Harbor BioSciences, Inc.
Form PRER14A
August 31, 2011
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨
Check the appropriate box:

x 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

Harbor BioSciences, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box)

x 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:

2. Aggregate number of securities to which transaction applies:

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):

4. Proposed maximum aggregate value of transaction:

5. Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

Table of Contents

Preliminary Copy: Subject to Completion.

This information is dated August , 2011.

HARBOR BIOSCIENCES, INC.

9191 Towne Centre Drive, Suite 409

San Diego, California 92122

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON [ ], 2011

TO THE STOCKHOLDERS OF HARBOR BIOSCIENCES, INC.:

You are cordially invited to attend the Annual Meeting of Stockholders (the Annual Meeting) of Harbor BioSciences, Inc., a Delaware corporation (the Company, we, us, or our), which will be held at the offices of Covington & Burling LLP, The New York Times Building, 620 Eighth Avenue, New York, New York 10018 on [ ], 2011 at 10:00 a.m. Eastern time for the following purposes:

1. To consider and vote upon a proposal to approve an amendment to our Amended and Restated Certificate of Incorporation, as amended (the Restated Certificate), in order to add restrictions on the transfer of our common stock, par value $0.01 per share (the Common Stock), to preserve our net operating losses for federal tax purposes.

2. To consider and vote upon an amendment to the Restated Certificate to eliminate the Board of Directors (the Board) classification provisions, pursuant to which our Board is divided into three separate classes, with each class having a three-year term, and to instead provide for a single class of directors, each elected to hold office until the next annual meeting of stockholders.

3. To consider and vote upon an amendment to the Restated Certificate to eliminate the provision that prevents stockholders from acting by written consent.

4. To consider and vote upon an amendment to the Restated Certificate to eliminate the restrictions on our stockholders ability to remove directors without cause.

5. To consider and vote upon an amendment to the Restated Certificate to permit our stockholders to fill vacancies on our Board.

6. To consider and vote upon an amendment to the Restated Certificate to permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares.

7. To consider and vote upon an amendment to the Restated Certificate to eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders.

8. To consider and vote upon an amendment to the Restated Certificate to eliminate the provision that requires the vote of two-thirds of the then-outstanding shares of voting stock to modify certain provisions of the Restated Certificate.

9. To consider and vote upon an amendment to the Restated Certificate to authorize a 1-for-1,000 reverse stock split of the Common Stock (the Reverse Stock Split), as further described in the accompanying proxy statement.

10. To consider and vote upon an amendment to the Restated Certificate to authorize a 1,000-for-1 forward stock split of the Common Stock (the inverse ratio of the Reverse Stock Split) immediately following the Reverse Stock Split of the Common Stock (the Forward Stock Split), as further described in the accompanying proxy statement.

11. To elect three directors to serve as directors until the 2014 annual meeting of stockholders, or the 2012 annual meeting of stockholders in the event that the Company s stockholders approve the removal of the Board classification provisions from the Restated Certificate as contemplated by Proposal No. 2, or until their successors are duly elected and qualified.

Table of Contents

12. To approve anti-dilution protections afforded to the Common Stock Purchase Warrants (the Warrants) issued in our June 2010 registered direct offering of Common Stock and Warrants.

13. To ratify the selection by the audit committee of the Board of BDO Seidman, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

14. To consider and vote upon a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to approve any of the foregoing proposals.

In addition, the Annual Meeting is being held to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this Notice. We are not currently aware of any other matters that will come before the Annual Meeting.

The Board recommends that you vote FOR each of the proposals to be considered at the Annual Meeting.

Our Board has fixed the close of business on [ ], 2011, as the record date for the determination of Company stockholders entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on , 2011:

This Notice, along with the accompanying proxy statement, the enclosed proxy card, and our Annual Report on Form 10-K for the fiscal year ended December 31, 2010, is available on the Internet at ***www.****harborbiosciences.com*. Information included on our website, other than the proxy materials specifically referred to above, is not part of our proxy soliciting materials.

Your vote is important. Please take this opportunity to participate in our corporate affairs by voting on the important proposals being considered at the Annual Meeting. All of our stockholders are cordially invited to attend the Annual Meeting. Whether or not you expect to attend the Annual Meeting, please vote your shares as soon as possible in order to ensure your representation at the Annual Meeting and to minimize the cost of proxy solicitation. You may vote by mail by completing the attached proxy card and returning it, or you may vote over the Internet or by telephone by following the voting instructions provided in the accompanying proxy statement and the enclosed proxy card. Even if you have previously given your proxy, you may still attend the Annual Meeting and vote your shares in person for the matters to be acted upon at the Annual Meeting. Please note, however, that if your shares are held of record by a broker, bank, dealer or other nominee and you wish to vote at the Annual Meeting, you must obtain from the holder of record a proxy issued in your name.

By Order of the Board of Directors

SALVATORE J. ZIZZA
Chairman of the Board

San Diego, California

[ ], 2011

Table of Contents

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE SEC) NOR ANY STATE SECURITIES COMMISSION OR AUTHORITY HAS APPROVED OR DISAPPROVED OF THE REVERSE STOCK SPLIT, THE FORWARD STOCK SPLIT OR THE OTHER TRANSACTIONS CONTEMPLATED BY THE ACCOMPANYING PROXY STATEMENT OR DETERMINED IF THE PROXY STATEMENT IS TRUTHFUL OR COMPLETE. THE SEC HAS NOT PASSED UPON THE FAIRNESS OR MERITS OF THE REVERSE STOCK SPLIT, THE FORWARD STOCK SPLIT OR THE OTHER TRANSACTIONS CONTEMPLATED BY THE ACCOMPANYING PROXY STATEMENT NOR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THE PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

ANNEXES

Table of Contents

Preliminary Copy: Subject to Completion.

This information is dated August , 2011.

HARBOR BIOSCIENCES, INC.

9191 Towne Centre Drive, Suite 409

San Diego, California 92122

PROXY STATEMENT

FOR THE 2011 ANNUAL MEETING OF STOCKHOLDERS

[ ], 2011

GENERAL INFORMATION

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors (the Board) of Harbor BioSciences, Inc., a Delaware corporation (the Company, we, us, or our), for use at the Annual Meeting of Stockholders of the Company (the Annual Meeting), which will be held at the offices of Covington & Burling LLP, The New York Times Building, 620 Eighth Avenue, New York, New York 10018 on [ ], 2011 at 10:00 a.m. Eastern time, and any adjournments or postponements of the Annual Meeting, for the purposes set forth on the attached Notice of Annual Meeting of Stockholders and in this proxy statement.

This proxy statement and the accompanying proxy card were first made available to our stockholders on or about [ ], 2011.

This proxy statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. Our stockholders are encouraged to carefully read this proxy statement and each of the documents referred to herein before voting.

Proposals to be Voted on at the Annual Meeting

The Annual Meeting is being held for the following purposes:

1. To consider and vote upon a proposal to approve an amendment to our Amended and Restated Certificate of Incorporation, as amended (the Restated Certificate), in order to add restrictions on the transfer of our common stock, par value $0.01 per share (the Common Stock), to protect our net operating losses for federal tax purposes by prohibiting and declaring void any proposed transfer of securities that would result in any stockholder becoming a five percent shareholder as such term is defined in Section 382 of the Internal Revenue Code, as amended (the NOL Provision).

2. To consider and vote upon an amendment to the Restated Certificate to eliminate the Board classification provisions, pursuant to which our Board is divided into three separate classes, with each class having a three-year term, and to instead provide for a single class of directors, each elected to hold office until the next annual meeting of stockholders.

3. To consider and vote upon an amendment to the Restated Certificate to eliminate the provision that prevents stockholders from acting by written consent.

4. To consider and vote upon an amendment to the Restated Certificate to eliminate the restrictions on our stockholders ability to remove directors without cause.

5. To consider and vote upon an amendment to the Restated Certificate to permit our stockholders to fill vacancies on our Board.

Table of Contents

6. To consider and vote upon an amendment to the Restated Certificate to permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares.

7. To consider and vote upon an amendment to the Restated Certificate to eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders.

8. To consider and vote upon an amendment to the Restated Certificate to eliminate the provision that requires the vote of two-thirds of the then-outstanding shares of voting stock of the Company to modify certain provisions of the Restated Certificate.

Each of Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8, if adopted at the Annual Meeting, will result in amendments to the Restated Certificate. Attached as Annex A to this proxy statement is a proposed Second Amended and Restated Certificate of Incorporation of the Company (the New Certificate), which incorporates the various changes that would be implemented if Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8 are adopted at the Annual Meeting and also consolidates the changes made as a result of several prior amendments to the Restated Certificate.

9. To consider and vote upon an amendment to the Restated Certificate to authorize a 1-for-1,000 reverse stock split of the Common Stock (the Reverse Stock Split), as further described in the accompanying proxy statement. Pursuant to the Reverse Stock Split, (i) each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders of record holding fewer than 1,000 shares will be converted into the right to receive an amount in cash based on the average closing price per share of Common Stock for the ten trading days immediately prior to the effective date of the Reverse Stock Split (subject to any applicable U.S. federal, state and local withholding tax), without interest (the Cash Out Amount), per pre-split share, and (ii) each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders of record (as identified in our records of security holders) holding 1,000 or more shares or by beneficial owners holding in street name (through a bank, broker, dealer or other nominee), regardless of the number of shares so held, will be converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any. The maximum number of shares that may be cashed out by any individual stockholder is 999 shares. Therefore, if the Reverse Stock Split had occurred on August 15, 2011, the maximum amount of money that may be payable to any stockholder as a result of the Reverse Stock Split would have been approximately $173.83, based on the average closing price per share of Common Stock for the ten trading days immediately prior that date of $0.174. If implemented, the Reverse Stock Split would reduce the risk that the Company will be required to file periodic reports with the Securities and Exchange Commission (the SEC) under the Securities Exchange Act of 1934, as amended (the Exchange Act), in the future and thereby potentially allow the Company to avoid the significant expenses associated with complying with SEC reporting obligations. We are also seeking to have our stockholders authorize the Reverse Stock Split and the Forward Stock Split because we may be required to effect them in order to comply with certain contractual obligations that we have to our largest investor as further described in this proxy statement.

A copy of the proposed amendment to the Restated Certificate that would be used to effect the Reverse Stock Split is attached as Annex B to this proxy statement.

10. To consider and vote upon an amendment to the Restated Certificate to authorize a 1,000-for-1 forward stock split of the Common Stock (the inverse ratio of the Reverse Stock Split) immediately following the Reverse Stock Split of the Common Stock (the Forward Stock Split), the effect of which will be that each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders that was not cashed out pursuant to the Reverse Stock Split will once again represent one share of Common Stock.

A copy of the proposed amendment to the Restated Certificate that would be used to effect the Forward Stock Split is attached as Annex C to this proxy statement.

Table of Contents

Although Proposal No. 9 and Proposal No. 10 are being voted on separately, our Board will not effect either the Forward Stock Split or the Reverse Stock Split unless our stockholders authorize both the Forward Stock Split and the Reverse Stock Split at the Annual Meeting.

11. To elect three directors to serve as directors until the 2014 annual meeting of stockholders, or the 2012 annual meeting of stockholders in the event that the Company s stockholders approve the removal of the Board classification provisions from the Restated Certificate as contemplated by Proposal No. 2, or until their successors are duly elected and qualified.

12. To approve anti-dilution protections afforded to the Common Stock Purchase Warrants (the Warrants) issued in our June 2010 registered direct offering of Common Stock and Warrants.

13. To ratify the selection by the audit committee of the Board of BDO Seidman, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011.

14. To consider and vote upon a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to approve any of the foregoing proposals. In the event that a sufficient number of votes have been cast to approve some of the proposals (including Proposal No. 14), but not all of the proposals, the Company will deem those proposals approved and may implement the proposals so approved and may adjourn the Annual Meeting to continue to solicit votes for only those proposals that require more votes for approval.

In addition, the Annual Meeting is being held to transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof. We are not currently aware of any other matters that will come before the Annual Meeting.

Special Consideration of Certain Proposals

Governance Amendments

While the Annual Meeting is being called so that our stockholders may consider and vote upon several important matters, certain of these matters are particularly important to our stockholders and require special consideration. Among the most significant matters that we are asking our stockholders to consider are the adoption of the NOL Provision (Proposal No. 1) and certain other amendments to the Restated Certificate that will eliminate the Board classification provisions (Proposal No. 2), eliminate the provision that prevents stockholders from acting by written consent (Proposal No. 3), eliminate the restrictions on our stockholders ability to remove directors without cause (Proposal No. 4), permit our stockholders to fill vacancies on our Board (Proposal No. 5), permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares (Proposal No. 6), eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders (Proposal No. 7) and eliminate the provision that requires the vote of two-thirds of the then outstanding shares of voting stock to modify certain provisions of the Restated Certificate (Proposal No. 8). Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8 are collectively referred to herein as the Governance Amendments.

We believe that the Governance Amendments are of particular importance to you as Proposal No. 1 will limit the ability of certain stockholders to sell shares of Common Stock, while Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8 will change the governance provisions applicable to the Company and significantly increase the influence that the Company s stockholders will have over our Board because, following the adoption of the Governance Amendments, each director will have to stand for election annually, our stockholders will not be prevented from acting by written consent, our stockholders will be able to remove directors without cause, our stockholders will be able to fill vacancies on our Board, a super-majority of the votes entitled to be cast will no longer be required to amend our Amended and Restated Bylaws, our stockholders will not be prevented from requesting special stockholder meetings and a super-majority of the votes entitled to be cast will no longer be required to change certain provisions of the Restated Certificate.

Table of Contents

Reverse Stock Split and Forward Stock Split

In addition, we are asking our stockholders to consider the adoption of amendments to the Restated Certificate to authorize the Reverse Stock Split and the Forward Stock Split. These proposals require our stockholders to consider and vote upon the adoption of two separate amendments to the Restated Certificate. The first such amendment would authorize a 1-for-1,000 reverse stock split of our Common Stock (Proposal No. 9). The second such amendment would authorize a 1,000-for-1 forward stock split of our Common Stock (the inverse ratio of the Reverse Stock Split) immediately following the Reverse Stock Split (Proposal No. 10). Although both the Reverse Stock Split and the Forward Stock Split will be voted on separately, our Board will not effect either the Forward Stock Split or the Reverse Stock Split unless our stockholders authorize both the Forward Stock Split and the Reverse Stock Split. The Forward Stock Split and the Reverse Stock Split are collectively referred to herein as the Stock Splits.

We believe that the Reverse Stock Split and the Forward Stock Split are of particular importance to you as their outcome may affect whether you will continue to be a stockholder of the Company following the Annual Meeting. To the extent you will no longer be a stockholder following the Annual Meeting, these proposals will determine the amount of cash you will receive for your fractional share. To the extent you continue to be a stockholder following the Annual Meeting, these proposals will, if adopted and implemented, reduce the number of our holders of record and thereby reduce the risk that the Company will be required to file periodic reports with the SEC under the Exchange Act in the future, which would allow the Company to continue to avoid the significant expenses associated with complying with SEC reporting obligations and the Sarbanes-Oxley Act.

Board Recommendation

It is important that our stockholders carefully review, consider and vote upon of the aforementioned proposals. Our Board recommends that our stockholders vote FOR each of the proposals to be considered at the Annual Meeting, including the proposal to approve the NOL Provisions (Proposal No. 1), the proposal to approve an amendment to the Restated Certificate to eliminate the Board classification provisions (Proposal No. 2), the proposal to approve an amendment to the Restated Certificate to eliminate the provision that prevents stockholders from acting by written consent (Proposal No. 3), the proposal to approve an amendment to the Restated Certificate to eliminate the restrictions on our stockholders ability to remove directors without cause (Proposal No. 4), the proposal to approve an amendment to the Restated Certificate to permit our stockholders to fill vacancies on our Board (Proposal No. 5), the proposal to approve an amendment to the Restated Certificate to permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares (Proposal No. 6), the proposal to approve an amendment to the Restated Certificate to eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders (Proposal No. 7), the proposal to approve an amendment to the Restated Certificate to eliminate the provision that requires the vote of two-thirds of the then outstanding shares of voting stock to modify certain provisions of the Restated Certificate (Proposal No. 8), the amendment to the Restated Certificate to authorize the Reverse Stock Split (Proposal No. 9), and the proposal to approve an amendment to the Restated Certificate to authorize the Forward Stock Split (Proposal No. 10).

Purpose of the Stock Splits

The main purpose of the Stock Splits is to give us the flexibility to reduce the number of the Company s record stockholders, or holders of record, to help ensure that we continue to have fewer than 300 holders of record, and thereby minimize the likelihood that we will be required to file periodic reports with the SEC under the Exchange Act in the future. Our Board has determined that the costs and other disadvantages associated with being an SEC-reporting company outweigh the advantages to the Company of being an SEC-reporting company. The cost of filing periodic reports with the SEC has become prohibitively expensive for us and we believe that it is in the best interests of the Company and our stockholders to take action to immediately suspend our obligation to file such reports. Our Board believes that the Stock Splits constitute the most expeditious, efficient and cost effective method for the Company to ensure that it will be able to continue to refrain from filing reports with the SEC under the Exchange Act once it has suspended this obligation.

Table of Contents

As determined in accordance with applicable SEC rules, our holders of record consist of our stockholders of record (as identified in our records of security holders) and the various banks, brokers, dealers and other nominees holding shares in street name accounts with Cede & Co. on behalf of beneficial owners (but not the beneficial owners themselves).

On August 15, 2011 we filed a Form 15 with the SEC certifying that there were fewer than 300 holders of record of the Common Stock and terminating the registration of the Common Stock under the Exchange Act, which is the first step in suspending our obligation to file periodic reports with the SEC. While our duty to file periodic reports with the SEC was not suspended immediately due to our existing registration statements filed under the Securities Act of 1933, as amended (the Securities Act), we have filed a no-action letter with the SEC to seek relief from our obligation to file such reports for the remainder of the fiscal year (including the Annual Report on Form 10-K for the fiscal year ended December 31, 2011 (the Annual Report)). In the event that the SEC grants the relief we are requesting (and we take certain additional actions as required by SEC rules), we would no longer be required by the Exchange Act to file periodic reports with respect to the fiscal year ending December 31, 2011 or thereafter. In the event that the SEC does not grant the relief we are requesting, we would be required by the Exchange Act to continue to file periodic reports with the SEC with respect to the fiscal year ended December 31, 2011 (including the Annual Report), but would then take certain actions required by SEC rules to ensure that we are not required by the Exchange Act to file periodic reports with the SEC with respect to the fiscal year ending December 31, 2012 or thereafter.

Once we have taken the appropriate steps to suspend our obligation under the Exchange Act to file periodic reports with the SEC, applicable SEC rules require that we continue to assess, as of the first day of each fiscal year, the number of our holders of record. We are seeking the approval of the Stock Splits by our stockholders in order to allow our Board to effect the Stock Splits in the event that it determines that it is necessary to further reduce the number of our holders of record so that it becomes even less likely that the number of holders of record will exceed 300 at any point in the future.

We are also seeking to have our stockholders authorize the Stock Splits because we may be required to effect the Stock Splits in order to comply with certain contractual obligations that we have to our largest investor as further described in this proxy statement.

Important Information Regarding Holders of Record and Beneficial Owners

Only shares of Common Stock held by those stockholders of record, or holders of record, identified in our records of security holders as holding less than 1,000 shares of Common Stock will be exchanged for cash in the Stock Splits. If you hold your shares in street name (through a bank, broker, dealer or other nominee), you are not considered to be the holder of record of those shares. Instead, you are the beneficial owner of those shares and your nominee is the holder of record. If your nominee is identified in our records of security holders as the holder of record of less than 1,000 shares of Common Stock in the aggregate, those shares will be exchanged for cash in the Stock Splits. However, your nominee may or may not be identified in our records of security holders as holding your shares. In most cases, your nominee will hold your shares in a street name account with Cede & Co. and Cede & Co. is listed on our records of security holders as holding those shares, in which case your shares will not be affected by the Stock Splits. The Stock Splits will not affect shares of Common Stock held in street name accounts with Cede & Co. regardless of the number of shares held by any beneficial owner. Each share of Common Stock held in accounts with Cede & Co. will continue to represent one share of Common Stock after completion of the Stock Splits. If you believe you may hold shares of Common Stock in street name, you should contact your nominee to determine how your shares are held and whether they will be affected by the Stock Splits.

We elected to structure the Stock Splits so that it would only affect those holders of record identified in our records of security holders to allow holders of record and beneficial owners some flexibility with respect to whether they will continue to hold shares of Common Stock after the Stock Splits and to reduce the cost of the

Table of Contents

Stock Splits to the Company. If you hold fewer than 1,000 shares of Common Stock in street name through a nominee holding shares in an account with Cede & Co. and prefer to have your shares exchanged for cash in the Stock Splits, you must instruct your nominee to transfer, prior to the effective time of the Reverse Stock Split, your shares into a record account in your name in a timely manner so that you will be considered the holder of record immediately prior to the Reverse Stock Split. If you hold fewer than 1,000 shares of Common Stock in your own name as a holder of record or in street name through a nominee not holding shares in an account with Cede & Co., and do not want to have your shares exchanged for cash in the Stock Splits, you may, prior to the effective time of the Reverse Stock Split, acquire sufficient additional shares so that you are the holder of record in your or such nominee s name a minimum of 1,000 shares or transfer your shares to a street name account with Cede & Co. If you are unable to transfer your shares to a street name account with Cede & Co., your shares will be cashed out and you will no longer remain a stockholder after the effective time of the Reverse Stock Split.

Table of Contents

SUMMARY OF THE STOCK SPLITS

As discussed above, we believe that the proposals relating to the Stock Splits (Proposal No. 9 and Proposal No. 10) are important to you as a stockholder because their outcome will affect whether you will continue to be a stockholder of the Company following the Annual Meeting and the consideration you will receive for your shares to the extent that you will not be a stockholder following the Annual Meeting. Accordingly, we are providing you with following summary of the Stock Splits to help you understand the terms, purpose and effect of the Stock Splits. This summary, together with the following Questions and Answers section, highlights certain information about the proposed Stock Splits, but may not contain all of the information that is important to you. For a more complete description of the Stock Splits, as well as the other proposals to be considered and voted upon at the Annual Meeting, we urge you to carefully read this proxy statement and each of the documents referred to herein before you vote.

Our Board has authorized the adoption, subject to the approval of our stockholders at the Annual Meeting, of an amendment to the Restated Certificate, if approved at the Annual Meeting to authorize a 1-for-1,000 reverse stock split of the Common Stock. Pursuant to the Reverse Stock Split, (i) each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders of record holding fewer than 1,000 shares will be converted into the right to receive the Cash Out Amount per pre-split share, and (ii) each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders of record (as identified in our records of security holders) holding 1,000 or more shares or by beneficial owners holding in street name (through a bank, broker, dealer or other nominee), regardless of the number of shares so held, will be converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any.

Our Board has further authorized the adoption, subject to the approval of our stockholders at the Annual Meeting, of an amendment to the Restated Certificate, if approved at the Annual Meeting, to authorize a 1,000-for-1 forward stock split (the inverse ratio of the Reverse Stock Split) of the Common Stock immediately following the Reverse Stock Split. Although both the Reverse Stock Split and the Forward Stock Split will be voted on separately, we will not effect either the Reverse Stock Split or the Forward Stock Split unless both of these proposals are approved by our stockholders.

The Reverse Stock Split and Forward Stock Split are each intended to take effect, subject to stockholder approval and the subsequent decision by our Board to effect the Stock Splits, on the date the Company files the amendments to the Restated Certificate that would effect the Reverse Stock Split and the Forward Stock Split with the Secretary of State of the State of Delaware, or on any later date that the Company may specify in such amendments, the forms of which are attached hereto as Annex B and Annex C, respectively.

See SPECIAL FACTORS - Overview of the Reverse Stock Split and the Forward Stock Split below.

