% are located outside of the US. Our top three most developed countries outside the US with significant market presence include Japan, Canada, and France.

However, as you saw on page 14, 96% of our revenues come from the US. The reason for that is we are a direct franchisor domestically and, with the exception of some of these international realty and Coldwell Banker Canada, we have master franchises representing our brands outside the US.

Moving to the individual brand statistics, our biggest brand based on office locations and sales associate count is Century 21. Coldwell Banker is our largest brand based on transaction sides which, in this case, include NRT. Better Homes and Gardens Real Estate has done very well for a brand that started just six years ago, and they ended 2014 with over 57,000 closed transaction sides, 283 offices and over 9,000 affiliated sales associates.

In 2014 ERA enjoyed a significant franchise sales year with significant growth, and they completed a very successful rebranding initiative which has been very well-received by its franchisees both domestically and around the globe. And finally, Sotheby's International Realty continues to show growth in the high-end of the market and has seen terrific acceptance of the brand globally with franchisees now in 60 countries. Our portfolio of brands enjoys notable awareness and on a combined basis have over 200 years of brand equity in the real estate space.

Now, let's take a look at the competitive landscape on page 17. Our brands in aggregate are bigger than our top three competitors combined in both office and agent count. Two of the leading competitors have agent-centric models and as such they are generally not attractive franchise options for most unaffiliated brokerage firms. Although these national competitors have franchise offices and affiliated agents who compete with our franchisees in the same markets, rarely do we find their franchise sales people calling on the same companies that we find are attractive prospects for one of our brands.

We are focused on the conversion of existing brokerage operations with a proven track record in their market, whereas many other franchisors target startups. We also have some regional competitors who are on that list, who are primarily operating brokerage operating companies who have ventured into franchising as an ancillary business. They have limited appeal outside of their core market areas and the companies they do affiliate are mostly small or startup operations.

Moving to the next page, let's take a look at how we approach incremental growth at the RFG. As you can see on the pie chart, there is significant opportunity for the continued expansion of our business, especially when you consider that we have a stable of six well-respected brands and the largest infield franchise sales organization in the US.

We employ 60 brand-specific franchise sales professionals who are dedicated to growing their respective brands by awarding new franchises and helping our existing franchise companies grow their businesses through mergers, acquisitions, roll-ins and highly targeted agent recruiting. In addition to all of the proactive growth-related initiatives detailed on the bottom of the page, every person at the RFG, every person knows that regardless of their function or role, job one is the continued growth of our business. And the only way that will occur is to award new franchises to quality firms and to retain the ones we have now to exceptional service in unparalleled brand value propositions.

Let's take a look at our average broker commission rate and net effective royalty fee rate shown on page 19. Our ABCR has remained very consistent over the last several years which really speaks volumes about the value our franchisees and their affiliated agents provide to their clients and customers. In 2014 we saw the stabilization of our net effective royalty fee rate at 4.49%. I can assure you all that that was no accident. We manage net effective royalty fee rate very carefully and believe that what we are seeing now is the new normal in that metric.

I will now review with you how we performed against the goals and objectives that I presented to you last year. As it relates to the value proposition, the acquisition of ZipRealty and their Zap technology platform which we will make available to our franchisees starting later this year has certainly delivered on that goal.

Franchise sales growth -- domestic franchise sales were up 20% in 2014 over the prior year. Franchisee productivity, investing in technology -- we made $166 million investment to acquire ZipRealty back in August of last year. Lead generation -- our brands, as you will see in the next slide, deliver 26% of the internet leads received by our franchisees. That's up 2 full percentage points from 2012.

Acquisition growth -- during 2014 we helped facilitate mergers and acquisitions for our franchisees which represented over $90 million in incremental gross commission income. Franchise retention rate, which I mentioned earlier -- we achieved a 98% retention rate. And finally, our net effective royalty fee rate and expense structure -- we stabilized net effective royalty fee rate at 4.49% and we maintained our operating margins at 65% -- that was before the Zip acquisition.

Now, before I talk more about the ZipRealty strategy, I'd like to show you once again the value proposition graphic from our last investor day. Ladies and gentlemen, this is why brokers join us, why they stay with us and, most importantly, how they grow with us. Any conversation about Zip and the Zap technology platform needs to be prefaced by how it will impact our brand value propositions and ultimately benefit our franchisees.

Now, as you look at this slide, there are myriad of brand-specific systems, tools, and programs that support each element of this brand value proposition. And they are used daily by brokers and their affiliated agents across all of our brands. Now, the good news is the Zap platform has the potential to positively impact each aspect of our value proposition.

On the next page you'll see the metrics that we want to impact over the next several years as a result of the Zap platform. The bar graph on the left shows web lead volume received by our franchisees and NRT over the last several years which is impressive and growing. The graphic on the right represents the RFG only. It shows on a consolidated basis the share of leads from all sources that a broker affiliated with one of our brands received in 2014.

At the top, the green circle, are all the third-party portals, all the third-party portals and aggregators represented 66% of the leads. In the middle are the brand websites and, as I said, that's a 26%. And at the bottom of the funnel are the local broker websites representing 8%. Now, I can assure you in the years ahead that we will remain focused on driving more lead share to our brokers from the brand websites. That's our job and that's what we get paid to do.

But unlike any other real estate franchise organization we are also going to take direct aim at improving the local brokers lead share as well. Getting this done will not be easy. It will take a full-court press, extraordinary focus and several years to achieve.

Now, why is this important? The answer to me and to everyone at the RFG is relevance. We believe it is critically important for the local broker to maintain and grow relevance with the online consumer and relevance with their affiliated agents.

Now, let's take a closer look at the Zip strategy on page 23. I'm going to focus my remarks on the right side of the page and Bruce Zipf, who will come up later, will address the left side during his presentation. Our objective is clear -- provide our franchisees and their affiliated agents with a world-class digital platform to enhance their business, simple as that. And the outcome is to enhance the brand value proposition that I've already discussed.

Now I must tell you the brokers and agents who have seen the Zap platform have been highly impressed by its robust features and functionality. On page 24 is a summary list of the benefits of Zap to our franchisees.

I'd like to call your attention to the second to the last bullet point -- enhance the productivity and retain company dollar of existing sales force. If the broker generates the lead on his or her own website they also have the ability to designate who in their office gets that lead and, most importantly, under what performance criteria and economics. Helping the broker improve their bottom-line as a result of the Zap platform will greatly enhance the relationship we have with our brokers and keep them loyal to their respective brands.

Now, let's move to the next page. These are the benefits of Zap to the RFG. Let me call your attention to the first and the last bullet points. In many respects they are very closely related. The daunting challenge faced by many innovators is how to successfully integrate their product with the litany of technology systems and applications in use today by brokers and their affiliated agents.

Having a common platform across all of our brands would greatly simplify that integration effort into a single one-time process and make the RFG the go-to place for innovators hoping to bring their idea or their product to market quickly and efficiently. On page 26 we have outlined our roll-out plan for the Zap platform.

Our goals are aggressive yet they're attainable -- 300 franchisees by year-end 2015. Over 300 companies have already expressed interest in going live this year and that list continues to grow. Now, we're going to start with the smaller companies first and then larger firms later in the year -- 1,250 by year-end 2016 and 2,000 franchisees on the platform by year-end 2017.

Now, before I ask Lanny Baker, the President and CEO of Zip, to show you why our brokers and their affiliated agents have demonstrated such an overwhelmingly positive response to the Zap platform, I'd like to conclude my remarks by sharing with you what the RFG will look like in 2017.

We will see continued growth across all of our brands. The Zap platform will become a significant competitive advantage for the RFG and our franchisees. The Zap platform will become the marketplace for our brokers and their affiliated agents to access and acquire new technology offerings. And finally, RFG revenues, EBITDA and margins will benefit from continuous brand value proposition enhancement and disciplined financial management.

Thank you very much, and please welcome Lanny Baker, President and CEO of ZipRealty to the podium. Lanny, come on up.

Lanny Baker - *ZipRealty - CEO*

Hi, good morning. Thank you, Alex. I'm delighted to be here and I am really excited to tell you everything about ZipRealty, to describe our product to you and then to show it to you as well a little bit after lunch.

It is a thrill to be part of this organization. I've been at ZipRealty for seven or eight years and these are the best times for our company. Let me give you a quick moment of background on myself. I'm a recovering research analyst, a sell-sider who sat in many of your seats for 15 years or so. I left that to become the Chief Financial Officer of Monster about a decade ago, the online recruitment company. And I joined ZipRealty seven, eight years ago because I saw some things happening in the recruitment category that I thought were going to take place in the real estate category, the sweeping adoption of technology really transforming the practices of an industry and an industry in the real estate market that's actually even bigger than that of the recruiting industry.

I joined ZipRealty seven or eight years ago as I said, as the CFO, I became the Chief Executive Officer about five years ago and it has been just a real privilege and a pleasure to lead this company over the last few years and, as I said, now to bring it into being part of the realty organization is just outstanding and I'm thrilled to be here.

Let me give you a quick introduction to ZipRealty. The Company was founded in 1999 in Berkeley, California with a vision to rethink the real estate process, building a company very centrally around technology. Our model at the outset was not to build local offices, not to open up storefronts in towns and cities across the country but rather to invest that money that many brokerages have historically invested in rent and facilities and invest that into building a product.

The Company launched with its first couple of markets in the early 2000s, and by 2004 went public on the New York Stock Exchange and raised a considerable amount of money that we then spent the next decade investing into that product. The history of ZipRealty after the IPO is really a history of product innovation and product award and product excellence.

We built a system that now has 15 years plus of investment in it that really no other brokerage operator was spending time on, was thinking about or developing at the pace, rate and level of expertise that ZipRealty pursued over that period of time.

In 2011, we were approached by a Realogy franchisee in Atlanta who said -- we've heard about your system. Agents tell us about your system. Our consumers tell us about your product. Would there be any way in the world that you'd ever license that technology to us? And we explored that and eventually, we wound up licensing our technology platform to one of the Realogy franchisees in Atlanta. That was 2011.

By 2014, we had successfully grown that technology licensing business to over two dozen third party brokerages who had adopted and brought our technology inside their brokerage to try to serve their agents, serve their customers and to drive their brokerage business. As happens with anybody, licensing technology or selling products into the real estate market, a very large number of our Powered by Zip customers were Realogy franchisees or NRT offices.

So we got to know this company over the period of 2011 to 2014. And in 2014, it all came together for us in what really was a transformational opportunity to become part of Realogy and we were acquired by Realogy, as others have said, in the latter part of 2014.

The point I wanted to leave with you about our company is that you heard Alex talk a lot about our technology and Richard as well, that this company was founded as a brokerage business. We built every system that we have to use ourselves. None of it was built to sell to anybody else. It wasn't founded on Sand Hill Road with an idea that -- hey, there are a lot of agents out there. We can sell them product.

Our system was built to run a brokerage, run a brokerage business more efficiently, more productively, more profitably than had historically been done. And so it's a classic story of we eat our own product. We use it, we live it and it really comes from a deep brokerage heritage. I think that's a big difference from a lot of the technology that's being developed for the real estate industry today because the travails, the challenges, the successes of being a brokerage company are -- they're different in every city. They're very, very nuanced and very complicated, working with agents, working with MLS's, working with the regulations that are applied in this industry, and we're coming to grow up from within that business investing in technology all throughout.

So in our history, every single transaction that ZipRealty has ever done ran through our system, almost 200,000 transactions over the life of our company. And every single agent who has ever worked for us adopted our technology. It's who we are. It's what we are. And that really gives it, I think, a good encapsulation of where we've been.

