

REALOGY HOLDINGS CORP.

Form PRE 14A

March 06, 2019

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities and Exchange Act of 1934

Filed by the Registrant ☐

Filed by a party other than the Registrant ☐

Check the appropriate box:

☐ Preliminary Proxy Statement

☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

☐ Definitive Proxy Statement

☐ Definitive Additional Materials

☐ Soliciting Material under § 240.14a-12

Realogy Holdings Corp.

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

☐ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

(1) Title of each class of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Date Filed: _____

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NOTICE OF 2019 ANNUAL MEETING
OF STOCKHOLDERS AND
PROXY STATEMENT

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A Letter from our Chief Executive Officer

March [20], 2019

Dear Stockholders:

After completing my first year as Realogy CEO, I believe our company is in a strong position for the future even as we and the industry weather current challenges in the residential real estate market. When I joined, I had beliefs about the industry that have become more evident over this past year. I have witnessed firsthand that despite all the talk of technology disruption in real estate, not much has actually changed yet to benefit the agent or the consumer. This excites me as it means the opportunity for technology- and data-driven innovation is there for the taking by Realogy. Second, it is fashionable to talk about disintermediating agents, but it's clear from 2018 that the agent maintains a critical role in the future of real estate, especially when they are armed with great technology and data. I have confidence that Realogy, with our industry leading market position, technology and data scale, great brands and cash flow generation, is poised to make a real difference for affiliated agents and franchise owners as we execute our strategy to drive results.

In 2018, we began moving fast with new technology offerings, new agent recruiting practices, new products for agents, new brands, new data analytics, new partnerships, and new talent. Even with the market downturn we and the industry saw in the latter part of 2018, we remain laser-focused on continuing to execute in the year ahead.

Strategy

Our business strategy is focused on organic growth driven by technology and data innovation. We are serving agents to enhance their productivity and effectiveness as we improve our value proposition. Through the power of our national scale, well-known brands, unparalleled access to data, and investments in technology, I believe we will unlock new value for our affiliated independent sales agents, our franchise owners and ultimately, our stockholders.

Technology and Data

We are leveraging our scale and market leading position to help agents become more efficient and

productive with great technology and relevant data. We have delivered new technology products to serve affiliated agents. We have rolled out an enterprise analytics platform that is using Realogy's incredible access to historic and national data to help affiliated agents and franchise owners be more effective. We are building a flexible open technology architecture to allow affiliated agents and franchisees to use our tech offerings and seamlessly integrate third-party technology. We have partnered with leading technology companies as well as cutting-edge startups to develop better services and high value leads for affiliated agents. And finally, we have launched new productivity and marketing platforms within our company-owned business to help agents drive growth and be more successful. Realogy is well-positioned to bring real change to the industry.

Talent

My management team is poised to accelerate our transformation and drive results. Important 2018 changes included recruiting Dave Gordan as Realogy Chief Technology Officer; promoting Ryan Gorman as president and CEO of NRT LLC; broadening the responsibilities of John Peyton as president and CEO of Realogy Franchise Group; and hiring Katrina Helmkamp as president and CEO of Cartus, our global relocation subsidiary. Additionally, I am currently actively recruiting a new CFO to partner with me to drive better operating performance.

I am proud of the strong talent here at Realogy who serve the approximately 300,000 independent sales agents in our company owned and franchise brokerages worldwide. We are relentlessly focused on developing our existing talent and recruiting great new talent.

This past summer, we were certified for the first time as a great place to work by the independent analysts at Great Place to Work®. A few weeks ago, Ethisphere® Institute, a leading international business ethics think-tank, once again recognized Realogy as one of the World's Most Ethical Companies—an honor we have received each of the past eight years.

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In closing, we are committed to moving fast to serve our affiliated agents while continuing to operate with integrity. On behalf of our Board of Directors, my senior leadership team and our employees, we thank you for your continued support of and investment in Realogy.