If you are a holder of record identified in our records of security holders (those stockholders holding shares in their own names) and hold fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split, you will receive the Cash Out Amount for each pre-split share that you own. The maximum number of shares that may be cashed out by any individual stockholder is 999 shares. Therefore, if the Reverse Stock Split had occurred on August 15, 2011, the maximum amount of money that may be payable to any stockholder as a result of the Reverse Stock Split would have been approximately $173.83, based on the average closing price per share of Common Stock for the ten trading days immediately prior that date of $0.174. If you are a holder of record identified in our records of security holders and hold 1,000 or more shares of Common Stock immediately prior to the effective time of the Reverse Stock Split, you will not receive any cash payment for your shares in connection with the Reverse Stock Split and will instead receive 1/1,000 of a share of Common Stock for each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split.

Table of Contents

Beneficial owners holding shares in street name through a bank, broker, dealer or other nominee which holds on an aggregated basis fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split and does not hold such shares in an account with Cede & Co. will be converted into the right to receive the Cash Out Amount for each pre-split share that you beneficially own. Beneficial owners holding shares in street name through a nominee which holds on an aggregated basis 1,000 shares or more of Common Stock immediately prior to the effective time of the Reverse Stock Split will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any. Beneficial owners holding shares in street name through a nominee in an account with Cede & Co., regardless of the number of shares held immediately prior to the effective time of the Reverse Stock Split, will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any.

The net result of the Reverse Stock Split and the Forward Stock Split will be that each share of Common Stock outstanding immediately prior to the effective time of the Reverse Stock Split which is not cashed out in the Reverse Stock Split will continue to represent one share of Common Stock after completion of the Forward Stock Split.

The Stock Splits will not have any affect on the number of outstanding shares of our Series A Preferred Stock (the Preferred Shares), nor will it have any affect on the voting rights associated with the Preferred Shares, although the economic interest in the Company represented by the Preferred Shares will increase slightly from approximately 28.30% to approximately 28.32%, due to the decrease in the number of shares of Common Stock that will result from the Reverse Stock Split.

See SPECIAL FACTORS - Effects of the Stock Splits below.

Our Board based the Cash Out Amount to be received by the Company s stockholders who are cashed out in the Reverse Stock Split on the average closing price per share of Common Stock for the ten trading days immediately prior to the effective date of the Reverse Stock Split as it determined that calculating the Cash Out Amount on actual market prices was a reasonable basis on which to determine a fair value for the shares of Common Stock being cashed out in the Reverse Stock Split.

See SPECIAL FACTORS - Determination of Cash Out Amount below.

The principal purpose of the Stock Splits is to reduce the number of our holders of record to help ensure that we continue to have fewer than 300 holders of record, and thereby minimize the likelihood that we will be required to file periodic reports with the SEC under the Exchange Act in the future. Our Board has determined that the costs and other disadvantages associated with being an SEC reporting company outweigh the advantages to the Company from being an SEC reporting company. In particular, the cost of filing periodic reports with the SEC under the Exchange Act has become prohibitively expensive for us and we believe that it is in the best interests of the Company and our stockholders to take action to immediately suspend our obligation to file such reports. Our Board believes that the Stock Splits constitute the most expeditious, efficient and cost effective method for the Company to ensure that it will remain a non-reporting company once it has suspended its obligation to file such reports. We are also seeking to have our stockholders authorize the Stock Splits because we may be required to effect the Forward Stock Split and Reverse Stock Split in order to comply with certain contractual obligations that we have to our largest investor, as further described in this proxy statement.

See SPECIAL FACTORS - Purposes and Advantages of the Stock Splits below.

Approval of the amendment to the Restated Certificate to authorize the Reverse Stock Split (Proposal No. 9) and approval of the amendment to the Restated Certificate to authorize the Forward Stock Split (Proposal No. 10) each require the affirmative vote of a majority of the votes entitled to be cast at the Annual Meeting. Although Proposal No. 9 and Proposal No. 10 are being voted on separately, our

Table of Contents

Board will not effect either the Forward Stock Split or the Reverse Stock Split unless our stockholders authorize both the Forward Stock Split and the Reverse Stock Split at the Annual Meeting.

As of [ ], 2011, the record date for the Annual Meeting (the Record Date), our directors and executive officers collectively held 358,486 shares of Common Stock, representing approximately 1.0% of the votes entitled to be cast at the Annual Meeting, each of whom (other than the three directors who were nominated by the Investor) has indicated that they intend to vote all of their shares of Common Stock FOR each of the proposals to be voted upon at the Annual Meeting.

On July 28, 2011, we sold an aggregate of 2,000,000 Preferred Shares to Amun, LLC, a Delaware limited liability company (the Investor), pursuant to the terms of a Stock Purchase Agreement (the Purchase Agreement). The Preferred Shares represent approximately 28.30% of the economic interest in the Company and also entitle the Investor to a number of votes equal to 38.28% of the total number of votes entitled to be cast by holders of all shares of the Company s capital stock (including the Common Stock and the Preferred Shares) voting together as single class. Under the terms of the Purchase Agreement and other related agreements between the Company and the Investor, the Investor placed $2.825 million in cash into an escrow account, which amount is available under certain circumstances to pay certain Company related expenses and to fund the Company s working capital needs. We refer to this transaction herein as the Preferred Stock Financing.

In connection with the sale and issuance of the Preferred Shares, we agreed to hold the Annual Meeting within thirty days after clearance of this proxy statement by the SEC. We also agreed to include certain proposals in this proxy statement and to recommend the adoption of the proposals to our stockholders. In response to this requirement, the Company has included, and our Board has recommended the adoption of, Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7, Proposal No. 8, Proposal No. 9 and Proposal No. 10.

The Investor has indicated that it intends to vote all of the Preferred Shares FOR each of the proposals to be voted upon at the Annual Meeting, with the exception of the proposal to approve anti-dilution protections afforded to the Warrants issued in our June 2010 registered direct offering of Common Stock and Warrants (Proposal No. 12).

See SPECIAL FACTORS - Recent Preferred Stock Financing below.

Our Board has retained the authority to determine whether and when to file the amendments to the Restated Certificate with the Secretary of State of the State of Delaware to effect the Reverse Stock Split and the Forward Stock Split, notwithstanding the approval by our stockholders of the amendments to the Restated Certificate that authorize Reverse Stock Split and the Forward Stock Split.

In general, each stockholder whose fractional share is repurchased by us in connection with the Stock Splits should recognize gain or loss for federal income tax purposes measured by the difference between the stockholder s basis in the fractional share and the Cash Out Amount received for the fractional share. This gain or loss will be capital gain or loss if the share was held as a capital asset. Alternatively, each stockholder who does not receive cash for a fractional share as a result of the Stock Splits generally will not recognize any gain or loss for federal income tax purposes. **Our stockholders are advised to consult their own tax advisors as to the particular federal, state, local, foreign and other tax consequences resulting from the Reverse Stock Split and Forward Stock Split, in light of their particular circumstances.**

See SPECIAL FACTORS - Material Federal Tax Consequences below.

Under Delaware law, stockholders do not have appraisal rights nor do any similar rights exist under the Restated Certificate or Amended and Restated Bylaws in connection with the Stock Splits.

The total number of fractional shares to be repurchased in connection with the Reverse Stock Split is estimated to be equivalent to approximately 34,000 pre-split shares, which if the Reverse Stock Split had occurred on August 15, 2011 would have cost the

Company approximately $6,000 (based on the

Table of Contents

average closing price per share of Common Stock for the ten trading days immediately prior that date of $0.174). However, this is only an estimate and the exact number of shares that will be repurchased in connection with the Reverse Stock Split and the Cash Out Amount will be determined as of the effective time of the Reverse Stock Split. We intend that payments made to repurchase shares in connection with the Reverse Stock Split will be paid from cash that has been placed into escrow by the Investor in connection with the Preferred Stock Financing described below.

Following the Effective Date, transmittal materials will be sent to those holders of record who are entitled to a cash payment that will describe how to exchange their share certificates and receive the cash payments. Those holders of record entitled to a cash payment should not send their share certificates to the Company or the transfer agent at this time.

The Board recommends that you vote FOR each of the proposals to be voted on at the Annual Meeting.

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND THE STOCK SPLITS

The following questions and answers are intended to briefly address potential questions regarding the Annual Meeting and the Stock Splits. The first set of questions and answers relate to the Annual Meeting, and provide information about the proposals to be voted upon, the recommendations of the Board with respect to each proposal, the quorum requirements for the Annual Meeting, the voting requirements for each proposal, and other general information about the Annual Meeting. The second set of questions relate to the Stock Splits, and provide information about the purpose of the Stock Splits, the effect of the completion of the Stock Splits, and other matters that are particular to the Stock Splits. These questions and answers may not address all of the questions that may be important to you as a stockholder. Please refer to the more detailed information contained elsewhere in this proxy statement and each of the documents referred to herein.

Questions and Answers Relating to the Annual Meeting

What is the purpose of the Annual Meeting?

At the Annual Meeting, stockholders will be asked to consider and vote upon the matters listed in the accompanying Notice of Annual Meeting and any other matters that properly come before the Annual Meeting. While the Annual Meeting is being called so that our stockholders may consider and vote upon several important matters, certain of these matters are particularly important to our stockholders and require special consideration. The most significant matters that we are asking our stockholders to consider are the adoption of the NOL Provision (Proposal No. 1), the adoption of the Governance Amendments (Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7, and Proposal No. 8), the approval of the Reverse Stock Split (Proposal No. 9) and the approval of the Forward Stock Split (Proposal No. 10).

We believe that these proposals are of particular importance to you as Proposal No. 1 will limit the ability of certain stockholders to sell shares of Common Stock, while Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8 will change the governance provisions applicable to the Company and significantly increase the influence that our stockholders will have over our Board because, following the adoption of the Governance Amendments, each director will have to stand for election annually, our stockholders will not be prevented from acting by written consent, our stockholders will be able to remove directors without cause, our stockholders will be able to fill vacancies on our Board, a super-majority of the votes entitled to be cast will no longer be required to amend our Amended and Restated Bylaws, our stockholders will not be prevented from requesting special stockholder meetings and a super-majority of the votes entitled to be cast will no longer be required to change certain provisions of the Restated Certificate. In addition, we believe that Proposal No. 9 and Proposal No. 10 are of particular importance to you as a stockholder because their outcome will affect whether you will continue to be a stockholder of the Company following the Annual Meeting and the amount of cash you will receive for your shares to the extent that you will not be a stockholder following the Annual Meeting. In addition, if these proposals are adopted and implemented, it would reduce the number of our holders or record and thereby reduce the risk that the Company will be required to file periodic reports with the SEC under the Exchange Act in the future, which would allow the Company to avoid the significant expenses associated with complying with SEC reporting obligations and the Sarbanes-Oxley Act.

Where and when is the Annual Meeting?

The Annual Meeting will be held at the offices of Covington & Burling LLP, The New York Times Building, 620 Eighth Avenue, New York, New York 10018 on [ ], 2011 at 10:00 a.m. Eastern time.

Why am I receiving these proxy materials?

This proxy statement and the enclosed proxy card was sent to you because our Board is soliciting your proxy to vote at the Annual Meeting, and any adjournments or postponements thereof. This proxy statement

Table of Contents

contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. You are invited to attend the Annual Meeting in person to vote on the proposals described in this proxy statement. However, you do not need to attend the Annual Meeting to vote your shares. Instead, you may vote your shares using one of the other voting methods described in this proxy statement. Please see How can I vote my shares? below. Whether or not you expect to attend the Annual Meeting, please vote your shares as soon as possible in order to ensure your representation at the Annual Meeting and to minimize the cost of proxy solicitation.

What am I being asked to vote on at the Annual Meeting?

The Annual Meeting is being held for the specific purposes described at the beginning of this proxy statement and on the accompanying Notice of Annual Meeting of Stockholders. Our stockholders are encouraged to carefully read each of the proposals, and the information that we have provided with respect to each of the proposals (including the annexes attached to this proxy statement and the other documents referred to herein), before voting their shares at the Annual Meeting.

How does the Board recommend that I vote on the proposals?

Our Board recommends that you vote FOR each of the proposals to be voted on at the Annual Meeting. Accordingly, our Board recommends that you vote your shares:

1. FOR the adoption of an amendment to the Restated Certificate in order to add restrictions on the transfer of the Common Stock to preserve our net operating losses for federal tax purposes.

2. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the Board classification provisions, pursuant to which our Board is divided into three separate classes, with each class having a three-year term, and to instead provide for a single class of directors, each elected to hold office until the next annual meeting of stockholders.

3. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the provision that prevents stockholders from acting by written consent.

4. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the restrictions on our stockholders ability to remove directors without cause.

5. FOR the adoption of an amendment to the Restated Certificate in order to permit our stockholders to fill vacancies on our Board.

6. FOR the adoption of an amendment to the Restated Certificate in order to permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares.

7. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders.

8. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the provision that requires the vote of two-thirds of the then-outstanding shares of voting stock to modify certain provisions of the Restated Certificate.

9. FOR the adoption of an amendment to the Restated Certificate to authorize the Reverse Stock Split;

10. FOR the adoption of an amendment to the Restated Certificate to authorize the Forward Stock Split;

11. FOR the election of all three director nominees to serve as directors until the 2014 annual meeting of stockholders, or the 2012 annual meeting of stockholders in the event that the Company s stockholders approve the removal of the Board classification provisions from the Restated Certificate, or until their successors are duly elected and qualified;

12. FOR the approval of the anti-dilution protections afforded to the Warrants issued in our June 2010 registered direct offering of Common Stock and Warrants;

Table of Contents

13. FOR the ratification of the selection of BDO Seidman, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and

14. FOR the adoption of a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to approve any of the foregoing proposals.

What vote is required to approve each proposal?

Proposal No. 1: Approval of an amendment to the Restated Certificate in order to add restrictions on the transfer of the Common Stock to preserve our net operating losses for federal tax purposes, requires the affirmative vote of a majority of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal. Please see the question and answer below for a discussion of broker non-votes.

Proposal No. 2: Approval of an amendment to the Restated Certificate in order to eliminate the Board classification provisions such that there will only be a single class of directors requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 3: Approval of an amendment to the Restated Certificate in order to eliminate the provision that prevents stockholders from acting by written consent requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 4: Approval of an amendment to the Restated Certificate in order to eliminate the restrictions on our stockholders ability to remove directors without cause requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 5: Approval of an amendment to the Restated Certificate in order to permit our stockholders to fill vacancies on our Board requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 6: Approval of an amendment to the Restated Certificate in order to permit our Amended and Restated Bylaws to be amended by a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares, requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers

13

Table of Contents

are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 7: Approval of an amendment to the Restated Certificate in order to eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 8: Approval of an amendment to the Restated Certificate in order to eliminate the provision requiring the vote of two-thirds of the outstanding shares of voting stock to modify certain provisions of the Restated Certificate requires the affirmative vote of two-thirds of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 9: Approval of an amendment to the Restated Certificate to authorize a reverse stock split of the issued and outstanding shares of Common Stock requires the affirmative vote of a majority of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 10: Approval of the amendment to the Restated Certificate to authorize a forward stock split of the issued and outstanding shares of Common Stock requires the affirmative vote of a majority of the votes entitled to be cast at the Annual Meeting. Abstentions will have the same effect as a vote against the proposal. Brokers are not permitted to vote on matters that alter the terms or conditions of an existing class of capital stock unless they receive instructions from the beneficial owner. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 11: Directors are elected by a plurality of votes cast, so the three director nominees who receive the most votes will be elected. Abstentions and broker non-votes will not be taken into account in determining the election of directors. Under the rules applicable to brokers, brokers no longer possess discretionary authority to vote shares with respect to the election of directors. Accordingly, broker non-votes will result for this proposal if brokers do not receive instructions from beneficial owners. Broker non-votes will have the same effect as votes against the proposal.

Proposal No. 12: Approval of the anti-dilution protections afforded to the Common Stock Purchase Warrants issued in the Company s shall require the affirmative vote of a majority of the votes cast on the proposal at the Annual Meeting. Abstentions and broker non-votes will not be taken into account in determining whether this proposal has been approved.

Proposal No. 13: Ratification of the appointment of BDO Seidman, LLP as our independent registered public accounting firm will require the affirmative vote of a majority of the shares present or represented by proxy at the Annual Meeting and entitled to vote on the matter. Abstentions will have

14

Table of Contents

the same effect as votes against the proposal. Because the ratification of the independent registered public accounting firm is a matter on which brokers have the discretion to vote, broker non-votes will not result for this item.

Proposal No. 14: Approval of the proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies with respect to certain proposals, requires that the number of votes cast in favor of the proposal at the Annual Meeting must exceed the number of votes cast against the proposal, assuming a quorum is present. Abstentions and broker non-votes will not be taken into account in determining whether this proposal has been approved.

What is a broker non-vote?

Broker non-votes occur when shares held by a bank, broker, dealer or other nominee for a beneficial owner are not voted with respect to a particular proposal because (i) the nominee does not receive voting instructions from the beneficial owner, and (ii) the nominee lacks discretionary authority to vote the shares. Under the rules applicable to brokers and other nominees, such nominees no longer possess discretionary authority to vote shares with respect to the election of directors.

We will treat broker non-votes as follows:

broker non-votes will not be treated as shares present and entitled to vote for purposes of any matter requiring the affirmative vote of a majority (or some other percentage) of the votes entitled to be cast (even though the same shares may be considered present for quorum purposes and may be entitled to vote on other matters). Thus, a broker non-vote will not affect the outcome of the voting on a proposal the passage of which requires the affirmative vote of a plurality (or a majority or some other percentage) of (i) the votes cast, or (ii) the voting power present and entitled to vote on that proposal; and

broker non-votes will have the same effect as a vote against a proposal the passage of which requires an affirmative vote of the holders of a majority (or two-thirds in the case of Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8) of the votes entitled to be cast on such proposal.

Who can vote at the Annual Meeting?

Only stockholders of record at the close of business on [ ], 2011, the Record Date, will be entitled to vote at the Annual Meeting. On the Record Date, there were 35,465,838 shares of Common Stock outstanding and entitled to vote and 2,000,000 Preferred Shares outstanding and entitled to vote.

Holder of Record: Shares Registered in a Stockholder s Name

If, on the Record Date, your shares were registered directly in your name with our transfer agent, American Stock Transfer & Trust Company, then you are a holder of record. As a holder of record, you may vote in person at the Annual Meeting or vote by proxy. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares using one of the voting methods described in this proxy statement and the accompanying proxy card.

Beneficial Owner: Shares Registered in the Name of a Bank, Broker, Dealer or Other Nominee

If, on the Record Date, your shares were held in an account at a bank, broker, dealer, or other nominee, then you are the beneficial owner of shares held in street name and these proxy materials are being forwarded to you by that nominee. The nominee holding your account is considered the holder of record for purposes of voting at the Annual Meeting. As a beneficial owner, you have the right to direct your nominee on how to vote the shares in your account. You are also invited to attend the Annual Meeting. However, since you are not the holder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a valid proxy from your nominee. Please contact your nominee directly for additional information.

Table of Contents

How many shares were outstanding on the Record Date?

At the close of business on [ ], 2011, the Record Date, there were 35,524,838 shares of Common Stock outstanding and 2,000,000 Preferred Shares outstanding. At the Annual Meeting, each of the outstanding shares of Common Stock will be entitled to one vote and the Preferred Shares will be entitled to cast a number of votes equal to 38.28% of the total number of votes entitled to be cast by holders of all shares of our capital stock (including Common Stock and Preferred Shares) voting as a single class.

What is the quorum requirement for the Annual Meeting?

A quorum of stockholders is necessary to hold a valid Annual Meeting. A quorum will be present if stockholders holding at least a majority of the outstanding voting power of our capital stock is present at the Annual Meeting in person or represented by proxy. At the close of business on the Record Date, there were 35,465,838 shares of Common Stock and 2,000,000 Preferred Shares outstanding and entitled to vote.

Your shares will be counted towards the quorum only if you submit a valid proxy (or one is submitted on your behalf by your bank, broker, dealer or other nominee) or if you vote in person at the Annual Meeting. Abstentions and broker non-votes will be counted towards the quorum requirement. If there is no quorum, the holders of a majority of the outstanding voting power of our capital stock present at the Annual Meeting in person or represented by proxy may adjourn the Annual Meeting to another date.

How can I vote my shares?

Holder of Record: Shares Registered in a Stockholder s Name

If you hold your shares in your own name as a holder of record, you may vote your shares either in person at the Annual Meeting or by proxy using one of the voting methods described below. Whether or not you plan to attend the Annual Meeting, we urge you to vote by proxy to ensure that your shares are represented at the Annual Meeting and to minimize the cost of proxy solicitation. Even if you have already submitted a proxy, you may still attend the Annual Meeting and vote in person. If you wish to vote by proxy, you must do one of the following:

Voting by Mail. To vote by mail, please complete, sign and return the proxy card in the enclosed prepaid and addressed envelope. In doing so, you will be authorizing the individuals named on the proxy card to vote your shares at the Annual Meeting in the manner you indicate. If you vote by mail, you do not need to vote over the Internet or over the telephone.

Voting over the Internet. To vote over the Internet, please follow the instructions included on your proxy card. If you vote over the Internet, you do not need to complete and mail your proxy card. The deadline for Internet voting is 11:59 p.m., Eastern time, on [ ], 2011.

Voting by Telephone. To vote by telephone, please follow the instructions included on your proxy card. If you vote by telephone, you do not need to complete and mail your proxy card. The deadline for telephone voting is 11:59 p.m., Eastern time, on[ ], 2011.

Voting in Person at the Annual Meeting. If you wish, you can vote your shares in person by attending the Annual Meeting. You will be given a ballot at the Annual Meeting to complete and return. Whether or not you expect to attend the Annual Meeting, please vote your shares as soon as possible in order to ensure your representation at the Annual Meeting. Even if you previously voted your shares by mail, over the Internet or by telephone, you will not be prevented from voting in person if you attend the Annual Meeting. Please see Can I change my vote after submitting a proxy? below.

Beneficial Owner: Shares Registered in the Name of a Bank, Broker, Dealer or Other Nominee

If you hold your shares in street name (through a broker, bank, dealer, or other nominee), please refer to the information on the voting instruction form forwarded to you by your nominee to see which voting options are

Table of Contents

available to you, or contact your nominee to obtain a voting instruction form. If you hold your shares in street name and plan to attend the Annual Meeting, you should bring either a copy of the voting instruction card provided by your nominee or a recent brokerage statement showing your ownership of shares as of the Record Date. Please contact your nominee directly for additional information.

Can I change my vote after submitting my proxy?

Yes. You may change your proxy instructions at any time before the final vote at the Annual Meeting. If you are the holder of record of your shares you may revoke your proxy in any one of three ways:

You may complete a new proxy using any of the voting methods discussed above. Accordingly, you may submit a new proxy over the Internet, by telephone, or by completing, signing and returning a new proxy card in the mail.

You may send a written notice that you are revoking your proxy to our Chief Financial Officer at 9191 Towne Centre Drive, Suite 409, San Diego, California 92122.

You may attend the Annual Meeting and vote in person. Simply attending the Annual Meeting will not, by itself, revoke your proxy. If your shares are held in street name, you should follow the instructions provided by your bank, broker, dealer or other nominee as to the method for revoking your vote prior to the Annual Meeting.

What if I return a proxy card but do not make voting selections?

If you provide a valid proxy without indicating specific voting selections, your shares will be voted FOR each of the proposals to be voted upon at the Annual Meeting. Accordingly, your shares will be voted:

1. FOR the adoption of the an amendment to the Restated Certificate in order to add restrictions on the transfer of the Common Stock to preserve our net operating losses for federal tax purposes.

2. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the Board classification provisions, pursuant to which our Board is divided into three separate classes, with each class having a three-year term, and to instead provide for a single class of directors, each elected to hold office until the next annual meeting of stockholders.

3. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the provision that prevents stockholders from acting by written consent.

4. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the restrictions on our stockholders ability to remove directors without cause.

5. FOR the adoption of an amendment to the Restated Certificate in order to permit our stockholders to fill vacancies on our Board.

6. FOR the adoption of an amendment to the Restated Certificate in order to permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares.

7. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders.

8. FOR the adoption of an amendment to the Restated Certificate in order to eliminate the provision that requires the vote of two-thirds of the then-outstanding shares of voting stock to modify certain provisions of the Restated Certificate.

