

REALOGY CORP
Form 424B3
August 03, 2011
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-173250

Prospectus Supplement No. 1

(to prospectus dated June 16, 2011)

Realogy Corporation

Up to \$1,143,706,000 11.00% Series A Convertible Senior Subordinated Notes due 2018

Up to \$291,424,196 11.00% Series B Convertible Senior Subordinated Notes due 2018

Up to \$675,111,000 11.00% Series C Convertible Senior Subordinated Notes due 2018

and

Domus Holdings Corp.

Class A Common Stock Issuable upon Conversion of the Notes

This prospectus supplement is being filed to update and supplement the information contained in the prospectus dated June 16, 2011, covering resales by selling securityholders of Realogy Corporation's 11.00% Series A Convertible Senior Subordinated Notes due 2018 (the "Series A Convertible Notes"), (ii) 11.00% Series B Convertible Senior Subordinated Notes due 2018 (the "Series B Convertible Notes") and (iii) \$ 11.00% Series C Convertible Senior Subordinated Notes due 2018 (the "Series C Convertible Notes" and, together with the Series A Convertible Notes and the Series B Convertible Notes, the "notes") and the Class A Common Stock of Domus Holdings Corp., par value \$0.01 per share ("Class A Common Stock"), issuable upon conversion of the notes, with the information contained in our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, filed with the Securities and Exchange Commission (the "SEC") on August 3, 2011, to correct the amounts of notes and Class A Common Stock beneficially owned by a selling securityholder previously identified in the table of selling securityholders on page 165 of the prospectus and to supplement the disclosure on page 271 of the prospectus under the heading "Experts."

This prospectus supplement updates and supplements the information in the prospectus and is not complete without, and may not be delivered or utilized except in combination with, the prospectus, including any amendments or supplements thereto. This prospectus supplement should be read in conjunction with the prospectus and if there is any inconsistency between the information in the prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Investing in the notes and the Class A Common Stock issuable upon conversion of the notes involves risks. See "Risk Factors" beginning on page 21 of the prospectus.

Neither the SEC nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the prospectus or this prospectus supplement. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is August 3, 2011.

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended June 30, 2011

OR

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the transition period from to

Commission File Nos. 333-173250, 333-173254 and 333-148153

DOMUS HOLDINGS CORP.

REALOGY CORPORATION

(Exact name of registrants as specified in its charter)

Delaware
*(State or other jurisdiction
of incorporation or organization)*

20-8050955 and 20-4381990
(I.R.S. Employer

Identification Numbers)

One Campus Drive

Parsippany, NJ
(Address of principal executive offices)

07054
(Zip Code)

(973) 407-2000

(Registrants telephone number, including area code)

Indicate by check mark whether the Registrants (1) have filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrants were required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrants have submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the Registrants are large accelerated filers, accelerated filers, non-accelerated filers, or smaller reporting companies. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the Registrants are shell companies (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 105,000 shares of Class A Common Stock, \$0.01 par value, and 200,426,906 shares of Class B Common Stock, \$0.01 par value, of Domus Holdings Corp. outstanding as of August 1, 2011. There were 100 shares of Common Stock, \$0.01 par value, of Realogy Corporation outstanding as of August 1, 2011.

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INTRODUCTORY NOTE

Except as otherwise indicated or unless the context otherwise requires, the terms we, us, our, our company and the Company refer to Domus Holdings Corp. (Holdings) and its consolidated subsidiaries, including Domus Intermediate Holdings Corp., a Delaware limited liability company (Intermediate) and Realogy Corporation, a Delaware corporation (Realogy). Holdings is not a party to the senior secured credit facility and certain references in this report to our consolidated indebtedness exclude Holdings with respect to indebtedness under the senior secured credit facility. In addition, while Holdings is a guarantor of Realogy s obligations under the Unsecured Notes and the First and a Half Lien Notes, Holdings is not subject to the restrictive covenants in the agreements governing such indebtedness. Holdings, the indirect parent of Realogy, does not conduct any operations other than with respect to its indirect ownership of Realogy. Intermediate, the parent of Realogy, does not conduct any operations other than with respect to its ownership of Realogy. As a result, the condensed consolidated financial positions, results of operations and cash flows of Holdings, Intermediate and Realogy are the same.