Sincerely,

Ryan M. Schneider

Chief Executive Officer and President

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A Letter from our Independent Chairman of the Board

March [20], 2019

To Our Stockholders:

This has been a year of important and needed change at Realogy Holding Corp. as our new CEO, Ryan Schneider has charted a new course for the company with the support of your Board of Directors. In Ryan's letter, he shared the major undertakings underway at the Company and particularly our strengthening of our leadership team and talent throughout the organization.

In parallel to the important changes undertaken by management, the Board has been focused on four key areas:

Investor Outreach;

Continuation of Board Refreshment and Alignment of Board Committees to Support Strategy;

Strategy; and

Capital Allocation.

Let me provide you with a recap of our 2018 accomplishments in each of these areas.

Investor Outreach

In 2018, we prioritized investor outreach so that we on the Board could hear directly from our investors. We reached out to holders of more than 95% of our outstanding shares, meeting with approximately 74%. I personally met with substantially all of the stockholders who accepted our invitation and was accompanied by Duncan Niederauer, the Chair of our Compensation Committee, at several of these meetings.

Our discussions centered on such topics as executive leadership changes, strategy execution, governance, capital allocation, enterprise risk management and executive compensation. We had a goal to better understand stockholder perspectives on governance and executive compensation. Given the feedback we received, the Compensation Committee incorporated changes into the 2019 executive compensation program and proxy statement disclosure, which you'll see further outlined in this document. We also increased the stock ownership guidelines for the Board and executive management.

From a governance perspective, we considered and then determined to adopt proxy access to give our long-term stockholders the ability to nominate directors at annual meetings. We are also asking stockholders to approve the elimination of the supermajority voting provisions related to the amendment of our Certificate of Incorporation and Bylaws at the 2019 Annual Meeting of Stockholders.

Continuation of Board Refreshment and Alignment of Board Committees to Support Strategy

In my first year serving as Independent Chairman of the Board, I have had the pleasure of working closely with Ryan as both an adviser to the CEO and as a liaison to our Board. While Ryan focuses on executing our strategy and managing the business, day-to-day, I have been able to lead the Board, which includes providing counsel and independent oversight of management. I am fortunate to be able to work with a talented, capable and experienced board.

This year, we continued to focus on Board Refreshment and Diversity—with a focus on new talent to support Realogy's strategic direction. In August 2018, we appointed Enrique (Rick) Silva, CEO and president of Checkers Drive-In Restaurants, Inc., as an independent Director. Rick brings to the Board a strong background in franchise operations and business strategy, an important addition given our significant multi-brand residential real estate franchise segment. He serves as a member of the Audit Committee.

In January 2019, a proven leader in the deployment of Artificial Intelligence and Big Data, Bryson Koehler, Chief Technology Officer at Equifax, joined our Board of Directors. Bryson's deep experience in big data, cloud computing and analytics adds critical leadership as we look to leverage Realogy's considerable scale and unprecedented access to data to help our affiliated agents and franchise owners grow their businesses. Bryson is a member of the newly formed Technology and Data Committee discussed below.

We these appointments, the Realogy Board now consists of 10 directors, nine of whom are classified as Independent Directors for purposes of the listing standards of the New York Stock Exchange. We continue to prioritize diversity at

the Board level with

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approximately one-third of our Board being women and one-fifth comprised of minorities. Our Board also has diverse business experience, as detailed in the proxy statement.

Given the speed of digital transformation, including our priority to arm affiliated agents and franchisees with better technology and data, we formed the Technology and Data Committee, led by Chris Terrill. Serving as an independent Director since July 2016, Chris is the former CEO of ANGI Homeservices and an internet veteran who has specialized in consumer online subscription and marketplace business models with top-tier brands.

Strategy

In 2018, we worked closely with Ryan and his management team to operationalize the Company's strategic direction. We received regular strategy updates during our quarterly Board meetings as well as focused exclusively on strategy during an annual two-day meeting. We remain actively engaged in the business strategy throughout the year.