9. FOR the adoption of an amendment to the Restated Certificate to authorize the Reverse Stock Split;

10. FOR the adoption of an amendment to the Restated Certificate to authorize the Forward Stock Split;

Table of Contents

11. FOR the election of all three director nominees to serve until the 2014 annual meeting of stockholders, or the 2012 annual meeting of stockholders in the event that the Company s stockholders approve the removal of the Board classification provisions from the Restated Certificate, or until their successors are duly elected and qualified;

12. FOR the approval of the anti-dilution protections afforded to the Warrants issued in our June 2010 registered direct offering of Common Stock and Warrants;

13. FOR the ratification of the selection of BDO Seidman, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011; and

14. FOR the adoption of a proposal to adjourn the Annual Meeting, if necessary or appropriate, to solicit additional proxies if there are insufficient votes at the time of the Annual Meeting to approve any of the foregoing proposals.

In addition, if any other matter is properly presented at the Annual Meeting, the proxies designated by you on your proxy card, or either of them individually, will vote your shares on such matter using their best judgment.

Who is paying for this proxy solicitation?

We have retained Phoenix Advisory Partners, a proxy solicitation firm, in order to assist us in soliciting proxies from our stockholders for the Annual Meeting. In connection with the execution of the Purchase Agreement, the Investor agreed, among other things, to reimburse our costs and expenses incurred in connection with the retention of a proxy solicitation firm to solicit proxies from our stockholders for the Annual Meeting, provided that such amount does not exceed $50,000.

In addition to utilizing the proxy solicitor and mailing this proxy statement, our directors and employees may also solicit proxies in person, by telephone, or by other means of communication. Directors and employees will not be paid any additional compensation for soliciting proxies. We may also reimburse brokerage firms, banks and other agents for the cost of forwarding proxy materials to beneficial owners.

What does it mean if I receive more than one proxy card?

If you receive more than one proxy card, your shares are registered in more than one name or are registered in different accounts. In this case, to the extent that you vote your shares by mail, please complete, sign and return each proxy card to ensure that all of your shares are voted. Alternatively, to the extent that you choose to vote your shares over the Internet or by telephone, please make sure that you vote all of the shares that you own when you vote.

What if I share an address with another stockholder and only receive a single set of proxy materials?

The SEC has adopted rules that permit companies and nominees to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement addressed to those stockholders. This process, which is commonly referred to as householding, potentially means extra convenience for stockholders and cost savings for companies. This year, a number of nominees with account holders who are our stockholders will be householding our proxy materials. In these cases, a single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from one or more of the affected stockholders. Once you have received notice from your nominee that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement and annual report, please notify your nominee. Stockholders wishing to receive a separate proxy statement and annual report in the future may also direct such a request to our Chief Financial Officer, either in a written request sent

Table of Contents

to 9191 Towne Centre Drive, Suite 409, San Diego, California 92122, or by telephone at (858) 587-9333. Stockholders who currently receive multiple copies of the proxy statement at their address and would like to request householding of their communications should contact their nominee directly.

How can I find out the results of the voting at the Annual Meeting?

Preliminary voting results with respect to each proposal will be announced at the Annual Meeting. In accordance with SEC rules, final voting results will be published in a Current Report on Form 8-K within four business days following the Annual Meeting, unless final results are not known at that time in which case preliminary voting results will be published within four business days of the Annual Meeting and final voting results will be published once they are known by the Company.

When are stockholder proposals due for next year s annual meeting?

To be considered for inclusion in next year s proxy materials, your proposal must be submitted in writing by [ ], 2012 to our Chief Financial Officer at 9191 Towne Centre Drive, Suite 409, San Diego, California 92122. If you wish to submit a proposal that is not to be included in next year s proxy materials, your proposal generally must be submitted in writing to the same address no later than [ ], 2012 but no earlier than [ ], 2012.

Questions and Answers Relating to the Stock Splits

What is the main purpose of the Stock Splits?

The main purpose of the Stock Splits is to give us the flexibility to reduce the number of the Company s holders of record to help ensure that we continue to have fewer than 300 holders of record, and thereby minimize the likelihood that we will be required to file periodic reports with the SEC under the Exchange Act in the future. Our Board has determined that the costs and other disadvantages associated with being an SEC-reporting company outweigh the advantages to the Company of being an SEC-reporting company. In particular, the cost of filing periodic reports with the SEC has become prohibitively expensive for us and we believe that it is in the best interests of the Company and our stockholders to take action to immediately suspend our obligation to file such reports. Our Board believes that the Stock Splits constitute the most expeditious, efficient and cost effective method for the Company ensure that it will remain a non-reporting company once it has suspended its obligation to file such reports. We are also seeking to have our stockholders authorize the Stock Splits because we may be required to effect the Forward Stock Split and Reverse Stock Split in order to comply with certain contractual obligations that we have to our largest investor as further described in this proxy statement.

Why is it important for the Company to reduce the number of holders of record of the Common Stock?

On August 15, 2011 we filed a Form 15 with the SEC certifying that there were fewer than 300 holders of record of the Common Stock and terminating the registration of the Common Stock under the Exchange Act, which is the first step in suspending our obligation to file periodic reports with the SEC. Even once we have taken all action necessary to completely suspend our obligation to file periodic reports with the SEC, applicable SEC rules will require that we continue to assess, as of the first day of each fiscal year, the number of our holders of record. Assuming that we continue to have fewer than 300 holders of record as of each such date, our duty to file periodic reports with the SEC will continue to be suspended with respect to the entire fiscal year and we will be able to take advantage of the significant cost savings from not filing reports with the SEC or complying with the internal control audit and other requirements under the Sarbanes-Oxley Act. We are seeking the approval of the Stock Splits by our stockholders in order to allow our Board to effect the Stock Splits in the event that it determines that it is necessary to further reduce the number of our holders of record so that it becomes even less likely that the number of holders of record will exceed 300 at any point in the future.

Table of Contents

What will I receive in the Stock Splits?

Holder of Record: Shares Registered in a Stockholder s Name

If you are a holder of record identified in our records of security holders (those stockholders holding shares in their own names) and hold fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split, you will receive the Cash Out Amount from us for each pre-split share that you own. The maximum number of shares that may be cashed out by any individual stockholder is 999 shares. Therefore, if the Reverse Stock Split had occurred on August 15, 2011, the maximum amount of money that may be payable to any stockholder as a result of the Reverse Stock Split would have been approximately $173.3, based on the average closing price per share of Common Stock for the ten trading days immediately prior that date of $0.174.

If you are a holder of record identified in our records of security holders and hold 1,000 or more shares of Common Stock immediately prior to the effective time of the Reverse Stock Split, you will not receive any cash payment for your shares in connection with the Stock Splits and will instead receive 1/1,000 of a share of Common Stock for each share of the Common Stock held immediately prior to the effective time of the Reverse Stock Split.

Immediately following the Reverse Stock Split, the Company will effect the Forward Stock Split, the effect of which will be that each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split that is not cashed out in the Reverse Stock Split will represent one share of Common Stock after the completion of the Forward Stock Split.

Beneficial Owner: Shares Registered in the Name of a Bank, Broker, Dealer or Other Nominee

If you hold your shares in street name (through a bank, broker, dealer or other nominee), you are not considered to be the holder of record of those shares. Instead, you are the beneficial owner of those shares.

Beneficial owners holding shares in street name through a nominee which holds on an aggregated basis fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split and does not hold such shares in an account with Cede & Co. will be converted into the right to receive the Cash Out Amount for each pre-split share that you beneficially own. Beneficial owners holding shares in street name through a nominee which holds on an aggregated basis 1,000 shares or more of Common Stock immediately prior to the effective time of the Reverse Stock Split will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any. Beneficial owners holding shares in street name through a nominee in an account with Cede & Co., regardless of the number of shares held immediately prior to the effective time of the Reverse Stock Split, will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any.

Immediately following the Reverse Stock Split, the Company will effect the Forward Stock Split, the effect of which will be that each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split that is not cashed out in the Reverse Stock Split will represent one share of Common Stock after the completion of the Forward Stock Split.

If you believe you may hold shares of Common Stock in street name, you should contact your nominee to determine how your shares are held and whether they will be affected by the Reverse Stock Split or the Forward Stock Split.

Holders of Preferred Shares

The Stock Splits will not have any affect on the number of outstanding Preferred Shares, nor will it have any affect on the voting rights associated with the Preferred Shares, although the economic

Table of Contents

interest in the Company represented by the Preferred Shares will increase slightly from approximately 28.30% to approximately 28.32%, due to the decrease in the number of shares of Common Stock that will result from the Reverse Stock Split.

How was the Cash Out Amount to be paid in the Reverse Stock Split determined?

If the Reverse Stock Split is approved by the Company s stockholders, then the amount that we will pay for fractional shares will be based on the average closing price per share of Common Stock for the ten trading days immediately prior to the effective date of the Reverse Stock Split. As of August 15, 2011, the Common Stock s ten day average closing price per share was $0.174.

How do we expect that our affiliates will vote with respect to the Stock Splits?

As of [ ], 2011, the record date for the Annual Meeting (the Record Date), our directors and executive officers collectively held 358,486 shares of Common Stock, representing approximately 1.0% of the votes entitled to be cast at the Annual Meeting, each of whom (other than the three directors who were nominated by the Investor) has indicated that they intend to vote all of their shares of Common Stock FOR each of the proposals to be voted upon at the Annual Meeting.

On July 28, 2011, we sold an aggregate of 2,000,000 Preferred Shares to the Investor pursuant to the Purchase Agreement. The Preferred Shares represent approximately 28.30% of the economic interest in the Company and also entitle the Investor to a number of votes equal to 38.28% of the total number of votes entitled to be cast by holders of all shares of our capital stock (including the Common Stock and the Preferred Shares) voting together as single class. The Investor has indicated that it intends to vote all of the Preferred Shares FOR each of the proposals to be voted upon at the Annual Meeting, with the exception of the proposal to approve anti-dilution protections afforded to the Warrants issued in our June 2010 registered direct offering of Common Stock and Warrants (Proposal No. 12).

If the Stock Splits are approved, how will it affect the economic and voting rights of our affiliates?

Upon the effectiveness of the Stock Splits, the aggregate number of shares of Common Stock owned by our directors and executive officers will not change, although their beneficial ownership of shares of Common Stock will increase slightly from 6.41% to approximately 6.42%. This is based on our expectation that the outstanding number of shares of Common Stock will be reduced by approximately 34,000 shares due to the Stock Splits.

Upon the effectiveness of the Stock Splits, the economic interest in the Company represented by the Preferred Shares will increase slightly from approximately 28.30% to approximately 28.32%, due to the decrease in the number of shares of Common Stock discussed above. However, neither the voting power associated with the Preferred Shares nor the aggregate number of the Preferred Shares owned by the Investor will change as a result of the Stock Splits.

What potential conflicts of interest are posed by the Stock Splits?

Except as set forth below, none of our directors, executive officers or their affiliates has any interest, direct or indirect, in the Stock Splits other than interests arising from the ownership of securities. None of our directors, executive officers or their affiliates receive any extra or special benefit not shared on a pro rata basis by all other holders of our Common Stock.

As the Investor holds no shares of Common Stock, the Investor will not be participating in the Stock Splits, though as described above, upon the effectiveness of the Stock Splits, the economic interest in the Company represented by the Preferred Shares will increase slightly from approximately 28.30% to approximately 28.32%,

Table of Contents

due to the decrease in the number of shares of Common Stock discussed above. However, neither the voting power associated with the Preferred Shares nor the aggregate number of the Preferred Shares owned by the Investor will change as a result of the Stock Splits.

Messrs. Bartlett, Seslowe and Shaw were appointed to the Board by the Investor in connection with the Preferred Stock Financing and, collectively, thorough one or more affiliates beneficially own 100% of the equity interests of the Investor. Messrs. Bartlett, Seslowe and Shaw will be treated the same as each of the Company s other directors for all purposes, including in connection with the Stock Splits. As none of Messrs. Bartlett, Seslowe and Shaw own any shares of Common Stock, they will not participate in the Stock Splits.

As described in further detail below, the Investor has the right to put the Preferred Shares back to the Company in return for the cash and assets that the Investor placed into escrow in connection with the recent sale of the Preferred Shares in the event that the Company s stockholders to not approve the Stock Splits.

Why are only shares of certain stockholders being cashed out?

As discussed above, the main purpose of the Stock Splits is to give us the flexibility to reduce the number of our holders of record of the Common Stock so that we can reduce the risk that we will be required to file periodic reports with the SEC under the Exchange Act in the future. We elected to structure the Stock Splits so that they would only affect holders of record identified in our records of security holders (those stockholders holding shares in their own names and nominees of beneficial owners holding shares in street name where such nominee does not hold such shares in an account with Cede & Co.) to minimize the number of cashed out shares and, in turn, the cost of the Stock Splits, allowing us to preserve capital for use in connection with our business plan while still allowing holders of record and beneficial owners some flexibility with respect to whether they will continue to hold shares of Common Stock after the Stock Splits.

As permitted by the Delaware General Corporation Law, only those holders of record identified in our records of security holders who hold less than 1,000 shares will be cashed out as a result of the Stock Splits. Beneficial owners of our shares held by nominees in street name are not record holders for purposes of Delaware law and, thus, are not, for purposes of Delaware law, the legal owners of any shares that are combined as a result of the Stock Splits. While the Stock Splits result in disparate treatment of beneficial owners of our shares held by nominees in street name compared to holders of record of our shares, such a result is permitted under Delaware law because the Company is not required to look through the record ownership of Cede & Co. or any record holder nominee to the beneficial owners in implementing the Stock Splits. For example, as Cede & Co. is a holder of record for purposes of the Stock Splits under Delaware law and Cede & Co. holds more than 1,000 shares of Common Stock in the aggregate, the shares held by it are not affected by the Stock Splits, regardless of the number of shares held by any particular beneficial owner in an account held through Cede & Co.

Why are we proposing to carry out the Forward Stock Split following the Reverse Stock Split?

The Forward Stock Split is not necessary for us to reduce the number of holders of record of the Common Stock or to suspend our obligation to file periodic reports with the SEC. However, we have decided that it is in the best interests of our stockholders to effect the Forward Stock Split to avoid an unusually high stock price after the effective date of the Reverse Stock Split, facilitate trading of the shares by our continuing stockholders either in private transactions or in the Pink Sheets®, to mitigate any loss of liquidity in our shares of Common Stock that may result from the Reverse Stock Split, and to avoid the administrative burden of having fractional shares outstanding.

What if I hold all of my shares of Common Stock in street name?

Beneficial owners holding shares in street name through a nominee which holds on an aggregated basis fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split and does not hold such shares in an account with Cede & Co. will be converted into the right to receive the Cash Out

Table of Contents

Amount for each pre-split share that you beneficially own. Beneficial owners holding shares in street name through a nominee which holds on an aggregated basis 1,000 shares or more of Common Stock immediately prior to the effective time of the Reverse Stock Split will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any. Beneficial owners holding shares in street name through a nominee in an account with Cede & Co., regardless of the number of shares held immediately prior to the effective time of the Reverse Stock Split, will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any.

If you hold your shares of Common Stock in street name, we encourage you to contact your nominee. If you hold fewer than 1,000 shares of Common Stock in street name through a nominee and want to have your shares exchanged for cash in the Stock Splits, you must instruct your nominee to transfer your shares into a record account in your name in a timely manner so that you will be considered a holder of record immediately prior to the Reverse Stock Split.

If I hold fewer than 1,000 shares of Common Stock, is there any way I can avoid having my shares be cashed out in the Stock Splits?

Holder of Record: Shares Registered in a Stockholder s Name

If you are a holder of record identified in our records of security holders (those stockholders holding shares in their own names) and hold fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split, you can avoid a cash out of your shares in the Reverse Stock Split by acquiring, prior to the effective time of the Reverse Stock Split, sufficient additional shares to cause you to hold a minimum of 1,000 shares immediately prior to the effective time of the Reverse Stock Split. However, given the historically limited liquidity in our stock, we cannot assure you that any shares will be available for purchase and thus there is a risk that you may not be able to acquire sufficient shares to meet or exceed the required 1,000 shares. In the alternative, you can also avoid a cash out of your shares in the Reverse Stock Split by transferring, prior to the effective time of the Reverse Stock Split, your shares to street name with a nominee holding shares in an account with Cede & Co.

Beneficial Owner: Shares Registered in the Name of a Bank, Broker, Dealer or Other Nominee

As discussed above, if you are a beneficial owner holding shares in street name through a nominee in an account with Cede & Co., regardless of the number of shares held immediately prior to the effective time of the Reverse Stock Split (including where the number of shares held is less than 1,000), will have each share of Common Stock converted into 1/1,000 of a share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split, if any. However, if you are a beneficial owner holding shares in street name through a nominee which holds on an aggregated basis fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split and does not hold such shares in an account with Cede & Co., your shares will be converted into the right to receive the Cash Out Amount for each pre-split share that you beneficially own. In this case, you can avoid a cash out of your shares in the Reverse Stock Split by acquiring, prior to the effective time of the Reverse Stock Split, sufficient additional shares to cause you to hold through your nominee a minimum of 1,000 shares immediately prior to the effective time of the Reverse Stock Split. However, given the historically limited liquidity in our stock, we cannot assure you that any shares will be available for purchase and thus there is a risk that you may not be able to acquire sufficient shares to meet or exceed the required 1,000 shares. In the alternative, you can also avoid a cash out of your shares in the Reverse Stock Split by transferring, prior to the effective time of the Reverse Stock Split, your shares to street name with a nominee holding shares in an account with Cede & Co.

Table of Contents

Is there anything I can do if I hold 1,000 or more shares of Common Stock, but would like to take advantage of the opportunity to receive cash for my shares as a result of the Stock Splits?

Holder of Record: Shares Registered in a Stockholder s Name

If you are a holder of record identified in our records of security holders (those stockholders holding shares in their own names) and hold 1,000 or more shares of Common Stock before the Reverse Stock Split, you can only receive cash for your shares in the Reverse Stock Split if, prior to the effective time of the Reverse Stock Split, you reduce your record stock ownership to fewer than 1,000 shares by selling or otherwise transferring shares. Given the historically limited liquidity in our stock, there can be no assurance that you will be able to sell sufficient shares to control whether you can reduce your record stock ownership to fewer than 1,000 shares.

Beneficial Owner: Shares Registered in the Name of a Bank, Broker, Dealer or Other Nominee

If you are a beneficial owner holding 1,000 or more shares of Common Stock in street name and desire to have shares exchanged for cash in the Stock Splits, you must instruct your nominee to transfer fewer than 1,000 shares into a record account in your name prior to the effective date of the Reverse Stock Split which will then be cashed out in the Stock Splits.

If the Stock Splits are approved by the Company s stockholders, can the Board determine not to proceed with the Stock Splits?

If the Stock Splits are approved by our stockholders, our Board may determine not to proceed with the Stock Splits if it believes that proceeding with the Stock Splits is not in our best interests or in the best interests of our stockholders, including our unaffiliated stockholders. If our Board determines not to proceed with the Stock Splits we will continue to operate our business as presently conducted and will continue to seek to suspend our obligation to file periodic reports with the SEC in accordance with applicable SEC rules.

What will happen if the Stock Splits are not approved by our stockholders?

If the Stock Splits are not approved by our stockholders, we will continue to operate our business as presently conducted and will continue to seek to suspend our obligation to file periodic reports with the SEC in accordance with applicable SEC rules. In addition, the Investor has the right to put the Preferred Shares back to the Company in return for the cash and assets that the Investor placed into escrow in connection with the recent sale of the Preferred Shares as further described in this proxy statement.

What are the federal income tax consequences of the Stock Splits to our stockholders?

In general, each stockholder whose fractional share is repurchased by the Company in connection with the Stock Splits, should recognize gain or loss for federal income tax purposes measured by the difference between the stockholder s basis in the fractional share and the Cash Out Amount received for the fractional share. This gain or loss will be capital gain or loss if the share was held as a capital asset. Alternatively, each stockholder who does not receive cash for a fractional share as a result of the Stock Splits generally will not recognize any gain or loss for federal income tax purposes.

What is the total cost of the Stock Splits to the Company?

Because we do not know how many shares of Common Stock will be cashed out in the Reverse Stock Split or the amounts to be paid for each pre-split share, we do not know the exact cost of the Stock Splits to the Company. However, based on information that we have received as of August 1, 2011 from our transfer agent, as well our estimates of other expenses associated with the Stock Splits, we believe that the total cash requirement of the Stock Splits to us will be approximately $201,000. This amount includes approximately $6,000 (based on the average closing price per share of Common Stock for the ten trading days immediately prior to August 15, 2011 of $0.174) needed to cash-out fractional shares created as a result of the Reverse Stock Split, and approximately $195,000 of legal and financial advisory fees and other costs to effect the Stock Splits. This total

Table of Contents

amount could be larger or smaller depending on, among other things, the number of shares that are actually cashed-out in the Reverse Stock Split, the average closing price per share of Common Stock for the ten trading days immediately prior to the effective date of the Reverse Stock Split or an increase in the costs and expenses of the Stock Splits. We intend that payments made to repurchase shares in connection with the Reverse Stock Split will be paid from cash that has been placed into escrow by the Investor in connection with the Preferred Stock Financing.

Should I send in my stock certificates to the Company now?

No. After the Stock Splits is completed, we will send instructions on how to receive any cash payments to which our stockholders may be entitled.

Am I entitled to appraisal rights in connection with the Stock Splits?

No. Under Delaware law, the Restated Certificate, and our Amended and Restated Bylaws, no appraisal rights are available to our stockholders who vote against the Stock Splits.

Table of Contents

SPECIAL FACTORS

Overview of the Reverse Stock Split and the Forward Stock Split

General Description

Following the unanimous recommendation of our Board, we are asking our stockholders to consider and vote upon several proposals to amend our Amended and Restated Certificate of Incorporation, as amended (the Restated Certificate), to authorize a 1-for-1,000 reverse stock split of the Common Stock, as described in greater detail below (the Reverse Stock Split), and to then immediately effect a 1,000-for-1 forward stock split of the Common Stock (the inverse ratio of the Reverse Stock Split) immediately following the Reverse Stock Split, as described in greater detail below (the Forward Stock Split). Although the Reverse Stock Split and the Forward Stock Split will be voted on separately, our Board will not effect either the Reverse Stock Split or the Forward Stock Split unless our stockholders authorize both the Reverse Stock Split and the Forward Stock Split at the Annual Meeting. Copies of the proposed amendments to the Restated Certificate to authorize the Reverse Stock Split and the Forward Stock Split are attached to this proxy statement as Annex B and Annex C, respectively. The Reverse Stock Split and the Forward Stock Split are collectively referred to herein as the Stock Splits.

The Reverse Stock Split and Forward Stock Split are each intended to take effect, subject to stockholder approval and the subsequent decision by our Board to effect the Stock Splits, on the date the Company files the amendments to the Restated Certificate to effect the Reverse Stock Split and the Forward Stock Split with the Secretary of State of the State of Delaware, or on any later date that the Company may specify in such amendments.

The main purpose of the Stock Splits is to give us the flexibility to reduce the number of the Company s holders of record to help ensure that we continue to have fewer than 300 holders of record, and thereby minimize the likelihood that we will be required to file periodic reports with the SEC under the Exchange Act in the future. Our Board has determined that the costs and other disadvantages associated with being an SEC-reporting company outweigh the advantages to the Company of being an SEC-reporting company. The cost of filing periodic reports with the SEC under the Exchange Act has become prohibitively expensive for us and we believe that it is in the best interests of the Company and our stockholders to take action to immediately suspend our obligation to file such reports. Our Board believes that the Stock Splits constitute the most expeditious, efficient and cost effective method for the Company ensure that it will remain a non-reporting company once it has suspended its obligation to file such reports. We are also seeking to have our stockholders authorize the Stock Splits because we may be required to effect the Reverse Stock Split and Forward Stock Split in order to comply with certain contractual obligations that we have to our largest investor as further described in this proxy statement.

Our Board has concluded that the Stock Splits are fair to, and in the best interest of, the Company and its stockholders, including the unaffiliated stockholders of the Company. Accordingly, our Board unanimously recommends that you vote FOR each of the proposals relating to the Stock Splits (Proposal No. 9 and Proposal No. 10).