FORWARD-LOOKING STATEMENTS

Forward-looking statements in our public filings or other public statements are subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other public statements. These forward-looking statements were based on various facts and were derived utilizing numerous important assumptions and other important factors, and changes in such facts, assumptions or factors could cause actual results to differ materially from those in the forward-looking statements. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives, as well as projections of macroeconomic trends, which are inherently unreliable due to the multiple factors that impact economic trends, and any such variations may be material. Statements preceded by, followed by or that otherwise include the words believes, expects, anticipates, intends, projects, estimate, plans, and similar expressions or future or conditional verbs such as will, should, would, may and could are generally forward looking in and not historical facts. You should understand that the following important factors could affect our future results and cause actual results to differ materially from those expressed in the forward-looking statements:

we have substantial leverage as a result of our April 2007 acquisition by affiliates of Apollo Management VI, L.P. and the related financings (the Merger Transactions). In addition since the Merger Transactions, we have needed to incur additional debt in order to fund negative cash flows, principally due to the significant level of interest expense arising from our substantial leverage. As of June 30, 2011, our total debt (excluding the securitization obligations) was \$7,133 million. The housing industry and economy have experienced significant declines since the time of the Merger Transactions that have negatively impacted our operating results. As a result, we have been, and continue to be, challenged by our heavily leveraged capital structure and significant level of interest expense;

variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase. At June 30, 2011, \$2,318 million of our total debt (excluding the securitization obligations and net of interest rate hedges) were at variable rates of interest. Were interest rates to increase 100 basis points (1% change in the interest rate) on our variable rate borrowings, our interest expense would increase by approximately \$23 million;

under our senior secured credit facility, our senior secured leverage ratio of total senior secured net debt to trailing 12-month EBITDA, as those terms are defined in the senior secured credit facility, calculated on a pro forma basis pursuant to the senior secured credit facility, may not exceed 4.75 to 1 on the last day of each fiscal quarter. For the twelve months ended June 30, 2011, we were in compliance with the senior secured leverage ratio covenant with a ratio of 4.38 to 1.0. While the housing market has shown signs of stabilization, there remains substantial uncertainty with respect to the timing and scope of a housing recovery and if a housing recovery is delayed or is weak, we may be subject to additional pressure in maintaining compliance with our senior secured leverage ratio;

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if we experience an event of default under our senior secured credit facility, including but not limited to a failure to meet our cash interest obligations under such facility, or under our indentures or relocation securitization facilities, or a failure to maintain, or a failure to cure a default of, the applicable senior secured leverage ratio under such instruments, or other lack of liquidity caused by substantial leverage and the adverse conditions in the housing market, such an event would materially and adversely affect our financial condition, results of operations and business;

adverse developments or the absence of sustained improvement in general business, economic, employment and political conditions;

adverse developments or the absence of improvement in the U.S. residential real estate markets, either regionally or nationally, including but not limited to:

a lack of sustained improvement in the number of homesales, further declines in home prices and/or a deterioration in other economic factors that particularly impact the residential real estate market and the business segments in which we operate;

a lack of improvement in consumer confidence;

the impact of this recession or future recessions, slow economic growth and high levels of unemployment in the U.S. and abroad;

increasing mortgage rates and down payment requirements and/or reduced availability of mortgage financing, including but not limited to the potential impact of various provisions of the Dodd-Frank Act and regulations which may be promulgated thereunder relating to mortgage financing, including restrictions imposed on mortgage originators as well as retention levels required to be maintained by sponsors to securitize mortgages;