Capital Allocation

We regularly consider the best use of our capital and seek to invest in Realogy's growth, reduce our debt leverage and return value to our stockholders. We have lowered our shares outstanding by approximately 23% from 146,752,841 outstanding at the commencement of our share repurchase program on February 24, 2016 to 113,485,998 on February 22, 2019 and have declared a quarterly dividend of \$0.09 each quarter since the commencement of our dividend program in August 2016.

I remain confident in Ryan and his team as they focus on Realogy's long-term strategic priorities and ultimately, unlocking additional stockholder value.

On behalf of your Board of Directors, thank you for your continued investment in Realogy. We appreciate the opportunity to serve the Company on your behalf.

Sincerely,

Michael J. Williams

Independent Chairman of the Board

c/o Corporate Secretary

Realogy Holdings Corp.

175 Park Avenue

Madison, NJ 07940

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NOTICE OF
2019 ANNUAL MEETING
OF STOCKHOLDERS

Date: Wednesday, May 1, 2019
Time: 9:00 a.m., Eastern Daylight Time
Place: Realogy Holdings Corp.
175 Park Avenue
Madison, New Jersey 07940

Important Notice Regarding Availability of Proxy Materials for the 2019 Annual Meeting of Stockholders: Our Notice of Annual Meeting, Proxy Statement and Annual Report for the fiscal year ended December 31, 2018 are available at on the Investors section of our website at www.realogy.com

Purposes of the meeting

1. to elect ten Directors for a term expiring at the 2020 Annual Meeting of Stockholders
2. to vote on an advisory resolution to approve executive compensation
3. to vote on an advisory resolution on the frequency of the advisory vote on executive compensation
4. to vote on a proposal to amend our Amended and Restated Certificate of Incorporation (our "Certificate of Incorporation") to eliminate the supermajority voting requirements to amend our Certificate of Incorporation and Amended and Restated Bylaws (our "Bylaws")
5. to vote on a proposal to amend our Certificate of Incorporation to eliminate outdated language related to Board classification
6. to vote on a proposal to ratify the appointment of PricewaterhouseCoopers LLP to serve as our independent registered public accounting firm for fiscal year 2019
7. to transact any other business that may be properly brought before the meeting or any adjournment or postponement of the meeting

Record Date

Owners of Realogy Holdings Corp. common stock as of March 12, 2019 are entitled to notice of, and to vote at, the 2019 Annual Meeting of Stockholders (and any adjournments or postponements of the meeting) (the "Annual Meeting").

Who may attend the meeting

Only stockholders, persons holding proxies from stockholders, invited representatives of the financial community and other guests of Realogy* may attend the Annual Meeting. See Frequently Asked Questions—How do I attend the Annual Meeting on page 10.

Your vote is important.

Please vote your proxy promptly so your shares can be represented, even if you plan to attend the Annual Meeting.

You can vote by Internet, by telephone, by requesting a printed copy of the proxy materials and using the enclosed proxy card or in person at the Annual Meeting.

By order of the Board of Directors,

The matters specified for voting above are more fully described in the attached proxy statement.

Marilyn J. Wasser
Corporate Secretary

March [20], 2019

References in this proxy statement to "we," "us," "our," "the Company," "Realogy" and "Realogy Holdings" refer to Realogy Holdings Corp. and our consolidated subsidiaries, including but not limited to Realogy Group LLC. References in this proxy statement to "Realogy Group" mean Realogy Group LLC.

Website addresses given in this proxy statement are provided as inactive textual references. The contents of these websites are not incorporated by reference herein or otherwise a part of this proxy statement.

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FORWARD

LOOKING

STATEMENTS

This proxy statement and accompanying materials (the “Proxy Materials”) contain “forward-looking statements” as that term is defined in the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Statements preceded by, followed by or that otherwise include the words “intends”, “believes”, “expects”, “forecasted”, “projects”, “estimates” and “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. Any statements that refer to expectations or other characterizations of future events, circumstances or results are forward-looking statements.

