

PHH CORP  
Form DEFC14A  
May 07, 2009

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14A**

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the SEC Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**PHH CORPORATION**  
(Name of Registrant as Specified In Its Charter)

N/A  
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) 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:

- o Fee paid previously with preliminary materials.
- o 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:

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May 7, 2009

Dear Fellow Stockholder:

You are cordially invited to attend the 2009 Annual Meeting of Stockholders (the Annual Meeting ) of PHH Corporation (the Company ), which will be held at the Company s offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, on Wednesday, June 10, 2009, at 10:00 a.m., local time. Directions to the Annual Meeting location are provided on the last page of the accompanying Notice of 2009 Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2008 filed with the U.S. Securities and Exchange Commission (the SEC ) on March 2, 2009 (the 2008 Annual Report ).

At the Annual Meeting, stockholders will be asked to elect three Class I Directors to hold office until the 2012 Annual Meeting of Stockholders, to ratify the selection of Deloitte & Touche LLP as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2009, to approve the PHH Corporation Amended and Restated 2005 Equity and Incentive Plan, including (i) an increase in the number of shares authorized for issuance under the plan from 7,500,000 shares to 12,050,000 shares and (ii) the material performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended, to approve an amendment to the Company s Charter to increase the Company s number of shares of authorized capital stock from 110,000,000 shares to 275,000,000 shares and the authorized number of shares of common stock from 108,910,000 shares to 273,910,000 shares, and to consider and vote upon such other business as may properly come before the meeting. The accompanying Notice of 2009 Annual Meeting, Proxy Statement and 2008 Annual Report describes in more detail the business to be conducted at the Annual Meeting and provides other information concerning the Company of which you should be aware when you vote your shares.

**YOUR VOTE IS EXTREMELY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES YOU OWN. YOUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE USING THE ENCLOSED WHITE PROXY CARD FOR EACH OF THE CLASS I DIRECTOR NOMINEES THAT ARE NAMED ON THE ENCLOSED WHITE PROXY CARD AND THAT HAVE BEEN NOMINATED BY YOUR BOARD OF DIRECTORS. YOUR BOARD OF DIRECTORS ALSO STRONGLY URGES YOU TO DISCARD ANY GOLD PROXY CARD SENT TO YOU BY PENNANT CAPITAL MANAGEMENT, LLC AND ITS AFFILIATES ( PENNANT ).**

**On March 11, 2009, Pennant Spinnaker Fund LP (together with Pennant Capital Management, LLC, Pennant Offshore Partners, Ltd., Pennant Onshore Partners, LP, Pennant Onshore Qualified, LP, Pennant Windward Fund, LP, Pennant Windward Fund, Ltd., Alan Fournier, Allan Z. Loren, and Gregory J. Parseghian, collectively, Pennant ) provided notice to the Company that it intended to nominate two individuals for election to the Board of Directors at the Annual Meeting. On April 1, 2009, Pennant filed a preliminary proxy statement with the SEC nominating Messrs. Loren and Parseghian as directors. If you wish to vote your shares in support of the Board of Directors nominees, please vote using the enclosed WHITE proxy card, or vote by telephone or electronically via the Internet as instructed in these materials. The Board of Directors urges you not to sign, return or vote any gold proxy cards sent to you by Pennant. A submission of a Pennant gold proxy card will revoke your previously voted WHITE proxy card in support of the Board of Directors nominees. You can revoke any Pennant gold proxy card previously signed by you by completing, dating, signing and returning the WHITE proxy card in the enclosed envelope.**

**In order to ensure that your shares are represented at the Annual Meeting, whether you plan to attend or not, please vote in accordance with the enclosed instructions. You can vote your shares by telephone, electronically via the Internet or by completing and returning the enclosed proxy card or vote instruction form. If you vote using the enclosed proxy card or vote instruction form, you must sign, date and mail the proxy card or vote instruction form in the enclosed envelope. If you decide to attend the Annual Meeting and wish to modify your vote, you may revoke your proxy and vote in person at the meeting.**

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**IF YOU HAVE ANY QUESTIONS OR REQUIRE ANY ASSISTANCE WITH VOTING YOUR SHARES, PLEASE CALL OUR PROXY SOLICITOR AS FOLLOWS:**

**199 Water Street, 26<sup>th</sup> Floor  
New York, NY 10038  
(877) 278-9668 (Toll Free)  
Banks and Brokerage Firms please call:  
(212) 440-9800**

Admission to the Annual Meeting will be by admission ticket only. If you are a stockholder of record and plan to attend the Annual Meeting, retain the top portion of your proxy card as your admission ticket and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a bank, broker or other nominee, please contact your nominee and request that the nominee obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the Annual Meeting.

The Board of Directors appreciates your time and attention in reviewing the accompanying Notice of 2009 Annual Meeting, Proxy Statement and 2008 Annual Report. Thank you for your continued interest in PHH Corporation. We look forward to seeing you at the meeting.