The Reverse Stock Split

Our Board has authorized the adoption, subject to the approval of our stockholders, of an amendment to the Restated Certificate, to authorize a 1-for-1,000 reverse stock split of the Common Stock. Pursuant to the Reverse Stock Split, (i) each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders of record holding fewer than 1,000 shares will be converted into the right to receive the Cash Out Amount (as defined below) per pre-split share, and (ii) each share of Common Stock held immediately prior to the effective time of the Reverse Stock Split by our stockholders of record (as identified in our records of security holders) holding 1,000 or more shares or by beneficial owners holding in street name (through a bank, broker, dealer or other nominee), regardless of the number of shares so held, will be converted into 1/1000 of a

Table of Contents

share of Common Stock and the holder thereof will not be entitled to receive any cash for the fractional share resulting from the Reverse Stock Split. A copy of the proposed amendment to the Restated Certificate to authorize the Reverse Stock Split is attached to this proxy statement as Annex B.

The Forward Stock Split

Our Board has further authorized the adoption, subject to the approval of our stockholders, of an amendment to the Restated Certificate to authorize a 1,000-for-1 forward stock split of the Common Stock (the inverse ratio of the Reverse Stock Split) immediately following the Reverse Stock Split. Immediately following the Reverse Stock Split, we will further amend the Restated Certificate by filing the amendment to effect the Forward Stock Split. A copy of the proposed amendment to the Restated Certificate to authorize the Forward Stock Split is attached to this proxy statement as Annex C.

The Forward Stock Split is not necessary for us to reduce the number of holders of record of our shares of Common Stock. However, we have decided that it is in the best interests of our stockholders to effect the Forward Stock Split to avoid an unusually high stock price after the effectiveness of the Reverse Stock Split, to facilitate trading of the shares by our continuing stockholders, either in private transactions or in the Pink Sheets, to mitigate any loss of liquidity in our shares of Common Stock that may result from the Reverse Stock Split, and to avoid the administrative burden of having fractional shares outstanding.

Recent Preferred Stock Financing

Summary

On July 28, 2011, the Company sold an aggregate of 2,000,000 shares of its Series A Preferred Stock (the Preferred Shares) to Amun, LLC, a Delaware limited liability company (the Investor) pursuant to the terms of a Stock Purchase Agreement (the Purchase Agreement) and related Stockholders Agreement (the Stockholders Agreement). The Preferred Shares represented approximately 28.30% of the economic interest in the Company and in certain limited circumstances one Preferred Share can be converted into seven shares of the Common Stock. The Preferred Shares also entitle the Investor to a number of votes equal to 38.28% of the total number of votes entitled to be cast by holders of all shares of the Company s capital stock (including the Common Stock and the Preferred Shares) voting together as single class.

Under the terms of the Purchase Agreement, Stockholders Agreement and other related agreements between the Company and the Investor, the Investor placed $2.825 million in cash into an escrow account, which amount is available under certain circumstances to pay certain Company related expenses and to fund the Company s working capital needs, in each case as more fully described below.

The Stockholders Agreement provides that the Investor will have the right to put the Preferred Shares acquired pursuant to the Purchase Agreement back to the Company in return for the remaining cash held in escrow at the time of the exercise of the Put Right (as defined below), if applicable, upon the occurrence of certain events, including an ownership change as such term is defined in Section 382 of the Internal Revenue Code, as amended, or in the event that the Company fails to take certain actions or our Board fails to recommend and approve or consummate a Qualifying Transaction (as defined below). The Investor will also have the right to put the Preferred Shares back to the Company if the Stock Splits are not approved at the Annual Meeting. The Company expects that the sale of the Preferred Shares and the closing of the Qualifying Transaction (as defined below) will provide financing for the Company and enable it to diversify its business.

As contemplated by the Purchase Agreement and the Stockholders Agreement, the Investor intends to bring to the Company an offer for the Company to acquire a controlling interest in a profitable entity, which transaction would provide to the Company at least $5,000,000 in cash plus an amount equal to the costs and expenses incurred by the Company in connection with such transaction (not to exceed $200,000), which amounts, together with any operating cash held by the Company immediately prior to closing such transaction,

Table of Contents

would be transferable, together with any and all (i) intellectual property and (ii) other assets of the Company related to the Company s biotechnology business, to a newly formed subsidiary of the Company, which subsidiary will assume all liabilities of the Company as of immediately prior to such closing (a Qualifying Transaction).

In connection with the acquisition of the Preferred Shares described above, our Board has adopted and declared advisable certain amendments to the Restated Certificate to: (i) include a provision that protects the Company s net operating losses for federal tax purposes by prohibiting and declaring void any proposed transfer of securities that would result in any stockholder of the Company becoming a five percent shareholder as such term is defined in Section 382 of the Internal Revenue Code, as amended (the NOL Provision) (Proposal No. 1), (ii) eliminate the Board classification provisions (Proposal No. 2), (iii) eliminate the provision that prevents stockholders from acting by written consent (Proposal No. 3), (iv) eliminate the restrictions on our stockholders ability to remove directors without cause (Proposal No. 4), (v) permit our stockholders to fill vacancies on our Board (Proposal No. 5), (vi) permit our Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares (Proposal No. 6), (vii) eliminate the provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders (Proposal No. 7), (viii) eliminate the provision that requires the vote of two-thirds of the then outstanding shares of voting stock to modify certain provisions of the Restated Certificate (Proposal No. 8), (ix) authorize the Company to effect the Reverse Stock Split (Proposal No. 9), and (x) authorize the Company to effect the Forward Stock Split (Proposal No. 10). Finally, the Stockholders Agreement also permitted the Investor to appoint three directors to the Board following the acquisition of the Preferred Shares, each of whom were appointed effective as of August 11, 2011.

Series A Preferred Stock Purchase Agreement

On July 28, 2011, the Company entered into the Purchase Agreement with the Investor, pursuant to which the Company sold the Investor an aggregate of 2,000,000 shares of its Preferred Shares, and the Investor placed $2.825 million in cash into escrow, which, pursuant to the terms and conditions of the Purchase Agreement, will be released to the Company to pay certain Company related expenses and fund the Company s working capital needs under certain circumstances. The escrow account into which the $2.825 million in cash has been deposited is governed by the terms of an escrow agreement (the Escrow Agreement) among the Company, the Investor and The Bank of New York Mellon, as escrow agent.

In connection with the execution of the Purchase Agreement, (i) the Company adopted and filed a Certificate of Designations, Preferences and Rights of Series A Preferred Stock (the Certificate of Designations), which sets forth the rights, preferences and privileges associated with the Preferred Shares, (ii) the Company and the Investor entered into the Stockholders Agreement and an expenses fee letter (the Expenses Fee Letter), and (iii) the Company, the Investor and the escrow agent entered into the Escrow Agreement. Certain additional terms of the Certificate of Designations, the Stockholders Agreement, the Expenses Fee Letter, as well as the Purchase Agreement, are described in greater detail below.

Certificate of Designations of Series A Preferred Stock

In connection with the execution of the Purchase Agreement and the authorization, issuance and delivery of the Preferred Shares, our Board approved, and on July 28, 2011 the Company filed with the Secretary of State of the State of Delaware, the Certificate of Designations, which provides that (i) any dividends or distributions made to the holders of Common Stock will also be made to the holders of Preferred Shares on a *pari passu* basis and based on the number of shares of Common Stock into which the Preferred Shares could then be converted; (ii) in any liquidation, dissolution or winding-up of the Company the entire assets and funds of the Company legally available for distribution will be distributed ratably among the holders of the Common Stock and Preferred Shares pro rata and on a *pari passu* basis provided that the holders of the Preferred Shares will be deemed to hold that number of shares of Common Stock into which such Preferred Shares are then convertible; (iii) the Preferred Shares outstanding together will (A) be entitled to a number of votes equal to 38.28% of the

total number of votes entitled to be cast by holders of all shares of the Company s capital stock (including the Common Stock and the Preferred Shares) voting together as single class, (B) be entitled to vote on all matters on which the holders of Common Stock shall be entitled to vote, in the same manner and with the same effect as the holders of Common Stock, and (iv) provides that the Preferred Shares will be convertible into Common Stock in the event that the Investor elects to contribute shares of Common Stock to the Company pursuant to the Stockholders Agreement to avoid having the Company issue new shares of Common Stock to a stockholder other than the Investors (the initial conversion rate is set at seven shares of Common Stock to one Preferred Share).

Stockholders Agreement

In connection with the execution of the Purchase Agreement, the Company and the Investor entered into the Stockholders Agreement pursuant to which the Investor was granted certain rights which are summarized below.

Put Right. From July 29, 2011 until the later to occur of (x) July 28, 2012 and (y) in the event a Qualifying Transaction has not been consummated, forty-five calendar days following the Company s 2012 annual meeting of stockholders, the Investor may elect to put all (but not less than all) of the Preferred Shares held by it to the Company (the Put Right), and the Company will be obligated to purchase such Preferred Shares in exchange for $1.00 and the return of all cash and any other property or assets that continues to be held in the escrow account, in the event of any of the following:

The Investor has requested in writing that the Company terminate the registration (the 12(g) Termination) of the Common Stock under Section 12(g) of the Exchange Act and within five days after such request the Company has not filed a Form 15 to effect the 12(g) Termination, or (ii) the Investor has requested in writing, at any time following the effective date, if any, of the Reverse Stock Split, that the Company effect a termination of the registration of the Common Stock under Section 12(g) of the Exchange Act and the suspension of the Company s reporting obligations under Section 15(d) of the Exchange Act (the Deregistration) and within five days after such request the Company has not effected the Deregistration (subject to any applicable waiting periods);

The stockholders of the Company fail to approve any of (i) the NOL Provision, (ii) the Reverse Stock Split, or (iii) the Forward Stock Split, in each case by November 5, 2011;

(i) The Investor shall have brought to our Board a Qualifying Transaction, and a majority of the Company s disinterested directors fail to recommend and approve the Qualifying Transaction within forty-five calendar days thereafter (a Qualifying Transaction Proposal) or (ii) such Qualifying Transaction is not consummated within seventy-five calendar days of the Investor having made a Qualifying Transaction Proposal, unless, in the case of clause (ii), the failure to consummate such Qualifying Transaction within such seventy-five calendar day period is due to the Investor s breach in any material respect of its obligations under the definitive agreements providing for the Qualifying Transaction;

The Company has not appointed to our Board three nominees of the Investor (the Stockholder Directors) within five calendar days of the receipt by the Company of a written request from the Investor with respect to such appointment;

Less than three Stockholder Directors are members of our Board following the Annual Meeting;

The Investor requests in writing, at any time following the approval of the Reverse Stock Split and the Forward Stock Split by the stockholders of the Company, that the Company effect the Reverse Stock Split and Forward Stock Split and within two business days after such request the Company shall not have filed the amendments to the Restated Certificate, relating to the Reverse Stock Split and the Forward Stock Split with the Secretary of State of the State of Delaware;

The occurrence of an ownership change as defined in Section 382 of the Internal Revenue Code, as amended;

29

Table of Contents

At any time following the Deregistration, the Company makes any filing with the SEC pursuant to Sections 13 and 15(d) of the Exchange Act on a voluntary basis; or

The Company breaches certain other provisions of the Stockholders Agreement as described therein.

Board Representation Rights. The Stockholders Agreement entitled the Investor to appoint three directors to fill vacancies on our Board, which were filled effective as of August 11, 2011.

Special Board Actions. For as long as the Investor continues to hold 50% of the Preferred Shares, the Company agreed not to take certain actions, and agreed not to permit any of its subsidiaries or affiliates (other than any business acquired by the Company in a Qualifying Transaction) to take any of the following actions, without first obtaining the approval (by vote or written consent) of two-thirds of the directors on our Board including:

amending any provision of the Company s governing documents, except in accordance with the terms of the Stockholders Agreement and the Purchase Agreement;

making or approving any voluntary bankruptcy or reorganization filing by, liquidation or other termination of the business or operations of, the Company or any of its subsidiaries or allow the Company or any subsidiary to make a general assignment, arrangement or composition for the benefit of its creditors or to admit its inability to pay its debts generally as they become due;

increasing the size of our Board to more than seven directors;

making any determination or otherwise taking any action with respect to net operating losses as contemplated by the terms of the NOL Provision;

except as required under options to purchase Common Stock and warrants to acquire Common Stock, in each case outstanding on the date of the Purchase Agreement, issuing any securities; and

registering any securities of the Company or filing any registration statement relating to securities of the Company with the SEC or listing any such securities on any stock exchange.

Standstill Obligations. Until the expiration of the Put Right, the Company agreed that neither it nor any of its subsidiaries or affiliates (other than any business acquired by the Company in a Qualifying Transaction) will:

enter into any agreement or amend any agreement with any officer, employee, director, stockholder, member, warrant holder or equity holder of the Company or any of its subsidiaries or any affiliate of such persons or otherwise incur any liabilities (other than as may be required by the express terms of outstanding warrants in connection with the redemption thereof by the Company in accordance with such warrants) and other than liabilities incurred in the ordinary course of business, in an amount greater than $200,000;

incur more than $200,000 in debt in the aggregate;

incur or grant any lien other than with respect to assets relating to HE2000, HE2100, HE3413, HE3177, Apoptone or Triolex, having a value in excess of $200,000;

extend any credit in an amount greater than $200,000 in the aggregate at any one time outstanding;

acquire securities or other assets having an aggregate value in excess of $200,000 except in connection with a Qualifying Transaction;

issue any guarantee with respect to the debts or other obligations except in connection with a Qualifying Transaction;

make any expenditure in excess of $100,000; and

hire any employee, officer or director of or consultant to the Company and/or any of its subsidiaries that may result in the payment of compensation during any calendar year of more than $150,000 to any one such person.

Table of Contents

Preemptive Right. For as long as the Investor continues to hold 50% of the Preferred Shares, the Company agreed that the Investor is entitled to purchase up to 100% of any securities offered by the Company by giving written notice to the Company within ten days (subject to certain exceptions).

Information Rights. For as long as the Company continues to hold 50% of the Preferred Shares, the Investor is entitled to receive quarterly unaudited and annual audited financial statements, and additional written reports, management letters or other detailed information concerning significant aspects of the Company s operations or financial affairs given to the Company by its accountants.

Annual Meeting of Stockholders

In connection with the sale and issuance of the Preferred Shares under the Purchase Agreement, the Company agreed to hold the Annual Meeting within thirty days after the clearance of this proxy statement by the SEC. In particular, the Company agreed to include one or more proposals in this proxy statement to effect certain changes to the Restated Certificate and to recommend the adoption of the proposals to our stockholders. In response to this requirement, the Company has included, and our Board has recommended the adoption of, Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7, Proposal No. 8, Proposal No. 9 and Proposal No. 10. If each of these proposals is adopted by our stockholders at the Annual Meeting, the resulting amendments to the Restated Certificate will collectively result in the Company, among other things:

Adopting the NOL Provision to prevent transfers of the Common Stock in order to protect the Company s net operating losses for federal tax purposes (Proposal No. 1);

Eliminating the Board classification provisions, pursuant to which our Board is divided into three separate classes, with each class having a three-year term, and to instead provide for a single class of directors, each elected to hold office until the next annual meeting of stockholders (Proposal No. 2);

Removing the provision that prevents our stockholders from acting by written consent (Proposal No. 3);

Eliminating the restrictions on our stockholders ability to remove directors without cause (Proposal No. 4);

Permitting our stockholders to fill vacancies on our Board (Proposal No. 5);

Permitting the Amended and Restated Bylaws to be amended by the vote of a majority of the then-outstanding shares of voting stock, rather than two-thirds of such shares (Proposal No. 6);

Eliminating a provision that prohibits our stockholders from requesting that we hold a special meeting of our stockholders (Proposal No. 7);

Eliminating the provision that requires the vote of two-thirds of the then outstanding shares of voting stock to modify certain provisions of the Restated Certificate (Proposal No. 8);

Authorizing the Reverse Stock Split (Proposal No. 9); and

Authorizing the Forward Stock Split (Proposal No. 10).

Attached as Annex A to this proxy statement is a proposed Second Amended and Restated Certificate of Incorporation of the Company (the New Certificate), which incorporates the various changes that would be implemented if Proposal No. 1, Proposal No. 2, Proposal No. 3, Proposal No. 4, Proposal No. 5, Proposal No. 6, Proposal No. 7 and Proposal No. 8 are adopted at the Annual Meeting and also consolidates the changes made as a result of several prior amendments to the Restated Certificate.

Table of Contents

Disbursements from Escrow

Under the terms of the Purchase Agreement, we may be reimbursed from the escrow account for amounts required to purchase fractional shares held by record holders of Common Stock in connection with the Reverse Stock Split, if implemented. In addition, to the extent that certain of the holders of our warrants issued in connection with the Warrants are eligible to exercise their put right under Section 3(e) of the Warrants and elect to do so, the Company will be entitled to disbursement from the escrow account in accordance with the escrow agreement, in an amount equal to the amount required to repurchase the Warrants pursuant to the formula set forth in such section.

In addition, under the terms of the Purchase Agreement, beginning January 1, 2012 and on the first day of each month thereafter, we will be entitled to disbursements from the escrow account in the amount of $200,000 (the Working Capital Amount) for so long as: (x) the Investor has not made a Qualifying Transaction Proposal to the Company, (y) for sixty calendar days following the Investor having made a Qualifying Transaction Proposal (provided that the sixty day period will be extended an additional fourteen calendar days in the event the sixty day period includes all or any part of the period from December 15 through December 31, 2011), and (z) in the event that a Qualifying Transaction has been presented and definitive documentation relating to such Qualifying Transaction has been executed, for so long as the Qualifying Transaction has not been consummated (unless the failure to consummate such Qualifying Transaction is due to the Company s breach in any material respect of its obligations under the definitive agreements providing for the Qualifying Transaction), and if and until the Put Right is exercised or the right to exercise the Put Right otherwise expires.

Expenses Fee Letter

In connection with the execution of the Purchase Agreement, we entered into the Expenses Fee Letter with the Investor, pursuant to which the Investor agreed to reimburse us for our costs and expenses incurred in connection with:

- The closing of the sale and issuance of the Preferred Shares, such amount not to exceed $120,000;
- The preparation, filing and clearance of this proxy statement, the consummation of the actions proposed at the Annual Meeting, including the potential Reverse Stock Split and Forward Stock Split, and any stock transfer agent fees associated therewith, the Deregistration (as defined below) or any action, claim, suit, inquiry, notice of violation, proceeding or investigation arising in connection with the Purchase Agreement and the transactions contemplated thereby, such amount not to exceed $105,000; and
- The retention of a proxy solicitation firm to solicit proxies from our stockholders in connection with the Annual Meeting, such amount not to exceed $50,000.

Effect on the Stock Splits

The Preferred Shares also entitle the Investor to a number of votes equal to 38.28% of the total number of votes entitled to be cast by holders of all shares of the Company s capital stock (including the Common Stock and the Preferred Shares) voting together as single class. The Investor has indicated that it intends to vote all of the Preferred Shares FOR each of the proposals to be voted upon at the Annual Meeting, with the exception of the proposal to approve anti-dilution protections afforded to the Warrants (Proposal No. 12).

As the Investor holds no shares of Common Stock, the Investor will not be participating in the Stock Splits, though as described above, upon the effectiveness of the Stock Splits, the economic interest in the Company represented by the Preferred Shares will increase slightly from approximately 28.30% to approximately 28.32%, due to the decrease in the number of shares of Common Stock discussed above. However, neither the voting power associated with the Preferred Shares nor the aggregate number of the Preferred Shares held by the Investor will change as a result of the Stock Splits.

Table of Contents

Purposes and Advantages of the Stock Splits

Reduce the Number of our Record Stockholders

The main purpose of the Stock Splits is to give us the flexibility to reduce the number of the Company s holders of record to help ensure that we continue to have fewer than 300 holders of record, and thereby minimize the likelihood that we will be required to file periodic reports with the SEC under the Exchange Act in the future. Our Board has determined that the costs and other disadvantages associated with being an SEC-reporting company outweigh the advantages to the Company of being an SEC-reporting company. The cost of filing periodic reports with the SEC under the Exchange Act has become prohibitively expensive for us and we believe that it is in the best interests of the Company and our stockholders to take action to immediately suspend our obligation to file such reports. Our Board believes that the Stock Splits constitute the most expeditious, efficient and cost effective method for the Company to ensure that it will remain a non-reporting company once it has suspended its obligation to file such reports. We are also seeking to have our stockholders authorize the Stock Splits because we may be required to effect the Forward Stock Split and Reverse Stock Split in order to comply with certain contractual obligations that we have to our largest investor as further described in this proxy statement.

As determined in accordance with applicable SEC rules, our holders of record consist of our stockholders of record (as identified in our records of security holders) and the various banks, brokers, dealers and other nominees holding shares in street name accounts with Cede & Co. on behalf of beneficial owners (but not the beneficial owners themselves).

On August 15, 2011 we filed a Form 15 with the SEC certifying that there were fewer than 300 holders of record of the Common Stock and terminating the registration of the Common Stock under the Exchange Act, which is the first step in suspending our obligation to file periodic reports with the SEC. While our duty to file periodic reports under the Exchange Act with the SEC was not suspended immediately due to our existing registration statements filed under the Securities Act, we filed a no-action letter with the SEC to seek relief from our obligation to file such reports for the remainder of the fiscal year (including the Annual Report). While there can be no assurance that the SEC will grant the relief we are seeking, in the event the SEC does grant us relief (and we take certain additional actions as required by SEC rules), we would no longer be required to file periodic reports with respect to the fiscal year ending December 31, 2011 or thereafter. Thus, upon the receipt of confirmation that receipt had been granted, we would immediately cease filing periodic reports with the SEC for the remainder of fiscal year 2011, including the Annual Report to be filed with respect to fiscal year 2011. In the event that the SEC does not grant the relief we are requesting, we would be required to continue to file periodic reports with the SEC with respect to fiscal year 2011, including the Annual Report to be filed with respect to fiscal year 2011. However, even if the SEC does not grant us the reporting relief we are seeking, we would still plan to take the actions required by SEC rules to ensure that we are not required to file periodic reports with the SEC with respect to the fiscal year ending on December 31, 2012 or thereafter. Thus, regardless of the SEC s response to our request for relief, we anticipate that we will not file periodic reports under the Exchange Act with the SEC beginning with the reports that would otherwise be required to be filed with respect to our financial results for fiscal year 2012.

In order to suspend our obligation to file periodic reports with the SEC we must take the appropriate steps to both terminate the registration of the Common Stock with the SEC, which we accomplished by the filing of the Form 15 on August 15, 2011 with the SEC, and suspend our obligation to file periodic reports with the SEC, which we will accomplish either during fiscal year 2011 by obtaining relief from the SEC through the no-action letter process discussed above or at the end of fiscal year 2011 if we continue to have fewer than 300 holders of record (and take certain additional actions as required by SEC rules). Even once we have taken all action necessary to completely suspend our obligation to file periodic reports with the SEC, applicable SEC rules will require that we continue to assess, as of the first day of each fiscal year, the number of our holders of record. Assuming that we continue to have fewer than 300 holders of record as of each such date, our duty to file periodic reports with the SEC will continue to be suspended with respect to the entire fiscal year and we will be

Table of Contents

able to take advantage of the significant cost savings from not filing reports with the SEC or complying with the internal control audit and other requirements under the Sarbanes-Oxley Act. We are seeking the approval of the Stock Splits by our stockholders in order to allow our Board to effect the Stock Splits in the event that it determines that it is necessary to further reduce the number of our holders of record so that it becomes even less likely that the number of holders of record will exceed 300 at any point in the future.