The Company wishes to caution each participant to consider carefully the specific factors discussed with each forward-looking statement in these Proxy Materials and other factors contained in the Company’s filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2018, under the captions “Forward-Looking Statements”, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as such factors in some cases have affected, and in the future (together with other factors) could affect, the ability of the Company to implement its business strategy and may cause actual results to differ materially from those contemplated by the statements expressed herein. The Company assumes no obligation to update the information or the forward-looking statements contained herein, whether as a result of new information or otherwise.

NON-GAAP

FINANCIAL

MEASURES

The Proxy Materials include certain supplemental measures of the Company’s performance that are not Generally Accepted Accounting Principles (“GAAP”) measures, including Operating EBITDA, as well as Consolidated Plan EBITDA and Cumulative Free Cash Flow. Definitions of these non-GAAP terms and reconciliations to their most comparable GAAP terms are included as Annex A to this proxy statement.

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PROXY STATEMENT SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement before voting.

2018

INVESTOR

OUTREACH

PROGRAM

We are committed to seeking out and integrating our stockholders' perspectives into our deliberations and we believe that regular communication with our stockholders is necessary in order to ensure thoughtful and informed consideration of evolving corporate governance and executive compensation best practices.

In the spring and fall of 2018, we engaged with our stockholders and, based on their input, the Compensation Committee made a number of changes to our executive compensation program.

In addition, based on the investor feedback we received, the Board determined to take the actions outlined in this proxy statement, including the submission of Proposal 4 for stockholder approval at the Annual Meeting.

In total, we reached out to stockholders representing over 95% of our outstanding shares and held in person meetings or calls with holders of approximately 55% in the spring and approximately 60% in the fall/winter of 2018 through the winter of 2019. Combined we met with holders of approximately 74% of our outstanding shares (in many instances we met with a stockholder more than once).

Michael Williams, Independent Chairman of the Board, met with substantially all of our stockholders who accepted our invitation and Duncan Niederauer, Chair of the Compensation Committee, joined him on several occasions. The feedback from these important sessions with our investors was reviewed and discussed with the full Board.

2018 Investor Outreach Summary

Period	Stockholders Contacted (#)	Participating Stockholders (#)	Participating Stockholders (%) [*]
Spring 2018	22	9	~55%
Fall/Winter 2018 ^{**}	23	14	~60%
Total Unique	25	15	~74%

^{*} Ownership percentage held is based on estimates as of June 30, 2018

^{**} Includes one stockholder met with in winter 2019

For additional information on the Board's responses to our 2018 Investor Outreach Program go to:

Page 11 for corporate governance topics (under the heading "Governance of the Company—2018 Investor Outreach Program: Corporate Governance Topics"), and

Page 35 for executive compensation topics (under the heading "Executive Compensation—Compensation Discussion and Analysis—2018 Investor Outreach Program: Executive Compensation Topics")