Sincerely,

A.B. Krongard  
*Non-Executive Chairman of the Board*

Terence W. Edwards  
*President and Chief Executive Officer*

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**PHH CORPORATION  
3000 Leadenhall Road  
Mt. Laurel, New Jersey 08054**

**NOTICE OF 2009 ANNUAL MEETING**

To Our Stockholders:

The 2009 Annual Meeting of Stockholders of PHH Corporation (the Company) will be held at the Company's offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, on Wednesday, June 10, 2009, at 10:00 a.m., local time (the Annual Meeting), for the following purposes:

1. To elect three Class I Directors, each to serve until the 2012 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier retirement or resignation;
2. To consider and vote upon a proposal to ratify the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009;
3. To consider and vote upon a proposal to approve the PHH Corporation Amended and Restated 2005 Equity and Incentive Plan, including (i) an increase in the number of shares authorized for issuance under the plan from 7,500,000 shares to 12,050,000 shares and (ii) the material performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended;
4. To consider and vote upon a proposal to amend the Company's Articles of Amendment and Restatement (as amended) (the Charter) to increase the Company's number of shares of authorized capital stock from 110,000,000 shares to 275,000,000 shares and the authorized number of shares of common stock from 108,910,000 shares to 273,910,000 shares; and
5. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board of Directors has fixed the close of business on April 22, 2009 as the record date for the Annual Meeting. Only stockholders of record as of the close of business on the record date are entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

By Order of the Board of Directors

William F. Brown  
Senior Vice President, General Counsel and Secretary

May 7, 2009

**IMPORTANT NOTICE REGARDING THE INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE 2009 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 10, 2009.**

**THIS NOTICE OF 2009 ANNUAL MEETING, PROXY STATEMENT AND ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2008, ARE AVAILABLE ON THE INTERNET AT:  
<http://ir.phh.com/phoenix.zhtml?c=187859&p=proxy>**

**PLEASE VOTE YOUR SHARES IN ACCORDANCE WITH THE INSTRUCTIONS PROVIDED IN THE PROXY STATEMENT. IF VOTING USING THE ENCLOSED WHITE PROXY CARD, PLEASE MARK, SIGN, DATE AND PROMPTLY RETURN THE WHITE PROXY CARD IN THE ENCLOSED REPLY ENVELOPE THAT IS FURNISHED FOR YOUR CONVENIENCE. THE ENVELOPE NEEDS NO POSTAGE IF MAILED WITHIN THE UNITED STATES.**



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**PHH CORPORATION  
3000 Leadenhall Road  
Mt. Laurel, New Jersey 08054**

**PROXY STATEMENT FOR THE  
2009 ANNUAL MEETING OF STOCKHOLDERS**

This Proxy Statement is being furnished to the holders of Common stock, par value \$0.01 per share, of PHH Corporation, a Maryland corporation (the "Company"), in connection with the solicitation by the Company's Board of Directors of proxies to be voted at the 2009 Annual Meeting of Stockholders of the Company (the "Annual Meeting") to be held at the Company's offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey, on Wednesday, June 10, 2009, at 10:00 a.m., local time, or at any postponement or adjournment of the Annual Meeting, for the purposes set forth in the accompanying Notice of 2009 Annual Meeting.

This Proxy Statement and the other proxy materials are being mailed to stockholders and are first being made available via the Internet on or about May 7, 2009. If a stockholder executes and returns the enclosed proxy card or vote instruction form or submits vote instructions to us by telephone or via the Internet, the stockholder may nevertheless revoke their proxy at any time prior to its use by filing with the Secretary of the Company a written revocation or a duly executed proxy bearing a later date or by submitting revised vote instructions to us by telephone or via the Internet, in accordance with the instructions on the enclosed proxy card or vote instruction form, as to how you would like your shares voted. A stockholder who attends the Annual Meeting in person may revoke his or her proxy at that time and vote in person if so desired.

Admission to the Annual Meeting will be by admission ticket only. If you are a stockholder of record and plan to attend the Annual Meeting, retain the top portion of your proxy card as your admission ticket and bring it and a photo ID with you so that you may gain admission to the meeting. If your shares are held through a bank, broker or other nominee, please contact your nominee and request that the nominee obtain an admission ticket for you or provide you with evidence of your share ownership, which will gain you admission to the Annual Meeting.