Reduce Costs

We expect to realize significant cost savings as a result of the suspension of our obligation to file reports with the SEC by the elimination of many of the expenses related to the disclosure, reporting and compliance requirements of the Exchange Act, the Sarbanes-Oxley Act, the Dodd-Frank Act and other federal securities laws. For example, as a public company, we are required to prepare and file with the SEC, among other filings, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and proxy statements under Regulation 14A under the Exchange Act. The costs associated with these obligations constitute a significant overhead expense. These costs include professional fees for our auditors and corporate counsel, costs related to our Director and Officer insurance policy, printing and mailing costs, internal compliance costs and transfer agent costs. These SEC-related costs have been increasing over the years, and we believe that they will continue to increase, particularly as a result of the additional procedural, reporting, auditing and disclosure obligations imposed on public companies by the Sarbanes-Oxley Act and the Dodd-Frank Act.

The external costs associated with these reports and other filing obligations, as well as other external costs relating to public company status, comprise a significant overhead expense, made up principally of the following:

Fiscal Year Ended	**2010**	**2009**	**2008**	**2007**
Audit, Audit Related Fees, and Tax	$ 97,000	$ 95,000	$ 97,000	$ 103,000
Sarbanes-Oxley Act and Other Related SEC Compliance	$ 30,000	$ 30,000	$ 70,000	$ 136,000
Listing, Transfer Agent, D&O Insurance, Other Public Company Costs	$ 342,000	$ 581,000	$ 1,431,000	$ 993,000
Totals	$ 469,000	$ 705,000	$ 1,598,000	$ 1,312,000

The historical public company costs presented above are significant as a percentage of our total cost of administration. The reporting and filing costs primarily include professional fees for our auditors and corporate counsel and external compliance costs incurred in preparing and reviewing such filings. They do not include executive or administrative time involved in the process, which we also believe to be significant. The Company expects that the deregistration of our Common Stock will result in the elimination of approximately $370,000 per year of the above historical public company costs. For example, we estimate that we will be able to save approximately (i) $65,000 in accounting and audit fees, (ii) $55,000 in fees which would otherwise be payable to our securities counsel, and (iii) $250,000 on listing, transfer agent, D&O insurance and other public company costs.

While the Stock Splits will not result directly in the suspension of our SEC reporting obligation and, therefore, will not result directly in the realization of immediate cost savings, the Stock Splits will, if adopted and implemented, significantly reduce the risk that we will be required to file periodic reports under the Exchange Act with the SEC in the future. Accordingly, we believe that the Stock Splits will help to ensure we are able to continue to take advantage of the costs savings that we are able to realize as a result of terminating the registration of the Common Stock with the SEC and suspending our obligation to file periodic reports under the Exchange Act with the SEC. In other words, it is the separate suspension of our SEC reporting obligation that will result in significant cost savings to the Company, but the Stock Splits will help to ensure that the Company will be able to continue to benefit from that cost savings in the future and will limit the risk that the Company will again be required to incur SEC compliance and reporting costs.

Table of Contents

Management Time and Expense

The costs described above do not include the time expended by our management on the preparation of our SEC filings and compliance with other federal securities laws. We believe that this time could more effectively be devoted to other purposes, which is one of the reasons we are seeking to suspend our obligation to file SEC reports. We believe that the Stock Splits will, if adopted and implemented, significantly reduce the risk that we will be required to file periodic reports with the SEC in the future, which will help to ensure that management is able to continue to focus on operating the business and is not burdened by SEC compliance and reporting obligations.

Reduced Administrative Costs

In addition to the direct and indirect costs associated with the preparation of periodic reports under the Exchange Act and the additional reporting and compliance-related costs referenced above, the costs of administering and maintaining many small stockholder accounts is significant. The cost of administrating each stockholder s account is essentially the same regardless of the number of shares held in that account. Therefore, our costs to maintain such small accounts are disproportionately high when compared to the total number of shares involved. We believe that the Stock Splits will have the added benefit of decreasing the administrative costs associated with servicing our smaller stockholder accounts since some of those share positions will be cashed out in the Stock Splits.

Increased Percentage Ownership for Continuing Stockholders

The percentage ownership of the outstanding shares of Common Stock by our stockholders who are not cashed-out in the Reverse Stock Split will increase slightly in light of the fact that shares of Common Stock will be repurchased in the Stock Splits, thereby reducing the aggregate number of outstanding shares of Common Stock. However, this increase will likely not be material due to the limited number of shares of Common Stock expected to be repurchased in the Stock Splits.

Compliance with Contractual Obligations

In connection with the sale and issuance of the Preferred Shares under the Purchase Agreement, we agreed to include one or more proposals in this proxy statement to effect certain changes to the Restated Certificate and to recommend the adoption of the proposals to our stockholders. In response to this requirement, our Board has adopted and declared advisable certain amendments to the Restated Certificate including to authorize the Company to effect the Reverse Stock Split (Proposal No. 9), and to authorize the Company to effect the Forward Stock Split (Proposal No. 10). Thus, the Company is ensuring that it will be able to comply with certain contractual obligations it may have to its largest stockholder by including Proposal No. 9 and Proposal No. 10 in this proxy statement. However, notwithstanding the contractual obligation, our Board has separately considered the advisability of adopting these proposals and unanimously recommends that you vote FOR each of the proposals relating to the Stock Splits.

Disadvantages of the Stock Splits

While our Board believes the Stock Splits are fair to the Company and our stockholders, including our unaffiliated stockholders, our Board recognizes that the Stock Splits may have certain disadvantages to the Company and to those holders of record that will have their shares cashed out in the Stock Splits.

Disadvantages of the Stock Splits to the Stockholders Who Will be Cashed Out

No Participation in Potential Future Appreciation. The stockholders of the Company who are cashed out in the Stock Splits will no longer own any equity interest in the Company and will have no opportunity to participate in or benefit from any potential future appreciation in our value. In addition, those stockholders will

not have the opportunity to liquidate their shares at a time and for a price of their choosing. However, our Board believes that the Stock Splits provide an opportunity to realize the fair cash value of the shares without having to pay costly brokerage fees.

If you are a holder of record identified in our records of security holders (those stockholders holding shares in their own names) and hold fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split, you may avoid a cash out of your shares in the Reverse Stock Split by acquiring, prior to the effective time of the Reverse Stock Split, sufficient additional shares to cause you to hold a minimum of 1,000 shares of record immediately prior to the effective time of the Reverse Stock Split. If you are a beneficial owner holding shares in street name through a nominee which holds on an aggregated basis fewer than 1,000 shares of Common Stock immediately prior to the effective time of the Reverse Stock Split and does not hold such shares in an account with Cede & Co., you can avoid a cash out of your shares in the Reverse Stock Split by acquiring, prior to the effective time of the Reverse Stock Split, sufficient additional shares to cause you to hold through your nominee a minimum of 1,000 shares immediately prior to the effective time of the Reverse Stock Split. However, given the historically limited liquidity in our stock, we cannot assure you that any shares will be available for purchase and thus there is a risk that you may not be able to acquire sufficient shares to meet or exceed the required 1,000 shares. If you were unable to do so, your shares would be cashed out and you would no longer remain a stockholder after the effective time of the Reverse Stock Split. Alternatively, you may avoid a cash out of your shares in the Reverse Stock Split by transferring, prior to the effective date of the Reverse Stock Split, your shares to street name with a nominee holding shares in an account with C new franchisees. In addition, we may have to increase our bad debt and note reserves. We may also have to terminate franchisees more frequently due to non-reporting and non-payment. 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 new franchisees may be lower than in the past due to reduced net royalty rates, non-standard incentives and higher expenses from licensing fees.

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

Our franchisees are independent business operators and the sales associates that work with our company owned brokerage operations are independent contractors, and, as such, neither are our employees, 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 hire and train qualified independent sales associates or employees. If our franchisees and 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 by our franchisees may also lead to direct claims against us based on theories of vicarious liability and negligence.

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

Clients of our relocation business may terminate their contracts, and clients of our lender channel business at TRG may terminate their relationships 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 all services

Table of Contents

performed up to the time of termination and reimbursed for all expenses incurred up to the time of termination. In addition, TRG s lender channel business is highly dependent on our relationships with institutional clients who have not historically entered into contracts with us. If a significant number of our relocation clients terminate their contracts with us or if our relationships with the institutional clients in TRG s lender channel business deteriorate, 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.

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

Our success is largely dependent on the efforts and abilities of our senior management and other key employees. Our ability to retain our employees is generally subject to numerous factors, including the compensation and benefits we pay, the mix between the fixed and variable compensation we pay our employees, prevailing compensation rates and recruiting efforts of our competitors, which in certain cases, involves the raiding of our employees. If we were to lose key employees and not promptly fill their positions with comparably qualified individuals, our business may be materially 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, may harm our business and financial condition. Such litigation and other proceedings may include, but are not limited to, actions relating to intellectual property, commercial arrangements, franchising arrangements, negligence and fiduciary duty claims arising from franchising arrangements or company owned brokerage operations, actions against our title company alleging it knew or should have known 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 claims, general fraud claims and employment law claims, including claims challenging the classification of our sales associates as independent contractors and compliance with wage and hour regulations, and claims alleging violations of RESPA or state consumer fraud statutes. 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.

We are reliant upon information technology to operate our business and maintain our competitiveness, and any disruption or reduction in our information technology capabilities could harm our business.

Our business, including our ability to attract employees and independent sales agents, 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, 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

Table of Contents

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 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.

In addition, our information technologies and systems and those of our suppliers are vulnerable to breach, damage or interruption from various causes, including: (1) natural disasters, war and acts of terrorism, (2) power losses, computer systems failure, Internet and telecommunications or data network failures, operator error, losses and corruption of data, and similar events and (3) computer viruses, penetration by individuals seeking to disrupt operations or misappropriate information and other physical or electronic breaches of security. We maintain certain disaster recovery capabilities for critical functions in most of our businesses, including certain disaster recovery services from third party vendors. We also have certain protections designed to protect against breaches. However, these capabilities may not successfully prevent a disruption to or material adverse effect on our businesses or operations in the event of a disaster, theft of data or other business interruption. Any extended interruption in our technologies or systems or significant breach could significantly curtail our ability to conduct our business and generate revenue. Additionally, our business interruption insurance may be insufficient to compensate us for losses that may occur.

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 the international franchisees of, and the material terms of our international franchise agreements governing our relationships with, our Sotheby s 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 them 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.

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

Our trademarks, trade names, domain names, trade dress 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 any competitive advantage we have developed 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

Table of Contents

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 12 consecutive months.

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.

Our marketing arrangement with PHH Home Loans may limit our ability to work with other key lenders to grow our business.

Under our Strategic Relationship Agreement relating to PHH Home Loans, we are required to recommend PHH Home Loans as originator of mortgage loans to the independent sales associates, customers and employees of our company owned and operated brokerage offices. This provision may limit our ability to enter into beneficial business relationships with other lenders and mortgage brokers.

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. In addition, our joint venture may 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.

In the event of a termination of our joint venture PHH Home Loans, our earnings derived from the business that had been conducted by the joint venture and the related marketing fees that our franchise segment earns from PHH could be materially adversely affected.

Either party has the right to terminate the joint venture upon the occurrence of certain events, such as a material breach by the other party of any representation, warranty, covenant or other agreement contained in the Operating Agreement, Strategic Relationship Agreement or certain other related agreements that is not cured following any applicable notice or cure period, or the insolvency of the other party. In addition, we may terminate the joint venture at our election by providing two years prior notice to PHH at any time after January 31, 2015, and PHH may terminate the venture at its election effective January 31, 2030 by notice

Table of Contents

delivered no earlier than three years, but not later than two years, before such date. Upon any termination of the joint venture by us, we may require that PHH purchases our interest or sells its interest to a buyer designated by us. Upon any termination of the joint venture by PHH, PHH will be entitled to purchase our interest. In each case, the purchase price would be the fair market value of the interest sold.

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 loss of mortgage related earnings during any such transition. We may also decide not to continue to engage in the loan origination business conducted by the joint venture. In the event of a termination of the joint venture, our earnings derived from the business that had been conducted by the joint venture and the related marketing fees that we earned from PHH could be materially adversely affected.

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 $5,000 of claims on any one policy, though our insurance risk is not limited if we are negligent. The title underwriter which we acquired in January 2006 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 titled 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, 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.

Table of Contents

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 $330 million at December 31, 2012.

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, make acquisitions or otherwise grow our business.

We may be unable to continue to securitize certain of our relocation assets, which may adversely impact our liquidity or limit the scope of our relocation business.

At December 31, 2012, $261 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. If we are unable to continue to securitize these assets, we may be required to find additional sources of funding which may be on less favorable terms or may not be available at all. In such an event, without alternative sources of liquidity, our relocation segment s operations could be significantly curtailed.

The occurrence of any trigger events under our Apple Ridge securitization facility could cause us to lose funding under that facility and therefore restrict our ability to fund the operation of our U.S. relocation business.

The Apple Ridge securitization facility, which we use to advance funds on behalf of certain clients of our relocation business in order to facilitate the relocation of their employees, 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 or secured 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, either of which would adversely affect the operation of our relocation business.

We are highly dependent on the availability of the asset-backed securities market to finance the operations of our relocation business, and disruptions in this market or any adverse change or delay in our ability to access the market could have a material adverse effect on our financial position, liquidity or results of operations.

Table of Contents

Our Apple Ridge securitization facility, as amended in December 2011, matures in December 2013. We could encounter difficulties in renewing this facility and if this source of funding is not available to us for any reason, we could be required to borrow under the revolving credit facility or incur other indebtedness to finance our working capital needs, and there can be no assurance in this regard, or we could require our clients to fund the home purchases themselves, which could have a material adverse effect on our ability to achieve our business and financial objectives.

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 similar products and services to us at rates that are lower than we charge. In addition, 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.

Our largest national competitors in this industry may have greater financial resources than we do, including greater marketing and technology budgets, and may be less leveraged. Regional and local franchisors 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 to be competitive with those 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, our business as a franchisor may be materially adversely affected.

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 agents and buyer and sellers of homes.

Our company owned brokerage business, like that of our franchisees, is generally in 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.

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

Table of Contents

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 agents and/or buyers and sellers of homes.

As with our real estate franchise business, a decrease in the average brokerage commission rate may adversely affect our revenues. Our average homesale commission rate per side in our Company Owned Real Estate Services segment has declined from 2.62% in 2002 to 2.49% for the year ended December 31, 2012.

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 recruit 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 becomes more global in nature with greater emphasis on relocation of employees throughout the world, we will 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 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 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 to supervise and are responsible for the conduct of their brokerage business. Although real estate sales agents 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. Several of our pending litigation matters include claims alleging to employee misclassification and non-compliance with wage and hour regulations, and an adverse outcome in any such litigation could harm our business and financial condition.

Table of Contents

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, among other things, restrict payments which real estate brokers, agents and other settlement service providers may receive for the referral of business to other settlement service providers in connection with the closing of real estate transactions. Such laws may to some extent restrict preferred vendor arrangements involving our franchisees and our company owned brokerage business. RESPA and similar state laws also require timely disclosure of certain relationships or financial interests that a broker has with providers of real estate settlement services. Pursuant to the Dodd-Frank Act, administration of RESPA has been moved from HUD to the new CFPB and it is possible that the practice of HUD taking very expansive readings of RESPA will continue or accelerate at the CFPB creating increased regulatory risk.

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.

There is a risk that we could be adversely affected by current laws, regulations or interpretations or that more restrictive laws, regulations or interpretations will be adopted in the future that 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 legislative or regulatory changes 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.

We are also, to a lesser extent, subject to various other rules and regulations such as:

- the Gramm-Leach-Bliley Act which governs the disclosure and safeguarding of consumer financial information;
- various state and federal privacy laws protecting consumer data;
- the USA PATRIOT Act;
- restrictions on transactions with persons on the Specially Designated Nationals and Blocked Persons list promulgated by the Office of Foreign Assets Control of the Department of the Treasury;
- federal and state Do Not Call, Do Not Fax, and Do Not E-Mail laws;
- 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;
- the Affiliated Marketing Rule, which prohibits or restricts the sharing of certain consumer credit information among affiliated companies without notice and/or consent of the consumer;

the Fair Housing Act;

laws and regulations, including the Foreign Corrupt Practices Act and U.K. Bribery Act, that impose sanctions on improper payments;

Table of Contents

laws and regulations in jurisdictions outside the United States in which we do business;

increases in state, local or federal taxes that could diminish profitability or liquidity;

consumer fraud statutes that are broadly written; and

laws protecting the elderly.

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.

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

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 our businesses and have sought to integrate acquisitions into our operations to achieve economies of scale. Our company owned brokerage business has completed over 375 acquisitions since its formation in 1997 and, in 2004, we acquired the Sotheby s International Realty® residential brokerage business and entered into an exclusive license agreement for the rights to the Sotheby s International Realty® trademarks which are used in the Sotheby s International Realty® franchise system. In January 2006, we acquired our title insurance underwriter and certain title agencies. In addition, in 2010, we expanded the Cartus global footprint through the acquisition of Primacy. As a result of these and other acquisitions, we have derived a substantial portion of our growth in revenues and net income from acquired businesses. 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 to finance and complete these transactions and for target companies to find our acquisition proposals more favorable than those made by companies with which we compete.

We may not realize anticipated benefits from future acquisitions.

Integrating acquired companies involves complex operational and personnel related challenges. Future acquisitions may present similar challenges and difficulties, including:

the possible defection of a significant number of employees and independent sales associates;

increased amortization of intangibles;

the disruption of our respective ongoing businesses;

possible inconsistencies in standards, controls, procedures and policies;

the failure to maintain important business relationships and contracts;

unanticipated costs of terminating or relocating facilities and operations;

unanticipated expenses related to integration; and

potential unknown liabilities associated with acquired businesses.

Table of Contents

A prolonged diversion of management s attention and any delays or difficulties encountered in connection with the integration of any business that we have acquired or may acquire in the future could prevent us from realizing the anticipated cost savings and revenue growth from our acquisitions.

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

We have achieved cost savings from various restructuring initiatives targeted at reducing costs and enhancing organizational effectiveness while consolidating existing processes and facilities. We may not be able to maintain these cost savings and other benefits in the future.

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, 2012, revenues from these operations represented approximately 3% 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;

economic and/or credit conditions abroad;

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;

investment restrictions or requirements;

onerous employment laws;

diminished ability to legally enforce our contractual rights in foreign countries;

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

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

foreign exchange restrictions;

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. Anti-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 generate substantial cash

Table of Contents

requirements for us, which may increase beyond our expectations in future years based on changing market conditions. For example, as of the end of the fiscal year ended December 31, 2012, for financial reporting purposes, we estimated that required cash contributions will be between $8 million and $9 million each year for the next five years and approximately $48 million over the succeeding five years. 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 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. In addition, it is possible that a second ownership change could occur as a result of a combination of the sale of our common stock pursuant to this offering, other sales of our common stock, and/or future equity issuances. 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 (or, if a second ownership change occurs, from both ownership changes) 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. Accordingly, we may be unable to earn enough taxable income in order to fully utilize our current NOLs.

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

Under the Separation and Distribution Agreement dated July 27, 2006 the (Separation and Distribution Agreement) among Realogy Group, Cendant Corporation (Cendant), which changed its name to Avis Budget Group, Inc. (Avis Budget) in August 2006, Wyndham Worldwide Corporation (Wyndham Worldwide) and Travelport Inc. (Travelport), and other agreements, subject to certain exceptions contained in the Tax Sharing Agreement dated as of July 28, 2006, as amended (the Tax Sharing Agreement), among Realogy Group, Wyndham Worldwide and Travelport, Realogy Group and Wyndham Worldwide have each assumed and are generally responsible for 62.5% and 37.5%, respectively, of certain of Cendant s contingent and other corporate liabilities not primarily related to the businesses of Travelport, Realogy Group, Wyndham Worldwide or Avis Budget. The due to former parent balance was $69 million at December 31, 2012 and represents Realogy Group s accrual of its share of potential Cendant contingent and other corporate liabilities.

If any party responsible for Cendant contingent and other corporate liabilities were to default in its payment, when due, of any such assumed obligations related to any such contingent and other corporate liability, each non-defaulting party (including Cendant) would be required to pay an equal portion of the amounts in default. Accordingly, Realogy Group may, under certain circumstances, be obligated to pay amounts in excess of its share of the assumed obligations related to such contingent and other corporate liabilities, including associated costs and expenses.

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 Cendant 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.

Table of Contents

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, 2012, our total debt, excluding our securitization obligations, was $4,366 million (without giving effect to outstanding letters of credit under our senior secured credit facility). 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 intend to use a substantial portion of future free cash flow generation to reduce our outstanding indebtedness, there can be no assurance that we will be able to generate free cash flow from operations or reduce the level of our indebtedness in the future.

Our substantial degree of 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 and future business opportunities or principal repayment. Our significant level of interest payments are challenging in periods when seasonal cash flows in the residential real estate market are at their lowest points;

- it could cause us to be unable to maintain compliance with the senior secured leverage ratio covenant under our senior secured credit facility;

- it could cause us to be unable to meet our debt service requirements under our senior secured credit facility or the indentures governing the Unsecured Notes, the First Lien Notes and the First and a Half Lien 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, 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 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.

We may not be able to generate sufficient cash to service all of our indebtedness and be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond our control. We cannot assure you that we will maintain a level of cash flows from operating activities and from drawings on our revolving credit facilities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness or meet our operating expenses.

Table of Contents

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional debt or equity capital or restructure or refinance our indebtedness. We cannot assure you that we would be able to take any of these actions, that these actions would be successful and permit us to meet our scheduled debt service obligations or that these actions would be permitted under the terms of our existing or future debt agreements.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- our debt holders could declare all outstanding principal and interest to be due and payable;
- the lenders under our senior secured credit facility could terminate their commitments to lend us money and foreclose against the assets securing their borrowings; and
- we could be forced into bankruptcy or liquidation.

We will continue to evaluate potential financing transactions. There can be no assurance that financing or refinancing will be available to us on acceptable terms or at all. Future indebtedness may impose various additional restrictions and covenants on us which could limit our ability to respond to market conditions, to make capital investments or to take advantage of business opportunities. Our ability to make payments to fund working capital, capital expenditures, debt service, and strategic acquisitions will depend on our ability to generate cash in the future, which is subject to general economic, financial, competitive, regulatory and other factors that are beyond our control.

An event of default under our senior secured credit 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 contains 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. Our senior secured leverage ratio may not exceed 4.75 to 1.0 tested on a quarterly basis but only if the aggregate amount of borrowings outstanding under the revolving credit facility, together with the aggregate amount of letters of credit issued under the letter of credit subfacility at the end of the applicable quarter, exceed 25% of the aggregate revolving credit facility commitments. For the twelve months ended December 31, 2012, we were in compliance with the senior secured leverage ratio covenant with a ratio of 3.30 to 1.0. Total senior secured debt, for purposes of this ratio, does not include the First and a Half Lien Notes and other indebtedness that is unsecured or secured by a lien on our assets *pari passu* or junior in priority to the liens securing the First and a Half Lien Notes, including our securitization obligations or the Unsecured Notes.

If we are unable to maintain compliance 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, there would be an event of default under the senior secured credit 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, the lenders:

- will not be required to lend any additional amounts to us;
- 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

Table of Contents

could prevent us from making payments on the Unsecured Notes, the First Lien Notes or the First and a Half Lien Notes, any of which could result in an event of default under the indentures governing the First Lien Notes, the First and a Half Lien Notes and 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 or meet our payment obligations with respect to the First Lien Notes and the First and a Half Lien Notes, the lenders and holders of such debt under our senior secured credit facility could proceed against the collateral granted to secure the senior secured credit facility and the First Lien Notes and the First and a Half Lien Notes. 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 holders of the First Lien Notes and/or the First and a Half Lien Notes accelerate the repayment of borrowings, we may not have sufficient assets to repay the senior secured credit 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 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, the indentures governing the Unsecured Notes, the First Lien Notes, the First and a Half Lien 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, 2012, $1,932 million of our borrowings under our senior secured credit 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, 2012.

Restrictive covenants under our indentures and the senior secured credit facility may limit the manner in which we operate.

Our senior secured credit facility and the indentures governing the Unsecured Notes, the First Lien Notes and the First and a Half Lien Notes contain, and any future indebtedness we incur may contain, various covenants and conditions that limit our ability to, among other things:

incur or guarantee additional debt;

incur debt that is junior to senior indebtedness and, with respect to the Senior Subordinated Notes, senior to such Senior Subordinated Notes;

pay dividends or make distributions to Realogy Group s stockholders;

repurchase or redeem capital stock or subordinated indebtedness;

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 us;

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;

Table of Contents

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

prepay, redeem or repurchase the Unsecured Notes, the First Lien Notes, the First and a Half Lien Notes and debt that is junior in right of payment to loans under the senior secured credit facility, the Unsecured Notes, the First Lien Notes and the First and a Half Lien Notes.