legislative, tax or regulatory changes that would adversely impact the residential real estate market, including but not limited to potential reform relating to Fannie Mae, Freddie Mac and other government sponsored entities that provide liquidity to the U.S. housing and mortgage markets, as well as, any impact of the April 2011 orders issued by U.S. regulators to 14 financial institutions requiring tighter processes and controls relating to foreclosures as well as any future related actions taken by Federal and state regulators;

negative trends and/or a negative perception of the market trends in value for residential real estate;

continuing high levels of foreclosure activity including but not limited to the release of homes for sale by financial institutions;

excessive or insufficient regional home inventory levels;

the inability or unwillingness of homeowners to enter into homesale transactions due to negative equity in their existing homes;

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lower homeownership rates due to various factors, including, but not limited to, high unemployment levels, reduced demand or preferred use by households of rental housing due in part to uncertainty regarding future home values;

our geographic and high-end market concentration relating in particular to our company-owned brokerage operations; and

local and regional conditions in the areas where our franchisees and brokerage operations are located;

our inability to access capital and/or to securitize certain assets of our relocation business, either of which would require us to find alternative sources of liquidity, which may not be available, or if available, may not be on favorable terms;

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limitations on flexibility in operating our business due to restrictions contained in our debt agreements;

our inability to sustain the improvements we have realized during the past several years in our operating efficiency through cost savings and business optimization efforts;

any remaining resolutions or outcomes with respect to Cendant's (as defined herein) contingent and corporate tax liabilities under the Separation and Distribution Agreement and the Tax Sharing Agreement, including any adverse impact on our future cash flows;

competition in our existing and future lines of business, including, but not limited to, higher costs to retain or attract sales agents for residential real estate brokerages, and the financial resources of competitors;

our failure to comply with laws and regulations and any changes in laws and regulations;

adverse effects of natural disasters or environmental catastrophes;

our failure to enter into or renew franchise agreements, maintain franchisee satisfaction with our brands or the inability of franchisees to survive the ongoing challenges of the real estate market;

disputes or issues with entities that license us their trade names for use in our business that could impede our franchising of those brands;

actions by our franchisees that could harm our business or reputation, non-performance of our franchisees or controversies with our franchisees;

seasonal fluctuations in the residential real estate brokerage business could adversely affect our business, financial condition and liquidity, particularly during periods in which we have significant fixed cash obligations;

the loss of any of our senior management or key managers or employees;

the cumulative effect of adverse litigation, governmental proceedings or arbitration awards against us and the adverse effect of new regulatory interpretations, rules and laws, including any changes that would (1) require classification of independent contractors to employee status, (2) place additional limitations or restrictions on affiliated transactions, which would have the effect of limiting or restricting collaboration among our business units, (3) interpret the Real Estate Settlement Procedures Act (RESPA) in a manner that would adversely affect our operations and business arrangements, or (4) require significant changes in the manner in which we support our franchisees; and

new types of taxes or increases in state, local or federal taxes that could diminish profitability or liquidity.

Other factors not identified above, including those described under the headings "Forward-Looking Statements" and "Risk Factors" in our Final Prospectus dated June 16, 2011 covering the resale of the Realty Corporation 11.00% Senior Subordinated Convertible Notes (the "Convertible Notes") and the Class A Common Stock of Domus Holdings Corp. issuable upon conversion of the Convertible Notes (the "June 2011 Final Prospectus"), filed with the Securities and Exchange Commission ("SEC"), may also cause actual results to differ materially from those described

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in our forward-looking statements. Most of these factors are difficult to anticipate and are generally beyond our control. You should consider these factors in connection with considering any forward-looking statements that may be made by us and our businesses generally.