Unless revoked or unless contrary instructions are given, each proxy that is properly signed, dated and returned or authorized by telephone or via the Internet in accordance with the instructions on the enclosed proxy card or vote instruction form prior to the start of the Annual Meeting will be voted as indicated on the proxy card or via telephone or the Internet and if no indication is made, each such proxy will be deemed to grant authority to vote, as applicable:

(1) Proposal 1: **FOR** the election of each of Messrs. Terence W. Edwards, a current director and the Company's President and Chief Executive Officer, James O. Egan, a current director, and A.B. Krongard, a current director and the Company's non-executive Chairman of the Board of Directors, as Class I Directors, each to serve until the 2012 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation (the "Director Election Proposal");

(2) Proposal 2: **FOR** the ratification of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2009 (the "Ratification of Auditors Proposal");

(3) Proposal 3: **FOR** the approval of the PHH Corporation Amended and Restated 2005 Equity and Incentive Plan, including (i) an increase in the number of shares authorized for issuance under the plan from 7,500,000 shares to

12,050,000 shares and (ii) the material performance goals established under the plan for purposes of compliance with Section 162(m) of the Internal Revenue Code of 1986, as amended (the Incentive Plan Proposal );

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(4) Proposal 4: **FOR** the approval of the amendment of the Company's Articles of Amendment and Restatement (as amended) (the Charter ) to increase the Company's number of shares of authorized capital stock from 110,000,000 shares to 275,000,000 shares and the authorized number of shares of common stock from 108,910,000 shares to 273,910,000 shares (the Charter Amendment Proposal ); and

(5) At the discretion of the persons named in the enclosed proxy card or vote instruction form, on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

**THE COMPANY'S BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE ELECTION OF EACH OF THE COMPANY'S NOMINEES LISTED UNDER THE DIRECTOR ELECTION PROPOSAL, FOR THE RATIFICATION OF AUDITORS PROPOSAL, FOR THE INCENTIVE PLAN PROPOSAL AND FOR THE CHARTER AMENDMENT PROPOSAL USING THE ENCLOSED WHITE PROXY CARD.**

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**GENERAL INFORMATION ABOUT THE 2009 ANNUAL MEETING**

**Why am I receiving these proxy materials?**

You are receiving these proxy materials because our Board of Directors (the Board) is soliciting your proxy to cast your vote at the 2009 Annual Meeting of Stockholders (the Annual Meeting) of PHH Corporation, a Maryland corporation (we, our, us, PHH or the Company), and any adjournment or postponement of the Annual Meeting. Proxy Statement, the accompanying Notice of 2009 Annual Meeting, our Annual Report on Form 10-K for the year ended December 31, 2008 filed with the U.S. Securities and Exchange Commission (the SEC) on March 2, 2009 (the 2008 Annual Report), and the enclosed WHITE proxy card or vote instruction form are being mailed to stockholders and are first being made available to stockholders via the Internet on or about May 7, 2009.

**When and where is the Annual Meeting going to be held?**

The Annual Meeting will be held at the Company's offices located at 3000 Leadenhall Road, Mt. Laurel, New Jersey, on Wednesday, June 10, 2009, at 10:00 a.m., local time. Registration and seating will begin at 9:00 a.m., local time.

**What is the purpose of the Annual Meeting?**

At the Annual Meeting, stockholders will vote on the matters described in the accompanying Notice of 2009 Annual Meeting and this Proxy Statement. The only matters expected to be voted upon at the Annual Meeting are (1) the Director Election Proposal, (2) the Ratification of Auditors Proposal, (3) the Incentive Plan Proposal and (4) the Charter Amendment Proposal.

On March 11, 2009, Pennant gave notice to the Company of its intention to nominate two individuals for election as Class I Directors of the Company in opposition to two of the individuals nominated by your Board of Directors. On April 1, 2009, Pennant filed a preliminary proxy statement nominating Mr. Allan Z. Loren and Mr. Gregory J. Parseghian for election as Directors in opposition to Messrs. Edwards and Krongard. The Pennant nominees have **NOT** been endorsed by your Board of Directors. The Company is not responsible for the accuracy of any information provided by or relating to Pennant contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Pennant or any other statements that Pennant may otherwise make. We urge stockholders to discard any gold proxy card that is sent by Pennant.

**What are the Board's recommendations for how I should vote my shares?**

The Board recommends that you vote your shares using the enclosed WHITE proxy card as follows:

Proposal 1: **FOR** the election of each of Messrs. Terence W. Edwards, a current director and the Company's President and Chief Executive Officer, James O. Egan, a current director, and A.B. Krongard, a current director and the Company's non-executive Chairman of the Board of Directors, as Class I Directors, each to serve until the 2012 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation;

Proposal 2: **FOR** the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009;

Proposal 3: **FOR** the approval of the PHH Corporation Amended and Restated 2005 Equity and Incentive Plan; and

Proposal 4: **FOR** the approval of the amendment of the Company's Charter.

**Who can attend the Annual Meeting?**

Only stockholders of record as of the close of business on April 22, 2009, or their duly appointed proxies, may attend the Annual Meeting. Stockholders will be asked to present valid picture identification, such as a driver's license or passport. Please note that, if you hold your shares in street name (that is, through a bank, broker or other

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nominee), you must bring either a copy of the voting instruction card provided by your bank, broker or other nominee or a copy of a brokerage statement reflecting your stock ownership as of the record date.

Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. A list of stockholders entitled to vote at the Annual Meeting will be available for examination by any stockholder for any purpose germane to the Annual Meeting beginning ten days prior to the Annual Meeting during ordinary business hours at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, the Company's principal place of business, and ending on the date of the Annual Meeting.