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 or finance future operations or capital needs.

Risks Related to the Offering and 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 us, the Apollo Funds, or members of our management team, including but not limited to the sale of common stock offered hereby and resales under Rule 144 or pursuant to registered public offerings;

sales of common stock by other holders of our common stock previously subject to lock-up arrangements;

our operating and financial performance and prospects, including but not limited to 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;

conditions that impact demand for our products and services, including the condition of the U.S. residential housing market;

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 securities analysts who track our common stock;

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;

changes in government and environmental regulation;

housing and mortgage finance markets;

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 against us;

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; and

material weakness in our internal controls over financial reporting.

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.

Table of Contents

Apollo significantly influences our decisions and its interests may conflict with or differ from your interests as a stockholder.

As of April 5, 2013, the Apollo Funds indirectly beneficially owned approximately 45% of our common stock. After giving effect to this offering, the Apollo Funds would continue to beneficially own approximately 21% of our common stock (or approximately 17% if the underwriters exercise their option to purchase additional shares in full). As a result, Apollo will continue to have the power to strongly influence the election of our directors and our decisions with respect to any transaction that requires the approval of our Board of Directors or our stockholders, including the approval of significant corporate transactions such as restructurings, mergers and the sale of substantially all of our assets. In addition, if the Apollo Funds hold at least 25% of the voting power of our outstanding shares of common stock, a majority of the directors designated to the Board of Directors by the Apollo Funds must approve certain of our significant business decisions.

Additionally, under the Securityholders Agreement, dated as of October 12, 2012, between Realogy Holdings and the Apollo Funds that indirectly beneficially own our common stock (the Apollo Securityholders Agreement), so long as the Apollo Funds beneficially own (i) at least 30% but less than 50% of the voting power of the outstanding common stock, the Apollo Funds have the right to designate four directors, (ii) at least 20% but less than 30% of the voting power of the outstanding common stock, the Apollo Funds have the right to designate three directors and (iii) at least 10% but less than 20% of the voting power of the outstanding common stock, the Apollo Funds have the right to designate two directors.

The interests of Apollo could conflict with or differ from the interests of holders of our common stock and other securities. For example, the concentration of ownership held by the Apollo Funds could delay, defer or prevent a change of control of the Company or impede a merger, takeover or other business combination that may otherwise be viewed favorably by our securityholders. In addition, pursuant to our amended and restated certificate of incorporation, Apollo, and any of our directors who are affiliated with Apollo, have the right to, and have no duty to abstain from exercising such right to, conduct business with any business that is competitive or in the same line of business as us, do business with any of our clients, customers or vendors, or make investments in the kind of property in which we may make investments. Apollo is in the business of making or advising on investments in companies and may hold, and may from time to time in the future acquire interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. Apollo may also pursue acquisitions that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. So long as the Apollo Funds continue to own a significant amount of our common stock, Apollo will continue to be able to strongly influence our decisions.

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. The Apollo Funds and Paulson & Co. Inc., on behalf of several investment funds and accounts managed by it (together with such investment funds and accounts, Paulson) have previously received approvals for their current holdings from the Texas Department of Insurance. Certain purchasers of our common stock could be subject to similar approvals which could significantly delay or otherwise impede their ability to complete such purchase.

Table of Contents

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 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.

Future sales or the perception of future sales of a substantial amount of our common stock may depress the price of shares of our common stock, including in connection with the expiration of the lock-up agreements entered into in connection with our initial public offering.

Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities. A substantial portion of our common stock is no longer restricted by the lock-up agreements signed in connection with the IPO and may be sold into the public market without restriction. In addition, while the common stock sold in this offering will not change the total amount of shares outstanding, we, the selling stockholders, our executive officers and directors have agreed that, subject to certain exceptions, for 90 days after the date of this prospectus supplement, without the prior written consent of both Goldman, Sachs & Co. and J.P. Morgan Securities LLC, we and they will not directly or indirectly, offer, sell, offer to sell, contract to sell or otherwise dispose of any shares of our common stock, subject to certain limited exceptions, including any sale by the Company s executive officers (except for Richard Smith, our chief executive officer), in the aggregate, of a maximum of 15% of the shares of common stock held by each of them (including shares issuable pursuant to currently exercisable options and shares to be issued pursuant to the Phantom Value Plan in connection with this offering) that would otherwise be prohibited pursuant to the terms of the lock-up agreements entered into in connection with this offering. When the restrictions pursuant to the lock-up arrangements expire (or the shares of our common stock subject to such restrictions are released, in whole or in part), we and such persons will no longer be restricted from selling common stock, subject to Rule 144 limitations, which could depress the price of shares of our common stock. Immediately following this offering, a total of 114,411,772 shares of common stock will not be subject to a lock-up agreement and will be available for sale into the public market without restriction, including shares that were previously restricted by the lock-up agreements signed in connection with the IPO. In the future, we may also issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisitions and investments.

Pursuant to the terms of our Phantom Value Plan, certain of our executive officers are eligible to receive payment, at their election, in shares of our common stock, cash or a combination thereof, as a result of the sale of shares of common stock by RCIV Holdings (Luxembourg) S.à r.l, which is a selling stockholder in this offering and an affiliate of Apollo. Such officers have indicated that they intend to elect to receive approximately 91% of such payment in shares of common stock which, assuming a public offering price per share of $45.84 (the last

Table of Contents

reported sale price of our common stock on The New York Stock Exchange on April 8, 2013) and no exercise by the underwriters of their option to purchase additional shares, would result in an aggregate payment of 518,613 shares of common stock to such officers following this offering and a second quarter 2013 charge of approximately $24 million, including the non-stock portion of the payment. The issuance of additional shares pursuant to our Phantom Value Plan would further dilute the amount of our common stock outstanding and would result in future compensation charges. See Item 11 of our Annual Report on Form 10-K for the year ended December 31, 2012, incorporated herein by reference, for further information with respect to our Phantom Value Plan.

We cannot predict the size of future issuances or sales of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares of our common stock issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for 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, amended and restated bylaws and the Apollo Securityholders Agreement 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:

- classify our Board of Directors so that only some of our directors are elected each year;
- 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 of 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 if less than a majority of the voting power of our outstanding common stock is controlled by the Apollo Funds;
- 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; and
- provide that the approval of a majority of the directors designated to the Board of Directors by the Apollo Funds will be required for certain change of control transactions if the Apollo Funds control at least 25% of the voting power of our outstanding common stock.

The foregoing factors, as well as the significant common stock ownership by the Apollo Funds, 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 your ability to realize any potential change-in-control premium.

Table of Contents

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.

If securities analysts do not publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock depends in part on the research and reports that third-party securities analysts publish about our company and our industry. If one or more analysts cease coverage of our company, we could lose visibility in the market. In addition, one or more of these analysts could downgrade our common stock or issue other negative commentary about our company or our industry. As a result of one or more of these factors, the trading price of our common stock could decline.

Table of Contents

USE OF PROCEEDS

All shares of common stock sold pursuant to this prospectus supplement will be sold by the selling stockholders and we will not receive any of the proceeds from such sales. We will pay the expenses, other than underwriting discounts and commissions, associated with the sale of shares by the selling stockholders.

Table of Contents

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of December 31, 2012:

- on an actual basis; and
- on an as adjusted basis giving effect to (i) the anticipated redemption of all of our outstanding 12.375% Senior Subordinated Notes and 13.375% Senior Subordinated Notes on April 16, 2013, (ii) the anticipated redemption of all of our outstanding 12.00% Senior Notes on April 23, 2013, and (iii) the amendment and restatement of our senior secured credit agreement on March 5, 2013, which (a) extended the maturity of the term loan by four years and increased its size by $98 million and (b) extended the maturity of the revolving credit facility by two years and increased its capacity from $363 million to $475 million.

Because we will not receive any of the proceeds from this offering, this offering will not change our capitalization.

You should read this table together with our consolidated financial statements and the related notes incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of December 31, 2012	
	Actual	As Adjusted
	(In millions)	
Capitalization (excluding securitization obligations)		
Cash and cash equivalents [1]	$ 376	$ 93
Long-term debt (including current portion):		
Senior Secured Credit Facility:		
Revolving credit facility	$ 110	$
Term loan facility	1,822	
New revolving credit facility [2]		110
New term loan facility [3]		1,901
7.625% First Lien Notes due 2020	593	593
7.875% First and a Half Lien Notes due 2019	700	700
9.000% First and a Half Lien Notes due 2020	325	325
11.50% Senior Notes due 2017 [4]	489	489
12.00% Senior Notes due 2017 [5]	129	
12.375% Senior Subordinated Notes due 2015 [6]	188	
13.375% Senior Subordinated Notes due 2018	10	
Total long-term debt (including current portion)	4,366	4,118
Equity:		
Common stock; 400,000,000 authorized shares, 145,369,453 shares issued and outstanding (actual and as adjusted)	1	1
Additional paid-in capital	5,591	5,591
Accumulated deficit [7]	(4,045)	(4,063)
Accumulated other comprehensive income (loss)	(31)	(31)
Noncontrolling interests	3	3
Total equity (deficit)	1,519	1,501
Total capitalization [8]	$ 5,885	$ 5,619

Table of Contents

(1) Readily available cash as of December 31, 2012 was $313 million. Readily available cash includes cash and cash equivalents less statutory cash required for our title business. As adjusted cash and cash equivalents reflects $56 million of term loan proceeds, net of fees, offset by $339 million of cash used for the redemption of the 12.00% Senior Notes and the Senior Subordinated Notes, including related redemption premiums. On an as adjusted basis, we anticipate that our annualized cash interest savings from the redemption of such notes and the amendment and restatement of our senior secured credit facility will be approximately $36 million, based on our debt balances as of March 31, 2013, and assuming LIBOR rates as of March 31, 2013. As adjusted amount does not include anticipated expenses payable by us in connection with this offering.

(2) Interest rates with respect to revolving loans under the new revolving credit facility are based on, at our option, (a) adjusted LIBOR plus 2.75% or (b) ABR plus 1.75%. On March 31, 2013, we had approximately $135 million outstanding under the new revolving credit facility and no outstanding letters of credit under such facility, leaving $340 million of available capacity.

(3) The new term loan facility is $1,920 million less a discount of $19 million. The interest rates with respect to term loans under the new term loan facility are based on, at our option, (a) adjusted LIBOR plus 3.50% (with a LIBOR floor of 1.00%) or (b) ABR plus 2.50% (with an ABR floor of 2.0%).

(4) Consists of $492 million of 11.50% Senior Notes, less a discount of $3 million.

(5) Consists of $130 million of 12.00% Senior Notes, less a discount of $1 million.

(6) Consists of $190 million of 12.375% Senior Subordinated Notes, less a discount of $2 million.

(7) As adjusted accumulated deficit was reduced by a $3 million loss on extinguishment and a $2 million write-off of financing costs due to the amended and restated senior secured credit facility, as well as $13 million due to the anticipated loss on extinguishment of the Senior Subordinated Notes and the 12.00% Senior Notes upon their redemption. Accumulated deficit does not include any charge relating to the Phantom Value Plan.

(8) Total capitalization excludes our securitization obligations which are collateralized by relocation related assets and appear in our current liabilities.

Table of Contents

PRICE RANGE OF OUR COMMON STOCK

Our common stock is listed on The New York Stock Exchange (the NYSE) under the symbol RLGY. On April 8, 2013, the reported last sale price of our common stock on the NYSE was $45.84. The following table sets forth the high and low intraday prices of our common stock on the NYSE for the periods indicated.

	Stock Price Range 2012	
Year Ended December 31, 2012	**High**	**Low**
Fourth Quarter (from October 11, 2012)	$ 42.16	$ 32.50

	Stock Price Range 2013	
Year Ending December 31, 2013	**High**	**Low**
First Quarter	$ 50.33	$ 40.36
Second Quarter (through April 8, 2013)	$ 49.15	$ 43.76

As of April 5, 2013, there were 161 stockholders of record of our common stock. In addition, we believe a significant number of beneficial owners of our common stock hold their shares in street name.

Table of Contents

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 the section herein titled Risk Factors Risks Related to the Offering and 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.

Table of Contents

SELLING STOCKHOLDERS

The following table, which was prepared based on information supplied to us by the selling stockholders, sets forth the name of each of the selling stockholders, the number of shares of common stock beneficially owned by each of the selling stockholders and the number of shares to be offered by each of the selling stockholders pursuant to this prospectus supplement. The table also provides information regarding the beneficial ownership of our common stock by each of the selling stockholders as adjusted to reflect the assumed sale of all of the shares of common stock offered under this prospectus supplement. The table below assumes no exercise of the underwriters option to purchase additional shares. We will pay the expenses, other than underwriting discounts and commissions, associated with the sale of shares by the selling stockholders. The selling stockholders will pay the underwriting discounts and selling commissions in connection with this offering.

We have determined beneficial ownership in accordance with the rules of the SEC. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed a beneficial owner of securities as to which he has no economic interest. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the tables below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

	Beneficial Ownership Prior to Offering			Beneficial Ownership After Offering (no option exercise)	
Name of Selling Stockholder(1)	Common Stock	Percentage of Common Stock (2)	Number of Shares of Common Stock Offered Hereby	Common Stock	Percentage of Common Stock (2)
RCIV Holdings (Luxembourg) S.à r.l.	57,462,269	39.53%	30,763,706	26,698,563	18.37%
Domus Co-Investment Holdings LLC	3,714,000	2.55%	1,988,373	1,725,627	1.19%
Apollo Investment Fund VI, L.P.	2,184,067	1.50%	1,169,288	1,014,778	0.70%
Domus Investment Holdings, LLC	2,014,734	1.39%	1,078,633	936,101	0.64%

(1) The sole shareholder of RCIV Holdings (Luxembourg) S.à r.l. (RCIV Luxembourg) is RCIV Holdings, L.P. (RCIV LP). Apollo Management VI, L.P (Management VI) is the manager of each of RCIV LP, Apollo Investment Fund VI, L.P. (AIF VI) and Domus Investment Holdings, LLC (Domus LLC), and the managing member of Domus Co-Investment Holdings LLC (Domus Co-Invest LLC and, collectively with RCIV Luxembourg, AIF VI and Domus LLC, the Apollo Selling Stockholders), and as such has voting and investment power over the shares of our common stock held by the Apollo Selling Stockholders. The general partner of Management VI is AIF VI Management, LLC (AIF VI LLC), and the sole member and manager of AIF VI LLC is Apollo Management, L.P. (Apollo Management). The general partner of Apollo Management is Apollo Management GP, LLC (Management GP). The sole member and manager of Management GP is Apollo Management Holdings, L.P. (Management Holdings). The general partner of Management Holdings is Apollo Management Holdings GP, LLC (Management Holdings GP). The general partner of AIF VI is Apollo Advisors VI, L.P. (Advisors VI). The general partner of Advisors VI is Apollo Capital Management VI, LLC (ACM VI). The sole member and manager of ACM VI is Apollo Principal Holdings I, L.P. (Principal I), and the general partner of Principal I is Apollo Principal Holdings I GP, LLC (Principal I GP). Leon Black, Joshua Harris and Marc Rowan are the managers, as well as principal executive officers, of Management Holdings GP, and the managers of Principal I GP, and as such may be deemed to have voting and dispositive control of the shares of our common stock held by the Apollo

Table of Contents

Selling Stockholders. Each of the Apollo Selling Stockholders disclaims beneficial ownership of the common stock that may be deemed beneficially owned by any other Apollo Selling Stockholder and each of the Apollo investment managers and investment advisors, including Management Holdings GP and Principal I GP disclaims beneficial ownership of the common stock held by the Apollo Selling Stockholders. The address of each of AIF VI LP, Domus LLC, Domus Co-Invest LLC, Advisors VI, ACM VI, Principal I and Principal I GP is One Manhattanville Road, Suite 201, Purchase, New York 10577. The address of RCIV Luxembourg is 44, Avenue John F. Kennedy, L-1885, Luxembourg. The address of RCIV LP is c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The address of each of Management VI, AIF VI LLC, Apollo Management, Management GP, Management Holdings, Management Holdings GP, and Messrs. Black, Harris and Rowan, is 9 West 57th Street, 43rd Floor, New York, New York 10019.

(2) Percentages are based on 145,370,433 shares of common stock issued and outstanding as of April 5, 2013.

Each of the Apollo Selling Stockholders is an affiliate of Apollo and, as such, is entitled to certain rights pursuant to the Apollo Securityholders Agreement, including with respect to the designation of members to be nominated to our Board of Directors and the approval of certain of our significant business decisions. Employees of Apollo also currently serve on our Board of Directors. See Directors, Officers and Corporate Governance and Certain Relationships and Related Transactions, and Director Independence in Part III, Items 10 and 13, respectively, of our Annual Report on Form 10-K for the year ended December 31, 2012, incorporated by reference herein, for further information.

Table of Contents

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

FOR NON-U.S. HOLDERS OF COMMON STOCK

The following is a summary of certain U.S. federal income tax considerations relevant to non-U.S. holders (as defined below) with respect to the ownership and disposition of our common stock. The following summary is based on current provisions of the Code, Treasury regulations and judicial and administrative authority, all of which are subject to change, possibly with retroactive effect. State, local, estate and foreign tax consequences are not summarized, nor are tax consequences to special classes of investors including, but not limited to, tax-exempt organizations, insurance companies, banks or other financial institutions, partnerships or other entities classified as partnerships for U.S. federal income tax purposes, dealers in securities, persons liable for the alternative minimum tax, U.S. expatriates, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons who have acquired our common stock as compensation or otherwise in connection with the performance of services, or persons that will hold our common stock as a position in a hedging transaction, straddle, conversion transaction or other risk reduction transaction. Tax consequences may vary depending upon the particular status of an investor. The summary is limited to non-U.S. holders who will hold our common stock as capital assets (generally, property held for investment). Each potential investor should consult its own tax advisor as to the U.S. federal, state, local, foreign and any other tax consequences of the purchase, ownership and disposition of our common stock.

For purposes of this summary, the term non-U.S. holder means a beneficial owner of our common stock that, for U.S. federal income tax purposes, is: (i) an individual who is classified as a non-resident of the United States, (ii) a foreign corporation, or (iii) a foreign estate or foreign trust.

If a partnership (including any entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are treated as a partner in such an entity holding our common stock, you should consult your own tax advisor as to the particular U.S. federal income tax consequences applicable to you.

Distributions

Distributions with respect to our common stock will be treated as dividends to the extent paid from our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Generally, distributions treated as dividends paid to a non-U.S. holder with respect to our common stock will be subject to a 30% U.S. withholding tax, or such lower rate as may be specified by an applicable income tax treaty.

Dividends that are effectively connected with a non-U.S. holder s conduct of a trade or business within the United States (and, if a tax treaty applies, are attributable to a U.S. permanent establishment of such non-U.S. holder) are generally subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a United States person, as defined under the Code, and are exempt from the 30% withholding tax (assuming compliance with certain certification requirements). Any such effectively connected dividends received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional branch profits tax at a rate of 30% (or lower applicable treaty rate). A non-U.S. holder who claims the benefit of an applicable tax treaty generally will be required to satisfy applicable certification and other requirements. Non-U.S. holders should consult their own tax advisors regarding their entitlement to benefits under a relevant tax treaty. A non-U.S. holder can generally meet the relevant certification requirement by providing a properly executed IRS Form W-8BEN (if the holder is claiming the benefits of an income tax treaty) or Form W-8ECI (if the dividends are effectively connected with a trade or business in the United States) or suitable substitute form.

Dispositions

Subject to the discussion below concerning backup withholding, a non-U.S. holder generally will not be subject to U.S. federal income or withholding tax with respect to gain realized on the sale, exchange or other

Table of Contents

disposition of our common stock unless (i) the gain is effectively connected with such non-U.S. holder s conduct of a trade or business within the United States (and, if a tax treaty applies, is attributable to a U.S. permanent establishment of such non-U.S. holder), (ii) in the case of a non-U.S. holder that is a non-resident alien individual, such non-U.S. holder is present in the United States for 183 or more days in the taxable year of disposition, and certain other conditions are met or (iii) we are or have been a United States real property holding corporation for U.S. federal income tax purposes.

In the case described above in (i), the gain on the disposition of our common stock will be recognized in an amount equal to the difference between the amount of cash and the fair market value of any other property received for the common stock and the non-U.S. holder s basis in the common stock. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the common stock has been held for more than one year. In the case of a non-U.S. holder that is a foreign corporation, such gain may also be subject to an additional branch profits tax at a rate of 30% (or a lower applicable treaty rate). In the case described above in (ii), the non-U.S. holder generally will be subject to a flat income tax at a rate of 30% (or lower applicable treaty rate) on any capital gain recognized on the disposition of our common stock, which may be offset by certain U.S. source capital losses.

We believe we are not and do not anticipate becoming a United States real property holding corporation for U.S. federal income tax purposes.

Information Reporting and Backup Withholding

Payment of dividends, and the tax withheld with respect thereto, is subject to information reporting requirements. These information reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Under the provisions of an applicable income tax treaty or agreement, copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides. U.S. backup withholding will generally apply on payment of dividends to non-U.S. holders unless such non-U.S. holders furnish to the payor an IRS Form W-8BEN (or other applicable form), or otherwise establish an exemption and the payor does not have actual knowledge or reason to know that the holder is a United States person, as defined under the Code, that is not an exempt recipient.

Payment of the proceeds of a sale of our common stock within the United States or conducted through certain U.S.-related financial intermediaries is subject to information reporting and, depending on the circumstances, backup withholding, unless the non-U.S. holder, or beneficial owner thereof, as applicable, certifies that it is a non-U.S. holder on IRS Form W-8BEN (or other applicable form), or otherwise establishes an exemption and the payor does not have actual knowledge or reason to know the holder is a United States person, as defined under the Code, that is not an exempt recipient.

Any amount withheld under the backup withholding rules from a payment to a non-U.S. holder is allowable as a credit against such non-U.S. holder s U.S. federal income tax, which may entitle the non-U.S. holder to a refund, provided that the non-U.S. holder timely provides the required information to the IRS. Moreover, certain penalties may be imposed by the IRS on a non-U.S. holder who is required to furnish information but does not do so in the proper manner. Non-U.S. holders should consult their own tax advisors regarding the application of backup withholding in their particular circumstances and the availability of and procedure for obtaining an exemption from backup withholding.

Foreign Account Tax Compliance Act

After December 31, 2013, withholding at a rate of 30% will generally be required on dividends in respect of, and, after December 31, 2016, gross proceeds from the sale or other disposition of, our common stock held by or through certain foreign financial institutions (including investment funds), unless such institution enters into an

Table of Contents

agreement with the Secretary of the Treasury to report, on an annual basis, information with respect to shares in, and accounts maintained by, the institution to the extent such shares or accounts are held by certain United States persons or by certain non-U.S. entities that are wholly or partially owned by United States persons and to withhold on certain payments. An intergovernmental agreement between the United States and an applicable foreign country, or future United States Treasury regulations, may modify these requirements. Accordingly, the entity through which our common stock is held will affect the determination of whether such withholding is required. Similarly, dividends in respect of, and gross proceeds from the sale of, our common stock held by an investor that is a non-financial non-U.S. entity that does not qualify under certain exemptions will be subject to withholding at a rate of 30%, unless such entity either (i) certifies to us that such entity does not have any substantial United States owners or (ii) provides certain information regarding the entity s substantial United States owners, which we will in turn provide to the Secretary of the Treasury. We will not pay any additional amounts to holders in respect of any amounts withheld. Non-U.S. holders are encouraged to consult their tax advisors regarding the possible implications of the legislation on their investment in our common stock.

Table of Contents

UNDERWRITING

Goldman, Sachs & Co. and J.P. Morgan Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us, the selling stockholders and the underwriters, the selling stockholders have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from the selling stockholders, the number of shares of common stock set forth opposite its name below.