Now, the -- that journey, I think, has led us today to the place where we found ZipRealty's kind of rightful place in the stars. Everybody in this industry looks up into the sky and sees Realogy as the brightest constellation and it is a -- it really is a thrill to be part of this organization. Alex talked about RFG becoming the home for innovators. ZipRealty is very much that kind of an innovator and we really feel that we are at home within this organization.

So let me talk to you about our product. Before that, I can't help but put on my analyst hat. As I said, I'm a recovering analyst, and talk to you a little bit about the landscape that we see in the brokerage business today. The real estate market in the United States just commissions somewhere between a $40 billion and $50 billion industry. It's a very fragmented industry as you know and it's a pretty complex industry when you break down all of its component pieces.

One of the characteristics that's really important to recognize is that the consumer, while they're driving a lot of this market, typically transacts once every five or seven years. And what that has meant is that the pace of technology adoption, the pace of change, while driven by the consumer is driven at a very different speed than other industries where consumers might be buying something once a week or once a month or maybe once a quarter.

But we are seeing in this market today is obviously consumers are online in all of their research and all of their preparation for a real estate transaction whether on the buy side or the sell side. And consumers today have been won by Web indigenous companies that have focused on the user experience. And the portals, as Alex has shown, have taken the traffic and they are the leading source of consumer activity online.

What that has mean -- what that means for real estate agents is, their world has changes. Where their game used to start at the open-house or with mailers that they would send out, the consumer's are already online and by the time the consumer gets to the real estate agent, they're far more informed, they think they're more informed, they're far more ready than they've been, sometimes they're readier, sometimes they're much earlier in the process. But it's a very different consumer experience for the agents. And the agents are, many of them, saying -- how do I navigate in what is really a changing landscape for me? All my old methods originating in servicing customers are starting to change and starting to evolve.

They're turning to their broker and saying -- can you help me? They're turning to anybody in the market and saying can you help me, which brings us to the brokers. And the brokers look at this and say -- I need to be with a consumer on the product side. I need to be serving my agents as they're dealing with these new consumers. And that means I've got to be making investments in these technology platform systems and products.

But man, this is something that's very different than what brought me into the real estate business to begin with. The expertise that many broker, owner, operators bring to the table, their local knowledge, their history, their brand presence is a struggle for them as they look at the Internet environment and the mobile environment particularly.

What we find is brokers struggling to integrate multiple different systems, piece them together, stitch them together, and they wind up with two, three people on their team who are in the business of systems integration and really struggling to put -- field a fully competitive technology product. And that is a pretty encapsulation, I think, of what the landscape in the market looks like today.

The Zip solution looks at each one of those things and has rethought them in a bunch of different ways. First of all, we field a very authoritative consumer product experience that I'll talk to you about in a moment, with incredible data and incredible tools in it. But the real difference between the product that we put into the market place and that which the portals do is that our service starts online and it finishes offline. It goes from search all the way to close.

It includes the online product as well as the agent experience that goes all the way to the closing table and writes the document for you. And we believe that consumers are looking for that online to offline hybrid nature of experience and are, in many cases, frustrated by a Web experience where they progress their process only so far and then start over in the hands of an offline agent.

The Zip solution is to marry those two things together from a consumer perspective and it's winning us consumers. From an agent perspective, with the 2.5 million, 3 million serious real estate consumers that we bring into our Web environment every year, we've got plenty of work for agents to do. And agents want work. They want closing transactions. But they also want a path to being efficient and productive in their business.

We, the Zap platform, I'll show you in a moment, automates an enormous amount of agents' day-to-day tasks, makes sense of their daily routine, prioritizes and organizes their work flow and drives agent productivity. And as we bring that product into the brokerage business, as I said at the start, we ran every single transaction in our brokerage business on this platform. It starts on the Web. It moves into the agent CRM and marketing automation and it goes all the way into the broker's closing transaction processes.

It's one system that handles all of those -- all of those elements. And so as we look at the solution that we're today offering to the RFG franchisees and preparing to roll out later this year, it's very much that end-to-end sort of seamless platform that you need to run a brokerage business.

Let me talk to you about the product now. We call our product Zap and it has three main components, a consumer piece, an agent piece and a brokerage piece as I've already described. We like to say that our product does four things. It captivates, it predicts, it informs and it connects. And all of those things revolve around a very intelligent back-end CRM embodied in that little logo there you see with a circle with a 91 in it I'll get to in a moment.

So the product on the consumer side has these main components, a world class website with world class net promoter scores that has authoritative accurate data all over it, a synced mobile experience where a consumer traveling from the -- from the desktop Web to the mobile Web has everything that they've started off on their computer available to them on their phone. And we have very, very highly rated mobile apps.

Throughout that consumer experience, not only do we have the strong data that we get from the MLS but we try to push forward the expertise of local agents. I'll talk about that in a moment. On the agent front, there are, again, three main pieces of the product. There's a desktop CRM that is quite different from most CRMs. I think the way I described it is that the Zap CRM, because of its connections that I'll describe in a moment to the consumer experience, it spits out more information about the customers to the agent than the agents are ever required to put into that CRM. So it really is an intelligent assist to their business.

That all travels with them in their pocket or their purse mobiley and that's a really important part of our value proposition to agents. And of course, we arm our agents with websites -- agent websites that are sort of their digital calling card with all the power, harnessing everything that we built and really delivering it for agents.

On the broker front, it really -- again, are three main components, search engine marketing, search engine optimization to give the brokers, put them back in the game of acquiring customers and bringing those to their agents. Integration with other applications, that is both third party applications as well as applications that Realogy uses and has developed over the years, both for the corporate level and in -- within the brands over the NRT. And then finally, oversight tools so that a broker has a view of what's going on in their business, in their market, and in the transactions coming to that -- into that shop.

On the consumer product side, we are -- because we are a brokerage company or we are a vendor-to-brokerage company, we draw directly from the MLS. And that means that the data on our Web, and really much more importantly on the mobile product, is accurate, it's complete and it's timely. For those who really follow the industry super closely, you probably heard some of the scuffle going back and forth over ListHub and syndicated listings. That whole discussion is nearly irrelevant to a company in our position because we are in the MLS and we're pulling the data out of the MLS.

That is the most important thing that consumers look for and as you go into the mobile environment, the completeness and accuracy of that database becomes ever more important. We surround that with a dozen plus different sources of third party information from maps to crime to school information that we know consumers are looking for. And I think a key point of differentiation for our product experience is we activate this band of roving reporters who are real estate agents connected to our platform to add their comments about neighborhood, about price trends and about specific properties and really build in that way a very differentiated information product.

Of course, it's designed to be relevant and score well with the search engines. It's synced across all the different platforms. It's highly personalizable. We send out 30,000 emails per month per agent. Each one of those emails is going to one of their customers or prospects and they are all different and customized according to each consumer's search criteria. And everything on that front end is synced up with the CRM that I'll talk about in a moment.

The reason that captivating consumers, really matters. Fielding a storefront facade website is just not workable in a business where the period of time between a consumer doing their first search and effectively raising their hand and saying -- I might someday buy a house, and the time that they actually close a transaction on average is just about a year.

And being able to captivate and entice that consumer closer and closer into a relationship with the brokerage firm and the agent, is essential to converting the leads. Our system does a very convincing and competitive job of notifying consumers about changes in the market, changes in their search, changes in inventory, things that have come on the market, off the market it's all automated and it's very highly personalized.

What's this means for our business if you incubate well is that, in ZipRealty's business last year, more than half of the closed transactions that we achieved were with leads who had come into our system more than year prior to that closing date. And our system enabled our agents to work with people over that period of time effectively and productively. This ability to have that visibility into how your leads are converting, is essential, if you're going to go compete, bidding for customer acquisition which is essential when you're thinking about how to allocate the leads that you have. And this ability to really sink your teeth in the consumers and nurture those relationships is a core dimension of our product.

The next piece is that, if you're generating 2.5 million or 3 million customers coming into that network, you've got make sense of it. And the Zip system is designed to make smart, automated predictions. Every client, everyday that's on our system is scored by an algorithm 1 to 99 that predicts the propensity of that consumer to transact with -- to transact in a real-estate trade in the next 90 to 120 days.

This score is developed from a monitoring that we do of every interaction that the consumer has with that web mobile -- mobile web, email, text message and other communications that we have going out to those consumers. Not only is this is a simple score that pops up every morning for the agent to see who's highly scored and who's low scored, but the agent can click on that score and decode exactly why we gave that consumer a 91. And then from that, follow even further into detailed follow up plans that you might have two consumers that are both scored 91, one of whom needs information about a local market where that's where our system detects as their need, another one needs information about the mortgage products.

The predicting that we do, we're really, really proud of and this is a major competitive advantage for us. The leads that are scored 90 to 100 are three times more likely to convert than the leads who are scored 75 to 90. And the leads who are scored 75 to 90 are two times more likely to convert than the leads who are have scored 50 to 75. And the -- gaining at 55 -- 50 to 75 is 1.3 times more likely to convert than everybody below. And that predicting means we are triaging agent's time and allowing agents to be effective and productive in their business.

The one statistical testament to accuracy of those predictions is all the emails that we sent out -- we sent out a lot more emails to people who are highly scored than we do low score. The email opened rate in our Zap system right now is 38% at the time that we sent an email out, consumers will actually open it. The real estate industry does pretty well for itself at a 22% open rate. But it's our predictive score that allows us to have such relevant communications that customers really pay attention to.

The next piece that I talked about was Zap Informs. And what I'm describing here is a CRM that captures everything about the consumer interactions, stores it, and makes it easily accessible for both the agent and for the brokerage. A centralized database of every interaction that a client has had with an agent, every interaction that a client has had with the website instantly available and searchable for the consumer, for the agent who can do prospecting through that, and a window for the broker to look into all that activity, and really understand, be informed about what's transpiring with their customers and with their agents within their brokerage and within their market.

The ability to inform the agent and the brokerage delivers productivity. And the way that we have designed our system is that the highest intention customers, those scored 90 to 100 are going to be receiving personalized service from the agents who are calling them, who are communicating with them. And all of that interaction is captured and stored and made available to the agent on the Zap platform.

The low intent customers, below 50 are really put into an automated marketing cycle that's highly personalized for each one of those consumers. But very often, agents if you give them five leads, they'll call all five leads tomorrow, the reality is, probably one or two of those leads is where they have a phone call. And it's the leads that you got three or four months ago that without a system like Zap, you didn't know is really the person you should be calling today.

And so we use this ability to really understand the customer, to inform the agent about who needs service and we automated the ones that have lower current intent. What this means is that our agents -- our engaged agents who are really leaning into it and using the platform last year, closed about 11 transactions which compares very well with industry statistics that we've seen in the past.

And importantly, almost half of the transaction volume that agents on our platform achieved last year, came from ZipRealty originated business. That's probably two or three times what a typical brokerage is driving if they're able to even measure what contribution they are making to the agents business. It's very important. If you're going to get paid for it, you've got to be able to measure it. And this is a real value that the system provides to brokerages.

And finally, the system connects. I said that at the outset, we're connecting consumers to accurate information, we're connecting consumers to insight about agents and from agents. We'll show you a lot of that in the demo later. We're connecting agent to the brokerage, who's receiving from the brokerage the compass and the tools to navigate in the situational environment. And we're connecting the broker to both the consumers and the agents like they really haven't been connected before.

