

REALOGY HOLDINGS CORP.
Form 10-K
February 24, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2015

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 No. 001-35674

REALOGY HOLDINGS CORP.

(Exact name of registrant as specified in its charter)

20-8050955

(I.R.S. Employer Identification Number)

Commission File No. 333-148153

REALOGY GROUP LLC

(Exact name of registrant as specified in its charter)

20-4381990

(I.R.S. Employer Identification Number)

Delaware

(State or other jurisdiction of incorporation or organization)

175 Park Avenue

Madison, NJ 07940

(Address of principal executive offices) (Zip Code)

(973) 407-2000

(Registrants' telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| | Title of each class | Name of each exchange on which registered |
|------------------------|--|---|
| Realogy Holdings Corp. | Common Stock, par value \$0.01 per share | New York Stock Exchange |
| Realogy Group LLC | None | None |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Realogy Holdings Corp. Yes No Realogy Group LLC Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Realogy Holdings Corp. Yes No Realogy Group LLC Yes No

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Realogy Holdings Corp. Yes No Realogy Group LLC Yes No

Indicate by check mark whether the Registrant has 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).

Realogy Holdings Corp. Yes No Realogy Group LLC Yes No

Indicate by check mark if disclosure of delinquent filer pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Realogy Holdings Corp. Realogy Group LLC

Indicate by check mark whether the Registrant is a large accelerated filer, accelerated filer, non-accelerated filer, or smaller reporting company. 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 |
|--|----------------------|--|------------------------------|
| Realogy Holdings Corp. <input checked="" type="checkbox"/> | .. | .. | .. |
| Realogy Group LLC <input type="checkbox"/> | .. | <input checked="" type="checkbox"/> | .. |

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Realogy Holdings Corp. Yes No Realogy Group LLC Yes No

The aggregate market value of the voting and non-voting common equity of Realogy Holdings Corp. held by non-affiliates as of the close of business on June 30, 2015 was \$6.8 billion. There were 146,752,841 shares of Common Stock, \$0.01 par value, of Realogy Holdings Corp. outstanding as of February 19, 2016.

Realogy Group LLC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K and is therefore filing this Form with the reduced disclosure format applicable to Realogy Group LLC.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement prepared for the Annual Meeting of Stockholders to be held May 4, 2016 are incorporated by reference into Part III of this report.

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FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this Annual Report and our other public filings or other public statements that we make from time to time are based on various facts and derived utilizing numerous important assumptions and 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. Forward-looking statements include the information concerning our future financial performance, business strategy, projected plans and objectives, as well as projections of macroeconomic and industry 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," "estimates," "plans" and similar expressions or future or conditional verbs such as "will," "should," "would," "may" and "could" are generally forward-looking in nature 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:

- risks related to general business, economic, employment and political conditions and the U.S. residential real estate markets, either regionally or nationally, including but not limited to:

- a lack of improvement or a decline in the number of homesales, stagnant or declining 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 decrease in consumer confidence;

- the impact of recessions, slow economic growth, disruptions in the U.S. government or banking system, disruptions in a major geoeconomic region, or equity or commodity markets and high levels of unemployment in the U.S. and abroad, which may impact all or a portion of the housing markets in which we and our franchisees operate;

- increasing mortgage rates and/or constraints on the availability of mortgage financing;

- legislative, tax or regulatory changes (including changes in regulatory interpretations or enforcement practices) that would adversely impact the residential real estate market, including changes relating to the Real Estate Settlement Procedures Act ("RESPA") and potential reforms of Fannie Mae and Freddie Mac, and potential tax code reform;

- continued or lengthier delays in homesale transaction closings that impact us or other industry participants resulting from the Consumer Financial Protection Bureau's rule relating to integrated mortgage disclosure forms, which became effective for new loan applications beginning October 3, 2015;

- a decrease in housing affordability;

- high levels of foreclosure activity;

- insufficient or excessive home inventory levels by market;

- changing attitudes towards home ownership, particularly among potential first-time homebuyers who may delay, or decide not to, purchase a home; and

- the inability or unwillingness of current homeowners to purchase their next home due to various factors, including limited or negative equity in their current home, difficult mortgage underwriting standards, attractive rates on existing mortgages and the lack of available inventory in their market;

- our geographic and high-end market concentration, particularly with respect to our company owned brokerage operations;

- our inability to enter into franchise agreements with new franchisees at current net effective royalty rates, or to realize royalty revenue growth from them;

- our inability to renew existing franchise agreements at current net effective royalty rates, or to maintain or enhance

- our value proposition to franchisees, including but not limited to our ability to successfully develop, license and scale our ZAPSM technology to our franchisees;

- the lack of revenue growth or declining profitability of our franchisees;

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

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our inability to realize the benefits from acquisitions due to the loss of key personnel of the acquired companies, as well as the possibility that expected benefits and synergies of the transactions may not be achieved in a timely manner or at all;

actions by our franchisees that could harm our business or reputation, non-performance of our franchisees, controversies with our franchisees or actions against us by their independent sales associates or employees or third parties with which our franchisees have business relationships;

competition, whether through traditional competitors or competitors with alternative business models, as well as competition for our franchisees and competition for our company owned brokerage business to attract and retain independent sales associates and managers;

loss or attrition among our senior executives or other key employees;

we may be unable to achieve or maintain cost savings and other benefits from our restructuring activities;

our restructuring activities could have an adverse impact on our operations;

our failure or alleged failure to comply with laws, regulations and regulatory interpretations and any changes in laws and regulations or stricter interpretations of regulatory requirements, including but not limited to (1) state or federal employment laws or regulations that would require reclassification of independent contractor sales associates to employee status; and (2) RESPA or state consumer protection or similar laws;

any adverse resolution of litigation, governmental or regulatory proceedings or arbitration awards as well as any adverse impact of decisions to voluntarily modify business arrangements or enter into settlement agreements to avoid the risk of protracted and costly litigation or other proceedings;

the general impact of emerging technologies on our business;

our inability to obtain new technologies and systems, to replace or introduce new technologies and systems as quickly as our competitors and in a cost-effective manner or to achieve the benefits anticipated from new technologies or systems;

the failure or significant disruption of our operations from various causes related to our critical information technologies and systems including cybersecurity threats to our data and customer, franchisee and independent sales associate data as well as reputational or financial risks associated with a loss of any such data;

risks related to our international operations, including compliance with the Foreign Corrupt Practices Act and similar anti-corruption laws as well as risks relating to the master franchisor model that we deploy internationally;

risks associated with our substantial indebtedness and interest obligations and restrictions contained in our debt agreements, including risks relating to having to dedicate a significant portion of our cash flows from operations to service our debt;

risks relating to our ability to refinance our indebtedness or incur additional indebtedness;

changes in corporate relocation practices resulting in fewer employee relocations, reduced relocation benefits or the loss of one or more significant Affinity clients;

an increase in the claims rate of our title underwriter and an increase in mortgage rates could adversely impact the revenue of our title and settlement services segment;

our inability to securitize certain assets of our relocation business, which would require us to find an alternative source of liquidity that may not be available, or if available, may not be on favorable terms;

risks that could materially adversely impact our equity investment in PHH Home Loans LLC, our joint venture with PHH Corporation ("PHH");

any remaining resolutions or outcomes with respect to contingent liabilities of our former parent, Cendant Corporation ("Cendant"), under the Separation and Distribution Agreement and the Tax Sharing Agreement (described elsewhere in this Report and incorporated by reference as exhibits to this Report), including any adverse impact on our future cash flows; 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 "Item 1A.—Risk Factors" and "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Annual Report, may also cause

actual results to differ materially from those described 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 any forward-looking statements that may be made by us and our businesses generally.

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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 this Annual Report, 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.

TRADEMARKS AND SERVICE MARKS

We own or have rights to use the trademarks, service marks and trade names that we use in conjunction with the operation of our business. Some of the more important trademarks that we own or have rights to use that appear in this Annual Report include the CENTURY 21[®], COLDWELL BANKER[®], ERA[®], CORCORAN[®], COLDWELL BANKER COMMERCIAL[®], SOTHEBY'S INTERNATIONAL REALTY[®], BETTER HOMES AND GARDENS[®] and ZIPREALTY[®] marks, which are registered in the United States and/or registered or pending registration in other jurisdictions, as appropriate to the needs of our relevant business. Each trademark, trade name or service mark of any other company appearing in this Annual Report is owned by such company.

MARKET AND INDUSTRY DATA AND FORECASTS

This Annual Report includes data, forecasts and information obtained from independent trade associations, industry publications and surveys and other information available to us. Some data is also based on our good faith estimates, which are derived from management's knowledge of the industry and independent sources. As noted in this Annual Report, the National Association of Realtors ("NAR"), the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac") were the primary sources for third-party industry data and forecasts. While data provided by NAR and Fannie Mae are two indicators of the direction of the residential housing market, we believe that homesale statistics will continue to vary between us and NAR and Fannie Mae because:

- they use survey data and estimates in their historical reports and forecasting models, which are subject to sampling error, whereas we use data based on actual reported results;
- there are geographical differences and concentrations in the markets in which we operate versus the national market. For example, many of our company owned brokerage offices are geographically located where average homesale prices are generally higher than the national average and therefore NAR survey data will not correlate with NRT's results;
- comparability is also impaired due to NAR's utilization of seasonally adjusted annualized rates whereas we report actual period-over-period changes and their use of median price for their forecasts compared to our average price;
- NAR historical data is subject to periodic review and revision and these revisions have been and could be material in the future; and
- NAR and Fannie Mae generally update their forecasts on a monthly basis and a subsequent forecast may change materially from a forecast that was previously issued.

While we believe that the industry data presented herein is derived from the most widely recognized sources for reporting U.S. residential housing market statistical data, we do not endorse or suggest reliance on this data alone. Forecasts regarding rates of home ownership, median sales price, volume of homesales, and other metrics included in this Annual Report to describe the housing industry are inherently uncertain or speculative in nature and actual results for any period could materially differ. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but such information may not be accurate or complete. We have not independently verified any of the data from third-party sources nor have we ascertained the underlying economic assumptions relied upon therein. Statements as to our market position are based on market data currently available to us. While we are not aware of any misstatements regarding industry data provided herein, our estimates involve risks and uncertainties and are subject to change based upon various factors, including those discussed under the headings "Risk Factors" and "Forward-Looking Statements." Similarly, we believe our internal research is reliable, even though such research has not been verified by any independent sources.

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PART I

Except as otherwise indicated or unless the context otherwise requires, the terms "we," "us," "our," "our company," "Realogy," "Realogy Holdings" and the "Company" refer to Realogy Holdings Corp., a Delaware corporation, and its consolidated subsidiaries, including Realogy Intermediate Holdings LLC, a Delaware limited liability company ("Realogy Intermediate"), and Realogy Group LLC, a Delaware limited liability company ("Realogy Group"). Neither Realogy Holdings, the indirect parent of Realogy Group, nor Realogy Intermediate, the direct parent company of Realogy Group, conducts any operations other than with respect to its respective direct or indirect ownership of Realogy Group. As a result, the consolidated financial positions, results of operations and cash flows of Realogy Holdings, Realogy Intermediate and Realogy Group are the same.

Realogy Holdings is not a party to the Senior Secured Credit Facility and Term Loan A Facility and certain references in this report to our consolidated indebtedness exclude Realogy Holdings with respect to indebtedness under the Senior Secured Credit Facility and Term Loan A Facility. In addition, while Realogy Holdings is a guarantor of Realogy Group's obligations under its unsecured notes, Realogy Holdings is not subject to the restrictive covenants in the indentures governing such indebtedness.

As used in this report, the terms "3.375% Senior Notes," "4.50% Senior Notes" and "5.25% Senior Notes" refer to our 3.375% Senior Notes due 2016, our 4.50% Senior Notes due 2019 and our 5.25% Senior Notes due 2021, respectively, and referred to collectively with the term "Unsecured Notes".

The terms "9.00% First and a Half Lien Notes" and "7.625% First Lien Notes" refer to our 9.00% Senior Secured Notes due 2020 and our 7.625% Senior Secured Notes due 2020, respectively, which were all redeemed in 2015.

Item 1. Business.

Our Company

We are the preeminent and most integrated provider of residential real estate services in the U.S. We are the world's largest franchisor of residential real estate brokerages with some of the most recognized brands in the real estate industry, the largest owner of U.S. residential real estate brokerage offices, the largest U.S. and a leading global provider of outsourced employee relocation services and a significant provider of title and settlement services. We estimate that our U.S. market penetration of existing homesale transaction volume was approximately 26.8% for 2015 versus 27.2% in 2014 and 26.2% in 2013. We measure market penetration by the ratio of (a) existing homesale transaction volume (sides times average sales price) in which we and our franchisees participate—on either the buy or sell side of the transaction but not both—to (b) the total existing homesale transaction volume based on NAR's historical survey data and then excluding for-sale-by-owner transactions and non-brokerage transactions.

We estimate that our U.S. market share of all existing homesale transaction volume was approximately 16.3% in 2015 versus 16.7% in 2014 and 16.1% in 2013. We measure our market share by the ratio of (a) the existing homesale transaction volume in which we and our franchisees participate to (b) NAR's existing homesale transaction volume—calculated by doubling the number of existing homesale transactions reported by NAR to account for both the buy and sell sides of a transaction multiplied by average sales price.

Our revenue is derived on a fee-for-service basis, and given our breadth of complementary service offerings, we are able to generate fees from multiple aspects of a residential real estate transaction. Our operating platform is supported by our portfolio of industry leading franchise brokerage brands, including Century 21[®], Coldwell Banker[®], Coldwell Banker Commercial[®], ERA[®], Sotheby's International Realty[®] and Better Homes and Gardens[®] Real Estate and we also own and operate Corcoran[®], Citi HabitatsSM and ZipRealty[®] brands. Our multiple brands and operations allow us to derive revenue from many different segments of the residential real estate market, in many different geographies and at varying price points.

Segment Overview

We report our operations in four segments, each of which receives fees based upon services performed for our customers: Real Estate Franchise Services ("RFG"), Company Owned Real Estate Brokerage Services ("NRT"), Relocation Services ("Cartus[®]") and Title and Settlement Services ("TRG"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements, including the notes thereto,

included elsewhere in this Annual Report, for further information on our reportable segments.

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Real Estate Franchise Services. We are the largest franchisor of residential real estate brokerages in the world through our portfolio of well-known brokerage brands, including Century 21[®], Coldwell Banker[®], Coldwell Banker Commercial[®], ERA[®], Sotheby's International Realty[®] and Better Homes and Gardens[®] Real Estate. At December 31, 2015, our real estate franchise systems (inclusive of our company owned brokerage operations) had approximately 13,600 offices worldwide in 110 countries and territories. This included approximately 6,000 brokerage offices in the U.S. and approximately 256,800 independent sales associates worldwide, including approximately 181,500 independent sales associates operating under our franchise and proprietary brands in the U.S. The average tenure among U.S. franchisees is approximately 21 years as of December 31, 2015. Our franchisees pay us fees for the right to operate under one of our trademarks and to enjoy the benefits of the systems and business enhancing tools provided by our real estate franchise operations. In addition to highly competitive brands that provide unique offerings to our franchisees, we support our franchisees with dedicated national marketing and servicing programs, technology, training and education to facilitate our franchisees in growing their business and increasing their revenue and profitability. We believe that one of our strengths is the strong relationships that we have with our franchisees, as evidenced by our 99% retention rate as of December 31, 2015. Our retention rate represents the annual franchisee gross commission income as of December 31 of the previous year generated by our franchisees that remain in our franchise systems one year later, measured against the annual gross commission income of all franchisees as of December 31 of the previous year. In August 2014, we acquired ZipRealty, an innovative residential real estate brokerage and developer of proprietary technology platforms for real estate brokerages, independent sales associates and customers. During 2015, we installed ZipRealty's comprehensive, integrated ZAPSM technology platform with approximately 390 of our approximately 2,700 franchisees and, consistent with our previously disclosed plan, anticipate rolling this product out to a broader franchisee base over the next two years. We believe the ZAP technology platform will increase the value proposition to our franchisees, their independent sales associates and their customers.

Company Owned Real Estate Brokerage Services. We own and operate the largest residential real estate brokerage business in the U.S. under the Coldwell Banker[®], Corcoran[®], Sotheby's International Realty[®], ZipRealty[®] and Citi HabitatsSM brand names. We offer full-service residential brokerage services through approximately 790 company owned brokerage offices with approximately 47,000 independent sales associates in more than 50 of the 100 largest metropolitan areas of the U.S. NRT, as the broker for a home buyer or seller, derives revenues primarily from gross commission income received at the closing of real estate transactions. NRT also has relationships with developers, primarily in major cities, to provide marketing and brokerage services in new developments. In addition, we participate in the mortgage process through our 49.9% ownership of PHH Home Loans LLC ("PHH Home Loans"), our home mortgage venture with PHH. Our home mortgage joint venture with PHH is the exclusive recommended provider of mortgages for our real estate brokerage and relocation service customers (unless the relocation client expresses another arrangement or exclusivity is waived by PHH). To complement its residential brokerage services, NRT offers home ownership services that include comprehensive single-family residential property management in many of the nation's largest rental markets.

Relocation Services. We are a leading global provider of outsourced employee relocation services. We are the largest provider of such services in the U.S. and also operate in key international relocation destinations. We offer a broad range of world-class employee relocation services designed to manage all aspects of an employee's move to facilitate a smooth transition in what otherwise may be a complex and difficult process for the employee and employer. Our relocation services business serves corporations, including 58% of the Fortune 50 companies. We also service affinity organizations such as insurance companies and credit unions that provide our services to their members. In 2015, we assisted in approximately 168,000 corporate and affinity relocations in nearly 150 countries for approximately 1,000 active clients. As of December 31, 2015, our top 25 relocation clients had an average tenure of approximately 20 years with us.

Title and Settlement Services. We assist with the closing of real estate transactions by providing full-service title and settlement (i.e., closing and escrow) services to customers, real estate companies, including our company owned real

estate brokerage and relocation services businesses, as well as a targeted channel of large financial institution clients, including PHH. In 2015, TRG was involved in the closing of approximately 169,000 transactions of which approximately 59,000 related to NRT. In addition to our own title and settlement services, we also coordinate a nationwide network of attorneys, title agents and notaries to service financial institution and relocation clients on a national basis. We also serve as an underwriter of title insurance policies in connection with residential and commercial real estate transactions.

* * *

Our headquarters is located at 175 Park Avenue, Madison, New Jersey 07940. Our general telephone number is (973) 407-2000. We were incorporated on December 14, 2006 in the State of Delaware. The Company files electronically with the Securities and Exchange Commission (the "SEC") required reports on Form 8-K, Form 10-Q and Form 10-K; proxy materials; ownership reports for insiders as required by Section 16 of the Securities Exchange Act of 1934;

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registration statements and other forms or reports as required. Certain of the Company's officers and directors also file statements of changes in beneficial ownership on Form 4 with the SEC. The public may read and copy any materials that the Company has filed with the SEC at the SEC's Public Reference Room located at 100 F Street, NE, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 800-SEC-0330. Such materials may also be accessed electronically on the SEC's Internet site (www.sec.gov). We maintain an Internet website at <http://www.realogy.com> and make available free of charge on or through our website our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, Section 16 reports and any amendments to these reports in the Investor Relations section of our website as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. Our website address is provided as an inactive textual reference. The contents of our website are not incorporated by reference herein or otherwise a part of this Annual Report.

Industry Trends

Industry definition. We primarily operate in the U.S. residential real estate industry, which is approximately a \$1.6 trillion industry based on 2015 transaction volume (i.e. average homesale price times number of new and existing homesale transactions) and derive substantially all of our revenues from serving the needs of buyers and sellers of existing homes rather than those of new homes. Residential real estate brokerage companies typically realize revenues in the form of a commission that is based on a percentage of the price of each home sold. As a result, the real estate industry generally benefits from rising home prices and increasing homesale transactions (and conversely is adversely impacted by falling prices and lower homesale transactions). We believe that existing homesale transactions and the services associated with these transactions, such as mortgage origination, title services and relocation services, represent the most attractive segment of the residential real estate industry for the following reasons:

- the existing homesales segment represents a significantly larger addressable market than new homesales. Of the approximately 5.8 million homesales in the U.S. in 2015, NAR estimates that approximately 5.3 million were existing homesales, representing approximately 91% of the overall sales as measured in units;

- existing homesales afford us the opportunity to represent either the buyer or the seller and in some cases both the buyer and the seller; and

- we are able to generate revenues from ancillary services provided to our customers.

We also believe that the traditional broker-assisted business model compares favorably to alternative channels of the residential brokerage industry, such as discount brokers and "for sale by owner" for the following reasons:

- a real estate transaction has certain characteristics that we believe are best suited for full-service brokerages, such as: the average homesale transaction size is very high and generally is the largest transaction one does in a lifetime; homesale transactions occur infrequently;

- there is a high variance in price, depending on neighborhood, floor plan, architecture, fixtures, and outdoor space;

- there is a compelling need for personal service as home preferences are unique to each buyer;

- a high level of support is required given the complexity associated with the process; and

- there is a need for specific marketing and technology services and support given the complexity of the transaction.

while substantially all homebuyers start their search for a home using the internet, according to NAR, 87% of homes were sold using an agent or broker in 2015 compared to 79% in 2001. We believe that the enhanced service and value offered by a traditional agent or broker is such that using a traditional agent or broker will continue to be the primary method of buying and selling a home in the long term.

Cyclical nature of industry. The U.S. residential real estate industry is cyclical, but has historically shown strong growth over time. Based on information published by NAR, existing homesale units increased at a compound annual growth rate, or CAGR, of 2.0% from 1972 through 2015, with 27 annual increases, versus 16 annual decreases.

During that same period, median existing homesale prices increased at a CAGR of 4.9% (not adjusted for inflation) from 1972 through 2015, a period that included four economic recessions. According to NAR, the existing homesale transaction volume (median homesale price times existing homesale transactions) grew at a CAGR of 7.0% from 1972 through 2015.

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Commencing in the second half of 2005 and continuing through 2011, the U.S. residential real estate industry was in a significant and lengthy downturn. Based upon data published by NAR from 2005 to 2011, the number of annual U.S. existing homesale units declined by 40% and the median existing homesale price declined by 24%.

Beginning in 2012, the U.S. residential real estate industry began its recovery. According to NAR, in the first two years of the current housing recovery—2012 and 2013—homesale transaction volume (average homesale price multiplied by homesale transactions) improved 15% and 19%, respectively, and the industry experienced significant refinancing activity. We believe that the improvement in 2012 and 2013 was driven by high affordability of home ownership and demand that built up during an extended period of economic uncertainty, as well as historically low mortgage rates and lower home inventory levels leading to increases in homesale prices.

During 2014, homesale transaction volume growth slowed to 1% compared to 2013 according to NAR, with an increase in average home prices offsetting the year-over-year decline in homesale transactions. During 2015, homesale transaction volume increased 11% compared to 2014 according to NAR. The homesale transaction volume gain in 2015 was driven by an increase in the number of homesale transactions and increasing average home prices. In summary, based upon data published by NAR from 2011 to 2015, the number of annual U.S. existing homesale units and the median existing homesale price improved by 23% and 33%, respectively.

As of their most recent releases, Fannie Mae and NAR are forecasting a 3% and 2% increase in existing homesale transactions in 2016 compared to 2015, respectively. With respect to homesale prices, Fannie Mae and NAR are forecasting a 5% and 4% increase in median existing homesale prices for 2016 compared to 2015, respectively. For 2017, Fannie Mae and NAR are forecasting a 2% and 4% increase in homesale transactions compared to 2016, respectively. With respect to homesale prices, Fannie Mae and NAR are both forecasting a 4% increase in median existing homesale prices in 2017 compared to 2016.

Favorable long-term demographics. We believe that long-term demand for housing and the growth of our industry is primarily driven by affordability, the economic health of the U.S. economy, positive demographic trends such as population growth, increases in the number of U.S. households, low interest rates, increases in renters that qualify as homebuyers and locally based factors. We believe that the residential real estate market will benefit over the long term from expected positive fundamentals, including the following factors:

based on U.S. Census data and NAR, from 1991 through 2015, the average number of existing homesale transactions as a percentage of U.S. households was approximately 4.4%, compared to an average of approximately 3.9% from 2007 through 2015. During the same period, the number of U.S. households grew from 94 million in 1991 to 125 million in 2015. We believe that as the U.S. economy stabilizes, the number of existing homesale transactions as a percentage of U.S. households will progress to the 4.4% mean level and the number of annual existing homesale transactions will increase; and

according to the 2015 State of the Nation's Housing Report compiled by the Harvard Joint Center for Housing Studies, household growth is projected to return to its longer-run average of just under 1.2 million annually in 2015 through 2025. The sheer size of the millennial generation, which is already larger than the baby boom generation at the same stage of life, will drive most of this growth.

Participation in Multiple Aspects of the Residential Real Estate Market

We participate in services associated with many aspects of the residential real estate market. Our four complementary businesses and mortgage joint venture work together, allowing us to generate revenue at various points in a residential real estate transaction, including the purchase or sale of homes, corporate relocation and affinity services, settlement and title services, and franchising of our brands. The businesses each benefit from our deep understanding of the industry, strong relationships with real estate brokers, sale associates and other real estate professionals and expertise across the transactional process. Unlike other industry participants who offer only one or two services, we can offer homeowners, our franchisees and our corporate and affinity clients ready access to numerous associated services that facilitate and simplify the home purchase and sale process. These services provide further revenue opportunities for our owned businesses and those of our franchisees. Specifically, our brokerage offices and those of our franchisees participate in purchases and sales of homes involving relocations of corporate transferees and affinity members using

Cartus® relocation services and we offer customers (purchasers and sellers) of both our owned and franchised brokerage businesses convenient title and settlement services. These services produce incremental revenues for our businesses and franchisees. In addition, we participate in the mortgage process through our 49.9% ownership of PHH Home Loans. All four of our businesses and our mortgage joint venture can derive revenue from the same real estate transaction.

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Our Brands

Our brands are among the most well-known and established real estate brokerage brands in the real estate industry. Our real estate franchise brands are listed in the following chart, which includes information as of December 31, 2015 for both our franchised and company owned offices:

Franchise Brands ⁽¹⁾

| | | | | | | |
|---|---------|---------|---------|---------|--------|-------|
| Worldwide Offices ⁽²⁾ | 6,900 | 3,000 | 2,350 | 835 | 300 | 160 |
| Worldwide Brokers and Sales Associates ⁽²⁾ | 101,400 | 84,800 | 36,800 | 18,800 | 10,200 | 2,100 |
| U.S. Annual Sides | 411,731 | 730,128 | 120,919 | 100,297 | 62,738 | N/A |
| # of Countries with Owned or Franchised Operations | 78 | 45 | 34 | 63 | 2 | 44 |

| | | | | | | |
|-----------------|--|---|--|--|--|--|
| Characteristics | World's largest residential real estate sales organization | Longest running national real estate brand in the U.S. (since 1906) | Driving value through innovation and collaboration | Synonymous with luxury | Growing real estate brand launched in July 2008 | A commercial real estate franchise organization |
| | Identified by consumers as the most recognized name in real estate | Known for innovative consumer services, marketing and technology | Highest percentage of international offices among international brands | Strong ties to auction house established in 1744 | Unique relationship with a leading media company, including largest lifestyle magazine in the U.S. | Serves a wide range of clients from corporations to small businesses to individual clients and investors |
| | Significant international office footprint | | | Rapid international growth | | |

(1) Does not include Corcoran[®], ZipRealty[®] and Citi HabitatsSM.

(2) Includes an aggregate of 7,600 offices and 75,250 related brokers and sales associates of franchisees of master franchisors, based upon information reported to us by the master franchisors.

Real Estate Franchise Services

Our primary objectives as the largest franchisor of residential real estate brokerages in the world are to sell new franchises, retain and expand existing franchises and most importantly, provide branding and support to our franchisees. At December 31, 2015, our real estate franchise systems had approximately 13,600 offices worldwide in 110 countries and territories in North and South America, Europe, Asia, Africa, the Middle East and Australia, including approximately 6,000 brokerage offices in the U.S.

We derive substantially all of our real estate franchising revenues from royalties received under long-term franchise agreements with our domestic franchisees (typically ten years in duration) and NRT. These royalties are based on a percentage of the franchisees' sales commission earned from closed homesale sides (either the "buy" side or the "sell" side of a real estate transaction), which we refer to as gross commission income. Our franchisees pay us royalties, net of volume incentives achieved (other than NRT), for the right to operate under one of our trademarks and to utilize the benefits of the franchise systems. We provide our franchisees with certain systems and tools that are designed to help our franchisees serve their customers and attract new or retain existing independent sales associates, and support our franchisees with servicing programs, technology, education and market information, as well as branding-related

marketing which is funded through contributions by our franchisees and us (including NRT). We operate and maintain an Internet-based reporting system for our domestic franchisees which generally allows them to electronically transmit listing information and other relevant reporting data to our websites. We also own and operate websites for each of our brands for the benefit of our franchisees.

The 2014 acquisition of ZipRealty reflects the Company's ongoing commitment to enhancing the value proposition we provide to our franchisees, including technology-enabled solutions. During 2015, we installed ZipRealty's comprehensive,

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integrated ZAPSM technology platform with approximately 390 of our approximately 2,700 franchisees, ahead of a broader rollout of these tools. We believe the ZAP platform will increase the value proposition to our franchisees, their independent sales associates and their customers by:

- aiding in generating additional homesale transactions for our franchisees and their independent sales associates;
- connecting those associates to a predictive customer relationship management (CRM) tool; and
- informing them with valuable client insight to help those associates increase their productivity.

ZipRealty has developed the ZAPSM platform from a real estate brokerage perspective to enhance the real estate transaction experience for customers, independent sales associates and our franchisees.

RFG's domestic annual net royalty revenues from franchisees other than our company owned brokerages can be represented by multiplying (1) that year's total number of closed homesale sides in which those franchisees participated by (2) the average sale price of those homesales by (3) the average brokerage commission rate charged by these franchisees by (4) RFG's net effective royalty rate. The net effective royalty rate represents the average percentage of our franchisees' commission revenues paid to us as a royalty, net of volume incentives achieved. The net effective royalty rate does not include the effect of non-standard incentives granted to some franchisees. The domestic royalty revenue from NRT is also calculated by multiplying homesale sides by average sale price by average brokerage commission rate by 6% royalty rate. NRT does not get volume incentives. In addition to domestic royalty revenue, RFG earns royalty revenue from international affiliates, marketing fees, upfront international fees and preferred alliance program and other revenue. The following chart illustrates the key drivers for revenue earned by RFG:

We believe one of our strengths is the strong relationships that we have with our franchisees as evidenced by the retention rate of 99% as of December 31, 2015. Our retention rate represents the annual franchisee gross commission income as of December 31 of the previous year generated by our franchisees that remain in our franchise systems on an annual basis, measured against the annual gross commission income of all franchisees as of December 31 of the previous year. On average, our domestic franchisees' tenure with our brands was approximately 21 years as of December 31, 2015. During 2015, none of our franchisees (other than NRT) generated more than 1% of our real estate franchise business revenues.

The franchise agreements impose restrictions on the business and operations of the franchisees and require them to comply with the operating and identity standards set forth in each brand's policy and procedures manuals. A franchisee's failure to comply with these restrictions and standards could result in a termination of the franchise agreement. The franchisees generally are not permitted to terminate the franchise agreements prior to their expiration, and in those cases where termination rights do exist, they are very limited (e.g., if the franchisee retires, becomes disabled or dies). Generally, new domestic franchise agreements have a term of ten years and require the franchisees to pay us an initial franchise fee for the franchisee's principal office plus, upon the receipt of any commission income, a royalty fee in most cases equal to 6% of their commission income. Each of our franchise systems (other than Coldwell Banker Commercial[®]) offers a volume incentive program, whereby each franchisee is eligible to receive a refund of a portion of the royalties paid upon the satisfaction of certain conditions. The volume incentive is calculated for each franchisee as a progressive percentage of each franchisee's annual gross revenue subject to royalty payments for each calendar year. Under the current form of the franchise agreements, the volume incentive varies for each franchise system, and generally ranges from zero to 3% of gross revenues. We provide a detailed table to each franchisee that describes the gross revenue thresholds required to achieve a volume incentive and the corresponding incentive amounts. We reserve the right to increase or decrease the percentage and/or dollar amounts in the table on an annual basis, subject to certain limitations. Our company owned brokerage offices do not participate in the volume incentive program.

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Each franchise system requires all franchisees and company owned offices to make monthly contributions to marketing funds maintained by each brand. These contributions are used for the development, implementation, production, placement and payment of national and regional advertising, marketing, promotions, public relations and/or other marketing-related activities, such as lead generation, all to promote and further the recognition of each brand and its independent franchisees. In addition to the contributions from franchisees and company owned offices, the Real Estate Franchise Services group is generally required to make contributions to one of the marketing funds and may make discretionary contributions (at its option) to any of the marketing funds.

Under certain circumstances, we extend conversion notes (development advance notes were issued prior to 2009) to eligible franchisees for the purpose of providing an incentive to join the brand, to renew their franchise agreements, or to facilitate their growth opportunities. Growth opportunities include the expansion of franchisees' existing businesses by opening additional offices, through the consolidation of operations of other franchisees, as well as through the acquisition of independent sales associates and offices operated by independent brokerages. Many franchisees use the proceeds from the conversion notes to change stationery, signage and marketing materials, upgrade technology and websites, or to assist in acquiring companies or recruiting agents. The notes are not funded until appropriate credit checks and other due diligence matters are completed and the business is opened and operating under one of our brands. Upon satisfaction of certain revenue performance based thresholds, the notes are forgiven ratably over the term of the franchise agreement. If the revenue performance thresholds are not met, franchisees are required to repay all or a portion of the outstanding notes.

In addition to offices owned and operated by our franchisees, we, through NRT, own and operate approximately 750 offices under the Coldwell Banker[®], Coldwell Banker Commercial[®] and Sotheby's International Realty[®] brand names. NRT pays intercompany royalty fees and marketing fees to our Real Estate Franchise Services Segment in connection with its operation of these offices. These fees are recognized as income or expense by the applicable segment level and eliminated in the consolidation of our businesses. NRT is not eligible for any volume incentives.

In the U.S., we employ a direct franchising model whereby we contract with and provide services directly to independent owner-operators. Elsewhere, for all brands other than Sotheby's International Realty, we generally employ a master franchise model, whereby we contract with a qualified third party to build a franchise network in the country or region in which franchising rights have been granted. In the case of Sotheby's International Realty, a direct franchising model is generally utilized. Under both the direct and the master franchise model, we typically enter into long-term franchise agreements (often 25 years in duration) and receive an initial area development fee and ongoing royalties. Under the master franchise model, the ongoing royalties we receive are generally a percentage of the royalties received by the master franchisor from its franchisees with which it contracts. Under the direct franchise model, a royalty fee is paid to us on transactions conducted by our franchisees in the applicable country or region. We also offer third-party service providers an opportunity to market their products to our franchisees and their independent sales associates and customers through our preferred alliance program. To participate in this program, service providers generally agree to provide preferred pricing to our franchisees and/or their customers or independent sales associates and to pay us some combination of an initial licensing or access fee, subsequent marketing fees and/or commissions based upon our franchisees' or independent sales associates' usage of the preferred alliance vendors. We own the trademarks Century 21[®], Coldwell Banker[®], Coldwell Banker Commercial[®], ERA[®] and related trademarks and logos, and such trademarks and logos are material to the businesses that are part of our real estate franchise segment. Our franchisees and our subsidiaries actively use these trademarks, and all of the material trademarks are registered (or have applications pending) with the United States Patent and Trademark Office as well as with corresponding trademark offices in major countries worldwide where these businesses have significant operations.

We have an exclusive license to own, operate and franchise the Sotheby's International Realty[®] brand to qualified residential real estate brokerage offices and individuals operating in eligible markets pursuant to a license agreement with SPTC Delaware LLC, a subsidiary of Sotheby's ("Sotheby's"). Such license agreement has a 100-year term, which consists of an initial 50-year term ending February 16, 2054 and a 50-year renewal option. We pay a licensing

fee to Sotheby's for the use of the Sotheby's International Realty® name equal to 9.5% of the net royalties earned by our Real Estate Franchise Services Segment attributable to franchisees affiliated with the Sotheby's International Realty® brand, including our company owned offices.

In October 2007, we entered into a long-term license agreement to own, operate and franchise the Better Homes and Gardens® Real Estate brand from Meredith. The license agreement between Realogy and Meredith is for a 50-year term, with a renewal option for another 50 years at our option. We paid an annual minimum licensing fee of \$4 million in 2015.

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Each of our brands has a consumer website that offers real estate listings, contacts and services. Century21.com, coldwellbanker.com, coldwellbankercommercial.com, sothebysrealty.com, era.com and bhgrealestate.com are the official websites for the Century 21[®], Coldwell Banker[®], Coldwell Banker Commercial[®], Sotheby's International Realty[®], ERA[®] and Better Homes and Gardens[®] Real Estate franchise systems, respectively. The contents of these websites are not incorporated by reference herein or otherwise a part of this Annual Report.

Company Owned Real Estate Brokerage Services

Through our subsidiary, NRT, we own and operate a full-service real estate brokerage business in more than 50 of the 100 largest metropolitan areas in the U.S. Our company owned real estate brokerage business operates under the Coldwell Banker[®] and Sotheby's International Realty[®] franchised brands as well as proprietary brands that we own, but do not currently franchise, such as Corcoran[®], ZipRealty[®] and Citi HabitatsSM. As of December 31, 2015, we had approximately 790 company owned brokerage offices, approximately 5,100 employees and approximately 47,000 independent sales associates working with these company owned offices.

Our company owned real estate brokerage business derives revenue primarily from gross commission income received serving as the broker at the closing of real estate transactions. For the year ended December 31, 2015, our average homesale broker commission rate was 2.46% which represents the average commission rate earned on either the "buy" side or the "sell" side of a homesale transaction. Gross commission income is also earned on non-sale transactions such as home rentals. NRT, as a franchisee of RFG, pays a royalty fee of 6% per transaction to RFG from the commission earned on a real estate transaction. The following chart illustrates the key drivers for revenue earned by NRT:

In addition, as a full-service real estate brokerage company, we promote the complementary services of our relocation and title and settlement services businesses, as well as PHH Home Loans. We believe we provide integrated services that enhance the customer experience.

When we assist the seller in a real estate transaction, independent sales associates generally provide the seller with a full-service marketing program, which may include developing a direct marketing plan for the property, assisting the seller in pricing the property and preparing it for sale, listing it on multiple listing services, advertising the property (including on websites), showing the property to prospective buyers, assisting the seller in sale negotiations, and assisting the seller in preparing for closing the transaction. When we assist the buyer in a real estate transaction, independent sales associates generally help the buyer in locating specific properties that meet the buyer's personal and financial specifications, show properties to the buyer, assist the buyer in negotiating (where permissible) and preparing for closing the transaction.

At December 31, 2015, we operated approximately 90% of our offices under the Coldwell Banker[®] brand name, 5% of our offices under the Sotheby's International Realty[®] brand name and 5% of our offices under the Corcoran[®], Citi HabitatsSM and ZipRealty[®] brand names combined. Our offices are geographically diverse with a strong presence in the east and west coast areas, where home prices are generally higher. We operate our Coldwell Banker[®] offices in numerous regions throughout the U.S., our Sotheby's International Realty[®] offices in several regions throughout the U.S, and Corcoran[®] offices in New York City, the Hamptons (New York), and Palm Beach, Florida.

We intend to grow our business both organically and through strategic acquisitions. To grow organically, we will focus on working with office managers to attract, retain and effectively coordinate with independent sales associates who can successfully engage and promote transactions from new and existing clients.

We have a dedicated group of professionals whose function is to identify, evaluate and complete acquisitions. We are continuously evaluating acquisitions that will allow us to enter into new markets and to profitably expand our existing markets through "tuck-in" acquisitions. Following the completion of an acquisition, we tend to consolidate the newly acquired operations with our existing operations. By consolidating operations, we reduce or eliminate duplicative costs, such as advertising, rent and administrative support. By utilizing our existing infrastructure to coordinate with a broader network of independent sales associates and revenue base, we can enhance the profitability of our operations.

We also seek

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to enhance the profitability of newly acquired operations by strategies that increase the productivity of the newly affiliated independent sales associates. We offer these independent sales associates supplemental tools and marketing information that are often unavailable at smaller firms, such as access to sophisticated information technology and ongoing technical support, increased brand advertising and brand marketing support, relocation referrals, and a wide offering of brokerage-related services.

Our real estate brokerage business has a contract with Cartus under which the brokerage business provides brokerage services to relocating employees of the clients of Cartus. When receiving a referral from Cartus, our brokerage business seeks to assist the relocating employee in completing a homesale or home purchase. Upon completion of a homesale or home purchase, our brokerage business receives a commission on the purchase or sale of the property and is obligated to pay Cartus a portion of such commission as a referral fee. We believe that these fees are comparable to the fees charged by other relocation companies.

PHH Home Loans, our home mortgage venture with PHH, a publicly traded company, has a 50-year term, subject to earlier termination. We own 49.9% of the home mortgage venture and PHH owns the remaining 50.1%. PHH Home Loans is the exclusive recommended provider of mortgages for our real estate brokerage and relocation service customers (unless the relocation client expresses another arrangement or exclusivity is waived by PHH). Either party has the right to terminate the joint venture upon the occurrence of certain events, such as a material breach or the insolvency of the other party. In addition, we may terminate the joint venture upon a change of control of PHH involving certain entities enumerated by us (and which may be updated by us once every two years) or any competitor of ours. Upon any termination of the joint venture by us as a result of any of the events described in this paragraph, we may require that PHH purchase our interest or sell its interest to a buyer designated by us.

In addition, we may terminate the joint venture at our election by providing two years' prior notice to PHH at any time and PHH may terminate the venture at its election effective January 31, 2030, by notice delivered no earlier than three years, but not later than two years, before such date. If we exercise our two-year termination right, we may require that PHH purchase our interest or sell its interest to a buyer designated by us. The purchase price of the joint venture interest being sold by Realogy or PHH, as the case may be, will be the fair value of such interest determined through a valuation process and in the case of Realogy putting its shares to PHH, taking into account the automatic termination of all other agreements.

All mortgage loans originated by the venture are sold to PHH or other third-party investors after a hold period, and PHH Home Loans does not hold any mortgage loans for investment purposes or perform servicing functions for any loans it originates. Accordingly, we have no mortgage servicing rights asset risk.

Relocation Services

Through our subsidiary, Cartus, we are a leading global provider of outsourced employee relocation services. We primarily offer corporate clients employee relocation services, such as:

homesale assistance, including:

the valuation, inspection, purchasing and selling of a transferee's home;

the issuance of home equity advances to transferees permitting them to purchase a new home before selling their current home (these advances are generally guaranteed by the client);

certain home management services;

assistance in locating a new home; and

closing on the sale of the old home, generally at the instruction of the client;

expense processing, relocation policy counseling, relocation-related accounting, including international assignment compensation services, and other consulting services;

arranging household goods moving services, approximately 60,000 domestic and international shipments in 2015, and

providing support for all aspects of moving a transferee's household goods, including the handling of insurance and claim assistance, invoice auditing and quality control;

coordinating visa and immigration support, intercultural and language training, and expatriation/repatriation

counseling and destination services; and

group move management services providing coordination for moves involving a large number of transferees to or from a specific regional area over a short period of time.

The wide range of our services allows our Cartus clients to outsource their entire relocation programs to us.

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In 2015, we assisted in approximately 168,000 corporate and affinity relocations in nearly 150 countries for approximately 1,000 active clients, including 58% of the Fortune 50 companies as well as affinity organizations. Cartus has operations in the U.S. and internationally in the United Kingdom, Canada, Hong Kong, Singapore, China, India, Brazil, Germany, France, Switzerland and the Netherlands.

Substantially all homesale service transactions for clients are classified as "no risk." Under "no risk" business, the client is responsible for reimbursement of all direct expenses associated with the homesale. Such expenses include, but are not limited to, appraisal, inspection and real estate brokerage commissions. The client also bears the risk of loss on the resale of the transferee's home. Clients are responsible for reimbursement of all other direct costs associated with the relocation including, but not limited to, costs to move household goods, mortgage origination points, temporary living and travel expenses. Generally, we fund the direct expenses associated with the homesale as well as those associated with the relocation on behalf of the client and the client then reimburses us for these costs plus interest charges on the advanced money. This limits our exposure on "no risk" homesale services to the credit risk of our clients rather than to the potential fluctuations in the real estate market or to the creditworthiness of the individual transferring employee. Historically, due to the credit quality of our clients, we have had minimal losses with respect to these "no risk" homesale services.

The "at risk" business that we conduct is minimal. In "at risk" homesale service transactions, we acquire the home being sold by relocating employees, pay for all direct expenses (acquisition, carrying and selling costs) associated with the homesale and bear any loss on the sale of the home.

Substantially all of our contracts with our relocation clients are terminable at any time at the option of the client and are non-exclusive. If a client terminates its contract, we will be compensated for all services performed up to the time of termination and reimbursed for all expenses incurred to the time of termination.

There are a number of different revenue streams associated with relocation services. We earn referral commissions primarily from real estate brokers and household goods moving companies that provide services to the transferee. Clients may also pay transactional fees for the services performed. We also earn net interest income which represents interest earned from clients on the funds we advance on behalf of the transferring employee net of costs associated with the securitization obligations used to finance these payments. Cartus measures operating performance based on initiations, which represent the total number of transferees and affinity members we serve, and referrals, which represent the number of referrals from which we earn revenue from real estate brokers.

About 12% of our relocation revenue in 2015 was derived from our affinity services, which provides real estate services, including home buying and selling assistance, as well as mortgage assistance to organizations such as insurance companies and credit unions that have established members who are buying or selling a home. Often these organizations offer our affinity services to their members at no cost and, where permitted, provide their members with a financial incentive for using these services. These member benefits and services help the organizations attract new members and retain current members.

We also manage the Cartus Broker Network, which is a network of real estate brokers consisting of our company owned brokerage operations, select franchisees and independent real estate brokers who have been approved to become members. Cartus requires experienced brokers and independent sales associates and obtains background checks on all members of the network. Member brokers of the Cartus Broker Network receive referrals from our relocation services, affinity business and each other in exchange for a referral fee. The Cartus Broker Network closed approximately 88,000 real estate transactions in 2015 related to relocation, affinity, and broker-to-broker activity. The following chart illustrates the key drivers for revenue generated by Cartus:

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Title and Settlement Services

Our title and settlement services business, TRG, provides full-service title and settlement (i.e., closing and escrow) services to real estate companies and financial institutions. We act in the capacity of a title agent and sell title insurance to property buyers and mortgage lenders. We are licensed as a title agent in 42 states and Washington, D.C., and have physical locations in 24 states and Washington, D.C. We issue title insurance policies on behalf of large national underwriters as well as through our Dallas-based subsidiary, Title Resources Guaranty Company ("Title Resources"). Title Resources is a title insurance underwriter licensed in 28 states and Washington, D.C. We operate mostly in major metropolitan areas. As of December 31, 2015, we had approximately 411 offices, approximately 222 of which are co-located within one of our company owned brokerage offices.

Virtually all lenders require their borrowers to obtain title insurance policies at the time mortgage loans are made on real property. The terms and conditions upon which the real property will be insured are determined in accordance with the standard policies and procedures of the title underwriter. When our title agencies sell title insurance, the title search and examination function is performed by the agent. The title agent and underwriter split the premium. The amount of such premium "split" is determined by agreement between the agency and underwriter, or is promulgated by state law. We derive revenue through fees charged in real estate transactions for rendering the services described above, fees charged for escrow and closing services, and a percentage of the title premium on each title insurance policy sold. We have entered into underwriting agreements with various underwriters, which state the conditions under which we may issue a title insurance policy on their behalf. For policies issued through our agency operations, assuming no negligence on our part, we are not typically liable for losses under those policies; rather the title insurer is typically liable for such losses.

Our company owned brokerage operations are the principal source of our title and settlement services business for homesale transactions. Other sources of our title and settlement services homesale business include our real estate franchise business, Cartus and unaffiliated brokerage operations. For refinance transactions, we generate title and escrow revenues from PHH and other financial institutions throughout the mortgage lending industry. Many of our offices have subleased space from, and are co-located within, our company owned brokerage offices. The capture rate of our title and settlement services business from company owned brokerage operations was approximately 41% in 2015.

We coordinate a national network of escrow and closing agents (some of whom are our employees, while others are attorneys in private practice and independent title companies) to provide full-service title and settlement services to a broad-based group that includes lenders, home buyers and sellers, developers and independent real estate sales associates. Our role is generally that of an intermediary managing the completion of all the necessary documentation and services required to complete a real estate transaction.

Our title and settlement services business measures operating performance based on purchase and refinance closing units and the related title premiums and escrow fees earned on such closings. In addition, we measure net title premiums earned for title policies issued by our underwriting operation.

The following chart illustrates the key drivers for revenue generated by our title and settlement services business:

We intend to grow our title and settlement services business by attracting title and escrow sales associates in existing markets and by completing acquisitions to expand our geographic footprint or complement existing operations. We also intend to continue to increase our capture rate of title business from our NRT homesale sides. In addition, we expect to continue to grow and diversify our lender channel and our underwriting businesses by expanding and adding clients and increasing our agent base, respectively.

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Competition

Real Estate Franchise Business. Competition among the national real estate brokerage brand franchisors to grow their franchise systems is intense. Our largest national competitors in this industry include, but are not limited to, three large franchisors: Keller Williams Realty, Inc.; HSF Affiliates LLC—a joint venture controlled by HomeServices of America that operates Berkshire Hathaway HomeServices, Prudential Real Estate and Real Living Real Estate; and RE/MAX International, Inc. In addition, a real estate broker may choose to affiliate with a regional chain or choose not to affiliate with a franchisor and remain unaffiliated. We believe that competition for the sale of franchises in the real estate brokerage industry is based principally upon the perceived value and quality of the brand, tools and services, the nature of those services offered to franchisees including the availability of financing, the fees the franchisees must pay and by the state of the housing industry.

The ability of our real estate brokerage franchisees to compete with other real estate brokerages is important to our prospects for growth. Their ability to compete may be affected by the quality of independent sales associates, the location of offices, the services provided to independent sales associates, the number of competing offices in the vicinity, affiliation with a recognized brand name, community reputation, technology and other factors. A franchisee's success may also be affected by national, regional and local economic conditions.

Real Estate Brokerage Business. The real estate brokerage industry is highly competitive, particularly in the metropolitan areas in which our owned brokerage businesses operate. In addition, the industry has relatively low barriers to entry for new participants. Companies compete for sales and marketing business primarily on the basis of services offered, reputation, personal contacts and brokerage commissions. We compete with other national independent real estate organizations, including HomeServices of America (generally doing business as Berkshire Hathaway) in certain of our markets, franchisees of our brands and of other national real estate franchisors such as Keller Williams Realty, Inc. and RE/MAX International, Inc., franchisees of local and regional real estate franchisors, regional independent real estate organizations such as Weichert Realtors and Long & Foster Real Estate, discount and limited service brokerages, smaller niche companies competing in local areas and companies employing technologies intended to disrupt the traditional brokerage model.