### **Do I need an admission ticket to attend the Annual Meeting?**

Yes. Attendance at the Annual Meeting will be limited to stockholders of record as of the record date, their authorized representatives and our guests. Admission will be by admission ticket only. For registered stockholders, the top portion of the proxy card enclosed with the Proxy Statement will serve as an admission ticket. If you are a beneficial owner and hold your shares in street name, or through an intermediary, such as a bank, broker or other nominee, you should request an admission ticket from your bank, broker or other nominee or send a request in writing to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054, and include proof of ownership of PHH Corporation common stock, such as a bank or brokerage firm account statement or letter from the bank, broker or other nominee holding your stock, confirming your beneficial ownership. Stockholders who do not obtain admission tickets in advance of the Annual Meeting may obtain them on the date of the Annual Meeting at the registration desk upon verifying their stock ownership as of the record date. In accordance with our security procedures, all persons attending the Annual Meeting must present picture identification along with their admission ticket or proof of beneficial ownership in order to gain admission to the meeting. Admission to the Annual Meeting will be expedited if admission tickets are obtained in advance. Admission tickets may be issued to others at our discretion.

### **How many votes must be present at the Annual Meeting to constitute a quorum?**

Stockholders holding a majority of the issued and outstanding shares of our common stock as of the record date, April 22, 2009, must be present, in person or by proxy, to constitute a quorum at the Annual Meeting. As of the record date, there were 54,388,877 shares of our common stock issued and outstanding. Shares represented by abstentions and broker non-votes on any proposal to be acted upon by stockholders at the Annual Meeting will be treated as present at the Annual Meeting for purposes of determining whether a quorum is present.

### **How many votes can be cast by all stockholders?**

54,388,877 votes may be cast at the Annual Meeting. Each stockholder is entitled to cast one vote for each share of common stock held by such stockholder as of the record date. There is no cumulative voting and the holders of our common stock vote together as a single class.

### **What vote is needed for each of the proposals to be adopted?**

Proposal 1 Director Election Proposal: Directors are elected by a plurality of the votes cast by stockholders of record as of the record date that are present at the Annual Meeting, in person or by proxy, assuming a quorum is present at the Annual Meeting. Under applicable Maryland law, abstentions and broker non-votes will count for the purpose of determining whether a quorum is present at the meeting, but will not be counted in determining whether director nominees have received a plurality of votes cast and, therefore, will have no effect on the outcome of the vote. Because of Pennant's nomination of alternative director candidates in opposition to Messrs. Edwards and Krongard, there will be more nominees for election to Class I of the Board

of Directors than available positions. The three candidates with the highest number of **FOR** votes will be elected.

Proposal 2 Ratification of Auditors Proposal: Approval of the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009, requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present at the Annual Meeting, in person or by proxy, assuming a quorum is present at the Annual



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Meeting. Under applicable Maryland law, abstentions and broker non-votes will count for the purpose of determining whether a quorum is present at the meeting, but will not be counted as votes cast or shares voting on the proposal and will have no effect on the outcome of the vote.

Proposal 3 Incentive Plan Proposal: Approval of the PHH Corporation Amended and Restated 2005 Equity and Incentive Plan requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present at the Annual Meeting, in person or by proxy, assuming a quorum is present at the Annual Meeting. Under applicable Maryland law, abstentions and broker non-votes will count for the purpose of determining whether a quorum is present at the meeting. Abstentions will not be counted as votes cast or shares voting on the proposal and will have the same effect as a vote against the proposal. Broker non-votes will not be counted as votes cast or shares voting on the proposal and will have the same effect as a vote against the proposal, unless holders of a majority in interest of all securities entitled to vote on the proposal cast votes, in which event broker non-votes will not have any effect on the outcome of the vote.

Proposal 4 Charter Amendment Proposal: Approval of the amendment of the Company's Charter requires the affirmative vote of the holders of a majority of all votes entitled to be cast on the proposal by stockholders of record as of the record date. Under applicable Maryland law, abstentions and broker non-votes will count for the purpose of determining whether a quorum is present at the meeting, but will not be counted as votes cast or shares voting on the proposal and, therefore, will have the same effect as a vote against the proposal.

Other business: All other business that may properly come before the Annual Meeting requires the affirmative vote of a majority of the votes cast on the proposal by stockholders of record as of the record date that are present at the Annual Meeting, in person or by proxy, assuming a quorum is present at the Annual Meeting. Under applicable Maryland law, abstentions and broker non-votes will count for the purpose of determining whether a quorum is present at the meeting, but will not be counted as votes cast or shares voting on the proposal and, therefore, will have the same effect as a vote against the proposal.