Importantly also, we're severing one little set of connections and that is, we're helping the broker get out of the business of having to stitch together all those different pieces of technologies as I talked about earlier. And the reason that connecting all these pieces together is important, is it leads to performance and profitability for the agent and for the brokerage.

Our consumer facing product is strong enough to put brokers back in the game competing for customers. The technology platform that we have is very much what agents are looking for, are searching for, are asking for in the marketplace. It's a wonderful tool for recruitment when you say, "I have leads in a market." There is nothing better than that from a brokerage recruitment perspective. But we actually find as agents come to ZipRealty and to platforms and to brokers who are using our tools, for the leads, they stay for the technology.

And so it's not only a recruitment tool on the front end but it's retention onto the back end. Because agents who adopt us as their way of doing business really can't get a comparable solution in the marketplace today, at least they cannot get it very easily.

From a broker's perspective, there's a huge cost avoidance, there's a huge non-core skill set avoidance for them. There's the opportunity to band together in a shared platform and leverage the development capabilities of a company such as ours that I think delivers them a better product at a lower price than they could have themselves. And so it turns them back to focus on the things that brokers are really best at, and that is managing agents and transactions and being competitive in a local marketplace.

And I think importantly, we create an opportunity for brokers to take back the money that they are spending on systems and deploy that on digital marketing. And to -- Alex talked earlier about that market share that brokers have in terms of that driving lead volume, part of that is a product problem, part of that is a marketing problem and being able to have Zip solved some of that problems and then use those dollars to address the marketing problem is where we're headed in the future and why we're so excited about this opportunity.

So let me talk to you about our 2015 initiatives at ZipRealty. And they really breakdown into three pieces. Our objectives are really obvious to us and very, very clear. Number one, as Alex described, getting to 300 RFG franchises, delivering this technology to them by the end of this year. And being on a path to get to 1,200, 1,300 next year in 2000, the year after that. That number of 300 for this end of this year is about 10% of the franchises. So we're biting off that first chunk of it. We'll exit the year with a very great pace to get very far into that group next year.

We will, as Alex said, start with some of the smaller firms who are probably in bigger, more urgent need than some of the bigger franchisees within the group. But that number of 300 I want you to know is probably 8 to 10 times larger than what ZipRealty would have been able to do on our own as a standalone company. So having the distribution cloud channel network of Realogy is really important to us and to all of our engineers who want to see their product go and become an important influential technology in this industry. And that gives you a sense of priority number one for us.

Priority number 1A is to distribute our technology more broadly through the NRT office network. Today we have 28 of the NRT offices running. They're powered by Zip program where we're generating leads and they have agents on the platform converting those leads. And we just added one I think this week and we're going to continue to work our way through that footprint of NRT offices, rolling the technology out to the NRT offices.

From a product perspective, there really are three things that the team is working on. And first it is the continual, ongoing, never stopping, upgrade, enhancement, feature, functionality, usability, investments and work that we're doing on the product.

Our product is wonderful I will show it to you later. I really, really encourage you not to think of it as a museum piece you can walk around, it's not a product, it's really a process. It's a living, breathing, dynamic, moving organism. And job number one for us is to keep that product moving along throughout this year.

The second major product priority for us is to start to build a number of integrations with third party systems. The premier products that we talk to brokers, that we talk to agents, that they're using, that they want to operate with, that they have adapted within our brokerage we want to make in the places where Zap doesn't serve those applications we want to connect to them seamlessly once for everybody in the network.

Doing so leads us to our third priority. And I'll talk about this more in a moment. It's something that I personally am really excited about. And it's part of the vision that Alex and Richard brought to Zip as we started to talk about what these two companies could be like in combination. And that is by the end of this year we will -- certainly this year we will open up the Zap Store.

And the Zap Store is an environment in which brokers and agents on the Zap platform will be able very easily to gain access to other products, to other services, to other innovation. Some built by Zip, some built by Realogy, some built third parties that will be instantly available to anybody on the platform. With a click you can activate them, you can turn them on, they're integrated, they're live, they're within the network.

I think about the Salesforce AppExchange, I think about the Apple App Store, when I think about the visions for the Zap Store. We'll open up that this year and really exciting things will happen there over time.

And then internally form the organizational priorities, we have -- we're growing our team. We're making sure that our team is the right size, has the right resources to support the franchisee network that we are here to serve. And we're working very, very closely with Realogy's existing training, business consulting, and education resources to make sure that as we roll out the product we've got the right human resources to match this new product that we will be putting into all these offices in the hands of all these agents.

And then finally, what would this business look like in 2017? And I think that the combination of ZipRealty's digital expertise with Realogy's reach and footprint and influence is so exciting to us. It -- all of a sudden, our Sandbox at ZipRealty our laboratory for experimenting, for learning, has grown as much as it could in anyway, almost overnight. I think that by 2017, the Zap platform will be the single most widely used technology platform in the brokerage industry, full stop.

It will be a core component, an essentially attribute of the RFG franchise value proposition that will be a major differentiator of these brands and this company relative to others in the industry who maybe franchising but are not think about technology nor do they have this kind of asset within their four walls.

With the presence of that technology, we think it will be -- the Zip product will be a driver not only of a franchise sales where we've already seen some exciting promise, but also franchise retention, the net effective rate, and the productivity of the brokers and agents who are on the other end of that system. All of these things are a -- the applications and the things that the Zap platform can do are almost perfectly married with the royalty revenue structure of the franchise model. We can drive huge benefits within those brokerages and we can participate with the brokerages through the royalty model.

The next piece is, as Alex [said] -- 2017 is the evolution of the Zap Store. Now we're not ready right now to talk about estimates and projections for that business but I think that in three years time, the Zap Store will become a very important new leg of -- on the stool of the Realogy franchise business. It will be a non-home sale transaction, revenue generator and cash flow generator with some subscription components, some internal components, some third party components.

But it really -- over this next two or three years becomes a major addition to the what is already a very strong and very profitable franchise model leveraging this platform that we first have to put in place. And as we get that platform in place broadly across this franchise opportunity, our ability to bring innovation and products and services opens up a whole new set of financial opportunities for this company that are really exciting and inspiring to both me, my team and I think also to Realogy, hopefully to you as shareholders, potential shareholders as well.

And finally in 2017 the Company will still be in California. We will still be a nimble, lean, flexible, risk-taking, occasional mistake making technology outfit like we have been, like we are. We'll be all those things. But we'll also be backed as we are today by the single largest company and strongest company in the residential real estate sectors.

So hopefully some of my enthusiasm and excitement comes through to you. And I'm really, really pleased to be here and look forward to talking with you later.

I want to introduce now Bruce Zipf, President and CEO of NRT, and one of our largest and best partners.

Bruce Zipf - *NRT - President, CEO*

Good morning, everyone. Well, NRT is the world's largest real estate brokerage company. We currently have 725 offices operating in 45 US markets and supporting 45,000 sales associates.

As you can see by the chart, NRT's market share is number one or number two in most of the markets that we service. And NRT's average sales price of $501,000 is twice that of the national average. NRT operates on multiple Realogy brands and also the Corcoran Group and Citi Habitats primarily in the New York City area.

This past year when Realogy purchased ZipRealty, the Zip-owned brokerage was brought into NRT's operation as Lanny described. NRT provides real estate support services in mortgage, title, property management, commercial, resort rental, home warranty just to round out a few, which complements the real estate brokerage operation. NRT generates revenue through a variety of different venues. And I want to take you through our primary area and that is on residential brokerage.

Homesale sides, this represents either the purchase or the sale of a real estate transaction. NRT may participate in both sides or just one side. And in 2014, NRT's homesale sides was over 50% of our closest competitor. NRT's average home price of homes sold stood at $501,000 which represented a 6% increase over 2013 levels. This reflects the strength in the upper end of the market that Richard talked about. And also reflects the weakness in the first time home buyer entry in 2014.

Average broker commission rate, also known as ABCR, represents the real estate commission rate that NRT receives on each homesale side. ABCR is influenced by average sales price. And normally, the higher the average sales price, the lower the ABCR. NRT's total brokerage revenue of approximately $4.1 billion is split with its sales associates. Agents split approximate 68% and that is held steady over the last two years.

As you can see by the pie chart in NRT's average sales price, NRT serves a diverse group of businesses and marketplaces. The strong representation on each coast which boasts some of the highest average sales prices in US real estate.

NRT has had a long history of growing the Company through acquisitions. And it's completed over 400 acquisitions ranging from 100 plus office operations to single office operations. Most of the NRT acquisitions have been smaller local regional tuck-in type acquisitions with gross revenue of somewhere between $1.5 million to $2 million. NRT's acquisition strategy is targeted to our existing footprint and markets with strong demographics as outlined by the lime green section on the US map.

In fact, in the early part of 2014, NRT acquired Martha Turner Properties in Houston, Texas, which represented a new entree into the Texas real estate market and represents an example of a marketplace with strong demographics and has had excellent results. Acquisitions with NRT's existing footprint are very accretive since we can take out most of the back office expense and fold it into one of our six regional centers. With NRT's existing footprint, acquired agents can be effectively folded into our sales offices without increasing substantial operating expenses especially in the area of rent, marketing and payroll.

Acquisitions significantly increase the enterprise value through the 6% franchise fee that Realogy pays and flows to RFG. The NRT net contribution of large 2014 M&As exemplifies that in the lower left of this slide where almost 50% the net impact of our acquisitions was a byproduct of the 6% royalty fee. Recruiting and retaining productive sales associates is the cornerstone of NRT's organic growth strategy. The success of our recruiting efforts is measured by the close gross revenue we bring in by each recruiting class and by the fact that NRT retains over 93% of its most productive sales associates.

In 2014, the gross revenue recruited approximately the same as 2013. However, as you all know, this was one of the largest recruiting classes that NRT brought in, in a long period of time. In 2014, there was an increased emphasis on agents newer to the business, thus providing for better commission split margins.

Agent sphere of influence and past clients continue to be the number one source of business opportunities, thus the importance of NRT's organic growth and acquisition growth as highlighted. However, as Lanny indicated and outlined, today, most buyers and sellers use the internet and technology tools to become more informed about the real estate market before they contact a real estate agent. Thus, having a strong real estate presence, and web presence, and technology presence on our company-owned website, along with a strong presence on third party real estate websites is very important to generate business opportunities.

During the next two slides, I am going to highlight how we will utilize this technology and related web tools to be able to create business opportunities for our sales associates, but also increase, enhance operating profit margin opportunities for NRT.

In 2014, NRT launched several technology initiatives to enhance revenue opportunities. Our focus is to generate more real estate leads to our own brokerage real estate website while also doing a better job in converting these leads through an upgraded contact relationship management platform.

To generate more real estate leads in 2015, NRT is consolidating its 18 Coldwell Banker local operating company websites under one website and under one URL, ColdwellBankerHomes.com. This will increase search engine relevancy, it will increase viewership, and will increase lead flow. Leads generated from our company-operated websites generate a higher conversion rate since most viewers on that website are interested in looking at inventory and being connected to a sales associate.

In 2015, NRT will complete the rollout of its own consumer-focused real estate website, HomesForSale.com, which at this point, we have approximately 50% of our metros currently rolled out on this site. This website will have features outside of the traditional brokerage real estate website and will generate leads from a different type of consumer audience. In addition, NRT will continue its comprehensive marketing agreement on the most prominent third party real estate websites.

To better manage this increased lead flow, NRT has rolled out our own in-touch platform which is a comprehensive contact relationship management system fully integrated with our company's websites and our agents' websites, and connects with NRT's online marketing and communication platforms.