We compete to attract and retain successful independent sales associates and their teams based upon various factors including recognized brand name, the value and breadth of the services offered by the brokerage, compensatory arrangements, the location of brokerage offices and marketing tools

Relocation Business. Competition in our relocation business is based on capabilities, price and quality. We compete primarily with global and regional outsourced relocation services providers. The larger outsourced relocation services providers that we compete with include Brookfield Global Relocation Services, SIRVA, Inc. and Weichert Relocation Resources, Inc. As the relocation business continues to become more global in nature with greater emphasis on relocation of employees throughout the world, we expect to face greater competition from firms that provide global services.

Title and Settlement Business. The title and settlement business is highly competitive and fragmented. The number and size of competing companies vary in the different areas in which we conduct business. We compete with other title insurers, title agents and vendor management companies. The title and settlement business competes with a large, fragmented group of smaller underwriters and agencies. In addition, we compete with the various brands of national competitors including Fidelity National Title Insurance Company, First American Title Insurance Company, Stewart Title Guaranty Company and Old Republic Title Company.

Marketing

Real Estate Franchise Operations. Each of our franchise brands operates a marketing fund that is funded by our franchisees and us. The primary focus of each marketing fund is to build and maintain brand awareness, which is accomplished through a variety of media, including increased use of Internet advertising. Our Internet presence, for the most part, features our entire listing inventory on our brand websites in our regional and national markets, plus community profiles, home buying and selling advice, relocation tips and mortgage financing information. Each brand manages a comprehensive system of marketing tools, systems and sales information and data that can be accessed

through free-standing brand intranet sites to assist independent sales associates in becoming the best marketer of their listings. In addition to the Sotheby's International Realty® brand, a leading luxury brand, our franchisees and our company owned brokerages also participate in luxury marketing programs, such as Century 21 Fine Homes & Estates®, Coldwell Banker Previews International® and ERA® International Collection.

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According to NAR, among buyers who used the Internet during their home search, 87% of buyers found photos and 84% found detailed information about properties for sale very useful. Advertising is primarily used by the brands to drive consumers to their respective websites. Significant focus is placed on developing websites for each brand to create value to the real estate consumer. Each brand website focuses on streamlined, easy search processes for listing inventory and rich descriptive details and multiple photos to market the real estate listing. Additionally, each brand website serves as a national distribution point for independent sales associates to market themselves to consumers to enhance the customer experience. We also place significant emphasis on distributing our real estate listings with third-party websites to expand a homebuyer's access to such listings, at times enhancing the presentation of the listings on third-party websites to make the listings more attractive to consumers. Consumers seeking more detailed information about a particular listing on a third-party website are able to click through to a brand website or a company owned brokerage website or telephone the franchisee or company owned brokerage directly.

In order to improve our response times to buyers and sellers seeking real estate services, we developed LeadRouter™, our proprietary patented lead management system. We believe LeadRouter provides a competitive advantage by improving the speed at which a brokerage can begin working with a customer. The system converts text to voice and transfers the lead to our agents within a matter of seconds, providing our agents with the ability to quickly respond to the needs of a potential home buyer or seller. Additionally, LeadRouter provides the broker with an accountability tool to manage their associates and evaluate productivity.

During 2015, we installed ZipRealty's comprehensive, integrated ZAPSM technology platform with approximately 390 of our approximately 2,700 franchisees and, consistent with our previously disclosed plan, anticipate rolling this product out to a broader franchisee base over the next two years. We believe the ZAP technology platform will increase the value proposition to our franchisees, their independent sales associates and their customers. In 2015, LeadRouter was integrated into ZAP to enhance our value proposition for all brokers on the platform.

Company Owned Brokerage Operations. Our company owned brokerages sponsor a wide array of marketing programs, materials and opportunities to complement the sales work of our affiliated independent sales associates and increase brand awareness. The effectiveness and quality of marketing programs play a significant role in attracting and retaining independent sales associates.

NRT's sponsored marketing programs and initiatives primarily focus on attracting potential new home buyers and sellers to NRT's affiliated independent sales associates. These programs and initiatives also complement the awareness of our brands by increasing the local recognition of our agents and local brokerages.

Much of our marketing efforts are geared toward showcasing the inventory of our real estate listings and the affiliated independent sales associates who are the selling agents of these listings. In addition to prominently placing the listing property and related selling agent information on numerous real estate websites, we promote the selling agents and their properties on social media sites and offer tools and systems intended to enhance the home buying and home selling experiences of our customers. We also offer the independent sales associates broad-based advertising, mailings and other campaigns to generate leads, interest and recognition.

The Internet has become the primary advertising channel in our industry and we have sought to become a leader among full-service residential real estate brokerage firms in the use and application of marketing technology. We place our property listings on hundreds of real estate websites and we operate a variety of our own websites.

NRT also utilizes both proprietary and third-party technology to offer independent sales associates tools that may enhance their productivity and increase their understanding of their local markets and the impact of their marketing efforts. Some of these tools include the HomeBase Transaction Management and InTouch CRM systems, as well as MarketQuest and e-Marketing reporting tools.

Education and Marketing Updates

Each real estate brand provides continuing education and marketing-related materials to its franchisees to assist them in ongoing business operations. Each brand's engagement program contains different materials and delivery methods. The marketing materials include a detailed description of the services offered by our franchise systems (which will be available to the independent sales associate). Live instructors at conventions and orientation seminars deliver some

engagement modules while other modules can be viewed by brokers anywhere in the world through virtual classrooms over the Internet. Most of the programs and materials are then made available in electronic form to franchisees over the respective system's

private intranet site. Many of the materials are customizable to allow franchisees to achieve a personalized look and feel and make modifications to certain content as appropriate for their business and marketplace.

For our company owned brokerage operations, we focus on attracting and retaining sales associates through a number of programs in order to drive revenue growth.

Employees

At December 31, 2015, we had approximately 11,400 employees, including approximately 880 employees outside of the U.S. None of our employees are represented by a union. We believe that our employee relations are good.

Government Regulation

Franchise Regulation. In the U.S., the sale of franchises is regulated by various state laws, as well as by the Federal Trade Commission (the "FTC"). The FTC requires that franchisors make extensive disclosure to prospective franchisees but does not require registration. A number of states require registration and/or disclosure in connection with franchise offers and sales. In addition, several states have "franchise relationship laws" or "business opportunity laws" that limit the ability of the franchisor to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements. The states with relationship or other statutes governing the termination of franchises include Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, Virginia, Washington and Wisconsin. Puerto Rico and the Virgin Islands also have statutes governing termination of franchises. Some franchise relationship statutes require a mandated notice period for termination and some require a notice and cure period. In addition, some require that the franchisor demonstrate good cause for termination. These statutes do not have a substantial effect on our operations because our franchise agreements generally comport with the statutory requirements for cause for termination, and they provide notice and cure periods for most defaults. When the franchisee is granted a statutory period longer than permitted under the franchise agreement, we extend our notice and/or cure periods to match the statutory requirements. In some states, case law requires a franchisor to renew a franchise agreement unless a franchisee has given cause for non-renewal. Failure to comply with these laws could result in civil liability to the affected franchisees. While our franchising operations have not been materially adversely affected by such existing regulation, we cannot predict the effect of any future federal or state legislation or regulation. Internationally, many countries have similar laws affecting franchising.

Real Estate Regulation. RESPA and state real estate brokerage laws restrict payments which real estate brokers, title agencies, mortgage bankers, mortgage brokers and other settlement service providers may receive or pay in connection with the sales of residences and referral of settlement services (e.g., mortgages, homeowners insurance and title insurance). Such laws may to some extent restrict preferred alliance and other arrangements involving our real estate franchise, real estate brokerage, settlement services and relocation businesses. In addition, with respect to our company owned real estate brokerage, relocation and title and settlement services businesses, RESPA and similar state laws require timely disclosure of certain relationships or financial interests with providers of real estate settlement services.

RESPA and related regulations do, however, contain a number of provisions that allow for payments or fee splits between providers, including fee splits between brokers and agents and market-based fees for the provision of actual goods or services. In addition, RESPA allows for referrals to affiliated entities, including joint ventures, when specific requirements have been met. We rely on these provisions in conducting our business activities and believe our arrangements comply with RESPA. RESPA compliance, however, has become a greater challenge in recent years for most industry participants offering settlement services, including mortgage companies, title companies and brokerages, because of changes in the regulatory environment.

Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"), administration of RESPA has been moved from the Department of Housing and Urban Development ("HUD") to the Consumer Financial Protection Bureau (the "CFPB"). The CFPB has taken a much stricter approach toward interpretation of RESPA and related regulations than HUD and has significantly increased the use of enforcement proceedings. In the face of this changing regulatory landscape, various industry participants, while disagreeing with the CFPB's narrow interpretation of RESPA, have nevertheless decided to modify or terminate long-standing business arrangements to avoid the risk of protracted and costly litigation defending such arrangements. While we have made, and anticipate making, changes to our RESPA-related business practices, we do not expect these changes to have a material impact

on our operations. Beyond the CFPB enforcement practices, the new practices have triggered private RESPA litigation, including an action recently filed against us, our joint venture and PHH that is described under "Item 3.—Legal Proceedings."

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Beginning on October 3, 2015, CFPB's rule, known as TILA-RESPA Integrated Disclosure ("TRID"), became effective for new loan applications. TRID integrates certain mortgage disclosure forms and outlines new requirements related to the closing of certain real estate transactions, including mandating the use of a new closing disclosure to be delivered three business days before closing of the loan. The new regulations have caused closing delays throughout the industry, including at Realogy for both its company owned and franchised operations. NAR Economists' Outlook report published on December 22, 2015 stated that the time from contract to close for U.S. homesales rose to an average of 40.5 days in November of 2015 from 35.9 in November of 2014, a 12.8% increase (4.6 days).

Our company owned real estate brokerage business is also subject to numerous federal, state and local laws and regulations that contain general standards for and limitations on the conduct of real estate brokers and sales associates, including those relating to the licensing of brokers and sales associates, fiduciary and agency duties, administration of trust funds, collection of commissions, restrictions on information sharing with affiliates, fair housing standards and advertising and consumer disclosures. Under state law, our company owned real estate brokers have certain duties to supervise and are responsible for the conduct of their brokerage businesses. Although real estate sales associates historically have been classified as independent contractors, newer rules and interpretations of state and federal employment laws and regulations, including those governing employee classification and wage and hour regulations, may impact industry practices and our company owned brokerage operations. Real estate licensing laws generally permit brokers to engage sales associates as independent contractors but require that the broker supervise their activities.

Regulation of Title Insurance and Settlement Services. Many states license and regulate title agencies/settlement service providers or certain employees and underwriters through their Departments of Insurance or other regulatory body. In many states, title insurance rates are either promulgated by the state or are required to be filed with each state by the agent or underwriter, and some states promulgate the split of title insurance premiums between the agent and underwriter. States sometimes unilaterally lower the insurance rates relative to loss experience and other relevant factors. States also require title agencies and title underwriters to meet certain minimum financial requirements for net worth and working capital. In addition, the insurance laws and regulations of Texas, the jurisdiction in which our title insurance underwriter subsidiary, TRGC, is domiciled, generally provide that no person may acquire control, directly or indirectly, of a Texas domiciled insurer, unless the person has provided required information to, and the acquisition is approved or not disapproved by, the Texas Department of Insurance. Generally, any person acquiring beneficial ownership of 10% or more of our voting securities would be presumed to have acquired indirect control of our title insurance underwriter subsidiary unless the Texas Department of Insurance, upon application, determines otherwise. Our insurance underwriter is also subject to a holding company act in its state of domicile, which regulates, among other matters, investment policies and the ability to pay dividends.

Certain states in which we operate have "controlled business" statutes which impose limitations on affiliations between providers of title and settlement services, on the one hand, and real estate brokers, mortgage lenders and other real estate service providers, on the other hand. We are aware of the states imposing such limits and monitor the others to ensure that if they implement such a limit that we will be prepared to comply with any such rule. "Controlled business" typically is defined as sources controlled by, or which control, directly or indirectly, the title insurer or agent. Pursuant to legislation enacted in the State of New York in late 2014 requiring the licensing of title agents, the New York Department of Insurance has issued regulations that provide that title agents with affiliated businesses may not accept referrals from affiliated sources unless they also have significant and multiple sources of non-affiliated business. We are not aware of any other recent or pending controlled business legislation. A company's failure to comply with such statutes could result in the non-renewal of the Company's license to provide title and settlement services. We provide our services not only to our affiliates but also to third-party businesses in the geographic areas in which we operate. Accordingly, we manage our business in a manner to comply with any applicable "controlled business" statutes by ensuring that we generate sufficient business from sources we do not control. We have never been cited for failing to comply with a "controlled business" statute.

Dodd-Frank Act. Dodd-Frank endows the CFPB with rulemaking, examination and enforcement authority involving consumer financial products and services, including mortgage finance. The CFPB has issued a myriad of proposed and final rules which could materially and adversely affect the mortgage and housing industries. Dodd-Frank establishes new standards and practices for mortgage originators, including determining a prospective borrower's ability to repay its mortgage and restricting the fees that mortgage originators may collect.

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Item 1A. Risk Factors.

You should carefully consider each of the following risk factors and all of the other information set forth in this Annual Report. The risk factors generally have been separated into three groups: (1) risks relating to our business; (2) risks relating to our indebtedness; and (3) risks relating to an investment in our common stock. Based on the information currently known to us, we believe that the following information identifies the most significant risk factors affecting our Company and our common stock. However, the risks and uncertainties are not limited to those set forth in the risk factors described below. In addition, past financial performance may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Risks Related to Our Business

The residential real estate market is cyclical and we are negatively impacted by downturns in this market.

The residential real estate market tends to be cyclical and typically is affected by changes in general economic conditions which are beyond our control. Commencing in the second half of 2005 and continuing through 2011, the U.S. residential real estate industry was in a significant and lengthy downturn. Beginning in 2012, the U.S. residential real estate industry began its current recovery. We cannot predict the duration or continued strength of the housing recovery. If the residential real estate market or the economy as a whole does not continue to improve or worsens, our business, financial condition and liquidity may be materially adversely affected, including our ability to access capital and grow our business.

Any of the following could halt or limit a recovery in the housing market and have a material adverse effect on our business by causing a lack of sustained growth or a decline in the number of homesales and/or prices which in turn, could adversely affect our revenues and profitability:

- high levels of unemployment and the continued slow recovery of wages;
 - a period of slow economic growth or recessionary conditions;
 - weak credit markets;
 - a low level of consumer confidence in the economy and/or the residential real estate market due to macroeconomic events domestically or internationally;
 - instability of financial institutions;
 - legislative or regulatory changes (including changes in regulatory interpretations or regulatory practices) that would adversely impact the residential real estate market as well as federal and/or state income tax changes and other tax reform affecting real estate and/or real estate transactions;
 - increasing mortgage rates and down payment requirements and/or constraints on the availability of mortgage financing;
 - insufficient or excessive regional home inventory levels;
 - renewed high levels of foreclosure activity including but not limited to the release of homes already held for sale by financial institutions;
 - adverse changes in local or regional economic conditions;
 - the inability or unwillingness of homeowners to enter into homesale transactions due to first-time homebuyer concerns about investing in a home and move-up buyers having limited or negative equity in their existing homes;
 - a decrease in the affordability of homes including the impact of rising mortgage rates, home price appreciation and wage stagnation and/or wage increases that do not keep pace with inflation;
 - decreasing home ownership rates, declining demand for real estate and changing social attitudes toward home ownership; and/or
 - natural disasters, such as hurricanes, earthquakes and other events that disrupt local or regional real estate markets.
- A continuing housing recovery should result in an increase in our revenues but could put downward pressure on brokerage commissions or increase competition due to new entrants or expansion by existing competitors, which could negatively impact the rate of our revenue growth. In addition, in a growing housing market, sales associates, under certain circumstances, may achieve a higher proportion of the commissions earned on a homesale transaction, which could adversely affect the operating margins of our company owned residential brokerages. Similarly, our

revenue growth could be negatively affected if the net effective royalty rate for our real estate franchise segment receives from our franchisees falls. In general, most of our third-party franchisees are entitled to volume incentives. These incentives decrease during

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times of declining homesale transaction volumes and increase during market recoveries when there is a corresponding increase in homesale transaction volume.

Adverse developments in general business and economic conditions could have a material adverse effect on our financial condition and our results of operations.

Our business and operations and those of our franchisees are sensitive to general business and economic conditions in the U.S. and worldwide. These conditions include short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets, levels of unemployment, consumer confidence and the general condition of the U.S. and the world economy.

The residential real estate market also depends upon the strength of financial institutions, which are sensitive to changes in the general macroeconomic environment. Lack of available credit or lack of confidence in the financial sector could materially and adversely affect our business, financial condition and results of operations.

A host of factors beyond our control could cause fluctuations in these conditions, including the political environment, disruptions in a major geoeconomic region, or equity or commodity markets and acts or threats of war or terrorism which could have a material adverse effect on our financial condition and our results of operations.

Tightened mortgage underwriting standards could continue to reduce homebuyers' ability to access the credit markets on reasonable terms.

During the past several years, many lenders have significantly tightened their underwriting standards and many alternative mortgage products have become less available in the marketplace. Underwriting standards could be further tightened as a result of changes in regulations, including regulations enacted to increase guarantee fees of federally insured mortgages and/or to reduce the maximum loan limits on mortgage guarantees by Fannie Mae and Freddie Mac. More stringent mortgage underwriting standards could adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes, which would adversely affect our operating results. Monetary policies of the federal government and its agencies may have a material impact on our operations.

Our business is significantly affected by the monetary policies of the federal government and its agencies. We are particularly affected by the policies of the Federal Reserve Board, which regulates the supply of money and credit in the U.S. The Federal Reserve Board's policies impact the real estate market through their effect on interest rates as well as the cost of our interest-bearing liabilities.

We could be negatively impacted by any rising interest rate environment. As mortgage rates rise, the number of homesale transactions may decrease as potential home sellers choose to stay with their lower mortgage rate rather than sell their home and pay a higher mortgage rate with the purchase of another home, and potential home buyers choose to rent rather than pay higher mortgage rates. An increase in mortgage rates would also be expected to reduce the number of homesale refinancing transactions, which could materially adversely impact our earnings from the PHH Home Loans joint venture as well as the revenue stream of our title and settlement services segment. Changes in the Federal Reserve Board's policies, the interest rate environment and mortgage market are beyond our control, are difficult to predict and could have a material adverse effect on our business, results of operations and financial condition.

Our company owned brokerage operations are subject to geographic and high-end real estate market risks, which could adversely affect our revenues and profitability.

Our subsidiary, NRT, owns real estate brokerage offices located in and around large metropolitan areas in the U.S. Local and regional economic conditions in these locations could differ materially from prevailing conditions in other parts of the country. NRT realizes 60% of its revenues in the higher end markets it serves in California, Florida and the New York metropolitan area. For the year ended December 31, 2015, NRT realized approximately 27% of its revenues from California, 23% from the New York metropolitan area and 10% from Florida. A downturn in residential real estate demand or economic conditions that is concentrated in these regions could result in a decline in NRT's total gross commission income and profitability disproportionate to the downturn experienced throughout the U.S. and could have a material adverse effect on us. In addition, given the significant geographic overlap of our title and settlement services business with our company owned brokerage offices, such regional declines affecting our

company owned brokerage operations could have a disproportionate adverse effect on our title and settlement services business as well. A downturn in residential real estate demand or economic conditions in these states could result in a decline in our overall revenues and have a material adverse effect on us.

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NRT has a significant concentration of transactions at the higher end of the U.S. real estate market. A shift in NRT's mix of property transactions from the high range to lower and middle range homes would adversely affect the average price of NRT's closed homesales. Such a shift, absent an increase in transactions, would have an adverse effect on our operating results. In addition, NRT continues to face heightened competition because of its prominent position in the higher end housing markets.

Our financial results are affected by the operating results of our franchisees.

Our real estate franchise services segment receives revenue in the form of royalties, which are based on a percentage of gross commission income earned by our franchisees. Accordingly, the financial results of our real estate franchise services segment are dependent upon the operational and financial success of our franchisees. If industry trends or economic conditions are not sustained or do not continue to improve, our franchisees' financial results may worsen and our royalty revenues may decline. In addition, we may have to increase our bad debt and note reserves. We may also have to terminate franchisees due to non-payment.

Gross closed commission income of our new franchisees may never materialize and accordingly we may not receive any material royalty revenues from new franchisees. Further, if franchisees fail to renew their franchise agreements, or if we decide to restructure franchise agreements in order to induce franchisees to renew these agreements, then our royalty revenues may decrease, and profitability from franchisees may be lower than in the past due to reduced net royalty rates, non-standard incentives and higher expenses from licensing fees.

Most of our franchisees are entitled to volume incentives calculated for each franchisee as a progressive percentage of each franchisee's annual gross revenue subject to royalty payments for each calendar year. To the extent the royalties from our larger franchisees increase as a percentage of our total real estate franchise segment's revenues, our operating margin for RFG could be adversely impacted.

Our franchisees and their independent sales associates could take actions that could harm our business.

Our franchisees are independent business operators and we do not exercise control over their day-to-day operations. Our franchisees may not successfully operate a real estate brokerage business in a manner consistent with industry standards, or may not affiliate with effective independent sales associates or employees. If our franchisees or their independent sales associates were to provide diminished quality of service to customers, our image and reputation may suffer materially and adversely affect our results of operations. Improper actions involving our franchisees, including regarding their relationships with independent sales associates, clients and employees, may also lead to direct claims against us based on theories of vicarious liability, negligence, joint operations and joint employer liability which, if determined adversely, could increase costs, negatively impact the business prospects of our franchisees and subject us to incremental liability for their actions.

Additionally, franchisees and their independent sales associates may engage or be accused of engaging in unlawful or tortious acts, such as violating the anti-discrimination requirements of the Fair Housing Act. Such acts or the accusation of such acts could harm our brands' image, reputation and goodwill.

Franchisees, as independent business operators, may from time to time disagree with us and our strategies regarding the business or our interpretation of our respective rights and obligations under the franchise agreement. This may lead to disputes with our franchisees and we expect such disputes to occur from time to time in the future as we continue to offer franchises. To the extent we have such disputes, the attention of our management and our franchisees will be diverted, which could have a material adverse effect on our business, financial condition, results of operations or cash flows.

We may not be able to successfully develop, license and scale our ZAPSM technology to our franchisees, which could adversely affect our ability to retain existing franchisees and recruit new franchisees.

In August 2014, we acquired ZipRealty, an innovative residential real estate brokerage and developer of proprietary technology platforms for real estate brokerages, independent sales associates and customers. During 2015, we installed ZipRealty's comprehensive, integrated ZAPSM technology platform that includes a CRM system, to certain of our franchisees, ahead of a broader rollout of these tools. We may incur unforeseen expenses in the development of a scalable ZAP platform and may encounter delays in the broader roll out of this product to our franchisees. In addition,

we may be unable to attract and retain employees involved in developing the technology due to the low levels of unemployment in the areas around the ZipRealty offices. There also can be no assurance that even if the ZAP platform becomes scalable that our franchisees will have a demand for the ZAP platform or related products. Further, franchisees that seek a CRM tool may

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license products from third parties, and franchisees that have existing CRM systems may not switch to the ZAP platform. In addition, the local Multiple Listing Services ("MLS") may not provide us with access to their property listings, thereby reducing the number of local property listings on our website. Our inability to successfully license the ZAP platform to a significant portion of our franchisee base could adversely affect our ability to retain existing franchisees or recruit new franchisees.

Actions by the independent sales associates engaged by our company owned brokerages could materially and adversely affect our reputation and subject us to liability.

Our company owned brokerage operations rely on the performance of independent sales associates. If the independent sales associates were to provide lower quality services to our customers, our image and reputation could be materially adversely affected. In addition, we could also be subject to litigation and regulatory claims arising out of their performance of brokerage services, which if adversely determined, could materially and adversely affect us.

Clients of our relocation business may terminate their contracts with us at any time.

Substantially all of our contracts with our relocation clients are terminable at any time at the option of the client and are non-exclusive. If a client terminates its contract, we will only be compensated for services performed up to the time of termination and reimbursed for expenses incurred up to the time of termination. If a significant number of our relocation clients terminate their contracts with us or we lose one or more significant Affinity clients, our results of operations would be materially adversely affected. Our business could also be materially adversely affected if there is a material reduction in the volume of business we receive from these customers.

We are reliant on third-party vendors to perform services on our behalf.

Aspects of our business, such as our relocation segment, are performed on our behalf by third-party vendors. In many instances these suppliers are in direct contact with our customers in order to deliver services on our behalf. If our third-party suppliers were to provide diminished services to our customers or face cybersecurity breaches of their information technology systems, our image and reputation could be materially adversely affected. In addition, we could also be subject to litigation and regulatory claims arising out of the performance of our third-party suppliers based on theories of vicarious liability, negligence or failure to comply with laws and regulations including the Foreign Corrupt Practices Act.

We may be unable to achieve or maintain cost savings and other benefits from our restructuring activities.

We continue to engage in business optimization initiatives that focus on maximizing the efficiency and effectiveness of the cost structure of each of the Company's business units. The action is designed to improve client service levels across each of the business units while enhancing the Company's profitability and incremental margins. Expected restructuring costs of approximately \$37 million are currently anticipated to be incurred through the end of 2016. Cost savings related to the restructuring initiatives are estimated to be approximately \$40 million on an annual run rate basis and are anticipated to offset some or all of our inflation-related annual cost increases. We may not be able to achieve these improvements in the efficiency and effectiveness of our operations. We also may incur greater costs than currently anticipated to achieve these savings and we may not be able to maintain these cost savings and other benefits in the future.

We may not realize anticipated benefits from acquisitions.

Integrating acquired companies involves complex operational and personnel related challenges, including:

- the possible defection of a significant number of employees and independent sales associates;
- the disruption of our respective ongoing businesses;
- possible inconsistencies in policies and procedures, as well as business and IT controls;
- the failure to maintain important business relationships and contracts;
- unanticipated costs of terminating or relocating facilities and operations;
- unanticipated expenses related to the integration;
 - increased amortization of intangibles; and
- potential unknown liabilities associated with acquired businesses.

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A prolonged diversion of management's attention and any delays or difficulties encountered in connection with the integration of any business acquisition could prevent us from realizing the anticipated cost savings and revenue growth from our acquisitions.

We may not have the ability to complete future acquisitions.

At varying times, we have pursued an active acquisition strategy as a means of strengthening and expanding our businesses and have sought to integrate acquisitions into our operations to achieve economies of scale. The success of our future acquisition strategy will continue to depend upon our ability to fund such acquisitions given our total outstanding indebtedness, find suitable acquisition candidates on favorable terms and for target companies to find our acquisition proposals more favorable than those made by companies with which we compete.

Loss or attrition among our senior executives or other key employees could adversely affect our financial performance.

Our success is largely dependent on the efforts and abilities of our executive officers and other key employees, particularly those who have many years of experience in the residential real estate market. Our ability to retain our executive officers and key employees is generally subject to numerous factors, including the compensation and benefits we pay. If we were to lose several of our executive officers or key employees in a relatively short period of time and were unable to promptly fill their positions with comparably qualified individuals, our business may be adversely affected.

We are subject to certain risks related to litigation filed by or against us, and adverse results may harm our business and financial condition.

We cannot predict with certainty the cost of defense, the cost of prosecution, insurance coverage or the ultimate outcome of litigation and other proceedings filed by or against us, including remedies or damage awards, and adverse results in such litigation and other proceedings, including treble damages and penalties. Adverse outcomes may harm our business and financial condition. Such litigation and other proceedings may include, but are not limited to: actions relating to claims alleging violations of RESPA (see Strader litigation described under "Item 3.—Legal Proceedings") or state consumer fraud statutes, intellectual property, commercial arrangements, franchising arrangements, negligence and fiduciary duty claims arising from franchising arrangements or company owned brokerage operations;

• employment law claims, including claims challenging the classification of sales associates as independent contractors as well as wage and hour and joint employer claims;

• cybersecurity incidents and data breach claims;

• actions against our title company for defalcations on closing payments or alleging it knew or should have known others were committing mortgage fraud;

• brokerage disputes like the failure to disclose hidden defects in the property as well as other brokerage claims associated with listing information and property history;

• vicarious or joint liability based upon the conduct of individuals or entities traditionally outside of our control, including franchisees and independent sales associates;

• antitrust and anti-competition claims;

• general fraud claims; and

• compliance with wage and hour regulations.

In addition, class action lawsuits can often be particularly vexatious litigation given the breadth of claims, the large potential damages claimed and the significant costs of defense. The risks of litigation become magnified and the costs of settlement increase in class actions in which the courts grant partial or full certification of a large class. In the case of intellectual property litigation and proceedings, adverse outcomes could include the cancellation, invalidation or other loss of material intellectual property rights used in our business and injunctions prohibiting our use of business processes or technology that is subject to third-party patents or other third-party intellectual property rights. In addition, we may be required to enter into licensing agreements (if available on acceptable terms or at all) and pay royalties. Insurance coverage may be unavailable for certain types of claims and even where available, insurance

carriers may dispute coverage for various reasons, including the cost of defense, and such insurance may not be sufficient to cover the losses we incur.

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Adverse decisions in litigation against companies unrelated to us could impact our business practices and those of our franchisees in a manner that adversely impacts our financial condition and results of operations.

Litigation, claims and regulatory proceedings against other participants in the residential real estate industry may impact the Company when the rulings in those cases cover practices common to the broader industry. Examples may include claims associated with RESPA compliance, broker fiduciary duties, and sales agent classification. Similarly, the Company may be impacted by litigation and other claims against companies in other industries. Rulings on matters such as the enforcement of arbitration agreements and worker classification may adversely affect the Company and other residential real estate industry participants as a result of the classification of sales associates as independent contractors, irrespective of the fact that the parties subject to the rulings are in a different industry. There is active worker classification litigation in numerous jurisdictions, including Massachusetts, California, New Jersey and New York, against a variety of industries where the plaintiffs seek to reclassify independent contractors as employees or to challenge the use of federal and state minimum wage and overtime exemptions. To the extent plaintiffs are successful in these types of litigation matters, and we or our franchisees cannot distinguish our or their practices (or our industry's practices), we and our franchisees could face significant liability and could be required to modify certain business relationships, either of which could materially and adversely impact our financial condition and results of operations.

Our relationship with our employees is subject to an array of different employment, tax reporting and regulatory obligations and any significant failure to comply with these obligations could materially and adversely affect our business.

These obligations relate to federal and state tax codes, federal and state wage and hour laws, state unemployment, workers' compensation and disability tax laws, right to organize and anti-discrimination and workplace safety laws. Each state has unique wage and hour laws, which have been the subject of increasing litigation nationwide. In addition, federal agencies and each state have its own rules and tests for classification of independent contractors as well as to determine whether employees meet exemptions from minimum wages and overtime laws. These tests consider many factors that also vary from state to state. The tests have evolved based on state case law decisions, regulations and legislative changes, and frequently involve factual analysis. In addition, states have laws and regulations concerning the licensing of real estate agents. While these laws and regulations may have separate provisions related to the classification of sales associates as independent contractors, there can be no assurance that courts will follow the tests in these real estate specific laws and regulations when they differ from those in labor statutes and regulations. When companies are found to have misclassified workers as independent contractors instead of employees, courts can impose significant penalties and damages.

The legal relationship between residential real estate brokers and licensed sales associates throughout the industry historically has been that of independent contractor. Although we believe our classification practices are proper and consistent with the legal framework for such classification, our company owned brokerage operations could face substantial litigation or disputes in direct claims or regulatory procedures, including the risk of court or regulatory determinations that certain groups of real estate agents should be reclassified as employees and entitled to unpaid minimum wage, overtime, benefits, expense reimbursement and other employment obligations. Significant reclassification determinations in the absence of available exemptions from minimum wage or overtime laws, including damages and penalties for prior periods, could be disruptive to our business, constrain our operations in certain jurisdictions and have a material adverse effect on the operational and financial performance of the Company. In addition, real estate agent reclassification could have a material adverse effect on the operational and financial performance of our franchisees and our competitors.

We are reliant upon information technology to operate our business and maintain our competitiveness.

Our business, including our ability to attract employees and independent sales associates, increasingly depends upon the use of sophisticated information technologies and systems, including technology and systems (mobile and otherwise) utilized for communications, marketing, productivity tools, lead generation, records of transactions, business records (employment, accounting, tax, etc.), procurement, call center operations and administrative systems.

The operation of these technologies and systems is dependent upon third-party technologies, systems and services, for which there are no assurances of continued or uninterrupted availability and support by the applicable third-party vendors on commercially reasonable terms. We also cannot assure that we will be able to continue to effectively operate and maintain our information technologies and systems. In addition, our information technologies and systems are expected to require refinements and enhancements on an ongoing basis, and we expect that advanced new technologies and systems will continue to be introduced. We may not be able to obtain such new technologies and systems, or to replace or introduce new technologies and systems as quickly as our competitors or in a cost-effective manner. Also, we may not achieve the benefits anticipated

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or required from any new technology or system, and we may not be able to devote financial resources to new technologies and systems in the future.

Cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation and results of operations.

Global cybersecurity threats and incidents can range from uncoordinated individual attempts to gain unauthorized access to information technology systems to sophisticated and targeted measures known as advanced persistent threats, directed at the Company and/or its third-party service providers. In the ordinary course of our business, we and our third-party service providers collect and store sensitive data, including our proprietary business information and intellectual property, and that of our clients and personally identifiable information of our customers.

Additionally, we increasingly rely on third-party data storage providers, including cloud storage solution providers. The secure processing, maintenance and transmission of this information are critical to our operations and with respect to information collected and stored by our third-party service providers, we are reliant upon their security procedures. While we and our third-party service providers have experienced, and expect to continue to experience, these types of threats and incidents, none of them to date have been material to the Company. Although we employ comprehensive measures to prevent, detect, address and mitigate these threats (including access controls, data encryption, vulnerability assessments and maintenance of backup and protective systems), and conduct diligence on the security measures employed by key third-party service providers, cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties, including personally identifiable information) and the disruption of business operations. Our corporate errors and omissions and cybersecurity breach insurance may be insufficient to compensate us for losses that may occur. The potential consequences of a material cybersecurity incident include reputational damage, litigation with third parties, diminution in the value of the services we provide to our customers, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness and results of operations.

The weakening or unavailability of our intellectual property rights could adversely impact our business.

Our trademarks, trade names, domain names and other intellectual property rights are fundamental to our brands and our franchising business. The steps we take to obtain, maintain and protect our intellectual property rights may not be adequate and, in particular, we may not own all necessary registrations for our intellectual property. Applications we have filed to register our intellectual property may not be approved by the appropriate regulatory authorities. Our intellectual property rights may not be successfully asserted in the future or may be invalidated, circumvented or challenged. We may be unable to prevent third parties from using our intellectual property rights without our authorization or independently developing technology that is similar to ours. Also, third parties may own rights in similar trademarks. Any unauthorized use of our intellectual property by third parties could reduce our competitive advantages or otherwise harm our business and brands. If we had to litigate to protect these rights, any proceedings could be costly, and we may not prevail. Our intellectual property rights, including our trademarks, may fail to provide us with significant competitive advantages in the U.S. and in foreign jurisdictions that do not have or do not enforce strong intellectual property rights.

We cannot be certain that our intellectual property does not and will not infringe issued intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the patents, trademarks and other intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in costly litigation. Depending on the success of these proceedings, we may be required to enter into licensing or consent agreements (if available on acceptable terms or at all), or to pay damages or cease using certain service marks or trademarks.

We franchise our brands to franchisees. While we try to ensure that the quality of our brands is maintained by all of our franchisees, we cannot assure that these franchisees will not take actions that hurt the value of our intellectual property or our reputation.

Our license agreement with Sotheby's for the use of the Sotheby's International Realty® brand is terminable by Sotheby's prior to the end of the license term if certain conditions occur, including but not limited to the following: (1) we attempt to assign any of our rights under the license agreement in any manner not permitted under the license agreement, (2) we become bankrupt or insolvent, (3) a court issues a non-appealable, final judgment that we have committed certain breaches of the license agreement and we fail to cure such breaches within 60 days of the issuance of such judgment, or (4) we discontinue the use of all of the trademarks licensed under the license agreement for a period of twelve consecutive months.

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Our license agreement with Meredith Corporation ("Meredith") for the use of the Better Homes and Gardens® Real Estate brand is terminable by Meredith prior to the end of the license term if certain conditions occur, including but not limited to the following: (1) we attempt to assign any of our rights under the license agreement in any manner not permitted under the license agreement, (2) we become bankrupt or insolvent, or (3) a trial court issues a final judgment that we are in material breach of the license agreement or any representation or warranty we made was false or materially misleading when made.

We do not own two of our brands and must manage cooperative relationships with both owners.

The Sotheby's International Realty® and Better Homes and Gardens® Real Estate brands are owned by the companies that founded these brands. We are the exclusive party licensed to run brokerage services in residential real estate under those brands, whether through our franchisees or our company owned operations. Our future operations and performance with respect to these brands requires the continued cooperation from the owners of those brands and successful protection of those brands. In particular, Sotheby's has the right to approve our international Sotheby's International Realty® franchisees and the material terms of our international franchise agreements governing our relationships with our Sotheby's International Realty® franchisees located outside the U.S., which approval cannot be unreasonably withheld or delayed. If Sotheby's unreasonably withholds or delays its approval for new international franchisees, our relationship with Sotheby's could be disrupted. Any significant disruption of the relationships with the owners of these brands could impede our franchising of those brands and have a material adverse effect on our operations and performance. In addition, any significant difficulties in the business of the brand owners could negatively reflect on the brand and the brand value.

We do not control the joint venture PHH Home Loans and PHH as the managing partner of that venture may make decisions that are contrary to our best interests.

Under our Operating Agreement with PHH relating to PHH Home Loans, we own a 49.9% equity interest but do not have control of the operations of the joint venture. Rather, our joint venture partner, PHH, is the managing partner of the venture and may make decisions with respect to the operation of the venture, which may harm the joint venture or be contrary to our best interests and may adversely affect our results of operations or equity interest in the joint venture.

The earnings and dividends we receive from our joint venture PHH Home Loans may be materially adversely affected by developments in the mortgage industry as well as operational or liquidity risks to the joint venture or PHH.

Our joint venture may continue to be materially adversely impacted by changes affecting the mortgage industry, including but not limited to regulatory changes, increases in mortgage interest rates and decreases in operating margins. Earnings and dividends from PHH Home Loans also could be materially adversely affected by the impact and outcome of litigation and investigations affecting the joint venture or PHH as well as operational or liquidity risks to the joint venture or PHH.

In the event of a termination of our joint venture PHH Home Loans, we may not be able to find an alternative partner, which could negatively impact our business.

We may terminate the joint venture at our election by providing two years' prior notice to PHH at any time and PHH may terminate the venture at its election effective January 31, 2030, by notice delivered no earlier than three years, but not later than two years, before such date. Either party also has the right to terminate the joint venture upon the occurrence of certain events, such as a material breach, or the insolvency of the other party. In addition, we may terminate the joint venture upon a change of control of PHH involving certain entities that we have enumerated (and which may be updated by us once every two years) or any competitor of ours. Upon any termination of the joint venture by us as a result of any of the events described in this paragraph, we may require that PHH purchase our interest or sell its interest to a buyer designated by us.

If the joint venture is terminated, we may not be able to replace PHH with a new joint venture partner on terms comparable to us as those contained in the existing agreements governing the joint venture and, even if successful in finding a replacement partner, may incur expenses or a loss of earnings during any such transition. In addition, we might be unsuccessful in engaging in the loan origination business without a partner. In the event of a termination of

the joint venture, our earnings derived from the business that had been conducted by the joint venture could be materially adversely affected.

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We may experience significant claims relating to our operations, and losses resulting from fraud, defalcation or misconduct.

We issue title insurance policies which provide coverage for real property to mortgage lenders and buyers of real property. When acting as a title agent issuing a policy on behalf of an underwriter, our insurance risk is typically limited to the first five thousand dollars for claims on any one policy, though our insurance risk is not limited if we are negligent. Our title underwriter typically underwrites title insurance policies of up to \$1.5 million. For policies in excess of \$1.5 million, we typically obtain a reinsurance policy from a national underwriter to reinsure the excess amount. To date, our title underwriter has experienced claims losses that are significantly below the industry average; however, our claims experience could increase in the future, which could negatively impact the profitability of that business. We may also be subject to legal claims or additional claims losses arising from the handling of escrow transactions and closings by our owned title agencies or our underwriter's independent title agents. We carry errors and omissions insurance for errors made by our company owned brokerage business during the real estate settlement process as well as errors by us related to real estate services. Our franchise agreements also require our franchisees to name us as an additional insured on their errors and omissions and general liability insurance policies. The occurrence of a significant claim in excess of our insurance coverage (including any coverage under franchisee insurance policies) in any given period could have a material adverse effect on our financial condition and results of operations during the period. In addition, insurance carriers may dispute coverage for various reasons and there can be no assurance that all claims will be covered by insurance.

Fraud, defalcation and misconduct by employees are also risks inherent in our business, particularly given our high transactional volumes in our company owned brokerage, title and settlement services and our relocation businesses. We may also from time to time be subject to liability claims based upon the fraud or misconduct of our franchisees. To the extent that any loss or theft of funds substantially exceeds our insurance coverage, our business could be materially adversely affected.

In addition, we rely on the collection and use of personally identifiable information from customers to conduct our business. We disclose our information collection and dissemination practices in a published privacy statement on our websites, which we may modify from time to time. We may be subject to legal claims, government action and damage to our reputation if we act or are perceived to be acting inconsistently with the terms of our privacy statement, customer expectations or the law. The occurrence of a significant claim in excess of our insurance coverage in any given period could have a material adverse effect on our financial condition and results of operations during the period. In the event we or the vendors with which we contract to provide services on behalf of our customers were to suffer a breach of personally identifiable information, our customers, such as our Cartus corporate or affinity clients, franchisees, independent sales associates and lender channel clients, could terminate their business with us. Further, we may be subject to claims to the extent individual employees or independent contractors breach or fail to adhere to Company policies and practices and such actions jeopardize any personally identifiable information. In addition, concern among potential home buyers or sellers about our privacy practices could keep them from using our services or require us to incur significant expense to alter our business practices or educate them about how we use personally identifiable information.

We could be subject to significant losses if banks do not honor our escrow and trust deposits.

Our company owned brokerage business and our title and settlement services business act as escrow agents for numerous customers. As an escrow agent, we receive money from customers to hold until certain conditions are satisfied. Upon the satisfaction of those conditions, we release the money to the appropriate party. We deposit this money with various banks and while these deposits are not assets of the Company (and therefore excluded from our consolidated balance sheet), we remain contingently liable for the disposition of these deposits. The banks may hold a significant amount of these deposits in excess of the federal deposit insurance limit. If any of our depository banks were to become unable to honor any portion of our deposits, customers could seek to hold us responsible for such amounts and, if the customers prevailed in their claims, we could be subject to significant losses. These escrow and trust deposits totaled \$308 million at December 31, 2015.

Title insurance regulations limit the ability of our insurance underwriter to pay cash dividends to us. Our title insurance underwriter is subject to regulations that limit its ability to pay dividends or make loans or advances to us, principally to protect policy holders. Generally, these regulations limit the total amount of dividends and distributions to a certain percentage of the insurance subsidiary's surplus, or 100% of statutory operating income for the previous calendar year. These restrictions could limit our ability to receive dividends from our insurance underwriter, and utilize the cash to fund on-going operations.

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We may be unable to continue to securitize certain of our relocation assets, which may adversely impact our liquidity. At December 31, 2015, \$247 million of securitization obligations were outstanding through special purpose entities monetizing certain assets of our relocation services business under two lending facilities. We have provided a performance guaranty which guarantees the obligations of our Cartus subsidiary and its subsidiaries, as originator and servicer under the Apple Ridge securitization program. The securitization markets have experienced, and may again experience, significant disruptions which may have the effect of increasing our cost of funding or reducing our access to these markets in the future.

In addition, the Apple Ridge securitization facility contains terms which if triggered may result in a termination or limitation of new or existing funding under the facility and/or may result in a requirement that all collections on the assets be used to pay down the amounts outstanding under such facility. The triggering events include but are not limited to: (1) those tied to the age and quality of the underlying assets; (2) a change of control; (3) a breach of our senior secured leverage ratio covenant under our Senior Secured Credit Facility if uncured; and (4) the acceleration of indebtedness under our Senior Secured Credit Facility, unsecured notes or other material indebtedness. The occurrence of a trigger event under the Apple Ridge securitization facility could restrict our ability to access new or existing funding under this facility or result in termination of the facility. If securitization financing is not available to us for any reason, we could be required to borrow under the Revolving Credit Facility, which would adversely impact our liquidity, or we may be required to find additional sources of funding which may be on less favorable terms or may not be available at all.

Competition in the residential real estate and relocation business is intense and may adversely affect our financial performance.

We generally face intense competition in the residential real estate services business.

As a real estate brokerage franchisor, our products are our brand names and the support services we provide to our franchisees and our ability to grow our franchisor business is also dependent on the operational and financial success of our franchisees.

Upon the expiration of a franchise agreement, a franchisee may choose to franchise with one of our competitors or operate as an independent broker. Competitors may offer franchisees whose franchise agreements are expiring or prospective franchisees products and services similar to us at rates that are lower than we charge.

We face the risk that currently unaffiliated brokers may not enter into franchise agreements with us because they believe they can compete effectively in the market without the need to license a brand of a franchisor and receive services offered by a franchisor. Additionally, unaffiliated brokers may decide not to enter into a franchise relationship with us as they may believe that their business will be more attractive to a prospective purchaser without the existence of a franchise relationship.

Regional and local franchisors as well as franchisors offering different franchise models or services provide additional competitive pressure in certain areas. To remain competitive in the sale of franchises and to retain our existing franchisees, we may have to reduce the fees we charge our franchisees or increase the amount of non-standard incentives we issue to be competitive with fees charged by competitors, which may accelerate if market conditions deteriorate.

Our ability to succeed as a franchisor is largely dependent on the efforts and abilities of our franchisees to attract and retain independent sales associates, which is subject to numerous factors, including the sales commissions they receive and their perception of brand value. If our franchisees fail to attract and retain successful independent sales associates or they fail to replace departing successful independent sales associates with similarly productive independent sales associates, our franchisees' gross commission income may decrease, resulting in a reduction in royalty fees paid to us.

- Listing aggregators and other web-based real estate service providers may also begin to compete for part of our franchisor service revenue through referral or other fees and could disintermediate our relationships with our franchisees and our franchisees' relationships with their independent sales associates and buyers and sellers of homes.

Our company owned brokerage business, like that of our franchisees, generally faces intense competition. We compete with other national independent real estate organizations, franchisees of our brands and of other national real estate franchisors, franchisees of local and regional real estate franchisors, regional independent real estate organizations, discount brokerages, and smaller niche companies competing in local areas. Real estate brokers compete for sales and marketing business primarily on the basis of services offered, reputation, utilization of technology, personal contacts and brokerage commission.

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Competition is particularly severe in the densely populated metropolitan areas in which we operate.

In addition, the real estate brokerage industry has minimal barriers to entry for new participants, including participants pursuing non-traditional methods of marketing real estate, such as Internet-based brokerage or brokers who discount their commissions. Discount brokers have had varying degrees of success and, while they were negatively impacted by the prolonged downturn in the residential housing market, they may adjust their model and increase their market presence in the future. Listing aggregators and other web-based real estate service providers may also begin to compete for our company owned brokerage business by establishing relationships with independent sales associates and/or buyers and sellers of homes.

Our average homesale commission rate per side in our Company Owned Real Estate Services segment has declined from 2.62% in 2002 to 2.46% for the year ended December 31, 2015. As with our real estate franchise business, a decrease in the average brokerage commission rate may adversely affect our revenues.

We also compete for the services of qualified licensed independent sales associates. Some of the firms competing for sales associates use a different model of compensating agents, in which agents are compensated for the revenue generated by other agents that they attract to those firms. This business model may be appealing to certain agents and hinder our ability to attract and retain those agents. The ability of our company owned brokerage offices to retain independent sales associates is generally subject to numerous factors, including the sales commissions they receive and their perception of brand value. Competition for sales associates could reduce the commission amounts retained by our Company after giving effect to the split with independent sales associates and possibly increase the amounts that we spend on marketing.

In our relocation services business, we compete primarily with global and regional outsourced relocation service providers. As the relocation business continues to become more global in nature with greater emphasis on relocation of employees throughout the world, we expect to face greater competition from firms that provide services on a global basis.

The title and settlement services business is highly competitive and fragmented. The number and size of competing companies vary in the different areas in which we conduct business. We compete with other title insurers, title agents and vendor management companies. The title and settlement services business competes with a large, fragmented group of smaller underwriters and agencies as well as national competitors.

Several of our businesses are highly regulated and any failure to comply with such regulations or any changes in such regulations could adversely affect our business.

The sale of franchises is regulated by various state laws as well as by the FTC. The FTC requires that franchisors make extensive disclosure to prospective franchisees but does not require registration. A number of states require registration and/or disclosure in connection with franchise offers and sales. In addition, several states have "franchise relationship laws" or "business opportunity laws" that limit the ability of franchisors to terminate franchise agreements or to withhold consent to the renewal or transfer of these agreements.

Our company owned real estate brokerage business must comply with the requirements governing the licensing and conduct of real estate brokerage and brokerage-related businesses in the jurisdictions in which we do business. These laws and regulations contain general standards for and limitations on the conduct of real estate brokers and sales associates, including those relating to licensing of brokers and sales associates, fiduciary and agency duties, administration of trust funds, collection of commissions, advertising and consumer disclosures. Under state law, our real estate brokers have certain duties and are responsible for the conduct of their brokerage business.

Our company owned real estate brokerage business, our relocation business, our mortgage origination joint venture, our title and settlement service business and the businesses of our franchisees (excluding commercial brokerage transactions) must comply with the Real Estate Settlement Procedures Act ("RESPA"). RESPA and comparable state statutes prohibit providing or receiving payments, or other things of value, for the referral of business to settlement service providers in connection with the closing of real estate transactions involving federally-backed mortgages. RESPA and related regulations do, however, contain a number of provisions that allow for payments or fee splits between providers, including fee splits between brokers and agents, fees splits between brokers, and market-based fees

for the provision of actual goods or services. In addition, RESPA allows for referrals to affiliated entities, including joint ventures, when specific requirements have been met. We rely on these provisions in conducting our business activities and believe our arrangements comply with RESPA. RESPA, however, has become a greater challenge in recent years for most industry participants offering settlement services, including mortgage companies, title companies and brokerages, because of changes in the regulatory environment. With the passage of Dodd-Frank in 2010, primary responsibility for enforcement of RESPA has shifted to the CFPB. The CFPB has taken a much stricter approach toward interpretation of RESPA and related regulations

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than the prior regulatory authority (the Department of Housing and Urban Development) and has become significantly more active in the use of enforcement proceedings. In the face of this changing regulatory landscape, various industry participants, while disagreeing with the CFPB's narrow interpretation of RESPA, have nevertheless decided to modify or terminate long-standing business arrangements to avoid the risk of protracted and costly litigation defending such arrangements. While we have made, and anticipate making, changes to our RESPA-related business practices, we do not expect these changes to have a material impact on our operations. RESPA also has been invoked by plaintiffs in private litigation for various purposes, including an action recently filed against us, our joint venture and PHH that is described under "Item 3.—Legal Proceedings."