Except for our ongoing obligations to disclose material information under the federal securities laws, we undertake no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events unless we are required to do so by law. For any forward-looking statement contained in our public filings or other public statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

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PART I FINANCIAL INFORMATION

**Item 1. Financial Statements.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of Domus Holdings Corp. and Realogy Corporation:

We have reviewed the accompanying condensed consolidated balance sheets of Domus Holdings Corp. and its subsidiaries and Realogy Corporation and its subsidiaries as of June 30, 2011, and the related condensed consolidated statements of operations for the three and six-month periods ended June 30, 2011 and June 30, 2010 and the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2011 and June 30, 2010. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2010, and the related consolidated statements of operations, equity (deficit) and cash flows for the year then ended (not presented herein), and in our report dated April 1, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of June 30, 2011, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey
August 3, 2011

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DOMUS HOLDINGS CORP. AND REALOGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2011	2010	June 30, 2011	2010
Revenues				
Gross commission income	\$ 873	\$ 941	\$ 1,448	\$ 1,529
Service revenue	192	185	356	321
Franchise fees	70	81	121	136
Other	44	46	85	86
Net revenues	1,179	1,253	2,010	2,072
Expenses				
Commission and other agent-related costs	577	612	951	989
Operating	317	310	635	610
Marketing	54	50	97	96
General and administrative	56	57	127	135
Former parent legacy costs (benefit), net	(12)	(314)	(14)	(309)
Restructuring costs	3	4	5	10
Depreciation and amortization	47	49	93	99
Interest expense/(income), net	161	155	340	307
Loss on the early extinguishment of debt			36	
Other (income)/expense, net		(3)		(6)
Total expenses	1,203	920	2,270	1,931
Income (loss) before income taxes, equity in earnings and noncontrolling interests	(24)	333	(260)	141
Income tax expense	1	118	2	124
Equity in earnings of unconsolidated entities	(4)	(8)	(4)	(9)
Net income (loss)	(21)	223	(258)	26
Less: Net income attributable to noncontrolling interests	(1)	(1)	(1)	(1)
Net income (loss) attributable to Domus Holdings and Realogy	\$ (22)	\$ 222	\$ (259)	\$ 25
Earnings (loss) per share attributable to Domus Holdings:				
Basic earnings (loss) per share:	\$ (0.11)	\$ 1.11	\$ (1.29)	\$ 0.12
Diluted earnings (loss) per share:	\$ (0.11)	\$ 1.11	\$ (1.29)	\$ 0.12
Domus Holdings weighted average common and common equivalent shares outstanding:				
Basic:	200.4	200.4	200.4	200.3
Diluted:	200.4	200.4	200.4	200.3

See Notes to Condensed Consolidated Financial Statements.

Table of Contents**DOMUS HOLDINGS CORP. AND REALOGY CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS****(In millions)****(Unaudited)**

	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 154	\$ 192
Trade receivables (net of allowance for doubtful accounts of \$66 and \$67)	149	114
Relocation receivables	428	386
Relocation properties held for sale	19	21
Deferred income taxes	68	76
Other current assets	104	109
Total current assets	922	898
Property and equipment, net	174	186
Goodwill	2,612	2,611
Trademarks	732	732
Franchise agreements, net	2,875	2,909
Other intangibles, net	461	478
Other non-current assets	204	215
Total assets	\$ 7,980	\$ 8,029
LIABILITIES AND EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 199	\$ 203
Securitization obligations	328	331
Due to former parent	80	104
Revolving credit facilities and current portion of long-term debt	294	194
Accrued expenses and other current liabilities	519	525
Total current liabilities	1,420	1,357
Long-term debt	6,839	6,698
Deferred income taxes	880	883
Other non-current liabilities	157	163
Total liabilities	9,296	9,101
Commitments and contingencies (Notes 9 and 10)		
Equity (deficit):		
Domus Holdings common stock: \$.01 par value; 4,450,000,000 shares authorized, 105,000 Class A shares outstanding, 200,426,906 Class B shares outstanding at June 30, 2011 and 200,430,906 Class B shares outstanding at December 31, 2010 (Realogy common stock: \$.01 par value, 100 shares authorized, issued and outstanding)		
	2	2
Additional paid-in capital	2,028	2,024
Accumulated deficit	(3,329)	(3,070)
Accumulated other comprehensive loss	(18)	(30)

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Total Holdings and Realogy stockholder s deficit	(1,317)	(1,074)
Noncontrolling interests	1	2
Total equity (deficit)	(1,316)	(1,072)
Total liabilities and equity (deficit)	\$ 7,980	\$ 8,029

See Notes to Condensed Consolidated Financial Statements.