This fully integrated platform provides for real time communication and will connect better our agents and our buyers and sellers, and will lend itself to better lead conversion. As you can see, in 2014, NRT generated 1.65 million real estate leads from our various websites and technology initiatives which represents a 10% increase over last year's levels. Most of these leads, approximately 70%, are assigned to our listing agent who is in the best position to service these leads.

However, approximately 30% or 500 of these -- 500,000 of these leads which were not our agents' listings were referred and scrubbed and reviewed by one of our three call centers. And approximately 160,000 of these 500,000 leads were assigned to one of our 4,000 e-lead agents.

E-agents are trained agents who are signed up under a special program under a specified and specific economic arrangement whereby they agree to a referral fee plus a reduced commission rate. I will be showing you shortly the economic impact that has on our company. Most of our e-agents are second- and third-quartile agents which this provides them an opportunity to grow their book of business and increase their sphere of influence. Gross profit on the Company-generated business under this model is twice that of a traditional closing.

This past year when Realogy acquired ZipRealty, the Zip-owned brokers was brought into NRT's operation. Prior to the Zip acquisition as Lanny indicated, NRT had four separate arrangements within our Coldwell Banker operation footprint. So at acquisition, 17 of the 23 ZipRealty-owned brokerage operations were folded into Coldwell Banker's NRT markets and became Coldwell Banker agents. However, they've been identified as Coldwell Banker Powered by Zip agents. The Powered by Zip agents receive all the Zip leads in their respective market areas and utilize the Zap technology to manage their leads.

For the remaining six ZipRealty locations, there were no Coldwell Banker presence. And as a result, we continue to operate them as ZipRealty. Today, there are over 1,800 Powered by Zip agents all licensed with NRT operating companies. We have also added two new locations, one in Tucson, Arizona, and as Lanny indicated yesterday, in Salt Lake City, Utah.

In 2015, we will continue to expand the PbZ model into NRT's existing footprint which is done with minimal incremental cost. Also, we'll continue to look at what we call the non-traditional markets where NRT does not have a Coldwell Banker presence and determine and see about supplementing the six ZipRealty locations we have right now.

This slide summarizes the economics between an agent-generated lead source business and a company-generated lead source business. And the Company lead generated business was outlined under the e-agent and the z-agent platform.

Under an agent-generated lead business, the business was sourced through the agent's sphere of influence. So on a $3,000 home, for illustrative purposes, at 2.5% commission rate, the gross commission would be $7,500. Assuming the agent is on a 70% split with 30% accruing to the Company, that would generate a gross profit of $2,250.

Under a company-generated lead, as described under the e-lead and the z-lead model, there is a referral fee. And for this example, we use 35% which is taken off the 7,500 gross commission generating 2,625 of referral fee that accrues 100% to the Company. And in most cases, agents under these models agree to a reduced fee, and in this example, we use the 60% split, 40% accruing to the Company.

As you can see, the gross profit generated under a company-generated lead is twice that of an agent lead. Thus the importance of generating more Internet leads and converting them better is highlighted.

Real estate related services, as I indicated earlier, complement the NRT brokerage operation and generated over $55 million of enterprise 2014 EBITDA. We will continue to expand these opportunities to maximize their earning potential. And in 2015, NRT will be expanding its property management footprint which we believe has significant potential in complementing our real estate brokerage operation.

We believe that NRT's organic growth strategy of recruiting, retaining, and developing its sales associates, our long-standing acquisition strategy, our focus on leveraging technology to an enhanced revenue and operating profit margins, and our continued expansion of real estate services will continue to improve NRT's long-term EBITDA margins.

So what will NRT look like in 2017? NRT will have expanded its real estate footprint while leveraging its current infrastructure which will result in profitable margins and market share. We will enhance company generated business to further support our sales associates while at the same time, integrating technology solutions to maximize operating efficiencies. By growing our real estate-related services, we will leverage additional earning opportunities, all of which will propel Realogy's overall growth. Thank you.

So I have the fortunate task of announcing that we're going to go on a break. So I think we're going to break for about 15 minutes. And we'll come back to the room. So thank you very much.

PRESENTATION

Alicia Swift - *Realogy Holdings Corporation - SVP - Financial Planning & IR*

Great, thank you all for taking your seats. Next, I'd like to introduce Kevin Kelleher, President and CEO of Cartus.

Kevin Kelleher - *Cartus - President, CEO*

Good morning. I just had a flashback to my sixth grade English teacher. And I asked about four people in the room, none of whom could give me the answer what an adjective was, which I think was defined as which one, what kind, and how many. And an adverb was who, what, where, when, why, and to what extent.

And so I think I'm an adverb. I'm going to try to tell you about Cartus and explain who we are, what we do, why we do it, and where we're going with it. So over the next 15 minutes, bear with me and my adverbial presentation. And, Alicia, by the way, you can tease her. She did not know the difference between an adverb and an adjective, and I think that has something to do with her age.

So Cartus is the world's largest provider of global mobility services. And what does that mean? And I think, really, if you focus on three distinct kind of thoughts, it'll bring it into clarity.

We're an outsource service provider that clients hire to assist in the facilitation of relocating their employees domestically and worldwide. And as a result of that, we manage residential real estate transactions both on the departure and on the destination side. And, most critically, we funnel those customers into our sister companies.

What I'm very proud of is the fact that we're an original. We founded the industry back in 1955 and so we're actually celebrating our 60th anniversary this year. We have a strong history and reputation for innovation and global leadership. And we maintain a strong market position today and are aware of our clients' and our customers' ever changing needs.

Now we're an integral part of the Realogy business model. And in fact, my performance review is upcoming not too far in the future here. And Richard said that we are substantial derivative value. And so that will definitely be in my review as we go forward. It's the first time I heard a quote that strong. So substantial derivative value, thank you very much for that.

But why or how is that demonstrated? By providing high quality, much sought after customers to the brands and to NRT. And we're an important contributor of cash flow. If you look at the bottom of this slide, I'm very proud of the long-standing relationships that we have with brand-recognized clients around the globe. If I could just point to three of those perhaps -- Procter & Gamble this past year awarded us out of 16,000 supplier partners that they have, we were one of four selected as the supplier of the year.

If we look at Exxon Mobil, right now we're managing one of the largest group movement in decades as they move the old Mobil Oil headquarters from Virginia to Houston Texas. And frankly, I'm also very, very proud that Caterpillar joined us this year. And we welcome them to our family and look for many, many years of long-standing relationship with them. And in fact, our top 25 clients enjoy a 19-year tenure of relationship with Cartus.

We provided services in 149 countries last year. I fully expect that to continue to grow as we go forward --clients continually looking for resources and talent -- and going into emerging markets, and pushing our abilities to be able to deliver those services for them in those new parts of the globe. And perhaps the final bullet on this slide may be the most important one, and that is that our Cartus value proposition is that we manage a highly trained certified network of real estate companies and agents within the brands and NRT that provide expertise, service, and they recognize day in and day out the very different and specific requirements of not only our clients but the personal expectations of the customers that we serve.

Let's look briefly now at the Cartus revenue drivers. Our corporate mobility clients provide us with initiations and, said another way, those are authorizations.

And what's an authorization? It's a documented piece of paper, email, online authorization that allows us to provide the services that the client has contracted from us. And we have a very broad suite of services, 115 different products, 885 different variations. So the initiation is the authorization, if you will, to provide the services to the customer.

We receive a fee from the client, but it's not until after we perform some level of work. Secondarily, if you look at the second line there, household goods shipments, we're a very large shipper of household goods. In fact, we average about 60,000 shipments each year and we receive a commission from that. And very similar to our real estate broker network, we work with a supply chain network of household goods movers, both van lines and their respective agents to provide those services across the globe.

And as a result of managing real estate transactions by placing customers that are leaving one location, their current home, and moving to a new location, we place those customers within the Realogy family. And we receive a referral fee as a result of the successful completion of that real estate transaction.

So now let's take a closer look at what drives Cartus' revenue, if you will. We work with nearly -- I think I'm one slide too fast. Let's go back here for a minute. Here we go.

We work with nearly 1,100 corporate clients both domestically and internationally. And we deliver, as I said, a very broad suite of services. But each client is uniquely different, and the many, many different profiles of customers that we work with within that client base certainly have a variety of products and services that they both contract from Cartus and that we offer to the marketplace.

We work with affinity organizations. Now, you might ask -- what's an affinity organization? We've been doing this since 1989 when Navy Federal Credit Union, Pentagon Federal Credit Union, and shortly thereafter, USAA joined us as membership organizations with the intent of offering a real estate program as a high valued benefit to their membership base. The member registers for the program and gains access through Cartus to the trained and certified firms and agents that we manage all within the Realogy brands. And as a result, they receive an exceptional customer experience well beyond what they would receive if they were to go into the real estate transaction on their own.

And what is a significant attraction to the program is that the member shares in the referral fee. They receive cash back for successfully buying or selling a home through the private labeled affinity program. And over the past 25 years, we've assisted almost 550 million members, and we've provided just over $475 million back to members that have participated in these programs.

And the third vertical is what we refer to as broker-to-broker. And that can best be described as the firms that participate in our performance-based Cartus broker network are required to place customers with other firms in the network. As an example, if I'm listing a home in Pittsburg and the employee and the family are moving to, say, Austin, Texas, it's my intent as the listing broker agent to gain their trust and approval to refer them to my colleague in Austin, Texas. They truly want this to happen because, actually, the opportunity to close that business in Austin is twice the average conversion rate as if they just went to any broker in Austin, Texas. In fact, it's about 60% versus 30%.

So now let's take a look at what the network is. And you can see that we have almost 800 broker markets in it and 94% are Realogy brands. But I think the right side of this slide is probably more important. And you can see the results that we're very proud of.

Our affinity business and our broker-to-broker business are up substantially year-over-year while our relocation segment adjust to the changing policies of our clients and the shift in mix of customer profiles that they're being relocated by their clients. So clients are looking more and more at cost reduction, changed policies, different profiles, renters versus homeowners, and we're adjusting to that, offset by the growth and affinity in broker-to-broker.

But I'd be remiss. I think Lanny pointed out as well the residual value of Zip and it's also very true with Cartus as well that it's not just the number of closings there. If you look at that -- I think it's 96,800 closings, if I can read it properly. But it's also the residual value of the Cartus relationship and the customer flow that provides an opportunity for new Realogy franchises, franchise renewal and agent retention.

It's very typical in franchise sales that the question is -- if I join Realogy, will I get the Cartus business? So completely transparent with the value that we bring to the family.

So where do we go from here? Well, the global footprint is certainly one of the bigger challenges that we have. It's one of the biggest differentials that we have in the market, but it's also one of the biggest growing requirements that we have in the marketplace today.

We go where our clients need us to be so they can do their business. We do not go places because we believe there's opportunity for growth, but rather we go places where our clients need us to be, whether that's in Cartus locations where we open offices, whether that's onsite with our clients. And we must ensure each and every day that we are training -- attracting and training, frankly -- the very best supply chain partners in all parts of the world to share and deliver in our commitment to exceptional service compliance and ethical performance.

So now let's examine our strategic initiatives at a very high level. We need to continue expanding existing client relationships. Last year we had 392 that expanded their relationships either across the globe or with new products and services and signing new clients where we had just over a hundred new client signings last year.

We'll continue to focus aggressively on expanding our affinity relationships and bringing new organizations into the mix. And we'll continue to drive more customers through the Cartus broker network.

In seeking adjacent growth where we can deliver new products to the clients that we currently work with, we are focused on expanding our language services while digitizing the delivery and further examining the immigration process.