Our title insurance business also is subject to regulation by insurance and other regulatory authorities in each state in which we provide title insurance. State regulations may impede or impose burdensome conditions on our ability to take actions that we may want to take to enhance our operating results.

We are also, to a lesser extent, subject to various other rules and regulations such as "controlled business" statutes, which impose limitations on affiliations between providers of title and settlement services, on the one hand, and real estate brokers, mortgage lenders and other real estate providers, on the other hand, or similar laws or regulations that would limit or restrict transactions among affiliates in a manner that would limit or restrict collaboration among our businesses.

In all of our business units there is a risk that we could be adversely affected by current laws, regulations or interpretations or that more restrictive laws, regulations or interpretations could increase responsibilities and duties to customers and franchisees and other parties, the adoption of which could make compliance more difficult or expensive. There is also a risk that a change in current laws could adversely affect our business. In addition, any adverse changes in regulatory interpretations, rules and laws that would place additional limitations or restrictions on affiliated transactions could have the effect of limiting or restricting collaboration among our business units. We cannot assure you that future changes in legislation, regulations or interpretations will not adversely affect our business operations.

Regulatory authorities also have relatively broad discretion to grant, renew and revoke licenses and approvals and to implement regulations. Accordingly, such regulatory authorities could prevent or temporarily suspend us from carrying on some or all of our activities or otherwise penalize us if our financial condition or our practices were found not to comply with the then current regulatory or licensing requirements or any interpretation of such requirements by the regulatory authority. Our failure to comply with any of these requirements or interpretations could limit our ability to renew current franchisees or sign new franchisees or otherwise have a material adverse effect on our operations. Our international business activities, and in particular our relocation business, must comply with applicable laws and regulations, including the Foreign Corrupt Practices Act and U.K. Bribery Act that impose sanctions on improper payments.

Our failure to comply with any of the foregoing laws and regulations may subject us to fines, penalties, injunctions and/ or potential criminal violations. Any changes to these laws or regulations or any new laws or regulations may make it more difficult for us to operate our business and may have a material adverse effect on our operations. Potential reform of Freddie Mac and Fannie Mae or a reduction in U.S. government support for the housing market could have a material impact on our operations.

Numerous pieces of legislation seeking various types of changes for government sponsored entities or GSEs have been introduced in Congress to reform the U.S. housing finance market including, among other things, changes designed to reduce government support for housing finance and the winding down of Freddie Mac and Fannie Mae over a period of years. Legislation, if enacted, or additional regulation which curtails Freddie Mac and/or Fannie Mae's activities and/or results in the wind down of these entities could increase mortgage costs and could result in more stringent underwriting guidelines imposed by lenders or cause other disruptions in the mortgage industry, any of which could have a material adverse effect on the housing market in general and our operations in particular. Changes in accounting standards, subjective assumptions and estimates used by management related to complex accounting matters could have an adverse effect on results of operations.

Generally accepted accounting principles in the United States and related accounting pronouncements, implementation guidance and interpretations with regard to a wide range of matters, such as revenue recognition, lease accounting, stock-based compensation, asset impairments, valuation reserves, income taxes and fair value accounting, are highly complex and involve many subjective assumptions, estimates and judgments made by management. Changes in these rules or their

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interpretations or changes in underlying assumptions, estimates or judgments made by management could significantly change our reported results.

Our international operations are subject to risks not generally experienced by our U.S. operations.

Our relocation services business operates worldwide, and to a lesser extent, our real estate franchise services segment has international franchisees and master franchisees. For the year ended December 31, 2015, revenues from these operations represented approximately 2% of our total revenues. Our international operations are subject to risks not generally experienced by our U.S. operations. The risks involved in our international operations and relationships that could result in losses against which we are not insured and therefore affect our profitability include:

fluctuations in foreign currency exchange rates;

exposure to local economic conditions and local laws and regulations, including those relating to our employees;

potential adverse changes in the political stability of foreign countries or in their diplomatic relations with the U.S.;

restrictions on the withdrawal of foreign investment and earnings;

government policies against businesses owned by foreigners;

onerous employment laws;

diminished ability to legally enforce our contractual rights and use of our trademarks in foreign countries;

difficulties in registering, protecting or preserving trade names and trademarks in foreign countries;

difficulties in complying with franchise disclosure and registration requirements in foreign countries;

restrictions on the ability to obtain or retain licenses required for operations;

withholding and other taxes on third party cross-border transactions as well as remittances and other payments by subsidiaries;

changes in foreign taxation structures;

compliance with the Foreign Corrupt Practices Act, the U.K. Bribery Act or similar laws of other countries; and

data protection and privacy laws.

We may incur substantial and unexpected liabilities arising out of our pension plan.

We have a defined benefit pension plan for which participation was frozen as of July 1, 1997; however, the plan is subject to minimum funding requirements. Although the Company to date has met its minimum funding requirements, the pension plan represents a liability on our balance sheet and will continue to require cash contributions from us, which may increase beyond our expectations in future years based on changing market conditions. In addition, changes in interest rates, mortality rates, health care costs, early retirement rates, investment returns and the market value of plan assets can affect the funded status of our pension plan and cause volatility in the future funding requirements of the plan.

Our ability to use our net operating losses ("NOLs") and other tax attributes may be limited.

Our ability to utilize NOLs and other tax attributes could be limited by the "ownership change" we underwent within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"), as a result of the sale of our common stock in our initial public offering and the related transactions. An ownership change is generally defined as a greater than 50 percentage point increase in equity ownership by 5% stockholders in any three-year period.

Pursuant to rules under Section 382 of the Code and a published Internal Revenue Service (the "IRS") notice, a company's "net unrealized built-in gain" within the meaning of Section 382 of the Code may reduce the limitation on such company's ability to utilize NOLs resulting from an ownership change. Although there can be no assurance in this regard, we believe that the limitation on our ability to utilize our NOLs resulting from our ownership change should be significantly reduced as a result of our net unrealized built-in gain. Even assuming we are able to use our unrealized built-in gain, the cash tax benefit from our NOLs is dependent upon our ability to generate sufficient taxable income. Although we believe that we will be able to generate sufficient taxable income to fully utilize our NOLs, we may be unable to earn enough taxable income prior to the expiration of our NOLs.

We are responsible for certain of Cendant's contingent and other corporate liabilities.

Although we have resolved various Cendant contingent and other corporate liabilities and have established reserves for most of the remaining unresolved claims of which we have knowledge, adverse outcomes from the unresolved

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liabilities for which Realogy Group has assumed partial liability under the Separation and Distribution Agreement could be material with respect to our earnings or cash flows in any given reporting period.

Risks Related to Our Indebtedness

Our significant indebtedness and interest obligations could prevent us from meeting our obligations under our debt instruments and could adversely affect our ability to fund our operations, react to changes in the economy or our industry, or incur additional borrowings under our existing facilities.

We are significantly encumbered by our debt obligations. As of December 31, 2015, our total debt, excluding our securitization obligations, was \$3,702 million (without giving effect to outstanding letters of credit). Our liquidity position has been, and is expected to continue to be, negatively impacted by the substantial interest expense on our debt obligations. While we have utilized a substantial portion of our free cash flow to reduce our outstanding indebtedness over the past three years, there can be no assurance that we will be able to continue to generate free cash flow from operations in order to reduce our indebtedness in the future.

Our leverage could have important consequences, including the following:

- it causes a substantial portion of our cash flows from operations to be dedicated to the payment of interest and required amortization on our indebtedness and not be available for other purposes, including our operations, capital expenditures, share repurchases, dividends and future business opportunities or principal repayment;

- it could cause us to be unable to comply with the senior secured leverage ratio covenant under our Senior Secured Credit Facility and Term Loan A Facility;

- it could cause us to be unable to meet our debt service requirements under our Senior Secured Credit Facility, the Term Loan A Facility or the indentures governing the Unsecured Notes or meet our other financial obligations;

- it may limit our ability to incur additional borrowings under our existing facilities or securitizations, to obtain additional debt or equity financing for working capital, capital expenditures, business development, debt service requirements, acquisitions or general corporate or other purposes, or to refinance our indebtedness;

- it exposes us to the risk of increased interest rates because a portion of our borrowings, including borrowings under our Senior Secured Credit Facility and Term Loan A Facility, are at variable rates of interest;

- it may limit our ability to adjust to changing market conditions and place us at a competitive disadvantage compared to our competitors that have less debt;

- it may cause a downgrade of our debt and long-term corporate ratings;

- it may limit our ability to repurchase shares;

- it may limit our ability to attract acquisition candidates or to complete future acquisitions;

- it may cause us to be more vulnerable to periods of negative or slow growth in the general economy or in our business, or may cause us to be unable to carry out capital spending that is important to our growth; and

- it may limit our ability to attract and retain key personnel.

An event of default under our Senior Secured Credit Facility, the Term Loan A Facility or the indentures governing our other material indebtedness would adversely affect our operations and our ability to satisfy obligations under our indebtedness.

The Senior Secured Credit Facility and Term Loan A Facility contain restrictive covenants, including a requirement that we maintain a specified senior secured leverage ratio, which is defined as the ratio of our total senior secured debt (net of unrestricted cash and permitted investments) to trailing four quarter Adjusted EBITDA. If we are unable to comply with the senior secured leverage ratio covenant or other restrictive covenants and we fail to remedy or avoid a default as permitted under the Senior Secured Credit Facility and Term Loan A Facility, there would be an "event of default" under the Senior Secured Credit Facility and Term Loan A Facility.

Other events of default include, without limitation, nonpayment of principal or interest, material misrepresentations, insolvency, bankruptcy, certain material judgments, change of control, and cross-events of default on material indebtedness as well as failure to obtain an unqualified audit opinion by 90 days after the end of any fiscal year. Upon the occurrence of any event of default under the Senior Secured Credit Facility and Term Loan A Facility, the lenders: will not be required to lend any additional amounts to us;

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could elect to declare all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable;

could require us to apply all of our available cash to repay these borrowings; or

could prevent us from making payments on the Unsecured Notes, any of which could result in an event of default under the indentures governing the Unsecured Notes or our Apple Ridge Funding LLC securitization program.

If we were unable to repay the amounts outstanding under our Senior Secured Credit Facility and Term Loan A Facility, the lenders and holders of such debt under our Senior Secured Credit Facility and Term Loan A Facility could proceed against the collateral granted to secure the Senior Secured Credit Facility and Term Loan A Facility.

We have pledged a significant portion of our assets as collateral to secure such indebtedness. If the lenders under our Senior Secured Credit Facility or Term Loan A Facility accelerate the repayment of borrowings, we may not have sufficient assets to repay the Senior Secured Credit Facility and Term Loan A Facility and our other indebtedness or borrow sufficient funds to refinance such indebtedness. In the future, we may need to seek new financing or explore the possibility of amending the terms of our Senior Secured Credit Facility and Term Loan A Facility, and we may not be able to do so on commercially reasonable terms or terms that are acceptable to us, if at all.

In addition, if an event of default is continuing under our Senior Secured Credit Facility, Term Loan A Facility, the indentures governing the Unsecured Notes or our other material indebtedness, such event could cause a termination of our ability to obtain future advances under, and amortization of, our Apple Ridge Funding LLC securitization program.

Variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

At December 31, 2015, \$2,502 million of our borrowings under our Senior Secured Credit Facility and Term Loan A Facility was at variable rates of interest thereby exposing us to interest rate risk. If interest rates increase from their current historically low rates, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income would decrease. Although we have entered into interest rate swaps involving the exchange of floating for fixed rate interest payments to reduce interest rate volatility for a portion of our variable rate borrowings, such interest rate swaps do not eliminate interest rate volatility for all of our variable rate indebtedness at December 31, 2015.

Restrictive covenants under our Senior Secured Credit Facility, Term Loan A Facility, Unsecured Letter of Credit Facility and indentures may limit the manner in which we operate.

Our Senior Secured Credit Facility, Term Loan A Facility, Unsecured Letter of Credit Facility and the indentures governing the Unsecured Notes contain, and any future indebtedness we may incur may contain, various negative covenants that restrict our ability to, among other things:

incur or guarantee additional indebtedness, or issue disqualified stock or preferred stock;

pay dividends or make distributions to our stockholders;

repurchase or redeem capital stock;

make investments or acquisitions;

incur restrictions on the ability of certain of our subsidiaries to pay dividends or to make other payments to us;

enter into transactions with affiliates;

create liens;

merge or consolidate with other companies or transfer all or substantially all of our assets;

transfer or sell assets, including capital stock of subsidiaries; and

prepay, redeem or repurchase certain indebtedness.

As a result of these covenants, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities, repurchase shares of our common stock or finance future operations or capital needs.

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Risks Related to an Investment in Our Common Stock

The price of our common stock may fluctuate significantly.

The market price for our common stock could fluctuate significantly for various reasons, many of which are outside our control, including those described above and the following:

sales of common stock by members of our management team or future sales of substantial amounts of our common stock in the public market, including but not limited to shares we may issue from time to time as consideration for future acquisitions or investments;

our operating and financial performance and prospects;

housing and mortgage finance markets;

the incurrence of additional indebtedness or other adverse changes relating to our debt;

our quarterly or annual earnings or those of other companies in our industry;

future announcements concerning our business or our competitors' businesses;

the public's reaction to our press releases, other public announcements and filings with the SEC;

changes in earnings estimates or recommendations by sell-side securities analysts who track our common stock or ratings changes or commentary by rating agencies on our debt;

the timing and amount of share repurchases, if any;

market and industry perception of our success, or lack thereof, in pursuing our growth strategy;

strategic actions by us or our competitors, such as acquisitions or restructurings;

actual or potential changes in laws, regulations and regulatory interpretations;

changes in demographics relating to housing such as household formation;

changing consumer attitudes concerning home ownership;

changes in accounting standards, policies, guidance, interpretations or principles;

arrival and departure of key personnel;

adverse resolution of new or pending litigation, arbitration or regulatory proceedings against us; and

changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events.

These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance. In addition, price volatility may be greater if the public float and trading volume of our common stock is low.

If any of the foregoing occurs, it could cause our stock price to fall and may expose us to litigation, including class action lawsuits that, even if unsuccessful, could be costly to defend and a distraction to management.

Texas insurance laws and regulations may delay or impede purchases of our common stock.

The insurance laws and regulations of Texas, the jurisdiction in which our title insurance underwriter subsidiary is domiciled, generally provide that no person may acquire control, directly or indirectly, of a Texas domiciled insurer, unless the person has provided required information to, and the acquisition is approved or not disapproved by, the Texas Department of Insurance. Generally, any person acquiring beneficial ownership of 10% or more of our voting securities would be presumed to have acquired indirect control of our title insurance underwriter subsidiary unless the Texas Department of Insurance, upon application, determines otherwise. Certain purchasers of our common stock could be subject to approvals from the Texas Department of Insurance which could significantly delay or otherwise impede their ability to complete such purchase.

We have no plans to pay regular dividends on our common stock, so stockholders may not receive funds without selling their common stock.

We have no plans to pay regular dividends on our common stock and anticipate that a significant amount of any free cash flow generated from our operations will be utilized to redeem or prepay outstanding indebtedness and accordingly would not be available for dividends. Any declaration and payment of future dividends to holders of our common stock will

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be at the sole discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant.

Certain of our debt instruments contain covenants that restrict the ability of our subsidiaries to pay dividends to us. Furthermore, we will be permitted under the terms of our debt instrument to incur additional indebtedness, which may restrict or prevent us from paying dividends on our common stock. Agreements governing any future indebtedness, in addition to those governing our current indebtedness, may not permit us to pay dividends on our common stock. Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and amended and restated bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our Board of Directors. Among other things, these provisions:

- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power to a majority of the Board of Directors to fix the number of directors;
- provide the power to our Board of Directors to fill any vacancy on our Board of Directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorize the issuance of "blank check" preferred stock without any need for action by stockholders;
- eliminate the ability of stockholders to call special meetings of stockholders;
- prohibit stockholders from acting by written consent; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

The foregoing factors could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock which, under certain circumstances, could reduce the market value of our common stock and our investors' ability to realize any potential change-in-control premium. We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock. Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our Board of Directors will have the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock.

Our business could be negatively impacted as a result of actions by activist stockholders or others.

Stockholder activism at public companies has been rising and we may be subject to actions or requests—either formal or informal—from activist stockholders or others. Responding to such actions could be costly and time-consuming, may not align with our business strategies and could divert the attention of our Board of Directors and senior management from the pursuit of our business strategies. Perceived uncertainties as to our future direction as a result of stockholder activism may lead to the perception of a change in the direction of the business or other instability and may make it more difficult to attract and retain qualified personnel, independent sales associates and business partners and may affect our relationships with vendors, customers and other third parties. In addition, actions of activist stockholders may cause significant fluctuations of our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

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Item 2. Properties.

Corporate headquarters. Our corporate headquarters is located at 175 Park Avenue in Madison, New Jersey with a lease term expiring in December 2029 and consists of approximately 270,000 square feet of space.

Real estate franchise services. Our real estate franchise business conducts its main operations at our leased office at 175 Park Avenue in Madison, New Jersey.

Company owned real estate brokerage services. As of December 31, 2015, our company owned real estate brokerage segment leased approximately 4.9 million square feet of domestic office space under approximately 1,015 leases. Its corporate headquarters and one regional headquarters facility are located in leased offices at 175 Park Avenue, Madison, New Jersey. As of December 31, 2015, NRT leased 7 facilities serving as regional headquarters, 37 facilities serving as local administration, training facilities or storage, and approximately 790 brokerage sales offices under 971 leases. These offices are generally located in shopping centers and small office parks, typically with lease terms of one to five years. Included in the 4.9 million square feet is approximately 105,000 square feet of vacant and/or subleased space, principally relating to brokerage sales office consolidations.

Relocation services. Our relocation business has its main corporate operations in a leased building in Danbury, Connecticut with a lease term expiring in November 2030. There are leased offices in the U.S., located in Lisle, Illinois; Irving, Texas; Omaha, Nebraska; Folsom, California; St. Louis Park, Minnesota; and Bellevue, Washington. International offices include leased facilities in the United Kingdom, Hong Kong, Singapore, China, Brazil, Germany, France, Switzerland, Canada and the Netherlands.

Title and settlement services. Our title and settlement services business conducts its main operations at a leased facility in Mount Laurel, New Jersey, pursuant to a lease expiring in December 2021. As of December 31, 2015, this business also has leased regional and branch offices in 24 states and Washington, D.C.

We believe that all of our properties and facilities are well maintained.

Item 3. Legal Proceedings.

Legal—Real Estate Business

Bararsani v. Coldwell Banker Residential Brokerage Company. On November 15, 2012, plaintiff Ali Bararsani filed a putative class action complaint in Los Angeles Superior Court, California, against Coldwell Banker Residential Brokerage Company ("CBRBC") alleging that CBRBC had misclassified current and former affiliated sales associates as independent contractors when they were actually employees. The Company believes that CBRBC has properly classified the sales associates as independent contractors, would have significant defenses to the claims asserted in this action and continues to operate in a manner consistent with applicable law, and longstanding, widespread industry practice for many decades. To avoid further litigation expense, we entered into a settlement on May 5, 2015. The settlement requires court approval and was accrued for as of June 30, 2015. In entering into this settlement, CBRBC made no admission of wrongdoing or liability, and is not obligated to change its business structures. The court granted final approval of the settlement in January 2016.

Strader and Hall v. PHH Corporation, et al. (U.S. District Court for the Central District of California). This is a purported class action brought by two California residents against 15 defendants, including Realogy and certain of its subsidiaries, PHH Corporation and PHH Home Loans, LLC (a joint venture between Realogy and PHH), alleging violations of Section 8(a) of RESPA. Plaintiffs seek to represent two subclasses comprised of all persons in the United States who, since January 31, 2005, (1) obtained a RESPA-covered mortgage loan from either (a) PHH Home Loans, LLC or one of its subsidiaries, or (b) one of the mortgage services managed by PHH Corporation for other lenders, and (2) paid a fee for title insurance or settlement services to TRG or one of its subsidiaries. Plaintiffs allege, among other things, that PHH Home Loans, LLC operates in violation of RESPA and that the other defendants violate RESPA by referring business to one another under agreements or arrangements that are prohibited by RESPA. Plaintiffs seek treble damages and an award of attorneys' fees, costs and disbursements. On February 5, 2016, the defendants filed a motion to dismiss the case claiming that not only do the claims lack merit, but they are time-barred under RESPA's one-year statute of limitations. In seeking a dismissal of the case, the defendants assert that the plaintiffs are not entitled to "equitable tolling" or suspension of the statute of limitations because they have

failed to prove that (1) they pursued their rights diligently and (2) an extraordinary circumstance outside of their control caused their delay in bringing the action.

The case raises significant and various previously unlitigated claims. As with all class action litigation, the case is inherently complex and subject to many uncertainties. We believe that we and the joint venture have complied with RESPA,

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the regulations promulgated thereunder and existing regulatory guidance. There can be no assurance, however, that if the action continues and a large class is subsequently certified, the plaintiffs will not seek a substantial damage award, penalties and other remedies. Given the early stage of this case and the novel claims and issues presented, we cannot estimate a range of reasonably potential losses for this litigation. The Company will vigorously defend this action. The Company is involved in certain other claims and legal actions arising in the ordinary course of our business. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, franchising arrangements, actions against our title company alleging it knew or should have known that others were committing mortgage fraud, brokerage disputes like the failure to disclose hidden defects in the property such as mold, other brokerage claims associated with listing information and property history, vicarious liability based upon conduct of individuals or entities outside of our control, including franchisees and independent sales associates, antitrust and anti-competition claims, general fraud claims, employment law claims, including claims challenging the classification of our sales associates as independent contractors, wage and hour classification claims and claims alleging violations of RESPA or state consumer fraud statutes. While the results of such claims and legal actions cannot be predicted with certainty, we do not believe based on information currently available to us that the final outcome of current proceedings against the Company will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Legal—Cendant Corporate Litigation

Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant, Realogy Group, Wyndham Worldwide and Travelport, each of Realogy Group, Wyndham Worldwide and Travelport have assumed certain contingent and other corporate liabilities (and related costs and expenses), which are primarily related to each of their respective businesses. In addition, Realogy Group has assumed 62.5% and Wyndham Worldwide has assumed 37.5% of certain contingent and other corporate liabilities (and related costs and expenses) of Cendant or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy Group, Wyndham Worldwide, Travelport and/or Cendant's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the date of the separation of Travelport from Cendant.

* * *

The Company believes that it has adequately accrued for legal matters as appropriate. The Company records litigation accruals for legal matters which are both probable and estimable.

Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. In addition, class action lawsuits or regulatory proceedings challenging practices that have broad impact can be costly to defend and, depending on the class size and claims, could be costly to settle. As such, the Company could incur judgments or enter into settlements of claims with liability that are materially in excess of amounts accrued and these settlements could have a material adverse effect on the Company's financial condition, results of operations or cash flows in any particular period.

Litigation and claims against other participants in the residential real estate industry may impact the Company when the rulings in those cases cover practices common to the broader industry. Examples may include claims associated with RESPA compliance, broker fiduciary duties, and sales agent classification. Similarly, the Company may be impacted by litigation and other claims against companies in other industries. Rulings on matters such as the enforcement of arbitration agreements and worker classification may adversely affect the Company and other residential real estate industry participants as a result of the classification of sales associates as independent contractors, irrespective of the fact that the parties subject to the rulings are in a different industry. There is active worker classification litigation in numerous jurisdictions, including Massachusetts, California, New Jersey and New York, against a variety of industries where the plaintiffs seek to reclassify independent contractors as employees or to challenge the use of federal and state minimum wage and overtime exemptions. To the extent the defendants are unsuccessful in these types of litigation matters, and we or our franchisees cannot distinguish our or their practices (or our industry's practices), we and our franchisees could face significant liability and could be required to modify certain business relationships, either of which could materially and adversely impact our financial condition and results of

operations. There also are changing employment-related regulatory interpretations at both the federal and state levels that could create risks around historic practices and that could require changes in business practices, both for us and our franchisees.

Item 4. Mine Safety Disclosures.

None.

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PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Price of Common Stock

Our common stock is listed on the New York Stock Exchange ("NYSE") under the symbol "RLGY". As of February 19, 2016, the number of stockholders of record was 25. The following table sets forth the quarterly high and low sales prices per share of RLGY common stock as reported by the NYSE, for the years ended December 31, 2014 and 2015:

| 2014 | High | Low |
|----------------|---------|---------|
| First Quarter | \$51.35 | \$43.05 |
| Second Quarter | \$45.04 | \$34.77 |
| Third Quarter | \$41.86 | \$35.99 |
| Fourth Quarter | \$46.94 | \$32.91 |
| | | |
| 2015 | High | Low |
| First Quarter | \$49.32 | \$42.23 |
| Second Quarter | \$49.69 | \$44.80 |
| Third Quarter | \$49.75 | \$36.97 |
| Fourth Quarter | \$43.51 | \$35.96 |

Dividend Policy

We do not currently anticipate paying dividends on our common stock. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that our Board of Directors deems relevant. See "Item 1A.—Risk Factors—Risks Related to an Investment in Our Common Stock—We have no plans to pay regular dividends on our common stock, so stockholders may not receive funds without selling their common stock." Because Realogy Holdings is a holding company and has no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. The terms of our indebtedness restrict our subsidiaries from paying dividends to us. Our title insurance underwriter is subject to regulations that limit its ability to pay dividends or make loans or advances to us, principally to protect policyholders. Under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our liabilities and our capital or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. As a result, we may not pay dividends according to our policy or at all if, among other things, we do not have sufficient cash to pay the intended dividends, if our financial performance does not achieve expected results or the terms of our indebtedness prohibit it.

Share Repurchase Program

On February 24, 2016 the Company announced that its Board of Directors authorized a share repurchase program of up to \$275 million of the company's common stock. Repurchases may be made at management's discretion from time to time on the open market or through privately negotiated transactions. The size and timing of these repurchases will depend on price, market and economic conditions, legal and contractual requirements and other factors. The repurchase program has no time limit and may be suspended or discontinued at any time. The Company had approximately 146.7 million shares of common stock outstanding as of December 31, 2015.

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Stock Performance Graph

The stock performance graph set forth below is not deemed filed with the Securities and Exchange Commission and shall not be deemed incorporated by reference into any of our prior or future filings made with the Securities and Exchange Commission.

The following graph compares Realogy's cumulative total shareholder return with the cumulative total return of the S&P 500 index and the S&P Home Builders Select Industry Index or XHB Index. We have included the XHB Index because it provides a diversified group of holdings representing home building, building products, home furnishings and home appliances, which we believe correlate with the housing industry as a whole. A portion of our 2015 long-term incentive compensation awards are also tied to the relative performance of our total stockholder return to that index over the three-year period ending December 31, 2017. The cumulative total shareholder return for the index as well as the XHB Index includes the reinvestment of dividends. Last year, we included a Company constructed peer group of real estate and franchise companies and have retained that peer group in the chart below for comparability. The graph assumes that the value of the investment in the Company's common shares, the index and the peer group was \$100 on October 11, 2012 and updates the value through December 31, 2015.

Cumulative Total Return

| | October 11, 2012 | December 31, 2012 | December 31, 2013 | December 31, 2014 | December 31, 2015 |
|---|------------------|-------------------|-------------------|-------------------|-------------------|
| Realogy Holdings Corp. | \$100.00 | \$122.69 | \$144.65 | \$130.09 | \$107.22 |
| SPDR S&P Homebuilders ETF (XHB) index | \$100.00 | \$107.42 | \$117.51 | \$130.94 | \$142.13 |
| S&P 500 | \$100.00 | \$100.07 | \$132.48 | \$150.62 | \$152.70 |
| Other real estate related and franchise companies (a) | \$100.00 | \$103.53 | \$140.87 | \$181.09 | \$182.55 |

Other real estate related and franchise companies include H&R Block, G&K Services, Cintas, CBRE Group, Jones (a)Lang LaSalle, HFF, Marriott, Intercontinental Hotels Group, Weight Watchers, Dunkin' Brands Group, Domino's Pizza, Rollins and Choice Hotels.

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Item 6. Selected Financial Data.

The following table presents our selected historical consolidated financial data and operating statistics. The consolidated statement of operations data for the years ended December 31, 2015, 2014, and 2013 and the consolidated balance sheet data as of December 31, 2015 and 2014 have been derived from our audited consolidated financial statements included elsewhere herein. The statement of operations data for the year ended December 31, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013, 2012 and 2011 have been derived from our consolidated financial statements not included elsewhere herein, which have been recast for the change in method of accounting for the presentation of debt issuance costs and the balance sheet classification of deferred taxes due to the adoptions of ASU - Simplifying the Presentation of Debt Issuance Costs and ASU - Balance Sheet Classification of Deferred Taxes in 2015.

Neither Realogy Holdings, the indirect parent of Realogy Group, nor Realogy Intermediate, the direct parent company of Realogy Group, conducts any operations other than with respect to its respective direct or indirect ownership of Realogy Group. As a result, the consolidated financial positions and results of operations of Realogy Holdings, Realogy Intermediate and Realogy Group are the same.

The selected historical consolidated financial data and operating statistics presented below should be read in conjunction with our annual consolidated financial statements and accompanying notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere herein. Our annual consolidated financial information may not be indicative of our future performance.

| | As of or for the Year Ended December 31, | | | | |
|--|---|---------|---------|-----------|-----------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| | (In millions, except per share data and operating statistics) | | | | |
| Statement of Operations Data: | | | | | |
| Net revenue | \$5,706 | \$5,328 | \$5,289 | \$4,672 | \$4,093 |
| Total expenses | 5,424 | 5,103 | 5,114 | 5,235 | 4,526 |
| Income (loss) before income taxes, equity in earnings and noncontrolling interests | 282 | 225 | 175 | (563) | (433) |
| Income tax expense (benefit) (a) | 110 | 87 | (242) | 39 | 32 |
| Equity in earnings of unconsolidated entities | (16) | (9) | (26) | (62) | (26) |
| Net income (loss) | 188 | 147 | 443 | (540) | (439) |
| Less: Net income attributable to noncontrolling interests | (4) | (4) | (5) | (3) | (2) |
| Net income (loss) attributable to Realogy Holdings and Realogy Group | \$184 | \$143 | \$438 | \$(543) | \$(441) |
| Earnings (loss) per share attributable to Realogy Holdings: | | | | | |
| Basic earnings (loss) per share | \$1.26 | \$0.98 | \$3.01 | \$(14.41) | \$(55.01) |
| Diluted earnings (loss) per share | \$1.24 | \$0.97 | \$2.99 | \$(14.41) | \$(55.01) |
| Weighted average common and common equivalent shares used in: | | | | | |
| Basic | 146.5 | 146.0 | 145.4 | 37.7 | 8.0 |
| Diluted | 148.1 | 147.2 | 146.6 | 37.7 | 8.0 |
| Balance Sheet Data: | | | | | |
| Cash and cash equivalents | \$415 | \$313 | \$236 | \$376 | \$143 |
| Securitization assets (b) | 281 | 286 | 268 | 299 | 357 |
| Total assets (c) | 7,531 | 7,304 | 7,092 | 7,350 | 7,229 |
| Securitization obligations | 247 | 269 | 252 | 261 | 327 |
| Long-term debt, including short-term portion (c) | 3,702 | 3,855 | 3,857 | 4,325 | 7,096 |

| | | | | | |
|------------------|-------|-------|-------|-------|----------|
| Equity (deficit) | 2,422 | 2,183 | 2,013 | 1,519 | (1,499) |
|------------------|-------|-------|-------|-------|----------|

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| | For the Year Ended December 31, | | | | | |
|---|---------------------------------|-----------|-----------|-----------|-----------|---|
| | 2015 | 2014 | 2013 | 2012 | 2011 | |
| Operating Statistics: | | | | | | |
| Real Estate Franchise Services (d) (e) | | | | | | |
| Closed homesale sides (f) | 1,101,333 | 1,065,339 | 1,083,424 | 988,624 | 909,610 | |
| Average homesale price (g) | \$263,894 | \$250,214 | \$233,011 | \$213,575 | \$198,268 | |
| Average homesale brokerage commission rate (h) | 2.51 | % 2.52 | % 2.54 | % 2.54 | % 2.55 | % |
| Net effective royalty rate (i) | 4.48 | % 4.49 | % 4.49 | % 4.63 | % 4.84 | % |
| Royalty per side (j) | \$309 | \$296 | \$276 | \$262 | \$256 | |
| Company Owned Real Estate Brokerage Services (e) (k) | | | | | | |
| Closed homesale sides (f) | 336,744 | 308,332 | 316,640 | 289,409 | 254,522 | |
| Average homesale price (g) | \$489,673 | \$500,589 | \$471,144 | \$444,638 | \$426,402 | |
| Average homesale brokerage commission rate (h) | 2.46 | % 2.47 | % 2.50 | % 2.49 | % 2.50 | % |
| Gross commission income per side (l) | \$12,730 | \$13,072 | \$12,459 | \$11,826 | \$11,461 | |
| Relocation Services | | | | | | |
| Initiations (m) | 167,749 | 171,210 | 165,705 | 158,162 | 153,269 | |
| Referrals (n) | 99,531 | 96,755 | 91,373 | 79,327 | 72,169 | |
| Title and Settlement Services | | | | | | |
| Purchasing title and closing units (o) | 130,541 | 113,074 | 115,572 | 105,156 | 93,245 | |
| Refinance title and closing units (p) | 38,544 | 27,529 | 76,196 | 89,220 | 62,850 | |
| Average fee per closing unit (q) | \$1,861 | \$1,780 | \$1,504 | \$1,362 | \$1,409 | |

For the year ended December 31, 2013, the Company recorded an income tax benefit of \$242 million which was (a) primarily due to a \$341 million release of the domestic deferred tax valuation allowance, partially offset by income taxes for 2013 income.

Represents the portion of relocation receivables and advances and other related assets that collateralize our (b) securitization obligations. Refer to Note 8, "Short and Long-Term Debt" in the consolidated financial statements for further information.

Total assets and Long-term debt for 2014 and prior periods are restated to reflect the retrospective adoption of Accounting Standards Updates "Simplifying the Presentation of Debt Issuance Costs" and "Balance Sheet (c) Classification of Deferred Taxes" issued by the Financial Accounting Standards Board in 2015. See Note 2, "Summary of Significant Accounting Policies" in the consolidated financial statements for additional information on the early adoption of these standards.

These amounts include only those relating to third-party franchisees and do not include amounts relating to the (d) Company Owned Real Estate Brokerage Services segment.

In April 2015, the Company Owned Real Estate Brokerage Services segment acquired Coldwell Banker United, a large franchisee of the Real Estate Franchise Services segment. As a result of the acquisition, the drivers of the (e) acquired entity shifted from the Real Estate Franchise Services segment to the Company Owned Real Estate Brokerage Services segment. Closed homesale sides for the Company Owned Real Estate Brokerage segment included 16,746 sides related to the acquisition of Coldwell Banker United in 2015.

(f) A closed homesale side represents either the "buy" side or the "sell" side of a homesale transaction.

(g) Represents the average selling price of closed homesale transactions.

(h) Represents the average commission rate earned on either the "buy" side or "sell" side of a homesale transaction.

- Represents the average percentage of our franchisees' commission revenue (excluding NRT) paid to the Real Estate Franchise Services segment as a royalty, net of volume incentives achieved. The net effective royalty rate does not include the effect of non-standard incentives granted to some franchisees. Royalty fees are charged to all franchisees pursuant to the terms of the relevant franchise agreements and are included in each of the real estate brands' franchise disclosure documents. Non-standard incentives may be used as consideration for new or renewing franchisees. Most of our franchisees do not receive these non-standard incentives and in contrast to royalties and volume incentives they are not homesale transaction based. We have accordingly excluded the non-standard incentives from the calculation of the net effective royalty rate. Had these non-standard incentives been included, the net effective royalty rate would be lower by approximately 21, 18, 16, 16 and 16 basis points for the years ended December 31, 2015, 2014, 2013, 2012 and 2011 respectively.
- (i)
- (j) Represents net domestic royalties earned from our franchisees (excluding NRT) divided by the total number of our franchisees' closed homesale sides.

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Our real estate brokerage business has a significant concentration of offices and transactions in geographic regions where home prices are at the higher end of the U.S. real estate market, particularly the east and west coasts. The real estate franchise business has franchised offices that are more widely dispersed across the United States than our real estate brokerage operations. Accordingly, operating results and homesale statistics may differ between our brokerage and franchise businesses based upon geographic presence and the corresponding homesale activity in each geographic region.

(k) Represents gross commission income divided by closed homesale sides. Gross commission income includes (l) commissions earned in homesale transactions and certain other activities, primarily leasing and property management transactions.

(m) Represents the total number of transferees and affinity members served by the relocation services business.

(n) Represents the number of referrals from which we earned revenue from real estate brokers.

Represents the number of title and closing units processed as a result of home purchases. The amount presented for (o) the year ended December 31, 2015 includes 13,304 purchase units as a result of the acquisition of Independence Title on July 1, 2015.

Represents the number of title and closing units processed as a result of homeowners refinancing their home loans. (p) The amount presented for the year ended December 31, 2015 includes 3,403 refinance units as a result of the acquisition of Independence Title on July 1, 2015.

(q) Represents the average fee we earn on purchase title and refinancing title units.

In presenting the financial data above in conformity with general accepted accounting principles, we are required to make estimates and assumptions that affect the amounts reported. See "Item 7.—Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies" for a detailed discussion of the accounting policies that we believe require subjective and complex judgments that could potentially affect reported results.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion and analysis should be read in conjunction with our consolidated financial statements and accompanying notes thereto included elsewhere herein. Unless otherwise noted, all dollar amounts in tables are in millions. This Management's Discussion and Analysis of Financial Condition and Results of Operations contain forward-looking statements. See "Forward-Looking Statements" and "Item 1A.—Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements. Actual results may differ materially from those contained in any forward-looking statements.

OVERVIEW

We are a global provider of real estate and relocation services and report our operations in the following four segments:

Real Estate Franchise Services (known as Realogy Franchise Group or RFG)—franchises the Century 21 Coldwell Banker®, Coldwell Banker Commercial®, ERA®, Sotheby's International Realty® and Better Homes and Gardens® Real Estate brand names. As of December 31, 2015, our franchise systems had approximately 13,600 franchised and company owned offices and approximately 256,800 independent sales associates operating under our franchise and proprietary brands in the U.S. and 109 other countries and territories around the world. We franchise our real estate brokerage franchise systems to real estate brokerage businesses that are independently owned and operated. We provide a license to use the brand names and provide certain systems, programs and tools that are designed to help our franchisees serve their customers and attract new or retain existing independent sales associates. Such systems and tools include national and local marketing programs, listing and agent affiliation tools as well as technology, education and purchasing discounts through our preferred vendor programs. Franchise revenue principally consists of royalty and marketing fees from our franchisees. In addition to royalties received from our independently owned franchisees, our Company Owned Real Estate Brokerage Services segment pays royalties to RFG. The royalty received is primarily based on a percentage of the franchisee's gross commission income. Royalty fees are accrued as the underlying franchisee revenue is earned (upon closing of the homesale transaction). Annual volume incentives

given to certain franchisees on royalty fees are recorded as a reduction to revenue and are accrued for in relative proportion to the recognition of the underlying gross franchise revenue. In the U.S. and generally in Canada, we employ a direct franchising model whereby we contract with and provide services directly to independent owner-operators. In other parts of the world, we employ either a master franchise model, whereby we contract with a qualified, experienced third party to build a franchise enterprise in such third party's country or region or a direct franchising model in the case of Sotheby's International Realty. Under the master franchise model, we typically enter into long-term franchise agreements (often 25 years in duration) and receive an initial area development fee and ongoing royalties. In August 2014, we acquired ZipRealty, an innovative residential real estate brokerage and developer of proprietary technology platforms for real estate brokerages, independent sales associates and customers. During 2015, we rolled out ZipRealty's comprehensive,

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integrated ZAPSM technology platform to approximately 390 of our approximately 2,700 franchisees and, consistent with our previously disclosed plan, anticipate rolling this product out to a broader franchisee base over the next two years. We believe the ZAP technology platform will increase the value proposition to our franchisees, their independent sales associates and their customers.

Company Owned Real Estate Brokerage Services (known as NRT)—operates a full-service real estate brokerage business principally under the Coldwell Banker[®], Corcoran[®], Sotheby's International Realty[®], Citi HabitatsSM and ZipRealty[®] brand names with approximately 47,000 independent sales associates. As an owner-operator of real estate brokerages, we assist home buyers and sellers in listing, marketing, selling and finding homes. We earn commissions for these services recorded upon the closing of a real estate transaction (i.e., purchase or sale of a home), which we refer to as gross commission income. We then pay commissions to independent real estate agents that are recognized concurrently with the associated revenues. NRT also has relationships with developers, primarily in major cities, to provide marketing and brokerage services in new developments. In addition, we participate in the mortgage process through our 49.9% ownership of PHH Home Loans, our home mortgage venture with PHH. PHH Home Loans is the exclusive recommended provider of mortgages for our real estate brokerage and relocation service customers (unless exclusivity is waived by PHH). To complement its residential brokerage services, NRT offers home ownership services that include comprehensive single-family residential property management in many of the nation's largest rental markets.

Relocation Services (known as Cartus[®])—primarily offers clients employee relocation services such as homesale assistance, providing home equity advances to transferees (generally guaranteed by the client), home finding and other destination services, expense processing, relocation policy counseling and consulting services, arranging household goods moving services, coordinating visa and immigration support, intercultural and language training and group move management services. We provide these relocation services to corporate clients for the transfer of their employees. In addition, we provide home buying and selling assistance to members of affinity clients. We earn revenues from fees charged to clients for the performance and/or facilitation of these services and recognize such revenue as services are provided. In the majority of relocation transactions, the gain or loss on the sale of a transferee's home is generally borne by the client. For all homesale transactions, the value paid to the transferee is either based on the value per the underlying third-party buyer contract with the transferee, which results in no gain or loss, or the appraised value as determined by independent appraisers. We earn referral commission's revenue from real estate brokers and other third-party service providers. We recognize such fees from real estate brokers at the time the underlying property closes. For services where we pay a third-party provider on behalf of our clients, we generally earn a referral commission, which is recognized at the time of completion of services. In addition, we generally earn interest income on the funds we advance on behalf of the transferring employee, typically based on prime rate or London Interbank Offer Rate ("LIBOR") and recorded within other revenue (as is the corresponding interest expense on the securitization borrowings) in the Consolidated Statement of Operations.

Title and Settlement Services (known as Title Resource Group or TRG)—provides full-service title and settlement services to real estate companies, affinity groups, corporations and financial institutions with many of these services provided in connection with the Company's real estate brokerage and relocation services business. We provide title and closing services (also known as settlement services), which include title search procedures for title insurance policies, homesale escrow and other closing services. Title revenues, which are recorded net of amounts remitted to third-party insurance underwriters, and title and closing service fees are recorded at the time a homesale transaction or refinancing closes. We provide many of these services to third-party clients in connection with transactions generated by our Company Owned Real Estate Brokerage and Relocation Services segments as well as various financial institutions in the mortgage lending industry. We also serve as an underwriter of title insurance policies in connection with residential and commercial real estate transactions.

RECENT DEVELOPMENTS

On February 24, 2016, the Company announced that its Board of Directors authorized a share repurchase program of up to \$275 million of the company's common stock. Repurchases may be made at management's discretion from time

to time on the open market or through privately negotiated transactions. The size and timing of these repurchases will depend on price, market and economic conditions, legal and contractual requirements and other factors. The repurchase program has no time limit and may be suspended or discontinued at any time. The Company had approximately 146.7 million shares of common stock outstanding as of December 31, 2015.

During the fourth quarter of 2015, the Company implemented a business optimization initiative that focuses on maximizing the efficiency and effectiveness of the cost structure of each of the Company's business units. The action is

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designed to improve client service levels across each of the business units while enhancing the Company's profitability and incremental margins. The plan focuses on several key areas of opportunity which include process improvement efficiencies, office footprint optimization, leveraging technology and media spend, centralized procurement and organizational design. Total expected restructuring costs of approximately \$37 million are currently anticipated to be incurred through the end of 2016. Cost savings related to the restructuring initiatives are estimated to be approximately \$40 million on an annual run rate basis and are anticipated to offset some or all of our inflation-related annual cost increases.

In October 2015, Realogy Group amended its Revolving Credit Facility and entered into a new Term Loan A Agreement. The amendment to its Revolving Credit Facility increased the borrowing capacity from \$475 million to \$815 million and extended its maturity date from March 2018 to October 2020. The Term Loan A Facility was issued in the amount of \$435 million with a maturity date of October 2020. The Company used the net proceeds from the Term Loan A Facility and revolver borrowings to redeem all of the outstanding \$593 million of First Lien Notes and pay related premiums and accrued interest of \$45 million. Additionally, on November 30, 2015, with cash on hand and revolver borrowings, the Company redeemed all of the outstanding \$196 million of First and a Half Lien Notes and paid related premiums and accrued interest of \$17 million.

CURRENT INDUSTRY TRENDS

Commencing in the second half of 2005 and continuing through 2011, the U.S. residential real estate industry was in a significant and lengthy downturn. Based upon data published by NAR from 2005 to 2011, the number of annual U.S. existing homesale units declined by 40% and the median existing homesale price declined by 24%.

Beginning in 2012, the U.S. residential real estate industry began its current recovery. According to NAR, in the first two years of the current housing recovery—2012 and 2013—homesale transaction volume (average homesale price multiplied by homesale transactions) improved 15% and 19%, respectively, and the industry experienced significant refinancing activity. We believe that the improvement in 2012 and 2013 was driven by high affordability of home ownership and demand that built up during an extended period of economic uncertainty, as well as historically low mortgage rates and lower home inventory levels leading to increases in homesale prices.

During 2014, homesale transaction volume growth slowed to 1% compared to 2013 according to NAR. The homesale transaction volume gain in 2014 was primarily driven by increasing average home prices, while the number of homesale transactions in 2014 declined year-over-year due to higher mortgage rates and affordability concerns.

During 2015, we experienced an increase in homesale transaction volume of 8% primarily due to higher volume at the \$100,000 to \$500,000 price range of the housing market while volume growth at the high-end was somewhat muted, which negatively impacted NRT. In 2014, NRT benefited from an increase in volume in certain high-priced markets such as New York City and San Francisco. In 2015, we saw a moderation of these markets in resale units as they returned to a more normalized trend and NRT experienced a shift in the mix of homesale transactions from these high-priced markets to low and mid-priced markets in the geographic footprint served by NRT. In addition, NRT continued to experience inventory constraints in several markets which led to a more modest level of organic growth. Beginning on October 3, 2015, CFPB's rule, known as TILA-RESPA Integrated Disclosure ("TRID"), became effective for new loan applications. TRID integrates certain mortgage disclosure forms and outlines new requirements related to the closing of certain real estate transactions, including mandating the use of a new closing disclosure to be delivered three business days before closing of the loan. The new regulations have caused closing delays throughout the industry, including at Realogy for both its company-owned and franchised operations. The National Association of Realtors NAR Economists' Outlook report published on December 22, 2015 reported that the time from contract-to-close for U.S. homesales rose to an average of 40.5 days in November of 2015 from 35.9 in November of 2014, a 12.8% increase (4.6 days).

According to NAR, the inventory of existing homes for sale in the U.S. was 1.8 million and 1.9 million homes at the end of December 2015 and December 2014, respectively. The December 2015 inventory represents a national average supply of 3.9 months at the current homesales pace which is below the 6.3 month 25-year average.

As reported by NAR, the housing affordability index has continued to be at historically favorable levels. An index above 100 signifies that a family earning the median income has sufficient income to purchase a median-priced home, assuming a 20 percent down payment and ability to qualify for a mortgage. The composite housing affordability index was 164 for 2015, 166 for 2014 and 177 for 2013. The housing affordability index, which has declined since 2013, remains significantly higher than the average of 117 for the period from 1970 through 2005.

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Mortgage rates continue to be at low levels by historical standards, which we believe has helped stimulate demand in the residential real estate market. According to Freddie Mac, mortgage rates on commitments for a 30-year, conventional, fixed-rate first mortgage averaged 6.5% for 2000 to 2005, 5.7% for 2006 to 2010 and 4.1% for 2011 through 2014. While the average mortgage rate increased during 2014 to an annual average of 4.2%, the average mortgage rate for 2015 was 3.9%. In addition, consumers also have financing alternatives such as adjustable rate mortgages which can be utilized to obtain a lower mortgage rate than a 30-year fixed-rate mortgage. Partially offsetting the positive impact of low mortgage rates are low housing inventory levels and the ongoing rise in home prices, conservative mortgage underwriting standards, increased down payment requirements and certain homeowners having limited or negative equity in homes. Mortgage credit conditions tightened significantly during the recent housing downturn, with banks limiting credit availability to more creditworthy borrowers and requiring larger down payments, stricter appraisal standards, and more extensive mortgage documentation. Although mortgage credit conditions appear to be easing, mortgages remain less available to some borrowers and it frequently takes longer to close a homesale transaction due to current mortgage and underwriting requirements.

Mortgage refinancing activity declined significantly in 2014 compared to levels experienced in 2013 and 2012. According to Fannie Mae, in 2012, refinancing originations totaled \$1,540 billion and decreased to \$1,123 billion in 2013. In 2014, refinancing originations significantly declined further to \$518 billion resulting in a 54% decline from 2013 levels. The reduction in refinancing activity in 2014 adversely impacted our share of earnings from our PHH Home Loans venture as well as refinancing related revenue and profitability at TRG. According to Fannie Mae, in 2015, refinancing originations totaled \$795 billion resulting in a 53% increase from 2014 due to lower mortgage rates. These lower rates positively impacted our share of earnings from our PHH Home Loans venture, as well as refinancing related revenue at TRG in 2015.

RESPA has become a greater challenge in recent years for most industry participants offering settlement services, including mortgage companies, title companies and brokerages, because of changes in the regulatory environment. With the passage of Dodd-Frank in 2010, primary responsibility for enforcement of RESPA has shifted to the CFPB. The CFPB has taken a much stricter approach toward interpretation of RESPA and related regulations than the prior regulatory authority (the Department of Housing and Urban Development) and has significantly increased the use of enforcement proceedings. In the face of this changing regulatory landscape, various industry participants, while disagreeing with the CFPB's narrow interpretation of RESPA, have nevertheless decided to modify or terminate long-standing business arrangements to avoid the risk of protracted and costly litigation defending such arrangements. While we have made, and anticipate making, changes to our RESPA-related business practices, we do not expect these changes to have a material impact on our operations. Beyond the CFPB enforcement practices, the new practices have triggered private RESPA litigation, including an action recently filed against us, our joint venture and PHH that is described under "Item 3.—Legal Proceedings."

Existing Homesales

According to NAR, existing homesale transactions for 2015 increased to 5.3 million homes or up 6% compared to 2014. For the year ended December 31, 2015, RFG and NRT homesale transactions increased 3% and 9%, respectively.