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DOMUS HOLDINGS CORP. AND REALOGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

(Unaudited)

	Six Months Ended	
	June 30,	
	2011	2010
Operating Activities		
Net income (loss)	\$ (258)	\$ 26
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	93	99
Deferred income taxes	(1)	120
Amortization of deferred financing costs and discount on unsecured notes	9	15
Loss on the early extinguishment of debt	36	
Equity in (earnings) losses of unconsolidated entities	(4)	(9)
De-designation of cash flow interest rate swaps	17	
Other adjustments to net loss	10	9
Net change in assets and liabilities, excluding the impact of acquisitions and dispositions:		
Trade receivables	(32)	(26)
Relocation receivables and advances	(41)	(29)
Relocation properties held for sale	2	24
Other assets	(8)	(7)
Accounts payable, accrued expenses and other liabilities	(1)	58
Due (to) from former parent	(23)	(311)
Other, net	7	(7)
Net cash used in operating activities	(194)	(38)
Investing Activities		
Property and equipment additions	(25)	(21)
Net assets acquired (net of cash acquired) and acquisition-related payments	(4)	(2)
Net proceeds from sale of assets		5
Proceeds from (purchases of) certificates of deposits, net	9	(10)
Change in restricted cash	1	2
Other, net	(5)	
Net cash used in investing activities	(24)	(26)
Financing Activities		
Net change in revolving credit facilities	125	110
Proceeds from issuance of First and a Half Lien Notes	700	
Proceeds from term loan extension	98	
Repayments of term loan credit facility	(703)	(16)
Net change in securitization obligations	(4)	(13)
Debt issuance costs	(34)	
Other, net	(3)	(7)
Net cash provided by financing activities	179	74
Effect of changes in exchange rates on cash and cash equivalents	1	

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Net decrease in cash and cash equivalents	(38)	10
Cash and cash equivalents, beginning of period	192	255
Cash and cash equivalents, end of period	\$ 154	\$ 265

Supplemental Disclosure of Cash Flow Information

Interest payments (including securitization interest expense)	\$ 287	\$ 274
Income tax payments (refunds), net	\$ 2	\$ 5

See Notes to Condensed Consolidated Financial Statements.

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DOMUS HOLDINGS CORP. AND REALOGY CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise noted, all amounts are in millions)

(Unaudited)

1. BASIS OF PRESENTATION

Domus Holdings Corp., a Delaware corporation (Holdings) is a holding company for its wholly owned subsidiary, Domus Intermediate Holdings Corp. (Intermediate). Intermediate is a holding company for its wholly owned subsidiary, Realogy Corporation, a Delaware corporation (Realogy), and its subsidiaries (Holdings, Intermediate and Realogy and its subsidiaries being referred to herein collectively as the Company). Holdings derives all of its operating income and cash flows from Realogy and its subsidiaries.

Holdings was incorporated on December 14, 2006. On December 15, 2006, Holdings and its wholly owned subsidiary Domus Acquisition Corp., entered into an agreement and plan of merger (the Merger) with Realogy which was consummated on April 10, 2007 with Holdings becoming the indirect parent company of Realogy. Holdings is owned by investment funds affiliated with, or co-investment vehicles managed by, Apollo Management VI, L.P., an entity affiliated with Apollo Management, L.P. (collectively referred to as Apollo) and members of the Company s management. As of June 30, 2011, all of Realogy s issued and outstanding common stock was currently owned by Intermediate, a direct wholly-owned subsidiary of Holdings.