We are seeking to improve our margins through careful examination of our wing-to-wing processes. And as Richard said earlier, reinventing ourselves through truly reevaluating how we do our business today and seeking ways that we can reduce our cost while meeting the needs of our customers and our clients.

Our footprint continues to be an opportunity and a challenge. And we're committed to expanding our footprint at our clients' requests and as exemplified by our opening in Brazil this past year that was highly motivated by the need of our largest corporate client, Proctor & Gamble, to have us in Brazil. And so we'll be delivering services for both Proctor & Gamble and General Electric. In fact, we started at the end of February.

And finally, the brand is extremely important. And it is bolstered by our demonstrated commitment to investing in technologies and talent in order to exceed the expectations of our customers and clients, whether it's in response to the challenges for enhanced privacy and security or it's a much improved customer experience.

So in closing, let me take a look, as my colleagues have, at where we'll be in 2017. We will have grown our client base and our suite of services that they purchase from us. We will have grown our affinity business through aggressive expansion of the existing programs that we currently enjoy, and also the introduction of exciting new programs. We will have been successful in building adjacent growth and improving our value proposition to our clients. And we will have reinvented ourselves through process improvements and new technologies resulting in an even stronger Cartus value proposition in the market.

I'm excited about our future and I'm confident that [our leads] are focused on what it is that we're doing today will drive us towards the results that we expect to achieve. So thank you very much for your attention. I hope I'd been able to adverbally, however you want to say that, Alicia, provide you with the difference in direction, and clarity and certainty about what Cartus is all about, our value within the Realogy family. So thank you very much for your time.

This time I have the distinct honor to introduce the president of TRG, Donald Casey.

Donald Casey - *Tile Resource Group - CEO*

So Richard had started off -- when he introduced TRG, he mentioned that a few years back, we had the decision to make whether we partner and outsource the title business like we do with the mortgage company or whether we operate it on its own as a standalone business unit.

So for the next few minutes, my plan is to really show you where TRG fits into the Realogy value circle, how profitable affiliated businesses can be, which will explain why we made the decision to manage this business directly. So we operate a national title and settlement services business to recognize that, obviously, the economic benefits in every single real estate transaction primarily through our affiliations with NRT, Cartus and PHH.

Our major focus is the residential real estate market. But obviously we do take advantage of the refinance market when it's -- as a favorable rate environment.

TRG is the largest real estate affiliated title company in the country. Our agencies are licensed in 42 states and we obviously have the capabilities of closing loans in all 50 states. And over the years we've created four business channels. Our largest is our direct operations which represented 60% of our 2014 EBITDA.

We operate 340 branches nationally with a primary focused again on service in those NRT customers, most of them being a full-fledged title agency. And we also focus our sales efforts on unaffiliated customers. This has proven to be very, very successful over the past year. In fact, it represented 42% of our resale closings last year.

Next channel is our underwriter title resources. We're licensed in 28 states but we really take a unique approach to this business. We focus on our direct operations because there we can manage the high quality, low risk book of business. This has resulted not only in significant premium growth but also is a major factor in keeping our claims at the industry low 1.8% last year.

We're also working with some of the largest independent agencies in the country as well as the largest affiliated title agencies. Some of them actually compete with our Realogy franchisees. This channel represented 29% of our EBITDA last year. Other two channels are our relocation and our lender channel representing 6% and 5% of our earnings respectively.

Our relocation channel, as Kevin just talked about, is a consistent value circle source of business driven by Cartus. And our lender channel provides private label closings on both refinance and home equity loans for some of the largest finance institutions in the country as well as PHH.

Let me turn to the right of the slide there, our revenue drivers. Revenue is earned on each closing for us. So our fees have two components -- we have the title premium and then the closing or escrow fee. The portion of the title premium that's retained by the agents typically ranges from 70% to 90% of the total premium, whereas the closing fee is generally a set fee driven by local customs is typically $300 to $500 unless you live here in North Jersey or in New York where it's significantly higher.

We also underwrite a large percentage of our closings, therefore we retain the balance of that title premium. In addition, we earn some relocation fees on Cartus deals and some other revenues. So that's a total breakdown of our revenue.

Turning to the next slide, it shows our current footprint and lists most of the brands that we own and operate. Now this business is a very local service-driven business which is the primary reason why we operate under so many different names. Our focus on unaffiliated business as well is one of the reasons we don't operate as Coldwell Banker title.

The business is highly regulated. Some states mandate controlled business limitations. In fact, California, as an example, they require us to source 50% of our business from unaffiliated third party sources. Again, another reason why it's important for us to operate under different brand names.

What's also important to understand is most of our companies were acquired in conjunction with an NRT acquisition. As a result many of our offices are in-house or in very, very close proximity. And this in-house convenience is a very, very important factor in driving capture rates which is the key metric to our success.

Looking at our map, it mimics NRT's footprint with very few exceptions. Our geographic expansion is directly tied to NRT's growth plans.

Turning to the next slide -- purchase and refinance. So as you would expect based on my previous comments, our business model centers on purchase business. We maintain a competitive advantage especially with access to NRT offices and the one-stop shopping convenience. Also purchase fees, as you can see, are significantly higher than refinance fees, more than twice the average.

We do take full advantage of the refinance markets averaging over 50,000 refi closings over the past six years. The interesting thing about refinances is they obviously don't have seasonality, but they're nowhere near as stable as the purchase business as we saw last year.

We do maintain very flexible staffing models which allow us to quickly adjust our capacities accordingly.

Finally, let me talk about our expansion and strategic growth opportunities. NRT is our largest source of business and certainly the focus of our growth. We maintained a 41% capture rate of their controllable sides. So just to put it into perspective, now every 1% increase is worth $1.3 million of EBITDA. Our three-year plan will have us capturing 50%.

Now there are few priorities that we're very focused on and to get to us to our goal, creating an exceptional closing experience for our customers and our agents. And then most importantly, expanding our sales and office coverage through recruiting and also through acquisitions.

Integrating our technology with NRT's transaction management system and other systems allows for a seamless and efficient closing. We've also developed some tools like Title!Snap which allows our agents to very quickly and accurately quote fees to both buyers and sellers.

Newly developed analytics are being used to focus our sales efforts which will certainly improve -- have a positive impact for us. We're also working very closely with the Zip agents, building connectivity and a delivery model which will service this unique source of business for us.

One other important growth point is that, if you look at NRT's 2014 base from a unit perspective, every 1% growth from that will also represent $750,000 of EBITDA growth to TRG.

Diversifying our source of the business has been a focus of ours over the past several years, and as I mentioned it represented 42% of our resale closings last year. So in addition to our recruiting efforts we're also leveraging and calling on our franchisees that are within our existing footprint.

Title Resources, our underwriter -- as our direct operations grow they're going to naturally contribute to our underwriter growth. And staying within the Realogy family we're also targeting our franchisees who own their own title agencies which would be a great source of business.

Independent agents represented half of our premiums last year. And through technology and sound underwriting counsel we're going to continue to provide value and expand those existing relationships.

So when you put it all together -- so what does it really mean? I'm very, very confident when executing on these plans and reach our goal of doubling the size of the Company within the next three years which will validate that we certainly made the right decision to manage this business in-house. Thank you.

At this point I'm going to introduce Tony Hull, our Chief Financial Officer and Treasurer.

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

Good morning everyone. This is the last set of prepared remarks. And then we are going to go to Q&A.

But I just wanted to start with a financial review, and it's intended to cover a number of topics. First, we want to provide you with perspective on the progress we've made on earnings growth and interest reduction. Second, we will delve into margins and how they could look in 2015. And then, finally, we will provide updates on capital structure, EBITDA sensitivities and current industry forecasts.

So on this slide, as shown here -- we summarized trends for a number of our key financial metrics. As you can see, revenue grew from $4.1 billion in 2011 to $5.3 billion in 2014. That's a compound annual growth rate of 9%. This was driven by housing recovery gains along with the impact of our ongoing initiatives.

During the same period we increased adjusted EBITDA at a CAGR of 11% due to operating leverage in our business model. This upward trend occurred in spite of pressures on net effective royally rate and splits that were exacerbated by the strength of the recovery in 2012 and 2013. But we believe these rates have now stabilized.

Corporate cash interest expense in 2014 was $243 million, that's a reduction of 60% from 2011 due to a number of actions. First, IPO-related deleveraging reduced our debt from $7.2 billion at the end of 2011 to $4.4 billion at the end of 2012. Second, we deployed a majority of our free cash flow to reduce net debt by an additional $393 million in 2012 to 2014.

Finally, we refinanced about 80% of our capital structure which reduced our effective interest rate by about 160 basis points from 2013 to 2014. Free cash flow has gone from negative in the first two years shown here to strongly positive in the past two years primarily due to lower interest expense and higher EBITDA. As a remainder of free cash flow is after capital expenditures and early extinguishment of debt costs, but before debt repayments and M&A spend. We present this metric in each of our earnings releases.

As you can see, free cash flow declined from 2013 to 2014. A few of the key reasons for this were lower adjusted EBITDA levels, lower PHH dividends consistent with the decline and refinance activity, and the timing of bonus payments out of 2013.

The next slide focuses on our performance compared to the US existing home sale market. The top half of this chart shows NAR's annual existing home sale units and average home sale price in 2012 to 2014 as well as the annual and cumulative change for the period.

The bottom half shows sides and average price for RFG and NRT combined in those same years. As you can see, we outperformed market during this period by 8 percentage points in terms of home sale sides and price and aggregate.

The price outperformance was due to a number of factors. First and foremost, NRT is located in many of the country's highest average sales price markets which results in our blended NRT, RFG average price of $306,000 compared to the national average of $255,000. The relative strength of the mid and higher price segments in the markets NRT serves have performed better in the past few years than the entry level segment which contributed to our price outperformance. Also, the strength of the Sotheby's brand at RFG added to our overall average sale price growth relative to the market as a whole.

Going forward we'd expect that franchise sales, agent recruiting, M&A and our technology initiatives will continue to contribute to our ability to outperform the market.

I want to focus for a moment on broker commission rates which are heavily influenced by changes to average sale price. Our combined NRT, RFG broker commission rate has gone from 2.53% in 2011 to 2.50% in 2014. That's a drop of only 3 basis points. It's held up extremely well over the past three years in the face of the 22% increase in average sales price at RFG and NRT combined during this period.

The next two slides show a detail on fix and variable costs for our business units and the impact of seasonality. Overall in 2014, 76% of our cost were variable and 24% were fixed. The major component of our variable cost is aging commissions at NRT and, as you can see, 81% of its costs are variable.

Transaction-related cost at Cartus and TRG make up a large portion of their cost base as well. Fixed costs are more prominent at RFG with its 580 employees. Finally, while variable costs at NRT are significant, its fixed costs on an absolute basis are also meaningful given the expense related to its 4,100 employees and 725 store fronts.

Two other items on this slide are worth noting. First, at RFG, the $716 million of revenue includes $283 million of revenue of royalties it received from its largest franchisee which is NRT. Second, RFG's revenue also includes $86 million of marketing fees it receives from all of its franchisees, including NRT, and there is a corresponding expense.

This is a zero margin revenue item and as its size grows it will tend to put pressure on RFG's margin. As you can see, RFG's margin was 65% in 2014 as a result of its efficient single shared service organization. As we have mentioned previously, 2015 will include $6 million of rollout costs related to the rollout of Zip. And those will be included in RFGs results. And also an incremental $6 million of ZipRealty technology related overhead cost which will reside in corporate expenses.