Underwriter	Number of Shares
Goldman, Sachs & Co.	
J.P. Morgan Securities LLC	
Barclays Capital Inc.	
Citigroup Global Markets Inc.	
Credit Suisse Securities (USA) LLC	
Credit Agricole Securities (USA) Inc.	
Wells Fargo Securities, LLC	
CRT Capital Group LLC	
Apollo Global Securities, LLC	
Total	35,000,000

The underwriting agreement provides that the underwriters obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the shares of common stock offered hereby (other than those shares of common stock covered by their option to purchase additional shares as described below), if any of the shares are purchased;
- that the representations and warranties made by us and the selling stockholders to the underwriters are true;
- that there is no material change in our business or the financial markets; and
- that we and the selling stockholders deliver customary closing documents to the underwriters.

We and the selling stockholders have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities. The offering of shares by the underwriters is subject to receipt and acceptance and subject to the underwriters right to reject any order in whole or in part.

Commissions and Discounts

The representatives have advised us that the underwriters propose initially to offer the shares to the public at the public offering price set forth on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of $ per share. After the offering, the public offering price, concession or any other term of the offering may be changed.

The following table shows the underwriting discounts and expenses to be paid to the underwriters by the selling stockholders. The information assumes either no exercise or full exercise by the underwriters of their option to purchase additional shares.

	Without Option	With Option

	Per Share	Total	Per Share	Total
Public offering price	$	$	$	$
Underwriting discounts and commissions	$	$	$	$
Proceeds to the selling stockholders	$	$	$	$

The expenses of the offering, not including underwriting discounts and commissions, are estimated at $750,000 and are payable by us. We have agreed to reimburse the underwriters for certain expenses relating to clearing this offering with FINRA.

Table of Contents

Option to Purchase Additional Shares

The selling stockholders have granted an option to the underwriters to purchase up to 5,250,000 additional shares at the offering price, less the underwriting discounts and commissions. The underwriters may exercise this option for 30 days from the date of this prospectus supplement solely to cover any options to purchase additional shares. If the underwriters exercise this option, each will be obligated, subject to conditions contained in the underwriting agreement, to purchase a number of additional shares proportionate to that underwriter s initial amount reflected in the above table.

Lock-Up Agreements

We, the selling stockholders and our executive officers and directors, have agreed that, subject to certain exceptions, for 90 days after the date of this prospectus supplement, without the prior written consent of both Goldman, Sachs & Co. and J.P. Morgan Securities LLC, we and they will not directly or indirectly, (1) offer for sale, sell, pledge, or otherwise dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the disposition by any person at any time in the future of) any shares of our common stock (including, without limitation, shares of our common stock that may be deemed to be beneficially owned by us or them in accordance with the rules and regulations of the SEC and shares of common stock that may be issued upon exercise of any options or warrants) or securities convertible into or exercisable or exchangeable for our common stock, (2) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic consequences of ownership of our common stock or (3) make any demand for or exercise any right or file or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any shares of our common stock or securities convertible, exercisable or exchangeable into our common stock or any of our other securities.

The foregoing restrictions shall not apply to the sale by the Company s executive officers (except for Richard Smith, our chief executive officer), in the aggregate, of a maximum of 15% of the shares of common stock held by each of them (including shares issuable pursuant to currently exercisable options and shares to be issued pursuant to the Phantom Value Plan in connection with this offering) that would otherwise be prohibited pursuant to the terms of the lock-up agreement.

Goldman, Sachs & Co. and J.P. Morgan Securities LLC, in their discretion, may release our common stock and other securities subject to the lock-up agreements described above in whole or in part at any time with or without notice. When determining whether or not to release our common stock and other securities from the lock-up agreements. Goldman, Sachs & Co. and J.P. Morgan Securities LLC will consider, among other factors, our or the holder s reasons for requesting the release, the number of shares of our common stock and other securities for which the release is being requested and market conditions at the time.

Listing

Our common stock is listed on the NYSE under the symbol RLGY .

Price Stabilization, Short Positions and Penalty Bids

Until the distribution of the shares is completed, SEC rules may limit underwriters and selling group members from bidding for and purchasing our common stock. However, the representatives may engage in transactions that stabilize the price of the common stock, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell our common stock in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not

Table of Contents

greater than the underwriters option to purchase additional shares described above. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares. Naked short sales are sales in excess of the option to purchase additional shares. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of our common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of shares of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Similar to other purchase transactions, the underwriters purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise.

None of us, the selling stockholders or any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, none of us, the selling stockholders or any of the underwriters make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with the offering, certain of the underwriters or securities dealers may distribute prospectus supplements and the accompanying prospectus by electronic means, such as e-mail.

Other Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investments, hedging, market-making, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In particular, an affiliate of J.P. Morgan Securities LLC acts as administrative agent and an affiliate of Credit Suisse Securities (USA) LLC acts as syndication agent under the senior secured credit facility, J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC acts as joint bookrunners under the senior secured credit facility, an affiliate of Barclays Capital Inc. acts as co-documentation agent under the senior secured credit facility, and affiliates of J.P. Morgan Securities LLC, Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., Barclays Capital Inc., Citigroup Global Markets Inc., Credit Agricole Securities (USA) Inc. and Wells Fargo Securities, LLC are lenders under the senior secured credit facility, an affiliate of Credit Agricole Securities (USA) Inc. acts as administrative agent and lead arranger and an affiliate of Wells Fargo Securities, LLC acts as a managing agent under the Apple Ridge Securitization Facility. In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors or employees may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account

Table of Contents

and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve our securities and instruments. In addition, the Company and its affiliates have in the past entered, and may in the future enter, into certain financial and other arrangements with certain of the underwriters and their respective affiliates, pursuant to which the Company and its affiliates have received, and may in the future receive, certain fees, commissions and other payments in the performance of its ordinary course services. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time recommend to clients that they should acquire long and/or short positions in such assets, securities and instruments.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date), no offer of shares may be made to the public in that Relevant Member State other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State (other than a Relevant Member State where there is a Permitted Public Offer) who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that (A) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive, and (B) in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors as defined in the Prospectus Directive, or in circumstances in which the prior consent of the has been given to the offer or resale. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a nondiscretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of has been obtained to each such proposed offer or resale.

The Company, the selling stockholders, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

This prospectus supplement has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of the offering contemplated in this prospectus supplement may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company, the selling stockholders nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

Table of Contents

For the purpose of the above provisions, the expression an offer to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (including the 2010 PD Amending Directive) and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are qualified investors (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the Order) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as relevant persons). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Notice to Prospective Investors in Switzerland

The shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (SIX) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, the shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes (CISA). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares.

Notice to Prospective Investors in the Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The shares which are the subject of the offering contemplated by this prospectus may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

Notice to Prospective Investors in Hong Kong

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571,

Table of Contents

Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Notice to Prospective Investors in Singapore

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Notice to Prospective Investors in Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the Financial Instruments and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Table of Contents

CONFLICTS OF INTEREST

Affiliates of Apollo Global Securities, LLC own more than 10% of our outstanding common stock. Because Apollo Global Securities, LLC is an underwriter for this offering, it is deemed to have a conflict of interest within the meaning of FINRA Rule 5121(f)(5)(B). In addition, affiliates of Apollo Global Securities, LLC will be deemed to receive more than 5% of net offering proceeds and will have a conflict of interest pursuant to Rule 5121(f)(5)(C)(ii). Accordingly, this offering is being made in compliance with requirements of Rule 5121. Since Apollo Global Securities, LLC is not primarily responsible for managing this offering, pursuant to FINRA Rule 5121, the appointment of a qualified independent underwriter is not necessary. Apollo Global Securities, LLC will not confirm sales to discretionary accounts without the prior written approval of the customer.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Skadden, Arps, Slate, Meagher & Flom, LLP, New York, New York, and Marilyn J.Wasser, Executive Vice President, General Counsel and Corporate Secretary of Realogy Holdings. Certain legal matters will be passed upon for the underwriters by Simpson Thacher & Bartlett LLP, New York, New York. Certain legal matters will be passed upon for the selling stockholders by Wachtell, Lipton, Rosen & Katz, New York, New York, and Arendt & Medernach, Luxembourg, Grand Duchy of Luxembourg.

EXPERTS

The financial statements of Realogy Holdings Corp., management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) and the financial statements schedule, incorporated in this prospectus supplement by reference to Realogy Holdings Annual Report on Form 10-K for the year ended December 31, 2012, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of PHH Home Loans and Subsidiaries as of December 31, 2012 and 2011 and for the years ended December 31, 2012 and 2011 incorporated by reference in this prospectus supplement have been so incorporated in reliance on the report of ParenteBeard, LLC, an independent registered public accounting firm, incorporated by reference in this prospectus supplement, given on the authority of said firm as experts in auditing and accounting.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains our reports, proxy and other information regarding us at http://www.sec.gov. Our SEC filings are also available free of charge at our website (www.realogy.com). The information on or accessible through our website is not incorporated by reference into this prospectus supplement. In addition, you can inspect reports and other information we file at the office of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 with respect to the shares of common stock offered hereby. This prospectus supplement does not contain all the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the common stock offered hereby, reference is made to the registration statement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows incorporation by reference into this prospectus supplement of information that we file with the SEC. This permits us to disclose important information to you by referencing these filed documents. Any information referenced this way is considered to be a part of this prospectus supplement and any information filed by us in accordance with Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC subsequent to the date of this prospectus supplement automatically will be deemed to update and supersede this information. We incorporate by reference the following documents which we have filed with the SEC (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

- Realogy Holdings Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 25, 2013 (except for the financial statements of Realogy Group LLC);

- Realogy Holdings Current Reports on Form 8-K filed on January 7, 2013, January 28, 2013, March 8, 2013 and April 9, 2013 (except for Item 2.02 and Exhibit 99.1); and

- the description of Realogy Holdings common stock set forth in its registration statement on Form 8-A filed on September 28, 2012.

We incorporate by reference any filings made with the SEC in accordance with Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus supplement and until the date all of the securities offered hereby are sold or the offering is otherwise terminated, with the exception of any information furnished under Item 2.02 and Item 7.01 of Form 8-K, which is not deemed filed and which is not incorporated by reference herein. Any such filings shall be deemed to be incorporated by reference and to be a part of this prospectus supplement from the respective dates of filing of those documents.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this prospectus supplement will be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference in this prospectus supplement modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus supplement but not delivered with this prospectus supplement, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus supplement. You should direct requests for documents to:

Realogy Holdings Corp.

One Campus Drive

Parsippany, New Jersey 07054

(973) 407-2000

Table of Contents

PROSPECTUS

COMMON STOCK

This prospectus relates solely to sales of our common stock by selling stockholders, some of whom may be our affiliates. The selling stockholders, who will be named in a prospectus supplement, may offer and sell shares of our common stock from time to time in amounts, at prices and on terms that will be determined at the time of any such offering. We will not receive any proceeds from the sale of shares of common stock to be offered by the selling stockholders. We will pay the expenses, other than underwriting discounts and commissions, associated with the sale of shares by the selling stockholders.

This prospectus describes some of the general terms that may apply to our common stock. Each time any common stock is offered pursuant to this prospectus, we will provide a prospectus supplement and attach it to this prospectus. The prospectus supplement will contain more specific information about the offering, including the number of shares of our common stock to be sold by, and the identities of, the selling stockholders. The prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus, the applicable prospectus supplement, as well as the documents incorporated by reference herein or therein, carefully before you make your investment decision.

This prospectus may not be used to offer and sell shares of our common stock unless accompanied by a prospectus supplement.

The shares of our common stock may be sold at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at a negotiated price. The shares of our common stock offered by this prospectus and the accompanying prospectus supplement may be offered by the selling stockholders directly to purchasers or to or through underwriters, brokers or dealers or other agents. The prospectus supplement for each offering will describe in detail the plan of distribution for that offering and will set forth the names of any underwriters, brokers or dealers or agents involved in the offering and any applicable fees, commissions or discount arrangements.

Our common stock is listed for trading on The New York Stock Exchange under the symbol RLGY.

Investing in our securities involves a high degree of risk. See Risk Factors on page 7 of this prospectus, as well as those contained in any prospectus supplement and the documents incorporated by reference herein and therein, before you make your investment decision.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 9, 2013.

Table of Contents

TABLE OF CONTENTS

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission (the SEC) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended (the Securities Act). Under the automatic shelf process, the selling stockholders to be named in one or more prospectus supplements may offer and sell, from time to time, shares of our common stock. We will also be required to provide a prospectus supplement containing specific information about the selling stockholders and the terms on which our common stock is being offered and sold. We may also add, update or change in a prospectus supplement information contained in this prospectus.

You should rely only on the information contained in this prospectus and the accompanying prospectus supplement, including the information incorporated by reference herein as described herein and therein and any free writing prospectus that we prepare and distribute. Neither we nor the selling stockholders have authorized anyone to provide you with information different from that contained in or incorporated by reference into this prospectus, any accompanying prospectus supplement or any such free writing prospectus.

The selling stockholders may only offer to sell, and seek offers to buy, shares of our common stock in jurisdictions where offers and sales are permitted.

This prospectus and any accompanying prospectus supplement or other offering materials do not contain all of the information included in the registration statement as permitted by the rules and regulations of the SEC. For further information, we refer you to the registration statement on Form S-3, including its exhibits of which this prospectus forms a part. We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and, therefore, file reports and other information with the SEC. Statements contained in this prospectus and any accompanying prospectus supplement or other offering materials about the provisions or contents of any agreement or other document are only summaries. If SEC rules require that any agreement or document be filed as an exhibit to the registration statement, of which this prospectus forms a part, you should refer to that agreement or document for its complete contents.

If the description of the offering varies between any prospectus supplement and this prospectus, you should rely on the information in the prospectus supplement. Any statement made in this prospectus or in a document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained in this prospectus or in any other subsequently filed document that is also incorporated or deemed to be incorporated by reference in this prospectus modifies or supersedes that statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this prospectus.

THIS PROSPECTUS MAY NOT BE USED TO SELL ANY SHARES OF OUR COMMON STOCK UNLESS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.

Except as otherwise indicated or unless the context otherwise requires, the terms we, us, our, our company, Realogy, Realogy Holdings a 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.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains our reports, proxy and other information regarding us at *http://www.sec.gov*. Our SEC filings are also available free of charge at our website (*www.realogy.com*). The information on or accessible through our website is not incorporated by reference into this prospectus. In addition, you can inspect reports and other information we file at the office of The New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 with respect to the shares of common stock offered hereby. This prospectus does not contain all the information set forth in the registration statement, parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and the common stock offered hereby, reference is made to the registration statement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows incorporation by reference into this prospectus of information that we file with the SEC. This permits us to disclose important information to you by referencing these filed documents. Any information referenced this way is considered to be a part of this prospectus and any information filed by us in accordance with Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act with the SEC subsequent to the date of this prospectus automatically will be deemed to update and supersede this information. We incorporate by reference the following documents which we have filed with the SEC (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

Realogy Holdings Annual Report on Form 10-K for the year ended December 31, 2012, filed on February 25, 2013 (except for the financial statements of Realogy Group LLC);

Realogy Holdings Current Reports on Form 8-K filed on January 7, 2013, January 28, 2013, March 8, 2013 and April 9, 2013 (except for Item 2.02 and Exhibit 99.1); and

the description of Realogy Holdings common stock set forth in its registration statement on Form 8-A filed on September 28, 2012.

We incorporate by reference any filings made with the SEC in accordance with Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus and until the date all of the securities offered hereby are sold or the offering is otherwise terminated, with the exception of any information furnished under Item 2.02 and Item 7.01 of Form 8-K, which is not deemed filed and which is not incorporated by reference herein. Any such filings shall be deemed to be incorporated by reference and to be a part of this prospectus from the respective dates of filing of those documents.

We will provide to each person, including any beneficial owner, to whom a prospectus is delivered, without charge, upon written or oral request, a copy of any or all of the documents that are incorporated by reference into this prospectus but not delivered with this prospectus, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit in this prospectus. You should direct requests for documents to:

Realogy Holdings Corp.

One Campus Drive

Parsippany, New Jersey 07054

(973) 407-2000

Table of Contents

FORWARD-LOOKING STATEMENTS

Forward-looking statements included in this prospectus, any prospectus supplement, information incorporated by reference herein or therein and any related free-writing prospectus are based on various facts and derived utilizing numerous important assumptions 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 gen 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 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 lack of improvement in consumer confidence;
  - the impact of recessions, slow economic growth, disruptions in the banking system and high levels of unemployment in the U.S. and abroad;
  - increasing mortgage rates and down payment requirements and/or constraints on the availability of mortgage financing, including but not limited to the potential impact of various provisions of the Dodd Frank Wall Street Reform and Consumer Protection Act and regulations that may be promulgated thereunder relating to mortgage financing as well as other factors that tighten underwriting standards;
  - legislative, tax or regulatory changes that would adversely impact the residential real estate market, including potential reforms of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, and potential tax code reform, which could reduce the amount that taxpayers would be allowed to deduct for home mortgage interest;
  - negative trends and/or a negative perception of the market trends in value for residential real estate;
  - renewed high levels of foreclosure activity including but not limited to the release of homes already held for sale by financial institutions;
  - insufficient or excessive regional home inventory levels;
  - the inability or unwillingness of homeowners to enter into homesale transactions due to negative equity in their existing homes; and

lower homeownership rates or failure of homeownership rates to return to more typical levels;

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 or to realize royalty revenue growth from them;

our inability to renew existing franchise agreements or maintain franchisee satisfaction with our brands;

Table of Contents

existing franchisees may incur operating losses if sales volume decreases which may impede their ability to grow or continue operations. Additionally, debt incurred by our franchisees during the downturn may hinder long-term growth and their ability to pay back indebtedness;

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

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

competition in our existing and future lines of business;

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

seasonal fluctuations in the residential real estate brokerage business which could adversely affect our business, financial condition and liquidity;

the loss of any of our senior management or key managers or employees or other significant labor or employment issues;

adverse effects of natural disasters or environmental catastrophes;

risks related to our international operations;

risks associated with our substantial indebtedness and interest obligations, including risks related to having to dedicate a substantial portion of our cash flows from operations to service our debt, risks related to our ability to refinance our indebtedness and to incur additional indebtedness, risks associated with our ability to comply with our senior secured leverage ratio covenant under our senior secured credit facility, interest rate risk, and risks related to an event of default under our outstanding indebtedness;

changes in corporate relocation practices resulting in fewer employee relocations;

an increase in the claims rate of our title underwriter;

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;

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

any remaining resolutions or outcomes with respect to the contingent liabilities of Cendant Corporation (Cendant) under the Separation and Distribution Agreement dated July 27, 2006, among Realogy Group, Cendant, which changed its name to Avis Budget Group, Inc. in August 2006, Wyndham Worldwide Corporation (Wyndham Worldwide) and Travelport Inc. (Travelport) and the Tax Sharing Agreement dated as of July 28, 2006, as amended, among Realogy Group, Wyndham Worldwide and Travelport, including any adverse impact on our future cash flows;

any adverse resolution of litigation, governmental proceedings or arbitration awards; and

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

Should one or more of these risks or uncertainties materialize, or should any of these assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements. You should consider these important factors, as well as the risk factors set forth in this prospectus, any prospectus supplement, and the documents incorporated by reference herein and therein, in evaluating any statement made in any prospectus supplement.

Table of Contents

Any forward-looking statement made by us in this prospectus, any prospectus supplement, or in the documents incorporated by reference herein or therein speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Table of Contents

THE 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. Our owned and franchised brokerage businesses are more than two and a half times larger than their nearest competitor and, in 2012, we were involved in approximately 26% of domestic existing homesale transaction volume that involved a real estate brokerage firm. 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 the Corcoran Group® and CitiHabitats 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.

Corporate Information

Our headquarters are located at One Campus Drive, Parsippany, New Jersey 07054. We have entered into a lease for new corporate headquarters at 175 Park Avenue, Madison, New Jersey 07940, and expect to take occupancy of the new headquarters in April 2013. Our general telephone number is (973) 407-2000. We were incorporated on December 14, 2006 in the state of Delaware. Our Internet address is www.realogy.com. Information on, or accessible through, our website is not incorporated by reference herein and not part of this prospectus.

Table of Contents

RISK FACTORS

You should carefully consider each of the risk factors described in our Annual Report on Form 10-K for the year ended December 31, 2012, the risk factors described under the caption Risk Factors in any applicable prospectus supplement and any risk factors set forth in our other filings with the SEC that are incorporated by reference herein and therein before making an investment decision. The risk factors generally have been separated into three groups: (1) risks related to our business; (2) risks related to our indebtedness; and (3) risks related to an investment in our common stock. Based on the information currently known to us, we believe that the information incorporated by reference in this prospectus identifies the most significant risk factors affecting our company. Each of risks described in these documents could materially and adversely affect our business, financial condition, results of operations and prospects, and could result in a partial or complete loss of your investment. The risks and uncertainties are not limited to those set forth in the risk factors described in these documents. Additional risks and uncertainties not presently known to us or that we currently believe to be less significant than the risk factors incorporated by reference herein may also adversely affect our business. 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.

USE OF PROCEEDS

All shares of common stock sold pursuant to this prospectus will be sold by the selling stockholders and we will not receive any of the proceeds from such sales. We will pay the expenses, other than underwriting discounts and commissions, associated with the sale of shares by the selling stockholders.

DESCRIPTION OF CAPITAL STOCK

The following is a description of the material terms of our amended and restated certificate of incorporation and amended and restated bylaws, and of specific provisions of Delaware law. The following description is intended as a summary only and is qualified in its entirety by reference to our amended and restated certificate of incorporation, our amended and restated bylaws and the Delaware General Corporation Law (the DGCL). For more information on how you can obtain our amended and restated certificate of incorporation and our amended and restated bylaws, see Where You Can Find More Information. We urge you to read our amended and restated certificate of incorporation and our amended and restated bylaws in their entirety.

General

Pursuant to our amended and restated certificate of incorporation, our capital stock consists of 450,000,000 authorized shares, of which 400,000,000 shares, par value $0.01 per share, are designated as common stock, and 50,000,000 shares, par value $0.01 per share, are designated as preferred stock.

At April 5, 2013, there were outstanding 145.4 million shares of our common stock held by approximately 161 stockholders of record and no shares of preferred stock outstanding.

Common Stock

Voting Rights. Holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Holders of common stock do not have cumulative voting rights in the election of directors.

Dividend Rights. Subject to the rights of the holders of preferred stock, holders of common stock are entitled to receive ratably dividends if, as and when dividends are declared from time to time by our Board of Directors

Table of Contents

out of funds legally available for that purpose, after payment of dividends required to be paid on outstanding preferred stock, as described below, if any. Under Delaware law, we can only pay dividends either out of surplus or out of the current or the immediately preceding year s net profits. Surplus is defined as the excess, if any, at any given time, of the total assets of a corporation over its total liabilities and statutory capital. The value of a corporation s assets can be measured in a number of ways and may not necessarily equal their book value.

Liquidation Rights. Upon liquidation, dissolution or winding up, the holders of common stock are entitled to receive ratably the assets available for distribution to the stockholders after payment of liabilities and accrued but unpaid dividends and liquidation preferences on any outstanding preferred stock.

Other Matters. The common stock has no preemptive, subscription or conversion rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of our common stock are fully paid and non-assessable.

Preferred Stock

Pursuant to our amended and restated certificate of incorporation, shares of preferred stock are issuable from time to time, in one or more series, with the designations of the series, the dividend rates and whether such dividends will be cumulative or non-cumulative, the voting conversion or exchange rights of the shares of the series (if any), redemption rights, whether or not the shares of the series will be entitled to the benefit of a retirement or sinking fund, liquidation rights, the powers, preferences and relative, participation, optional or other special rights (if any), and any qualifications, limitations or restrictions thereof as our Board of Directors from time to time may adopt by resolution (and without further stockholder approval), subject to certain limitations. Each series will consist of that number of shares as will be stated and expressed in the certificate of designations providing for the issuance of the stock of the series, which number may be increased or decreased from time to time by the Board Directors. All shares of any one series of preferred stock will be identical.