As a result of the acquisition of Coldwell Banker United in the second quarter of 2015, the Coldwell Banker United homesale transactions shifted from RFG to NRT. Closed homesale sides, including Coldwell Banker United, would have resulted in an increase in homesale transactions for RFG of 5% for the year ended December 31, 2015 compared to 2014. The 9% increase in homesale transactions for NRT for the year ended December 31, 2015 reflects 7 percentage points due to the inclusion of transactions from acquisitions with an individual purchase price of over \$20 million (ZipRealty brokerage operations and Coldwell Banker United acquisitions). In addition, there were inventory constraints in several of NRT's higher priced markets which caused homesale transactions in those markets to decline or be flat versus last year.

We believe that the fourth quarter homesale transaction sides throughout the industry as well as for both RFG and NRT were impacted by transaction closing delays due to the implementation of TRID in early October, which began

to delay transaction closings from mid-November through the end of the year. We further believe that most if not all of these delayed transactions will close in 2016, and that the TRID implementation is a timing issue, rather than a change to homebuyer activity, although the time needed to close a transaction may not revert to pre-TRID levels in 2016.

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The annual and quarterly year-over-year trends in homesale transactions are as follows:

| Number of Existing Homesales | 2013 vs. 2012 | | 2014 vs. 2013 | | 2015 vs. 2014 | |
|------------------------------|---------------|---|---------------|------|---------------|---------|
| Industry | | | | | | |
| NAR (a) | 9 | % | (3 |)% | 6 | % |
| Fannie Mae (b) | 9 | % | (3 |)% | 6 | % |
| Realogy | | | | | | |
| RFG | 10 | % | (2 |)% | 3 | %(c) |
| NRT | 9 | % | (3 |)% | 9 | %(d) |
| | 2015 vs. 2014 | | | | | |
| Number of Existing Homesales | First | | Second | | Third | Fourth |
| | Quarter | | Quarter | | Quarter | Quarter |
| Industry | | | | | | |
| NAR (a) | 7 | % | 8 | % | 8 | 2 % |
| Fannie Mae (b) | 6 | % | 8 | % | 8 | 2 % |
| Realogy | | | | | | |
| RFG | 4 | % | 5 | %(c) | 4 | 1 %(c) |
| NRT | 6 | % | 13 | %(d) | 12 | 4 %(d) |

(a) Historical existing homesale data is as of the most recent NAR press release, which is subject to sampling error.

(b) Existing homesale data, on a seasonally adjusted basis, is as of the most recent Fannie Mae press release.

As a result of the acquisition of Coldwell Banker United, the Coldwell Banker United drivers shifted from RFG to NRT. Closed homesale sides for RFG, including the drivers of Coldwell Banker United, would have increased 5% for the year ended December 31, 2015 compared to 2014 and would have increased 7%, 6% and 2% for the second, third and fourth quarter of 2015, respectively, compared to 2014.

Closed homesale sides for NRT, excluding the impact of larger acquisitions with an individual purchase price greater than \$20 million, would have increased 2% for the year ended December 31, 2015 compared to 2014 and (d) would have increased 4%, increased 3% and decreased 2% for the second, third and fourth quarter of 2015, respectively, compared to 2014.

As of their most recent releases, NAR is forecasting existing homesales to increase 2% in 2016 compared to 2015 while Fannie Mae is forecasting an increase in existing homesale transactions of 3% for 2016 compared to 2015. In addition, NAR and Fannie Mae are forecasting an increase of 4% and 2% in existing homesale transactions for 2017 compared to 2016, respectively.

Existing Homesale Price

In 2015, the percentage change in the average price of homes brokered by RFG and NRT increased 5% and decreased 2%, respectively, compared to 2014. For the year ended December 31, 2015 compared to 2014, NAR existing homesale average price increased 4%, while RFG and NRT average homesale price on a combined basis increased 3%. The decrease in average sales price for NRT for 2015 was due to (i) the impact of larger acquisitions (those with an individual purchase price in excess of \$20 million) completed during or after the third quarter of 2014, which have substantially lower average homesales prices than NRT's core operations and (ii) a modest shift in mix in transactions from high-priced markets to low and mid-priced markets in the geographic footprint served by NRT. Excluding the impact of (i) above, NRT's average homesale price would have increased 1% year-over-year in 2015 compared to 2014.

The annual and quarterly year-over-year trends in the price of homes are as follows:

| Price of Existing Homes | 2013 vs. 2012 | | 2014 vs. 2013 | | 2015 vs. 2014 | |
|-------------------------|---------------|---|---------------|---|---------------|---|
| Industry | | | | | | |
| NAR (a) | 9 | % | 4 | % | 4 | % |

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| | | | | | | |
|---------------------------|----|---|---|---|----|--------|
| Fannie Mae (b) Realogy | 11 | % | 6 | % | 6 | % |
| RFG | 9 | % | 7 | % | 5 | % (c) |
| NRT | 6 | % | 6 | % | (2 |)% (d) |

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| Price of Existing Homes | 2015 vs. 2014 | | | | | | | |
|-------------------------|---------------|---|----------------|------|---------------|------|----------------|------|
| | First Quarter | | Second Quarter | | Third Quarter | | Fourth Quarter | |
| Industry | | | | | | | | |
| NAR (a) | 4 | % | 5 | % | 3 | % | 4 | % |
| Fannie Mae (b) | 6 | % | 8 | % | 5 | % | 6 | % |
| Realogy | | | | | | | | |
| RFG | 6 | % | 5 | %(c) | 5 | %(c) | 6 | %(c) |
| NRT | 3 | % | (4) | %(d) | (4) | %(d) | (2) | %(d) |

(a) Historical homesale price data is for existing homesale average price and is as of the most recent NAR press release.

(b) Existing homesale price data is for median price and is as of the most recent Fannie Mae press release.

(c) The acquisition of Coldwell Banker United by NRT did not have a significant impact on the average homesale price for RFG.

(d) Average homesale price for NRT, excluding the impact of larger acquisitions with an individual purchase price greater than \$20 million, would have increased 1% for the year ended December 31, 2015 compared to 2014, would have remained flat for both the second and third quarters of 2015 compared to 2014 and would have increased 1% for the fourth quarter of 2015 compared to 2014.

As of their most recent releases, NAR is forecasting a 4% increase in the 2016 median existing homesale price compared to 2015 while Fannie Mae is forecasting a 5% increase in the 2016 median existing homesale price compared to 2015. For 2017, NAR and Fannie Mae are both forecasting an increase of 4% in median existing homesale price compared to 2016.

* * *

We believe that long-term demand for housing and the growth of our industry are primarily driven by the affordability of housing, the economic health of the U.S. economy, positive demographic trends such as population growth, the increase in household formation, mortgage rate levels and mortgage availability, job growth, the inherent attributes of homeownership versus renting and the influence of local housing dynamics of supply versus demand. At this time, these factors are generally trending favorably. Factors that may negatively affect a sustained housing recovery include:

• higher mortgage rates due to increases in long-term interest rates as well as reduced availability of mortgage financing;

• insufficient inventory levels leading to lower unit sales;

• changing attitudes towards home ownership, particularly among potential first-time homebuyers who may delay, or decide not to, purchase homes;

• the impact of limited or negative equity of current homeowners, as well as the lack of available inventory may limit their proclivity to purchase an alternative home;

• reduced affordability of homes;

• high levels of unemployment and associated lack of consumer confidence;

• unsustainable economic recovery in the U.S. or a weak recovery resulting in only modest economic growth;

• a decline in home ownership levels in the U.S.;

• geopolitical and economic instability; and

• legislative or regulatory reform, including but not limited to reform that adversely impacts the financing of the U.S.

• housing market or amends the Internal Revenue Code in a manner that negatively impacts home ownership such as reform that reduces the amount that certain taxpayers would be allowed to deduct for home mortgage interest.

Many of the trends impacting our businesses that derive revenue from homesales also impact Cartus, which is a global provider of outsourced employee relocation services. In addition to general residential housing trends, key drivers of Cartus are global corporate spending on relocation services, which has not returned to levels that existed prior to the most recent recession, as well as employment relocation trends. Cartus is subject to a competitive pricing environment and lower average revenue per relocation as a result of a shift in the mix of services and number of services being delivered per move. These factors have and may continue to put pressure on the growth and profitability of this segment.

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While data provided by NAR and Fannie Mae are two indicators of the direction of the residential housing market, we believe that homesale statistics will continue to vary between us and NAR and Fannie Mae because:

- they use survey data and estimates in their historical reports and forecasting models, which are subject to sampling error, whereas we use data based on actual reported results;

- there are geographical differences and concentrations in the markets in which we operate versus the national market.

- For example, many of our company owned brokerage offices are geographically located where average homesale prices are generally higher than the national average and therefore NAR survey data will not correlate with NRT's results;

- comparability is also impaired due to NAR's utilization of seasonally adjusted annualized rates whereas we report actual period-over-period changes and their use of median price for their forecasts compared to our average price;

- NAR historical data is subject to periodic review and revision and these revisions have been and could be material in the future; and

- NAR and Fannie Mae generally update their forecasts on a monthly basis and a subsequent forecast may change materially from a forecast that was previously issued.

While we believe that the industry data presented herein is derived from the most widely recognized sources for reporting U.S. residential housing market statistical data, we do not endorse or suggest reliance on this data alone. We also note that forecasts are inherently uncertain or speculative in nature and actual results for any period could materially differ.

KEY DRIVERS OF OUR BUSINESSES

Within RFG and NRT, we measure operating performance using the following key operating statistics: (i) closed homesale sides, which represents either the "buy" side or the "sell" side of a homesale transaction, (ii) average homesale price, which represents the average selling price of closed homesale transactions, (iii) average homesale broker commission rate, which represents the average commission rate earned on either the "buy" side or "sell" side of a homesale transaction and (iv) net effective royalty rate, which represents the average percentage of our franchisees' commission revenues payable to RFG, net of volume incentives achieved.

From 2007 through December 2013, the average homesale broker commission rate remained fairly stable; however, in 2014 and 2015 we experienced a modest decline in the average broker commission rate. We expect that over the long term the average brokerage commission rates could modestly decline as a result of increases in average homesale prices. This is particularly relevant in periods when there is constrained housing inventory. A continuing housing recovery should result in an increase in our revenues, although such increases could be offset by modestly declining brokerage commissions.

In general, most of our third-party franchisees are entitled to volume incentives which are calculated for each franchisee as a progressive percentage of each franchisee's annual gross revenues. These incentives decrease during times of declining homesale transaction volumes and increase during market recoveries when there is a corresponding increase in homesale transaction volume. As a result, the net effective royalty rate may be impacted by the cyclical residential housing market. From 2009 to 2013, the net effective royalty rate declined due to several factors including a consolidation of distressed franchisees into viable affiliates and company owned operations, the termination of certain franchisees that generally were not sizable enough to earn significant rebates and, in 2012 and 2013, an increase in overall homesale transactions. In 2014, the net effective royalty rate remained at the 2013 level and in 2015 the net effective royalty rate decreased modestly compared to 2014. We expect that over the long term the net effective royalty rate will modestly decline as a result of increases in homesale transaction volume.

Royalty fees are charged to all franchisees pursuant to the terms of the relevant franchise agreements and are included in each of the real estate brands' franchise disclosure documents. Non-standard incentives may be used as consideration for new or renewing franchisees. Most of our franchisees do not receive these non-standard incentives and, in contrast to royalties and volume incentives, they are not homesale transaction based. We have accordingly excluded the non-standard incentives from the calculation of the net effective royalty rate. Had these non-standard incentives been included, the net effective royalty rate would be lower by approximately 21, 18 and 16 basis points for

the years ended December 31, 2015, 2014 and 2013, respectively.

NRT has a significant concentration of real estate brokerage offices and transactions in geographic regions where home prices are at the higher end of the U.S. real estate market, particularly the east and west coasts, while RFG has franchised offices that are more widely dispersed across the United States. Accordingly, operating results and homesale statistics may differ between NRT and RFG based upon geographic presence and the corresponding homesale activity in each geographic

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region. In addition, the share of commissions earned by sales associates directly impacts the margin earned by NRT. Such share of commissions earned by sales associates varies by region and commission schedules are generally progressive to incentivize sales associates to achieve higher levels of production. The level of commissions earned by sales associates are generally subject to review and reset on the anniversary of the sales associates' engagement with the broker. While competition has and will continue to put pressure on the commission splits necessary to attract and maintain relationships with highly productive sales associates, the lead generation and other initiatives implemented by NRT have enabled commission splits in the aggregate to remain relatively flat.

Within Cartus, we measure operating performance using the following key operating statistics: (i) initiations, which represent the total number of new transferees and the total number of real estate closings for affinity members and (ii) referrals, which represent the number of referrals from which we earn revenue from real estate brokers.

In TRG, operating performance is evaluated using the following key metrics: (i) purchase title and closing units, which represent the number of title and closing units we process as a result of home purchases, (ii) refinance title and closing units, which represent the number of title and closing units we process as a result of homeowners refinancing their home loans, and (iii) average fee per closing unit, which represents the average fee we earn on purchase title and refinancing title sides. An increase or decrease in homesale transactions will impact the financial results of TRG; however, the financial results are not significantly impacted by a change in homesale price. In addition, although the average mortgage rate declined in 2015 compared to 2014 and refinancing transactions increased as a result, we believe that an increase in mortgage rates in the future will most likely have a negative impact on refinancing title and closing units.

A decline in the number of homesale transactions and decline in homesale prices could adversely affect our results of operations by: (i) reducing the royalties we receive from our franchisees, (ii) reducing the commissions our company owned brokerage operations earn, (iii) reducing the demand for our title and settlement services, (iv) reducing the referral fees we earn in our relocation services business, and (v) increasing the risk of franchisee default due to lower homesale volume. Our results could also be negatively affected by a decline in commission rates charged by brokers or greater commission payments to sales associates.

The following table presents our drivers for the years ended December 31, 2015, 2014 and 2013. See "Results of Operations" below for a discussion regarding the effect of these drivers on our business for the periods presented.

| | Year Ended December 31, | | | Year Ended December 31, | | | | |
|---|-------------------------|-----------|-----------|-------------------------|-----------|-----------|--|--|
| | 2015 | 2014 | % Change | 2014 | 2013 | % Change | | |
| RFG (a) (b) | | | | | | | | |
| Closed homesale sides | 1,101,333 | 1,065,339 | 3 % | 1,065,339 | 1,083,424 | (2 %) | | |
| Average homesale price | \$263,894 | \$250,214 | 5 % | \$250,214 | \$233,011 | 7 % | | |
| Average homesale broker commission rate | 2.51 | % 2.52 | % (1) bps | 2.52 | % 2.54 | % (2) bps | | |
| Net effective royalty rate | 4.48 | % 4.49 | % (1) bps | 4.49 | % 4.49 | % — | | |
| Royalty per side | \$309 | \$296 | 4 % | \$296 | \$276 | 7 % | | |
| NRT | | | | | | | | |
| Closed homesale sides (c) | 336,744 | 308,332 | 9 % | 308,332 | 316,640 | (3 %) | | |
| Average homesale price (d) | \$489,673 | \$500,589 | (2 %) | \$500,589 | \$471,144 | 6 % | | |
| Average homesale broker commission rate | 2.46 | % 2.47 | % (1) bps | 2.47 | % 2.50 | % (3) bps | | |
| Gross commission income per side | \$12,730 | \$13,072 | (3 %) | \$13,072 | \$12,459 | 5 % | | |
| Cartus | | | | | | | | |
| Initiations | 167,749 | 171,210 | (2 %) | 171,210 | 165,705 | 3 % | | |
| Referrals | 99,531 | 96,755 | 3 % | 96,755 | 91,373 | 6 % | | |
| TRG | | | | | | | | |

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| | | | | | | | | |
|---------------------------------------|---------|---------|----|---|---------|---------|-----|----|
| Purchase title and closing units (e) | 130,541 | 113,074 | 15 | % | 113,074 | 115,572 | (2 | %) |
| Refinance title and closing units (f) | 38,544 | 27,529 | 40 | % | 27,529 | 76,196 | (64 | %) |
| Average fee per closing unit | \$1,861 | \$1,780 | 5 | % | \$1,780 | \$1,504 | 18 | % |

(a) Includes all franchisees except for NRT.

In April 2015, NRT acquired Coldwell Banker United, a large franchisee of RFG. As a result of the acquisition, the drivers of Coldwell Banker United shifted from RFG to NRT. Closed homesale sides for RFG, excluding the impact of the acquisition, would have increased 5% for the year ended December 31, 2015 compared to 2014. The acquisition did not have a significant impact on the change in average homesale price for RFG.

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- (c) Closed homesale sides for NRT, excluding the impact of larger acquisitions with an individual purchase price greater than \$20 million, would have increased 2% for the year ended December 31, 2015 compared to 2014.
- (d) Average homesale price for NRT, excluding the impact of larger acquisitions with an individual purchase price greater than \$20 million, would have increased 1% for the year ended December 31, 2015 compared to 2014.
- (e) The amount presented for the year ended December 31, 2015 includes 13,304 purchase units as a result of the acquisition of Independence Title on July 1, 2015.
- (f) The amount presented for the year ended December 31, 2015 includes 3,403 refinance units as a result of the acquisition of Independence Title on July 1, 2015.

RESULTS OF OPERATIONS

Discussed below are our consolidated results of operations and the results of operations for each of our reportable segments. The reportable segments presented below represent our operating segments for which separate financial information is available and which is utilized on a regular basis by our chief operating decision maker to assess performance and to allocate resources. In identifying our reportable segments, we also consider the nature of services provided by our operating segments. Management evaluates the operating results of each of our reportable segments based upon revenue and EBITDA. EBITDA is defined as net income (loss) before depreciation and amortization, interest (income) expense, net (other than Cartus' interest on securitization assets and securitization obligations) and income taxes, each of which is presented on our Consolidated Statements of Operations. Our presentation of EBITDA may not be comparable to similarly titled measures used by other companies.

Year Ended December 31, 2015 vs. Year Ended December 31, 2014

Our consolidated results were comprised of the following:

| | Year Ended December 31, | | |
|---|-------------------------|---------|--------|
| | 2015 | 2014 | Change |
| Net revenues | \$5,706 | \$5,328 | \$378 |
| Total expenses (1) | 5,424 | 5,103 | 321 |
| Income before income taxes, equity in earnings and noncontrolling interests | 282 | 225 | 57 |
| Income tax expense (benefit) | 110 | 87 | 23 |
| Equity in earnings of unconsolidated entities | (16) | (9) | (7) |
| Net income | 188 | 147 | 41 |
| Less: Net income attributable to noncontrolling interests | (4) | (4) | — |
| Net income attributable to Realogy Holdings and Realogy Group | \$184 | \$143 | \$41 |

- (1) Total expenses for the year ended December 31, 2015 includes \$48 million related to the loss on the early extinguishment of debt and \$10 million of restructuring costs, partially offset by a net benefit of \$15 million for former parent legacy items. Total expenses for the year ended December 31, 2014 includes \$47 million related to the loss on the early extinguishment of debt and \$10 million of transaction and integration costs related to the ZipRealty acquisition, partially offset by a net benefit of \$10 million for former parent legacy items and the reversal of prior year restructuring reserves of \$1 million.

Net revenues increased \$378 million (7%) for the year ended December 31, 2015 compared with the year ended December 31, 2014, principally due to increases in revenue at NRT and RFG primarily driven by an increase in homesale transaction volume, as well as an increase in revenue at TRG driven by an increase in resale and refinance volume.

Total expenses increased \$321 million primarily due to:

- a \$176 million increase in commission and other sales associate-related costs due to the increase in homesale transaction volume at NRT and its related revenue increase of \$266 million;
- a \$152 million increase in operating and general and administrative expenses driven by:

a \$63 million increase in employee-related costs of which \$52 million represents the change in incentive accruals due to the achievement of higher incentive levels, merit increases and increased stock-based compensation expense as a result of the estimated achievement of certain performance goals;
\$38 million of additional employee-related costs associated with acquisitions completed during and after the third quarter of 2014; and
a \$50 million increase in variable operating costs at TRG as a result of acquisitions completed in 2015 and increases in volume;

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partially offset by,
the absence in 2015 of \$10 million of transaction and integration costs related to the ZipRealty acquisition;
a \$12 million increase in marketing expenses due to higher advertising spending primarily related to acquisitions at NRT; and

an \$11 million increase in restructuring charges due to \$10 million of restructuring costs related to the business optimization initiative in 2015 compared to a \$1 million reversal of prior year restructuring reserves in 2014;
partially offset by,

a \$36 million decrease in interest expense for the year ended December 31, 2015 compared to the year ended December 31, 2014 primarily due to a reduction in total outstanding indebtedness and a lower weighted average interest rate, as well as the impact of mark-to-market adjustments for our interest rate swaps which resulted in losses of \$20 million in 2015 compared to losses of \$32 million in the same period of 2014.

Equity in earnings of unconsolidated entities improved \$7 million primarily due to an increase in earnings from PHH Home Loans.

During the fourth quarter of 2015, the Company implemented a business optimization initiative that focuses on maximizing the efficiency and effectiveness of the cost structure of each of the Company's business units. The action is designed to improve client service levels across each of the business units while enhancing the Company's profitability and incremental margins. The plan focuses on several key areas of opportunity which include process improvement efficiencies, office footprint optimization, leveraging technology and media spend, centralized procurement and organizational design. Total expected restructuring costs of approximately \$37 million are currently anticipated to be incurred through the end of 2016. We incurred \$10 million of restructuring charges during 2015 which consisted of personnel-related costs, facility-related costs and other restructuring-related costs. Cost savings related to the restructuring initiatives are estimated to be approximately \$40 million on an annual run rate basis and are anticipated to offset some or all of our inflation-related annual cost increases. See Note 11, "Restructuring Costs", in the consolidated financial statements for additional information.

The provision for income taxes was \$110 million for the year ended December 31, 2015 compared to \$87 million for the year ended December 31, 2014. Our effective tax rate was 37% for both years ended December 31, 2015 and December 31, 2014. The effective tax rate was positively impacted in 2015, primarily by a reduction in our deferred tax liabilities, driven by changes to state tax legislation and was positively impacted in 2014, primarily by a reduction to the valuation allowance.

Following is a more detailed discussion of the results of each of our reportable segments for the years ended December 31, 2015 and 2014:

| | Revenues (a) | | | % | EBITDA (b) | | | % | Margin | | | | |
|---|--------------|---------|--------|---|------------|--------|--------|---|--------|------|--------|---|---|
| | 2015 | 2014 | Change | | 2015 | 2014 | Change | | 2015 | 2014 | Change | | |
| RFG | \$755 | \$716 | 5 | % | \$495 | \$463 | 7 | % | 66 | % | 65 | % | 1 |
| NRT | 4,344 | 4,078 | 7 | | 199 | 193 | 3 | | 5 | | 5 | | — |
| Cartus | 415 | 419 | (1 |) | 105 | 102 | 3 | | 25 | | 24 | | 1 |
| TRG | 487 | 398 | 22 | | 48 | 36 | 33 | | 10 | | 9 | | 1 |
| Corporate and Other | (295 |) (283 |) * | | (121 |) (107 |) * | | | | | | |
| Total Company | \$5,706 | \$5,328 | 7 | % | \$726 | \$687 | 6 | % | 13 | % | 13 | % | — |
| Less: Depreciation and amortization | | | | | 201 | 190 | | | | | | | |
| Interest expense, net | | | | | 231 | 267 | | | | | | | |
| Income tax expense | | | | | 110 | 87 | | | | | | | |
| Net income attributable to Realogy Holdings and Realogy Group | | | | | \$184 | \$143 | | | | | | | |

* not meaningful

Includes the elimination of transactions between segments, which consists of intercompany royalties and marketing (a) fees paid by NRT of \$295 million and \$283 million during the year ended December 31, 2015 and 2014, respectively.

EBITDA for the year ended December 31, 2015 includes \$48 million related to the loss on early extinguishment of debt and \$10 million of restructuring costs, partially offset by a net benefit of \$15 million for former parent legacy (b) items. EBITDA for the year ended December 31, 2014 includes \$47 million related to the loss on early extinguishment of debt and \$10 million of transaction

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and integration costs related to the ZipRealty acquisition, partially offset by a net benefit of \$10 million for former parent legacy items and the reversal of prior year restructuring reserves of \$1 million.

As described in the aforementioned table, EBITDA margin for "Total Company" expressed as a percentage of revenues remained flat at 13%.

On a segment basis, RFG's margin increased 1 percentage point to 66% from 65% due to an increase in franchisee royalty revenue driven by an increase in homesale transactions and higher price. NRT's margin remained flat at 5%. Cartus' margin increased 1 percentage point to 25% from 24% primarily due to the net positive impact from foreign currency exchange rates, partially offset by higher employee costs. TRG's margin increased 1 percentage point to 10% from 9% due to an increase in resale and refinance volume.

Corporate and Other EBITDA for the year ended December 31, 2015 decreased by \$14 million to negative \$121 million (which includes \$48 million related to the loss on early extinguishment of debt in 2015 compared to \$47 million in 2014). The decrease in Corporate and Other EBITDA was primarily due to:

- a \$16 million increase in employee-related costs of which \$8 million relates to greater performance incentive accruals in 2015 compared to 2014, as well as an increase in ZipRealty employee costs;
 - a \$6 million increase in costs related to the settlement of a legal matter, certain transaction costs related to acquisitions and professional fees during the year ended December 31, 2015 compared to 2014; and
 - a \$4 million increase in restructuring costs related to the Company's business optimization plan which was implemented during the fourth quarter of 2015;
- partially offset by,
- a \$5 million increase in the net benefit of former parent legacy items as a result of a tax liability adjustment during the year ended December 31, 2015 compared to the same period in 2014; and
 - the absence in 2015 of \$10 million of transaction and integration costs incurred for the ZipRealty acquisition.

Real Estate Franchise Services (RFG)

Revenues increased \$39 million to \$755 million and EBITDA increased \$32 million to \$495 million for the year ended December 31, 2015 compared with the same period in 2014.

The increase in revenue was primarily driven by a \$23 million increase in third-party domestic franchisee royalty revenue due to a 5% increase in the average homesale price and a 3% increase in the number of homesale transactions, as well as a \$15 million increase in royalties received from NRT and a \$9 million increase in other revenue primarily related to other marketing-related activities. The increases in revenue were partially offset by a \$4 million decrease in international revenues. Brand marketing revenue and expense both decreased \$3 million primarily due to the timing of advertising spending during the year ended December 31, 2015 compared with the same period in 2014.

The intercompany royalties received from NRT of \$284 million and \$269 million during the years ended December 31, 2015 and 2014, respectively, are eliminated in consolidation. See "Company Owned Real Estate Brokerage Services" for a discussion of the drivers related to intercompany royalties paid to RFG.

The \$32 million increase in EBITDA was principally due to the \$39 million increase in revenues and \$3 million decrease in brand marketing expense discussed above, partially offset by an \$11 million increase in employee-related costs, which include higher incentive performance accruals and staffing costs related to the rollout of the ZAPSM platform to our franchisees.

Company Owned Real Estate Brokerage Services (NRT)

Revenues increased \$266 million to \$4,344 million and EBITDA improved \$6 million to \$199 million for the year ended December 31, 2015 compared with the same period in 2014.

Revenue increased \$67 million primarily due to an increase in commission income earned on homesale transactions and \$199 million due to acquisitions completed during and after the third quarter of 2014. The revenue increase was driven by a 9% increase in the number of homesale transactions partially offset by a 2% decrease in the average price of homes. The 9% increase in homesale transactions was due to two factors: (i) 7% from the acquisition of ZipRealty and Coldwell Banker United and (ii) 2% from higher activity in most of the geographic regions we serve. The 2% decrease in the average price of homes was diluted as a result of these recently acquired brokerage operations which

operate in markets with lower average

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sales prices. The average sales price, excluding these acquisitions, would have increased 1% for the year ended December 31, 2015 compared with the same period in 2014 as a result of robust volume in the high-end markets in 2014 compared to 2015.

NRT was impacted in the fourth quarter of 2015 by transaction closing delays due to TILA-RESPA Integrated Disclosure ("TRID") requirements that were effective in early October. We believe that the requirements resulted in delaying the closing of certain housing transactions and moved approximately \$45 million of revenue and \$9 million of EBITDA out of the fourth quarter of 2015 and into 2016.

EBITDA increased \$6 million primarily due to the increase in revenue discussed above and a \$6 million increase in equity earnings related to our investment in PHH Home Loans, partially offset by:

- a \$176 million increase in commission expenses paid to independent real estate sales associates from \$2,755 million in 2014 to \$2,931 million, as a result of the increase in revenues in 2015. The increase includes \$132 million attributable to acquisitions completed during and after the third quarter of 2014;

- a \$47 million increase in employee-related costs, of which \$23 million was attributable to acquisitions completed during and after the third quarter of 2014 and \$12 million for incremental incentive compensation accruals;

- a \$15 million increase from \$269 million in 2014 to \$284 million in 2015 in royalties paid to RFG, of which \$12 million relates to acquisitions completed during and after the third quarter of 2014;

- a \$13 million increase in occupancy costs, of which \$11 million relates to acquisitions completed during and after the third quarter of 2014;

- a \$12 million increase in marketing expenses, of which \$8 million relates to acquisitions completed during and after the third quarter of 2014; and

- a \$5 million increase in restructuring costs related to the Company's business optimization plan which was implemented during the fourth quarter of 2015.

Relocation Services (Cartus)

Revenues decreased \$4 million to \$415 million and EBITDA increased \$3 million to \$105 million for the year ended December 31, 2015 compared with the same period in 2014.

Revenues decreased \$4 million as a result of a \$4 million decrease in international revenue primarily due to the impact of foreign exchange rates, a \$3 million decrease in at-risk revenue due to lower transaction volume and a \$1 million decrease in other relocation revenue, partially offset by a \$4 million increase in referral revenue primarily due to higher volume and average fees.

EBITDA increased \$3 million which was driven by a \$10 million net positive impact from foreign currency exchange rates and a decrease in certain other expenses, partially offset by the decrease in revenues discussed above and a \$5 million increase in employee-related costs excluding the impact of foreign currency exchange rates.

Title and Settlement Services (TRG)

Revenues increased \$89 million to \$487 million and EBITDA increased \$12 million to \$48 million for the year ended December 31, 2015 compared with the same period in 2014.

The increase in revenues was driven by a \$45 million increase in resale title and closing revenue as a result of a 15% increase in resale title and closing units, a \$34 million increase in underwriter revenue and a \$9 million increase in refinancing revenue due to a 40% increase in refinance title and closing units. Acquisitions completed in 2015 contributed \$36 million to the revenue increases discussed above and accounted for 11% of the increase in resale title and closing units and 12% of the increase in refinance and closing units.

EBITDA increased \$12 million as a result of the \$89 million increase in revenues discussed above, partially offset by an increase of \$50 million in variable operating costs due to the increase in volume discussed above and an increase of \$27 million in employee-related costs, primarily related to acquisitions.

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Year Ended December 31, 2014 vs. Year Ended December 31, 2013

Our consolidated results were comprised of the following:

| | Year Ended December 31, | | |
|---|-------------------------|---------|----------|
| | 2014 | 2013 | Change |
| Net revenues | \$5,328 | \$5,289 | \$39 |
| Total expenses (1) | 5,103 | 5,114 | (11) |
| Income before income taxes, equity in earnings and noncontrolling interests | 225 | 175 | 50 |
| Income tax expense (benefit) | 87 | (242) | 329 |
| Equity in earnings of unconsolidated entities | (9) | (26) | 17 |
| Net income (2) | 147 | 443 | (296) |
| Less: Net income attributable to noncontrolling interests | (4) | (5) | 1 |
| Net income attributable to Realogy Holdings and Realogy Group | \$143 | \$438 | \$(295) |

Total expenses for the year ended December 31, 2014 includes \$47 million related to the loss on the early extinguishment of debt, \$10 million of transaction and integration costs related to the ZipRealty acquisition and \$2 million related to the Phantom Value Plan, partially offset by a net benefit of \$10 million for former parent legacy (1) items and the reversal of prior year restructuring reserves of \$1 million. Total expenses for the year ended December 31, 2013 include \$68 million related to the loss on the early extinguishment of debt, \$47 million related to the Phantom Value Plan and \$4 million of restructuring costs, partially offset by a net benefit of \$4 million for former parent legacy items.

Net income for the year ended December 31, 2013, includes an income tax benefit of \$242 million which was (2) primarily due to a \$341 million release of the domestic deferred tax valuation allowance, partially offset by income taxes for 2013 income.

Net revenues increased \$39 million (1%) for the year ended December 31, 2014 compared with the year ended December 31, 2013, principally due to an increase in revenues for NRT and RFG primarily driven by an increase in homesale price, partially offset by lower refinancing transactions at TRG.

Total expenses decreased \$11 million primarily due to:

a \$55 million decrease in operating and general and administrative expenses driven by:

a \$50 million decrease in variable operating costs at TRG as a result of a decrease in refinancing and refinance-related underwriter transactions; and

a \$37 million decrease in employee-related costs primarily due to a \$45 million decrease in Phantom Value Plan charges and a \$33 million decrease in annual bonus, partially offset by a \$41 million increase in other employee-related expenses;

partially offset by

a \$33 million increase in costs primarily related to NRT brokerage acquisitions completed during the year ended December 31, 2014; and

a \$10 million increase in transaction and integration costs related to the ZipRealty acquisition;

a \$21 million decrease in the loss on the early extinguishment of debt due to the refinancing transactions, note redemption and note repurchase transactions completed in 2014 vs. 2013; and

a \$14 million decrease in interest expense for the year ended December 31, 2014 compared to the year ended December 31, 2013 due to \$50 million of lower interest expense as a result of a lower weighted average interest rate due to refinancing activities, partially offset by a net increase of \$36 million due to the impact of mark-to-market adjustments for our interest rate swaps which resulted in losses of \$32 million in 2014 compared to gains of \$4 million in the same period of 2013;

partially offset by,

•

a \$64 million increase in commission and other sales associate-related costs, due to the increase in revenue and the impact of a higher proportion of transactions occurring in regions with less favorable commission splits; and a \$15 million increase in marketing expense related to advertising initiatives for the brands, online marketing costs incurred by ZipRealty and the ERA rebranding.

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Equity in earnings of unconsolidated entities decreased \$17 million primarily due to lower earnings from our investment in PHH Home Loans as a result of the significant decrease in refinancing transaction volume as well as a decrease in margins in the mortgage origination business.

The provision for income taxes was an expense of \$87 million for the year ended December 31, 2014 compared to a benefit of \$242 million for the year ended December 31, 2013. Our effective tax rate for 2014 was 37% and is not comparable to 2013 due to the income tax benefit recognized. In 2013, the Company recorded an income tax benefit of \$242 million which was primarily due to a \$341 million release of the domestic deferred tax valuation allowance, partially offset by income taxes for 2013 income.

Following is a more detailed discussion of the results of each of our reportable segments for the years ended December 31, 2014 and 2013:

| | Revenues (a) | | | % | EBITDA (b) | | | % | Margin | | | | |
|---|--------------|---------|--------|---|------------|-------|--------|---|--------|------|--------|---|-----|
| | 2014 | 2013 | Change | | 2014 | 2013 | Change | | 2014 | 2013 | Change | | |
| RFG | \$716 | \$690 | 4 | % | \$463 | \$448 | 3 | % | 65 | % | 65 | % | — |
| NRT | 4,078 | 3,990 | 2 | | 193 | 206 | (6) |) | 5 | | 5 | | — |
| Cartus | 419 | 419 | — | | 102 | 104 | (2) |) | 24 | | 25 | | (1) |
| TRG | 398 | 467 | (15) |) | 36 | 50 | (28) |) | 9 | | 11 | | (2) |
| Corporate and Other | (283) | (277) | * | | (107) | (155) | * | | | | | | |
| Total Company | \$5,328 | \$5,289 | 1 | % | \$687 | \$653 | 5 | % | 13 | % | 12 | % | 1 |
| Less: Depreciation and amortization | | | | | 190 | 176 | | | | | | | |
| Interest expense, net | | | | | 267 | 281 | | | | | | | |
| Income tax expense (benefit) | | | | | 87 | (242) | | | | | | | |
| Net income attributable to Realogy Holdings and Realogy Group | | | | | \$143 | \$438 | | | | | | | |

* not meaningful

Includes the elimination of transactions between segments, which consists of intercompany royalties and marketing (a) fees paid by NRT of \$283 million and \$277 million during the year ended December 31, 2014 and 2013, respectively.

EBITDA for the year ended December 31, 2014 includes \$47 million related to the loss on early extinguishment of debt, \$10 million of transaction and integration costs related to the ZipRealty acquisition and \$2 million related to the Phantom Value Plan, partially offset by a net benefit of \$10 million for former parent legacy items and the reversal of prior year restructuring reserves of \$1 million. EBITDA for the year ended December 31, 2013 includes (b) \$68 million related to the loss on early extinguishment of debt, \$47 million related to the Phantom Value Plan and \$4 million of restructuring costs, partially offset by a net benefit of \$4 million for former parent legacy items.

Excluding the items noted above, the Total Company margin would have been 14% and 15% for the year ended December 31, 2014 and 2013, respectively.

As described in the aforementioned table, EBITDA margin for "Total Company" expressed as a percentage of revenues increased 1 percentage point to 13% from 12% the year ended December 31, 2014 compared to the same period in 2013 primarily due to a \$45 million decrease in Phantom Value Plan charges and a \$21 million decrease in the loss on the early extinguishment of debt, offset by a \$16 million decrease in earnings from our investment in PHH Home Loans and an increase in net marketing expense.

On a segment basis, RFG's margin remained flat at 65%. NRT's margin remained flat at 5% due to lower PHH Home Loans earnings of \$16 million as a result of the significant decrease in refinancing transaction volume and higher operating expenses primarily driven by recently completed brokerage acquisitions, offset by an increase in gross commission income per transaction. Cartus' margin decreased 1 percentage point to 24% from 25%. TRG's margin

decreased 2 percentage points to 9% from 11% due to a significant decrease in refinancing transactions as well as a decrease in refinance-related underwriter revenue.

Corporate and Other EBITDA for the year ended December 31, 2014 improved \$48 million to negative \$107 million primarily due to a \$21 million decrease in the loss on the early extinguishment of debt, a \$26 million decrease in employee-related costs primarily due to the Phantom Value Plan charges incurred in 2013 and a \$6 million net benefit for former parent legacy items, partially offset by a \$10 million increase in transaction and integration costs related to the ZipRealty acquisition.

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Real Estate Franchise Services (RFG)

Revenues increased \$26 million to \$716 million and EBITDA increased \$15 million to \$463 million for the year ended December 31, 2014 compared with the same period in 2013.

The increase in revenue was primarily driven by a \$13 million increase in third-party domestic franchisee royalty revenue net of incentives due to a 7% increase in the average homesale price, partially offset by a 2% decrease in the number of homesale transactions. Marketing revenue and expense increased \$8 million and \$10 million, respectively primarily due to higher advertising for the brands and the ERA rebranding in 2014.

The increase in revenue was also attributable to a \$4 million increase in royalties received from NRT to RFG. These intercompany royalties of \$269 million and \$265 million during the year ended 2014 and 2013, respectively, are eliminated in consolidation. See "Company Owned Real Estate Brokerage Services" for a discussion of the drivers related to intercompany royalties paid to RFG.

The \$15 million increase in EBITDA was principally due to the \$17 million increase in domestic royalty revenues discussed above, partially offset by an increase of \$2 million in licensing fees primarily related to higher revenues for the Sotheby's brand and the \$2 million increase in net marketing expense discussed above.

Company Owned Real Estate Brokerage Services (NRT)

Revenues increased \$88 million to \$4,078 million and EBITDA decreased \$13 million to \$193 million for the year ended December 31, 2014 compared with the same period in 2013.

The increase in revenues of \$88 million was due to an increase in commission income earned on homesale transactions which was primarily driven by a 6% increase in the average homesale price, partially offset by a 3% decrease in the number of homesale transactions. The 6% increase in the average price of homes is benefiting from a shift in activity away from the low end of the housing market and is being impacted by constrained inventory in many of our markets. The 3% decrease in homesale transactions was due to lower activity in most of the geographic regions we serve. Without the addition of larger acquisitions (in excess of a \$20 million purchase price) in the last year, homesale transactions would have decreased 5% for the year.

EBITDA decreased \$13 million primarily due to:

- a \$64 million increase in commission expenses paid to independent real estate sales associates as a result of the increase in revenues;
 - an \$18 million net increase in other operating expense due to a \$33 million increase in costs related to NRT brokerage acquisitions completed during the year ended December 31, 2014 and \$3 million in integration-related costs due to office closures for ZipRealty, partially offset by an \$18 million decrease in costs related to existing operations;
 - a \$16 million decrease in equity earnings related to our investment in PHH Home Loans as a result of a significant decrease in refinancing transaction volume;
 - a \$4 million increase in royalties paid to RFG; and
 - a \$5 million increase in marketing expenses primarily due to \$3 million of online marketing costs incurred by ZipRealty and other advertising initiatives;
- partially offset by,
- the \$88 million increase in revenues discussed above; and
 - a \$7 million decrease in employee-related costs primarily related to a \$21 million decrease in annual bonus and a \$5 million decrease in Phantom Value Plan charges, partially offset by a \$19 million increase in other employee-related expenses.

Relocation Services (Cartus)

Revenues remained flat at \$419 million and EBITDA decreased \$2 million to \$102 million for the year ended December 31, 2014 compared with the same period in 2013.

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Revenues remained flat as a \$6 million increase in affinity referrals due to growth in transaction volume and a \$6 million net increase in other relocation fees were offset by a \$7 million decrease in relocation referrals, a \$2 million decrease in international revenue and a \$3 million decrease in at-risk revenue, all of which were primarily driven by lower volume.

EBITDA decreased \$2 million as a result of a \$3 million increase in employee-related costs, partially offset by a \$1 million net impact resulting from foreign currency exchange rate gains in 2014 compared to losses in 2013.

Title and Settlement Services (TRG)

Revenues decreased \$69 million to \$398 million and EBITDA decreased \$14 million to \$36 million for the year ended December 31, 2014 compared with the same period in 2013.

The decrease in revenues was primarily driven by a \$50 million decrease in refinancing revenue and a \$20 million decrease in refinance-related underwriter revenue. Refinance title and closing units decreased 64% and resale title and closing units decreased 2% while average price per closing increased 18% for the year ended December 31, 2014 compared with the same period in 2013 as a result of a shift in business to resale activities where we earn a higher fee. EBITDA decreased \$14 million as a result of the \$69 million decrease in revenues discussed above, partially offset by a \$50 million decrease in variable operating costs as a result of the decrease in refinancing and underwriter transactions and a \$6 million decrease in employee-related costs primarily related to management incentives and Phantom Value Plan charges.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Financial Condition

| | December 31, 2015 | December 31, 2014 | Change |
|-------------------|----------------------|----------------------|--------|
| Total assets | \$7,531 | \$7,304 | \$227 |
| Total liabilities | 5,109 | 5,121 | (12) |
| Total equity | 2,422 | 2,183 | 239 |

For the year ended December 31, 2015, total assets increased \$227 million primarily due to a \$102 million increase in cash, a \$141 million increase in goodwill from acquisitions at NRT and TRG, a \$33 million increase in other non-current assets due to an increase in payments made for franchise renewals and sales incentives and a \$25 million increase in trade receivables driven by increases in volume, partially offset by a \$92 million net decrease in franchise agreements and other intangible assets due to amortization.

Total liabilities decreased \$12 million primarily due to a \$153 million decrease in corporate debt as a result of the redemption of all of the outstanding \$593 million of First Lien Notes and \$196 million of First and a Half Lien Notes, partially offset by the issuance of the new Term Loan A Facility in the amount of \$435 million and \$200 million of borrowings under the Revolving Credit Facility. These decreases were partially offset by a \$96 million increase in deferred tax liabilities and a \$37 million increase in accrued expenses and other current liabilities, of which \$17 million related to an increase in contingent consideration as a result of acquisitions and \$20 million was attributable to an increase in accrued payroll and related employee costs primarily due to higher incentive accruals in 2015.

Total equity increased \$239 million primarily due to net income of \$184 million for the year ended December 31, 2015 and \$56 million of additional paid in capital primarily related to stock-based compensation.

Liquidity and Capital Resources

Our primary liquidity needs have been to service our debt and finance our working capital and capital expenditures, which we have historically satisfied with cash flows from operations and funds available under our revolving credit facilities and securitization facilities. Given the significant reduction in our indebtedness and annual interest expense that resulted from our October 2012 initial public offering and related transactions, as well as our indebtedness repayments and refinancings, we generated positive cash flows from operations in 2013, 2014 and 2015. After giving effect to the debt refinancing transactions completed during 2013, 2014 and 2015 and debt repurchases from cash generated from operations, our outstanding indebtedness, excluding securitizations, has been reduced by approximately \$623 million since the beginning of 2013. Based upon our current debt projections for 2016, we expect

our cash interest run rate to be reduced to approximately \$170 million.

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We intend to use future cash flow primarily to reduce indebtedness, fund acquisitions and acquire stock under our share repurchase program. On February 24, 2016, the Company announced that its Board of Directors authorized a share repurchase program of up to \$275 million of the company's common stock. We may also from time to time seek to repurchase our outstanding notes through tender offers, open market purchases, privately negotiated transactions or otherwise. Such repurchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors.

We believe that we are experiencing a recovery in the residential real estate market; however, we are not certain of the length, timing or improvement level that may be associated with this recovery. Moreover, if the residential real estate market or the economy as a whole does not continue to improve or worsens, our business, financial condition and liquidity may be materially adversely affected, including our ability to access capital and grow our business.

Historically, operating results and revenues for all of our businesses have been strongest in the second and third quarters of the calendar year. A significant portion of the expenses we incur in our real estate brokerage operations are related to marketing activities and commissions and therefore are variable. However, many of our other expenses, such as interest payments, facilities costs and certain personnel-related costs, are fixed and cannot be reduced during a seasonal slowdown. Consequently, our debt balances are generally at their highest levels at or around the end of the first quarter of every year.

Our liquidity position has significantly improved but continues to be impacted by our remaining interest expense and would be adversely impacted by: (i) a halt in the recovery of the residential real estate market, (ii) a significant increase in LIBOR or ABR, or (iii) our inability to access our relocation securitization programs.

We will continue to evaluate potential refinancing and financing transactions. There can be no assurance as to which, if any, of these alternatives we may pursue as the choice of any alternative will depend upon numerous factors such as market conditions, our financial performance and the limitations applicable to such transactions under our existing financing agreements and the consents we may need to obtain under the relevant documents. There can be no assurance that financing will be available to us on acceptable terms or at all.

Cash Flows

Year ended December 31, 2015 vs. Year ended December 31, 2014

At December 31, 2015, we had \$415 million of cash and cash equivalents, an increase of \$102 million compared to the balance of \$313 million at December 31, 2014. The following table summarizes our cash flows for the years ended December 31, 2015 and 2014:

| | Year Ended December 31, | | |
|--|-------------------------|--------|--------|
| | 2015 | 2014 | Change |
| Cash provided by (used in): | | | |
| Operating activities | \$544 | \$423 | \$121 |
| Investing activities | (209) | (298) | 89 |
| Financing activities | (231) | (46) | (185) |
| Effects of change in exchange rates on cash and cash equivalents | (2) | (2) | — |
| Net change in cash and cash equivalents | \$102 | \$77 | \$25 |

For the year ended December 31, 2015, \$121 million of incremental cash was provided by operating activities compared to the same period in 2014. The change was principally due to \$42 million of additional cash provided by operating results, \$81 million less cash used for accounts payable, accrued expenses and other liabilities primarily due to higher incentive accruals in 2015 and \$15 million more cash provided due to a net decrease in relocation and trade receivables, partially offset by \$20 million of cash used due to an increase in other assets.

For the year ended December 31, 2015, we used \$89 million less cash for investing activities compared to the same period in 2014. The change was primarily due to \$88 million less cash used for acquisition related payments in 2015 compared to 2014.

For the year ended December 31, 2015, \$231 million of cash was used in financing activities compared to \$46 million of cash used during the same period in 2014. For the year ended December 31, 2015, \$231 million of cash was used

for:

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the redemption of all of the outstanding \$593 million of First Lien Notes and \$196 million of First and a Half Lien Notes;

\$32 million of other financing payments related to interest rate swaps, contingent consideration and capital leases;

quarterly amortization payments of the Term Loan B Facility totaling \$19 million; and

payment of \$10 million of debt transaction costs related to the Revolving Credit Facility amendment and issuance of the new Term Loan A Facility;

partially offset by,

\$435 million of proceeds from the issuance of the Term Loan A Facility; and

\$200 million of incremental borrowings under the Revolving Credit Facility.

For the year ended December 31, 2014, \$46 million of cash was used for the repurchase of \$729 million of First and a Half Lien Notes, \$44 million of debt transaction costs primarily related to the issuance of the 4.50% Senior Notes, including a portion of premiums, and the 5.25% Senior Notes, \$19 million of repayments of the Term Loan B Facility and \$27 million of other financing related payments, partially offset by net cash provided by financing activities as a result of \$750 million proceeds from issuances of the 4.50% Senior Notes and 5.25% Senior Notes and a \$17 million increase in net securitization obligations borrowings.

Year ended December 31, 2014 vs. Year ended December 31, 2013

At December 31, 2014, we had \$313 million of cash and cash equivalents, an increase of \$77 million compared to the balance of \$236 million at December 31, 2013. The following table summarizes our cash flows for the years ended December 31, 2014 and 2013:

| | Year Ended December 31, | | |
|--|-------------------------|----------|---------|
| | 2014 | 2013 | Change |
| Cash provided by (used in): | | | |
| Operating activities | \$423 | \$492 | \$(69) |
| Investing activities | (298) | (102) | (196) |
| Financing activities | (46) | (530) | 484 |
| Effects of change in exchange rates on cash and cash equivalents | (2) | — | (2) |
| Net change in cash and cash equivalents | \$77 | \$(140) | \$217 |

For the year ended December 31, 2014, \$69 million less cash was provided by operating activities compared to the same period in 2013. The change was principally due to \$84 million less cash provided due to a net increase in relocation and trade receivables, \$39 million more cash used for accounts payable, accrued expenses and other liabilities primarily due to the payment of the 2013 bonus in the first quarter of 2014, whereas substantially all of the 2012 bonus was paid in December 2012, and \$37 million less cash dividends received from unconsolidated entities in 2014 compared to 2013. These changes were partially offset by \$77 million of incremental cash provided by operating results in 2014 compared to 2013 and \$16 million of less cash utilized for taxes paid related to net share settlements of stock-based compensation in 2014 compared to 2013.

For the year ended December 31, 2014, we used \$196 million more cash for investing activities compared to the same period in 2013. The change was primarily due to \$183 million more cash used for acquisition related payments and \$9 million more cash used for property and equipment additions in 2014 compared to 2013.

