

CB RICHARD ELLIS GROUP INC

Form DEF 14A

April 22, 2005

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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

(Amendment No.)

Filed by the Registrant ☒ x

Filed by a Party other than the Registrant ☐ ..

Check the appropriate box:

- | | |
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| ☐ 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 Pursuant to §240.14a-12 | |

CB Richard Ellis Group, 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):

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2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

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865 South Figueroa Street, Suite 3400

Los Angeles, California 90017

(213) 613-3226

April 27, 2005

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of our Company, I cordially invite you to attend the 2005 Annual Meeting of Stockholders of CB Richard Ellis Group, Inc. to be held at 8:00 a.m. (PDT), on Thursday, June 2, 2005, at the Sheraton Gateway Hotel Los Angeles Airport at 6101 West Century Boulevard, Los Angeles, California.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the 2005 Annual Meeting of Stockholders. Once the business of the 2005 Annual Meeting of Stockholders has been concluded, stockholders will be given the opportunity to ask questions.

We sincerely hope you will be able to attend our 2005 Annual Meeting of Stockholders. However, whether or not you are personally present, it is important that your shares be represented.

We are pleased to offer multiple options for voting your shares. As detailed in the section called, Questions and Answers About the Meeting How Do I Vote? of the Proxy Statement, you may vote your shares by telephone, via the Internet, by mail or in person by written ballot at the 2005 Annual Meeting of Stockholders.

Thank you for your continued support of CB Richard Ellis Group, Inc.

Sincerely yours,

Ray Wirta

Chief Executive Officer

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CB Richard Ellis Group, Inc.

865 South Figueroa Street, Suite 3400

Los Angeles, California 90017

(213) 613-3226

NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS

Please join us for the 2005 Annual Meeting of Stockholders of CB Richard Ellis Group, Inc. The meeting will be held on Thursday, June 2, 2005, at the Sheraton Gateway Hotel Los Angeles Airport at 6101 West Century Boulevard, Los Angeles, California.

The purposes of the Annual Meeting of Stockholders are:

- (1) To elect 10 directors;
- (2) To ratify the appointment of Deloitte & Touche LLP as the independent registered public accounting firm of CB Richard Ellis Group, Inc.;
- (3) To approve the Company's amended and restated 2004 Stock Incentive Plan; and
- (4) To transact any other business properly introduced at the Annual Meeting of Stockholders.

You must own shares of CB Richard Ellis Group, Inc. common stock at the close of business on April 4, 2005, the record date for the Annual Meeting of Stockholders, to vote at the annual meeting and at any adjournments or postponements of the annual meeting. **If you plan to attend, please bring a picture I.D., and if your shares are held in street name (i.e., through a broker, bank or other nominee), a copy of a brokerage statement reflecting your stock ownership as of April 4, 2005.** Regardless of whether you will attend, please submit your proxy card as soon as possible in the enclosed postage-prepaid envelope, or vote electronically through the internet or by telephone, so that your shares can be voted at the annual meeting in accordance with your instructions. For specific instructions on voting, please refer to the instructions on your enclosed proxy card. Voting in any of these ways will not prevent you from voting in person at the Annual Meeting of Stockholders.

By Order of the Board of Directors

Laurence H. Midler

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Executive Vice President, General Counsel and Secretary

Los Angeles, California

April 27, 2005

This proxy statement and accompanying proxy card are being mailed beginning April 27, 2005, in connection with the solicitation of proxies by the Board of Directors (the "Board") of CB Richard Ellis Group, Inc., a Delaware corporation (we may refer to ourselves in this Proxy Statement alternatively as "CBRE", the Company, we, us or our), for use at the 2005 Annual Meeting of Stockholders (which we may refer to alternatively as, the Annual Meeting). A copy of the Company's Annual Report to Stockholders for the year 2004, including financial statements, is being sent simultaneously with this Proxy Statement.

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PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

What is the purpose of the Annual Meeting of Stockholders? At the Annual Meeting, Stockholders will vote upon matters described in the notice of meeting contained in the Notice of Annual Meeting and this Proxy Statement (the "Proxy Statement"), including the election of directors, the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm, and the approval of our Amended and Restated 2004 Stock Incentive Plan. In addition, once the business of the Annual Meeting is concluded, members of management will respond to questions raised by stockholders, as time permits.

Who can attend the Annual Meeting? All stockholders of the Company as of the April 4, 2005 record date for the Annual Meeting, or individuals holding their duly appointed proxies, may attend the Annual Meeting. You should be prepared to present photo identification for admittance. Appointing a proxy in response to this solicitation will not affect a stockholder's right to attend the Annual Meeting and to vote in person. Please note that if you hold your shares in "street name" (that is, through a broker, bank or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of April 4, 2005 to gain admittance to the Annual Meeting.

What am I voting on? You are voting on:

The election of 10 directors;

The ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm;

The approval of the Amended and Restated 2004 Stock Incentive Plan of CB Richard Ellis Group, Inc. (the "2004 Stock Incentive Plan"); and

Any other matters properly introduced at the Annual Meeting of Stockholders.

What are the Board's recommendations? The Board recommends a vote:

for election of the nominated slate of directors (see Proposal 1);

for ratification of the selection of Deloitte & Touche LLP, independent registered public accounting firm, to be the auditors of the annual financial statements of the Company for the fiscal year ending December 31, 2005 (see Proposal 2); and

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for approval of the 2004 Stock Incentive Plan (see Proposal 3).

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of the Board.

Why are we voting on a benefit plan? Section 162(m) of the Internal Revenue Code of 1986, as amended, excludes from its limits on tax deduction income recognized from certain stock options and stock appreciation rights granted under a plan approved by stockholders. Because the 2004 Stock Incentive Plan was approved by stockholders prior to our initial public offering, Section 162(m) requires that the plan be approved again by our stockholders within three years after the initial public offering. At the Annual Meeting, we are asking stockholders to approve the 2004 Stock Incentive Plan so as to qualify compensation recognized by participants receiving grants of stock options or stock appreciation rights under the plan as deductible by the Company for U.S. federal tax purposes. Approval is *not* being sought for an increase in the number of shares reserved for issuance under the plan, or for any change in the type of awards permissible under the plan.

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Who may vote? You may vote if you owned shares of the Company's Class A common stock, \$0.01 par value per share (the "Shares"), at the close of business on April 4, 2005, which is the record date for the Annual Meeting. You are entitled to one vote on each matter presented at the Annual Meeting of Stockholders for each Share you owned on that date. As of April 4, 2005, we had 71,997,577 Shares outstanding.

Who counts the votes? The Bank of New York will count the votes. The Board has appointed The Bank of New York as the independent inspector of the election.

Is my vote confidential? Yes, your proxy card, ballot, and voting records will not be disclosed to us unless the law requires disclosure, you request disclosure, or your vote is cast in a contested election. If you write comments on your proxy card, your comments will be provided to us, but how you voted will remain confidential.

What vote is required to pass an item of business at the Annual Meeting? A majority of the 71,997,577 shares of our common stock outstanding on April 4, 2005 must be represented, in person or by proxy, to provide a quorum at the Annual Meeting. If you vote, your Shares will be counted toward the quorum. Shares represented by proxy cards either marked "ABSTAIN" or returned without voting instructions are counted as present for the purpose of determining whether the quorum requirement is satisfied. Also, in those instances where banks, brokers or other nominees who hold Shares on behalf of others have returned a proxy but cannot vote the Shares on particular matters without receiving voting instructions from the beneficial owners ("broker nonvotes"), those Shares will be counted as present for quorum purposes. Broker nonvotes will not be counted as votes for or against any proposal. Abstentions will have the same effect as a negative vote.

In the election for directors (Proposal 1), the 10 persons receiving the highest number of "FOR" votes will be elected. The affirmative vote of a majority of those Shares present and entitled to vote is required to approve each of Proposal 2 - the ratification of our Audit Committee's appointment of Deloitte & Touche LLP as our independent registered public accounting firm and Proposal 3 - the 2004 Stock Incentive Plan.