### **What is a broker non-vote?**

Generally, a broker non-vote occurs when shares held by a bank, broker or other nominee for a beneficial owner are not voted with respect to a particular proposal because (i) the nominee has not received voting instructions from the beneficial owner and (ii) the nominee lacks discretionary voting power to vote such shares. Under the rules of The New York Stock Exchange, LLC (the "NYSE"), a nominee does not have discretionary voting power with respect to non-routine matters.

In light of Pennant's nomination of competing candidates for the Board of Directors, this year's election of directors is expected to be considered a proposal on which brokers do not have discretionary authority to vote. Thus, if your shares are held in street name and you do not provide instructions as to how your shares are to be voted in the election of directors, your bank, broker or other nominee may not be able to vote your shares in the election of directors, and your shares may not be voted for any of the nominees. We urge you to provide instructions to your bank, broker or other nominee so that your votes may be counted on this important matter. You should vote your shares by following the instructions provided on the voting instruction card that you receive from your bank, broker or other nominee.

### **How do I vote?**

You can vote in person or by valid proxy received by telephone, via the Internet or by mail. We urge you to vote by doing one of the following:

Vote by Telephone: You can vote your shares by calling the toll-free number indicated on your WHITE proxy using a touch-tone telephone card 24 hours a day. Easy-to-follow voice prompts enable you to vote your shares and confirm that your voting instructions have been properly recorded. If you are a beneficial owner, or you hold your shares in street name, please check your voting instruction card or contact your bank, broker or other nominee to determine whether you will be able to vote by telephone.

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**Vote by Internet:** You can also vote via the Internet by following the instructions on your **WHITE** proxy card. The website address for Internet voting is indicated on your **WHITE** proxy card. Internet voting is also available 24 hours per day. If you are a beneficial owner, or you hold your shares in street name, please check your voting instruction card or contact your bank, broker or other nominee to determine whether you will be able to vote via the Internet.

**Vote by Mail:** If you choose to vote by mail, complete, sign, date and return your **WHITE** proxy card in the postage-paid envelope provided. Please promptly mail your **WHITE** proxy card to ensure that it is received on or before June 9, 2009. Please also discard any gold proxy card that you may receive from Pennant.

The deadline for voting by telephone or electronically through the Internet is 11:59 p.m., local time, on June 9, 2009. If you have any questions or require any assistance with voting your shares, please call our proxy solicitor, Georgeson Inc., at **(877) 278-9668 or (212) 440-9800**.

The Board strongly urges you to **NOT** sign or return any gold proxy card that you may receive from Pennant, even as a protest. Withholding authority to vote for Pennant's nominees on a gold proxy card that Pennant may send you is not the same as voting for the persons nominated by your Board of Directors and will result in the revocation of any previous vote that you may have cast on the enclosed **WHITE** proxy card.

### **Can I change my vote?**

Yes. A proxy may be revoked at any time prior to the voting at the Annual Meeting by submitting a later dated proxy (including a proxy authorization submitted by telephone or electronically through the Internet), by giving timely written notice of such revocation to our Corporate Secretary in advance of the Annual Meeting or by attending the Annual Meeting and voting in person. However, if you hold shares in street name, you may not vote shares in person at the Annual Meeting unless you bring with you a legal proxy from the stockholder of record. If you have previously voted using a Pennant gold proxy card, you have every right to change your vote by executing the enclosed **WHITE** proxy card, by voting by telephone or through the Internet as described above, or by attending the Annual Meeting and voting in person. Only the latest dated and properly executed or authorized proxy that you timely submit will be counted.

### **Could other matters be decided at the Annual Meeting?**

The Board of Directors does not intend to bring any matter before the Annual Meeting other than those described in this Proxy Statement. If any other matters properly come before the Annual Meeting, the persons named in the enclosed proxy, or their duly appointed substitutes acting at the Annual Meeting, will be authorized to vote or otherwise act in respect of any such matters in their discretion.

### **How do participants in our employee savings plans vote?**

For participants in the PHH Corporation Employee Savings Plan and the PHH Home Loans, LLC Employee Savings Plan (the Savings Plans) with shares of our common stock credited to their accounts, voting instructions for the trustees of the Savings Plans are also being solicited through this Proxy Statement. In accordance with the provisions of the Savings Plans, the respective trustees will vote shares of our common stock in accordance with instructions received from the plan participants to whose accounts such shares are credited. To the extent such instructions are not received prior to 11:59 p.m., local time, on June 9, 2009, the trustees of the Savings Plans will vote the shares with respect to which it has not received instructions proportionately in accordance with the votes received for shares which it has received instructions. Instructions given with respect to shares in accounts of the Savings Plans may be

changed or revoked only in writing, and no such instructions may be revoked after 11:59 p.m., local time, on June 9, 2009. Participants in the Savings Plans are not entitled to vote in person at the Annual Meeting. If a participant in the Savings Plans has shares of our common stock credited to his or her account and also owns other shares of our common stock in registered form or through a bank, broker or other nominee, he or she should receive a separate proxy card or vote instruction form for shares credited to his or her account in the Savings Plans and any other shares that he or she owns. All such proxy cards and vote instruction forms should be completed, signed and returned to ensure that votes are cast for all shares owned either directly or beneficially.