For the year ended December 31, 2014, \$484 million less cash was used in financing activities compared to the same period in 2013. For the year ended December 31, 2014, our \$46 million use of cash was comprised of the repurchases of \$729 million of First and a Half Lien Notes, \$44 million of debt transaction costs primarily related to the issuance of the 4.50% Senior Notes, including a portion of premiums, and the 5.25% Senior Notes, \$19 million of repayments of the term loan facility and \$27 million of other financing related payments, partially offset by net cash provided by financing activities as a result of \$750 million proceeds from issuances of the 4.50% Senior Notes and 5.25% Senior Notes and a \$17 million increase in net securitization obligations borrowings.

For the year ended December 31, 2013, \$530 million of cash was used for the redemption of Realogy Group's 11.50% Senior Notes, 12.00% Senior Notes, 12.375% Senior Subordinated Notes and 13.375% Senior Subordinated Notes of

\$821 million, the repurchase of \$100 million of the 9.00% First and a Half Lien Notes, a net repayment of revolver borrowings of \$110 million, payment of \$28 million of debt transaction costs, quarterly amortization payments on the term loan facility of

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\$15 million, and \$31 million of other financing related payments. This was partially offset by \$500 million of net proceeds from the issuance of 3.375% Senior Notes and \$79 million of additional net proceeds from the extension of the term loan facility.

Financial Obligations

In October 2015, Realogy Group amended its Revolving Credit Facility and entered into a new Term Loan A Agreement. The amendment to its Revolving Credit Facility increased the borrowing capacity from \$475 million to \$815 million and extended its maturity date from March 2018 to October 2020. The Term Loan A Facility was issued in the amount of \$435 million with a maturity date of October 2020. The Company used the net proceeds from the Term Loan A Facility and revolver borrowings to redeem all of the outstanding \$593 million of First Lien Notes and pay related premiums and accrued interest of \$45 million. Additionally, on November 30, 2015, with cash on hand and revolver borrowings, the Company redeemed all of the outstanding \$196 million of First and a Half Lien Notes and paid related premiums and accrued interest of \$17 million.

As of December 31, 2015, the Company's borrowing arrangements were as follows:

| | Interest Rate | Expiration Date | Principal | Unamortized Discount and Debt Issuance Costs | Net |
|--|---------------|-----------------|----------------|--|----------------|
| Senior Secured Credit Facility: | | | | | |
| Revolving Credit Facility (1) | (2) | October 2020 | \$200 | * | \$200 |
| Term Loan B Facility | (3) | March 2020 | 1,867 | 28 | 1,839 |
| Term Loan A Facility | (4) | October 2020 | 435 | 2 | 433 |
| Senior Notes | 3.375% | May 2016 | 500 | 1 | 499 |
| Senior Notes | 4.50% | April 2019 | 450 | 16 | 434 |
| Senior Notes | 5.25% | December 2021 | 300 | 3 | 297 |
| Securitization obligations: (5) | | | | | |
| Apple Ridge Funding LLC (6) | | June 2016 | 238 | * | 238 |
| Cartus Financing Limited (7) | | August 2016 | 9 | * | 9 |
| Total (8) | | | \$3,999 | \$50 | \$3,949 |

* The debt issuance costs related to our Revolving Credit Facility and Securitization Obligations remain classified as a deferred asset within other assets.

As of December 31, 2015, the Company had \$815 million of borrowing capacity under its Revolving Credit Facility leaving \$615 million of available capacity. On February 19, 2016, the Company had \$200 million (1) outstanding borrowings on the Revolving Credit Facility and no outstanding letters of credit on such facility, leaving \$615 million of available capacity.

Interest rates with respect to revolving loans under the Term Loan A Facility at December 31, 2015 were based on, (2) at the Company's option, (a) adjusted LIBOR plus an additional margin or (b) ABR plus an additional margin, in each case subject to adjustment based on the then current senior secured leverage ratio. Based on the September 30, 2015 senior secured leverage ratio, the LIBOR margin was 2.00% and the ABR margin was 1.00%.

The Term Loan B Facility provides for quarterly amortization payments totaling 1% per annum of the original (3) principal amount. The interest rate with respect to the Term Loan B Facility is based on, at the Company's option, (a) adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%) or (b) JPMorgan Chase Bank, N.A.'s prime rate ("ABR") plus 2.00% (with an ABR floor of 1.75%).

(4) The Term Loan A Facility provides for quarterly amortization payments, commencing March 31, 2016, totaling per annum 5%, 5%, 7.5%, 10.0% and 12.5% of the original principal amount of the Term Loan A Facility in 2016, 2017, 2018, 2019 and 2020, respectively. The interest rates with respect to term loans under the new Term Loan A Facility are based on, at the Company's option, (a) adjusted LIBOR plus an additional margin or (b) ABR plus an

additional margin, in each case subject to adjustment based on the then current senior secured leverage ratio. Based on the September 30, 2015 senior secured leverage ratio, the LIBOR margin was 2.00% and the ABR margin was 1.00%.

- (5) Available capacity is subject to maintaining sufficient relocation related assets to collateralize these securitization obligations.
- (6) As of December 31, 2015, the Company had \$325 million of borrowing capacity under the Apple Ridge Funding LLC securitization program leaving \$87 million of available capacity.
Consists of a £20 million revolving loan facility and a £5 million working capital facility. As of December 31,
- (7) 2015, the Company had \$38 million of borrowing capacity under the Cartus Financing Limited securitization program leaving \$29 million of available capacity.

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Not included in this table, the Company had \$134 million of outstanding letters of credit at December 31, 2015, of (8) which \$53 million was under the synthetic letter of credit facility with a rate of 4.25% and \$81 million was under the unsecured letter of credit facility with a rate of 2.98%.

See Note 8, "Short and Long-Term Debt", in the consolidated financial statements for additional information on the Company's indebtedness.

Covenants under the Senior Secured Credit Facility, Term Loan A Facility and Indentures

The Senior Secured Credit Facility, Term Loan A Facility, the Unsecured Letter of Credit Facility and the indentures governing the Unsecured Notes contain various covenants that limit (subject to certain exceptions) Realogy Group's ability to, among other things:

- incur or guarantee additional debt or issue disqualified stock or preferred stock;
- pay dividends or make distributions to Realogy Group's stockholders, including Realogy Holdings;
- repurchase or redeem capital stock;
- make loans, investments or acquisitions;
- incur restrictions on the ability of certain of Realogy Group's subsidiaries to pay dividends or to make other payments to Realogy Group;
- enter into transactions with affiliates;
- create liens;
- merge or consolidate with other companies or transfer all or substantially all of Realogy Group's and its material subsidiaries' assets;
- transfer or sell assets, including capital stock of subsidiaries; and
- prepay, redeem or repurchase subordinated indebtedness.

As a result of the covenants to which we remain subject, we are limited in the manner in which we conduct our business and we may be unable to engage in favorable business activities or finance future operations or capital needs. In addition, the Senior Secured Credit Facility and Term Loan A Facility require us to maintain a senior secured leverage ratio.

The senior secured leverage ratio, not to exceed 4.75 to 1.00, is tested quarterly. In this report, the Company refers to the term "Adjusted EBITDA" to mean EBITDA as so defined for purposes of determining compliance with the senior secured leverage covenant. The senior secured leverage ratio measured at any applicable quarter end is Realogy Group's total senior secured net debt divided by the trailing twelve month Adjusted EBITDA. Total senior secured net debt does not include unsecured indebtedness, including the Unsecured Notes, as well as the securitization obligations.

See Note 8, "Short and Long-Term Debt—Senior Secured Credit Facility" and "Short and Long-Term Debt—Term Loan A Facility" in the consolidated financial statements for additional information.

Non-GAAP Financial Measures

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of "non-GAAP financial measures," such as EBITDA and Adjusted EBITDA and the ratios related thereto. These measures are derived on the basis of methodologies other than in accordance with GAAP.

EBITDA is defined by us as net income (loss) before depreciation and amortization, interest expense, net (other than relocation services interest for securitization assets and securitization obligations) and income taxes. Adjusted EBITDA calculated for a twelve-month period is presented to demonstrate our compliance with the senior secured leverage ratio covenant in the Senior Secured Credit Facility and the Term Loan A Facility. Adjusted EBITDA calculated for a twelve-month period corresponds to the definition of "EBITDA," calculated on a "pro forma basis," used in the Senior Secured Credit Facility and the Term Loan A Facility to calculate the senior secured leverage ratio. Adjusted EBITDA includes adjustments to EBITDA for restructuring costs, former parent legacy cost (benefit) items, net, loss on the early extinguishment of debt, non-cash charges and incremental securitization interest costs, as well as pro forma cost savings for restructuring initiatives, the pro forma effect of business optimization initiatives and the pro forma effect of acquisitions and new franchisees, in each case calculated as of the beginning of the twelve-month

period.

We present EBITDA and Adjusted EBITDA because we believe EBITDA and Adjusted EBITDA are useful as supplemental measures in evaluating the performance of our operating businesses and provide greater transparency into our

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results of operations. Our management, including our chief operating decision maker, uses EBITDA as a factor in evaluating the performance of our business. EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitute for net income or other statement of operations data prepared in accordance with GAAP.

We believe EBITDA facilitates company-to-company operating performance comparisons by backing out potential differences caused by variations in capital structures (affecting net interest expense), taxation, the age and book depreciation of facilities (affecting relative depreciation expense) and the amortization of intangibles, which may vary for different companies for reasons unrelated to operating performance. We further believe that EBITDA is frequently used by securities analysts, investors and other interested parties in their evaluation of companies, many of which present an EBITDA measure when reporting their results.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider EBITDA or Adjusted EBITDA either in isolation or as substitutes for analyzing our results as reported under GAAP. Some of these limitations are:

- these measures do not reflect changes in, or cash required for, our working capital needs;
- these measures do not reflect our interest expense (except for interest related to our securitization obligations), or the cash requirements necessary to service interest or principal payments on our debt;
- these measures do not reflect our income tax expense or the cash requirements to pay our taxes;
- these measures do not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often require replacement in the future, and these measures do not reflect any cash requirements for such replacements; and
- other companies may calculate these measures differently so they may not be comparable.

In addition to the limitations described above, Adjusted EBITDA includes pro forma cost savings, the pro forma effect of business optimization initiatives and the pro forma full year effect of acquisitions and new franchisees. These adjustments may not reflect the actual cost savings or pro forma effect recognized in future periods.

A reconciliation of net income attributable to Realogy Group to EBITDA and Adjusted EBITDA for the year ended December 31, 2015 is set forth in the following table:

| | For the Year Ended December 31, 2015 |
|---|---|
| Net income attributable to Realogy Group | \$ 184 |
| Income tax expense | 110 |
| Income before income taxes | 294 |
| Interest expense, net | 231 |
| Depreciation and amortization | 201 |
| EBITDA | 726 |
| Covenant calculation adjustments: | |
| Restructuring costs and former parent legacy benefit, net (a) | (5) |
| Loss on the early extinguishment of debt | 48 |
| Pro forma effect of business optimization initiatives (b) | 14 |
| Non-cash charges (c) | 46 |
| Pro forma effect of acquisitions and new franchisees (d) | 12 |
| Incremental securitization interest costs (e) | 4 |
| Adjusted EBITDA | \$ 845 |
| Total senior secured net debt (f) | \$ 2,180 |
| Senior secured leverage ratio | 2.58x |

(a) Consists of \$10 million of restructuring costs offset by a net benefit of \$15 million of former parent legacy items.

(b) Represents the twelve-month pro forma effect of business optimization initiatives.

(c) Represents the elimination of non-cash expenses, including \$57 million of stock-based compensation expense less \$11 million for the change in the allowance for doubtful accounts and notes reserves.

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Represents the estimated impact of acquisitions and franchise sales activity, net of brokerages that exited our franchise system as if these changes had occurred on January 1, 2015. Franchisee sales activity is comprised of new franchise agreements as well as growth through acquisitions and sales agent recruitment by existing franchisees with our assistance. We have made a number of assumptions in calculating such estimates and there can be no assurance that we would have generated the projected levels of EBITDA had we owned the acquired entities or entered into the franchise contracts as of January 1, 2015.

(d) Incremental borrowing costs incurred as a result of the securitization facilities refinancing for the twelve months ended December 31, 2015.

(e) Represents total borrowings under the Senior Secured Credit Facility and borrowings secured by a first priority lien on our assets of \$2,502 million plus \$26 million of capital lease obligations less \$348 million of readily available cash as of December 31, 2015. Pursuant to the terms of our Senior Secured Credit Facility and Term Loan A Facility, total senior secured net debt does not include our securitization obligations or unsecured indebtedness, including the Unsecured Notes.

Contractual Obligations

The following table summarizes our future contractual obligations as of December 31, 2015:

| | 2016 | 2017 | 2018 | 2019 | 2020 | Thereafter | Total |
|---|---------|-------|-------|-------|---------|------------|---------|
| Revolving Credit Facility (a) | \$— | \$— | \$— | \$— | \$200 | \$— | \$200 |
| Term Loan B Facility (b) | 19 | 19 | 19 | 19 | 1,791 | — | 1,867 |
| Term Loan A Facility (c) | 22 | 22 | 33 | 44 | 314 | — | 435 |
| 3.375% Senior Notes | 500 | — | — | — | — | — | 500 |
| 4.50% Senior Notes | — | — | — | 450 | — | — | 450 |
| 5.25% Senior Notes | — | — | — | — | — | 300 | 300 |
| Interest payments on long-term debt (d) | 161 | 143 | 135 | 115 | 48 | 16 | 618 |
| Securitized obligations (e) | 247 | — | — | — | — | — | 247 |
| Operating leases (f) | 151 | 125 | 93 | 72 | 53 | 179 | 673 |
| Capital leases (including imputed interest) | 12 | 9 | 5 | 1 | — | 1 | 28 |
| Purchase commitments (g) | 49 | 18 | 9 | 6 | 6 | 235 | 323 |
| Total (h)(i)(j) | \$1,161 | \$336 | \$294 | \$707 | \$2,412 | \$731 | \$5,641 |

(a) The Company's \$815 million Revolving Credit Facility expires in October 2020; however outstanding borrowings under this facility are classified on the balance sheet as current due to the revolving nature of the facility.

(b) The Company's Term Loan B Facility has quarterly amortization payments totaling 1% per annum of the \$1,905 million original principal amount of the Term Loan B Facility issued under the First Amendment with the balance payable in March 2020.

(c) The Company's Term Loan A Facility has quarterly amortization payments, commencing March 31, 2016, totaling per annum 5%, 5%, 7.5%, 10.0% and 12.5% of the \$435 million original principal amount of the Term Loan A Facility in 2016, 2017, 2018, 2019 and 2020, respectively, with the balance payable in October 2020.

(d) Interest payments are based on applicable interest rates in effect at December 31, 2015 and include the impact of derivative instruments designed to fix the interest rate of a portion of the Company's variable rate debt.

(e) The Apple Ridge securitization facility expires in June 2016 and the Cartus Financing Limited agreements expire in August 2016. These obligations are classified as current on the balance sheet due to the current classification of the underlying assets that collateralize the obligations.

(f) The operating lease amounts included in the above table do not include variable costs such as maintenance, insurance and real estate taxes.

(g) Purchase commitments include a minimum licensing fee that the Company is required to pay to Sotheby's from 2009 through 2054. The annual minimum licensing fee is approximately \$2 million. Purchase commitments also

include a minimum licensing fee to be paid to Meredith from 2009 through 2058 for the licensing of the Better Homes and Gardens Real Estate brand. The annual minimum fee is \$4 million in 2015 and will generally remain the same thereafter.

In April 2007, the Company established a standby irrevocable letter of credit for the benefit of Avis Budget Group (h) Inc. in accordance with the Separation and Distribution Agreement. At December 31, 2015, the letter of credit was at \$53 million. This letter of credit is not included in the contractual obligations table above.

The contractual obligations table does not include other non-current liabilities such as pension liabilities of \$40 (i) million and unrecognized tax benefits of \$78 million as the Company is not able to estimate the year in which these liabilities could be paid.

The contractual obligations table does not include non-standard incentives offered to some franchisees which are paid at certain points during the franchise agreement period provided the franchisee maintains a certain level of (j) annual gross commission income and the franchisee is in compliance with the terms of the franchise agreement at the time of payment. If current annual gross commission income levels are maintained by our franchisees, we would pay a total of \$8 million over the next two years.

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Critical Accounting Policies

The preparation of our consolidated financial statements in accordance with generally accepted accounting principles is based on the selection and application of accounting policies that require us to make significant estimates and assumptions about the effects of matters that are inherently uncertain. Several of the estimates and assumptions we are required to make relate to matters that are inherently uncertain as they pertain to future events. We consider the accounting policies discussed below to be critical to the understanding of our financial statements and involve subjective and complex judgments that could potentially affect reported results. Actual results could differ from our estimates and assumptions and any such differences could be material to our consolidated financial statements.

Allowance for doubtful accounts

We estimate the allowance necessary to provide for uncollectible accounts receivable. The estimate is based on historical experience, combined with a review of current developments, and includes specific accounts for which future payment is unlikely. The process by which we calculate the allowance begins in the individual business units where specific problem accounts are identified and reserved and an additional reserve is generally recorded driven by the age profile of the receivables. Our allowance for doubtful accounts was \$20 million and \$27 million at December 31, 2015 and 2014, respectively.

Impairment of goodwill and other indefinite-lived intangible assets

Goodwill represents the excess of acquisition costs over the fair value of the net tangible assets and identifiable intangible assets acquired in a business combination. Indefinite-lived intangible assets primarily consist of trademarks acquired in business combinations. Goodwill and indefinite-lived assets are not amortized, but are subject to impairment testing. The aggregate carrying value of our goodwill and other indefinite-lived intangible assets was \$3,618 million and \$756 million, respectively, at December 31, 2015 and are subject to impairment testing annually as of October 1, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares carrying values to fair values and, when appropriate, the carrying value is reduced to fair value. In testing goodwill, the fair value of our reporting units is estimated using a discounted cash flow approach utilizing long-term cash flow forecasts and our annual operating plans adjusted for terminal value assumptions.

We determine the fair value of our reporting units utilizing our best estimate of future revenues, operating expenses, cash flows, market and general economic conditions as well as assumptions that we believe marketplace participants would utilize including discount rates, cost of capital, trademark royalty rates, and long-term growth rates. The trademark royalty rate was determined by reviewing similar trademark agreements with third parties. Although we believe our assumptions are reasonable, actual results may vary significantly. These impairment tests involve the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. To address this uncertainty we perform sensitivity analysis on key estimates and assumptions.

Based upon the impairment analysis performed in the fourth quarter of 2015, there was no impairment of goodwill or other indefinite-lived intangible assets for 2015. However, significant negative industry or economic trends, disruptions to our business, unexpected significant changes or planned changes in use of the assets, divestitures and market capitalization declines may have a negative effect on the fair values. Management evaluated the effect of lowering the estimated fair value for each of the reporting units by 10% and determined that no impairment of goodwill or other indefinite-lived intangible assets would have been recognized under this evaluation.

Common stock valuation

On occasion, we grant stock-based awards to certain senior management, employees and directors. These awards are measured based on the fair value on the grant date. The fair value of restricted stock, restricted stock units and performance share units without a market condition is equal to the closing sale price of the Company's common stock on the date of grant. The fair value of options is estimated on the date of grant using the Black-Scholes option-pricing model and the fair value of performance share units with market conditions is estimated on the date of grant using the Monte Carlo Simulation method. Expense for stock-based awards is recognized over the service period based on the

vesting requirements, or when requisite performance metrics or milestones are achieved. Determining the fair value of stock-based awards at the grant date requires considerable judgment, including estimating expected volatility, expected term and risk-free rate.

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Our expected volatility is based on the average volatility rates of the Company and similar actively traded companies since we only have trading history as a public company since October 2012. The expected term is calculated based on the simplified method and is estimated to be 6.25 years for time vesting stock options. The risk-free rate is derived from the U.S. Treasury yield curve in effect at the time of the grant using the estimated grant holding period. If factors change and we employ different assumptions, the fair value of future awards and resulting stock-based compensation expense may differ significantly from what we have estimated historically.

Income taxes

Deferred tax assets and liabilities are determined based on the difference between the financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Our provision for income taxes is based on domestic and international statutory income tax rates in the jurisdictions in which we operate. Significant judgment is required in determining income tax provisions as well as deferred tax asset and liability balances, including the estimation of valuation allowances and the evaluation of tax positions.

Net deferred tax assets and liabilities are primarily comprised of temporary differences, net operating loss carryforwards and tax credit carryforwards that are available to reduce taxable income in future periods. The determination of the amount of valuation allowance to be provided on deferred tax assets involves estimates regarding (1) the timing and amount of the reversal of taxable temporary differences, (2) expected future taxable income, and (3) the impact of tax planning strategies.

Significant judgment is required in determining income tax provisions and in evaluating tax positions. We establish additional reserves for income taxes when, despite the belief that tax positions are fully supportable, there remain certain positions that do not meet the minimum recognition threshold. The approach for evaluating certain and uncertain tax positions is defined by the authoritative guidance and this guidance determines when a tax position is more likely than not to be sustained upon examination by the applicable taxing authority. In the normal course of business, the Company and its subsidiaries are examined by various federal, state and foreign tax authorities. We regularly assess the potential outcomes of these examinations and any future examinations for the current or prior years in determining the adequacy of our provision for income taxes. We continually assess the likelihood and amount of potential adjustments and adjust the income tax provision, the current tax liability and deferred taxes in the period in which the facts that give rise to a revision become known.

Recently Adopted Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU")—Simplifying the Presentation of Debt Issuance Costs, requiring that debt issuance costs related to a debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to the amendment, debt issuance costs were recognized as deferred charges and recorded as other assets. The amendments in this ASU are effective for the Company's fiscal year beginning January 1, 2016 and subsequent interim periods, with earlier adoption permitted.

The Company elected to early adopt this ASU in the fourth quarter of 2015. The election requires retrospective application to all prior periods presented in the financial statements and represents a change in accounting principle. Adoption of the ASU resulted in the reclassification of debt issuance costs from deferred financing costs in other assets to a reduction in the carrying amount of the related debt liability within the Company's consolidated balance sheets. As a result of the adoption, the December 31, 2014 indebtedness table has been restated as follows:

| | December 31, 2014 | | |
|---------------------------------|-----------------------------|---|------------------|
| | Previously Reported Balance | Effect of Accounting Principle Adoption | Adjusted Balance |
| Senior Secured Credit Facility: | | | |
| Term Loan B Facility | \$1,871 | \$18 | \$1,853 |

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| | | | |
|-----------------------------------|---------|------|---------|
| 7.625% First Lien Notes | 593 | 7 | 586 |
| 9.00% First and a Half Lien Notes | 196 | 2 | 194 |
| 3.375% Senior Notes | 500 | 3 | 497 |
| 4.50% Senior Notes | 450 | 21 | 429 |
| 5.25% Senior Notes | 300 | 4 | 296 |
| Total Short-Term & Long-Term Debt | \$3,910 | \$55 | \$3,855 |

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The debt issuance costs related to our revolving credit facilities, including securitization obligations, remain classified as an asset within other assets.

In November 2015, the FASB issued ASU—Balance Sheet Classification of Deferred Taxes, requiring an entity to present deferred tax assets and deferred tax liabilities as non-current in its classified balance sheet. The ASU simplifies current guidance, which requires an entity to separately present deferred tax assets and deferred tax liabilities as current and non-current in its classified balance sheet. Entities are permitted to apply the amendments either prospectively or retrospectively. The ASU is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted.

The Company elected to early adopt this ASU in the fourth quarter of 2015 and applied its provisions retrospectively to all prior periods presented in the financial statements. The election represents a change in accounting principle. As a result of the early adoption of these two ASUs, the December 31, 2014 Consolidated Balance Sheet is restated as follows:

| | December 31, 2014 | | | |
|-------------------------------|-----------------------------|---|--|------------------|
| | Previously Reported Balance | Effect of Accounting Principle Adoption Simplifying the Presentation of Debt Issuance Costs | Balance Sheet Classification of Deferred Taxes | Adjusted Balance |
| ASSETS | | | | |
| Current assets: | | | | |
| Deferred income taxes | \$ 180 | \$— | \$(180) |) \$— |
| Total current assets | 1,026 | — | (180) |) 846 |
| Other non-current assets | 230 | (55 |) 1 |) 176 |
| Total assets | 7,538 | (55 |) (179 |) 7,304 |
| LIABILITIES AND EQUITY | | | | |
| Long-term debt | \$3,891 | \$(55 |) \$— |) \$3,836 |
| Deferred income taxes | 350 | — | (179 |) 171 |
| Total liabilities | 5,355 | (55 |) (179 |) 5,121 |
| Total liabilities and equity | 7,538 | (55 |) (179 |) 7,304 |

Recently Issued Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU"). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

In May 2014, the FASB and IASB issued a converged standard on revenue recognition that will have an effect on most companies to some extent. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard, as initially released, would be effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption would not be permitted. In July 2015, the FASB deferred the effective date of the new revenue standard by one year resulting in the new revenue standard being effective for fiscal years and interim periods beginning after December 15, 2017 and allowing entities to adopt one year earlier if they so elect. The new standard permits for two alternative implementation methods, the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The

Company plans to adopt the new standard in the first quarter of 2018 but has not yet determined the method by which the standard will be adopted. The Company is currently evaluating the impact of the standard on its consolidated financial statements but does not expect the new standard to have a material impact on the financial results of the Company as the majority of our revenue is recognized at the completion of a homesale transaction and will not be impacted by this new revenue recognition guidance.

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Item 7A. Quantitative and Qualitative Disclosures about Market Risks.

We are exposed to market risk from changes in interest rates primarily through our senior secured debt. At December 31, 2015, our primary interest rate exposure was to interest rate fluctuations, specifically LIBOR, due to its impact on our variable rate borrowings of our Revolving Credit Facility and Term Loan B Facility under the Senior Secured Credit Agreement and the Term Loan A Facility. Given that our borrowings under the Senior Secured Credit Agreement and Term Loan A Facility are generally based upon LIBOR, this rate will be the Company's primary market risk exposure for the foreseeable future. We do not have significant exposure to foreign currency risk nor do we expect to have significant exposure to foreign currency risk in the foreseeable future.

We assess our market risk based on changes in interest rates utilizing a sensitivity analysis. The sensitivity analysis measures the potential impact on earnings, fair values and cash flows based on a hypothetical change (increase and decrease) in interest rates. We exclude the fair values of relocation receivables and advances and securitization borrowings from our sensitivity analysis because we believe the interest rate risk on these assets and liabilities is mitigated as the rate we earn on relocation receivables and advances and the rate we incur on our securitization borrowings are based on similar variable indices.

At December 31, 2015, we had variable interest rate long-term debt from our outstanding term loans and revolver of \$2,502 million, which excludes \$247 million of securitization obligations. The weighted average interest rate on the outstanding term loans and revolver at December 31, 2015 was 3.48%. The interest rate with respect to the Term Loan B Facility is based on adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%). The interest rate with respect to the Term Loan A Facility and Revolving Credit Facility is based on adjusted LIBOR plus an additional margin subject to adjustment based on the current senior secured leverage ratio. Based on the December 31, 2015 senior secured leverage ratio, the LIBOR margin was 2.25%. At December 31, 2015 the one-month LIBOR rate was 0.43%; therefore we have estimated that a 0.25% increase in LIBOR would have a \$2 million impact on our annual interest expense.

We have entered into interest rate swaps with a notional value of \$1,475 million to manage a portion of our exposure to changes in interest rates associated with our variable rate borrowings. Our interest rate swaps are as follows:

| Notional Value (in millions) | Commencement Date | Expiration Date |
|------------------------------|-------------------|-----------------|
| \$225 | July 2012 | February 2018 |
| \$200 | January 2013 | February 2018 |
| \$600 | August 2015 | August 2020 |
| \$450 | November 2017 | November 2022 |

The swaps help protect our outstanding variable rate borrowings from future interest rate volatility. The fixed interest rates on the swaps range from 2.07% to 2.89%. The Company had a liability for the fair value of the interest rate swaps of \$47 million and \$40 million at December 31, 2015 and 2014, respectively. The fair value of these interest rate swaps is subject to movements in LIBOR and will fluctuate in future periods. We have estimated that a 0.25% increase in the LIBOR yield curve would increase the fair value of our interest rate swaps by \$13 million and would decrease interest expense. While these results may be used as a benchmark, they should not be viewed as a forecast of future results.

Item 8. Financial Statements and Supplementary Data.

See "Index to Financial Statements" on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. Controls and Procedures.

Controls and Procedures for Realogy Holdings Corp.

(a) Realogy Holdings Corp. ("Realogy Holdings") maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated

to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow

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timely decisions regarding required disclosure. Realogy Holdings' management, including the Chief Executive Officer and the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this Annual Report on Form 10-K, Realogy Holdings has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Realogy Holdings' disclosure controls and procedures are effective at the "reasonable assurance" level.

There has not been any change in Realogy Holdings' internal control over financial reporting during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting for Realogy Holdings Corp.

Realogy Holdings' management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Realogy Holdings' internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Realogy Holdings' internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Realogy Holdings' assets;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Realogy Holdings' management and directors; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Realogy Holdings' assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Realogy Holdings' internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 Internal Control-Integrated Framework. Based on this assessment, management determined that Realogy Holdings maintained effective internal control over financial reporting as of December 31, 2015.

Auditor Report on the Effectiveness of Realogy Holdings Corp.'s Internal Control Over Financial Reporting
PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report, has issued an attestation report on the effectiveness of Realogy Holdings' internal control over financial reporting, which is included within their audit opinion on page F-2.

* * *

Controls and Procedures for Realogy Group LLC

Realogy Group LLC ("Realogy Group") maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the periods specified in the rules and forms of the Securities and Exchange Commission. Such information is accumulated and communicated to its management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Realogy Group's management, including the Chief Executive Officer and

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the Chief Financial Officer, recognizes that any set of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

As of the end of the period covered by this Annual Report on Form 10-K, Realogy Group has carried out an evaluation, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that Realogy Group's disclosure controls and procedures are effective at the "reasonable assurance" level.

There has not been any change in Realogy Group's internal control over financial reporting during the period covered by this Annual Report on Form 10-K that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting for Realogy Group LLC

Realogy Group's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Realogy Group's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Realogy Group's internal control over financial reporting includes those policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Realogy Group's assets;
provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of Realogy Group's management and directors;
- (ii) and
provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Realogy Group's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of Realogy Group's internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its 2013 Internal Control-Integrated Framework. Based on this assessment, management determined that Realogy Group maintained effective internal control over financial reporting as of December 31, 2015.

Auditor Report on the Effectiveness of Realogy Group LLC's Internal Control Over Financial Reporting

PricewaterhouseCoopers LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report, has issued an attestation report on the effectiveness of Realogy Group's internal control over financial reporting, which is included within their audit opinion on page F-3.

Item 9B. Other Information.

Severance Agreements with the Named Executive Officers Who Report to the CEO

On February 23, 2016, Realogy Holdings Corp. (the "Company") entered into severance agreements with Messrs. Hull, Casey, Perriello and Zipf (each, a "Severance Agreement"). The Severance Agreements replaced and superseded the executives' employment agreements that were scheduled to expire in April 2016. While the terms of the employment agreement and the new severance agreement are substantially similar there are certain modifications to reflect current executive compensation best practices.

The Severance Agreements provide for severance protections upon certain terminations of employment not related to a change in control, in addition to protections for certain terminations in connection with a change in control as was similarly provided in the employment agreements. The material terms and conditions of the Severance Agreements

are summarized below.

Term. Each Severance Agreement will commence on February 23, 2016 and expire on February 23, 2019. If a change in control of the Company (as defined in the Severance Agreement) occurs during the term, the term will expire twenty-four (24) months following the date of the change in control (or February 23, 2019, if later).

Annual Compensation. The following chart provides each executive's annual base salary and annual target cash incentive percentage. Each executive may also be eligible for long-term incentive compensation awards as determined by the Compensation Committee of the Board of Directors in its sole discretion.

| Name | Annual Base Salary | Annual Target Cash Incentive Percentage of Eligible Earnings |
|-----------------------------|--------------------|--|
| Anthony E. Hull | \$675,000 | 100% |
| Donald J. Casey | \$450,000 | 100% |
| Alexander E. Perriello, III | \$600,000 | 100% |
| Bruce Zipf | \$625,000 | 100% |

Non-Change-in-Control Severance. If the executive experiences a "qualifying termination" (as described below) not in connection with a change in control of the Company, the Company will provide the executive with the following severance payments and benefits, subject to the executive's continued compliance with his restrictive covenants and the execution and non-revocation of a release of claims:

- an amount equal to one times (or with respect to Mr. Hull, two times) the sum of the executive's annual base salary and annual bonus, payable in twenty-four equal monthly installments;
- the continuation of medical and dental benefits on terms no less favorable to the executive than those terms in effect immediately prior to the termination of employment for a period of up to eighteen months; and
- outplacement services for a period of up to twelve months, the value of such services not to exceed \$50,000.

Change in Control Severance. If the executive experiences a qualifying termination within 24 months following a change in control of the Company, the Company will provide the executive with the following severance payments and benefits, subject to the executive's continued compliance with his restrictive covenants and the execution and non-revocation of a release of claims:

- an amount equal to two times the sum of the executive's annual base salary and annual bonus, payable in lump sum;
- the continuation of medical and dental benefits on terms no less favorable to the executive than those terms in effect immediately prior to the termination of employment for a period of up to eighteen months; and
- outplacement services for a period of up to twelve months, the value of such services not to exceed \$50,000.

Pro-Rata Bonus. Upon a qualifying termination, the executives will also receive a pro-rata bonus in respect of the fiscal year in which the executive's termination of employment occurs, determined based on the Company's actual performance and payable at such time such bonuses are payable to other employees of the Company.

Qualifying Termination. A "qualifying termination" means the executive's employment is terminated by the Company without cause or the executive resigns with good reason, in either case, during the term of the agreement.

Section 280G. The Severance Agreement provides that if payments and benefits provided to the executive would constitute an “excess parachute payment” for purposes of Section 280G of the tax code, the executive will either have his payments and benefits reduced to the highest amount that could be paid without triggering Section 280G or receive the after-tax amount of his payment and benefits, whichever results in the greater after-tax benefit, taking into account the excise tax imposed under Section 4999 of the tax code and any applicable federal, state and local taxes.

Restrictive Covenants and Clawback. Under the Severance Agreement, the executive is subject to a non-compete period of two years and a non-solicitation period of three years following the executive’s termination of employment for any reason. The Company’s Clawback Policy applies in the event the executive breaches his restrictive covenants under the Severance Agreement.

The foregoing description of the material terms of the Severance Agreements do not purport to be a complete description and is qualified in its entirety by reference to the Severance Agreements, which are filed as exhibits to this Annual Report.

Director Not Standing for Re-Election

On February 23, 2016, Brett White notified Realogy Holdings Corp. of his decision not to stand for re-election to the Board of Directors (the "Board") when his current term expires at the Realogy Holdings Corp. 2016 Annual Meeting of Stockholders. Mr. White will continue to serve as a member of the Board until the 2016 Annual Meeting of Stockholders. Mr. White’s decision is based solely on his time commitments as Chairman and Chief Executive Officer of Cushman Wakefield (formerly DTZ Holdings plc). These commitments increased significantly last September with DTZ Holding plc’s acquisition of Cushman & Wakefield and his appointment as Chairman and Chief Executive Officer of the combined company, having previously served as Executive Chairman of DTZ Holdings plc.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Identification of Directors

The information required by this item is included in the Proxy Statement under the caption "Election of Directors" and is incorporated by reference to this report.

Identification of Executive Officers

The following provides information regarding individuals who served as executive officers of Realogy Group and Realogy Holdings at December 31, 2015. The age of each individual indicated below is as of February 19, 2016.

Richard A. Smith, age 62, has served as our President and Chief Executive Officer since November 13, 2007, as Chairman of the Board since March 2012, and as a director since our separation from Cendant in July 2006. Prior to November 13, 2007, he served as our Vice Chairman of the Board of Directors and President. Mr. Smith was Senior Executive Vice President of Cendant from September 1998 until our separation from Cendant in July 2006 and Chairman and Chief Executive Officer of Cendant's Real Estate Services Division from December 1997 until our separation from Cendant in July 2006. Mr. Smith was President of the Real Estate Division of HFS from October 1996 to December 1997 and Executive Vice President of Operations for HFS from February 1992 to October 1996. Under the terms of his employment agreement, Mr. Smith serves as a member of the Board of Directors of Realogy during his employment term. His current term of employment ends on April 9, 2017.

Anthony E. Hull, 57, has served as our Executive Vice President, Chief Financial Officer and Treasurer since our separation from Cendant in July 2006. From December 14, 2007 to February 3, 2008, Mr. Hull performed the functions of our Chief Accounting Officer. Mr. Hull was Executive Vice President, Finance of Cendant from October 2003 until our separation from Cendant in July 2006. From January 1996 to September 2003, Mr. Hull served as Chief Financial Officer for DreamWorks, a diversified entertainment company. From 1990 to 1994, Mr. Hull worked in various capacities for Paramount Communications, a diversified entertainment and publishing company. From 1984 to 1990, Mr. Hull worked in investment banking at Morgan Stanley.

Marilyn J. Wasser, 60, has served as our Executive Vice President, General Counsel and Corporate Secretary since May 10, 2007. From May 2005 until May 2007, Ms. Wasser was Executive Vice President, General Counsel and Corporate Secretary for Telcordia Technologies, a provider of telecommunications software and services. From 1983 until 2005, Ms. Wasser served in several positions of increasing responsibility with AT&T Corporation and AT&T Wireless Services, ultimately serving as Executive Vice President, Associate General Counsel and Corporate Secretary of AT&T Wireless Services from September 2002 to February 2005 and immediately prior thereto, from 1995 until 2002, as EVP Law, Corporate Secretary and Chief Compliance Officer of AT&T.

Sunita Holzer, 54, has served as our Executive Vice President and Chief Human Resources Officer ("CHRO") since March 2015. Prior to Realogy, Ms. Holzer served as Executive Vice President and CHRO for Computer Sciences Corporation from 2012 to 2014, where she had oversight of global human resources for 80,000 employees across 60 countries. Ms. Holzer also was Executive Vice President and CHRO at Chubb Insurance from 2003 to 2012. Prior to her tenure at Chubb Insurance, Ms. Holzer held executive HR roles at GE Capital, American Express and American International Group.

Kevin J. Kelleher, 62, has served as the President and Chief Executive Officer of Cartus (formerly known as Cendant Mobility Services Corporation) since 1997. From 1993 to 1997, he served as Senior Vice President and General Manager of Cendant Mobility's destination services unit.

Alexander E. Perriello, III, 68, has served as the President and Chief Executive Officer of Realogy Franchise Group (formerly known as Cendant Real Estate Franchise Group) since April 2004. From 1997 through 2004, he served as President and Chief Executive Officer of Coldwell Banker Real Estate Corporation.

Bruce Zipf, 59, has served as the President and Chief Executive Officer of NRT LLC since March 2005 and as President and Chief Operating Officer from February 2004 to March 2005. From January 2003 to February 2004, Mr. Zipf served as Executive Vice President and Chief Administrative Officer of NRT and from 1998 through December 2002 he served as NRT's Senior Vice President for most of NRT's Eastern Operations. From 1996 to 1998, Mr. Zipf

served as President and Chief Operating Officer for Coldwell Banker Residential Brokerage—New York.

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Donald J. Casey, 54, has served as the President and Chief Executive Officer of TRG (formerly known as Cendant Settlement Services Group) since April 2002. From 1995 until April 2002, he served as Senior Vice President, Brands of PHH Mortgage. From 1993 to 1995, Mr. Casey served as Vice President, Government Operations of Cendant Mortgage. From 1989 to 1993, Mr. Casey served as a secondary marketing analyst for PHH Mortgage Services (prior to its acquisition by Cendant).

Timothy B. Gustavson, 47, has served as our Senior Vice President, Chief Accounting Officer and Controller since March 2015. From 2008 until March 2015, Mr. Gustavson served as Realogy's Assistant Corporate Controller and Vice President of Finance. Mr. Gustavson joined Realogy in 2006 as Vice President of External Reporting and prior to Realogy, Mr. Gustavson spent 16 years in public accounting with the KPMG audit practice. Mr. Gustavson is a certified public accountant.

Stephen Fraser, 53, has served as our Senior Vice President and Chief Information Officer since April 2014. From June 2013 to March 2014, Mr. Fraser was Global Head of IT Service and Information Management for IKEA, where he was responsible for leading IT service delivery and all global applications, supporting 147,000 employees in 42 countries. From April 2005 to December 2012, Mr. Fraser was Vice President, Head of Group (corporate) IT at A.P. Moller-Maersk Group responsible for the company's corporate IT strategic direction and governance, information risk management, information security and Group-wide cost efficiency initiatives for a company with 108,000 employees, working in 130 countries. From March 1998 to March 2005, Mr. Fraser was Global Vice President, IT for Canadian Pacific Ltd. (C.P. Ships Subsidiary).

Compliance with Section 16(a) of the Exchange Act

The information required by this item is included in the Proxy Statement under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" and is incorporated by reference to this report.

Code of Ethics

The information required by this item is included in the Proxy Statement under the caption "Code of Business Conduct and Ethics" and is incorporated by reference to this report.

Corporate Governance

The information required by this item is included in the Proxy Statement under the caption "Governance of the Company" and is incorporated by reference to this report.

Item 11. Executive Compensation.

The information required by this item is included in the Proxy Statement under the captions "Governance of the Company—Compensation of Directors," "Governance of the Company—Committees of the Board" and "Executive Compensation" and is incorporated by reference to this report.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Securities Authorized for Issuance Under Equity Compensation Plans as of December 31, 2015

The information required by this item relating to securities authorized for issuance under equity compensation plans is included in the Proxy Statement under the caption "Proposal to Approve the Amended and Restated 2012 Long-Term Incentive Plan" and is incorporated by reference to this report. See Note 12, "Stock-Based Compensation", in the consolidated financial statements for additional information on the 2007 Stock Incentive Plan and the 2012 Long-Term Incentive Plan.

The remaining information required by this item is included in the Proxy Statement under the caption "Governance of the Company—Ownership of Our Common Stock" and is incorporated by reference to this report.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this item is included in the Proxy Statement under the captions "Governance of the Company" and "Executive Compensation—Related Party Transactions" and is incorporated by reference to this report.

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Item 14. Principal Accounting Fees and Services.

The information required by this item is included in the Proxy Statement under the captions "Disclosure About Fees" and "Pre-Approval of Audit and Non-Audit Services" under the section entitled "Ratification of the Appointment of the Independent Registered Public Accounting Firm" and is incorporated by reference to this report.

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PART IV

Item 15. Exhibits, Financial Statements and Schedules.

(A)(1) and (2) Financial Statements

The consolidated financial statements of the registrants listed in the "Index to Financial Statements" on page F-1 together with the reports of PricewaterhouseCoopers LLP, independent auditors, are filed as part of this Annual Report.

(A)(3) Exhibits

See Index to Exhibits.

The agreements included or incorporated by reference as exhibits to this report contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement. We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this report not misleading.

(A)(4) Consolidated Financial Statement Schedules

Schedule II—Valuation and Qualifying Accounts.

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SIGNATURES

Pursuant to the requirements of Section 15(d) of the Securities Exchange Act of 1934, the registrants have duly caused this Annual Report on Form 10-K to be signed on their behalf by the undersigned, thereunto duly authorized, on February 24, 2016.

REALOGY HOLDINGS CORP.

and

REALOGY GROUP LLC

(Registrants)

By: /S/ RICHARD A. SMITH

Name: Richard A. Smith

Title: Chairman of the Board, Chief Executive Officer
and President

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Richard A. Smith, Anthony E. Hull and Marilyn J. Wasser, and each of them severally, his or her true and lawful attorney-in-fact with power of substitution and resubstitution to sign in his or her name, place and stead, in any and all capacities, to do any and all things and execute any and all instruments that such attorney may deem necessary or advisable under the Securities Exchange Act of 1934 and any rules, regulations and requirements of the U.S. Securities and Exchange Commission in connection with this Annual Report on Form 10-K and any and all amendments hereto, as fully and for all intents and purposes as he or she might do or could do in person, and hereby ratifies and confirms all said attorneys-in-fact and agents, each acting alone, and his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons in the capacities and on the dates indicated below on behalf of each of the Registrants.

| Name | Title | Date |
|---|---|-------------------|
| /s/ RICHARD A. SMITH Richard A. Smith | Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer) | February 24, 2016 |
| /s/ ANTHONY E. HULL Anthony E. Hull | Executive Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer) | February 24, 2016 |
| /s/ TIMOTHY B. GUSTAVSON Timothy B. Gustavson | Senior Vice President, Chief Accounting Officer and Controller (Principal Accounting Officer) | February 24, 2016 |
| /s/ RAUL ALVAREZ Raul Alvarez | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |
| /s/ MARC E. BECKER Marc E. Becker | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |
| /s/ JESSICA M. BIBLIOWICZ Jessica M. Bibliowicz | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |
| /s/ FIONA P. DIAS Fiona P. Dias | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |
| /s/ V. ANN HAILEY V. Ann Hailey | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |
| /s/ DUNCAN L. NIEDERAUER Duncan L. Niederauer | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |
| /s/ SHERRY M. SMITH Sherry M. Smith | Director of Realogy Holdings Corp. and Manager of Realogy Group LLC | February 24, 2016 |

/s/ BRETT WHITE
Brett White

Director of Realogy Holdings Corp. and
Manager of Realogy Group LLC

February 24, 2016

/s/ MICHAEL J.
WILLIAMS
Michael J. Williams

Director of Realogy Holdings Corp. and
Manager of Realogy Group LLC

February 24, 2016

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| | <u>Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013</u> F-4 |
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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Realogy Holdings Corp.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income, equity and cash flows present fairly, in all material respects, the financial position of Realogy Holdings Corp. and its subsidiaries ("the Company") at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15 (A)(4) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the financial statements, the Company has changed its method of accounting for the presentation of debt issuance costs and the balance sheet classification of deferred taxes in 2015 and retrospectively for prior years due to the adoptions of ASU - Simplifying the Presentation of Debt Issuance Costs and ASU - Balance Sheet Classification of Deferred Taxes.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey

February 24, 2016

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of Realogy Group LLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive income, equity and cash flows present fairly, in all material respects, the financial position of Realogy Group LLC and its subsidiaries ("the Company") at December 31, 2015 and December 31, 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15 (A)(4) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Florham Park, New Jersey

February 24, 2016

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Table of ContentsREALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

| | Year Ended December 31, | | |
|---|-------------------------|---------|---------|
| | 2015 | 2014 | 2013 |
| Revenues | | | |
| Gross commission income | \$4,288 | \$4,028 | \$3,946 |
| Service revenue | 882 | 802 | 867 |
| Franchise fees | 353 | 333 | 322 |
| Other | 183 | 165 | 154 |
| Net revenues | 5,706 | 5,328 | 5,289 |
| Expenses | | | |
| Commission and other agent-related costs | 2,931 | 2,755 | 2,691 |
| Operating | 1,458 | 1,350 | 1,371 |
| Marketing | 226 | 214 | 199 |
| General and administrative | 337 | 293 | 327 |
| Former parent legacy benefit, net | (15) | (10) | (4) |
| Restructuring costs, net | 10 | (1) | 4 |
| Depreciation and amortization | 201 | 190 | 176 |
| Interest expense, net | 231 | 267 | 281 |
| Loss on the early extinguishment of debt | 48 | 47 | 68 |
| Other (income)/expense, net | (3) | (2) | 1 |
| Total expenses | 5,424 | 5,103 | 5,114 |
| Income before income taxes, equity in earnings and noncontrolling interests | 282 | 225 | 175 |
| Income tax expense (benefit) | 110 | 87 | (242) |
| Equity in earnings of unconsolidated entities | (16) | (9) | (26) |
| Net income | 188 | 147 | 443 |
| Less: Net income attributable to noncontrolling interests | (4) | (4) | (5) |
| Net income attributable to Realogy Holdings and Realogy Group | \$184 | \$143 | \$438 |
| Earnings per share attributable to Realogy Holdings: | | | |
| Basic earnings per share | \$1.26 | \$0.98 | \$3.01 |
| Diluted earnings per share | \$1.24 | \$0.97 | \$2.99 |
| Weighted average common and common equivalent shares of Realogy Holdings outstanding: | | | |
| Basic | 146.5 | 146.0 | 145.4 |
| Diluted | 148.1 | 147.2 | 146.6 |

See Notes to Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (In millions)

| | Year Ended December 31, | | |
|--|-------------------------|--------|--------|
| | 2015 | 2014 | 2013 |
| Net income | \$ 188 | \$ 147 | \$ 443 |
| Currency translation adjustment | (4) | (4) | — |
| Defined Benefit Plans: | | | |
| Actuarial gain (loss) for the plans | 1 | (24) | 19 |
| Less: amortization of actuarial loss to periodic pension cost | (2) | (1) | (2) |
| Defined benefit plans | 3 | (23) | 21 |
| Other comprehensive income (loss), before tax | (1) | (27) | 21 |
| Income tax expense (benefit) related to items of other comprehensive income (loss) amounts | — | (11) | 9 |
| Other comprehensive income (loss), net of tax | (1) | (16) | 12 |
| Comprehensive income | 187 | 131 | 455 |
| Less: comprehensive income attributable to noncontrolling interests | (4) | (4) | (5) |
| Comprehensive income attributable to Realogy Holdings and Realogy Group | \$ 183 | \$ 127 | \$ 450 |

See Notes to Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
 CONSOLIDATED BALANCE SHEETS
 (In millions, except share data)

| | December 31, | |
|---|--------------|---------|
| | 2015 | 2014 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$415 | \$313 |
| Trade receivables (net of allowance for doubtful accounts of \$20 and \$27) | 141 | 116 |
| Relocation receivables | 279 | 297 |
| Other current assets | 126 | 120 |
| Total current assets | 961 | 846 |
| Property and equipment, net | 254 | 233 |
| Goodwill | 3,618 | 3,477 |
| Trademarks | 745 | 736 |
| Franchise agreements, net | 1,428 | 1,495 |
| Other intangibles, net | 316 | 341 |
| Other non-current assets | 209 | 176 |
| Total assets | \$7,531 | \$7,304 |
| LIABILITIES AND EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$139 | \$128 |
| Securitization obligations | 247 | 269 |
| Due to former parent | 31 | 51 |
| Current portion of long-term debt | 740 | 19 |
| Accrued expenses and other current liabilities | 448 | 411 |
| Total current liabilities | 1,605 | 878 |
| Long-term debt | 2,962 | 3,836 |
| Deferred income taxes | 267 | 171 |
| Other non-current liabilities | 275 | 236 |
| Total liabilities | 5,109 | 5,121 |
| Commitments and contingencies (Notes 13 and 14) | | |
| Equity: | | |
| Realogy Holdings preferred stock: \$.01 par value; 50,000,000 shares authorized, none issued and outstanding at December 31, 2015 and December 31, 2014 | — | — |
| Realogy Holdings common stock: \$.01 par value; 400,000,000 shares authorized 146,746,537 shares outstanding at December 31, 2015 and 146,382,923 shares outstanding at December 31, 2014 | 1 | 1 |
| Additional paid-in capital | 5,733 | 5,677 |
| Accumulated deficit | (3,280) | (3,464) |
| Accumulated other comprehensive loss | (36) | (35) |
| Total stockholders' equity | 2,418 | 2,179 |
| Noncontrolling interests | 4 | 4 |
| Total equity | 2,422 | 2,183 |
| Total liabilities and equity | \$7,531 | \$7,304 |

See Notes to Consolidated Financial Statements.
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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

| | Year Ended December 31, | | |
|--|-------------------------|--------|--------|
| | 2015 | 2014 | 2013 |
| Operating Activities | | | |
| Net income | \$ 188 | \$ 147 | \$ 443 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 201 | 190 | 176 |
| Deferred income taxes | 96 | 77 | (249) |
| Amortization of deferred financing costs and discount | 18 | 17 | 12 |
| Non-cash portion of the loss on the early extinguishment of debt | 9 | 24 | 14 |
| Equity in earnings of unconsolidated entities | (16) | (9) | (26) |
| Stock-based compensation | 57 | 42 | 61 |
| Mark-to-market adjustments on derivatives | 18 | 29 | (4) |
| Other adjustments to net income | (4) | (1) | 5 |
| Net change in assets and liabilities, excluding the impact of acquisitions and dispositions: | | | |
| Trade receivables | (27) | 4 | — |
| Relocation receivables | 17 | (29) | 55 |
| Other assets | (25) | (5) | 5 |
| Accounts payable, accrued expenses and other liabilities | 28 | (53) | (14) |
| Due to former parent | (20) | (11) | (4) |
| Dividends received from unconsolidated entities | 13 | 5 | 42 |
| Taxes paid related to net share settlement for stock-based compensation | (6) | (6) | (22) |
| Other, net | (3) | 2 | (2) |
| Net cash provided by operating activities | 544 | 423 | 492 |
| Investing Activities | | | |
| Property and equipment additions | (84) | (71) | (62) |
| Payments for acquisitions, net of cash acquired | (127) | (215) | (32) |
| Change in restricted cash | 2 | 4 | (5) |
| Other, net | — | (16) | (3) |
| Net cash used in investing activities | (209) | (298) | (102) |
| Financing Activities | | | |
| Net change in revolving credit facilities | 200 | — | (110) |
| Proceeds from issuance of Term Loan A Facility | 435 | — | — |
| Proceeds from amended Term Loan B Facility | — | — | 79 |
| Repayments of Term Loan B Facility | (19) | (19) | (15) |
| Redemption of First Lien Notes | (593) | — | — |
| Repurchases of First and a Half Lien Notes | (196) | (729) | (100) |
| Proceeds from issuance of Senior Notes | — | 750 | 500 |
| Redemption of Senior Notes and Senior Subordinated Notes | — | — | (821) |
| Net change in securitization obligations | (21) | 17 | (9) |
| Debt transaction costs | (10) | (44) | (28) |
| Proceeds from exercise of stock options | 5 | 6 | 5 |
| Other, net | (32) | (27) | (31) |
| Net cash used in financing activities | (231) | (46) | (530) |
| Effect of changes in exchange rates on cash and cash equivalents | (2) | (2) | — |

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| | | | |
|---|-------|-------|--------|
| Net increase (decrease) in cash and cash equivalents | 102 | 77 | (140) |
| Cash and cash equivalents, beginning of period | 313 | 236 | 376 |
| Cash and cash equivalents, end of period | \$415 | \$313 | \$236 |
| Supplemental Disclosure of Cash Flow Information | | | |
| Interest payments (including securitization interest of \$6, \$6 and \$7, respectively) | \$244 | \$249 | \$312 |
| Income tax payments, net | 17 | 10 | 16 |

See Notes to Consolidated Financial Statements.