Composition of Board of Directors; Election and Removal of Directors; Number of Directors

In accordance with our amended and restated certificate of incorporation and our amended and restated bylaws, the number of directors comprising our Board of Directors will be determined from time to time by our Board of Directors, and only a majority of the Board of Directors may fix the number of directors; provided that in no event shall the total number of directors be less than three nor more than fifteen.

At the date of this prospectus, the Board of Directors consists of eight members, four of whom are non-management Directors and three of whom are independent directors under applicable listing standards and our corporate governance documents. The Board of Directors is currently divided into three classes, each with three-year terms (other than with respect to the initial terms of the Class I and Class II directors, which are one and two years, respectively), so that one-third of the Directors, or as near to one-third as possible, are elected at each annual meeting for three-year terms.

The classes of directors are as follows:

V. Ann Hailey, M. Ali Rashid and Brett White are Class I Directors, whose initial term will expire at the 2013 annual meeting of stockholders to be held on May 7, 2013;

Travis W. Hennings and Scott M. Kleinman are Class II Directors, whose initial term will expire at the 2014 annual meeting of stockholders; and

Marc E. Becker, Richard A. Smith and Michael J. Williams are Class III Directors, whose initial term will expire at the 2015 annual meeting of stockholders.

The classification of directors has the effect of making it more difficult for stockholders to change the composition of our Board of Directors. Each director is to hold office until his successor is duly elected and qualified or until his earlier death, resignation or removal. Any vacancies on our Board of Directors may be filled

8

Table of Contents

only by the affirmative vote of a majority of the remaining directors, although less than a quorum. Our amended and restated certificate of incorporation provides that stockholders do not have the right to cumulative votes in the election of directors. At any meeting of our Board of Directors, except as otherwise required by law, a majority of the total number of directors then in office will constitute a quorum for all purposes.

Special Meetings of Stockholders

Our amended and restated bylaws provide that special meetings of the stockholders may be called only by the majority of the Board of Directors or the chairman of the Board of Directors, and only proposals included in the company s notice may be considered at such special meetings.

Certain Corporate Anti-Takeover Provisions

Certain provisions in our amended and restated certificate of incorporation, amended and restated bylaws and the Amended and Restated Securityholders Agreement dated as of October 12, 2012 between us and investment funds affiliated with, or co-investment vehicles managed by, Apollo Management VI, L.P. (collectively, the Apollo Funds) that indirectly beneficially own our common stock (the Apollo Securityholders Agreement) may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interests, including attempts that might result in a premium being paid over the market price for the shares held by stockholders. The Apollo Funds are affiliates of Apollo Global Management, LLC (together with its subsidiaries, Apollo). See Certain Relationships and Related Transactions, and Director Independence Apollo Securityholders Agreement in Part III, Item 13 of our Annual Report on Form 10-K for the year ended December 31, 2012, incorporated by reference herein.

Preferred Stock

Our amended and restated certificate of incorporation contains provisions that permit our Board of Directors to issue, without any further vote or action by the stockholders, shares of preferred stock in one or more series and, with respect to each such series, to fix the number of shares constituting the series and the designation of the series, the dividend rates and whether such dividends will be cumulative or non-cumulative, the voting conversion or exchange rights of the shares of the series (if any), redemption rights, whether or not the shares of the series will be entitled to the benefit of a retirement or sinking fund, liquidation rights, the powers, preferences and relative, participation, optional and other special rights, if any, and any qualifications, limitations or restrictions, of the shares of such series. See Preferred Stock above.

Classified Board

Our amended and restated certificate of incorporation and amended and restated bylaws provide that our Board of Directors is divided into three classes of directors, with the classes to be as nearly equal in number as possible, and the number of directors on our Board of Directors may be fixed only by the majority of our Board of Directors, as described above in Composition of Board of Directors; Election and Removal of Directors; Number of Directors.

Removal of Directors, Vacancies

At any time if at least 25% of the voting power of all the shares of the Company is owned by the Apollo Funds and if the Apollo Funds cast their votes associated with such shares in favor of the proposed action, our stockholders will be able to remove directors only by the affirmative vote of the holders of a majority of the voting power entitled to vote for the election of directors. At any other time, our stockholders will be able to remove directors only for cause and only by the affirmative vote of the holders of 75% of the voting power entitled to vote for the election of directors. Vacancies on our Board of Directors may be filled only by a majority of our Board of Directors, although less than a quorum.

Table of Contents

No Cumulative Voting

Our amended and restated certificate of incorporation provides that stockholders do not have the right to cumulative votes in the election of directors. Cumulative voting rights would have been available to the holders of our common stock if our amended and restated articles of incorporation had not specifically provided that cumulative voting was not available.

No Stockholder Action by Written Consent; Calling of Special Meetings of Stockholders

Our amended and restated certificate of incorporation does not permit stockholder action without a meeting by consent for so long as less than a majority of the voting power of all the shares of the Company is owned by the Apollo Funds. Our amended and restated bylaws also provide that special meetings of the stockholders may be called only by a majority of the Board of Directors or the chairman of the Board of Directors, and only proposals included in the Company s notice may be considered at such special meetings.

Advance Notice Requirements for Stockholders Proposals and Director Nominations

Our amended and restated bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder s notice generally will have to be delivered to and received at our principal executive offices not less than 60 days nor more than 120 days prior to the first anniversary of the preceding year s annual meeting; provided, that in the event that the date of such meeting is advanced more than 30 days prior to, or delayed by more than 30 days after, the anniversary of the preceding year s annual meeting of our stockholders, a stockholder s notice to be timely will have to be so delivered not earlier than the close of business on the 120th day prior to such meeting and not later than the close of business on the later of the 90th day prior to such meeting or, if the first public announcement of the date of such annual meeting is less than 100 days prior to such meeting, the tenth day following the day on which public announcement of the date of such meeting is first made. Our amended and restated bylaws also specify certain requirements as to the form and content of a stockholder s notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

Apollo Funds Approval Rights

At any time, if the Apollo Funds beneficially own at least 25% of the voting power of our outstanding common stock, the approval of a majority of the directors designated to the Board of Directors by the Apollo Funds will be required for, among other things, a consolidation or merger with or into any other entity, a transfer of all or substantially all of our assets to another entity or another transaction that would trigger a Change of Control as defined in our senior secured credit facility or the indentures governing our secured and unsecured notes. See Certain Relationships and Related Transactions, and Director Independence Apollo Securityholders Agreement in Part III, Item 13 of our Annual Report on Form 10-K for the year ended December 31, 2012, incorporated by reference herein.

All the foregoing provisions of our amended and restated certificate of incorporation, amended and restated bylaws and the Apollo Securityholders Agreement could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the Board of Directors and in the policies formulated by the Board of Directors and to discourage certain types of transactions that may involve an actual or threatened change of control. These same provisions may delay, deter or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest. In addition, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management.

Table of Contents

Delaware Anti-Takeover Law

Section 203 of the DGCL provides that, subject to exceptions specified therein, an interested stockholder of a Delaware corporation shall not engage in any business combination, including general mergers or consolidations or acquisitions of additional shares of the corporation, with the corporation for a three-year period following the time that such stockholder becomes an interested stockholder unless:

- prior to such time, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;
- upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced (excluding specified shares); or
- on or subsequent to such time, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock not owned by the interested stockholder.

Under Section 203, the restrictions described above also do not apply to specified business combinations proposed by an interested stockholder following the announcement or notification of one of such specified transactions involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of a majority of the corporation s directors, if such transaction is approved or not opposed by a majority of the directors who were directors prior to any person becoming an interested stockholder during the previous three years or were recommended for election or elected to succeed such directors by a majority of such directors.

Except as otherwise specified in Section 203, an interested stockholder is defined to include:

- any person that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and
- the affiliates and associates of any such person.

Under some circumstances, Section 203 makes it more difficult for a person who is an interested stockholder to effect various business combinations with us for a three-year period. We have elected to be exempt from the restrictions imposed under Section 203.

Corporate Opportunity

Under our amended and restated certificate of incorporation, to the extent permitted by law:

- any director or officer of the Company who is also an officer, director, employee, managing director or other affiliate of Apollo (each a Covered Apollo Person) has the right to, and has no duty to abstain from, exercising such right to, conduct business with any business that is competitive or in the same line of business as us, do business with any of our clients, customers, vendors or lessors, or make investments in the kind of property in which we may make investments;
- if a Covered Apollo Person or any of its officers, partners, directors or employees acquire knowledge of a potential transaction that could be a corporate opportunity, he has no duty to offer such corporate opportunity to us;

we have renounced any interest or expectancy in, or in being offered an opportunity to participate in, such corporate opportunities; and

Table of Contents

in the event that any of our directors and officers who is also a director, officer, partner or employee of any Covered Apollo Person acquires knowledge of a corporate opportunity or is offered a corporate opportunity, provided that this knowledge was not acquired solely in such person s capacity as our director or officer and such person acted in good faith, then such person will be deemed to have fully satisfied such person s fiduciary duty and will not liable to us if any of the Apollo Covered Person pursues or acquires such corporate opportunity or if such person did not present the corporate opportunity to us.

Amendment of Our Certificate of Incorporation

Our amended and restated certificate of incorporation provides that at any time the Apollo Funds control at least 25% of the voting power of the outstanding shares of common stock, it may be amended by the affirmative vote of a majority of the outstanding stock entitled to vote thereon, so long as the Apollo Funds vote in favor of such amendment. At any other time, our amended and restated certificate of incorporation can be amended by the affirmative vote of 75% of the outstanding stock entitled to vote thereon or by the vote of a majority of the board of the directors. The Apollo Funds prior written consent is required for any amendment, modification or repeal of the provisions discussed above under Corporate Opportunity regarding the ability of Apollo-related directors to direct or communicate corporate opportunities to Apollo.

Amendment of Our Bylaws

Our amended and restated certificate of incorporation provides that at any time the Apollo Funds control at least 25% of the voting power of the outstanding shares of common stock, the amended and restated bylaws can be amended with the affirmative vote of a majority of the outstanding stock entitled to vote thereon or by the vote of a majority of the board of the directors, so long as the Apollo Funds vote in favor of such amendment. At any other time our amended and restated certificate of incorporation provides that the amended and restated bylaws can be amended by the affirmative vote of 75% of the outstanding stock entitled to vote thereon or by the vote of a majority of the board of the directors.

Limitation of Liability and Indemnification

Our amended and restated certificate of incorporation limits the liability of our directors to the maximum extent permitted by Delaware law. Delaware law provides that directors will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except with respect to liability:

for any breach of the director s duty of loyalty to us or our stockholders;

for acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;

for any unlawful payments of dividends or unlawful stock repurchases or redemption as provided in Section 174 of the DGCL; or

for any transaction from which the director derived any improper personal benefit.

However, if the DGCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of our directors will be eliminated or limited to the fullest extent permitted by the DGCL, as so amended. The modification or repeal of this provision of our amended and restated certificate of incorporation will not adversely affect any right or protection of a director existing at the time of such modification or repeal.

Our amended and restated certificate of incorporation and bylaws provide that we will, to the fullest extent from time to time permitted by law, indemnify our directors and officers against all liabilities and expenses in any suit or proceeding, arising out of their status as an officer or director or their activities in these capacities. We

Table of Contents

will also indemnify any person who, at our request, is or was serving as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust or other enterprise. We may, by action of our Board of Directors, provide indemnification to our employees and agents within the same scope and effect as the foregoing indemnification of directors and officers. In addition, we have entered into separate indemnification agreements with each of our directors and executive officers. These indemnification agreements require us, among other things, to indemnify our directors and executive officers against liabilities that may arise by reason of their status or service as directors or officers, other than liabilities arising from willful misconduct.

The right to be indemnified includes the right of an officer or a director to be paid expenses, including attorneys fees, in advance of the final disposition of any proceeding, provided that, if required by law, we receive an undertaking to repay such amount if it will be determined that he or she is not entitled to be indemnified.

Our Board of Directors may take such action as it deems necessary to carry out these indemnification provisions, including adopting procedures for determining and enforcing indemnification rights and purchasing insurance policies. Our Board of Directors may also adopt bylaws, resolutions or contracts implementing indemnification arrangements as may be permitted by law. Neither the amendment nor the repeal of these indemnification provisions, nor the adoption of any provision of our amended and restated certificate of incorporation inconsistent with these indemnification provisions, will eliminate or reduce any rights to indemnification relating to such person s status or any activities prior to such amendment, repeal or adoption.

We believe these provisions will assist in attracting and retaining qualified individuals to serve as directors and officers.

Listing

Our common stock is listed on The New York Stock Exchange under the symbol RLGY.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company, N.A.

Table of Contents

SELLING STOCKHOLDERS

Information about selling stockholders, including their identities, the common stock to be registered on their behalf and the amounts to be sold by them, will be set forth in a prospectus supplement, in a post-effective amendment or in filings we make with the SEC under the Exchange Act that are incorporated by reference into this prospectus. The selling stockholders may include certain of our affiliates.

Table of Contents

PLAN OF DISTRIBUTION

The selling stockholders may offer and sell the securities covered by this prospectus from time to time in one or more transactions, including without limitation:

- directly to one or more purchasers;
- through agents;
- to or through underwriters, brokers or dealers; or
- through a combination of any of these methods.

In addition, the manner in which the selling stockholders may sell some or all of the securities covered by this prospectus includes any method permitted by law, including, without limitation, through:

- a block trade in which a broker-dealer will attempt to sell as agent, but may position or resell a portion of the block, as principal, in order to facilitate the transaction;
- purchases by a broker-dealer, as principal, and resale by the broker-dealer for its account;
- ordinary brokerage transactions and transactions in which a broker solicits purchasers; or
- privately negotiated transactions.

The selling stockholders may also enter into hedging transactions. For example, the selling stockholders may:

- enter into transactions with a broker-dealer or affiliate thereof in connection with which such broker-dealer or affiliate will engage in short sales of the common stock pursuant to this prospectus, in which case such broker-dealer or affiliate may use shares of common stock received from the selling stockholders to close out its short positions;
- sell securities short and redeliver such shares to close out the short positions;
- enter into option or other types of transactions that require the selling stockholders to deliver common stock to a broker-dealer or an affiliate thereof, who will then resell or transfer the common stock under this prospectus; or
- loan or pledge the common stock to a broker-dealer or an affiliate thereof, who may sell the loaned shares or, in an event of default in the case of a pledge, sell the pledged shares pursuant to this prospectus.

The securities covered by this prospectus may be sold:

on a national securities exchange;

in the over-the-counter market; or

in transactions otherwise than on an exchange or in the over-the-counter market, or in combination.

In addition, the selling stockholders may enter into derivative or hedging transactions with third parties, or sell securities not covered by this prospectus to third parties in privately negotiated transactions. In connection with such a transaction, the third parties may sell securities covered by and pursuant to this prospectus and an applicable prospectus supplement or pricing supplement, as the case may be. If so, the third party may use securities borrowed from the selling stockholders or others to settle such sales and may use securities received from the selling stockholders to close out any related short positions. The selling stockholders may also loan or pledge securities covered by this prospectus and an applicable prospectus supplement to third parties, who may sell the loaned securities or, in an event of default in the case of a pledge, sell the pledged securities pursuant to this prospectus and the applicable prospectus supplement or pricing supplement, as the case may be.

Table of Contents

A prospectus supplement with respect to each offering of securities will state the terms of the offering of the securities, including:

- the name or names of any participating underwriters, brokers, dealers or agents and the amounts of securities underwritten or purchased by each of them, if any;
- the public offering price or purchase price of the securities and the net proceeds to be received by the selling stockholders from the sale;
- any delayed delivery arrangements;
- any underwriting discounts, commissions or agency fees and other items constituting underwriters , brokers , dealers or agents compensation;
- any discounts or concessions allowed or reallowed or paid to dealers;
- any securities exchange or markets on which the securities may be listed; and
- other material terms of the offering.

The offer and sale of the securities described in this prospectus by the selling stockholders, the underwriters or the third parties described above may be effected from time to time in one or more transactions, including privately negotiated transactions, either:

- at a fixed price or prices, which may be changed;
- at market prices prevailing at the time of sale;
- at prices related to the prevailing market prices; or
- at negotiated prices.

In addition to selling its common stock under this prospectus, a selling stockholder may:

- transfer its common stock in other ways not involving market maker or established trading markets, including directly by gift, distribution, or other transfer;
- sell its common stock under Rule 144 or Rule 145 of the Securities Act rather than under this prospectus, if the transaction meets the requirements of Rule 144 or Rule 145; or

sell its common stock by any other legally available means.

General

Any public offering price and any discounts, commissions, concessions or other items constituting compensation allowed or reallowed or paid to underwriters, dealers, agents or remarketing firms may be changed from time to time. Any selling stockholders, underwriters, dealers, agents and remarketing firms that participate in the distribution of the offered securities may be underwriters as defined in the Securities Act. Any discounts or commissions they receive from the selling stockholders and any profits they receive on the resale of the offered securities may be treated as underwriting discounts and commissions under the Securities Act. The selling stockholders will identify any underwriters, agents or dealers and describe their commissions, fees or discounts in the applicable prospectus supplement or pricing supplement, as the case may be.

The selling stockholders and other persons participating in the sale or distribution of the securities will be subject to applicable provisions of the Exchange Act, and the rules and regulations thereunder, including Regulation M. This regulation may limit the timing of purchases and sales of any of the securities by the selling stockholders or any other person. The anti-manipulation rules under the Exchange Act may apply to sales of securities in the market and to the activities of the selling stockholders and any affiliates of the selling stockholders. Furthermore, Regulation M may restrict the ability of any person engaged in the distribution for a period of up to five business days before the distribution. These restrictions may affect the marketability of the securities and the ability of any person or entity to engage in market-making activities with respect to the securities.

Table of Contents

The selling stockholders are not restricted as to the price or prices at which they may sell the securities. Sales of such securities may have an adverse effect on the market price of the securities.

Moreover, it is possible that a significant number of shares of common stock could be sold at the same time, which may have an adverse effect on the market price of the securities.

We cannot assure you that the selling stockholders will sell all or any portion of the securities offered hereby.

Underwriters and Agents

If underwriters are used in a sale, they will acquire the offered securities for their own account. The underwriters may resell the offered securities in one or more transactions, including negotiated transactions. These sales may be made at a fixed public offering price or prices, which may be changed, at market prices prevailing at the time of the sale, at prices related to such prevailing market prices or at negotiated prices. The selling stockholders may offer the securities to the public through an underwriting syndicate or through a single underwriter. The underwriters in any particular offering will be mentioned in the applicable prospectus supplement or pricing supplement, as the case may be.

Unless otherwise specified in connection with any particular offering of securities, the obligations of the underwriters to purchase the offered securities will be subject to certain conditions contained in an underwriting agreement that we and the applicable selling stockholders will enter into with the underwriters at the time of the sale to them. The underwriters will be obligated to purchase all of the securities of the series offered if any of the securities are purchased, unless otherwise specified in connection with any particular offering of securities. Any initial offering price and any discounts or concessions allowed, reallowed or paid to dealers may be changed from time to time.

The selling stockholders may designate agents to sell the offered securities. Unless otherwise specified in connection with any particular offering of securities, the agents will agree to use their best efforts to solicit purchases for the period of their appointment. The selling stockholders may also sell the offered securities to one or more remarketing firms, acting as principals for their own accounts or as agents for us or any selling stockholders. These firms will remarket the offered securities upon purchasing them in accordance with a redemption or repayment pursuant to the terms of the offered securities. A prospectus supplement or pricing supplement, as the case may be will identify any remarketing firm and will describe the terms of its agreement, if any, with the selling stockholders and its compensation.

In connection with offerings made through underwriters or agents, the selling stockholders may enter into agreements with such underwriters or agents pursuant to which the selling stockholders receive outstanding securities in consideration for the securities being offered to the public for cash. In connection with these arrangements, the underwriters or agents may also sell securities covered by this prospectus to hedge their positions in these outstanding securities, including in short sale transactions. If so, the underwriters or agents may use the securities received from the selling stockholders under these arrangements to close out any related open borrowings of securities.

Dealers

The selling stockholders may sell the offered securities to dealers as principals. The selling stockholders may negotiate and pay dealers commissions, discounts or concessions for their services. The dealer may then resell such securities to the public either at varying prices to be determined by the dealer or at a fixed offering price agreed to with the selling stockholders at the time of resale. Dealers engaged by the selling stockholders may allow other dealers to participate in resales.

Direct Sales

The selling stockholders may choose to sell the offered securities directly. In this case, no underwriters or agents would be involved.

Table of Contents

Institutional Purchasers

The selling stockholders may authorize agents, dealers or underwriters to solicit certain institutional investors to purchase offered securities on a delayed delivery basis pursuant to delayed delivery contracts providing for payment and delivery on a specified future date. The applicable prospectus supplement or pricing supplement, as the case may be will provide the details of any such arrangement, including the offering price and commissions payable on the solicitations.

The selling stockholders will enter into such delayed contracts only with institutional purchasers that the selling stockholders approve. These institutions may include commercial and savings banks, insurance companies, pension funds, investment companies and educational and charitable institutions.

Indemnification; Other Relationships

We and the selling stockholders may have agreements with agents, underwriters, dealers and remarketing firms to indemnify them against certain civil liabilities, including liabilities under the Securities Act. Agents, underwriters, dealers and remarketing firms, and their affiliates, may engage in transactions with, or perform services for, the selling stockholders in the ordinary course of business. This includes commercial banking and investment banking transactions.

We may agree to indemnify in certain circumstances the selling stockholders against certain liabilities, including liabilities under the Securities Act. The selling stockholders may agree to indemnify us in certain circumstances against certain liabilities, including liabilities under the Securities Act.

Market-Making, Stabilization and Other Transactions

In connection with any offering of common stock, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of common stock in excess of the number of shares to be purchased by the underwriters in the offering, which creates a syndicate short position. Covered short sales are sales of shares made in an amount up to the number of shares represented by the underwriters over-allotment option. In determining the source of shares to close out the covered syndicate short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. Transactions to close out the covered syndicate short involve either purchases of the common stock in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make naked short sales of shares in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing shares of common stock in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of shares in the open market while the offering is in progress for the purpose of pegging, fixing or maintaining the price of the securities.

In connection with any offering, the underwriters may also engage in penalty bids. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when the securities originally sold by the syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. Stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the securities to be higher than it would be in the absence of the transactions. The underwriters may, if they commence these transactions, discontinue them at any time.

Fees and Commissions

We will pay the expenses, other than underwriting discounts and commissions, associated with the registration and sale of shares to be sold by the selling stockholders. The selling stockholders will pay any underwriting discounts, selling commissions or other minor expenses.

Table of Contents

LEGAL MATTERS

Unless otherwise indicated in the applicable prospectus supplement, Marilyn J. Wasser, Executive Vice President, General Counsel and Corporate Secretary of Realogy, will provide opinions regarding the authorization and validity of the securities. Skadden, Arps, Slate, Meagher & Flom LLP may also provide opinions regarding certain other matters. Any underwriters will also be advised about legal matters by their own counsel, which will be named in the applicable prospectus supplement. Ms. Wasser owns shares of common stock and options exercisable for shares of common stock.

EXPERTS

The financial statements of Realogy Holdings Corp., management s assessment of the effectiveness of internal control over financial reporting (which is included in Management s Report on Internal Control over Financial Reporting) and the financial statements schedule, incorporated in this prospectus by reference to Realogy Holdings Annual Report on Form 10-K for the year ended December 31, 2012, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The consolidated financial statements of PHH Home Loans and Subsidiaries as of December 31, 2012 and 2011 and for the years ended December 31, 2012 and 2011 incorporated by reference in this prospectus and in the Registration Statement have been so incorporated in reliance on the report of ParenteBeard, LLC, an independent registered public accounting firm, incorporated by reference herein and in the Registration Statement, of which this prospectus forms a part, given on the authority of said firm as experts in auditing and accounting.

Table of Contents

35,000,000 Shares

Realogy Holdings Corp.

Common Stock

Prospectus Supplement

Goldman, Sachs & Co. **J.P. Morgan**

Barclays **Citigroup** **Credit Suisse**

Credit Agricole CIB **Wells Fargo Securities** **CRT Capital** **Apollo Global Securities**

, 2013