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### **What if I vote for some but not all of the proposals?**

Shares of our common stock represented by proxies received by us (whether received through the return of the enclosed proxy card or received via telephone or the Internet) where the stockholder has provided voting instructions with respect to the proposals described in this Proxy Statement, including the Director Election Proposal, the Ratification of Auditors Proposal, the Incentive Plan Proposal, and the Charter Amendment Proposal, will be voted in accordance with the voting instructions so made. If your WHITE proxy card is properly executed and returned but does not contain voting instructions as to one or more of the proposals to be voted upon at the Annual Meeting, or if you give your proxy by telephone or via the Internet without indicating how you want to vote on each of the proposals to be voted upon at the Annual Meeting, your shares will be voted:

**FOR** the Director Election Proposal;

**FOR** the Ratification of Auditors Proposal;

**FOR** the Incentive Plan Proposal;

**FOR** the Charter Amendment Proposal; and

at the discretion of the persons named in the enclosed proxy card or vote instruction form, on any other matter that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

If your shares are held in street name and you do not properly instruct your bank, broker or other nominee how to vote your shares, your bank, broker or other nominee may either use its discretion to vote your shares on matters deemed routine by the NYSE or may not vote your shares. For any matters deemed non-routine by the NYSE, your bank, broker or other nominee would not be able to vote your shares on such matters. We encourage you to provide instructions to your bank, broker or other nominee by carefully following the instructions provided to ensure that your shares are voted at the Annual Meeting in accordance with your desires.

### **Who will pay for the cost of this proxy solicitation?**

We will pay the cost of soliciting proxies on behalf of our Board of Directors. Our Directors, officers and employees may solicit proxies on behalf of the Company in person or by telephone, facsimile or electronically through the Internet, as described in pages 3-4 above. We have engaged Georgeson Inc. to assist us in the distribution and solicitation of proxies for a fee of up to \$225,000 plus expenses. We will also reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending our proxy materials to beneficial owners of our common stock as of the record date.

Our total expenses, including those of Georgeson, related to the solicitation as a result of the potential proxy contest in excess of those expenses that we would normally spend for an annual meeting and excluding salaries and wages of our regular employees and officers, are expected to be approximately \$325,000, of which approximately \$175,000 has been spent to date.

Appendix D to this Proxy Statement sets forth information relating to our Director nominees as well as certain of our Directors, officers and employees who are considered participants in our solicitation under the rules of the SEC by reason of their position as directors or director nominees of the Company or because they may be soliciting proxies on our behalf. These persons will not receive any additional compensation for assisting in the solicitation, but may be reimbursed for reasonable out-of-pocket expenses in connection with the solicitation.

**Who will count and certify the vote?**

Representatives of Corporate Election Services, an independent inspector of election and proxy tabulation firm, will count the votes and certify the voting results. The voting results will be published in our Quarterly Report on Form 10-Q for the period ending June 30, 2009.

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**How can I access the Company's proxy materials and 2008 Annual Report electronically?**

Copies of the Notice of 2009 Annual Meeting, Proxy Statement and 2008 Annual Report, as well as other materials filed by the Company with the SEC, are available without charge to stockholders on our corporate website at [www.phh.com](http://www.phh.com) or upon written request to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054. You can elect to receive future annual reports, proxy statements and other proxy materials electronically by marking the appropriate box on your proxy card or vote instruction form or by following the instructions provided if you vote by telephone or via the Internet.

Copies of our Corporate Governance Guidelines, Independence Standards for Directors, Code of Business Conduct for Directors, Code of Business Conduct for Employees, and the charters of each standing committee of our Board of Directors, including our Audit Committee, Compensation Committee, Corporate Governance Committee, and Finance and Risk Management Committee, are also available without charge to stockholders on our corporate website at [www.phh.com](http://www.phh.com) or upon written request to PHH Corporation, Attention: Investor Relations, 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054.

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**PROPOSAL 1 TO ELECT THREE CLASS I DIRECTORS**

The Board of Directors has nominated Messrs. Terence W. Edwards, a current director and the Company's President and Chief Executive Officer, James O. Egan, a current director, and A. B. Krongard, a current director and the Company's non-executive Chairman of the Board of Directors, for election at the 2009 Annual Meeting each to serve as Class I Directors until the 2012 Annual Meeting of Stockholders and until their respective successors are duly elected and qualified, or until their earlier death, retirement or resignation. Mr. Egan was appointed to the Board of Directors on March 30, 2009, to fill the vacancy on the Board resulting from Mr. Francis J. Van Kirk's resignation as previously disclosed. We believe that the Board of Directors' slate of directors is very well qualified to perform the essential role of providing stewardship and guidance as the Company continues to execute its strategies for building long-term stockholder value.

Each nominee has consented to being named in this Proxy Statement and to serve if elected. Shares of our common stock represented by duly authorized proxies will be voted **FOR** Messrs. Edwards, Egan and Krongard.