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REALOGY HOLDINGS CORP.
CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

| | Realogy Holdings Stockholders' Equity | | | | | | | Total Equity |
|---|---------------------------------------|--------|----------------------------------|------------------------|---|----------------------------------|---------|-----------------|
| | Common Stock | | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Non- controlling Interests | | |
| | Shares | Amount | | | | | | |
| Balance at January 1, 2013 | 145.3 | \$1 | \$5,591 | \$ (4,045) | \$ (31) | \$ 3 | \$1,519 | |
| Net income | — | — | — | 438 | — | 5 | 443 | |
| Other comprehensive income | — | — | — | — | 12 | — | 12 | |
| Exercise of stock options | 0.2 | — | 5 | — | — | — | 5 | |
| Stock-based compensation | — | — | 19 | — | — | — | 19 | |
| Issuance of shares under the Phantom Value Plan | 0.9 | — | 42 | — | — | — | 42 | |
| Issuance of shares for vesting of restricted stock awards, net of forfeitures | 0.1 | — | — | — | — | — | — | |
| Shares withheld for taxes on equity awards | (0.4) | — | (22) | — | — | — | (22) | |
| Dividends | — | — | — | — | — | (5) | (5) | |
| Balance at December 31, 2013 | 146.1 | \$1 | \$5,635 | \$ (3,607) | \$ (19) | \$ 3 | \$2,013 | |
| Net income | — | — | — | 143 | — | 4 | 147 | |
| Other comprehensive income | — | — | — | — | (16) | — | (16) | |
| Exercise of stock options | 0.3 | — | 6 | — | — | — | 6 | |
| Stock-based compensation | — | — | 42 | — | — | — | 42 | |
| Issuance of shares for vesting of restricted stock awards, net of forfeitures | 0.1 | — | — | — | — | — | — | |
| Shares withheld for taxes on equity awards | (0.1) | — | (6) | — | — | — | (6) | |
| Dividends | — | — | — | — | — | (4) | (4) | |
| Capital contributions from noncontrolling interests | — | — | — | — | — | 1 | 1 | |
| Balance at December 31, 2014 | 146.4 | \$1 | \$5,677 | \$ (3,464) | \$ (35) | \$ 4 | \$2,183 | |
| Net income | — | — | — | 184 | — | 4 | 188 | |
| Other comprehensive income | — | — | — | — | (1) | — | (1) | |
| Exercise of stock options | 0.2 | — | 5 | — | — | — | 5 | |
| Stock-based compensation | — | — | 57 | — | — | — | 57 | |
| Issuance of shares for vesting of restricted stock awards, net of forfeitures | 0.2 | — | — | — | — | — | — | |
| Shares withheld for taxes on equity awards | (0.1) | — | (6) | — | — | — | (6) | |
| Dividends | — | — | — | — | — | (4) | (4) | |
| Balance at December 31, 2015 | 146.7 | \$1 | \$5,733 | \$ (3,280) | \$ (36) | \$ 4 | \$2,422 | |

See Notes to Consolidated Financial Statements.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unless otherwise noted, all amounts are in millions, except per share amounts)

1. BASIS OF PRESENTATION

Realogy Holdings Corp. ("Realogy Holdings", "Realogy" or the "Company") is a holding company for its consolidated subsidiaries including Realogy Intermediate Holdings LLC ("Realogy Intermediate") and Realogy Group LLC ("Realogy Group") and its consolidated subsidiaries. Realogy, through its subsidiaries, is a global provider of residential real estate services. Neither Realogy Holdings, the indirect parent of Realogy Group, nor Realogy Intermediate, the direct parent company of Realogy Group, conducts any operations other than with respect to its respective direct or indirect ownership of Realogy Group. As a result, the consolidated financial positions, results of operations, comprehensive income and cash flows of Realogy Holdings, Realogy Intermediate and Realogy Group are the same.

The accompanying Consolidated Financial Statements include the financial statements of Realogy Holdings and Realogy Group. Realogy Holdings' only asset is its investment in the common stock of Realogy Intermediate, and Realogy Intermediate's only asset is its investment in Realogy Group. Realogy Holdings' only obligations are its guarantees of certain borrowings and certain franchise obligations of Realogy Group. All expenses incurred by Realogy Holdings and Realogy Intermediate are for the benefit of Realogy Group and have been reflected in Realogy Group's consolidated financial statements. The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America. All intercompany balances and transactions have been eliminated.

Business Description

The Company reports its operations in the following four business segments:

Real Estate Franchise Services (known as Realogy Franchise Group or RFG)—franchises the Century 21 Coldwell Banker®, Coldwell Banker Commercial®, ERA®, Sotheby's International Realty® and Better Homes and Gardens® Real Estate brand names. As of December 31, 2015, our franchise systems had approximately 13,600 franchised and company owned offices and approximately 256,800 independent sales associates operating under our franchise and proprietary brands in the U.S. and 109 other countries and territories around the world, which included approximately 790 of our company owned and operated brokerage offices with approximately 47,000 independent sales associates. Company Owned Real Estate Brokerage Services (known as NRT)—operates a full-service real estate brokerage business principally under the Coldwell Banker®, Corcoran®, Sotheby's International Realty®, Citi HabitatsSM and ZipRealty® brand names in more than 50 of the 100 largest metropolitan areas in the U.S. This segment also includes the Company's share of earnings for our PHH Home Loans venture.

Relocation Services (known as Cartus)—primarily offers clients employee relocation services such as homesale assistance, providing home equity advances to transferees (generally guaranteed by the client), home finding and other destination services, expense processing, relocation policy counseling and consulting services, arranging household goods moving services, coordinating visa and immigration support, intercultural and language training and group move management services. Cartus also serves affinity organizations such as insurance companies and credit unions that provide Cartus' services to their members.

Title and Settlement Services (known as Title Resource Group or TRG)—provides full-service title and settlement services to real estate companies, affinity groups, corporations and financial institutions with many of these services provided in connection with the Company's real estate brokerage and relocation services business.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

In presenting the consolidated financial statements, management makes estimates and assumptions that affect the amounts reported and related disclosures. Estimates, by their nature, are based on judgment and available information. Accordingly, actual results could differ materially from those estimates.

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REVENUE RECOGNITION

Real Estate Franchise Services

The Company franchises its real estate brokerage franchise systems to real estate brokerage businesses that are independently owned and operated. The Company provides operational and administrative services and systems to franchisees, which include marketing programs, systems and tools that are designed to help the Company's franchisees serve their customers and attract new or retain existing independent sales associates, training and volume purchasing discounts through the Company's preferred alliance program. Franchise revenue principally consists of royalty and marketing fees from the Company's franchisees. The royalty received is primarily based on a percentage of the franchisee's gross commission income. Royalty fees are accrued as the underlying franchisee revenue is earned (upon close of the homesale transaction). Annual volume incentives given to certain franchisees on royalty fees are recorded as a reduction to revenue and are accrued for in relative proportion to the recognition of the underlying gross franchise revenue. Non-standard incentives are recorded as a reduction to revenue ratably over the related performance period or from the date of issuance through the remaining life of the related franchise agreement. Franchise revenue also includes initial franchise fees and initial area development fees, which are generally non-refundable and recognized by the Company as revenue when all material services or conditions relating to the sale have been substantially performed. The Company also earns marketing fees from its franchisees and utilizes such fees to fund marketing campaigns on behalf of its franchisees.

Company Owned Real Estate Brokerage Services

As an owner-operator of real estate brokerages, the Company assists home buyers and sellers in listing, marketing, selling and finding homes. Real estate commissions earned by the Company's real estate brokerage business are recorded as revenue on a gross basis upon the closing of a real estate transaction (i.e., purchase or sale of a home), which are referred to as gross commission income. The commissions the Company pays to real estate agents are recognized concurrently with associated revenues and presented as the commission and other agent-related costs line item on the accompanying Consolidated Statements of Operations.

Relocation Services

The Company provides relocation services to corporate and government clients for the transfer of their employees. Such services include the purchasing and/or selling of a transferee's home, providing home equity advances to transferees (generally guaranteed by the client), expense processing, arranging household goods moving services, home finding and other related services. The Company earns revenues from fees charged to clients for the performance and/or facilitation of these services and recognizes such revenue as services are provided, except for limited instances in which the Company assumes the risk of loss on the sale of a transferring employee's home ("at risk"). In such cases, revenues are recorded as earned with associated costs recorded within operating expenses. In the majority of relocation transactions, the gain or loss on the sale of a transferee's home is generally borne by the client. However, there are limited instances in which the Company assumes the risk of loss. Under "at risk" contracts, the Company records the value of the home on its Consolidated Balance Sheets within the Other current assets line item at the lower of cost or net realizable value less estimated direct costs to sell. The difference between the actual purchase price and proceeds received on the sale of the home is recorded within operating expenses on the Company's Consolidated Statements of Operations and the gain or loss was not material for any period presented.

The Company also earns referral commission revenue from real estate brokers, which is recognized at the time the underlying property closes, and revenues from other third-party service providers where the Company earns a referral commission, which is recognized at the time of completion of services. Additionally, the Company generally earns interest income on the funds it advances on behalf of the transferring employee, which is recorded within other revenue (as is the corresponding interest expense on the securitization obligations) in the accompanying Consolidated Statements of Operations.

Title and Settlement Services

The Company provides title and closing services, which include title search procedures for title insurance policies, homesale escrow and other closing services. Title revenues, which are recorded net of amounts remitted to third-party

insurance underwriters, and title and closing service fees are recorded at the time a homesale transaction or refinancing closes. The Company also owns an underwriter of title insurance. For independent title agents, the underwriter recognizes policy premium revenue on a gross basis (before deduction of agent commission) upon notice of policy issuance from the

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agent. For affiliated title agents, the underwriter recognizes the incremental policy premium revenue upon the effective date of the title policy as the agent commission revenue is already recognized by the affiliated title agent.

CONSOLIDATION

The Company consolidates any VIE for which it is the primary beneficiary with a controlling financial interest. Also, the Company consolidates an entity not deemed a VIE if its ownership, direct or indirect, exceeds 50% of the outstanding voting shares of an entity and/or it has the ability to control the financial or operating policies through its voting rights, board representation or other similar rights. For entities where the Company does not have a controlling interest (financial or operating), the investments in such entities are accounted for using the equity or cost method, as appropriate. The Company applies the equity method of accounting when it has the ability to exercise significant influence over operating and financial policies of an investee. The Company uses the cost method for all other investments.

CASH AND CASH EQUIVALENTS

The Company considers highly liquid investments with remaining maturities not exceeding three months at the date of purchase to be cash equivalents.

RESTRICTED CASH

Restricted cash primarily relates to amounts specifically designated as collateral for the repayment of outstanding borrowings under the Company's securitization facilities. Such amounts approximated \$8 million and \$10 million at December 31, 2015 and 2014, respectively and are primarily included within other current assets on the Company's Consolidated Balance Sheets.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company estimates the allowance necessary to provide for uncollectible accounts receivable. The estimate is based on historical experience, combined with a review of current developments and includes specific accounts for which payment has become unlikely. The process by which the Company calculates the allowance begins in the individual business units where specific problem accounts are identified and reserved primarily based upon the age profile of the receivables and specific payment issues.

ADVERTISING EXPENSES

Advertising costs are generally expensed in the period incurred. Advertising expenses, recorded within the marketing expense line item on the Company's Consolidated Statements of Operations, were approximately \$194 million, \$188 million and \$174 million for the years ended December 31, 2015, 2014 and 2013, respectively.

DEBT ISSUANCE COSTS

Debt issuance costs include costs incurred in connection with obtaining debt and extending existing debt. These financing costs are capitalized and amortized on a straight-line basis over the term of the loan and are included as a component of interest expense. In the fourth quarter of 2015, the Company early adopted Accounting Standards Update— Simplifying the Presentation of Debt Issuance Costs, requiring that debt issuance costs related to a debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The change in presentation is reflected retroactively.

INCOME TAXES

The Company's provision for income taxes is determined using the asset and liability method, under which deferred tax assets and liabilities are calculated based upon the temporary differences between the financial statement and income tax bases of assets and liabilities using currently enacted tax rates. These differences are based upon estimated differences between the book and tax basis of the assets and liabilities for the Company. Certain tax assets and liabilities of the Company may be adjusted in connection with the finalization of income tax audits.

The Company's deferred tax assets are recorded net of a valuation allowance when, based on the weight of available evidence, it is more likely than not that all or some portion of the recorded deferred tax balances will not be realized in future periods. Decreases to the valuation allowance are recorded as reductions to the Company's provision for income taxes and increases to the valuation allowance result in additional provision for income taxes.

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In the fourth quarter of 2015, the Company early adopted Accounting Standards Update—Balance Sheet Classification of Deferred Taxes, requiring that deferred tax assets and deferred tax liabilities be presented as non-current in a classified balance sheet. This standard simplifies current guidance, which requires that deferred tax assets and deferred tax liabilities be separately presented as current and non-current in a classified balance sheet. The change in presentation is reflected retroactively.

DERIVATIVE INSTRUMENTS

The Company records derivatives and hedging activities on the balance sheet at their respective fair values. 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 Euro, Swiss Franc, Canadian Dollar and British Pound. The Company has not elected to utilize hedge accounting for these forward contracts; therefore, any change in fair value is recorded in the 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. 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 interest rate swaps with an aggregate notional value of \$1,475 million to offset the variability in cash flows resulting from the term loan facilities as follows:

| Notional Value (in millions) | Commencement Date | Expiration Date |
|------------------------------|-------------------|-----------------|
| \$225 | July 2012 | February 2018 |
| \$200 | January 2013 | February 2018 |
| \$600 | August 2015 | August 2020 |
| \$450 | November 2017 | November 2022 |

The Company has not elected to utilize hedge accounting for these interest rate swaps; therefore, any change in fair value is recorded in the Consolidated Statements of Operations.

INVESTMENTS

At December 31, 2015 and 2014, the Company had various equity method investments aggregating \$65 million and \$61 million, respectively, which are recorded within other non-current assets on the accompanying Consolidated Balance Sheets. Included in such investments is a 49.9% interest in PHH Home Loans, a mortgage origination venture formed in 2005 created for the purpose of originating and selling mortgage loans primarily sourced through the Company's real estate brokerage and relocation businesses. PHH Corporation ("PHH") owns the remaining percentage. The Company's maximum exposure to loss with respect to its investment in PHH Home Loans is limited to its equity investment of \$58 million at December 31, 2015.

In connection with the joint venture, the Company recorded equity earnings related to its investment in PHH Home Loans of \$14 million, \$8 million and \$24 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company received cash dividends from PHH Home Loans of \$10 million, \$3 million and \$40 million during the years ended December 31, 2015, 2014 and 2013, respectively. The following presents the summarized financial information for PHH Home Loans:

| | December 31, | | |
|-------------------------------|-------------------------|-------|-------|
| | 2015 | 2014 | |
| Balance sheet data: | | | |
| Total assets | \$491 | \$480 | |
| Total liabilities | 379 | 375 | |
| Total members' equity | 112 | 105 | |
| | Year Ended December 31, | | |
| | 2015 | 2014 | 2013 |
| Statement of operations data: | | | |
| Total revenues | \$233 | \$200 | \$282 |
| Total expenses | 205 | 185 | 235 |

| | | | |
|------------|----|----|----|
| Net income | 28 | 15 | 47 |
|------------|----|----|----|

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PROPERTY AND EQUIPMENT

Property and equipment (including leasehold improvements) are initially recorded at cost, net of accumulated depreciation and amortization. Depreciation, recorded as a component of depreciation and amortization on the Consolidated Statements of Operations, is computed utilizing the straight-line method over the estimated useful lives of the related assets. Amortization of leasehold improvements, also recorded as a component of depreciation and amortization, is computed utilizing the straight-line method over the estimated benefit period of the related assets or the lease term, if shorter. Useful lives are 30 years for buildings, up to 20 years for leasehold improvements, and from 3 to 7 years for furniture, fixtures and equipment.

The Company capitalizes the costs of software developed for internal use which commences during the development phase of the project. The Company amortizes software developed or obtained for internal use on a straight-line basis, generally from 1 to 5 years, when such software is substantially ready for use. The net carrying value of software developed or obtained for internal use was \$79 million and \$85 million at December 31, 2015 and 2014, respectively.

IMPAIRMENT OF GOODWILL, INTANGIBLE ASSETS AND OTHER LONG-LIVED ASSETS

Goodwill represents the excess of acquisition costs over the fair value of the net tangible assets and identifiable intangible assets acquired in a business combination. Indefinite-lived intangible assets primarily consist of trademarks acquired in business combinations. Goodwill and indefinite-lived assets are not amortized, but are subject to impairment testing. The aggregate carrying value of our goodwill and other indefinite-lived intangible assets was \$3,618 million and \$756 million, respectively, at December 31, 2015 and are subject to impairment testing annually as of October 1, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. This testing compares carrying values to fair values and, when appropriate, the carrying value is reduced to fair value. In testing goodwill, the fair value of our reporting units is estimated utilizing a discounted cash flow approach utilizing long-term cash flow forecasts and our annual operating plans adjusted for terminal value assumptions.

We determine the fair value of our reporting units utilizing our best estimate of future revenues, operating expenses, cash flows, market and general economic conditions as well as assumptions that we believe marketplace participants would utilize including discount rates, cost of capital, trademark royalty rates and long-term growth rates. The trademark royalty rate was determined by reviewing similar trademark agreements with third parties. Although we believe our assumptions are reasonable, actual results may vary significantly. These impairment tests involve the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. To address this uncertainty we perform sensitivity analysis on key estimates and assumptions.

Based upon the impairment analysis performed in the fourth quarter of 2015, 2014 and 2013, there was no impairment of goodwill or other indefinite-lived intangible assets for these years. Management evaluated the effect of lowering the estimated fair value for each of the reporting units by 10% and determined that no impairment of goodwill would have been recognized under this evaluation for 2015, 2014 or 2013.

The Company evaluates the recoverability of its other long-lived assets, including amortizable intangible assets, if circumstances indicate an impairment may have occurred. This analysis is performed by comparing the respective carrying values of the assets to the current and expected future cash flows, on an undiscounted basis, to be generated from such assets. Property and equipment is evaluated separately within each business unit. If such analysis indicates that the carrying value of these assets is not recoverable, then the carrying value of such assets is reduced to fair value through a charge to the Company's Consolidated Statements of Operations. There were no impairments relating to other long-lived assets, including amortizable intangible assets, during 2015, 2014 or 2013.

SUPPLEMENTAL CASH FLOW INFORMATION

Significant non-cash transactions in 2015 included \$17 million in capital lease additions, which resulted in non-cash accruals to fixed assets and other long-term liabilities. Significant non-cash transactions in 2014 included \$8 million in capital lease additions, which resulted in non-cash accruals to fixed assets and other long-term liabilities. Significant non-cash transactions in 2013 included non-cash issuances of common stock of \$22 million pursuant to the Phantom

Value Plan, net of shares withheld for taxes. In addition, during 2013, the Company recorded \$6 million in tenant improvements related to the new corporate headquarters and \$14 million in capital lease additions, both of which resulted in non-cash accruals to fixed assets and other long-term liabilities.

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Table of Contents**STOCK-BASED COMPENSATION**

The Company grants stock-based awards to certain senior management, employees and directors including non-qualified stock options, restricted stock, restricted stock units and performance share units.

The fair value of non-qualified stock options is estimated using the Black-Scholes option pricing model on the grant date and is recognized as expense over the service period based on the vesting requirements. The fair value of restricted stock, restricted stock units and performance share units without a market condition is measured based on the closing price of the Company's common stock on the grant date and is recognized as expense over the service period of the award, or when requisite performance metrics or milestones are probable of being achieved. The fair value of awards with a market condition are estimated using the Monte Carlo simulation method and expense is recognized on a straight-line basis over the requisite service period of the award. Determining the fair value of stock-based awards at the grant date requires considerable judgment, including estimating expected volatility, expected term, risk-free rate and estimated forfeiture rates.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In April 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU")—Simplifying the Presentation of Debt Issuance Costs, requiring that debt issuance costs related to a debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Prior to the amendment, debt issuance costs were recognized as deferred charges and recorded as other assets. The amendments in this ASU are effective for the Company's fiscal year beginning January 1, 2016 and subsequent interim periods, with earlier adoption permitted.

The Company elected to early adopt this ASU in the fourth quarter of 2015. The election requires retrospective application to all prior periods presented in the financial statements and represents a change in accounting principle. Adoption of the ASU resulted in the reclassification of debt issuance costs from deferred financing costs in other assets to a reduction in the carrying amount of the related debt liability within the Company's consolidated balance sheets. As a result of the adoption, the December 31, 2014 indebtedness table has been restated as follows:

| | December 31, 2014 | | |
|-----------------------------------|-----------------------------------|--|---------------------|
| | Previously Reported Balance | Effect of Accounting Principle Adoption | Adjusted Balance |
| Senior Secured Credit Facility: | | | |
| Term Loan B Facility | \$1,871 | \$18 | \$1,853 |
| 7.625% First Lien Notes | 593 | 7 | 586 |
| 9.00% First and a Half Lien Notes | 196 | 2 | 194 |
| 3.375% Senior Notes | 500 | 3 | 497 |
| 4.50% Senior Notes | 450 | 21 | 429 |
| 5.25% Senior Notes | 300 | 4 | 296 |
| Total Short Term & Long Term Debt | \$3,910 | \$55 | \$3,855 |

The debt issuance costs related to our revolving credit facilities, including securitization obligations, remain classified as an asset within other assets.

In November 2015, the FASB issued ASU—Balance Sheet Classification of Deferred Taxes, requiring an entity to present deferred tax assets and deferred tax liabilities as non-current in its classified balance sheet. The ASU simplifies current guidance, which requires an entity to separately present deferred tax assets and deferred tax liabilities as current and non-current in its classified balance sheet. Entities are permitted to apply the amendments either prospectively or retrospectively. The ASU is effective for annual and interim periods beginning after December 15, 2016, with early adoption permitted.

The Company elected to early adopt this ASU in the fourth quarter of 2015 and applied its provisions retrospectively to all prior periods presented in the financial statements. The election represents a change in accounting principle.

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As a result of the early adoption of these two ASUs, the December 31, 2014 Consolidated Balance Sheet is restated as follows:

| | December 31, 2014 | | | |
|-------------------------------|-----------------------------|---|--|------------------|
| | Previously Reported Balance | Effect of Accounting Principle Adoption Simplifying the Presentation of Debt Issuance Costs | Balance Sheet Classification of Deferred Taxes | Adjusted Balance |
| ASSETS | | | | |
| Current assets: | | | | |
| Deferred income taxes | \$180 | \$— | \$(180) |) \$— |
| Total current assets | 1,026 | — | (180) |) 846 |
| Other non-current assets | 230 | (55 |) 1 |) 176 |
| Total assets | 7,538 | (55 |) (179 |) 7,304 |
| LIABILITIES AND EQUITY | | | | |
| Long-term debt | \$3,891 | \$(55 |) \$— |) \$3,836 |
| Deferred income taxes | 350 | — | (179 |) 171 |
| Total liabilities | 5,355 | (55 |) (179 |) 5,121 |
| Total liabilities and equity | 7,538 | (55 |) (179 |) 7,304 |

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Company considers the applicability and impact of all Accounting Standards Updates ("ASU"). ASUs not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position or results of operations.

In May 2014, the FASB and IASB issued a converged standard on revenue recognition that will have an effect on most companies to some extent. The objective of the revenue standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The revenue standard contains principles that an entity will apply to determine the measurement of revenue and the timing of revenue recognition. The new standard, as initially released, would be effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and early adoption would not be permitted. In July 2015, the FASB deferred the effective date of the new revenue standard by one year resulting in the new revenue standard being effective for fiscal years and interim periods beginning after December 15, 2017 and allowing entities to adopt one year earlier if they so elect. The new standard permits for two alternative implementation methods, the use of either (1) full retrospective application to each prior reporting period presented or (2) modified retrospective application in which the cumulative effect of initially applying the revenue standard is recognized as an adjustment to the opening balance of retained earnings in the period of adoption. The Company plans to adopt the new standard in the first quarter of 2018 but has not yet determined the method by which the standard will be adopted. The Company is currently evaluating the impact of the standard on its consolidated financial statements but does not expect the new standard to have a material impact on the financial results of the Company as the majority of our revenue is recognized at the completion of a homesale transaction and will not be impacted by this new revenue recognition guidance.

3. ACQUISITIONS

Assets acquired and liabilities assumed in business combinations were recorded in the Company's Consolidated Balance Sheets as of the respective acquisition dates based upon their estimated fair values at such dates. The results of operations of businesses acquired by the Company have been included in the Company's Consolidated Statements of Operations since their respective dates of acquisition.

In connection with the Company's acquisition of real estate brokerage operations, the Company obtains contractual pendings and listings intangible assets, which represent the estimated fair value of homesale transactions that are pending closing or homes listed for sale by the acquired brokerage operations. Pendings and listings intangible assets are amortized over the estimated closing period of the underlying contracts and homes listed for sale, which in most cases is approximately five months.

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2015 ACQUISITIONS

During the year ended December 31, 2015, the Company acquired thirteen real estate brokerage related operations through its wholly owned subsidiary, NRT, including a large franchisee of the Real Estate Franchise segment, for aggregate cash consideration of \$96 million and established \$13 million of liabilities related to contingent consideration and other acquisition related liabilities. These acquisitions resulted in goodwill of \$94 million, pendings and listings of \$10 million, other intangibles of \$1 million, other assets of \$7 million and other liabilities of \$3 million. During the year ended December 31, 2015, the Company acquired three title and settlement operations through its wholly owned subsidiary, TRG, for cash consideration of \$34 million and established \$37 million of liabilities related to contingent consideration that is expected to be earned over the next four years. These acquisitions resulted in goodwill of \$47 million, trademarks of \$9 million, pendings and listings of \$8 million, other intangibles of \$5 million, title plant shares of \$1 million and other assets of \$1 million.

None of the 2015 acquisitions were significant to the Company's results of operations, financial position or cash flows individually or in the aggregate.

2014 ACQUISITIONS

In August 2014, the Company acquired all of the outstanding shares of common stock of ZipRealty, Inc., ("ZipRealty") for a cash purchase price of \$167 million. The Company acquired ZipRealty's residential brokerage operations with 23 offices across the United States and its integrated real estate technology platform. The estimated fair values of the assets acquired and liabilities assumed resulted in goodwill of \$92 million, software and fixed assets of \$18 million, deferred tax assets of \$46 million, customer relationships intangibles of \$1 million, pendings and listings of \$3 million, other intangibles of \$7 million, other assets of \$6 million and other liabilities of \$6 million.

During the year ended December 31, 2014, in addition to the ZipRealty acquisition discussed above, NRT acquired sixteen real estate brokerage and property management operations for cash consideration of \$44 million and established \$19 million of liabilities related to contingent consideration. These acquisitions resulted in goodwill of \$45 million, trademarks of \$4 million, pendings and listings of \$4 million, other intangibles of \$8 million, other assets of \$3 million and other liabilities of \$1 million.

During the year ended December 31, 2014, the Company acquired three title and settlement operations through its wholly owned subsidiary, TRG, for cash consideration of \$6 million. These acquisitions resulted in goodwill of \$5 million and pendings and listings of \$1 million.

None of the 2014 acquisitions were significant to the Company's results of operations, financial position or cash flows individually or in the aggregate.

2013 ACQUISITIONS

During the year ended December 31, 2013, the Company acquired fifteen real estate brokerage operations through its wholly owned subsidiary, NRT, for cash consideration of \$32 million and established \$4 million of liabilities related to contingent consideration. These acquisitions resulted in goodwill of \$31 million and pendings and listings and other intangibles of \$5 million that were assigned to the Company Owned Brokerage Services segment.

None of the 2013 acquisitions were significant to the Company's results of operations, financial position or cash flows individually or in the aggregate.

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4. INTANGIBLE ASSETS

Goodwill by segment and changes in the carrying amount are as follows:

| | Real Estate Franchise Services | Company Owned Brokerage Services | Relocation Services | Title and Settlement Services | Total Company |
|---|--------------------------------------|---|------------------------|-------------------------------------|------------------|
| Goodwill balance at January 1, 2013 | \$ 2,241 | \$ 630 | \$ 360 | \$ 73 | \$ 3,304 |
| Goodwill acquired | — | 31 | — | — | 31 |
| Balance at December 31, 2013 | 2,241 | 661 | 360 | 73 | 3,335 |
| Goodwill acquired | 51 | 86 | — | 5 | 142 |
| Balance at December 31, 2014 | 2,292 | 747 | 360 | 78 | 3,477 |
| Goodwill acquired | — | 94 | — | 47 | 141 |
| Balance at December 31, 2015 | \$ 2,292 | \$ 841 | \$ 360 | \$ 125 | \$ 3,618 |
| Goodwill and accumulated impairment summary | | | | | |
| Gross goodwill | \$ 3,315 | \$ 999 | \$ 641 | \$ 449 | \$ 5,404 |
| Accumulated impairment losses (a) | (1,023) | (158) | (281) | (324) | (1,786) |
| Balance at December 31, 2015 | \$ 2,292 | \$ 841 | \$ 360 | \$ 125 | \$ 3,618 |

During the fourth quarter of 2008, the Company recorded an impairment charge of \$1,557 million, which reduced (a) intangible assets by \$278 million and reduced goodwill by \$1,279 million. During the fourth quarter of 2007, the Company recorded an impairment charge of \$637 million, which reduced intangible assets by \$130 million and reduced goodwill by \$507 million.

During the fourth quarter of 2015, 2014 and 2013, the Company performed its annual impairment analysis of goodwill and unamortized intangible assets. These analyses resulted in no impairment charges.

Intangible assets are as follows:

| | As of December 31, 2015 | | | As of December 31, 2014 | | |
|--|-----------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------------|---------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Amortizable—Franchise agreements (a) | \$ 2,019 | \$ 591 | \$ 1,428 | \$ 2,019 | \$ 524 | \$ 1,495 |
| Unamortizable—Trademarks (b) | \$ 745 | | \$ 745 | \$ 736 | | \$ 736 |
| Other Intangibles | | | | | | |
| Amortizable—License agreements (c) | \$ 45 | \$ 8 | \$ 37 | \$ 45 | \$ 7 | \$ 38 |
| Amortizable—Customer relationships (d) | 530 | 284 | 246 | 530 | 256 | 274 |
| Unamortizable—Title plant shares (e) | 11 | | 11 | 10 | | 10 |
| Amortizable—Pendings and listings (f) | 3 | 1 | 2 | 2 | 2 | — |
| Amortizable—Other (g) | 31 | 11 | 20 | 25 | 6 | 19 |
| Total Other Intangibles | \$ 620 | \$ 304 | \$ 316 | \$ 612 | \$ 271 | \$ 341 |

(a) Generally amortized over a period of 30 years.

(b) Primarily relates to the Century 21[®], Coldwell Banker[®], ERA[®], Corcoran[®], Coldwell Banker Commercial[®] and Cartus tradenames, which are expected to generate future cash flows for an indefinite period of time.

(c) Relates to the Sotheby's International Realty[®] and Better Homes and Gardens[®] Real Estate agreements which are being amortized over 50 years (the contractual term of the license agreements).

(d) Relates to the customer relationships at the Relocation Services segment, the Title and Settlement Services segment and the Real Estate Franchise Services segment. These relationships are being amortized over a period of 2 to 20 years.

- Primarily relates to the Texas American Title Company title plant shares. Ownership in a title plant is required to
- (e) transact title insurance in certain states. The Company expects to generate future cash flows for an indefinite period of time.
 - (f) Generally amortized over a period of 5 months.
 - (g) Consists of covenants not to compete which are amortized over their contract lives and other intangibles which are generally amortized over periods ranging from 5 to 10 years.

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Intangible asset amortization expense is as follows:

| | For the Year Ended December 31, | | |
|------------------------|---------------------------------|-------|-------|
| | 2015 | 2014 | 2013 |
| Franchise agreements | \$67 | \$67 | \$67 |
| License agreements | 1 | 1 | 1 |
| Customer relationships | 28 | 37 | 37 |
| Pendings and listings | 16 | 8 | 3 |
| Other | 5 | 3 | 1 |
| Total | \$117 | \$116 | \$109 |

Based on the Company's amortizable intangible assets as of December 31, 2015, the Company expects related amortization expense to be approximately \$102 million, \$95 million, \$94 million, \$93 million, \$91 million and \$1,258 million in 2016, 2017, 2018, 2019, 2020 and thereafter, respectively.

5. FRANCHISING AND MARKETING ACTIVITIES

Franchise fee revenue includes domestic initial franchise fees and international area development fees of \$8 million, \$9 million, and \$12 million for the years ended December 31, 2015, 2014 and 2013, respectively. In addition, franchise fee revenue is net of annual volume incentives provided to real estate franchisees of \$51 million, \$50 million and \$48 million for the years ended December 31, 2015, 2014 and 2013, respectively. The Company's real estate franchisees may receive volume incentives on their royalty payments. Such annual incentives are based upon the amount of the franchisees commission income earned and paid to the Company during the calendar year. Each brand has several different annual incentive schedules currently in effect.

The Company's wholly owned real estate brokerage services segment, NRT, pays royalties to the Company's franchise business; however, such amounts are eliminated in consolidation. NRT paid royalties to the Real Estate Franchise Services segment of \$284 million, \$269 million and \$265 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Marketing fees are generally paid by the Company's real estate franchisees and are generally calculated based on a specified percentage of gross closed commissions earned on the sale of real estate, and may be subject to certain minimum and maximum payments. Such fees are recorded within other revenues on the accompanying Consolidated Statements of Operations. As provided for in the franchise agreements and generally at the Company's discretion, all of these fees are to be expended for marketing purposes.

The number of franchised and company owned outlets in operation are as follows:

| | (Unaudited) | | |
|---|--------------------|--------|--------|
| | As of December 31, | | |
| | 2015 | 2014 | 2013 |
| Franchised: | | | |
| Century 21 [®] | 6,897 | 6,902 | 7,109 |
| ERA [®] | 2,355 | 2,304 | 2,314 |
| Coldwell Banker [®] | 2,258 | 2,396 | 2,489 |
| Coldwell Banker Commercial [®] | 163 | 167 | 195 |
| Sotheby's International Realty [®] | 794 | 717 | 666 |
| Better Homes and Gardens [®] Real Estate | 304 | 283 | 259 |
| | 12,771 | 12,769 | 13,032 |
| Company Owned: | | | |
| ERA [®] | — | — | 11 |
| Coldwell Banker [®] | 708 | 651 | 631 |
| Sotheby's International Realty [®] | 41 | 39 | 32 |
| Corcoran [®] /Other | 38 | 37 | 32 |
| | 787 | 727 | 706 |

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The number of franchised and company owned outlets (in the aggregate) changed as follows:

| | (Unaudited) | | |
|-------------------|---------------------------------|--------|--------|
| | For the Year Ended December 31, | | |
| | 2015 | 2014 | 2013 |
| Franchised: | | | |
| Beginning balance | 12,769 | 13,032 | 12,880 |
| Additions | 445 | 311 | 478 |
| Terminations | (443 |) (574 |) (326 |
| Ending balance | 12,771 | 12,769 | 13,032 |
| Company Owned: | | | |
| Beginning balance | 727 | 706 | 712 |
| Additions | 74 | 38 | 15 |
| Closures | (14 |) (17 |) (21 |
| Ending balance | 787 | 727 | 706 |

As of December 31, 2015, there were an insignificant number of franchise agreements that were executed for which offices are not yet operating. Additionally, as of December 31, 2015, there were an insignificant number of franchise agreements pending termination.

In connection with ongoing fees the Company receives from its franchisees pursuant to the franchise agreements, the Company is required to provide certain services, such as training and marketing. In order to assist franchisees in converting to one of the Company's brands, expand their operations or as an incentive to renew their franchise agreement, the Company may at its discretion, provide non-standard incentives, primarily in the form of conversion notes (prior to 2009, the Company issued development advance notes). Provided the franchisee meets certain minimum annual revenue thresholds during the term of the notes and is in compliance with the terms of the franchise agreement, the amount of the note is forgiven annually in equal ratable amounts over the life of the franchise agreement. Otherwise, related principal is due and payable to the Company. The amount of such franchisee conversion notes and development advance notes were \$115 million, net of \$1 million of reserves, and \$97 million, net of \$1 million of reserves, at December 31, 2015 and 2014, respectively. These notes are principally classified within other non-current assets in the Company's Consolidated Balance Sheets. The Company recorded a charge in the statement of operations related to the forgiveness and impairment of these notes of \$17 million, \$15 million and \$11 million for the years ended December 31, 2015, 2014 and 2013, respectively.

6. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consisted of:

| | December 31, | |
|-------------------------------------|--------------|--------|
| | 2015 | 2014 |
| Furniture, fixtures and equipment | \$242 | \$224 |
| Capitalized software | 310 | 288 |
| Building and leasehold improvements | 213 | 183 |
| Land | 3 | 3 |
| Gross property and equipment | 768 | 698 |
| Less: accumulated depreciation | (514 |) (465 |
| Property and equipment, net | \$254 | \$233 |

The Company recorded depreciation expense related to property and equipment of \$84 million, \$74 million and \$67 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of:

| | December 31, | |
|--|--------------|--------|
| | 2015 | 2014 |
| Accrued payroll and related employee costs | \$ 140 | \$ 120 |
| Accrued volume incentives | 34 | 32 |
| Accrued commissions | 29 | 21 |
| Restructuring accruals | 9 | 3 |
| Deferred income | 73 | 73 |
| Accrued interest | 13 | 44 |
| Contingent consideration for acquisitions | 27 | 10 |
| Other | 123 | 108 |
| Accrued expenses and other current liabilities | \$ 448 | \$ 411 |

8. SHORT AND LONG-TERM DEBT

Total indebtedness is as follows:

| | December 31, | |
|-----------------------------------|--------------|----------|
| | 2015 | 2014 |
| Senior Secured Credit Facility: | | |
| Revolving Credit Facility | \$ 200 | \$ — |
| Term Loan B Facility | 1,839 | 1,853 |
| Term Loan A Facility | 433 | — |
| 7.625% First Lien Notes | — | 586 |
| 9.00% First and a Half Lien Notes | — | 194 |
| 3.375% Senior Notes | 499 | 497 |
| 4.50% Senior Notes | 434 | 429 |
| 5.25% Senior Notes | 297 | 296 |
| Total Short-Term & Long-Term Debt | \$ 3,702 | \$ 3,855 |
| Securitization Obligations: | | |
| Apple Ridge Funding LLC | \$ 238 | \$ 255 |
| Cartus Financing Limited | 9 | 14 |
| Total Securitization Obligations | \$ 247 | \$ 269 |

Indebtedness Table

As of December 31, 2015, the Company's borrowing arrangements were as follows:

| | Interest Rate | Expiration Date | Principal | Unamortized Discount and Debt Issuance Costs | Net |
|---------------------------------|------------------|--------------------|-----------|---|--------|
| Senior Secured Credit Facility: | | | | | |
| Revolving Credit Facility (1) | (2) | October 2020 | \$ 200 | * | \$ 200 |
| Term Loan B Facility | (3) | March 2020 | 1,867 | 28 | 1,839 |
| Term Loan A Facility | (4) | October 2020 | 435 | 2 | 433 |
| Senior Notes | 3.375% | May 2016 | 500 | 1 | 499 |
| Senior Notes | 4.50% | April 2019 | 450 | 16 | 434 |
| Senior Notes | 5.25% | December 2021 | 300 | 3 | 297 |
| Securitization obligations: (5) | | | | | |
| Apple Ridge Funding LLC (6) | | June 2016 | 238 | * | 238 |
| Cartus Financing Limited (7) | | August 2016 | 9 | * | 9 |

| | | | |
|-----------|---------|------|---------|
| Total (8) | \$3,999 | \$50 | \$3,949 |
|-----------|---------|------|---------|

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*The debt issuance costs related to our Revolving Credit Facility and Securitization Obligations remain classified as a deferred asset within other assets.

As of December 31, 2015, the Company had \$815 million of borrowing capacity under its Revolving Credit Facility leaving \$615 million of available capacity. On February 19, 2016, the Company had \$200 million (1) outstanding borrowings on the Revolving Credit Facility and no outstanding letters of credit on such facility, leaving \$615 million of available capacity.

Interest rates with respect to revolving loans under the Term Loan A Facility at December 31, 2015 were based on, (2) at the Company's option, (a) adjusted LIBOR plus an additional margin or (b) ABR plus an additional margin, in each case subject to adjustment based on the then current senior secured leverage ratio. Based on the September 30, 2015 senior secured leverage ratio, the LIBOR margin was 2.00% and the ABR margin was 1.00%.

The Term Loan B Facility provides for quarterly amortization payments totaling 1% per annum of the original principal amount. The interest rate with respect to the Term Loan B Facility is based on, at the Company's option, (3) (a) adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%) or (b) JPMorgan Chase Bank, N.A.'s prime rate ("ABR") plus 2.00% (with an ABR floor of 1.75%).

The Term Loan A Facility provides for quarterly amortization payments, commencing March 31, 2016, totaling per annum 5%, 5%, 7.5%, 10.0% and 12.5% of the original principal amount of the Term Loan A Facility in 2016, 2017, 2018, 2019 and 2020, respectively. The interest rates with respect to term loans under the new Term Loan A (4) Facility are based on, at the Company's option, (a) adjusted LIBOR plus an additional margin or (b) ABR plus an additional margin, in each case subject to adjustment based on the then current senior secured leverage ratio. Based on the September 30, 2015 senior secured leverage ratio, the LIBOR margin was 2.00% and the ABR margin was 1.00%.

(5) Available capacity is subject to maintaining sufficient relocation related assets to collateralize these securitization obligations.

As of December 31, 2015, the Company had \$325 million of borrowing capacity under the Apple Ridge Funding (6) LLC securitization program leaving \$87 million of available capacity.

Consists of a £20 million revolving loan facility and a £5 million working capital facility. As of December 31, (7) 2015, the Company had \$38 million of borrowing capacity under the Cartus Financing Limited securitization program leaving \$29 million of available capacity.

Not included in this table, the Company had \$134 million of outstanding letters of credit at December 31, 2015, of (8) which \$53 million was under the synthetic letter of credit facility with a rate of 4.25% and \$81 million was under the unsecured letter of credit facility with a rate of 2.98%.

Maturities Table

As of December 31, 2015, the combined aggregate amount of maturities for long-term borrowings, excluding revolver borrowings and securitization obligations, for each of the next five years is as follows:

| Year | Amount |
|------|--------|
| 2016 | \$541 |
| 2017 | 41 |
| 2018 | 52 |
| 2019 | 513 |
| 2020 | 2,105 |

Senior Secured Credit Facility

On October 23, 2015, Realogy Group entered into a second amendment to the senior secured credit agreement (the "Amended and Restated Credit Agreement"). The second amendment provides for a five-year, \$815 million revolving credit facility that replaces the \$475 million revolving credit facility under the senior secured credit agreement and includes a \$125 million letter of credit sub-facility. The Term Loan B facility and the synthetic letter of credit facility

under the Amended and Restated Credit Agreement were not affected by the second amendment.

The Amended and Restated Credit Agreement provides for:

- a Term Loan B Facility initially issued in the aggregate principal amount of \$1,905 million with a maturity date of March 5, 2020. The Term Loan B Facility has quarterly amortization payments totaling 1% per annum of the
- (a) initial aggregate principal amount. The interest rate with respect to the Term Loan B Facility is based on, at Realogy Group's option, adjusted LIBOR plus 3.00% (with a LIBOR floor of 0.75%) or ABR plus 2.00% (with an ABR floor of 1.75%); and
- (b) an \$815 million Revolving Credit Facility with a maturity date of October 23, 2020, which includes (i) a \$125 million letter of credit subfacility and (ii) a swingline loan subfacility. The interest rate with respect to revolving

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loans under the Revolving Credit Facility is based on, at Realogy Group's option, adjusted LIBOR or ABR plus an additional margin subject to the following adjustments based on the Company's then current senior secured leverage ratio:

| Senior Secured Leverage Ratio | Applicable LIBOR Margin | Applicable ABR Margin |
|--|-------------------------|-----------------------|
| Greater than 3.50 to 1.00 | 2.50% | 1.50% |
| Less than or equal to 3.50 to 1.00 but greater than or equal to 2.50 to 1.00 | 2.25% | 1.25% |
| Less than 2.50 to 1.00 | 2.00% | 1.00% |

The Amended and Restated Credit Agreement also provides for a synthetic letter of credit facility which matures on October 10, 2016. The synthetic letter of credit facility may be utilized for general corporate purposes, including the support of Realogy Group's obligations with respect to Cendant contingent and other liabilities assumed under the Separation and Distribution Agreement. The capacity of the synthetic letter of credit facility is reduced by 1% per annum. As of December 31, 2015, the capacity under the synthetic letter of credit facility was \$54 million and the facility was being utilized for a \$53 million letter of credit with Cendant for potential contingent obligations.

The Amended and Restated Credit Agreement permits the Company to obtain up to \$500 million of additional credit facilities from lenders reasonably satisfactory to the administrative agent and us, without the consent of the existing lenders under the new senior secured credit facility, plus an unlimited amount if Realogy Group's senior secured leverage ratio is less than 3.50 to 1.00 on a pro forma basis. Subject to certain restrictions, the Amended and Restated Credit Agreement also permits us to issue senior secured or unsecured notes in lieu of any incremental facility.

The obligations under the Amended and Restated Credit Agreement are secured to the extent legally permissible by substantially all of the assets of Realogy Group, Realogy Intermediate and all of their domestic subsidiaries, other than certain excluded subsidiaries.

Realogy Group's Amended and Restated Credit Agreement contains financial, affirmative and negative covenants and requires Realogy Group to maintain a senior secured leverage ratio, not to exceed 4.75 to 1.00, and pursuant to the second amendment discussed above, the leverage ratio is tested quarterly, commencing with the period ended September 30, 2015, regardless of the amount of borrowings outstanding and letters of credit issued under the revolver at the testing date. In this report, the Company refers to the term "Adjusted EBITDA" to mean EBITDA as so defined for purposes of determining compliance with the senior secured leverage covenant. The senior secured leverage ratio measured at any applicable quarter end is Realogy Group's total senior secured net debt divided by the trailing twelve month adjusted EBITDA. Total senior secured net debt does not include the unsecured indebtedness, including the Unsecured Notes as well as the securitization obligations. At December 31, 2015, Realogy Group's senior secured leverage ratio was 2.58 to 1.00.

Term Loan A Facility

On October 23, 2015, Realogy Group entered into the Term Loan A senior secured credit agreement. The Term Loan A Agreement provides for a five-year, \$435 million aggregate principal facility issued at par with a maturity date of October 23, 2020 (the "Term Loan A Facility") and has terms substantially similar to the Amended and Restated Credit Agreement. The Term Loan A Facility provides for quarterly amortization payments, commencing March 31, 2016, totaling the amount per annum equal to the following percentages of the original principal amount of the Term Loan A Facility: 5%, 5%, 7.5%, 10.0% and 12.5% for amortizations payable in 2016, 2017, 2018, 2019 and 2020, with the balance payable upon the final maturity date. The interest rates with respect to term loans under the Term Loan A Facility are based on, at our option, adjusted LIBOR or ABR plus an additional margin subject to the following adjustments based on the Company's then current senior secured leverage ratio:

| Senior Secured Leverage Ratio | Applicable LIBOR Margin | Applicable ABR Margin |
|--|-------------------------|-----------------------|
| Greater than 3.50 to 1.00 | 2.50% | 1.50% |
| Less than or equal to 3.50 to 1.00 but greater than or equal to 2.50 to 1.00 | 2.25% | 1.25% |

Less than 2.50 to 1.00

2.00%

1.00%

Consistent with the Amended and Restated Credit Agreement, the Term Loan A Facility permits the Company to obtain up to \$500 million of additional credit facilities from lenders reasonably satisfactory to the administrative agent and the company, without the consent of the existing lenders under the Term Loan A Facility, plus an unlimited amount if the

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Company's senior secured leverage ratio is less than 3.50 to 1.00 on a pro forma basis. Subject to certain restrictions, the Term Loan A Facility also permits us to issue senior secured or unsecured notes in lieu of any incremental facility.