Realogy is a global provider of real estate and relocation services. Realogy was incorporated on January 27, 2006 to facilitate a plan by Cendant Corporation (now known as Avis Budget Group, Inc.) to separate into four independent companies one for each of Cendant s business units real estate services or Realogy, travel distribution services (Travelport), hospitality services, including timeshare resorts (Wyndham Worldwide), and vehicle rental (Avis Budget Group). On July 31, 2006, the separation (Separation) from Cendant became effective.

Realogy incurred indebtedness in connection with the Merger which included borrowings under Realogy s senior secured credit facility (the Senior Secured Credit Facility) and the issuance of unsecured notes. See Note 6, Short and Long-Term Debt for additional information on the indebtedness incurred related to the Merger and for additional information related to the senior secured leverage ratio that Realogy is required to maintain. An equity contribution to the Company of \$2,001 million was also made by Apollo as well as members of Realogy s management who purchased Holdings common stock with cash or through rollover equity. Realogy also refinanced the credit facilities covering the relocation securitization facilities (the Securitization Facilities Refinancing). The term Merger Transactions refer to, collectively, (1) the Merger, (2) the issuance of unsecured notes, (3) the initial borrowings under the Senior Secured Credit Facility, including the synthetic letter of credit facility, (4) the equity investment, and (5) the Securitization Facilities Refinancing.

The accompanying Condensed Consolidated Financial Statements include the financial statements of both Holdings and Realogy and these statements have been prepared in accordance with accounting principles generally accepted in the United States of America and with Article 10 of Regulation S-X. Interim results may not be indicative of full year performance because of seasonal and short-term variations. The Company has eliminated all material intercompany transactions and balances between entities consolidated in these financial statements. In presenting the Condensed Consolidated Financial Statements, management makes estimates and assumptions that affect the amounts reported and the related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ materially from those estimates.

Holdings only asset is its investment in the common stock of Intermediate, and Intermediate s only asset is its investment in the common stock of Realogy. Holdings only obligations are its guarantees of certain borrowings of Realogy. All expenses incurred by Holdings and Intermediate are for the benefit of Realogy and have been reflected in Realogy s consolidated financial statements. All issuances of Holdings equity securities,

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including grants of stock options and restricted stock by Holdings to employees and directors of Realogy and its subsidiaries have been reflected in Realogy's condensed consolidated financial statements. As a result, the condensed consolidated financial positions, results of operations and cash flows of Holdings, Intermediate and Realogy are the same. Total equity (deficit) for Holdings is equal to Realogy, however, the common stock and additional paid-in capital components are different by \$2 million. Holdings has \$2 million for the par value of common stock and \$2 million less additional paid in capital as compared to Realogy. In management's opinion, the accompanying Condensed Consolidated Financial Statements reflect all normal and recurring adjustments necessary to present fairly the Realogy and Holdings' financial position as of June 30, 2011 and the results of operations and cash flows for the three and six months ended June 30, 2011 and 2010.

As the interim Condensed Consolidated Financial Statements are prepared using the same accounting principles and policies used to prepare the annual financial statements, they should be read in conjunction with the Consolidated Financial Statements for the year ended December 31, 2010 included in the June 2011 Final Prospectus.