The consequences of not voting will depend on how your Share ownership is registered. If you own Shares as a registered holder and do not vote, your unvoted Shares will not be represented at the meeting and will not count toward the quorum requirement. If a quorum is obtained, your unvoted Shares will not affect whether a proposal is approved or rejected.

If you own Shares in street name and do not vote, your broker, bank or other nominee may represent your Shares at the meeting for purposes of obtaining a quorum. If you do not give voting instructions for your Shares, your broker, bank or other nominee may or may not be able to vote your Shares in its discretion depending on the proposals before the meeting. Your broker, bank or other nominee may vote your Shares in its discretion on routine matters such as Proposal 1, the election of directors, and Proposal 2, the ratification of the Company's independent registered public accounting firm. However, Proposal 3, the approval of our 2004 Stock Incentive Plan, is a non-routine matter, and your broker, bank or other nominee may not vote your Shares on Proposal 3 unless you give voting instructions. Broker nonvote Shares are counted toward the quorum requirement, but they do not affect the determination of whether the 2004 Stock Incentive Plan is approved or rejected so long as the approval threshold described above is obtained.

How will shares in the Company's 401(k) plan be counted? The enclosed proxy card also serves as a voting instruction to Vanguard Fiduciary Trust Company, the trustee of the CB Richard Ellis 401(k) Plan, for Shares held in the Company 401(k) Plan as of April 4, 2005, provided that voting instructions are furnished over the Internet or by telephone, or that the enclosed proxy card is signed, returned and received, by 5:00 p.m. (EDT) on May 27, 2005. If voting instructions are not received by such time, the Shares in the Company 401(k) Plan will be voted by the trustee in proportion to the shares for which the trustee timely receives voting instructions.

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How do I vote? If you plan to attend the Annual Meeting of Stockholders and wish to vote in person, the Company will give you a ballot at the Annual Meeting. However, if your Shares are held in the name of your broker, bank or other nominee, and you want to vote in person, you will need to obtain a legal proxy from the institution that holds your Shares indicating that you were the beneficial owner of Shares on April 4, 2005, the record date for voting at the Annual Meeting of Stockholders.

If your Shares are held in your name, there are three ways for you to vote by proxy:

Mail the proxy card in the enclosed return envelope;

Call 1-866-353-7851; or

Log on to the internet at: <http://www.proxyvotenow.com/cbg> and follow the instructions at that site.

Telephone and internet voting will close at 5:00 p.m. (EDT) on June 1, 2005, unless you are voting Shares held in the Company's 401(k) Plan, in which case the deadline for voting is 5:00 p.m. (EDT) May 27, 2005. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your Shares: *FOR* all of the nominees for director named in this proxy statement; *FOR* the ratification of Deloitte & Touche LLP as our independent accountants; and *FOR* approval of the 2004 Stock Incentive Plan.

If your Shares are held in the name of your broker, bank or other nominee, you should receive separate instructions from the holder of your Shares describing how to vote your Shares.

Even if you plan to attend the Annual Meeting, we recommend that you vote your Shares in advance as described above so that your vote will be counted if you later decide not to attend the Annual Meeting.

Can I revoke my proxy? Yes, you can revoke your proxy if your Shares are held in your name by:

Filing written notice of revocation with CBRE's Secretary before the Annual Meeting of Stockholders;

Signing a proxy bearing a later date; or

Voting in person at the Annual Meeting of Stockholders.

If your Shares are held in the name of your broker, bank or other nominee, you need to contact the holder of your Shares regarding how to revoke your proxy.

What happens if additional matters are presented at the Annual Meeting? Other than the three proposals described in the Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxy holders will have the discretion to vote your Shares on any additional matters properly introduced for a vote at the Annual Meeting.

How can I obtain electronic access to Stockholder materials, instead of receiving mailed copies? We are pleased to offer you the option to view stockholder communications (for example, annual reports and proxy statements) over the Internet, instead of receiving those documents in print. By consenting to view communications over the Internet, you will help us reduce our printing and mailing costs, which can be substantial. Participation is completely voluntary. If you give your consent, then we will notify you by U.S. Mail or electronic mail when stockholder materials are available over the Internet and provide you with a listing of the website locations where you can access such materials. Once you give your consent, it will remain in effect until you inform us otherwise. Even if you give your consent, you maintain the right to request paper copies of these documents at any time by contacting the Company's Investor Relations Department by: (a) mail at CB Richard Ellis Group, Inc., Attention: Investor Relations, 200 Park Ave., 16th Floor, New York, New York 10166, or (b) e-mail at investorrelations@cbre.com. If you access documents electronically, you should understand that there might be costs associated with electronic access that you must bear, such as usage charges from Internet access providers and telephone companies.

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To give your consent, please follow the instructions on the proxy card. If you hold your shares through a bank, broker or other nominee, please refer to the information that entity provides to you for instructions on how to elect this option.

We encourage you to consider agreeing to view your stockholder communications electronically.

How much did this proxy solicitation cost? Morrow & Co., Inc. has been hired by the Company to assist in the distribution of proxy materials and solicitation of votes for \$7,500, plus reasonable out-of-pocket expenses. Employees, officers and directors of the Company may also solicit proxies. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to the owners of our Shares.

Where can I find corporate governance materials for the Company? Our Corporate Governance Guidelines, Standards of Business Conduct, Code of Ethics for Senior Financial Officers, and the charters for the Audit Committee, Corporate Governance and Nominating Committee, Compensation Committee and Executive Committee are published in the Corporate Governance section of the Investor Relations page on our website at www.cbre.com. A copy of the Audit Committee Charter is included as Exhibit A to this Proxy Statement. The Company is not including the other information contained on, or available through, its website as a part of, or incorporating such information by reference into, this Proxy Statement.

Does the Company have a Chief Compliance Officer? Yes. On September 20, 2004, the Board appointed Laurence H. Midler, Executive Vice President, General Counsel and Secretary of the Company, as the Company's Chief Compliance Officer. Appointing Mr. Midler as Chief Compliance Officer was part of the Board's commitment to legal and regulatory compliance at the highest levels and its desire to promote legal and regulatory compliance, education and reporting within the Company. This action formalized continuing efforts by the Company to promote an effective compliance program. Mr. Midler makes regular reports to the Audit Committee on legal and compliance matters.

Does the Company have a Disclosure Committee? Yes. The Company has a Public Disclosure Committee comprised of members of management responsible for considering the materiality of information and making disclosure decisions on a timely basis. The Disclosure Committee operates pursuant to a Disclosure Policy that provides, among other things, that the Disclosure Committee: (1) have access to all Company books, records, facilities and personnel, as well as the Company's independent registered public accounting firm and outside legal counsel; (2) design, establish and maintain disclosure controls and procedures for the Securities and Exchange Commission (SEC) reporting process and modify them from time to time, as appropriate; (3) review all financial press releases; (4) review and oversee the preparation of all filings with the SEC; (5) suggest appropriate disclosures or opine on disclosure issues; (6) evaluate changes in SEC and New York Stock Exchange (NYSE) disclosure rules and make recommendations regarding their impact on the Company; (7) receive and review regular updates from the Company's management, internal auditors and independent accountants; (8) discuss material items with employees in the internal audit function, independent registered public accounting firm and the Company's management to ensure appropriate disclosure; (9) perform an annual review of the performance of the Disclosure Committee and its members; (10) maintain written records necessary to evidence procedures followed in connection with the preparation and approval of any disclosure documents; and (11) annually review and reassess the adequacy of the Company's disclosure controls and the procedures and practices of the Disclosure Committee. The Company formally established the Disclosure Committee in July 2004.

Does the Company have an internal audit group? Yes. The Company has an internal audit group. The director of the internal audit group reports directly to the Audit Committee and administratively to the Company's Executive Vice President, Global Controller. The director of the internal audit group is ultimately accountable to the Board and the Audit Committee and the Audit Committee has the ultimate authority and responsibility to appoint, retain, evaluate and, where appropriate, replace the director of the internal audit group.