First Lien Notes

The First Lien Notes were senior secured obligations of Realogy Group and bore interest at a rate of 7.625% per annum. On October 23, 2015, Realogy Group issued a notice of redemption for all \$593 million outstanding aggregate principal amount of the First Lien Notes and discharged its obligations under the related indenture. In connection with the redemption of the First Lien Notes and related discharge of the indenture, Realogy Group deposited a total of \$638 million with the trustee, which included the applicable redemption premium and accrued and unpaid interest on the First Lien Notes. The payment of the redemption price was funded with the net proceeds from the new Term Loan A Facility described above and revolver borrowings.

First and a Half Lien Notes

The First and a Half Lien Notes were senior secured obligations of Realogy Group and bore interest at a rate of 9.00% per annum. On November 30, 2015, the Company redeemed the \$196 million aggregate principal amount of outstanding 9.00% Senior Secured Notes due 2020 at a redemption price of 105.490%. In connection with the redemption of the 9.00% Senior Secured Notes, Realogy Group paid total consideration of approximately \$213 million, which included the applicable redemption premium and accrued and unpaid interest. Immediately following such redemption, Realogy Group cancelled the 9.00% Senior Secured Notes and discharged the 9.00% Senior Secured Notes Indenture in accordance with its terms. The 9.00% Senior Secured Notes were redeemed using cash on hand and borrowings under Realogy Group's revolving credit facility.

Unsecured Notes

The 3.375% Senior Notes, 4.50% Senior Notes and 5.25% Senior Notes (collectively the "Unsecured Notes") are unsecured senior obligations of Realogy Group that mature on May 1, 2016, April 15, 2019 and December 1, 2021, respectively. Interest on the Unsecured Notes is payable each year semiannually on May 1 and November 1 for the 3.375% Senior Notes, April 15 and October 15 for the 4.50% Senior Notes and June 1 and December 1 for the 5.25% Senior Notes. The Unsecured Notes are guaranteed on an unsecured senior basis by each domestic subsidiary of Realogy Group that is a guarantor under the Senior Secured Credit Facility and Realogy Group's outstanding debt securities, and are guaranteed by Realogy Holdings on an unsecured senior subordinated basis.

Other Debt Facilities

The Company has an Unsecured Letter of Credit Facility to provide for the issuance of letters of credit required for general corporate purposes by the Company. In August 2015, the Company increased the capacity of the facility by \$7 million from \$81 million as of December 31, 2014 to \$88 million. \$81 million of capacity expires in June 2017 and the remaining \$7 million of capacity expires in September 2018. The fixed pricing to the Company is based on a spread above the credit default swap rate for senior unsecured debt obligations of the Company over the applicable letter of credit period. Realogy Group's obligations under the Unsecured Letter of Credit Facility are guaranteed on an unsecured senior basis by each domestic subsidiary of Realogy Group that is a guarantor under the Senior Secured Credit Facility and Realogy Group's outstanding debt securities. As of December 31, 2015, \$81 million of the Facility is being utilized.

Securitization Obligations

Realogy Group has secured obligations through Apple Ridge Funding LLC under a securitization program. In June 2015, Realogy Group extended the program until June 2016 and temporarily increased the capacity under the facility from \$325 million to \$375 million from June 2015 until October 2015, at which time the capacity was reduced to \$325 million. At December 31, 2015, Realogy Group has \$238 million of outstanding borrowings under the facility. Realogy Group, through a special purpose entity known as Cartus Financing Limited, has agreements providing for a £20 million revolving loan facility and a £5 million working capital facility, both of which expire in August 2016. There are \$9 million of outstanding borrowings on the facilities at December 31, 2015. These Cartus Financing Limited facilities are secured by the relocation assets of a U.K. government contract in this special purpose entity and are therefore classified as permitted securitization financings as defined in Realogy Group's Senior Secured Credit

Facility and the indentures governing the Unsecured Notes and the First and a Half Lien Notes.

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The Apple Ridge entities and the Cartus Financing Limited entity are consolidated special purpose entities that are utilized to securitize relocation receivables and related assets. These assets are generated from advancing funds on behalf of clients of Realogy Group's relocation business in order to facilitate the relocation of their employees. Assets of these special purpose entities are not available to pay Realogy Group's general obligations. Under the Apple Ridge program, provided no termination or amortization event has occurred, any new receivables generated under the designated relocation management agreements are sold into the securitization program and as new eligible relocation management agreements are entered into, the new agreements are designated to the program. The Apple Ridge program has restrictive covenants and trigger events, including performance triggers linked to the age and quality of the underlying assets, foreign obligor limits, multicurrency limits, financial reporting requirements, restrictions on mergers and change of control, any uncured breach of Realogy Group's senior secured leverage ratio under Realogy Group's Senior Secured Credit Facility, and cross-defaults to Realogy Group's material indebtedness. The occurrence of a trigger event under the Apple Ridge securitization facility could restrict our ability to access new or existing funding under this facility or result in termination of the facility, either of which would adversely affect the operation of our relocation business.

Certain of the funds that Realogy Group receives from relocation receivables and related assets must be utilized to repay securitization obligations. These obligations were collateralized by \$281 million and \$286 million of underlying relocation receivables and other related relocation assets at December 31, 2015 and 2014, respectively. Substantially all relocation related assets are realized in less than twelve months from the transaction date. Accordingly, all of Realogy Group's securitization obligations are classified as current in the accompanying Consolidated Balance Sheets. Interest incurred in connection with borrowings under these facilities amounted to \$6 million for both years ended December 31, 2015 and December 31, 2014. This interest is recorded within net revenues in the accompanying Consolidated Statements of Operations as related borrowings are utilized to fund Realogy Group's relocation business where interest is generally earned on such assets. These securitization obligations represent floating rate debt for which the average weighted interest rate was 2.1% and 2.3% for the year ended December 31, 2015 and 2014, respectively.

Loss on the Early Extinguishment of Debt and Write-Off of Deferred Financing Costs

As a result of refinancing transactions, note repurchases and note redemptions, the Company recorded a loss on the early extinguishment of debt of \$48 million during the year ended December 31, 2015.

As a result of refinancing transactions, note repurchases and note redemptions, the Company recorded a loss on the early extinguishment of debt of \$47 million and wrote off deferred financing costs of \$3 million to interest expense during the year ended December 31, 2014.

As a result of the repayment and refinancing transactions, note redemptions and note repurchases, the Company recorded a loss on the early extinguishment of debt of \$68 million and wrote off deferred financing costs of \$2 million to interest expense during the year ended December 31, 2013.

9.EMPLOYEE BENEFIT PLANS

DEFINED BENEFIT PENSION PLAN

The Company's defined benefit pension plan was closed to new entrants as of July 1, 1997 and existing participants do not accrue any additional benefits. The net periodic pension cost for 2015 was less than \$1 million and is comprised of interest cost of approximately \$6 million and the amortization of the actuarial net loss of \$2 million offset by a benefit of \$8 million for the expected return on assets. The net periodic pension benefit for 2014 was \$1 million and is comprised of interest cost of approximately \$6 million and the amortization of the actuarial net loss of \$1 million offset by a benefit of \$8 million for the expected return on assets.

At December 31, 2015 and 2014, the accumulated benefit obligation of this plan was \$149 million and \$164 million, respectively, and the fair value of the plan assets were \$106 million and \$114 million, respectively, resulting in an unfunded accumulated benefit obligation of \$43 million and \$50 million, respectively, which is recorded in Other non-current liabilities in the Consolidated Balance Sheets.

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Estimated future benefit payments as of December 31, 2015 are as follows:

| Year | Amount |
|-------------------|--------|
| 2016 | \$9 |
| 2017 | 9 |
| 2018 | 9 |
| 2019 | 10 |
| 2020 | 10 |
| 2021 through 2025 | 49 |

The minimum funding required during 2016 is estimated to be \$3 million.

The following table presents the fair values of plan assets by category as of December 31, 2015:

| Asset Category | Quoted Price in Active Market for Identical Assets (Level I) | Significant Other Observable Inputs (Level II) | Significant Unobservable Inputs (Level III) | Total |
|---------------------------|---|--|--|-------|
| Cash and cash equivalents | \$2 | \$— | \$ — | \$2 |
| Equity securities | — | 74 | — | 74 |
| Fixed income securities | — | 30 | — | 30 |
| Total | \$2 | \$104 | \$ — | \$106 |

The following table presents the fair values of plan assets by category as of December 31, 2014:

| Asset Category | Quoted Price in Active Market for Identical Assets (Level I) | Significant Other Observable Inputs (Level II) | Significant Unobservable Inputs (Level III) | Total |
|---------------------------|---|--|--|-------|
| Cash and cash equivalents | \$1 | \$— | \$ — | \$1 |
| Equity securities | — | 71 | — | 71 |
| Fixed income securities | — | 42 | — | 42 |
| Total | \$1 | \$113 | \$ — | \$114 |

OTHER EMPLOYEE BENEFIT PLANS

The Company also maintains post-retirement health and welfare plans for certain subsidiaries and a non-qualified pension plan for certain individuals. At December 31, 2015 and 2014, the related projected benefit obligation for these plans accrued on the Company's Consolidated Balance Sheets (primarily within other non-current liabilities) was \$7 million and \$8 million, respectively.

DEFINED CONTRIBUTION SAVINGS PLAN

The Company sponsors a defined contribution savings plan that provides certain of its eligible employees an opportunity to accumulate funds for retirement and has a Company match for a portion of the contributions made by participating employees. The Company's cost for contributions to this plan was \$14 million, \$12 million and \$10 million for the years ended December 31, 2015, 2014 and 2013, respectively.

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10. INCOME TAXES

The components of pretax income for domestic and foreign operations consisted of the following:

| | Year Ended December 31, | | |
|---------------|-------------------------|-------|-------|
| | 2015 | 2014 | 2013 |
| Domestic | \$290 | \$230 | \$192 |
| Foreign | 8 | 4 | 9 |
| Pretax income | \$298 | \$234 | \$201 |

The components of income tax expense (benefit) consisted of the following:

| | Year Ended December 31, | | |
|------------------------------|-------------------------|------|----------|
| | 2015 | 2014 | 2013 |
| Current: | | | |
| Federal | \$8 | \$5 | \$4 |
| State | 3 | 1 | — |
| Foreign | 3 | 4 | 3 |
| Total current | 14 | 10 | 7 |
| Deferred: | | | |
| Federal | 91 | 76 | (241) |
| State | 4 | 1 | (8) |
| Foreign | 1 | — | — |
| Total deferred | 96 | 77 | (249) |
| Income tax expense (benefit) | \$110 | \$87 | \$(242) |

A reconciliation of the Company's effective income tax rate at the U.S. federal statutory rate of 35% to the actual expense (benefit) was as follows:

| | Year Ended December 31, | | | | | |
|---|-------------------------|---|------|---|------|----|
| | 2015 | | 2014 | | 2013 | |
| Federal statutory rate | 35 | % | 35 | % | 35 | % |
| State and local income taxes, net of federal tax benefits | 2 | | 5 | | 2 | |
| Permanent differences | 1 | | 2 | | (1 |) |
| Net change in valuation allowance | 1 | | (3 |) | (157 |) |
| Other | (2 |) | (2 |) | 1 | |
| | 37 | % | 37 | % | (120 | %) |

The Company's combined federal, state and foreign effective income tax rate for 2013 is not meaningful since our net definite lived deferred tax assets were fully offset by a valuation allowance until 2013 when we substantially reversed the valuation allowance on our domestic deferred tax assets.

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Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the deferred income tax assets and liabilities, as of December 31, are as follows:

| | 2015 | 2014 |
|--|--------|----------|
| Deferred income tax assets: | | |
| Net operating loss carryforwards | \$ 654 | \$ 810 |
| Tax credit carryforwards | 28 | 17 |
| Accrued liabilities | 123 | 103 |
| Minimum pension obligation | 23 | 24 |
| Provision for doubtful accounts | 18 | 22 |
| Liability for unrecognized tax benefits | 6 | 8 |
| Interest rate swaps | 11 | 6 |
| Other | 1 | — |
| Total deferred tax assets | 864 | 990 |
| Less: valuation allowance | (11 |) (10 |
| Total deferred income tax assets after valuation allowance | 853 | 980 |
| Deferred income tax liabilities: | | |
| Depreciation and amortization | 1,105 | 1,122 |
| Change in tax return accounting methods | 9 | 18 |
| Prepaid expenses | 2 | 2 |
| Undistributed foreign earnings | 2 | 6 |
| Basis difference in investment in joint ventures | 1 | 2 |
| Total deferred tax liabilities | 1,119 | 1,150 |
| Net deferred income tax liabilities | \$(266 |) \$(170 |

Deferred tax assets and deferred tax liabilities are netted by tax jurisdiction. The Net deferred income tax liability of \$266 million as of December 31, 2015 is included in the accompanying Consolidated Balance Sheets with \$267 million in deferred income taxes (non-current liabilities) and \$1 million in other non-current assets. The Net deferred income tax liability of \$170 million as of December 31, 2014 is included in the accompanying Consolidated Balance Sheets with \$171 million in deferred income taxes (non-current liabilities) and \$1 million in other non-current assets. As of December 31, 2015, the Company had gross federal and state net operating loss carryforwards of \$1,650 million which is net of losses limited due to the October 2012 ownership change, losses related to excess tax benefits of share-based payments and unrecognized tax benefits. The federal net operating loss carryforwards expire between 2020 and 2033 and the state net operating loss carryforwards expire between 2016 and 2033.

The Company accounts for its deferred tax assets and liabilities related to excess tax benefits of share-based payments, based on the with-and-without method. Since October 2012, the Company generated \$11 million of excess tax deductions related to share-based compensation which are not reflected in our NOL deferred tax assets. Equity will be increased by \$4 million if and when such deferred tax assets are ultimately realized.

At December 31, 2013, the Company evaluated all available positive and negative evidence and determined that substantially all of the valuation allowance totaling \$341 million associated with all U.S. federal and certain state deferred tax assets should be reversed because the Company believed that it had become more likely than not that the value of those deferred tax assets would be realized. In the Company's evaluation of the need for and amount of a valuation allowance on its deferred tax assets at December 31, 2013, the Company placed the most weight on all objectively verifiable direct evidence, including its recent and historical operating results and the significant improvement in its debt leverage position.

Accounting for Uncertainty in Income Taxes

The Company utilizes the FASB guidance for accounting for uncertainty in income taxes, which prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax

positions taken or expected to be taken in a tax return. The Company reflects changes in its liability for unrecognized tax benefits as income tax expense in the Consolidated Statements of Operations. As of December 31, 2015, the Company's gross liability for unrecognized tax benefits was \$78 million, of which \$34 million would affect the Company's effective tax rate, if recognized.

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The Company files U.S., state and foreign income tax returns in jurisdictions with varying statutes of limitations. Tax returns for the 2006 through 2015 tax years remain subject to examination by federal and certain state tax authorities. In significant foreign jurisdictions, tax returns for the 2008 through 2015 tax years generally remain subject to examination by their respective tax authorities. The Company believes that it is reasonably possible that the total amount of its unrecognized tax benefits could decrease by \$3 million in certain taxing jurisdictions where the statute of limitations is set to expire within the next 12 months.

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in interest expense and operating expenses, respectively. The Company recorded a reduction of interest expense of \$1 million for the year ended December 31, 2015, no change to interest expense for the year ended December 31, 2014 and a reduction of interest expense of \$2 million for the year ended December 31, 2013.

The rollforward of unrecognized tax benefits are summarized in the table below:

| | | |
|--|-------|---|
| Unrecognized tax benefits—January 1, 2013 | \$111 | |
| Gross increases—tax positions in prior periods | 7 | |
| Gross increases—tax positions in current period | 3 | |
| Settlements | (3 |) |
| Reduction due to lapse of statute of limitations | (5 |) |
| Unrecognized tax benefits—December 31, 2013 | 113 | |
| Gross increases—tax positions in prior periods | 1 | |
| Gross decreases—tax positions in prior periods | (8 |) |
| Gross increases—tax positions in current period | 3 | |
| Settlements | (1 |) |
| Reduction due to lapse of statute of limitations | (2 |) |
| Unrecognized tax benefits—December 31, 2014 | 106 | |
| Gross decreases—tax positions in prior periods | (4 |) |
| Gross increases—tax positions in current period | 1 | |
| Settlements | (23 |) |
| Reduction due to lapse of statute of limitations | (2 |) |
| Unrecognized tax benefits—December 31, 2015 | \$78 | |

The Company is subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities whereby the outcome of the audits is uncertain. The Company believes there is appropriate support for positions taken on its tax returns. The liabilities that have been recorded represent the best estimates of the probable loss on certain positions and are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. However, the outcomes of tax audits are inherently uncertain.

Tax Sharing Agreement

Under the Tax Sharing Agreement with Cendant, Wyndham Worldwide and Travelport, the Company is generally responsible for 62.5% of payments made to settle claims with respect to tax periods ending on or prior to December 31, 2006 that relate to income taxes imposed on Cendant and certain of its subsidiaries, the operations (or former operations) of which were determined by Cendant not to relate specifically to the respective businesses of Realogy, Wyndham Worldwide, Avis Budget or Travelport. With respect to any remaining residual legacy Cendant tax liabilities, the Company and its former parent believe there is appropriate support for the positions taken on Cendant's tax returns. However, tax audits and any related litigation, including disputes or litigation on the allocation of tax liabilities between parties under the Tax Sharing Agreement, could result in outcomes for the Company that are different from those reflected in the Company's historical financial statements.

11. RESTRUCTURING COSTS

The restructuring charge for the year ended December 31, 2015 was \$10 million. The components of the restructuring charges for the years ended December 31, 2015, 2014 and 2013 were as follows:

| | Years Ended December 31, | | |
|---|--------------------------|------|-------|
| | 2015 | 2014 | 2013 |
| Personnel-related costs (1) | \$3 | \$— | \$— |
| Facility-related costs (2) | 3 | (1 |) 3 |
| Accelerated depreciation related to asset disposals | — | — | 1 |
| Other restructuring costs (3) | 4 | — | — |
| Total restructuring charges | \$10 | \$(1 |) \$4 |

(1) Personnel-related costs consist of severance costs provided to employees who have been terminated and duplicate payroll costs during transition.

(2) Facility-related costs consist of costs associated with planned facility closures such as contract termination costs, lease payments that will continue to be incurred under the contract for its remaining term without economic benefit to the Company and other facility and employee relocation related costs.

(3) Other restructuring costs consist of costs related to professional fees, consulting fees and other costs associated with restructuring activities.

2015-2016 Business Optimization Initiative

During the fourth quarter of 2015, the Company implemented a business optimization initiative that focuses on maximizing the efficiency and effectiveness of the cost structure of each of the Company's business units. The action is designed to improve client service levels across each of the business units while enhancing the Company's profitability and incremental margins. The plan focuses on several key areas of opportunity which include process improvement efficiencies, office footprint optimization, leveraging technology and media spend, centralized procurement and organizational design. Activities undertaken in connection with the restructuring plan are expected to be substantially completed by the end of 2016.

The following is a reconciliation of the beginning and ending restructuring reserve balances for the 2015-2016 Business Optimization Initiative:

| | Personnel-related costs | Facility-related costs | Accelerated depreciation related to asset disposals | Other restructuring costs | Total |
|---------------------------------|-------------------------|------------------------|---|---------------------------|-------|
| Balance at October 1, 2015 | \$ — | \$ — | \$— | \$— | \$— |
| Restructuring charges | 3 | 3 | — | 4 | 10 |
| Costs paid or otherwise settled | — | — | — | (1 |) (1 |
| Balance at December 31, 2015 | \$ 3 | \$ 3 | \$— | \$3 | \$9 |

The following is a reconciliation of the total amounts expected to be incurred from the 2015-2016 Business Optimization Initiative:

| | Total amount expected to be incurred | Amount incurred in 2015 | Total amount remaining to be incurred |
|---|--------------------------------------|-------------------------|---------------------------------------|
| Personnel-related costs | \$ 17 | \$3 | \$14 |
| Facility-related costs | 13 | 3 | 10 |
| Accelerated depreciation related to asset disposals | 1 | — | 1 |
| Other restructuring costs | 6 | 4 | 2 |
| Total | \$ 37 | \$10 | \$27 |

The following is a reconciliation of the total amounts expected to be incurred from the 2015-2016 Business Optimization Initiative by reportable segment:

| | Total amount expected to be incurred | Amount incurred in 2015 | Total amount remaining to be incurred |
|--|--------------------------------------|-------------------------|---------------------------------------|
| Real Estate Franchise Services | \$ 2 | \$— | \$2 |
| Company Owned Real Estate Brokerage Services | 20 | 5 | 15 |
| Relocation Services | 8 | 1 | 7 |
| Title and Settlement Services | 1 | — | 1 |
| Corporate and Other | 6 | 4 | 2 |
| Total | \$ 37 | \$ 10 | \$ 27 |

2013 Corporate Headquarters Relocation

During the second quarter of 2013, the Company completed the relocation of its corporate headquarters from Parsippany, New Jersey to Madison, New Jersey. As a result of this relocation, the Company recognized a \$4 million restructuring charge in 2013 which was primarily comprised of lease payments on the former corporate headquarters through October 2013. For the year ended December 31, 2013, the Company utilized all \$4 million of the restructuring accrual.

12. STOCK-BASED COMPENSATION

The Company has stock-based compensation plans available under which incentive equity awards such as non-qualified stock options, rights to purchase shares of common stock, restricted stock, restricted stock units and performance share units ("PSUs") may be issued to employees, consultants or directors of Realogy.

Time vested options granted under the plans generally vest ratably over a four-year period and have a ten-year contractual term. Restricted stock, restricted stock units and performance share units granted under the plans generally vest over a three-year period. In February 2014, the Company adopted a retirement provision for equity grants which provides for continued vesting of awards once an employee has attained the age of 65 years, or 55 years of age or older plus at least ten years of tenure with the Company provided they have been employed or provided services to the Company for one year following the date of grant or start of the performance period.

Awards granted in 2014 included a mix of PSUs, restricted stock unit awards and options. The 2014 PSUs are incentives that reward grantees based upon the Company's financial performance over a three-year performance period ending December 31, 2016. The 2014 PSUs contain two performance metrics: (1) improvement in the Company's net debt leverage ratio measured as of December 31, 2016, defined as the ratio of the Company's net debt at December 31, 2016 to Adjusted EBITDA (as defined under the senior secured credit facility) for the year ending December 31, 2016, and (2) improvement in the Company's operating margin defined as Adjusted EBITDA divided by net revenues, each for the year ending December 31, 2016. The number of shares that may be issued under the PSU is variable and based upon the extent to which the performance goals are achieved over the performance period (with a range of payout from 0% to 200% of the target award). The shares earned will be distributed in early 2017.

Consistent with the 2014 long-term incentive equity awards, the 2015 awards include a mix of PSUs, restricted stock units (performance restricted stock units for the CEO and direct reports) and options. The 2015 PSUs are incentives that reward grantees based upon the Company's financial performance over a three-year performance period ending December 31, 2017. There are two PSU awards: one is based upon the total stockholder return of Realogy's common stock relative to the total stockholder return of the SPDR S&P Homebuilders Index ("XHB") (the "RTSR award"), and the other is based upon the achievement of cumulative free cash flow goals. The number of shares that may be issued under the PSU is variable and based upon the extent to which the performance goals are achieved over the performance period (with a range of payout from 0% to 175% of target for the RTSR award and 0% to 200% of target for the achievement of cumulative free cash flow award). The shares earned will be distributed in early 2018.

The restricted stock units vest over three years, with 33.33% vesting on each anniversary of the grant date.

Time-vesting of the 2015 performance restricted stock units for the CEO and direct reports is conditioned upon achievement of a minimum EBITDA performance goal for 2015.

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The stock options have a maximum term of ten years and vest over four years, with 25% vesting on each anniversary date of the grant date. The options have an exercise price equal to the closing sale price of the Company's common stock on the date of grant.

The total number of shares authorized for issuance under the plans is 9.6 million shares. As of December 31, 2015, the total number of shares available for future grants under the plans was 1.4 million shares.

The fair value of restricted stock, restricted stock units and performance share units without a market condition is equal to the closing sale price of the Company's common stock on the date of grant. The fair value of the RTSR PSU award was estimated on the date of grant using the Monte Carlo Simulation method utilizing the following assumptions. Expected volatility was based on historical volatilities of the Company and select comparable companies.

| | 2015 RTSR PSU | |
|--|------------------|---|
| Weighted average grant date fair value | \$41.08 | |
| Weighted average expected volatility | 25.1 | % |
| Weighted average volatility of XHB | 21.1 | % |
| Weighted average correlation coefficient | 0.57 | |
| Weighted average risk-free interest rate | 1.0 | % |
| Weighted average dividend yield | — | |

A summary of restricted stock and restricted stock unit activity for the year ended December 31, 2015 is presented below (number of shares in millions):

| | Restricted Stock | Weighted Average Grant Date Fair Value | Restricted Stock Units | Weighted Average Grant Date Fair Value |
|-------------------------------|---------------------|---|---------------------------|---|
| Unvested at January 1, 2015 | 0.09 | \$27.14 | 0.74 | \$45.83 |
| Granted | — | — | 0.63 | 46.40 |
| Vested (a) | (0.09) |)27.14 | (0.31) |)45.13 |
| Forfeited | — | — | (0.04) |)46.31 |
| Unvested at December 31, 2015 | — | \$— | 1.02 | \$46.36 |

(a) The total fair value of restricted stock and restricted stock units which vested during the year ended December 31, 2015 was \$2 million and \$14 million, respectively.

A summary of performance share unit activity for the year ended December 31, 2015 is presented below (number of shares in millions):

| | Performance Share Units (a) | Weighted Average Grant Date Fair Value |
|-------------------------------|-----------------------------------|---|
| Unvested at January 1, 2015 | 0.37 | \$46.63 |
| Granted | 0.52 | 43.69 |
| Vested (b) | (0.03) |)43.72 |
| Unvested at December 31, 2015 | 0.86 | \$44.97 |

(a) The PSU amounts in the table are shown at the target amount of the award.

(b) The total fair value of PSUs which vested during the year ended December 31, 2015 was approximately \$1 million.

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The fair value of the options was estimated on the date of grant using the Black-Scholes option-pricing model utilizing the following assumptions. Expected volatility was based on historical volatilities of the Company and select comparable companies. The expected term of the options granted represents the period of time that options were expected to be outstanding and is based on the "simplified method" in accordance with accounting guidance. The Company utilizes the simplified method to determine the expected life of options as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The risk-free interest rate was based on the U.S. Treasury yield curve in effect at the time of the grant, which corresponds to the expected term of the options.

| | 2015 Options | 2014 Options | 2013 Options |
|--|--------------|--------------|--------------|
| Weighted average grant date fair value | \$17.66 | \$18.35 | \$19.78 |
| Weighted average expected volatility | 36.1 | % 41.5 | % 43.6 |
| Weighted average expected term (years) | 6.25 | 6.25 | 6.25 |
| Weighted average risk-free interest rate | 1.6 | % 1.4 | % 1.7 |
| Weighted average dividend yield | — | — | — |

A summary of stock option unit activity for the year ended December 31, 2015 is presented below (number of shares in millions):

| | Options | Weighted Average Exercise Price |
|--------------------------------------|---------|---------------------------------|
| Outstanding at January 1, 2015 | 3.22 | \$30.02 |
| Granted | 0.18 | 46.45 |
| Exercised (a) (b) | (0.21) |) 22.09 |
| Forfeited/Expired | (0.04) |) 32.48 |
| Outstanding at December 31, 2015 (c) | 3.15 | \$31.42 |

(a) The intrinsic value of options exercised during the year ended December 31, 2015 was \$5 million.

(b) Cash received from options exercised during the year ended December 31, 2015 was \$5 million.

(c) Options outstanding at December 31, 2015 had an intrinsic value of \$31 million and have a weighted average remaining contractual life of 6.6 years.

The following table summarizes information regarding exercisable stock options as of December 31, 2015:

| Range of Exercise Prices | Options Vested (a) | Weighted Average Exercise Price | Aggregate Intrinsic Value |
|--------------------------|--------------------|---------------------------------|---------------------------|
| \$15.00 to \$50.00 | 1.98 | \$24.93 | \$24.7 |
| \$50.00 and above | 0.09 | \$140.86 | — |

(a) Exercisable stock options as of December 31, 2015 have a weighted average remaining contractual life of 7.4 years.

Stock-Based Compensation Expense

As of December 31, 2015, based on current performance achievement expectations, there was \$40 million of unrecognized compensation cost related to incentive equity awards under the plans which will be recorded in future periods as compensation expense over a remaining weighted average period of approximately 1.2 years. The Company recorded stock-based compensation expense related to the incentive equity awards of \$57 million, \$41 million and \$19 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Phantom Value Plan

On January 5, 2011, the Board of Directors of Realogy Group approved the Realogy Group LLC Phantom Value Plan (the "Phantom Value Plan"), which was intended to provide certain of the Company's executive officers with an

incentive (the "Incentive Award") to remain in the service of the Company, increase interest in the success of Realogy and create the opportunity to receive compensation based upon Realogy's success. On January 5, 2011, the Board of Directors of Realogy Group made initial grants of Incentive Awards in an aggregate amount of \$22 million to certain executive officers of the Company. Under the Phantom Value Plan, each participant was eligible to receive a cash payment in the same proportion to his or her Incentive Award as the cash received by RCIV Holdings ("RCIV"), an affiliate of Apollo, upon the sale of shares of common stock bore to \$1.338 billion (the face amount of the Realogy Group convertible debt issued to RCIV in January

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2011 in exchange for debt it had previously purchased). The sale of shares by RCIV in the second and third quarter of 2013 triggered payments under the Phantom Value Plan.

All of the participants elected to receive their payments in shares of common stock and therefore received unrestricted shares of common stock equal to the dollar amount then due, plus restricted shares of such common stock equal to the amount then due multiplied by 0.15. The restricted shares of common stock vested based on the participants' continued employment, on the first anniversary of issuance. The Company recognized stock compensation expense of \$2 million related to the issuance of restricted shares of common stock during the year ended December 31, 2014. The Company recognized stock compensation expense of \$42 million related to the issuance of common stock and \$5 million related to the issuance of restricted shares of common stock during the year ended December 31, 2013. No further expense will be recorded in connection with the Phantom Value Plan as the shares of restricted stock have fully vested.

13. TRANSACTIONS WITH FORMER PARENT AND SUBSIDIARIES

Transfer of Cendant Corporate Liabilities and Issuance of Guarantees to Cendant and Affiliates

Realogy Group (then Realogy Corporation) separated from Cendant on July 31, 2006 (the "Separation"), pursuant to a plan by Cendant (now known as Avis Budget Group, Inc.) to separate into four independent companies—one for each of Cendant's business units—real estate services (Realogy), travel distribution services ("Travelport"), hospitality services, including timeshare resorts ("Wyndham Worldwide"), and vehicle rental ("Avis Budget Group"). Realogy Group has certain guarantee commitments with Cendant (pursuant to the assumption of certain liabilities and the obligation to indemnify Cendant, Wyndham Worldwide and Travelport for such liabilities). These guarantee arrangements primarily relate to certain contingent litigation liabilities, contingent tax liabilities, and other corporate liabilities, of which Realogy Group assumed and is generally responsible for 62.5%. Upon separation from Cendant, the liabilities assumed by Realogy Group were comprised of certain Cendant corporate liabilities which were recorded on the historical books of Cendant as well as additional liabilities which were established for guarantees issued at the date of Separation related to certain unresolved contingent matters that could arise during the guarantee period. Regarding the guarantees, if any of the companies responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability, Realogy Group would be responsible for a portion of the defaulting party or parties' obligation. To the extent such recorded liabilities are in excess or are not adequate to cover the ultimate payment amounts, such excess or deficiency will be reflected in the results of operations in future periods. The due to former parent balance was \$31 million and \$51 million at December 31, 2015 and 2014, respectively. The due to former parent balance was comprised of the Company's portion of the following: (i) Cendant's remaining state and foreign contingent tax liabilities, (ii) accrued interest on contingent tax liabilities, (iii) potential liabilities related to Cendant's terminated or divested businesses, and (iv) potential liabilities related to the residual portion of accruals for Cendant operations.

14. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in claims, legal proceedings, alternative dispute resolution and governmental inquiries related to alleged contract disputes, business practices, intellectual property and other commercial, employment, regulatory and tax matters. Examples of such matters include but are not limited to allegations:

- that the Company is vicariously liable for the acts of franchisees under theories of actual or apparent agency;
- by former franchisees that franchise agreements were breached including improper terminations;
- that residential real estate sales associates engaged by NRT—under certain state or federal laws—are potentially employees instead of independent contractors, and they or regulators therefore may bring claims against NRT for breach of contract, wage and hour classification claims, wrongful discharge and unemployment and workers' compensation and obtain benefits, back wages, overtime, indemnification, penalties related to classification practices and expense reimbursement available to employees;
- concerning claims for alleged RESPA or state real estate law violations including, but not limited to, claims challenging the validity of sales associates indemnification and administrative fees;

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concerning claims generally against the company owned brokerage operations for negligence, misrepresentation or breach of fiduciary duty in connection with the performance of real estate brokerage or other professional services as well as other brokerage claims associated with listing information and property history; and

- concerning claims generally against the title company contending that, as the escrow company, the company knew or should have known that a transaction was fraudulent or concerning other title defects or settlement errors.

Real Estate Business Litigation

Bararsani v. Coldwell Banker Residential Brokerage Company. On November 15, 2012, plaintiff Ali Bararsani filed a putative class action complaint in Los Angeles Superior Court, California, against Coldwell Banker Residential Brokerage Company ("CBRBC") alleging that CBRBC had misclassified current and former affiliated sales associates as independent contractors when they were actually employees. The Company believes that CBRBC has properly classified the sales associates as independent contractors, would have significant defenses to the claims asserted in this action and continues to operate in a manner consistent with applicable law and longstanding, widespread industry practice for many decades. To avoid further litigation expense, we entered into a settlement on May 5, 2015. The settlement requires court approval and was accrued for as of June 30, 2015. In entering into this settlement, CBRBC made no admission of wrongdoing or liability, and is not obligated to change its business structures. The court granted final approval of the settlement in January 2016.

Strader and Hall v. PHH Corporation, et al. (U.S. District Court for the Central District of California). This is a purported class action brought by two California residents against 15 defendants, including Realogy and certain of its subsidiaries, PHH Corporation and PHH Home Loans, LLC (a joint venture between Realogy and PHH), alleging violations of Section 8(a) of RESPA. Plaintiffs seek to represent two subclasses comprised of all persons in the United States who, since January 31, 2005, (1) obtained a RESPA-covered mortgage loan from either (a) PHH Home Loans, LLC or one of its subsidiaries, or (b) one of the mortgage services managed by PHH Corporation for other lenders, and (2) paid a fee for title insurance or settlement services to TRG or one of its subsidiaries. Plaintiffs allege, among other things, that PHH Home Loans, LLC operates in violation of RESPA and that the other defendants violate RESPA by referring business to one another under agreements or arrangements that are prohibited by RESPA. Plaintiffs seek treble damages and an award of attorneys' fees, costs and disbursements. On February 5, 2016, the defendants filed a motion to dismiss the case claiming that not only do the claims lack merit, but they are time-barred under RESPA's one-year statute of limitations. In seeking a dismissal of the case, the defendants assert that the plaintiffs are not entitled to "equitable tolling" or suspension of the statute of limitations because they have failed to prove that (1) they pursued their rights diligently and (2) an extraordinary circumstance outside of their control caused their delay in bringing the action.

The case raises significant and various previously unlitigated claims. As with all class action litigation, the case is inherently complex and subject to many uncertainties. We believe that we and the joint venture have complied with RESPA, the regulations promulgated thereunder and existing regulatory guidance. There can be no assurance, however, that if the action continues and a large class is subsequently certified, the plaintiffs will not seek a substantial damage award, penalties and other remedies. Given the early stage of this case and the novel claims and issues presented, we cannot estimate a range of reasonably potential losses for this litigation. The Company will vigorously defend this action.

The Company is involved in certain other claims and legal actions arising in the ordinary course of our business. Such litigation, regulatory actions and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, franchising arrangements, actions against our title company alleging it knew or should have known that others were committing mortgage fraud, standard brokerage disputes like the failure to disclose hidden defects in the property such as mold, vicarious liability based upon conduct of individuals or entities outside of our control, including franchisees and independent sales associates, antitrust and anti-competition claims, general fraud claims, employment law claims, including claims challenging the classification of our sales associates as independent contractors, wage and hour classification claims and claims alleging violations of RESPA or state consumer fraud statutes. While the results of such claims and legal actions cannot be predicted with certainty, we do

not believe based on information currently available to us that the final outcome of current proceedings against the Company will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Cendant Corporate Litigation

Pursuant to the Separation and Distribution Agreement dated as of July 27, 2006 among Cendant, Realogy Group, Wyndham Worldwide and Travelport, each of Realogy Group, Wyndham Worldwide and Travelport have assumed certain contingent and other corporate liabilities (and related costs and expenses), which are primarily related to each of their respective businesses. In addition, Realogy Group has assumed 62.5% and Wyndham Worldwide has assumed 37.5% of

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certain contingent and other corporate liabilities (and related costs and expenses) of Cendant or its subsidiaries, which are not primarily related to any of the respective businesses of Realogy Group, Wyndham Worldwide, Travelport and/or Cendant's vehicle rental operations, in each case incurred or allegedly incurred on or prior to the date of the separation of Travelport from Cendant.

* * *

The Company believes that it has adequately accrued for legal matters as appropriate. The Company records litigation accruals for legal matters which are both probable and estimable.

Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavorable resolutions could occur. In addition, class action lawsuits can be costly to defend and, depending on the class size and claims, could be costly to settle. As such, the Company could incur judgments or enter into settlements of claims with liability that are materially in excess of amounts accrued and these settlements could have a material adverse effect on the Company's financial condition, results of operations or cash flows in any particular period.

Tax Matters

The Company is subject to income taxes in the United States and several foreign jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and recording related assets and liabilities. In the ordinary course of business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities whereby the outcome of the audits is uncertain.

The Company believes there is appropriate support for positions taken on its tax returns. The liabilities that have been recorded represent the best estimates of the probable loss on certain positions and are adequate for all open years based on an assessment of many factors including past experience and interpretations of tax law applied to the facts of each matter. However, the outcomes of tax audits are inherently uncertain.

Under the Tax Sharing Agreement with Cendant, Wyndham Worldwide and Travelport, the Company is generally responsible for 62.5% of payments made to settle claims with respect to tax periods ending on or prior to December 31, 2006 that relate to income taxes imposed on Cendant and certain of its subsidiaries, the operations (or former operations) of which were determined by Cendant not to relate specifically to the respective businesses of Realogy, Wyndham Worldwide, Avis Budget or Travelport.

With respect to any remaining legacy Cendant tax liabilities, the Company and its former parent believe there is appropriate support for the positions taken on Cendant's tax returns. However, tax audits and any related litigation, including disputes or litigation on the allocation of tax liabilities between parties under the Tax Sharing Agreement, could result in outcomes for the Company that are different from those reflected in the Company's historical financial statements.

Contingent Liability Letter of Credit

In April 2007, the Company established a standby irrevocable letter of credit for the benefit of Avis Budget Group in accordance with the Separation and Distribution Agreement. The synthetic letter of credit was utilized to support the Company's payment obligations with respect to its share of Cendant contingent and other corporate liabilities. The stated amount of the standby irrevocable letter of credit is subject to periodic adjustment to reflect the then current estimate of Cendant contingent and other liabilities. The letter of credit was \$53 million at December 31, 2015 and 2014. The standby irrevocable letter of credit will be terminated if (i) the Company's senior unsecured credit rating is raised to BB by Standard and Poor's or Ba2 by Moody's or (ii) the aggregate value of the former parent contingent liabilities falls below \$30 million.

Escrow and Trust Deposits

As a service to its customers, the Company administers escrow and trust deposits which represent undisbursed amounts received for the settlement of real estate transactions. Deposits at FDIC-insured institutions are insured up to \$250 thousand. These escrow and trust deposits totaled \$308 million and \$251 million at December 31, 2015 and 2014, respectively. These escrow and trust deposits are not assets of the Company and, therefore, are excluded from the accompanying Consolidated Balance Sheets. However, the Company remains contingently liable for the disposition of these deposits.

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Leases

The Company is committed to making rental payments under noncancelable operating leases covering various facilities and equipment. Future minimum lease payments required under noncancelable operating leases as of December 31, 2015 are as follows:

| Year | Amount |
|------------|--------|
| 2016 | \$ 151 |
| 2017 | 125 |
| 2018 | 93 |
| 2019 | 72 |
| 2020 | 53 |
| Thereafter | 179 |
| | \$673 |

Capital lease obligations were \$26 million, net of \$2 million of imputed interest, at December 31, 2015 and \$19 million, net of \$1 million of imputed interest, at December 31, 2014.

The Company incurred rent expense of \$179 million, \$166 million and \$165 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Purchase Commitments and Minimum Licensing Fees

In the normal course of business, the Company makes various commitments to purchase goods or services from specific suppliers, including those related to capital expenditures. The purchase commitments made by the Company as of December 31, 2015 are approximately \$58 million.

The Company is required to pay a minimum licensing fee to Sotheby's which began in 2009 and continues through 2054. The annual minimum licensing fee is approximately \$2 million per year. The Company is also required to pay a minimum licensing fee to Meredith Corporation for the licensing of the Better Homes and Gardens Real Estate brand. The annual minimum licensing fee began in 2009 at \$0.5 million and increased to \$4 million in 2014, where it will generally remain through 2058.

Future minimum payments for these purchase commitments and minimum licensing fees as of December 31, 2015 are as follows:

| Year | Amount |
|------------|--------|
| 2016 | \$49 |
| 2017 | 18 |
| 2018 | 9 |
| 2019 | 6 |
| 2020 | 6 |
| Thereafter | 235 |
| | \$323 |

Standard Guarantees/Indemnifications

In the ordinary course of business, the Company enters into numerous agreements that contain standard guarantees and indemnities whereby the Company indemnifies another party for breaches of representations and warranties. In addition, many of these parties are also indemnified against any third-party claim resulting from the transaction that is contemplated in the underlying agreement. Such guarantees or indemnifications are granted under various agreements, including those governing: (i) purchases, sales or outsourcing of assets or businesses, (ii) leases and sales of real estate, (iii) licensing of trademarks, (iv) use of derivatives, and (v) issuances of debt securities. The guarantees or indemnifications issued are for the benefit of the: (i) buyers in sale agreements and sellers in purchase agreements, (ii) landlords in lease contracts, (iii) franchisees in licensing agreements, (iv) financial institutions in derivative contracts, and (v) underwriters in issuances of securities. While some of these guarantees extend only for the duration of the underlying agreement, many survive the expiration of the term of the agreement or extend into perpetuity (unless subject to a legal statute of limitations). There are no specific limitations on the maximum potential amount of

future payments that the Company could be required to make under these guarantees, nor is the Company able to develop an estimate of the maximum potential amount of future

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payments to be made under these guarantees as the triggering events are not subject to predictability. With respect to certain of the aforementioned guarantees, such as indemnifications of landlords against third-party claims for the use of real estate property leased by the Company, the Company maintains insurance coverage that mitigates any potential payments to be made.

Other Guarantees/Indemnifications

In the normal course of business, the Company coordinates numerous events for its franchisees and thus reserves a number of venues with certain minimum guarantees, such as room rentals at hotels local to the conference center. However, such room rentals are paid by each individual franchisee. If the franchisees do not meet the minimum guarantees, the Company is obligated to fulfill the minimum guaranteed fees. The maximum potential amount of future payments that the Company would be required to make under such guarantees is approximately \$13 million. The Company would only be required to pay this maximum amount if none of the franchisees conducted their planned events at the reserved venues. Historically, the Company has not been required to make material payments under these guarantees.

Insurance and Self-Insurance

At December 31, 2015 and 2014, the Consolidated Balance Sheets include approximately \$31 million and \$27 million, respectively, of liabilities relating to: (i) self-insured risks for errors and omissions and other legal matters incurred in the ordinary course of business within the Company Owned Real Estate Brokerage Services segment, (ii) vacant dwellings and household goods in transit and storage within the Relocation Services segment, and (iii) premium and claim reserves for the Company's title underwriting business. The Company may also be subject to legal claims arising from the handling of escrow transactions and closings. The Company's subsidiary, NRT, carries errors and omissions insurance for errors made during the real estate settlement process of \$15 million in the aggregate, subject to a deductible of \$1 million per occurrence. In addition, the Company carries an additional errors and omissions insurance policy for Realogy Group and its subsidiaries for errors made for real estate related services up to \$35 million in the aggregate, subject to a deductible of \$2.5 million per occurrence. This policy also provides excess coverage to NRT creating an aggregate limit of \$50 million, subject to the NRT deductible of \$1 million per occurrence.

The Company issues title insurance policies which provide coverage for real property mortgage lenders and buyers of real property. When acting as a title agent issuing a policy on behalf of an underwriter, assuming no negligence on our part, the Company is not liable for losses under those policies but rather the title insurer is typically liable for such losses. The title underwriter which the Company acquired in January 2006 typically underwrites title insurance policies of up to \$1.5 million. For policies in excess of \$1.5 million, the Company typically obtains a reinsurance policy from a national underwriter to reinsure the excess amount.

Fraud, defalcation and misconduct by employees are also risks inherent in the business. The Company is the custodian of cash deposited by customers with specific instructions as to its disbursement from escrow, trust and account servicing files. The Company maintains Fidelity insurance covering the loss or theft of funds of up to \$30 million per occurrence, subject to a deductible of \$750 thousand per occurrence.

The Company also maintains self-insurance arrangements relating to health and welfare, workers' compensation, auto and general liability in addition to other benefits provided to the Company's employees. The accruals for these self-insurance arrangements totaled approximately \$19 million and \$21 million at December 31, 2015 and 2014, respectively.

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15. EQUITY

Changes in Accumulated Other Comprehensive Loss

The components of accumulated other comprehensive losses are as follows:

| | Currency Translation Adjustments (1) | Minimum Pension Liability Adjustment | Accumulated Other Comprehensive Loss (2) |
|--|---|---|---|
| Balance at January 1, 2013 | \$2 | \$(33) | \$(31) |
| Other comprehensive income before reclassifications | — | 19 | 19 |
| Amounts reclassified from accumulated other comprehensive income | — | 2 | (3) 2 |
| Income tax expense | — | (9) | (9) |
| Current period change | — | 12 | 12 |
| Balance at December 31, 2013 | 2 | (21) | (19) |
| Other comprehensive loss before reclassifications | (4) | (24) | (28) |
| Amounts reclassified from accumulated other comprehensive income | — | 1 | (3) 1 |
| Income tax benefit | 2 | 9 | 11 |
| Current period change | (2) | (14) | (16) |
| Balance at December 31, 2014 | — | (35) | (35) |
| Other comprehensive income (loss) before reclassifications | (4) | 1 | (3) |
| Amounts reclassified from accumulated other comprehensive income | — | 2 | (3) 2 |
| Income tax (expense) benefit | 1 | (1) | — |
| Current period change | (3) | 2 | (1) |
| Balance at December 31, 2015 | \$(3) | \$(33) | \$(36) |

(1) Assets and liabilities of foreign subsidiaries having non-U.S. dollar functional currencies are translated at exchange rates at the balance sheet dates and equity accounts are translated at historical spot rates. Revenues and expenses are translated at average exchange rates during the periods presented. The gains or losses resulting from translating foreign currency financial statements into U.S. dollars are included in accumulated other comprehensive income (loss). Gains or losses resulting from foreign currency transactions are included in the Consolidated Statement of Operations.

(2) As of December 31, 2015, the Company does not have any after-tax components of accumulated other comprehensive loss attributable to noncontrolling interests.

(3) These reclassifications include the amortization of actuarial loss to periodic pension cost of \$2 million, \$1 million and \$2 million for the years ended December 31, 2015, 2014 and 2013, respectively. These amounts were reclassified from accumulated other comprehensive income to the general and administrative expenses line on the statement of operations.

Dividend Policy

The Company does not currently anticipate paying dividends on common stock. Any declaration and payment of future dividends to holders of the Company's common stock will be at the discretion of the Board of Directors and will depend on many factors, including the Company's financial condition, earnings, cash flows, capital requirements, level of indebtedness, statutory and contractual restrictions applicable to the payment of dividends and other considerations that the Board of Directors deems relevant. Because Realogy Holdings is a holding company and has no direct operations, it will only be able to pay dividends from available cash on hand and any funds it receives from its subsidiaries. The terms of the Company's indebtedness restrict its subsidiaries from paying dividends to Realogy

Holdings. The title insurance underwriter is subject to regulations that limit its ability to pay dividends or make loans or advances to the Company, principally to protect policyholders. Under Delaware law, dividends may be payable only out of surplus, which is net assets minus liabilities and capital or, if there is no surplus, out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. As a result, the Company may not pay dividends according to its policy or at all if, among other things, the Company does not have sufficient cash to pay the intended dividends, if the Company's financial performance does not achieve expected results or the terms of our indebtedness prohibit it.

Realogy Group Statements of Equity for the years ended December 31, 2015, December 31, 2014 and December 31, 2013

Total equity for Realogy Group equals that of Realogy Holdings, but the components, common stock and additional paid-in capital are different. The table below presents information regarding the balances and changes in common stock and

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additional paid-in capital of Realogy Group for each of the three years ended December 31, 2015, December 31, 2014 and December 31, 2013.

| | Realogy Group Stockholder's Equity | | | | | | |
|---|------------------------------------|--------|----------------------------------|------------------------|---|----------------------------------|-----------------|
| | Common Stock Shares | Amount | Additional Paid-In Capital | Accumulated Deficit | Accumulated Other Comprehensive Loss | Non- controlling Interests | Total Equity |
| Balance at January 1, 2013 | — | \$— | \$5,592 | \$ (4,045) | \$ (31) | \$3 | \$1,519 |
| Net income | — | — | — | 438 | — | 5 | 443 |
| Other comprehensive income | — | — | — | — | 12 | — | 12 |
| Contributions from Realogy Holdings | — | — | 5 | — | — | — | 5 |
| Stock-based compensation | — | — | 39 | — | — | — | 39 |
| Dividends | — | — | — | — | — | (5) | (5) |
| Balance at December 31, 2013 | — | \$— | \$5,636 | \$ (3,607) | \$ (19) | \$3 | \$2,013 |
| Net income | — | — | — | 143 | — | 4 | 147 |
| Other comprehensive income | — | — | — | — | (16) | — | (16) |
| Contributions from Realogy Holdings | — | — | 6 | — | — | — | 6 |
| Stock-based compensation | — | — | 36 | — | — | — | 36 |
| Dividends | — | — | — | — | — | (4) | (4) |
| Capital contributions from noncontrolling interests | — | — | — | — | — | 1 | 1 |
| Balance at December 31, 2014 | — | \$— | \$5,678 | \$ (3,464) | \$ (35) | \$4 | \$2,183 |
| Net income | — | — | — | 184 | — | 4 | 188 |
| Other comprehensive income | — | — | — | — | (1) | — | (1) |
| Contributions from Realogy Holdings | — | — | 5 | — | — | — | 5 |
| Stock-based compensation | — | — | 51 | — | — | — | 51 |
| Dividends | — | — | — | — | — | (4) | (4) |
| Balance at December 31, 2015 | — | \$— | \$5,734 | \$ (3,280) | \$ (36) | \$4 | \$2,422 |

16. EARNINGS PER SHARE

Earnings per share attributable to Realogy Holdings

Basic earnings per share is computed based on net income attributable to Realogy Holdings stockholders divided by the basic 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. Realogy Holdings uses the treasury stock method to reflect the potential dilutive effect of unvested stock awards and unexercised options.