Refinancing Transactions

In January and February 2011, the Company refinanced certain of its outstanding indebtedness by (1) consummating private debt exchange offers exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), for its existing unsecured notes pursuant to which Realogy issued new unsecured notes due in 2017 and 2018 and convertible notes due in 2018 that are convertible at the holder's option into Class A Common Stock of Holdings which has a par value of \$0.01 per share ("Class A Common Stock") (the "Debt Exchange Offering"), (2) amending and extending Realogy's senior secured credit facility (the "Senior Secured Credit Facility Amendment") which, among other things, extended the maturity of a significant portion of the first lien term loans and revolving commitments thereunder, and (3) issuing \$700 million principal amount of 7.875% senior secured notes due in 2019 (the "First and a Half Lien Notes" and, together with the Debt Exchange Offering and the Senior Secured Credit Facility Amendment, the "Refinancing Transactions"), the net proceeds of which were used to prepay outstanding term loans under the Senior Secured Credit Facility. The Refinancing Transactions, among other things, reduced the Company's total senior secured debt for purposes of calculating the financial covenant under the Senior Secured Credit Facility, which requires that Realogy maintain a senior secured leverage ratio of total senior secured net debt to trailing 12-month Adjusted EBITDA (as defined in Note 6, "Short and Long-Term Debt"), that may not exceed a maximum amount on the last day of each fiscal quarter. At June 30, 2011, the maximum permitted ratio was 4.75 to 1 and Realogy was in compliance with the senior secured leverage covenant with a senior secured leverage ratio of 4.38 to 1. See Note 6, "Short and Long-Term Debt" for additional information related to the Refinancing Transactions.

Amended and Restated Certificate of Incorporation

On January 5, 2011, in connection with the consummation of the Debt Exchange Offering, Holdings amended and restated its certificate of incorporation. Under its amended and restated certificate of incorporation, Holdings has the authority to issue up to 4,500,000,000 shares, of which Holdings has the authority to issue 4,200,000,000 shares of Class A Common Stock, \$0.01 par value (the "Class A Common Stock"), 250,000,000 shares of Class B Common Stock, \$0.01 par value and 50,000,000 shares of Preferred Stock, \$0.01 par value. Pursuant to Holdings' amended and restated certificate of incorporation, the outstanding shares of common stock of Holdings were reclassified on a share-for-share basis into shares of Class B Common Stock, the voting of which is controlled by Apollo.

The Convertible Notes are convertible to shares of Class A Common Stock upon conversion. Each share of Class A Common Stock has one vote per share, and each share of Class B Common Stock has five votes per share. The Class B Common Stock will automatically convert into Class A Common Stock on a share-for-share basis once (i) Apollo converts all of the Convertible Notes it received in the Debt Exchange Offering into shares of Class A Common Stock or (ii) upon a Qualified Public Offering, provided that such conversion would not result in a change of control of Realogy under the Senior Secured Credit Facility or any of Realogy's other debt arrangements.

Table of Contents**Earnings (loss) per share attributable to Holdings:**

Basic earnings per share is computed based upon weighted-average shares outstanding during the period. Dilutive earnings per share is computed consistently with the basic computation while giving effect to all dilutive potential common shares and common share equivalents that were outstanding during the period. Holdings uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards and unexercised options.

The Company was in a net loss position for the three and six months ended June 30, 2011 and therefore the impact of stock options, restricted stock and the three series of convertible notes were excluded from the computation of dilutive earnings (loss) per share as the inclusion of such amounts would be anti-dilutive. The number of shares of common stock issuable under the stock options, restricted stock and the convertible notes that were excluded from the computation was 17 million, 0.1 million and 2,026 million, respectively.

Derivative Instruments

The Company uses foreign currency forward contracts largely to manage its exposure to changes in foreign currency exchange rates associated with its foreign currency denominated receivables and payables. The Company primarily manages its foreign currency exposure to the Swiss Franc, Canadian Dollar, British Pound and Euro. The Company has elected not to utilize hedge accounting for these forward contracts; therefore, any change in fair value is recorded in the Condensed Consolidated Statements of Operations. However, the fluctuations in the value of these forward contracts generally offset the impact of changes in the value of the underlying risk that they are intended to economically hedge. As of June 30, 2011, the Company had outstanding foreign currency forward contracts with a fair value of less than \$1 million and a notional value of \$20 million. As of December 31, 2010, the Company had outstanding foreign currency forward contracts with a fair value of less than \$1 million and a notional value of \$18 million.