Table of Contents**INFORMATION ABOUT THE BOARD****PROPOSAL NO. 1****NOMINEES FOR ELECTION TO THE BOARD**

At the Annual Meeting, the stockholders will elect 10 directors to serve until the 2006 annual meeting of stockholders or until their respective successors are elected and qualified. The following candidates are nominated by the Board based on the recommendation of the Corporate Governance and Nominating Committee (CGNC). They were selected on the basis of outstanding achievement in their careers, broad experience, wisdom, integrity, understanding of our business environment, willingness to devote adequate time to Board duties, and their ability to make independent, analytical inquiries. All nominees are presently directors of CBRE, except for John Nugent, and each of the nominees has consented, if elected as a director of the company, to serve until his or her term expires. The Board is committed to diversified membership. In selecting nominees, the Board does not discriminate on the basis of race, color, national origin, gender, religion, disability, or sexual preference.

Your proxy holder will vote your Shares for the Board's nominees, unless you instruct otherwise. If a nominee is unable to serve as a director, your proxy holder may vote for any substitute nominee proposed by the Board.

The Board recommends that the stockholders vote FOR the 10 nominees listed below.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Richard C. Blum	69	Board Chairperson; CGNC and Executive Committee Chairperson
Jeffrey A. Cozad	40	Director; Compensation Committee member
Patrice Marie Daniels	44	Director; Audit Committee Chairperson
Bradford M. Freeman	63	Director; Compensation Committee member
Michael Kantor	65	Director; CGNC member
Frederic V. Malek	68	Director; Compensation Committee Chairperson; Audit Committee and CGNC member
John G. Nugent	43	Executive Vice President, Broker Representative
Brett White	45	President and Director; Executive Committee member
Gary L. Wilson	65	Director; Audit Committee member
Ray Wirta	61	Chief Executive Officer and Director; Executive Committee member

Richard C. Blum

Mr. Blum has been Chairman of the Board of Directors of CB Richard Ellis Group since September 2001 and a director of CB Richard Ellis Group since July 2001. He is the Chairman and President of Richard C. Blum & Associates, Inc., the general partner of Blum Capital Partners, L.P., a long-term strategic equity investment management firm that acts as general partner for various investment partnerships and provides investment advisory services, which he founded in 1975. Mr. Blum is a member of the board of directors of Glenborough Realty Trust Incorporated. He is also vice chairman of the board of directors of URS Corporation. Mr. Blum holds a B.A. and an M.B.A. from the University of California, Berkeley.

Jeffrey A. Cozad

Mr. Cozad has been a director of CB Richard Ellis Group since September 2001. Mr. Cozad has been a partner of Blum Capital Partners, L.P. since 2000. Prior to joining Blum Capital Partners, Mr. Cozad was a managing director of Security Capital Group Incorporated, a global real estate research, investment and operating management company from 1991 to 2000. Mr. Cozad holds a B.A. from DePauw University and an M.B.A. from the University of Chicago Graduate School of Business.

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Patrice Marie Daniels

Ms. Daniels has been a director of CB Richard Ellis Group since February 2004. Ms. Daniels is a founding partner of Onyx Capital Ventures, L.P., a private equity investment firm, which was founded in October 2001. She previously served as Managing Director, Corporate and Leveraged Finance for CIBC World Markets, an investment banking firm, from March 1997 to October 2001. Ms. Daniels holds a B.S. from the University of California, Berkeley and an M.B.A. from the University of Chicago Graduate School of Business.

Bradford M. Freeman

Mr. Freeman has been a director of CB Richard Ellis Group since July 2001. Mr. Freeman is a founding partner of Freeman Spogli & Co. Incorporated, a private investment company founded in 1983. He is also a member of the board of directors of Edison International. Mr. Freeman holds a B.A. from Stanford University and an M.B.A. from Harvard Business School.

Michael Kantor

Mr. Kantor has been a director of CB Richard Ellis Group since February 2004. Mr. Kantor has been a partner with the law firm of Mayer, Brown, Rowe & Maw LLP since March 1997. From 1993 to 1996, he served as the U.S. Trade Representative and from 1996 to 1997 as U.S. Secretary of Commerce. Mr. Kantor is also a member of the board of directors of ING USA. He holds a B.A. from Vanderbilt University and a J.D. from Georgetown University.

Frederic V. Malek

Mr. Malek has been a director of CB Richard Ellis Group since September 2001. He has served as Chairman of Thayer Capital Partners, a merchant banking firm he founded, since 1993. He also serves on the boards of directors of Automatic Data Processing Corp., the Federal National Mortgage Association, Northwest Airlines Corporation, and FPL Group, Inc. (he is retiring from the board of FPL Group in 2005). Mr. Malek holds a B.S. degree from the United States Military Academy at West Point and an M.B.A. from Harvard Business School.

John G. Nugent

Mr. Nugent has not previously served as a director of CB Richard Ellis Group. Mr. Nugent has been an Executive Vice President of CB Richard Ellis Group since October 2002. He is being nominated as the broker representative to the Board, a position that periodically rotates among certain senior brokers of the Company. He has worked as a broker at our subsidiary CB Richard Ellis, Inc., focusing on real estate consulting and tenant representation, since March 1985. Mr. Nugent holds a B.A. degree from Lycoming College in Williamsport, Pennsylvania.

Brett White

Mr. White has been President and a director of CB Richard Ellis Group since September 2001. He was Chairman of the Americas of CB Richard Ellis Services from May 1999 to September 2001 and was its President of Brokerage Services from August 1997 to May 1999. Previously, he was its Executive Vice President from March 1994 to July 1997 and Managing Officer of its Newport Beach, California office from May 1993 to March 1994. Mr. White is a member of the board of directors of Mossimo, Inc. He received his B.A. from the University of California, Santa Barbara. Mr. White will become our Chief Executive Officer immediately following the Annual Meeting.

Gary L. Wilson

Mr. Wilson has been a director of CB Richard Ellis Group since September 2001. He previously served as a director of our company from 1989 to July 2001. Since April 1997, Mr. Wilson has been Chairman of Northwest Airlines Corporation, for which he served as Co-Chairman from January 1991 to April 1997. Mr. Wilson also serves on the boards of directors of The Walt Disney Company and Yahoo! Inc. Mr. Wilson holds a B.A. from

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Duke University and an M.B.A. from the Wharton Graduate School of Business and Commerce at the University of Pennsylvania.

Ray Wirta

Mr. Wirta has been Chief Executive Officer of CB Richard Ellis Group since July 2001 and a director of CB Richard Ellis Group since September 2001. He has been Chief Executive Officer of CB Richard Ellis Services since May 1999 and served as its Chief Operating Officer from May 1998 to May 1999. Mr. Wirta holds a B.A. from California State University, Long Beach and an M.B.A. in International Management from Golden Gate University. He will step down as Chief Executive Officer immediately following the Annual Meeting and, assuming his re-election to the Board, will remain on the Board as its Vice Chairperson.

COMPENSATION OF DIRECTORS

Our director compensation policy provides for the following annual compensation for each of our non-employee directors:

a \$20,000 annual cash retainer;

a grant of a number of unrestricted shares of our common stock with a fair market value equal to \$10,000 on the date of grant;

a stock option grant for a number of shares equal to \$50,000 divided by the fair market value of our common stock on the date of grant; and

a restricted stock grant for a number of shares equal to \$25,000 divided by the fair market value of our common stock on the date of grant.

Pursuant to this policy, our directors also receive an additional payment of \$1,000 per meeting attended and \$500 per committee meeting attended that was not scheduled in conjunction with a meeting of our board of directors. The chairperson of the audit committee receives an additional annual cash retainer of \$10,000, and the chairpersons of the CGNC and Compensation Committee receive additional annual cash retainers of \$5,000 each. The annual cash retainer, the additional payments per meeting attended and the additional annual cash retainers for committee chairpersons became effective under this policy as of March 11, 2004.

