



March 4, 2011

Dear **Coldwell Banker®** Broker/Owners,

Earlier today, our parent company, Realogy, issued its Full Year 2010 financial and operating results and filed its annual report on Form 10-K with the Securities and Exchange Commission.

In spite of another difficult year in housing and the economy, Realogy was able to achieve increases in revenue and operating income as it remained highly focused on executing its strategic growth initiatives. In addition, the successful completion of a series of refinancing transactions during the first two months of 2011 has resulted in a significant improvement in the Company's capital structure and debt maturity profile.

What follows is a brief summary of Realogy's financial report and operational highlights for 2010:

- **Net revenue grew to \$4.1 billion.** This is a year-over-year increase of 4%, or \$158 million, from 2009. The growth is attributed to an increase in the average sales price of homes sold by franchisees and company-owned real estate offices as well as the impact of Cartus' acquisition of Primacy Relocation in January 2010.
- **Operating income increased to \$534 million.** Operating income is EBITDA before restructuring and other items, which excludes restructuring costs, merger costs and former parent legacy items. Realogy's operating income in 2010 reflects a year-over-year increase of 25%, or \$107 million. This strong growth was due to the revenue increases detailed above and the Company's reduced cost structure.
 - *EBITDA stands for Earnings Before Interest, Taxes, Depreciation and Amortization. The reason Realogy reports EBITDA before restructuring and other items is to provide greater transparency to its investors, and in particular, an apples-to-apples comparison of the performance of its ongoing business operations relative to that of prior periods.*
- **Net loss of \$99 million.** This figure takes into account interest expense of \$604 million incurred due to the Company's debt and \$197 million of depreciation and amortization for full year 2010.
- **Realogy continues to have strong liquidity.** The Company ended the year with \$166 million of readily available cash on December 31st and no borrowings under its revolving credit facility.
- **Realogy remains in compliance with its maintenance covenant, and the refinancing transactions completed in the first quarter of 2011 have resulted in improved financial flexibility for the Company in the future.** Based on its trailing 12-month Adjusted EBITDA, Realogy's senior secured leverage ratio was 4.59 to 1 as of Dec. 31, 2010, which is below the 5.0 to 1 maximum ratio required to be in compliance with its Credit Agreement. After giving effect to the

refinancing transactions completed in the first two months of 2011, however, the senior secured leverage ratio would have improved to 3.51 to 1 as of December 31, 2010, a substantial improvement.

Realogy was pleased with the successful completion of its refinancing transactions in January and February 2011, which achieved a number of benefits for the Company:

- First, Realogy extended the maturities on the majority of its secured and unsecured debt by at least three years. As a result, the due dates for the bulk of its debt have been extended to 2016 or later.
- Next, the Company raised \$700 million in a senior secured bond offering and the maturity date of these bonds is not until 2019. Most importantly, Realogy used the proceeds from these new bonds to immediately prepay a like amount of its term loans under its senior secured credit agreement.
- The new senior secured bonds are not included in the calculation of senior secured net debt for compliance with its senior secured leverage ratio maintenance covenant under the Company's senior secured credit agreement. Accordingly, the prepayment of \$700 million of term loans enabled Realogy to increase its operating cushion under the leverage ratio.
- Lastly, the Realogy completed a debt exchange that turned \$2.1 billion of unsecured notes into an equivalent amount of convertible notes, which are bonds that are convertible into equity of its parent company. As a result, this represents a potential future reduction of a substantial portion of its outstanding debt if and when such convertible notes are converted.

Now as we look at the market today, there remains substantial uncertainty with respect to the timing and scope of a housing recovery. The industry projections for the first half of 2011 do not compare favorably to 2010, which was bolstered by the federal homebuyer tax credit, but we remain encouraged by the anticipated return to a more normal market cycle in the second half of 2011.

It remains to be seen whether the housing market and the economy in general will enter a sustainable recovery this year. That said, it will eventually do so, and we will be well prepared to help our franchisees fully capitalize on the upside of the inevitable recovery. We thank you for your affiliation with Coldwell Banker and we look forward to seeing you at our upcoming Generation Blue Experience from March 14 - 17, in Las Vegas!

Sincerely,

Jim Gillespie
Chief Executive Officer
Coldwell Banker Real Estate

Budge Huskey
President and COO
Coldwell Banker Real Estate

Note: A copy of today's Realogy press release and the Company's quarterly report on Form 10-K with the Securities and Exchange Commission are available in the [investor information section](#) of the Realogy.com site.