**Background of Dissident Nominees**

On March 11, 2009, Pennant provided notice to the Company that it intended to nominate Mr. Gregory J. Parseghian and Mr. Allan Z. Loren for election to the Board of Directors of the Company in opposition to Messrs. Edwards and Krongard. During the months prior to receiving this formal notice, certain members of our senior management ( Management ) and Mr. Krongard met and held telephone conversations with representatives of Pennant regarding, among other things, Pennant's ideas for the Company, its views concerning executive compensation and shareholder communications and its desire to have representation on our Board.

In August 2008, during one such meeting, Pennant expressed its desire to Mr. Krongard to nominate a director to the Board and it identified Mr. Parseghian as a possible candidate. Mr. Krongard indicated he would be interested in meeting Mr. Parseghian. Over the course of the next several months, Mr. Krongard, in his capacity as Chairman of the Company's Corporate Governance Committee, and other members of our Management met with Pennant's representatives several times to discuss Mr. Parseghian, the only one of the Pennant nominees to the Board who had been identified prior to the formal notice received by the Company from Pennant on March 11, 2009. In November, 2008, following Mr. Krongard's request made in August, 2008, Mr. Krongard and Ms. Anne D. Logan, another independent director, met personally with Mr. Parseghian to consider his nomination. During a follow up discussion with Pennant, Mr. Krongard expressed to Pennant's representatives his concerns and those of several other independent Board members over Mr. Parseghian's past involvement with and the circumstances surrounding his departure from The Federal Home Loan Mortgage Corporation (Freddie Mac) and that the Board was considering other candidates for possible nomination to the Board.

In addition to the foregoing meetings and telephone conferences, certain members of our Management and our legal counsel engaged in telephone conferences with representatives of Pennant during this period. These telephone conferences covered a number of topics including discussions regarding possible alternatives to a contested election of directors.

**On April 1, 2009, as discussed above, Pennant filed a preliminary proxy statement nominating Messrs. Loren and Parseghian for election as Directors in opposition to Messrs. Edwards and Krongard. The Board of Directors urges you not to sign or return any gold proxy card sent to you by Pennant.**



**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF MESSRS. EDWARDS, EGAN AND KRONGARD USING THE ENCLOSED WHITE PROXY CARD. UNLESS MARKED TO THE CONTRARY, WHITE PROXY CARDS RECEIVED BY THE COMPANY WILL BE VOTED FOR THE ELECTION OF MESSRS. EDWARDS, EGAN AND KRONGARD.**

Our Board of Directors believes that Messrs Edwards, Egan and Krongard are well-suited by qualification and experience to serve on our Board for a three-year term and that their election will assist our Board in performing its stewardship function in the best interests of all stockholders. Biographical information about each of them is set forth below.

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Our Board believes that Mr. Edwards' responsibilities as PHH's most senior executive and his familiarity with all aspects of our business, as well as his 25-year career in positions of significant responsibility with our prior parent company Cendant Corporation including his nine years as the chief executive officer of Cendant's mortgage subsidiary (our predecessor) enable him to continue to play an important role on the Board, five of the seven current members of which are not employees and are independent (see Independence of the Board of Directors).

Our Board believes that Mr. Egan's 26 years of practice with two independent public accounting firms, including senior leadership positions with both, and his ten years of experience as managing director of an alternative asset management firm the portfolio of which included real estate investments, enable him to contribute significantly to our Board by chairing our Audit Committee and serving on our Finance and Risk Management Committee.

Our Board believes that Mr. Krongard has played, and will if re-elected continue to play, a significant leadership and mentorship role in PHH through his positions as non-executive Chairman of our Board and as Chairman of our Corporate Governance Committee since the Cendant spin-off four years ago and that his prior experience both as a senior official at the Central Intelligence Agency for six years and as a senior officer at two national investment banking firms for many years before that provides him with broad insight into our industry and economy to complement his familiarity with our business.

Further biographical information about each of Messrs Edwards, Egan and Krongard is set forth below.

**Table of Contents****BOARD OF DIRECTORS**

Our Board of Directors currently consists of seven members. The principal occupations of, and certain other information regarding, each of the Class I Director nominees and our other incumbent Directors, as of April 22, 2009, are set forth below. During 2008, our Board of Directors held eight meetings and each Director attended at least 75% of the meetings held by the Board of Directors during the period in which each such Director served as a member of the Board of Directors. All Directors are expected to attend each regularly scheduled meeting of the Board of Directors, as well as each annual meeting of our stockholders (subject to certain limited exceptions). All of our Directors that were serving as Directors on June 11, 2008, attended the 2008 Annual Meeting of Stockholders held on June 11, 2008.