The Company also enters into interest rate swaps to manage its exposure to changes in interest rates associated with its variable rate borrowings. The Company has two interest rate swaps with an aggregate notional value of \$425 million to hedge the variability in cash flows resulting from the term loan facility. One swap, with a notional value of \$225 million, expires in July 2012 and the other swap, with a notional value of \$200 million, expires in December 2012. The Company is utilizing pay fixed interest swaps (in exchange for floating LIBOR rate based payments) to perform this hedging strategy. The derivatives were being accounted for as cash flow hedges in accordance with the FASB's derivative and hedging guidance and the unfavorable fair market value of the swaps was recorded within Accumulated Other Comprehensive Income/(Loss) (AOCI) at December 31, 2010. Following the completion of the Refinancing Transactions, the Company was not able to maintain hedge effectiveness in accordance with the accounting guidance. As a result, the interest rate swaps were de-designated as cash flow hedging instruments and the fair value of \$17 million was reclassified from AOCI and recognized in interest expense in the Condensed Consolidated Statements of Operations during the first quarter of 2011.

The fair value of derivative instruments was as follows:

Liability Derivatives		June 30, 2011	December 31, 2010
Designated as Hedging Instruments	Balance Sheet Location	Fair Value	Fair Value
Interest rate swap contracts	Other non-current liabilities	\$	\$ 17
Not Designated as Hedging Instruments			
Interest rate swap contracts	Other non-current liabilities	\$ 13	\$

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The effect of derivative instruments on earnings was as follows:

Derivatives in Cash Flow	Gain or (Loss) Recognized in Other Comprehensive Income		Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain or (Loss) Reclassified from AOCI into Income	
	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010		Three Months Ended June 30, 2011	Three Months Ended June 30, 2010
	Hedge Relationships				
Interest rate swap contracts	\$	\$ 3	Interest expense	\$	\$ (6)

Derivatives in Cash Flow	Gain or (Loss) Recognized in Other Comprehensive Income		Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	Gain or (Loss) Reclassified from AOCI into Income	
	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010		Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	Hedge Relationships				
Interest rate swap contracts	\$	\$ 6	Interest expense	\$ (17)	\$ (13)

Derivative Instruments Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized		Gain or (Loss) Recognized in Income on Derivative	
	in Income for Derivative Instruments		Three Months Ended June 30, 2011	Three Months Ended June 30, 2010
	Interest rate swap contracts	Interest expense		\$ 2
Foreign exchange contracts	Operating expense		\$	\$ 1

Derivative Instruments Not Designated as Hedging Instruments	Location of Gain or (Loss) Recognized		Gain or (Loss) Recognized in Income on Derivative	
	in Income for Derivative Instruments		Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	Interest rate swap contracts	Interest expense		\$ 4
Foreign exchange contracts	Operating expense		\$ (1)	\$ 1

Financial Instruments

The following tables present the Company's assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value.

Level Input:	Input Definitions:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The availability of observable inputs can vary from asset to asset and is affected by a wide variety of factors, including, for example, the type of asset, whether the asset is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized

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in Level III. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of financial instruments is generally determined by reference to quoted market values. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques, as appropriate. The fair value of interest rate swaps is determined based upon a discounted cash flow approach that incorporates counterparty and performance risk and therefore is categorized in Level III.

The following table summarizes fair value measurements by level at June 30, 2011 for assets/liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Derivatives				
Interest rate swaps (primarily included in other non-current liabilities)	\$	\$	\$ 13	\$ 13
Deferred compensation plan assets (included in other non-current assets)	2			2

The following table summarizes fair value measurements by level at December 31, 2010 for assets/liabilities measured at fair value on a recurring basis:

	Level I	Level II	Level III	Total
Derivatives				
Interest rate swaps (primarily included in other non-current liabilities)	\$			