The following table sets forth the computation of basic and diluted earnings per share:

| (in millions, except shares and per share data) | Year Ended December 31, | | |
|---|-------------------------|-------|-------|
| | 2015 | 2014 | 2013 |
| Net income attributable to Realogy Holdings shareholders | \$184 | \$143 | \$438 |
| Basic weighted average shares | 146.5 | 146.0 | 145.4 |
| Stock options, restricted stock, restricted stock units and performance share units (a) | 1.6 | 1.2 | 1.2 |
| Weighted average diluted shares | 148.1 | 147.2 | 146.6 |

Earnings Per Share:

| | | | |
|---------|---------|---------|---------|
| Basic | \$ 1.26 | \$ 0.98 | \$ 3.01 |
| Diluted | \$ 1.24 | \$ 0.97 | \$ 2.99 |

Excludes 3.5 million, 3.3 million and 2.8 million shares of common stock issuable for incentive equity awards for (a) the years ended December 31, 2015, 2014 and 2013, respectively, which includes performance share units based on the achievement of target amounts that are anti-dilutive to the diluted earnings per share computation.

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17. RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The following is a description of the Company's risk management policies.

Interest Rate Risk

The Company is exposed to market risk from changes in interest rates primarily through senior secured debt. At December 31, 2015, the Company's primary interest rate exposure was to interest rate fluctuations, specifically LIBOR, due to its impact on variable rate borrowings under the revolving and term loan facilities under the Senior Secured Credit Agreement and Term Loan A Facility. Given that borrowings under the Senior Secured Credit Agreement and Term Loan A Facility are generally based upon LIBOR, this rate will be the Company's primary market risk exposure for the foreseeable future. At December 31, 2015, the Company had variable interest rate long-term debt, which was based on LIBOR from the outstanding term loans and revolver of \$2,502 million, excluding \$247 million of securitization obligations.

The Company has interest rate swaps with an aggregate notional value of \$1,475 million to manage a portion of the Company's exposure to changes in interest rate associated with variable rate borrowings. The fixed interest rates on the swaps range from 2.07% to 2.89%. Although we have entered into these interest rate swaps, involving the exchange of floating for fixed rate interest payments, such interest rate swaps do not eliminate interest rate volatility for all of our variable rate indebtedness at December 31, 2015. In addition, the fair value of the interest rate swaps is also subject to movements in LIBOR and will fluctuate in future periods. The Company has recognized a liability of \$47 million for the fair value of the interest rate swaps at December 31, 2015. Therefore, an increase in the LIBOR yield curve could increase the fair value of the interest rate swaps and decrease interest expense.

In the normal course of business, the Company borrows funds under its securitization facilities and utilizes such funds to generate assets on which it generally earns interest income. The Company does not believe it is exposed to significant interest rate risk in connection with these activities as the rate it incurs on such borrowings and the rate it earns on such assets are generally based on similar variable indices, thereby providing a natural hedge.

Credit Risk and Exposure

The Company is exposed to counterparty credit risk in the event of nonperformance by counterparties to various agreements and sales transactions. The Company manages such risk by evaluating the financial position and creditworthiness of such counterparties and by requiring collateral in instances in which financing is provided. The Company mitigates counterparty credit risk associated with its derivative contracts by monitoring the amounts at risk with each counterparty to such contracts, periodically evaluating counterparty creditworthiness and financial position, and where possible, dispersing its risk among multiple counterparties.

As of December 31, 2015, there were no significant concentrations of credit risk with any individual counterparty or a group of counterparties. The Company actively monitors the credit risk associated with the Company's receivables.

Market Risk Exposure

The Company Owned Real Estate Brokerage Services segment, NRT, owns real estate brokerage offices located in and around large metropolitan areas in the U.S. NRT has more offices and realizes more of its revenues in California, Florida and the New York metropolitan area than any other regions of the country. For the year ended December 31, 2015, NRT generated approximately 27% of its revenues from California, 23% from the New York metropolitan area and 10% from Florida. For the year ended December 31, 2014, NRT generated approximately 28% of its revenues from California, 24% from the New York metropolitan area and 10% from Florida. For the year ended December 31, 2013, NRT generated approximately 28% of its revenues from California, 24% from the New York metropolitan area and 10% from Florida.

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 Euro, Swiss Franc, Canadian Dollar and British Pound. The Company has elected not to utilize hedge accounting for these forward contracts; therefore, any change in fair value is recorded

in the 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 December 31,

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2015, the Company had outstanding foreign currency forward contracts with a fair value of less than \$1 million and a notional value of \$33 million. As of December 31, 2014, the Company had outstanding foreign currency forward contracts with a fair value of less than \$1 million and a notional value of \$27 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 interest rate swaps with an aggregate notional value of \$1,475 million to offset the variability in cash flows resulting from the term loan facilities as follows:

| Notional Value (in millions) | Commencement Date | Expiration Date |
|------------------------------|-------------------|-----------------|
| \$225 | July 2012 | February 2018 |
| \$200 | January 2013 | February 2018 |
| \$600 | August 2015 | August 2020 |
| \$450 | November 2017 | November 2022 |

The swaps help to protect our outstanding variable rate borrowings from future interest rate volatility. The Company has not elected to utilize hedge accounting for these interest rate swaps; therefore, any change in fair value is recorded in the Consolidated Statements of Operations.

The fair value of derivative instruments was as follows:

| Liability Derivatives | | Fair Value | |
|---------------------------------------|-------------------------------|-------------------|-------------------|
| Not Designated as Hedging Instruments | Balance Sheet Location | December 31, 2015 | December 31, 2014 |
| Interest rate swap contracts | Other non-current liabilities | \$47 | \$40 |

The effect of derivative instruments on earnings is as follows:

| Derivative Instruments Not Designated as Hedging Instruments | Location of (Gain) or Loss Recognized for Derivative Instruments | (Gain) or Loss Recognized on Derivatives | | |
|--|--|--|------|--------|
| | | Year Ended December 31, | | |
| | | 2015 | 2014 | 2013 |
| Interest rate swap contracts | Interest expense | \$20 | \$32 | \$(4) |
| Foreign exchange contracts | Operating expense | (2) | (3) | — |

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 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.

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The following table summarizes fair value measurements by level at December 31, 2015 for assets/liabilities measured at fair value on a recurring basis:

| | Level I | Level II | Level III | Total |
|--|---------|----------|-----------|-------|
| Interest rate swaps (included in other non-current liabilities) | \$— | \$47 | \$— | \$47 |
| Deferred compensation plan assets (included in other non-current assets) | 3 | — | — | 3 |

The following table summarizes fair value measurements by level at December 31, 2014 for assets/liabilities measured at fair value on a recurring basis:

| | Level I | Level II | Level III | Total |
|--|---------|----------|-----------|-------|
| Interest rate swaps (included in other non-current liabilities) | \$— | \$40 | \$— | \$40 |
| Deferred compensation plan assets (included in other non-current assets) | 2 | — | — | 2 |

The following table summarizes the principal amount of the Company's indebtedness compared to the estimated fair value, primarily determined by quoted market values, at:

| | December 31, 2015 | | December 31, 2014 | |
|-----------------------------------|-------------------|--------------------------|-------------------|--------------------------|
| | Principal Amount | Estimated Fair Value (a) | Principal Amount | Estimated Fair Value (a) |
| Senior Secured Credit Facility: | | | | |
| Revolving Credit Facility | \$200 | \$200 | \$— | \$— |
| Term Loan B Facility | 1,867 | 1,849 | 1,887 | 1,834 |
| Term Loan A Facility | 435 | 426 | — | — |
| 7.625% First Lien Notes | — | — | 593 | 633 |
| 9.00% First and a Half Lien Notes | — | — | 196 | 215 |
| 3.375% Senior Notes | 500 | 500 | 500 | 500 |
| 4.50% Senior Notes | 450 | 464 | 450 | 449 |
| 5.25% Senior Notes | 300 | 308 | 300 | 291 |
| Securitization obligations | 247 | 247 | 269 | 269 |

(a) The fair value of the Company's indebtedness is categorized as Level I.

18. SEGMENT INFORMATION

The reportable segments presented below represent the Company's operating segments for which separate financial information is available and which is utilized on a regular basis by its chief operating decision maker to assess performance and to allocate resources. In identifying its reportable segments, the Company also considers the nature of services provided by its operating segments. Management evaluates the operating results of each of its reportable segments based upon revenue and EBITDA, which is defined as net income (loss) before depreciation and amortization, interest (income) expense, net (other than Relocation Services interest for relocation receivables and securitization obligations) and income taxes, each of which is presented in the Company's Consolidated Statements of Operations. The Company's presentation of EBITDA may not be comparable to similar measures used by other companies.

| | Revenues (a) (b) | | |
|--|-------------------------|-------|-------|
| | Year Ended December 31, | | |
| | 2015 | 2014 | 2013 |
| Real Estate Franchise Services | \$755 | \$716 | \$690 |
| Company Owned Real Estate Brokerage Services | 4,344 | 4,078 | 3,990 |
| Relocation Services | 415 | 419 | 419 |
| Title and Settlement Services | 487 | 398 | 467 |
| Corporate and Other (c) | (295) | (283) | (277) |

| | | | |
|---------------|---------|---------|---------|
| Total Company | \$5,706 | \$5,328 | \$5,289 |
|---------------|---------|---------|---------|

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Transactions between segments are eliminated in consolidation. Revenues for the Real Estate Franchise Services segment include intercompany royalties and marketing fees paid by the Company Owned Real Estate Brokerage Services segment of \$295 million for the year ended December 31, 2015, \$283 million for the year ended December 31, 2014 and \$277 million for the year ended December 31, 2013. Such amounts are eliminated through the Corporate and Other line.

Revenues for the Relocation Services segment include intercompany referral commissions paid by the Company Owned Real Estate Brokerage Services segment of \$49 million for the year ended December 31, 2015, \$42 million for the year ended December 31, 2014 and \$43 million for the year ended December 31, 2013. Such amounts are recorded as contra-revenues by the Company Owned Real Estate Brokerage Services segment. There are no other material intersegment transactions.

(c) Includes the elimination of transactions between segments.

| | EBITDA (a) | | |
|--|-------------------------|--------|--------|
| | Year Ended December 31, | | |
| | 2015 | 2014 | 2013 |
| Real Estate Franchise Services | \$495 | \$463 | \$448 |
| Company Owned Real Estate Brokerage Services | 199 | 193 | 206 |
| Relocation Services | 105 | 102 | 104 |
| Title and Settlement Services | 48 | 36 | 50 |
| Corporate and Other (b) | (121 |) (107 |) (155 |
| Total Company | \$726 | \$687 | \$653 |

Includes \$48 million related to the loss on the early extinguishment of debt and restructuring charges of \$10 million, partially offset by a net benefit of \$15 million of former parent legacy items for the year ended December 31, 2015. Includes \$47 million related to the loss on the early extinguishment of debt, \$10 million of transaction and integration costs related to the ZipRealty acquisition and \$2 million related to the Phantom Value Plan, partially offset by a net benefit of \$10 million of former parent legacy items and the reversal of a prior year restructuring reserve of \$1 million for the year ended December 31, 2014. Includes \$68 million loss on the early extinguishment of debt, \$47 million related to the Phantom Value Plan and \$4 million of restructuring costs, partially offset by a net benefit of \$4 million of former parent legacy items for the year ended December 31, 2013.

(b) Includes the elimination of transactions between segments.

Provided below is a reconciliation of EBITDA to Net income attributable to Realogy Holdings and Realogy Group:

| | Year Ended December 31, | | |
|---|-------------------------|-------|-------|
| | 2015 | 2014 | 2013 |
| EBITDA | \$726 | \$687 | \$653 |
| Less: Depreciation and amortization | 201 | 190 | 176 |
| Interest expense, net | 231 | 267 | 281 |
| Income tax (benefit) expense | 110 | 87 | (242 |
| Net income attributable to Realogy Holdings and Realogy Group | \$184 | \$143 | \$438 |
| Depreciation and Amortization | | | |
| | Year Ended December 31, | | |
| | 2015 | 2014 | 2013 |
| Real Estate Franchise Services | \$77 | \$75 | \$75 |
| Company Owned Real Estate Brokerage Services | 46 | 42 | 35 |
| Relocation Services | 33 | 43 | 44 |
| Title and Settlement Services | 25 | 15 | 11 |
| Corporate and Other | 20 | 15 | 11 |

| | | | |
|---------------|-------|-------|-------|
| Total Company | \$201 | \$190 | \$176 |
|---------------|-------|-------|-------|

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Segment Assets

| | As of December 31 | |
|--|-------------------|---------|
| | 2015 | 2014 |
| Real Estate Franchise Services | \$4,534 | \$4,574 |
| Company Owned Real Estate Brokerage Services | 1,140 | 1,002 |
| Relocation Services | 1,126 | 1,155 |
| Title and Settlement Services | 382 | 308 |
| Corporate and Other | 349 | 265 |
| Total Company | \$7,531 | \$7,304 |

Capital Expenditures

| | Year Ended December 31, | | |
|--|-------------------------|------|------|
| | 2015 | 2014 | 2013 |
| Real Estate Franchise Services | \$8 | \$10 | \$6 |
| Company Owned Real Estate Brokerage Services | 41 | 33 | 29 |
| Relocation Services | 14 | 9 | 6 |
| Title and Settlement Services | 8 | 8 | 11 |
| Corporate and Other | 13 | 11 | 10 |
| Total Company | \$84 | \$71 | \$62 |

The geographic segment information provided below is classified based on the geographic location of the Company's subsidiaries.

| | United States | All Other Countries | Total |
|--|---------------|---------------------|---------|
| On or for the year ended December 31, 2015 | | | |
| Net revenues | \$5,579 | \$127 | \$5,706 |
| Total assets | 7,450 | 81 | 7,531 |
| Net property and equipment | 252 | 2 | 254 |
| On or for the year ended December 31, 2014 | | | |
| Net revenues | \$5,201 | \$127 | \$5,328 |
| Total assets | 7,219 | 85 | 7,304 |
| Net property and equipment | 232 | 1 | 233 |
| On or for the year ended December 31, 2013 | | | |
| Net revenues | \$5,167 | \$122 | \$5,289 |
| Total assets | 6,998 | 94 | 7,092 |
| Net property and equipment | 204 | 1 | 205 |

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19. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Provided below is selected unaudited quarterly financial data for 2015 and 2014.

| | 2015 | | | |
|--|------------|----------|----------|----------|
| | First | Second | Third | Fourth |
| Net revenues | | | | |
| Real Estate Franchise Services | \$ 151 | \$ 213 | \$ 214 | \$ 177 |
| Company Owned Real Estate Brokerage Services | 796 | 1,289 | 1,267 | 992 |
| Relocation Services | 85 | 108 | 124 | 98 |
| Title and Settlement Services | 87 | 128 | 147 | 125 |
| Other (a) | (57) | (87) | (84) | (67) |
| | \$ 1,062 | \$ 1,651 | \$ 1,668 | \$ 1,325 |
| Income (loss) before income taxes, equity in earnings and noncontrolling interests (b) | | | | |
| Real Estate Franchise Services | \$ 67 | \$ 127 | \$ 133 | \$ 92 |
| Company Owned Real Estate Brokerage Services | (28) | 75 | 82 | 8 |
| Relocation Services | (1) | 22 | 39 | 16 |
| Title and Settlement Services | (7) | 16 | 9 | 5 |
| Other | (89) | (83) | (81) | (120) |
| | \$ (58) | \$ 157 | \$ 182 | \$ 1 |
| Net income (loss) attributable to Realogy Holdings and Realogy Group | \$ (32) | \$ 97 | \$ 110 | \$ 9 |
| Income (loss) per share attributable to Realogy Holdings (c): | | | | |
| Basic income (loss) per share | \$ (0.22) | \$ 0.66 | \$ 0.75 | \$ 0.06 |
| Diluted income (loss) per share | \$ (0.22) | \$ 0.66 | \$ 0.74 | \$ 0.06 |

(a) Represents the elimination of transactions primarily between the Real Estate Franchise Services segment and the Company Owned Real Estate Brokerage Services segment.

(b) The quarterly results include the following:

• a loss on the early extinguishment of debt of \$48 million in the fourth quarter;
 • former parent legacy benefit of \$1 million and \$14 million in the second and third quarters, respectively; and
 • restructuring charges of \$10 million in the fourth quarter.

Basic and diluted EPS amounts in each quarter are computed using the weighted-average number of shares outstanding during that quarter, while basic and diluted EPS for the full year is computed using the weighted-average number of shares outstanding during the year. Therefore, the sum of the four quarters' basic or diluted EPS may not equal the full year basic or diluted EPS (see Note 16 "Earnings Per Share" for further information).

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| | 2014 | | | |
|--|---------|----------|---------|---------|
| | First | Second | Third | Fourth |
| Net revenues | | | | |
| Real Estate Franchise Services | \$144 | \$196 | \$199 | \$177 |
| Company Owned Real Estate Brokerage Services | 750 | 1,182 | 1,175 | 971 |
| Relocation Services | 86 | 107 | 125 | 101 |
| Title and Settlement Services | 81 | 108 | 111 | 98 |
| Other (a) | (54 |) (81 |) (79 |) (69 |
| | \$1,007 | \$1,512 | \$1,531 | \$1,278 |
| Income (loss) before income taxes, equity in earnings and noncontrolling interests (b) | | | | |
| Real Estate Franchise Services | \$61 | \$117 | \$118 | \$91 |
| Company Owned Real Estate Brokerage Services | (28 |) 78 | 77 | 15 |
| Relocation Services | (3 |) 16 | 37 | 13 |
| Title and Settlement Services | (8 |) 14 | 11 | 6 |
| Other | (99 |) (109 |) (76 |) (106 |
| | \$(77 |) \$116 | \$167 | \$19 |
| Net income (loss) attributable to Realogy Holdings and Realogy Group | \$(46 |) \$68 | \$100 | \$21 |
| Income (loss) per share attributable to Realogy Holdings (c): | | | | |
| Basic income (loss) per share | \$(0.32 |) \$0.47 | \$0.68 | \$0.14 |
| Diluted income (loss) per share | \$(0.32 |) \$0.46 | \$0.68 | \$0.14 |

(a) Represents the elimination of transactions primarily between the Real Estate Franchise Services segment and the Company Owned Real Estate Brokerage Services segment.

(b) The quarterly results include the following:

a loss on the early extinguishment of debt of \$10 million in the first quarter, \$17 million in the second quarter and \$20 million in the fourth quarter;

former parent legacy cost (benefit) of \$1 million, \$(2) million and \$(9) million in the first, third and fourth quarters, respectively; and

reversal of prior year restructuring reserve of \$1 million in the third quarter.

Basic and diluted EPS amounts in each quarter are computed using the weighted-average number of shares outstanding during that quarter, while basic and diluted EPS for the full year is computed using the

(c) weighted-average number of shares outstanding during the year. Therefore, the sum of the four quarters' basic or diluted EPS may not equal the full year basic or diluted EPS.

20. SUBSEQUENT EVENTS

On February 24, 2016, the Company announced that its Board of Directors authorized a share repurchase program of up to \$275 million of the company's common stock. Repurchases may be made at management's discretion from time to time on the open market or through privately negotiated transactions. The size and timing of these repurchases will depend on price, market and economic conditions, legal and contractual requirements and other factors. The repurchase program has no time limit and may be suspended or discontinued at any time. The Company had approximately 146.7 million shares of common stock outstanding as of December 31, 2015.

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EXHIBIT INDEX

Exhibit Description

- Separation and Distribution Agreement by and among Cendant Corporation, Realogy Group LLC (f/k/a Realogy Corporation), Wyndham Worldwide Corporation and Travelport Inc. dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to Realogy Corporation's Current Report on Form 8-K filed July 31, 2006).
- 2.1 Letter Agreement dated August 23, 2006 relating to the Separation and Distribution Agreement by and among Realogy Group LLC (f/k/a Realogy Corporation), Cendant Corporation, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 27, 2006 (Incorporated by reference to Exhibit 2.1 to Realogy Corporation's Current Report on Form 8-K filed August 23, 2006).
- 2.2 Agreement and Plan of Merger, dated as of December 15, 2006, by and among Realogy Holdings Corp. (f/k/a Domus Holdings Corp.), Domus Acquisition Corp. and Realogy Group LLC (f/k/a Realogy Corporation (Incorporated by reference to Exhibit 2.1 to Realogy Corporation's Current Report on Form 8-K filed December 18, 2006).
- 2.3 Third Amended and Restated Certificate of Incorporation of Realogy Holdings Corp. (Incorporated by reference to Exhibit 3.1 to the Registrants' Current Report on Form 8-K filed on May 5, 2014).
- 3.1 Third Amended and Restated Bylaws of Realogy Holdings Corp., as amended by the Board of Directors, effective November 4, 2014 (Incorporated by reference to Exhibit 3.1 to the Registrants' Current Report on Form 8-K filed on November 10, 2014).
- 3.2 Certificate of Conversion of Realogy Corporation (Incorporated by reference to Exhibit 3.1 to Registrants' Current Report on Form 8-K filed on October 16, 2012).
- 3.3 Certificate of Formation of Realogy Group LLC (Incorporated by reference to Exhibit 3.2 to Registrants' Current Report on Form 8-K filed on October 16, 2012).
- 3.4 Limited Liability Company Agreement of Realogy Group LLC (Incorporated by reference to Exhibit 3.3 to Registrants' Current Report on Form 8-K filed on October 16, 2012).
- 3.5 Indenture, dated as of April 26, 2013, among Realogy Group LLC, as Issuer, Realogy Co-Issuer Corp. (f/k/a The Sunshine Group (Florida) Ltd. Corp.), as Co-Issuer, Realogy Holdings Corp., the Note Guarantors (as defined therein), and The Bank of New York Mellon Trust Company, N.A., as Trustee, governing the 3.375% Senior Notes due 2016 (the "3.375% Senior Note Indenture") (Incorporated by reference to Exhibit 4.1 to the Registrants' Form 10-Q for the three months ended March 31, 2013).
- 4.1 Supplemental Indenture No. 1 dated as of August 12, 2014 to the 3.375% Senior Note Indenture (Incorporated by reference to Exhibit 4.7 to Registrants' Form 10-Q for the three months ended September 30, 2014).
- 4.2 Supplemental Indenture No. 2 dated as of August 15, 2014 to the 3.375% Senior Note Indenture (Incorporated by reference to Exhibit 4.8 to Registrants' Form 10-Q for the three months ended September 30, 2014).
- 4.3 Supplemental Indenture No. 3 dated as of November 10, 2014 to the 3.375% Senior Note Indenture (Incorporated by reference to Exhibit 4.18 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.4 Supplemental Indenture No. 4 dated as of January 2, 2015 to the 3.375% Senior Note Indenture (Incorporated by reference to Exhibit 4.19 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.5 Supplemental Indenture No. 5 dated as of October 15, 2015 to the 3.375% Senior Note Indenture.
- 4.6* Supplemental Indenture No. 6 dated as of February 9, 2016 to the 3.375% Senior Note Indenture.
- 4.7* Form of 3.375% Senior Notes due 2016 (included in the 3.375% Senior Note Indenture filed as Exhibit 4.1 to the Registrants' Form 10-Q for the three months ended March 31, 2013).
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Exhibit Description

- Indenture, dated as of April 2, 2014, among Realogy Group LLC, as Issuer, Realogy Co-Issuer Corp., as Co-Issuer, Realogy Holdings Corp., the Note Guarantors (as defined therein), and The Bank of New York Mellon Trust Company, N.A., as Trustee, governing the 4.500% Senior Notes due 2019 (the "4.500% Senior Note Indenture") (Incorporated by reference to Exhibit 4.1 to the Registrants' Form 10-Q for the three months ended March 31, 2014).
- 4.9 Supplemental Indenture No. 1 dated as of August 12, 2014 to the 4.500% Senior Note Indenture (Incorporated by reference to Exhibit 4.9 to Registrants' Form 10-Q for the three months ended September 30, 2014).
- 4.10 Supplemental Indenture No. 2 dated as of August 15, 2014 to the 4.500% Senior Note Indenture (Incorporated by reference to Exhibit 4.10 to Registrants' Form 10-Q for the three months ended September 30, 2014).
- 4.11 Supplemental Indenture No. 3 dated as of November 10, 2014 to the 4.500% Senior Note Indenture (Incorporated by reference to Exhibit 4.24 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.12 Supplemental Indenture No. 4 dated as of January 2, 2015 to the 4.500% Senior Note Indenture (Incorporated by reference to Exhibit 4.25 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.13* Supplemental Indenture No. 5 dated as of October 15, 2015 to the 4.500% Senior Note Indenture.
- 4.14* Supplemental Indenture No. 6 dated as of February 9, 2016 to the 4.500% Senior Note Indenture.
- 4.15 Form of 4.500% Senior Notes due 2019 (included in the 4.500% Senior Note Indenture filed as Exhibit 4.1 filed to the Registrants' Form 10-Q for the three months ended March 31, 2014).
- 4.16 Indenture, dated as of November 21, 2014, among Realogy Group LLC, as Issuer, Realogy Co-Issuer Corp., as Co-Issuer, Realogy Holdings Corp., the Note Guarantors (as defined therein), and The Bank of New York Mellon Trust Company, N.A., as Trustee, governing the 5.250% Senior Notes due 2021 (the "5.250% Senior Note Indenture") (Incorporated by reference to Exhibit 4.27 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.17 Supplemental Indenture No. 1 dated as of January 2, 2015 to the 5.250% Senior Note Indenture (Incorporated by reference to Exhibit 4.28 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.18* Supplemental Indenture No. 2 dated as of October 15, 2015 to the 5.250% Senior Note Indenture.
- 4.19* Supplemental Indenture No. 3 dated as of February 9, 2016 to the 5.250% Senior Note Indenture.
- 4.20* Form of 5.250% Senior Notes due 2021 (included in the 5.250% Senior Note Indenture (included in the 4.250% Senior Note Indenture filed as Exhibit 4.27 to Registrants' Form 10-K for the year ended December 31, 2014).
- 4.21 Tax Sharing Agreement by and among Realogy Group LLC (f/k/a Realogy Corporation), Cendant Corporation, Wyndham Worldwide Corporation and Travelport Inc. dated as of July 28, 2006 (Incorporated by reference to Exhibit 10.1 to Realogy Group LLC's (f/k/a Realogy Corporation's) Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
- 10.1 Amendment executed July 8, 2008 and effective as of July 26, 2006 to the Tax Sharing Agreement filed as Exhibit 10.1 (Incorporated by reference to Exhibit 10.2 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended June 30, 2008).
- 10.2 Amended and Restated Credit Agreement, dated as of March 5, 2013, among Realogy Intermediate Holdings LLC, Realogy Group LLC, the lenders party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent for the lenders, and the other financial institutions parties thereto (Incorporated by reference to Exhibit 10.4 to Registrants' Form 10-Q for the three months ended March 31, 2013).
- 10.3 First Amendment, dated as of March 10, 2014, to the Amended and Restated Credit Agreement, dated as of March 5, 2013, among Realogy Intermediate Holdings LLC, Realogy Group LLC, the lenders from time to time party thereto, JPMorgan Chase Bank, N.A., as administrative agent, and the other agents parties thereto (Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on March 10, 2014).
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Exhibit Description

- 10.5 Second Amendment, dated as of October 23, 2015, to the Amended and Restated Credit Agreement, dated as of March 5, 2013, as amended, among Realogy Intermediate Holdings LLC, Realogy Group LLC, the several lenders parties thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent for the lenders, and the other agents parties thereto (Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on October 28, 2015).
- 10.6 Amended and Restated Guaranty and Collateral Agreement, dated as of March 5, 2013, among Realogy Intermediate Holdings LLC, Realogy Group LLC, the subsidiary loan parties thereto, and JPMorgan Chase Bank, N.A., as administrative and collateral agent(Incorporated by reference to Exhibit 10.2 to Registrants' Current Report on Form 8-K filed on March 8, 2013).
- 10.7 Term Loan A Agreement, dated as of October 23, 2015, among Realogy Intermediate Holdings LLC, Realogy Group LLC, the lenders party thereto from time to time and JPMorgan Chase Bank, N.A., as administrative agent for the lenders (Incorporated by reference to Exhibit 10.2 to Registrants' Current Report on Form 8-K filed on October 28, 2015).
- 10.8 Term Loan A Guaranty and Collateral Agreement, dated as of October 23, 2015, among Realogy Intermediate Holdings LLC, Realogy Group LLC, the subsidiary loan parties thereto and JPMorgan Chase Bank, N.A., as administrative and collateral agent (Incorporated by reference to Exhibit 10.3 to Registrants' Current Report on Form 8-K filed on October 28, 2015).
- 10.9 Intercreditor Agreement, dated as of February 2, 2012, among Realogy Group LLC (f/k/a Realogy Corporation), the other Grantors (as defined therein) from time to time party hereto, JPMorgan Chase Bank, N.A., as collateral agent for the Credit Agreement Secured Parties (as defined therein) and as Authorized Representative for the Credit Agreement Secured Parties, The Bank of New York, Mellon Trust Company, N.A., as the collateral agent and Authorized Representative for the Initial Additional First Lien Priority Note Secured Parties (as defined therein)(Incorporated by reference as Exhibit 10.13 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.10 Joinder No. 1 dated as of October 23, 2015 to the First Lien Priority Intercreditor Agreement dated as of February 2, 2012, with JPMorgan Chase Bank, N.A. and the other parties thereto (Incorporated by reference to Exhibit 10.4 to Registrants' Current Report on Form 8-K filed on October 28, 2015).
- 10.11** Employment Agreement, dated as of April 10, 2007, between Realogy Corporation and Richard A. Smith (Incorporated by reference to Exhibit 10.19 to Realogy Corporation's Form 10-K for the year ended December 31, 2010).
- 10.12** Amendment to Employment Agreement dated September 10, 2012, between Realogy Group LLC (f/k/a Realogy Corporation) and Richard A Smith (Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed September 14, 2012).
- 10.13** Amendment to Employment Agreement dated November 1, 2013, between Realogy Group LLC (f/k/a Realogy Corporation) and Richard A Smith (Incorporated by reference to Exhibit 10.1 to Registrants' Form 10-Q for the three months ended September 30, 2013).
- 10.14** Employment Agreement, dated as of April 10, 2007, between Realogy Group LLC (f/k/a Realogy Corporation) and Anthony E. Hull (Incorporated by reference to Exhibit 10.20 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2010).
- 10.15** Amendment to Employment Agreement dated April 29, 2011, between Realogy Group LLC (f/k/a Realogy Corporation) and Anthony E. Hull (Incorporated by reference to Exhibit 10.1 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended March 31, 2011).
- 10.16* ** Severance Agreement dated February 23, 2016, between Realogy Holdings Corp. and Anthony E. Hull.
- 10.17** Employment Agreement, dated as of April 10, 2007, between Realogy Group LLC (f/k/a Realogy Corporation) and Alexander E. Perriello (Incorporated by reference to Exhibit 10.21 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2010).

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- 10.18** Amendment to Employment Agreement dated April 29, 2011, between Realogy Group LLC (f/k/a Realogy Corporation) and Alexander E. Perriello (Incorporated by reference to Exhibit 10.2 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended March 31, 2011).
- 10.19* ** Severance Agreement dated February 23, 2016, between Realogy Holdings Corp. and Alexander E. Perriello.
- 10.20** Employment Agreement, dated as of April 10, 2007, between Realogy Group LLC (f/k/a Realogy Corporation) and Bruce G. Zipf (Incorporated by reference to Exhibit 10.22 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2010).
- 10.21** Amendment to Employment Agreement dated April 29, 2011, between Realogy Group LLC (f/k/a Realogy Corporation) and Bruce G. Zipf (Incorporated by reference to Exhibit 10.3 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended March 31, 2011).
- 10.22* ** Severance Agreement dated February 23, 2016, between Realogy Holdings Corp. and Bruce G. Zipf.
- 10.23* Employment Agreement, dated as of April 10, 2007, between Realogy Group LLC (f/k/a Realogy Corporation) and Donald J. Casey.
- 10.24* ** Amendment to Employment Agreement dated April 29, 2011, between Realogy Group LLC (f/k/a Realogy Corporation) and Donald J. Casey.
- 10.25* ** Severance Agreement dated February 23, 2016, between Realogy Holdings Corp. and Donald J. Casey.
- 10.26** Realogy Holdings Corp. 2007 Stock Incentive Plan (Incorporated by reference to Exhibit 10.6 to Registrants' Form 10-Q for the three months ended September 30, 2012).
- 10.27** Form of Option Agreement under 2007 Stock Incentive Plan between Realogy Holdings Corp. and the Optionee party thereto governing time and performance vesting options (Incorporated by reference to Exhibit 10.14 to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form S-4 (File No. 333-148153)).
- 10.28** Form of Restricted Stock Agreement under 2007 Stock Incentive Plan between Realogy Holdings Corp. and the Purchaser party thereto (Incorporated by reference to Exhibit 10.8 to Realogy Group LLC's (f/k/a Realogy Corporation's) Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
- 10.29** Form of Option Agreement under 2007 Stock Incentive Plan between Realogy Holdings Corp. and the Optionee party thereto governing time-vesting options (Incorporated by reference to Exhibit 10.6 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended September 30, 2010).
- 10.30** Amended and Restated Realogy Group LLC Executive Deferred Compensation Plan (Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on April 9, 2013).
- 10.31** Amendment No. 1 dated November 4, 2014 to Realogy Group LLC Amended and Restated Realogy Group LLC Executive Deferred Compensation Plan (Incorporated by reference to Exhibit 10.26 to Registrants' Form 10-K for the year ended December 31, 2014).
- 10.32** Amendment No. 2 dated December 11, 2014 to Realogy Group LLC Amended and Restated Realogy Group LLC Executive Deferred Compensation Plan (Incorporated by reference to Exhibit 4.27 to Registrants' Form 10-K for the year ended December 31, 2014).
- 10.33** Realogy Holdings Corp. Director Deferred Compensation Plan (Incorporated by reference to Exhibit 10.2 to Registrants' Form 10-Q for the three months ended March 31, 2013).
- 10.34** Amendment No. 1 dated November 4, 2014 to Realogy Holdings Corp. Director Deferred Compensation Plan (Incorporated by reference to Exhibit 4.29 to Registrants' Form 10-K for the year ended December 31, 2014).
- 10.35** Amendment No. 2 dated December 11, 2014 to Realogy Holdings Corp. Director Deferred Compensation Plan (Incorporated by reference to Exhibit 4.30 to Registrants' Form 10-K for the year ended December 31, 2014).

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Exhibit Description

- 10.36+ Amended and Restated Limited Liability Company Operating Agreement of PHH Home Loans, LLC dated as of January 31, 2005, by and between PHH Broker Partner Corporation and Cendant Real Estate Services Venture Partner, Inc. (Incorporated by reference to Exhibit 10.26 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2009).
- 10.37 Amendment No. 1 to the Amended and Restated Limited Liability Company Operating Agreement of PHH Home Loans, LLC, dated as of April 2005, by and between PHH Broker Partner Corporation and Cendant Real Estate Services Venture Partner, Inc. (Incorporated by reference to Exhibit 10.10(a) to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form 10 (File No. 001-32852)).
- 10.38 Amendment No. 2 to the Amended and Restated Limited Liability Company Operating Agreement of PHH Home Loans, LLC, dated as of March 31, 2006, by and between PHH Broker Partner Corporation and Cendant Real Estate Services Venture Partner, Inc. (Incorporated by reference to Exhibit 10.10(b) to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form 10 (File No. 001-32852)).
- 10.39++ Strategic Relationship Agreement, dated as of January 31, 2005, by and among Cendant Real Estate Services Group, LLC, Cendant Real Estate Services Venture Partner, Inc., PHH Corporation, Cendant Mortgage Corporation, PHH Broker Partner Corporation and PHH Home Loans, LLC. (Incorporated by reference to Exhibit 10.29 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2009).
- 10.40 Amendment No. 1 to the Strategic Relationship Agreement, dated May 2005 by and among Cendant Real Estate Services Group, LLC, Cendant Real Estate Services Venture Partner, Inc., PHH Corporation, PHH Mortgage Corporation, PHH Broker Partner Corporation and PHH Home Loans, LLC (Incorporated by reference to Exhibit 10.11(a) to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form 10 (File No. 001-32852)).
- 10.41 Amended and Restated Amendment No. 2 to the Strategic Relationship Agreement, dated May 2005 by and among Cendant Real Estate Services Group, LLC, Cendant Real Estate Services Venture Partner, Inc., PHH Corporation, PHH Mortgage Corporation, PHH Broker Partner Corporation and PHH Home Loans, LLC (Incorporated by reference to Exhibit 10.1 to Registrants' Form 10-Q for the three months ended September 30, 2015).
- 10.42 Consent and Amendment dated as of March 14, 2007, between Realogy Real Estate Services Group, LLC (formerly Cendant Real Estate Services Group, LLC), Realogy Real Estate Services Venture Partner, Inc. PHH Corporation, PHH Mortgage Corporation, PHH Broker Partner Corporation, TM Acquisition Corp., Coldwell Banker Real Estate Corporation, Sotheby's International Realty Affiliates, Inc., ERA Franchise Systems, Inc. Century 21 Real Estate LLC and PHH Home Loans, LLC (Incorporated by reference to Exhibit 10.1 to Realogy Group LLC's (f/k/a Realogy Corporation's) Current Report on Form 8-K filed March 20, 2007).
- 10.43 Trademark License Agreement, dated as of February 17, 2004, among SPTC Delaware LLC (as assignee of SPTC, Inc.), Sotheby's (as successor to Sotheby's Holdings, Inc.), Cendant Corporation and Monticello Licensee Corporation (Incorporated by reference to Exhibit 10.12 to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form 10 (File No. 001-32852)).
- 10.44 Amendment No. 1 to Trademark License Agreement, dated May 2, 2005, by and among SPTC Delaware LLC (as assignee of SPTC, Inc.), Sotheby's (as successor to Sotheby's Holdings, Inc.), Cendant Corporation and Sotheby's International Realty Licensee Corporation (f/k/a Monticello Licensee Corporation) (Incorporated by reference to Exhibit 10.12(a) to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form 10 (File No. 001-32852)).
- 10.45 Amendment No. 2 to Trademark License Agreement, dated May 2, 2005, by and among SPTC Delaware LLC (as assignee of SPTC, Inc.), Sotheby's (as successor to Sotheby's Holdings, Inc.), Cendant Corporation and Sotheby's International Realty Licensee Corporation (f/k/a Monticello Licensee Corporation) (Incorporated by reference to Exhibit 10.12(b) to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on

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Exhibit Description

- Consent of SPTC Delaware LLC, Sotheby's (as successor to Sotheby's Holdings, Inc.) and Sotheby's International Realty License Corporation (Incorporated by reference to Exhibit 10.12(c) to Amendment No. 5 to Realogy Group LLC's (f/k/a Realogy Corporation's) Registration Statement on Form 10 (File No. 001-32852)).
- 10.46 Joinder Agreement dated as of January 1, 2005, between SPTC Delaware LLC, Sotheby's (as successor to Sotheby's Holdings, Inc.), and Cendant Corporation and Sotheby's International Realty Licensee Corporation (Incorporated by reference to Exhibit 10.11 to Realogy Group LLC's (f/k/a Realogy Corporation's) Quarterly Report on Form 10-Q for the three months ended June 30, 2009).
- 10.47 Amendment No. 3 to Trademark License Agreement dated January 14, 2011, by and among SPTC Delaware LLC (as assignee of SPTC, Inc.) and Sotheby's, as successor by merger to Sotheby's Holdings, Inc., on the one hand, and Realogy Group LLC (f/k/a Realogy Corporation), as successor to Cendant Corporation, and Sotheby's International Realty Licensee (f/k/a Monticello Licensee Corporation) (Incorporated by reference to Exhibit 10.49 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2010).
- 10.48 Lease Agreement dated November 23, 2011, between 175 Park Avenue, LLC and Realogy Operations LLC (Incorporated by reference to Exhibit 10.57 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.49 First Amendment to Lease dated April 29, 2013, between 175 Park Avenue, LLC and Realogy Operations LLC amending Lease dated November 23, 2011 (Incorporated by reference to Exhibit 10.3 to Registrants' Form 10-Q for the three months ended March 31, 2013).
- 10.50 Guaranty dated November 23, 2011, by Realogy Group LLC (f/k/a Realogy Corporation) to 175 Park Avenue, LLC (Incorporated by reference to Exhibit 10.58 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.51 Note Purchase Agreement (Secured Variable Funding Notes, Series 2011-1) dated as of December 14, 2011, among Apple Ridge Funding LLC, Cartus Corporation, the commercial paper conduit purchasers party thereto, the financial institutions party thereto, the managing agents party thereto, and committed purchases and managing agents party thereto and Crédit Agricole Corporate and Investment Bank, as administrative and lead arranger (Incorporated by reference to Exhibit 10.60 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.52 Amendment dated June 13, 2014 to the Note Purchase Agreement dated as of December 14, 2011, by and among Apple Ridge Funding LLC, Cartus Corporation, Realogy Group LLC, the managing agents, committed purchasers and conduit purchasers named therein, and Crédit Agricole Corporate and Investment Bank, as administrative agent (Incorporated by reference to Exhibit 10.1 to the Registrants' Form 10-Q for the three months ended September 30, 2014).
- 10.53 Amendment dated November 10, 2014 to the Note Purchase Agreement dated as of December 14, 2011, by and among Apple Ridge Funding LLC, Cartus Corporation, Realogy Group LLC, the managing agents, committed purchasers and conduit purchasers named therein, and Crédit Agricole Corporate and Investment Bank, as administrative agent (Incorporated by reference to Exhibit 10.49 to Registrants' Form 10-K for the year ended December 31, 2014).
- 10.54 Series 2011-1 Indenture Supplement, dated as of December 16, 2011, between Apple Ridge Funding LLC and U.S. Bank National Association, as indenture trustee, paying agent, authentication agent, transfer agent and registrar, which modifies the Master Indenture, dated as of April 25, 2000, among Apple Ridge Funding LLC and U.S. Bank National Association, as indenture trustee, paying agent, authentication agent, transfer agent and registrar (Incorporated by reference to Exhibit 10.61 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.55 Eighth Omnibus Amendment, dated as of September 11, 2013, among Cartus Corporation, Cartus Financial Corporation, Apple Ridge Services Corporation, Apple Ridge Funding LLC, Realogy Group LLC, U.S. Bank National Association, the managing agents party to the Note Purchase Agreement dated December 14, 2011 and
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Crédit Agricole Corporate and Investment Bank (Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on September 13, 2013).

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- Ninth Omnibus Amendment, dated as of June 11, 2015, among Cartus Corporation, Cartus Financial Corporation, Apple Ridge Services Corporation, Apple Ridge Funding LLC, Realogy Group LLC, U.S. Bank National Association, the managing agents party to the Note Purchase Agreement dated December 14, 2011 and Crédit Agricole Corporate and Investment Bank. (Incorporated by reference to Exhibit 10.1 to the Registrants' Current Report on Form 8-K filed on June 12, 2015).
- 10.57** Form of Option Agreement for Independent Directors under 2007 Stock Incentive Plan (Incorporated by reference to Exhibit 10.51 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2007).
- 10.58** Restricted Stock Award for Independent Directors under 2007 Stock Incentive Plan (Incorporated by reference to Exhibit 10.52 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2007).
- 10.59** Realogy 2011-2012 Multi-Year Retention Plan (Incorporated by reference to Exhibit 10.4 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended September 30, 2010).
- 10.60** Amendment No. 1 to Realogy 2011-2012 Multi-Year Retention Plan (Incorporated by reference to Exhibit 10.69 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.61** Realogy Group LLC (f/k/a Realogy Corporation) Phantom Value Plan (Incorporated by reference to Exhibit 10.62** 10.70 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-K for the year ended December 31, 2010).
- 10.62** Amendment No. 1 to Realogy Group LLC (f/k/a Realogy Corporation) Phantom Value Plan (Incorporated by reference to Exhibit 10.71 to Registrants' Form 10-K for the year ended December 31, 2011).
- 10.63** Amendment No. 2 dated April 9, 2013 to Realogy Group LLC Phantom Value Plan (Incorporated by reference to Exhibit 10.1 to Registrants' Current Report on Form 8-K filed on April 9, 2013).
- 10.64** Agreement dated July 15, 2010, between Realogy Group LLC (f/k/a Realogy Corporation) and Wyndham Worldwide Corporation (Incorporated by reference to Exhibit 10.1 to Realogy Corporation's Current Report on Form 8-K filed on July 20, 2010).
- 10.65** Realogy Holdings Corp. 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.2 to Realogy Holdings Corp.'s Registration Statement on Form S-8 filed on October 12, 2012).
- 10.66** Form of Stock Option Agreement under 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.61 to Registrants' Form 10-K for the year ended December 31, 2013).
- 10.67** Form of Restricted Stock Agreement under 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.83 to Realogy Holdings Corp.'s Registration Statement on Form S-1 (File No. 333-181988)).
- 10.68** Form of Employee Restricted Stock Unit Notice of Grant and Restricted Stock Unit Agreement under Realogy Holdings Corp. 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.63 to Registrants' Form 10-K for the year ended December 31, 2013).
- 10.69** Form of Director Restricted Stock Unit Notice of Grant and Restricted Stock Unit Agreement under the Realogy Holdings Corp. 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.2 to Registrants' Form 10-Q for the three months ended June 30, 2013).
- 10.70** Form of NEO 2014 Performance Share Unit Notice of Grant and Performance Share Unit Agreement under Realogy Holdings Corp. 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.65 to Registrants' Form 10-K for the year ended December 31, 2013).
- 10.71** Updated Form of NEO Performance Share Unit Notice of Grant and Performance Share Unit Agreement under Realogy Holdings Corp. 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.68 to Registrants' Form 10-K for the year ended December 31, 2014).
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Exhibit Description

- Form of NEO Performance Restricted Stock Unit Notice of Grant and Performance Restricted Stock Unit
- 10.73** Agreement under 2012 Long-Term Incentive Plan (Incorporated by reference to Exhibit 10.69 to Registrants' Form 10-K for the year ended December 31, 2014).
- 10.74 Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.79 to Realogy Holdings Corp.'s Registration Statement on Form S-1 (File No. 333-181988).
- 10.75** 2013 Short-Term Realogy Executive Incentive Plan Design (Incorporated by reference to Exhibit 10.65 to Registrants' Form 10-K for the year ended December 31, 2012).
- 21.1* Subsidiaries of Realogy Holdings Corp. and Realogy Group LLC.
- 23.1* Consent of PricewaterhouseCoopers LLP.
- 24.1* Power of Attorney of Directors and Officers of the registrants (included on signature pages to this Form 10-K).
- 31.1* Certification of the Chief Executive Officer of Realogy Holdings Corp. pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
- 31.2* Certification of the Chief Financial Officer of Realogy Holdings Corp. pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
- 31.3* Certification of the Chief Executive Officer of Realogy Group LLC pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
- 31.4* Certification of the Chief Financial Officer of Realogy Group LLC pursuant to Rules 13(a)-14(a) and 15(d)-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
- 32.1* Certification for Realogy Holdings Corp. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2* Certification for Realogy Group LLC pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101.INS ^ XBRL Instance Document.
- 101.SCH ^ XBRL Taxonomy Extension Schema Document.
- 101.CAL ^ XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF ^ XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB ^ XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE ^ XBRL Taxonomy Extension Presentation Linkbase Document.

* Filed herewith.

** Compensatory plan or arrangement.

^ Furnished electronically with this report.

Confidential treatment has been granted for certain portions of this Exhibit, which was filed as Exhibit 10.9 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended June 30, 2009 filed on + August 11, 2009. The Exhibit was also filed as Exhibit 10.38 to Realogy Holdings Corp. (f/k/a Domus Holdings Corp.) Registration Statement on Form S-1 filed on April 1, 2011, as amended on May 31, 2011. The redacted portions of this Exhibit have been filed separately with the Securities and Exchange Commission.

Confidential treatment has been granted for certain portions of this Exhibit, which was filed as Exhibit 10.10 to Realogy Group LLC's (f/k/a Realogy Corporation's) Form 10-Q for the three months ended June 30, 2009, filed on ++ August 11, 2009. The Exhibit was also filed as Exhibit 10.41 to Realogy Holdings Corp. (f/k/a Domus Holdings Corp.) Registration Statement on Form S-1 filed on April 1, 2011, as amended on May 31, 2011. The redacted portions of this Exhibit have been filed separately with the Securities and Exchange Commission.

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REALOGY HOLDINGS CORP. AND REALOGY GROUP LLC
 SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
 FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
 (in millions)

| Description | Balance at Beginning of Period | Additions Charged to Costs and Expenses | Charged to Other Accounts | Deductions | Balance at End of Period |
|--|--------------------------------------|--|---------------------------------|------------|--------------------------------|
| Allowance for doubtful accounts ^(a) | | | | | |
| Year ended December 31, 2015 | \$ 27 | \$6 | \$— | \$(13) | \$20 |
| Year ended December 31, 2014 | 36 | 4 | — | (13) | 27 |
| Year ended December 31, 2013 | 50 | 1 | — | (15) | 36 |
| Reserve for development advance notes, short term ^(b) | | | | | |
| Year ended December 31, 2015 | \$ — | \$— | \$— | \$— | \$— |
| Year ended December 31, 2014 | 1 | — | — | (1) | — |
| Year ended December 31, 2013 | 1 | — | — | — | 1 |
| Reserve for development advance notes, long term | | | | | |
| Year ended December 31, 2015 | \$ 1 | \$— | \$— | \$(1) | \$— |
| Year ended December 31, 2014 | 1 | — | — | — | 1 |
| Year ended December 31, 2013 | 3 | (2) | — | — | 1 |
| Deferred tax asset valuation allowance | | | | | |
| Year ended December 31, 2015 | \$ 10 | \$1 | \$— | \$— | \$11 |
| Year ended December 31, 2014 | 16 | — | — | (6) | 10 |
| Year ended December 31, 2013 | 357 | — | — | (341) | 16 |

^(a) The deduction column represents uncollectible accounts written off, net of recoveries from Trade Receivables in the Consolidated Balance Sheets.

^(b) Short-term development advance notes and related reserves are included in Trade Receivables in the Consolidated Balance Sheets.