With respect to the equity compensation components of our director compensation policy, on June 10, 2004, automatic grants of stock options and unrestricted and restricted stock, as described above, were made to our current outside directors pursuant to our 2004 Stock Incentive Plan. These grants were pro-rated to cover only the period from the date the registration statement for our initial public offering was declared effective by the SEC to the following May 15, the end date of the annual pro-ration cycle as determined by the 2004 Stock Incentive Plan. The next periodic automatic grants are scheduled to take place in June 2005.

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On February 9, 2004, prior to adoption of the equity compensation policy described above, we granted Mr. Kantor options to acquire 13,857 shares of our Class A common stock for \$5.77 per share in connection with his agreement to serve on our board of directors. The options of Mr. Kantor were granted pursuant to our 2001 stock incentive plan, vest 20% per anniversary of their respective grant date and expire on the earlier of the tenth anniversary of the grant date or the one-year anniversary after such director ceases to be a member of our board of directors.

We also reimburse our non-employee directors for all out-of-pocket expenses incurred in the performance of their duties as directors. Our employee directors do not receive any fees for attendance at meetings or for their service on our board of directors.

BOARD STRUCTURE

Our Board currently consists of 10 directors. The Board has determined that each of Ms. Daniels and Messrs. Blum, Cozad, Freeman, Kantor, Malek and Wilson is independent, as described in greater detail under

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the heading titled "Corporate Governance - Director Independence" below. All of our directors are elected at each annual meeting of stockholders and hold office until the next election. Following the Annual Meeting of Stockholders, we will have 10 directors. The Board has authority under CBRE's By-laws to fill vacancies and to increase or, upon the occurrence of a vacancy, decrease its size between annual meetings of stockholders.

Based on the recommendation of the CGNC, the Board amended the Corporate Governance Guidelines on March 14, 2005 to formally separate the positions of Chairperson of the Board and Chief Executive Officer. The amendment also establishes a mandatory retirement age of 75 for directors and requires that new directors with limited experience on boards of directors of public companies attend at least one educational seminar related to serving as a director.

As described in greater detail under the heading titled "Related Party Transactions - Securityholders' Agreement," pursuant to a securityholders agreement, our stockholders affiliated with Blum Capital Partners, L.P. are entitled to nominate a percentage of our total number of directors that is equivalent to the percentage of the outstanding common stock beneficially owned by these affiliates, with this percentage of our directors being rounded up to the nearest whole number of directors. Accordingly, these affiliates of Blum Capital Partners have nominated Messrs. Blum and Cozad to our Board. In addition to Messrs. Blum and Cozad, assuming our Board continues to consist of 10 directors in the future, these affiliates will be entitled to nominate one additional director in future Board elections based upon their percentage ownership of our common stock.

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

Our non-management directors meet without management present each time the full Board convenes for a regularly scheduled meeting. If the Board convenes a special meeting, the non-management directors will meet in executive session if circumstances warrant. The Chairperson of the Board, who is a non-management director, presides over executive sessions of the Board.

Stockholders and other interested parties may communicate with the Chairperson of the Board (who acts as the lead independent director) at CB Richard Ellis Group, Inc. Lead Independent Director, c/o Laurence H. Midler, General Counsel and Corporate Secretary, 355 South Grand Avenue, 12th Floor, Los Angeles, California 90071. Stockholders also may e-mail the Chairperson c/o larry.midler@CBRE.com. The General Counsel will perform a legal review in the normal discharge of his duties to ensure that communications forwarded to the Chairperson preserve the integrity of the process. For example, items that are unrelated to the duties and responsibilities of the Board such as spam, junk mail and mass mailings, product complaints, personal employee complaints, product inquiries, new product suggestions, resumes and other forms of job inquiries, surveys, business solicitations or advertisements (the "Unrelated Items") will not be forwarded to the Chairperson. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will not be forwarded to the Chairperson. Any communication that is relevant to the conduct of the Company's business and is not forwarded will be retained for one year (other than Unrelated Items) and made available to the Chairperson and any other independent director on request. The independent directors grant the General Counsel discretion to decide what correspondence shall be shared with the Company's management and specifically instruct that any personal employee complaints be forwarded to our Human Resources Department.

BOARD MEETINGS

The Board held seven regular and special meetings during the past fiscal year to review significant developments affecting the Company, engage in strategic planning, and act on matters requiring Board approval. For the fiscal year ended December 31, 2004, each incumbent director attended at least 75 percent of the Board meetings and the meetings of committees on which he or she served, except Mr. Wilson who, because

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of personal circumstances, attended 57 percent of Board meetings and 71 percent of Audit Committee meetings, and Mr. Cozad, who, because of personal circumstances, attended 50 percent of Compensation Committee meetings.

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Committee	Members	Functions and Additional Information	Number of Meetings in Fiscal 2004
Audit	Patrice M. Daniels (1)	Retain, compensate, oversee and terminate any independent registered public accounting firm in connection with the audit report, and to approve all audit and any permissible non-audit services provided by our independent auditors	7
	Frederic V. Malek		
	Gary L. Wilson	Receive the direct reports from our independent auditors	
		Review and discuss annual audited and quarterly unaudited financial statements with management and our independent auditors	
		Review with our independent auditor any audit problems and management's response	
		Discuss earnings releases, financial information and earnings guidance provided to analysts and rating agencies	
		Establish procedures to handle complaints regarding accounting, internal accounting controls or auditing matters	
Corporate Governance and Nominating		Obtain and review, at least annually, an independent auditors report describing the independent auditors' internal quality-control procedures and any material issues raised by the most recent internal quality-control review of the independent auditors or any inquiry by governmental authorities	0(2)
		Set hiring policies for employees or former employees of the independent auditors	
		Retain independent legal counsel and other outside advisors as it deems necessary to carry out its duties	
		Our Board has determined that each member of our Audit Committee is independent, as defined under and required by federal securities laws and the rules of the NYSE	
	Richard C. Blum (1)	Recommend to the Board proposed nominees for election to the Board by our stockholders, including an annual review as to the renominations of incumbents and proposed nominees for election by the Board to fill vacancies that occur between stockholder meetings	
	Frederic V. Malek		
	Michael Kantor	Make recommendations to the Board regarding corporate governance matters and practices, including as to director compensation and directors and officers liability insurance	

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<u>Committee</u>	<u>Members</u>	<u>Functions and Additional Information</u>	<u>Number of Meetings in Fiscal 2004</u>
		Review and consult with our chief executive officer concerning selection of officers and management succession planning,	
		Our Board has determined that each member of the CGNC is independent, as defined under and required by the rules of the NYSE	
Compensation	Frederic V. Malek (1)	Review executive compensation policies, plans and programs	2
	Bradford M. Freeman	Review and approve compensation for our chief executive officer and other executive officers of the Company and its subsidiaries	
	Jeffrey A. Cozad	Review and approve any employment contracts or similar arrangement between the Company and any of its executive officers	
		Review and consult with our chief executive officer concerning performance of individual executives and related matters	
		Administer our stock plans, incentive compensation plans and any such plans that the Board may from time to time adopt and exercise all the powers, duties and responsibilities of the Board with respect to such plans	
		Our Board has determined that each member of our Compensation Committee is independent, as defined under and required by the rules of the NYSE	
Executive	Richard C. Blum (1)	Implements policy decisions of the Board	5
	Ray Wirta	Acts on the Board's behalf between Board meetings, including the approval of transactions that do not exceed dollar thresholds established by the full Board	
	Brett White		

(1) Committee Chair

(2) The full Board implemented many of our corporate governance measures in April 2004 and created the CGNC at that time. The CGNC held informal discussions during the second half of 2004 and held one formal meeting in the first quarter of 2005.

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board in fulfilling its responsibilities to the stockholders with respect to the Company's independent auditors, its corporate accounting and reporting practices, and the quality and integrity of its financial statements and reports. Since the effective date of the Sarbanes-Oxley Act of 2002, the Audit Committee has become responsible for the appointment, compensation and oversight of the work of the Company's independent auditors.