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PROPOSALS TO BE PRESENTED AT THE 2019 ANNUAL MEETING

Proposal 1	The Board recommends a vote FOR all director nominees
Election of Ten Director Nominees	Our Nominating and Corporate Governance Committee and our Board have determined that each director nominee possesses the skills and experience to oversee Realogy's business strategy and that the mix of backgrounds and qualifications represented by our Directors strengthen the Board's effectiveness.
Go to page 25 for additional information on Proposal 1	
Proposal 2	The Board recommends a vote FOR this proposal
Advisory Vote on Executive Compensation Program	Our executive compensation program is designed by our independent Compensation Committee to align executive compensation with the interests of our stockholders by linking a majority of the target direct compensation opportunity of our senior leadership team (or Executive Committee) to short- and long-term strategic and business goals as measured by our performance against absolute and relative metrics and each executive's contribution to our strategic initiatives.
Go to our Compensation Discussion and Analysis on page 35 and Proposal 2 on page 82 for additional information on our executive compensation program	
Proposal 3	The Board recommends a vote for EVERY YEAR for this proposal
Frequency of Advisory Vote on Executive Compensation Program	The Board believes that holding an advisory vote on executive compensation every year will allow our stockholders to provide us with direct input on our compensation strategy and practices on an annual basis so that timely stockholder feedback may be taken into consideration as part of the compensation review process.
Go to page 84 for additional information on Proposal 3	
Proposal 4	The Board recommends a vote FOR this proposal
Amend our Certificate of Incorporation to eliminate the supermajority voting requirements to amend the Certificate of Incorporation and Bylaws	This proposal is the product of the Board's ongoing review of corporate governance matters, including feedback that the Board received in its 2018 Investor Outreach Program. The Board believes the elimination of supermajority voting requirements for stockholder amendment of the Certificate of Incorporation and Bylaws will reinforce its accountability to our stockholders and provide them with greater ability to participate in Realogy's corporate governance.
Go to page 85 for additional information on Proposal 4	
Proposal 5	The Board recommends a vote FOR this proposal
Amend our Certificate of Incorporation to eliminate outdated language related to Board classification	Since the 2017 Annual Meeting of Stockholders, all Directors have been elected annually. These amendments will eliminate outdated language relating to the declassification of our Board over the expired three-year phase-out period that occurred between 2015 to 2017.
Go to page 87 for additional information on Proposal 5	
Proposal 6	The Board recommends a vote FOR this proposal
Ratification of the Appointment of the Independent Registered Public Accounting Firm	As a matter of good corporate governance, the Board is asking stockholders to vote on a proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal year 2019.
Go to page 89 for additional information on Proposal 6	

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BOARD COMPOSITION & GOVERNANCE HIGHLIGHTS

Director Nominees

See full biographies for each director beginning on page 29.

Name and Age	Director Since	Current or Key Business Experience	Independent	Committee Membership*
				ACCCNGCTDC
Fiona P. Dias, 53	2013	Principal Digital Partner, Ryan Retail Consulting (since 2015)	ü	
Matthew J. Espe, 60	2016	Former President and CEO, Armstrong World Industries, Inc. (2010-2015)	ü	
V. Ann Hailey, 68	2008	Former CFO, L Brands, Inc. (formerly, Limited Brands, Inc.) (1997-2006)	ü	C
Bryson R. Koehler, 43	2019	Chief Technology Officer, Equifax Inc. (since 2018)	ü	
Duncan L. Niederauer, 59	2016	Former CEO, NYSE Euronext (2007-2013)	ü	C
Ryan M. Schneider, 49	2017	President and CEO, Realogy Holdings Corp. (since 2018)		
Enrique (Rick) Silva, 53	2018	CEO and President, Checkers Drive-In Restaurants, Inc. (since 2007)	ü	
Sherry M. Smith, 57	2014	Former CFO, SuperValu, Inc. (2010-2013)	ü	
Christopher S. Terrill, 51	2016	Former CEO of ANGI Homeservices (2017-2018)	ü	C
Michael J. Williams, 61 (Independent Chairman)	2012	Former President and CEO, Fannie Mae (2009-2012)	ü	C

* C = Chair AC = Audit Committee CC = Compensation Committee NGC = Nominating and Corporate Governance Committee TDC = Technology and Data Committee

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Strong corporate governance is an integral part of our core values and practices.

Our Board is comprised of highly-qualified individuals who are committed to our Company and bring a diversity of experiences and perspectives to Board deliberations.