Margin at NRT is the lowest of the four businesses at 5% and that's consistent with pure franchise, real estate brokerage businesses. The Cartus margin was 24% in 2014 and TRGs margin was 9%, the latter reflecting the dramatic reduction in its refi business compared to 2013.

On this slide, we demonstrate the significant impact seasonality has on our business which is influenced by weather and families with children that desire to complete their transaction prior to the start of the school year. As you can see here, the second and third quarters combined represented 57% of our transaction sides and revenue and 71% of our adjusted EBITDA last year.

Our weakest quarter was the first as it is most years with only 19% of revenue and 7% of EBITDA. As a result of our industry's pronounced seasonality we constantly remind investors of the relative insignificance of Q1 as it relates to full year trends.

Now we will discuss longer-term adjusted EBITDA margin trends. As you can see on the third line down, adjusted EBITDA margins are varied over the last four years. They increased from 14% in 2011 to 15.1% in 2013 and came back down to 14.6% in 2014. On this slide, we adjusted margins each year to exclude the trends in refinance business related to our PHH home loans, JV earnings. As a reminder, our share of PHH fee earnings is included in adjusted EBITDA and not reflected in revenue. As a point of reference, JV earnings got as high as $60 million in 2012.

Removing these earnings, you see a different pattern emerge as margins in 2011 and 2012 were consistent at about 13%, and they increase to about 14.5% in 2013 and 2014.

2014's margin was aided by reduced management bonuses, and the margin would have been lower, had we achieved better than 60% of target. That reduction will benefit cash flow in 2015.

We mentioned on our last conference call that in 2015, we will have certain additional expenses, namely incrementals, of ZipRealty cost of $12 million which we split between RFG and corporate, and approximately $30 million in potential increase bonus expense mostly at NRT, TRG and corporate, related to accruals at 100% compared to the reduced payout in 2014.

On the bottom right of this slide, we recast 2014 assuming 100% bonus was earned across the Company. And we had a full year of Zip rollout and overhead costs. As you can see, this sets a baseline margin of 13.9% against which to measure 2015.

On a side note, corporate expense taking into account its share of a full year of Zip expenses and targeted bonus accruals will be at about $20 million a quarter.

On the next slide, we take a look at what five third party forecasters are predicting for existing homesale transaction volume in 2015.

As shown here, there's a range of forecasts -- the existing housing market, volume growth in 2015, of 6% to 11%, with an average of 8% growth.

The lowest forecast comes from Freddie Mac, at 6% volume growth with 2% from increased units and 45 from higher median price. NAR's at the other end of the spectrum, with an 11% gain, 6% from unit growth and 5% from higher median price. NAR's 2015 forecast has held extremely steady at this level, plus or minus 1 percentage point since last June.

Whereas by this time last year, they reduced their 2014 forecast from 9% in June of 2013, to 4% by March of 2014, and the year ended at 3%. There's a large variation in forecast currently and that makes -- adjusted EBITDA margin for 2015 challenging.

Nevertheless, we wanted to give you some potential outcomes based on where transaction volume ends up for the year.

On this page, we provide a range of potential 2015 adjusted EBITDA margins that correspond to different levels of existing homesale volume growth.

So starting from the adjusted 2014 base of 13.9%, if NAR's 11% forecast proves to be accurate, we would expect to see 2015 margin of 14.2% to 14.5%. If 2015 turns out to be a year similar to 2014 at 3% to 5% growth, margins would be at or slightly below the 2014 pro forma level, and a 6% to 8% volume growth, we'd expect to see a flat to slightly increased 2015 margin.

In 2015, we expect net effect of royalty rate and splits to remain stable at 2014 levels. And we will provide greater clarity on margin expectations in May when we have better insight into 2015 transaction volume.

Next, I want to spend a minute on cash flow and capital structure. In 2014, cash conversion of adjusted EBITDA free cash flow is 47% comparing our $367 million of free cash flow to our $779 million of adjusted EBITDA. If you exclude the impact of early extinguishment of debt costs and working capital, conversion would have been closer to 50%.

Let me outline our 2015 cash use estimates before M&A and debt amortization.

For 2015, corporate cash interest expense is expected to decline to $205 million to $215 million assuming no significant changes in our capital structure. NOLs will keep cash tax payments in the $15 million to $20 million range.

We have run a number of financial scenarios and we expect that we'll become a full cash tax payer some time in 2018. The exact timing will depend on the cadence of the housing recovery over the next several years.

CapEx in 2015 is budgeted at $80 million to $85 million. Legacy cash costs which date back to when we were part of Cendant in 2006 and prior, our forecast at $15 million to $20 million since we anticipate settling a few larger remaining matters this year.

Beyond 2015, this cost should be in the $5 million per year range, and hopefully not for too many more years.

Finally, working capital is expected to contribute $10 million to $20 million to cash flow, largely driven by the lower bonus payout in 2015 for 2014 performance.

Overall, our business has strong cash generation and conversion characteristics that we expect will improve over the next couple of years as we continue to deleverage the balance sheet. So next on the cap table, we [bolded] three debt issues that totaled $1.3 billion, the first two totaled $800 million and our cost to debt instruments that put severe restrictions on our ability to pay dividends or repurchase stock.

The remainder of our debt requires us to be at or below four times debt to trailing adjusted EBITDA in order for us to be in a position to return capital to shareholders.

The $800 million of restrictive debt becomes callable in January of 2016 at a reasonable cost. It could cost double the call price, to take out that debt today.

Lastly, the $500 million of unsecured notes are an attractive rate, but they mature in May of 2016.

Although we, and our Board will make decisions in 2016 and beyond based on circumstances at that time, we would expect to retire or refinance the expensive, restrictive debt, using cash generated from operations and available credit over the next several years.

We would look to do this sooner, rather than later, but only consistent with prudent management of the balance sheet and other strategic opportunities that arise.

It should be possible over the next few years to reduce aggregate debt by about $1 billion and shift that portion of our enterprise value, to equity.

This equates to over $6 per share over the period.

As we have previously stated, even once we fall below four times debt to adjusted EBITDA ratio, we expect to continue to use our free cash flow to deleverage our balance sheet and invest in our business with the goal of returning capital shareholders once we get to three times leverage.

On the following slide, we provide an update on EBITDA sensitivities. This chart details selected 2014 EBITDA sensitivities. The most significant ones are based on sides and prices. You can see on the right hand box, in 2014, a percentage point change in sides or price at RFG and NRT equated to $14 million of EBITDA with the normal caveat of all else being equal.

That is further broken down as a point change at RFG equals $3 million and a point change in NRT equates to $11 million.

Accordingly, if NRT volume changes at a different pace than RFG's that would have a material impact on results.

Also, we highlight in the second box, NRT's EBITDA for point changes reflected at both RFG and NRT. The RFG portion is $2 million and accounts for the royalties NRT pays RFG on the sensitivity. As you can see, of the $11 million, $9 million remains at NRT.

Commission rates, net effective rate at RFG and splits at NRT, can meaningfully affect profitability. The impact, that change in any of those drivers would have on our EBITDA, are detailed here.

Finally, we show our cost base and the impact inflation has on our results. In 2014, Realogy's inflation impacted cost base was estimated at $1.6 billion, which was primarily related to our 10,700 employees company-wide, and 725 NRT offices.

For every 1 percentage point of inflation, our cost increase by $16 million, M&A also adds to our fixed cost base. As Bruce indicated, 2014 M&A was accretive to earnings, however, it added $24 million of operating expenses to NRT's fixed cost on top of inflation.

Let's move to a look at extended forecast for existing homesale volume. We shared 2015 industry forecast, a few slides back, as you recall, the range of transaction volume growth was 6% to 11% for 2015 with an average of 8%. As a point of reference, the 2014 base was 4.9 million existing homesale units at a median price of $208,000.

For 2016, these forecasters are projecting 4% to 7% existing homesale transaction volume growth with a 6% average. Freddie Mac once again is at the low end of the range and NAR at the high end of the range.

We also calculated on the bottom of the slide where these forecasters are ending up in 2016 in terms of existing homesale units and median price as you can see, NAR indicates that we will be at 5.5 million units at a median price of $225,000 while MBA and GS mortgage monitor are at 5.4 million units with a median price ranging from $214,000 to $220,000.

Freddie trails the other forecasts in homesale units with $5.1 million, but with a $221,000 median price.

Finally on this slide, we show the aggregate existing homesale volume growth forecast of 2015 and 2016 by these organizations, and as you can see, the range of two-year volume growth is from 12% to 21% with an average of 16%.

To summarize, well, it is still too early to have an informed view on 2015 homesale transaction volume trends. Industry forecast continue to hold steady in the range of 6% to 11% growth for the year. While there will be some headwinds on cost in 2015 outside of normal inflation, over the long term, we believe that the rollout of a uniform technology platform to our franchisees will be significantly additive to our earnings trajectory.

We continue to chip away at cash interest expense and we expected to decrease by another 14% in 2015 due to refinancing transactions completed in 2014. We generate a significant amount of free cash flow and have an attractive adjusted EBITDA to free cash flow conversion rate. In the near term, our return of capital to shareholders will be in the form of shifting the composition of our enterprise value from debt to equity. Longer term, we expect to be in a position to return capital to shareholders at the same time as making opportunistic investments to accelerate growth.

And with that, I will call everybody up so we can do q-and-a.

QUESTIONS AND ANSWERS

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

All right. Now, we're going into q-and-a. We've got about 40 minutes for that. If there's a question that this panel can't address, we've got people in the audience who can.

So I think we have roamers with mics so why don't we go ahead and get started. You can address it to any specific person or to me or I'll be your moderator. Yes, sir.

Adam Rudiger - *Wells Fargo - Analyst*

Hi, it's Adam Rudiger from Wells Fargo. I had two questions on Zip. The first one was that it sounds like you're more focused on rolling out to RFGs opposed to NRT. I was wondering if you could explain that because it seems like it could be a good tool to alleviate any splits in NRT. And the second question was how you plan on monetizing it in the rollout of the 300 franchises this year.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

So I'll say -- I'll just comment a little bit and then Alex and Lanny and others can comment.

So NRT is a very large operating company. The Zip platform doesn't contemplate the operating nuances that are necessary to run a company of that size. I mean, literally, their current platform is integrated into their operating metrics, their financial metrics. It's a pretty wholesome sort of fully integrated package that they use to operate NRT.

Now, that said, the Zip technology is being used to generate and manage leads because the Powered by Zip technology is already currently operating in NRT. In fact, NRT was one of the original sort of pilots if you will when they thought about licensing PBC to third parties. So we have a good history of that.

On the franchise side, they're generally smaller. They're simpler so the technology works extraordinarily well for them. It may one day work on a different scale for NRT but it's going to take a lot of work to go there because of the operating nuances that are important to an NRT operating system.

So I don't know if you guys want to comment. Lanny, you want to comment on that?

Lanny Baker - *ZipRealty - CEO*

Well put. I think the -- we -- in our working with other brokerages beyond the ZipRealty brokerage, there really is nobody who operates at the level that NRT does. The discipline, the focus, the execution that they have is really rare in the industry and I'd say that in any context, they're just really a special company. And that is partly built on some of the management tools and systems and the way that they run that organization. It's run as a high performing corporate entity where the -- a lot of the brokerage business is frankly pretty fragmented. These are local businesses.