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The Audit Committee discussed with the Company's independent auditors the scope, extent and procedures for the fiscal 2004 audit. Following completion of the audits, the Audit Committee met with the independent

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auditors, with and without management present, to discuss the results of their examinations, the cooperation received by the auditors during the audit examination, their evaluation of the Company's internal controls over financial reporting and the overall quality of the Company's financial reporting.

Management is primarily responsible for the Company's financial statements, reporting process and systems of internal controls. In fulfilling that responsibility, the Audit Committee reviewed and discussed with management the audited financial statements in the Annual Report on Form 10-K. Discussion topics included the quality and acceptability of the accounting principles, the reasonableness of significant judgments, the clarity of disclosures in the financial statements, and an assessment of the work of the independent auditors.

The independent auditors are responsible for expressing an opinion on the conformity of the audited financial statements with generally accepted accounting principles. The Audit Committee reviewed and discussed with the independent auditors their judgments as to the quality and acceptability of the Company's accounting principles and such other matters as are required to be discussed under generally accepted auditing standards pursuant to Statement of Auditing Standards No. 61 and Rule 2-07 of Regulation S-X. In addition, the Audit Committee received from the independent auditors written disclosures and a letter regarding their independence as required by the Independence Standards Board Standard No. 1, discussed with the independent auditors the auditors' independence from management and the Company, and considered the compatibility of non-audit services with the auditors' independence.

Based on the reviews and discussions described above, the Audit Committee recommended to the Board (and the Board subsequently approved) the inclusion of the audited financial statements in the Annual Report on Form 10-K for the year ended December 31, 2004 for filing with the Securities and Exchange Commission.

In addition, the Audit Committee has selected Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2005. The Board concurred with the selection of Deloitte & Touche LLP. The Audit Committee has recommended to the stockholders that they ratify and approve the selection of Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2005.

In accordance with law, the Audit Committee is responsible for establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including the confidential, anonymous submission by Company employees, received through established procedures, of concerns regarding questionable accounting or auditing matters. The Audit Committee also approved establishment of an ethics and compliance program during 2004 and receives periodic reports from the Chief Compliance Officer regarding that program.

Finally, the Audit Committee reviewed management's process designed to achieve compliance with Section 404 of the Sarbanes-Oxley Act of 2002 and received periodic updates regarding management's progress.

The Audit Committee submits this report:

Patrice M. Daniels, Chair

Frederic V. Malek

Gary L. Wilson

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CORPORATE GOVERNANCE

BOARD AND COMMITTEE GOVERNING DOCUMENTS

The Board has adopted a Standards of Business Conduct applicable to our directors, officers and employees, a Code of Ethics for Senior Financial Officers applicable to our chief executive officer, chief financial officer and global controller, and Corporate Governance Guidelines. In addition, the Audit Committee, CGNC, Compensation Committee and Executive Committee have adopted charters, which you may review on our corporate website at www.cbre.com in the Corporate Governance section of the Investor Relations webpage. A copy of the Audit Committee Charter is included as Exhibit A to the Proxy Statement. In addition, these documents also are available in print to any stockholder who requests a copy from our Investor Relations Department. Recent amendments to our Corporate Governance Guidelines include the formal separation of the positions of chief executive officer and chairperson of the Board, the adoption of a mandatory retirement age of 75 for directors, and the requirement that new directors with limited experience on boards of directors of public companies attend at least one educational seminar related to serving as a director. In accordance with the Corporate Governance Guidelines, the Board and each of the Compensation Committee, Audit Committee and CGNC conducts an annual performance self-assessment with the purpose of increasing effectiveness of the Board and its committees.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During the fiscal year ended December 31, 2004, the members of our Compensation Committee were Frederic V. Malek, Jeffrey A. Cozad and Bradford M. Freeman. None of Messrs. Malek, Cozad or Freeman has ever been an officer or employee of our Company or any of our subsidiaries. During 2004, none of our executive officers served on the compensation committee (or equivalent), or the board of directors, of another entity whose executive officer(s) served on our Compensation Committee or Board. Additional information concerning transactions between us and the members of our Compensation Committee or entities affiliated with such members is described under the heading titled Related Party Transactions.

COMMUNICATIONS WITH THE BOARD

The Board welcomes communications from stockholders. In addition to the procedures for communicating with our independent directors described above under the heading Executive Sessions of Non-Management Directors, stockholders may write to the Board or any of its members at CB Richard Ellis Group, Inc. Board of Directors, c/o Laurence H. Midler, General Counsel and Corporate Secretary, 355 South Grand Avenue, 12th Floor, Los Angeles, California 90071. Stockholders also may e-mail the Board c/o larry.midler@CBRE.com.

The Board may not be able to respond to all stockholder inquiries directly. Therefore, the Board, in consultation with the Company, has developed a process to assist it with managing inquiries directed to the Board.

Letters and e-mails directed to the Board are reviewed by the Company to determine whether a response on behalf of the Board is appropriate. While the Board oversees management, it does not participate in day-to-day management functions or business operations, and is not normally in the best position to respond to inquiries with respect to those matters. Thus, the Company will direct those types of inquiries to the appropriate person within the Company for a response. Responses to letters and e-mails by the Company on behalf of the Board are maintained by the Company and are available for any director's review.

If a response on behalf of the Board is appropriate, the Company gathers any information and documentation necessary for answering the inquiry and provides the information and documentation as well as a proposed response to the appropriate director. The Company also may attempt to communicate with the

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stockholder for any necessary clarification. Our General Counsel (or his designee) reviews and approves responses on behalf of the Board in consultation with the applicable director, as appropriate.

Certain circumstances may require that the Board depart from the procedures described above, such as the receipt of threatening letters or e-mails or voluminous inquiries with respect to the same subject matter. The Board, nevertheless, does consider stockholder questions and comments important, and endeavors to respond promptly and appropriately.

NOMINATION PROCESS FOR DIRECTOR CANDIDATES

The CGNC is, among other things, responsible for identifying and evaluating potential candidates and recommending candidates to the Board for nomination. The CGNC is governed by a written charter, a copy of which can be found in the Corporate Governance section of the Investor Relations page of our corporate website at www.cbre.com.

The CGNC regularly reviews the composition of the Board and whether the addition of directors with particular experiences, skills, or characteristics would make the Board more effective. When a need arises to fill a vacancy, or it is determined that a director possessing particular experiences, skills, or characteristics would make the Board more effective, the CGNC initiates a search. As a part of the search process, the CGNC may consult with other directors and members of senior management, and may hire a search firm to assist in identifying and evaluating potential candidates.

When considering a candidate, the CGNC reviews the candidate's experiences, skills, and characteristics. The Committee also considers whether a potential candidate will otherwise qualify for membership on the Board, and whether the potential candidate would likely satisfy the independence requirements of the NYSE as described below.

Candidates are selected on the basis of outstanding achievement in their professional careers, broad experience, personal and professional integrity, their ability to make independent, analytical inquiries, financial literacy, mature judgment, high performance standards, familiarity with our business and industry, and an ability to work collegially. Other factors include, having members with various and relevant career experience and technical skills, and having a Board that is, as a whole, diverse. Where appropriate, the Company will conduct a criminal and background check on the candidate. In addition, at least a majority of the Board must be independent as determined by the Board under the guidelines of the NYSE listing standards, and at least one member of the Board should have the qualifications and skills necessary to be considered an Audit Committee Financial Expert under Section 407 of the Sarbanes-Oxley Act of 2002, as defined by the rules of the SEC.

All potential candidates are interviewed by our chief executive officer, our Board chairperson and CGNC chairperson (currently, Mr. Blum), and may be interviewed by other directors and members of senior management as desired and as schedules permit. The CGNC then meets to consider and approve the final candidates, and either makes its recommendation to the Board to fill a vacancy, or add an additional member, or recommends a slate of candidates to the Board for nomination for election to the Board. The selection process for candidates is intended to be flexible, and the CGNC, in the exercise of its discretion, may deviate from the selection process when particular circumstances warrant a different approach.