***Nominees to Serve as Class I Directors Term Expires in 2012***

**Terence W. Edwards**, 53, serves as our President and Chief Executive Officer, a position he has held since February 2005. Prior to our spin-off from Cendant Corporation (our former parent company, now known as Avis Budget Group, Inc., referred to herein as Cendant ) on January 31, 2005 (the Spin-Off ), Mr. Edwards served as President and Chief Executive Officer of Cendant Mortgage Corporation ( Cendant Mortgage, now known as PHH Mortgage Corporation ( PHH Mortgage )) since February 1996, and as such, was responsible for overseeing its entire mortgage banking operations. From 1995 to 1996, Mr. Edwards served as Vice President of Investor Relations and Treasurer and was responsible for investor, banking and rating agency relations, financing resources, cash management, pension investment management and internal financial structure. Mr. Edwards joined us in 1980 as a treasury operations analyst and has held positions of increasing responsibility, including Director, Mortgage Finance and Senior Vice President, Secondary Marketing.

**A.B. Krongard**, 72, currently serves as non-executive Chairman of the Board of Directors and as Chairman of our Corporate Governance Committee and our Executive Committee and has served in such capacities since the Spin-Off. Since December 2004, Mr. Krongard has been pursuing personal interests. From March 2001 until December 2004, Mr. Krongard served as Executive Director of the Central Intelligence Agency. From February 1998 until March 2001, Mr. Krongard served as Counselor to the Director of Central Intelligence. Mr. Krongard previously worked in various capacities at Alex. Brown, Incorporated ( Alex. Brown ). In 1991, Mr. Krongard was elected as Chief Executive Officer of Alex. Brown and assumed the additional duties of Chairman of the Board of Alex. Brown in 1994. Upon the merger of Alex. Brown with Bankers Trust Corporation ( Bankers Trust ) in September 1997, Mr. Krongard became Vice Chairman of the Board of Bankers Trust and served in such capacity until joining the Central Intelligence Agency. Since July 2005, Mr. Krongard has served as a member of the Board of Directors of Under Armour, Inc. and currently serves as Lead Director and Chairman of its Audit Committee. Under Armour, Inc. files reports pursuant to the Securities Exchange Act of 1934, as amended (the Exchange Act ). Mr. Krongard also serves as a director of Iridium Holdings, LLC, a global satellite communications company, and the law firm DLA Piper.

**James O. Egan**, 60, has served as a Director since March 2009. Mr. Egan served as a Managing Director of Investcorp International, Inc., an alternative asset management firm specializing in private equity, hedge fund offerings and real estate and technology investments, from 1998 through 2008. Mr. Egan was the partner-in-charge, M&A Practice, U.S. Northeast Region for KPMG LLP from 1997 to 1998 and served as the Senior Vice President and Chief Financial Officer of Riverwood International, Inc. from 1996 to 1997. Mr. Egan began his career with

PricewaterhouseCoopers (formerly Coopers & Lybrand) in 1971 and served as partner from 1982 to 1996 and a member of the Board of Partners from 1995 to 1996.

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***Continuing Class II Directors Term Expires in 2010***

**George J. Kilroy**, 61, serves as President and Chief Executive Officer of PHH Vehicle Management Services Group LLC ( PHH Arval ), a position he has held since March 2001. Mr. Kilroy is responsible for the management of PHH Arval. From May 1997 to March 2001, Mr. Kilroy served as Senior Vice President, Business Development and was responsible for new client sales, client relations and marketing for PHH Arval's United States operations. Mr. Kilroy joined PHH Arval in 1976 as an Account Executive in the Truck and Equipment Division and has held positions of increasing responsibility, including head of Diversified Services and Financial Services.

**Ann D. Logan**, 54, has served as a Director since January 31, 2005. Since July 2000, Ms. Logan has worked with various non-profit organizations. Ms. Logan was an Executive Vice President at the Federal National Mortgage Association ( Fannie Mae ) from January 1993 to July 2000. Ms. Logan ran the single-family mortgage business at Fannie Mae from 1998 to 2000 and was the Chief Credit Officer from 1993 to 1998. From 1989 to 1993, Ms. Logan was a Senior Vice President in charge of Fannie Mae's Northeast Regional Office in Philadelphia. Prior to joining Fannie Mae, Ms. Logan was Assistant Vice President at Standard & Poor's Corporation in New York. From 1976 to 1980, Ms. Logan worked for the U.S. Senate Judiciary Committee and served as the Committee Staff Director in 1980.

***Continuing Class III Directors Term Expires in 2011***

**James W. Brinkley**, 72, has served as a Director since January 31, 2005. In December 2005, Mr. Brinkley became Vice Chairman of Smith Barney's Global Private Client Group following Citigroup Inc.'s acquisition of Legg Mason Wood Walker, Incorporated ( LMWW ). Mr. Brinkley served as a Director of Legg Mason, Inc., a holding company that, through its subsidiaries, provides financial services to individuals, institutions, corporations, governments and government agencies since its formation in 1981. Mr. Brinkley has served as a Senior Executive Vice President of Legg Mason, Inc. since December 1983. Mr. Brinkley became Chairman of LMWW, Le