And so it's just a different platform and I think that while the technology's got great applications, as Richard said, there's an awful lot of process that involves Cartus and everything else that's going on within NRT that is going to continue to run real well. We don't have that much to add to it today and we'll get there to a place where we are able to do it in time.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

You guys have anything that you want to add to that? Okay. Does that answer -- was that --

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Adam Rudiger - *Wells Fargo - Analyst*

(Inaudible - microphone inaccessible) the second part was how you monetize (inaudible - microphone inaccessible) -- the second part of it was how you plan on monetizing the initial rollout if at all.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

We haven't announced to our franchisees exactly how we're going to approach that. I'd hate to do that in this context. However, that said, we think it's an important part of the value proposition. What's the outcome of the rollout, whether it's 300 or 2,000, will be the increased productivity of those brokers and those agents and the much more attractive economics both to the franchisee and to us.

So news at 11:00 but we're thinking about it in the context as part of the value proposition. It creates the entree, if you will, to the Zap store where -- think about this, our agents and our brokers invest substantially on an annual basis and third party technology, little of which has their best interest at heart. We're the franchise who are. We want to see them as part of our franchise system 20 years from now. So we have a real vested interest in making sure they have the right technology, it's effective, it's efficient, most important, it's cost effective.

So they should be buying that from us, not from some third party. So that's the basis for Zap store strategy and I think it's very well founded. I think it's going to be a fascinating part of our franchise offering.

Jason Deleeuw - *Piper Jaffray - Analyst*

Thank you. Jason Deleeuw from Piper Jaffray. For the Zap revenue model subscription base, is that coming from the broker or does that also come from the agent? And do you think this can be -- is this going to eventually be a standalone profitable business overall for Realogy? And then just a little bit more insight on what exactly it's displacing, what technology it's displacing that's currently being used by the brokers and agents? Thank you.

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

I could certainly start on the Zap store vision, it would have products in it for brokers, for managers, and for agents. So it would cover the gamut for whatever technology they may be using now to manage recruiting or some other process in the Company that it would be sort of a menu approach for brokers, managers, and agents as well.

So, it would really be across the platform. Do you have any other thoughts on that? Those are the things that people are buying today off the shelf. And the problem with an off the shelf product is, when you get it back to your office, it doesn't talk to anything that you have and you spend a lot of time integrating. The beauty of this -- well, it would be already be integrated with the platform that they're on.

Lanny Baker - *ZipRealty - CEO*

The only thing I would add is that the Zap store opportunity I think is really transformational for the model of the business, but it all depends upon getting the Zap platform distributed widely across this industry largest network of brokerages. So job number one, by no mistake, is to get the product distributed, adopted, used by the franchisees. And what that opens up to us to deliver to them both in the form of innovations on that platform and opening up other third-party integrations that we can take a ticket on as they pass through that network or that we can build product that are premium upsells think about basic cable and then all of the different packages that ride on top of that at first you got to get everybody lit up on that platform.

So, I think the near-term focus is on deployment and building the network and then we'll -- I think we're working hard today on developing relationships and building our thoughts about how the Zap store come together, but it really comes together over that longer timeframe that we talked about.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

And Jason, size and scale on the revenue opportunity and earnings opportunity to be determined, we're nowhere near publicly saying what that might be. But to the point we've got to get it out there first. So once we have that common platform, then we'll have a different discussion.

Mike Dahl - *Credit Suisse - Analyst*

Hi, and thanks. I'm Mike Dahl from Credit Suisse. Another question on Zap. There are some revenue streams that are clearly separately identifiable but to the extent that a large part of it is just the overall productivity improvement , what will the measurement be internally for let's say you look back three years from now. And this is or is not a success, Lanny, what are you being measured against and how should we think about that?

Lanny Baker - *ZipRealty - CEO*

I think that the royalty model of the RFG business is almost the ideal model to capture value from the kind of technology that we have. So, at the end of the day we will be measured on the growth in cash flow, revenue and cash flow of the RFG business which comes from franchise sales, franchise retention, net effective royalty rate, productivity of the agents, and productivity of the brokerage.

So, those are the key drivers that I think any of us would use and probably you as well, to determine the success of executing on this opportunity.

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

What we're looking at right now is, Mike, from the three-year roll-out, are getting the product out and distributed, so we have annual targets of what we will be expecting for adoption. As I mentioned in my remarks, the broker reaction has been very, very positive at this point then we will look at and have measurement tools as to how many agents are up and using the platform, what happens to their per person productivity overtime.

And then the other thing that I'm going to be looking at is the share of leads that come through the local broker's website, that's a metric that we want to move in a positive direction, so there'll be a lot of things that we'll be evaluating as we go through the process.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

NRT is a little different that's a brokerage model so it's measurable by EBITDA, both through their standalone offices and also they're powered by Zip channels that are embedded in the various different offices. So, the expansion of that into the NRT network is easier to measure. But I'll also comment because when we talk about franchising, if it becomes part of your value proposition, it speaks to the retention of existing agent and franchisees and the attraction of new franchisees.

We have literally sold new franchises on the basis of prospectively to having access to Zip technology already, just with the announcement. So what we thought was going to occur because they existing brokerage industry is desperate for technology that works, we were right, our premise was correct. So, we've already seen that kind of reception from prospective franchisees. In NRT, you're just going to measure EBITDA, attributable to the Zip platform.

Yes, sir?

Unidentified Audience Member

Thanks. Hi, it's Tony Paolone at JPMorgan. A question for Bruce on NRT. Your slides when you showed sort of the tuck-in transactions and the organic growth from hiring, the combined revenue was about a 7% sort of growth and NRT has been running kind of flattish, where's the leakage in the system because those are obviously two pretty big positives, what are sort of the offsets to watch there?

Bruce Zipf - *NRT - President, CEO*

Well, you have the macroeconomics working against you especially in 2014 versus 2013 and 2012 or we didn't get the type of lift we got in 2013 and 2012. The other things is that you do have churn in the industry. We're very fortunate that we retained over 93% of our first and second quartile agents which represent close to 90% of our revenue stream. So, you're going to have a certain focus, you're going to have some of that.

Coupled with the fact that you're always managing profitable market share. We have to make a decision just like many brokers out there is to retain agents is very important for the Company and we want to retain as many productive agents as possible. But you have to offset that against the economics and that's a thing that we do day in and day out.

The other thing about organic growth is -- recruiting an agent is like an annuity. You bring an agent in it takes them 12 to 15, 18 months to get up to speed. So you have to look at this as building blocks coupled with the fact that just -- there's the natural terminations that do occur in the residential brokerage industry that you have to offset the profitable market share against.

Unidentified Audience Member

I have a one second question if I can, maybe for Tony. You guys talked a lot about 2017, it seems like a three-year plan. Is there anything in terms of comp plans or anything like that if you hit a lot of these goals that you presented for 2017 that we need to think about dialing in?

Unidentified Company Representative

Go ahead, Tony.

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

I mean the performance part of our compensation that we were granted in February is based on two factors, one is our share price movement compared to an ETF that sort of mimics the housing market which there is a lot of new home builders and Home Depot and -- it's XHB -- as we compare it against. And then we have a three-year free cash flow generation bogey that we're going to be measured against in 2017 cumulative from 2015, 2016, and 2017, so I guess we'll be measured in 2018 for what happen in those three years.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Previous equity grants also are tied to Tony's point to deleveraging the balance sheet.

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

That was the 2014 grant, so that - we're measured on getting to a certain leverage ratio by the end of 2016.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

It's all performance based. There may be some components not -- but people sitting up here are tied to performance-based equity.

Yes, sir?

Steve Kim - *Barclays - Analyst*

Yes, thanks. Steve Kim, Barclays. I had a couple other questions on the ZipRealty. There was a chart that I thought was really interesting where you talked about the adoption or the likelihood of a transaction given your score, I didn't see a Y-axis on that. I was wondering can you give us a sense for your 91 and above, what is that likelihood of a transaction within the next 90 days. Do you remember off-hand?

Lanny Baker - *ZipRealty - CEO*

Hi, but it's hard to give you an exact score. Let me tell you why. We score each agents platform for that agent. So you could have an agent in California where the transaction market is red hot, every buyer is ready to go, and another agent in Chicago where maybe things aren't moving quite so quickly. And a 91 in California is going to buy yesterday and a 91 in Chicago might not buy for another couple of months, but you're talking about conversion rates when you get up to that top end that are -- agents would be crazy not to spend their time with these people, they're close as a lock as you're going to see in the business.

Steve Kim - *Barclays - Analyst*

Okay, great. That's helpful. I guess another question relates to a comment, I believe, Alex, you made with respect to monetizing or I think you said you want to establish a subscription based revenue stream as you fully leverage the Zip platform. I was curious, does that mean you're going to be charging a fee for the brokers, is that going to be done more on flat fee basis, is it going to be based in transactions, have you figured that out yet?

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

I was referring there to really the marketplace, the concept of the Zap store where agents, rather than buying technology products from third-parties, would be buying it through us because it would be integrated with everything that they have. So that's what I was referring to there, is creating this broad marketplace for brokers and agents, some of that may be provided to them by the brands through their value proposition at no cost, in other cases it may be something that we build or that a third-party provides, so it would really be the assortment of all of that.

Steve Kim - *Barclays - Analyst*

And I guess my last question regarding Zip was with respect to the management of the operation, so I would imagine that over the last several years it's been a very dynamic rapidly changing project you might say that you've been working on. As now part of the Realogy operation, I would imagine some things are going to change in terms of the way maybe certain thresholds before things are launched, maybe the way you test things. Like maybe if you could just help instead of me just wildly guessing what are some of the changes to the management of the organization that you would reasonably expect to encounter and how you would deal with those?

Lanny Baker - *ZipRealty - CEO*

It's a fun question to get from Wall Street because it is sort of the difference between my world as an analyst highly quantitative and spreadsheets and my work over the last decade as an operator. It's a totally different deal. I'd say that one of the things that really was exciting to us in words when we started to talk with Realogy was the expression from Richard, form Alex, and from others that, "Hey, we would like to bring ZipRealty into our company as much to change us as to change you," and that was words at the time it's now six, eight months later and it has been actions.

The involvement of ZipRealty people in decisions, in processes, in direction of brands or different parts of the Company has really been astounding and so welcoming and exciting to us. So in one respect we've been able to project some of the things that we do into the Realogy culture rather than the other way around. I think that as we look at our business probably the biggest thing that I can put my finger on is that ZipRealty's business because it started with web search for consumers inherently has been a buyer driven business over the years.

Last year was our record level of sell side assignments, it was 25% of the ZipRealty brokerage business. About three or four years before we built our seller center, it was 7%, so we made some good progress. We now are in a family of brands that are in many cases sort of the industry standards and champions on the sell side of the business. That gives us a sandbox lab understanding insight to agents, to brokers, to the whole transaction process that we were chipping our way at to learn about but we are now plugged into a huge side of the market that we really could only imagine in the past I guess in some respects.

So, that's an area where we have a huge amount of schooling to do inside ZipRealty to learn more about the way the sell side of the process works through agents. Other decisions, it's been exciting to reallocate our corporate resources. Realogy has world-class finance, benefits, HR, administration, we've been able to sort of take those pieces of ZipRealty, swap into the Realogy format there and with some of those empty seats at ZipRealty add engineers and developers and product people.

So, those are some of the things that come to my head when you ask that question.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

We just completed most of the brand conferences for the year. This is a time when you get all the franchisees in a room, you talk about your marketing plans and your initiatives for the year. Lanny and his team are rock stars. There's an incredible amount of interest in that change in dynamic and that we're at the forefront of it, we're not just talking about it, we're actually doing it, and we made the financial commitment to invest in the future of the industry specifically our franchisees so that they're far more competitive than they would be otherwise. So, we're leading the pack and leading the charge.