John G. Nugent is not currently serving on the Board. Mr. Nugent was nominated for election to the Board at the 2005 Annual Meeting of Stockholders as the Company's broker representative to the Board. Mr. Nugent also serves on the Company's Brokerage Operations Advisory

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Committee, which is an employee advisory council that serves as a sounding board for CBRE professionals and employees to express their opinions to senior management on issues of concern. The Board believes that maintaining a broker representative among its members provides it direct access to the viewpoint of its employees. If elected, Mr. Nugent will replace Jeffrey Pion who was the prior broker representative to the Board and is stepping off the Board this year. Mr. Nugent was recommended to the CGNC by our chief executive officer.

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Stockholders may recommend candidates by writing to the Secretary of CB Richard Ellis Group, Inc., 865 South Figueroa Street, Suite 3400, Los Angeles, California 90017. Stockholder recommendations for director elections at the 2006 annual meeting of stockholders must be delivered to or mailed and received at the principal executive offices of the Company no later than March 3, 2006 and no earlier February 1, 2006, unless the 2006 annual meeting is to be held more than 30 days before or more than 70 days after June 2, 2006, in which case the stockholder's notice must be received by the close of business on the tenth day after the notice or public disclosure of the date of the 2006 Annual Meeting of Stockholders is first made or given. The requirements for such notice are set forth in the Company's By-laws. The By-laws were filed as an exhibit to the Company's Amendment No. 4 to Registration Statement on Form S-1 (No. 333-112867) filed with the SEC on June 7, 2004. That document is located in the SEC's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991 and can be located on the SEC's website at www.sec.gov. The recommendation must include the following information:

The candidate's name and business address;

A resume or curriculum vitae describing the candidate's qualifications (including prior business experience for at least the past five years), and which clearly indicates that he or she has the experiences, skills, and qualifications that the CGNC looks for in a director as indicated above and in the CGNC's Charter;

A statement as to whether or not, during the past 10 years, the candidate has been convicted in a criminal proceeding (excluding traffic violations) and, if so, the dates, the nature of the conviction, the name or other disposition of the case, and whether the individual has been involved in any other legal proceeding during the past five years;

A statement signed by the candidate stating that he or she consents to serve on the Board if elected; and

A statement from the person submitting the candidate that he or she is the registered holder of Shares, or if the stockholder is not the registered holder, a written statement from the record holder of the Shares (usually a broker or bank) verifying that at the time the stockholder submitted the candidate that he or she was a beneficial owner of Shares.

All candidates nominated by a stockholder pursuant to the requirements above will be submitted to the CGNC for its review, which may include an analysis of the candidate from the Company's management. Any stockholder making a nomination in accordance with this process will be notified of the CGNC's decision.

DIRECTOR INDEPENDENCE

Pursuant to the Company's Corporate Governance Guidelines and the listing rules of the NYSE, the Board must consist of at least a majority of independent directors. In addition, all members of the Audit, Compensation and Corporate Governance and Nominating Committees must be independent directors as defined by the Corporate Governance Guidelines and the listing rules of the NYSE. Members of the Audit Committee must also satisfy a separate SEC independence requirement, which generally provides that they may not (1) accept directly or indirectly any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries, other than their compensation as directors or members of the audit or any other committees of the Board, or (2) be an affiliated person of the Company.

The Company adopted the following standards for director independence in compliance with the NYSE corporate governance listing standards: No director qualifies as independent unless the Board affirmatively determines that the director has no material relationship with the Company or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Company or any of its subsidiaries must identify which directors are independent and disclose the basis for that determination.

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In addition, a director is not independent if:

The director is, or has been within the last three years, an employee of CBRE or any of its subsidiaries, or an immediate family member is, or has been within the last three years, an executive officer, of CBRE or any of its subsidiaries.

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from CBRE or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

The director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; the director is a current employee of such a firm; the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on CBRE's or any of its subsidiaries audit within that time.

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of CBRE's or any of its subsidiaries present executive officers at the same time serves or served on that company's compensation committee.

The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, CBRE or any of its subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

The director or an immediate family member is affiliated with or employed by a tax-exempt entity that received significant contributions (i.e., more than 2% of the annual contributions received by the entity or more than \$1,000,000 in a single fiscal year, whichever amount is lower) from the Company, any of its affiliates, any executive officer or any affiliate of an executive officer within the preceding twelve-month period, unless the contribution was approved in advance by the Board.

As a result of the review, the Board affirmatively determined that all of the directors nominated for election at the Annual Meeting are independent of the Company and its management under the standards set forth in the Corporate Governance Guidelines, with the exception of Ray Wirta, Brett White and John Nugent. Messrs. Wirta, White and Nugent are considered inside directors because of their employment by the Company or its subsidiaries.

AUDIT COMMITTEE FINANCIAL EXPERT

Our Board has determined that Ms. Daniels qualifies as an audit committee financial expert, as this term has been defined by the SEC in Item 401(h)(2) of Regulation S-K. Our Board determined that Ms. Daniels acquired the required attributes for such designation as a result of the following relevant experience, which forms of experience are not listed in any order of importance and were not assigned any relative weights or values by our board of directors in making such determination:

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Ms. Daniels received a B.S. degree in Business Administration at the University of California, Berkeley and an M.B.A. degree in Finance at the University of Chicago Graduate School of Business.

Ms. Daniels served in several capacities, including as a Managing Director, with Bankers Trust from July 1987 to March 1997, which included arranging private and public senior and subordinated debt financing and equity capital for leveraged buyout transactions and for restructuring or acquisitions for non-investment grade companies.

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Ms. Daniels served as a Managing Director with CIBC World Markets from March 1997 to October 2001, which included providing investment and commercial banking products to non-investment grade companies and leveraged buyout firms.

Ms. Daniels is a founding partner of Onyx Capital Ventures, L.P., a private equity investment firm, which was founded in October 2001.

Ms. Daniels served on the audit committee of the board of directors of World Color Press, Inc., a diversified commercial printing company that was publicly traded on the NYSE, from January 1998 until it was acquired by Quebecor Printing Inc. in October 1999.

AUDIT COMMITTEE PRE-APPROVAL POLICY

The Audit Committee's policy is to pre-approve all significant audit and permissible non-audit services provided by the Company's independent auditors. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to the particular service or category of services and is generally subject to a specific budget. The Company's independent auditors and management are required to periodically report to the Audit Committee regarding the extent of services provided by the independent auditors in accordance with this pre-approval, and the fees for the services performed to date. The Audit Committee may also pre-approve particular services on a case-by-case basis.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte & Touche LLP's fees from the Company and its subsidiaries for the fiscal years ended December 31, 2004 and 2003 were as follows (in millions):

	Fiscal 2004	Fiscal 2003
Audit Fees	\$ 5.0	\$ 3.0
Audit-Related Fees	0.4	0.1
Tax Fees	1.4	1.4
All Other Fees		
Total Fees	\$ 6.8	\$ 4.5

A description of the types of services provided in each category is as follows:

Audit Fees Includes audit of the Company's annual financial statements, review of the Company's quarterly reports on Form 10-Q, statutory audits required internationally, and consents and assistance with and review of registration statements filed with the SEC. In addition, in 2004, audit fees include those fees related to Deloitte & Touche LLP's audit of the effectiveness of the Company's internal controls over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act.

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Audit-Related Fees Includes audits of the Company's employee benefit plans, due diligence in connection with acquisitions, and accounting consultations related to generally accepted accounting principles (GAAP) and the application of GAAP to proposed transactions.

Tax Fees Includes tax compliance at international locations, domestic and international tax advice and planning, assistance with tax audits and appeals, and tax planning for acquisitions and restructuring.