To promote the long-term interests of shareholders, we consistently seek ways we can strengthen our Board and our corporate governance practices, including the following actions taken since the beginning of 2018:

Appointment of Independent Chairman of the Board

Adoption of Proxy Access Bylaw

Increased requirements under Stock Ownership Guidelines for the Board and CEO

Appointment of 2 new directors pursuant to our commitment to ongoing Board refreshment

Formation of the Technology and Data Committee of the Board to support Realogy's strategic direction

Initiation of formal Board investor outreach program

2018 Board emphasis on strategy, executive talent management and return of value to stockholders

The Board continues to follow many other best practices in corporate governance, including those incorporated following stockholder feedback:

Majority independent directors (9 of 10 directors, or 90% of the Board)	All Board Committees comprised solely of independent Directors
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Annual two-day meeting focused exclusively on strategy	Independent Directors meet regularly in Executive Session
--	---

All Directors in 2018 attended >75% of applicable meetings	Annual election of Directors
--	------------------------------

Majority voting for Directors and Director Resignation Policy	Mandatory annual performance evaluation of Board
---	--

Annual "say-on-pay" vote	"Pay for Performance" executive compensation philosophy
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EXECUTIVE COMPENSATION HIGHLIGHTS

Emphasis on At-Risk and Performance-Based Compensation

90% of 2018 CEO Target Direct Compensation* is "At-Risk" and 60% is tied to Performance Metrics

At-Risk Compensation Element	Why We Pay It	CEO Target Direct Compensation (%)	Performance-Based
Equity (Long-Term Incentive)		Total: 75%	
ü Performance-Based PSUs	Long-term value creation	45%	ü
ü Time-Based Options & RSUs	Align with stockholder interests	30%	
Cash (Short-Term Incentive)		Total: 25%	
ü Annual Cash Incentive	Drive short-term performance	15%	ü
Base Salary	Attract and retain talent	10%	

* Target Direct Compensation includes base salary, annual cash incentive at target and the grant date fair value of long-term incentives (equity)

including, performance share units (PSUs)—at target, options, and restricted stock units (RSUs).

Performance Metrics Align with Business Strategy

Annual Cash Incentive Metric	Three-Year Performance-Based PSU Metrics	Cumulative Free Cash Flow
Consolidated Plan EBITDA	Relative Total Stockholder Return	Cash Flow
The success of Realogy's business strategy is directly linked to Consolidated Operating EBITDA growth, which measures bottom-line growth and serves as our key metric for evaluating overall performance of our operating business	Focuses on Realogy stockholder returns relative to an index selected by the Compensation Committee—with outperformance against the index resulting in payouts above target and underperformance resulting in no payout, or payouts below target	Free cash flow is leveraged to advance key Realogy strategic imperatives

Below Target (or No) Payouts

Demonstrate that the Performance Metrics are Working as Designed

Achievement against Performance Goals for

Compensation Periods ended December 31, 2018

Consolidated Plan EBITDA (Annual Cash Incentive - 2018)	Relative Total Stockholder Return (PSUs - 2016 to 2018 Cycle)	Cumulative Free Cash Flow (PSUs - 2016 to 2018 Cycle)
Achievement: \$654 Million	Achievement: Below threshold (i.e., below -18.6% against index)	Achievement: \$1.476 Billion
Target Goal: \$740 Million	Target Goal: +2/-2% of Index†	Target Goal: \$1.765 Billion
Funding Achievement: 44%	Payout Achievement: 0%	Payout Achievement: 55%
	NEO Realized Value*: 0%	NEO Realized Value*: 25%
See page 45 for full summary	See page 55 for full summary	See page 55 for full summary

† Target payout for awards below index performance was eliminated commencing with Performance Share Units (PSUs) granted in 2017.

* Aggregate realized value compares grant date fair value at target to the value of the earned awards based on our stock price on 12.31.2018.

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When Stockholders Experience Gains or Losses,
Compensation Follows the Same Trajectory

Our rigorous performance-based program is designed so that CEO and executive officer realizable target direct compensation declines during periods of stockholder loss.

As illustrated in the following graphs, realizable compensation losses by our CEO and other named executive officers were aligned with those experienced by our stockholders.