And Lanny and his team did a fabulous job of presenting the strategy and it was extremely well-received.

So, he has been -- he and his team have been incredibly well-received by the franchise community, by NRT, and by our Company at large. And he made the right point. He is helping us to adjust to the changing environment.

Yes, sir.

Okay.

Unidentified Company Representative

We'll get you an --

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Behind you. There you go.

Unidentified Audience Member

Hi. Just a couple of quick questions. First of all, on the Zip introductions, you phrased a lot of things now versus 2017. Can you talk about Realogy's and your brokers relationships with Zillow now with the Zip introduction and what will change for them now versus what will change for them in a few years in terms of their relationship with Zillow?

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Let me just speak sort of generally, and then Alex and Lanny. The Zillows, the Trulias, and the 700 others that we use are media channels. They are effective, efficient forms of marketing that have displaced much of the traditional sort of approach in network, television, and radio, et cetera, approach to best presenting the listing to a perspective buyer.

So I see them as totally different issues. Zip is a form of technology that will help us be more efficient and better operators. And at the end of the day, financially, we're better off as a result of the Zip technology.

Zillow and Trulia, and others, there's other 700, even the ones that we own and operate are displacing less effective forms of marketing. And to that extent, that's a financial benefit to us and that's a financial benefit to our franchisees. I don't see it near term or long term being any more than that.

So, Lanny you want to speak to that, or Alex?

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

No. I think really to answer the question, it will be business as usual. Most agents and brokers who market on Zillow and Trulia, they mange and look at their return on the investment. I think third party aggregators will always be there. There will be a place for them in the industry.

I think one of the things that will benefit the franchisee is through the LeadRouter product that was talked about in the past. We're integrating LeadRouter into the Zap platform. So a lead that would come through any portal would go through and be in the same CRM products. And actually, agents could be even more effective in converting those leads. But I really don't see any change as it relates to the third parties.

Lanny Baker - *ZipRealty - CEO*

No. I think you've said it. I don't either. I think that their job is to get the people on their side and off their site as fast as they can. And our job is to get them off the site and closed into a house as fast as we can. So it fits together.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

They should be complimentary.

Unidentified Audience Member

Right. And second, for Tony, of that $1.3 billion of bonds that you had talked about coming to you in the next 12 months, what do you anticipate in terms of refinancing versus use of cash? Thanks.

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

Well, I think the goal is to balance sort of generating enough -- we had $300 million of cash at year-end and obviously we're going to generate more cash this year. So kind of the longer we wait into 2016 to take those out, the more it will be from cash and the less it will be from refinancing. And the sooner -- depending on what the conditions are, the sooner we do, it will be a little more permanent capital as opposed to cash.

So that's really how we're looking at it. And so that really depend on when the right time and the capital markets has to pull the trigger.

And the bottom line is once we get that debt removed and we had moved towards three times leverage we don't want to have too much -- we don't have to repeat these issues that we have now with the left-over P/E debt which is expensive calls and expensive buys and the high rates, and all that kind of stuff. We want to remain as nimble as possible and do it as cost-efficiently as possible.

So it's hard to pinpoint but we don't want to put another $800 million of 5-year or 10-year notes on the balance sheet and then have to deal with calling those notes three or four years from now when we have a lot of cash flow that we're generating, that sort of thing.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Sir.

David Ridley-Lane - *Bank of America Merrill Lynch - Analyst*

It's David Ridley-Lane from BofA Merrill. The franchisees who have lived through the downturn or seen their own EBITDA recovery, they may be a bit more willing now to sell to you or to look to [access] the EBITDA off the trough. So I'm wondering the pipeline here that you're seeing for those tuck-in acquisitions and kind of relative to the best year in your history. Is this shaping up to be pretty strong, better than last year, et cetera?

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

So it's an interesting dynamic. You're correct, franchisees and independent operators survived the storm. They've rebuilt their cash reserves. Their balance sheets look a little better than they would have otherwise. And they're generally about 65 years of age and looking for the opportunity to act. So we have a pretty robust pipeline right now of traditional tuck-in acquisitions.

For those of you who are not familiar with our strategy, we typically acquire firms at five to six times EBITDA that's pre-synergy. It can be much lower based on the size of the firm. I mean, we have acquired companies at two and three times EBITDA pre-synergy. We can generally strip out most of their overhead and add a point, in some cases two points.

You have to be a pretty sizeable, attractive, regional player to justify a six multiple. But there are those out there. So it's a pretty strong pipeline.

We are generally not interested in acquiring franchisees unless it's just incredibly attractive to us. And we do from time to time. If we were to ever think about a franchisee in that regard, it would be because it's strategic to us. We need to be in a market that we otherwise couldn't enter because of that franchisee. And it could be a market where we think our size and scale mean something so we can acquire companies faster by establishing that footprint.

And then there's the vast majority of independents out there who have experienced the same dynamics. So they're ready and willing at some point to at least contemplate how to monetize their company. So it's a pretty strong pipeline.

We're very disciplined but if it doesn't mean our ROI targets, we pass. And we have a good track record of doing that. So it's a good pipeline and it's much in keeping with our established discipline. And so I guess that's important because we've been doing it for a long time. So we know it. We got it down the path. We have teams that can be up and operational in a moment's notice and we're pretty good at that.

Unidentified Audience Member

If I could squeeze one in for Tony. You've done a great job over the last couple of years in consolidating in NRT offices, taking out cost. Sort of looking at the margin guidance, have we reached kind of the end of the road on that or is there other factors in 2015 that are increasing cost a little bit more?

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

I think, Bruce, I think all of your offices are currently EBITDA positive.

Bruce Zipf - *NRT - President, CEO*

Right.

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

So there's really not any obvious office closures. They're also at 60% capacity utilization so there's a big opportunity to grow those, adding agents through recruiting in our tuck-ins. But I think the other area obviously was TRG last year dramatically cut back on their staffing once they saw the writing on the wall on the decline on the refi business so that flexes up and down. They're very good at flexing up and down to take advantage of the market opportunity and getting out when getting is good.

But I don't see anything dramatic in the current cost structure. But unless -- if the market does what the experts are saying it's going to do this year, I don't see anything. If the experts are wrong, I would have a different view. But if it's a lot lower than what they say but based on what we're seeing, I don't see any big pockets.

Yes, sir.

Brandon Dobell - *William Blair - Analyst*

Thanks. Brandon Dobell from William Blair. A question for Bruce -- what should our expectations be in 2015 for agent recruiting and should we expect any kind of a mix change from the inexperienced to more experienced agents or vice versa? Thanks.

Bruce Zipf - *NRT - President, CEO*

I believe it will be more than the same. I know my comments were that we did focus on the newer agent but we had a significant amount of experienced agents that were brought in to the mix too. So we want to focus on agents that we believe have the best abilities to be productive in the relatively shortest period of time and want to be in the business. And that's all an extreme focus that we have in NRT on recruiting those agents that we believe have the best possibility of being productive agents for us.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Way back. There you go. Yes, sir.

Lloyd Walmsly - *Deutsche Bank - Analyst*

Thanks. Lloyd Walmsly from Deutsche Bank. Wanted to just get your take as Zillow announced yesterday a new listing feed deal with you all. You've historically had a pretty good deal with them that you've been able to pass along to your agents. To what extent is -- are they in a better position because of the scale of Trulia versus I guess, on the other side, are they in a worse position because they're losing their feeds from ListHub? Like how did that negotiation go? Are you still able to get pretty good terms for your agents there?

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

As it relates to that announcement, we have been distributing our brokers listings to Zillow and Trulia since the inception of both of those companies. However, it was done through the third party of ListHub.

When that agreement went away between ListHub and Zillow and Trulia, what we did was send the listings directly. So really nothing changed in that regard. So it was really just business as usual with the exception that they're coming directly from us rather than through ListHub.

Lloyd Walmsly - *Deutsche Bank - Analyst*

And so no -- it was not a part of a broader negotiations on how you interact with them?

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

No. That was our agreement was that we would distribute. When that went away, we just figured a way to send them those listings directly and that's what we worked on for the last few weeks. So really no change at all.

Lloyd Walmsly - *Deutsche Bank - Analyst*

Thanks.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Yes sir.

Anto Savarirajan - *Goldman Sachs - Analyst*

[Anto Savarirajan], Goldman Sachs. When you spoke about 4.5% being a stabilized net effective royalty rate, can you walk us through how things have changed over the past, call it, seven or eight years? I believe it was in the 4.7%, 4.9% range back in '05, '06. How are volume discounts being recalculated, reset? Are there a few structural issues that maybe limit you from going from 4.5% to a little higher?

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

Tony.

Tony Hull - *Realogy Holdings Corporation - CFO, Treasurer*

I just want to make one point on that which is that one of the big reasons why it went down to this sort of new level of 4.5% is because during the downturn, we went from 4,000 franchisees to 3,000 franchisees. That was us terminating franchisees, not franchisees terminating us, because they weren't paying us. So a lot of those franchises as you imagine were the smaller franchisees who had difficulty surviving during the downturn. They were more 6% payers if they paid us, which they didn't. They started not to anyway.

So I think that was the biggest shift to this kind of new level. And if you look at sort of the percentage of -- we'd look at the percentage of our top 250 out of 3,000 franchisees, what they contribute. It was probably during 2005, 2006, it was probably 50%, 55% and now it's up 60% coming from that top 250. So, just that shift in mix took that net effective royalty rate down. That was the biggest driver.

Alex Perriello - *Realogy Holdings Corporation - President & CEO - Realogy Franchise Group*

I think Tony pretty much summed it up. It was really those two dynamics. And then the top 250, when the market improved in 2012, 2013, our top 250 companies performed much better than everyone else. Everyone was up but the top 250 primarily in major markets, in higher priced markets, they did materially better.

So I think we're seeing really, as I mentioned, a stabilization of that now. Things seem to be reliable as to what's going on as to percentages and in the mix of business.

Richard Smith - *Realogy Holdings Corporation - Chairman, CEO, President*

But just to make sure everybody understands, this is how our business works. We incentivize franchisees to outperform and when they outperform, they get a lower net effective rate. If I gave you a 6% year you would be most unhappy because that would reflect a very poor, weak market. So as that numbers under pressure, we do have structural mechanisms to adjust.

So we've changed thresholds every year, we tried to adjust to the market, and franchisees know that. They know, to achieve those lower thresholds, they have to achieve higher performance. And that accrues to our benefit and also to theirs. And that's just the way our business works.

This is how we use capital to encourage growth at virtually no cost to us because the upside is fairly substantial. So it's pretty common in a lot of industries. You have a higher gross fee and you have a net fee based on the performance of the individual franchisee. So that's the way it works for us as well.

We'll probably have one more question and we'll go right to lunch. And before everyone breaks and hits the door. It would be helpful I think to you to sit at one of these tables for lunch because you're going to be sitting with the senior leadership, people who are well-versed on issues that may be very important to you and it will be a unique opportunity for you to ask questions without any of us present.

So anyway, let me go to one last question.

Right. I never sell past the close. So we're done. So this will conclude the webcast. For those who have joined us on the webcast, thank you. Next time, hopefully, you can be here in person. Let's conclude the comments, go right to lunch.

And then at the close of lunch, I think it's very important that you see this live demonstration. It's extremely interesting and very informative. And Lanny and Jamie will walk you through a live demonstration of the Zap technology. So thank you very much and enjoy your lunch.