None of the services described above were approved pursuant to the de minimis exception provided in Rule 2-01(c)(7)(i)(C) of Regulation S-X promulgated by the SEC.

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In making its decision to appoint Deloitte & Touche LLP as the Company's independent auditors for the fiscal year ending December 31, 2005, the Audit Committee considered whether the services (other than audit and audit-related services) provided by Deloitte & Touche LLP are compatible with maintaining the independence of Deloitte & Touche LLP from the Company. The Audit Committee determined that the provision of these services by Deloitte & Touche LLP is compatible with maintaining that independence.

BOARD ATTENDANCE AT ANNUAL MEETING OF STOCKHOLDERS

While the Board understands that there may be situations that prevent a director from attending an annual meeting of stockholders, the Board strongly encourages all directors to make attendance at all annual meetings of stockholders a priority. The 2005 Annual Meeting of Stockholders is our first annual stockholders' meeting since our initial public offering in June 2004.

SUBMISSION OF STOCKHOLDER PROPOSALS

If you would like to present a proposal for possible inclusion in the Company's 2006 Proxy Statement pursuant to the SEC's rules, send the proposal to Laurence H. Midler, Secretary of the Company, 355 South Grand Ave., Suite 1200, Los Angeles, California 90071, by registered, certified, or express mail. Proposals must be received on or before March 3, 2006, except as described below.

Stockholders who would like to bring business before the 2006 Annual Meeting of Stockholders other than through a stockholder proposal pursuant to the SEC's rules must notify the Secretary of the Company in writing and provide the information required by the provision of the Company's By-laws dealing with stockholder proposals. The notice must be delivered to or mailed and received at the principal executive offices of the Company no later than March 3, 2006 and no earlier February 1, 2006, unless the 2006 annual meeting is to be held more than 30 days before or more than 70 days after June 2, 2006, in which case the stockholder's notice must be received by the close of business on the tenth day after the notice or public disclosure of the date of the 2006 Annual Meeting of Stockholders is first made or given. The requirements for such notice are set forth in the Company's By-laws. The By-laws were filed as an exhibit to the Company's Amendment No. 4 to Registration Statement on Form S-1 (No. 333-112867) filed with the SEC on June 7, 2004. That document is located in the SEC's Public Reference Room in Washington, D.C. in the Securities and Exchange Commission's file no. 1-6991 and can be located on the SEC's website at www.sec.gov.

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OTHER COMPANY PROPOSALS

PROPOSAL NO. 2

RATIFICATION OF INDEPENDENT ACCOUNTANTS

The Audit Committee appointed Deloitte & Touche LLP as the Company's independent registered public accounting firm to audit the consolidated financial statements of the Company for the fiscal year ending December 31, 2005. Deloitte & Touche LLP served as the Company's independent accountants for fiscal year 2004, and reported on the Company's consolidated financial statements for that year, and have been our independent accountants since April 23, 2002. Representatives of Deloitte & Touche LLP will attend the Annual Meeting of Stockholders on June 2, 2005. They will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions.

Although stockholder ratification is not required, the appointment of Deloitte & Touche LLP is being submitted for ratification at the Annual Meeting of Stockholders with a view towards soliciting stockholders' opinions, which the Audit Committee will take into consideration in future deliberations. If Deloitte & Touche LLP's selection is not ratified at the Annual Meeting of Stockholders, the Audit Committee will consider the engagement of other independent accountants. The Audit Committee may terminate Deloitte & Touche LLP's engagement as the Company's independent accountants without the approval of the Company's stockholders whenever the Audit Committee deems termination appropriate.

For the above reasons, the Board recommends that the stockholders vote FOR the ratification of Deloitte & Touche LLP as the Company's independent accountants for the fiscal year ending December 31, 2005.

PROPOSAL NO. 3

APPROVAL OF THE AMENDED AND RESTATED

2004 STOCK INCENTIVE PLAN OF

CB RICHARD ELLIS GROUP, INC.

The 2004 Stock Incentive Plan was adopted by the Board on April 1, 2004 and approved by our stockholders on April 21, 2004, prior to our initial public offering. The plan was amended and restated by the Board on April 14, 2005 to eliminate the ability of grantees to purchase our Class A common shares by means of deferred payment (including promissory notes), to prohibit repricings without stockholder approval, and to eliminate the ability of the Board to grant non-qualified stock options at below fair market value. A copy of the 2004 Stock Incentive Plan is attached as Exhibit B to this Proxy Statement.

At the Annual Meeting, we are asking stockholders to approve the 2004 Stock Incentive Plan to qualify compensation recognized by participants receiving grants of stock options or stock appreciation rights under the plan as deductible by the Company for U.S. federal tax purposes. Section

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162(m) of the Internal Revenue Code of 1986, as amended (the "Tax Code"), excludes from its limits on tax deduction income recognized from certain stock options and stock appreciation rights granted under a plan approved by stockholders. For a plan approved by stockholders prior to the company's initial public offering, such a plan must obtain the further approval of stockholders no later than the first stockholder meeting that occurs after three full calendar years have elapsed following the year in which the initial public offering occurred. In the case of our plan, we must obtain stockholder approval of this plan no later than our annual meeting of stockholders in 2008. The Board believes that the 2004 Stock Incentive Plan benefits stockholders by linking a portion of executive compensation to performance and by qualifying for an exemption from limits on U.S. federal income tax deductions that might otherwise apply to compensation derived from certain awards granted under the plan.

For the above reasons, the Board recommends that the stockholders vote FOR the approval of the Amended and Restated 2004 Stock Incentive Plan of CB Richard Ellis Group, Inc.

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2004 Stock Incentive Plan Summary

The 2004 Stock Incentive Plan authorizes the grant of stock-based awards to our employees, directors and consultants. A total of 6,928,406 shares of our Class A common stock initially were reserved for issuance under the 2004 Stock Incentive Plan (this figure, and the share limits described below, reflect the 3-for-1 stock split of our outstanding Class A common stock and Class B common stock effected on May 4, 2004 and the 1-for-1.0825 reverse stock split of our outstanding Class A common stock and Class B common stock effected on June 7, 2004). This share reserve is reduced by one share upon exercise or redemption of an option or stock appreciation right, and is reduced by 2.25 shares upon issuance of stock pursuant to other stock-based awards. Awards that expire, terminate, lapse, that are reacquired by us or that are redeemed for cash rather than shares will again be available for grant under the stock incentive plan.

To enable the Company to deduct in full for federal income tax purposes the compensation recognized by certain executive officers in connection with options granted under the 2004 Stock Incentive Plan, the plan is designed to qualify such compensation as performance-based compensation under Section 162(m) of the Tax Code. To comply with Section 162(m), the 2004 Stock Incentive Plan limits the number of shares for which options or stock appreciation rights may be granted to any employee. Under this limitation, no employee will be eligible to be granted options or stock appreciation rights covering more than 2,078,522 shares during any calendar year. In addition, our Board has adopted a policy stating that no person will be eligible to be granted options, stock appreciation rights, or restricted stock purchase rights covering more than 692,841 shares during any calendar year and to be granted any other form of stock award permitted under the 2004 Stock Incentive Plan covering more than 346,420 shares during any calendar year. As of December 31, 2004, 1,274,643 shares were subject to options issued under our 2004 Stock Incentive Plan and 5,622,263 shares remained available for future grants under the 2004 Stock Incentive Plan.

The number of shares issued or reserved pursuant to the 2004 Stock Incentive Plan, or pursuant to outstanding awards, the share limits on grants of options and/or stock appreciation rights to a given participant, and the number of shares and exercise or base price for outstanding awards, is subject to adjustment on account of mergers, consolidations, reorganizations, stock splits, stock dividends and other dilutive changes in our common stock. In addition, our Board may adjust outstanding awards to preserve the awards' benefits or potential benefits.

Our Board has delegated administration of the 2004 Stock Incentive Plan to the Compensation Committee. The Compensation Committee, or our Board if the delegation of authority to the Compensation Committee is terminated in the future, has the authority to:

designate participants in the plan;

determine the type(s), number, terms and conditions of awards, as well as the timing and manner of grant;

interpret the plan; establish, adopt or revise any rules and regulations to administer the plan; and

make all other decisions and determinations that may be required under the plan.

Incentive and nonstatutory stock options must have an exercise price that is at least equal to the fair market value of our Class A common stock on the date the option is granted. An option holder may exercise an option by payment of the exercise price (1) in cash, (2) pursuant to a same day sale program, (3) by the surrender of a number of shares of Class A common stock already owned by the option holder for at least six months with a fair market value equal to the exercise price or (4) by a combination approved by the Board. Options generally vest and become exercisable over a period of four years. In the event of the option holder's termination, the option holder will generally have up to three months

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(up to one year if due to disability or 18 months if due to death) from termination to exercise his/her vested options. Unless the option holder's agreement provides otherwise, options generally expire, to the extent unexercised, five years from the date of grant.

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The terms of the 2004 Stock Incentive Plan expressly provide that without the appropriate stockholder approval, the Board may neither cancel outstanding stock options and grant in substitution stock options having a lower exercise price nor may the Board amend outstanding options to reduce the exercise price thereof, except in connection with a transaction to which Section 424(a) of the Tax Code applies.

Directors who are neither employed by us nor receive a management fee from us will each automatically receive an annual grant of stock options with a per share exercise price equal to the fair market value of our Class A common stock and an aggregate exercise price equal to \$50,000. The options are subject to vesting over a three-year period and expire, to the extent unexercised, no later than seven years from the date of grant. They will also each automatically receive an annual grant of restricted stock worth a total of \$25,000 on the date of grant.

Our Board may award restricted stock bonuses. Our Board may also award restricted stock units, which entitle the participant the right to receive one share of common stock per unit at the time the unit vests, with delivery of such common stock on a date chosen by the participant. For both restricted stock bonuses and units, vesting will generally be based on the participant's continuous service. In the event a participant's continuous service terminates, all unvested common stock as of the date of termination will be subject to our reacquisition.

Our Board may grant stock appreciation rights independent of or in connection with an option. The base price per share of a stock appreciation right may be no less than 85% of the fair market value of our Class A common stock. Generally, each stock appreciation right will entitle a participant upon redemption to an amount equal to (a) the excess of (1) the fair market value on the redemption date of one share of common stock over (2) the base price, times (b) the number of shares of common stock covered by the stock appreciation right. To the extent a stock appreciation right is granted concurrently with an option, the redemption of the stock appreciation right will proportionately reduce the number of shares of common stock subject to the concurrently granted option. Payment shall be made in common stock or in cash, or a combination of both, as determined by the Board. The plan also allows for grants of other stock-based awards such as restricted stock purchase rights, phantom stock units, performance shares and performance share units.

Unless otherwise determined by our Board or provided for in a written agreement evidencing an award, awards granted under the 2004 Stock Incentive Plan are not transferable other than by will or by the laws of descent and distribution.

In the event of a change of control, as defined in the stock incentive plan, other than dissolution, the Board may provide for the (1) assumption or continuation of any stock awards outstanding under the plan, (2) issuance of substitute awards that will substantially preserve the terms of any awards, (3) payment in exchange for the cancellation of an award or (4) termination of an award upon the consummation of the change of control, but only if the participant has been permitted to exercise or redeem an option or stock appreciation right prior to the change of control. Furthermore, at any time the Board may provide for the acceleration of exercisability and/or vesting of an award.

Our Board may amend, suspend, or terminate the stock incentive plan in any respect at any time, but no amendment may materially impair any of the rights of a participant under any awards previously granted, without his/her consent.

Share Price. On April 11, 2005, the closing price of our common stock on the NYSE was \$34.76 per share.

Certain Federal Tax Consequences. The following summary of the federal income tax consequences of 2004 Stock Incentive Plan transactions is based upon federal income tax laws in effect on the date of this proxy statement. This summary does not purport to be complete, and does not discuss state, local or non-U.S. tax consequences. The grant of a nonstatutory stock option under the 2004 Stock Incentive Plan will not result in

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any federal income tax consequences to the participant or to the Company. Upon exercise of a nonstatutory stock option, the participant is subject to income taxes at the rate applicable to ordinary compensation income on the difference between the option exercise price and the fair market value of the shares on the date of exercise. This income is subject to withholding for federal income and employment tax purposes. The Company is entitled to an

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income tax deduction in the amount of the income recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Tax Code. Any gain or loss on the participant's subsequent disposition of the shares of common stock will receive long or short-term capital gain or loss treatment, depending on whether the shares are held for more than one year following exercise. The Company does not receive a tax deduction for any such gain.

The grant of an incentive stock option under the 2004 Stock Incentive Plan will not result in any federal income tax consequences to the participant or to the Company. A participant recognizes no federal taxable income upon exercising an incentive stock option (although the participant may become subject to the alternative minimum tax in connection with the exercise), and the Company receives no deduction at the time of exercise. In the event of a disposition of stock acquired upon exercise of an incentive stock option, the tax consequences depend upon how long the participant has held the shares of common stock. If the participant does not dispose of the shares within two years after the incentive stock option was granted, nor within one year after the incentive stock option was exercised, the participant will recognize a long-term capital gain (or loss) equal to the difference between the sale price of the shares and the exercise price. The Company is not entitled to any deduction under these circumstances.

If the participant fails to satisfy either of the foregoing holding periods (referred to as a disqualifying disposition), he or she must recognize ordinary income in the year of the disposition. The amount of ordinary income generally is the lesser of (i) the difference between the amount realized on the disposition and the exercise price or (ii) the difference between the fair market value of the stock on the exercise date and the exercise price. Any gain in excess of the amount taxed as ordinary income will be treated as a long or short-term capital gain, depending on whether the stock was held for more than one year. The Company, in the year of the disqualifying disposition, is entitled to a deduction equal to the amount of ordinary income recognized by the participant, subject to possible limitations imposed by Section 162(m) of the Tax Code.

The grant of restricted stock will subject the recipient to ordinary compensation income on the difference between the amount paid for such stock and the fair market value of the shares on the date that the restrictions lapse. This income is subject to withholding for federal income and employment tax purposes. The Company is entitled to an income tax deduction in the amount of the ordinary income recognized by the recipient, subject to possible limitations imposed by Section 162(m) of the Tax Code. Any gain or loss on the recipient's subsequent disposition of the shares will receive long or short-term capital gain or loss treatment depending on how long the stock has been held since the restrictions lapsed. The Company does not receive a tax deduction for any such gain.

Recipients of restricted stock may make an election under Section 83(b) of the Tax Code (Section 83(b) Election) to recognize as ordinary compensation income in the year that such restricted stock is granted, the amount equal to the spread between the amount paid for such stock and the fair market value on the date of the issuance of the stock. If such an election is made, the recipient recognizes no further amounts of compensation income upon the lapse of any restrictions and any gain or loss on subsequent disposition will be long or short-term capital gain to the recipient. The Section 83(b) Election must be made within thirty days from the time the restricted stock is issued. The Company will be entitled to a deduction equal to the taxable income recognized by the participant pursuant to the Section 83(b) Election.

When a stock appreciation right is granted with an exercise price at least equal to the fair market value of the Company's common stock, there are no income tax consequences for the participant or the Company at the date of grant. When a stock appreciation right is redeemed, in general, the participant recognizes taxable income equal to the cash and/or the fair market value of the shares received upon redemption in an amount equal to the spread. The Company is entitled to a deduction equal to the taxable income recognized by the participant.

New Plan Benefits

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Assuming that our stockholders approve the 2004 Stock Incentive Plan, we expect to issue the annual award of options and shares of restricted stock under the plan to each of our eligible directors following the Annual

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Meeting. Assuming that each eligible director who is nominated for re-election at this Annual Meeting is re-elected, we will grant (1) options to purchase a number of shares equal to \$50,000 divided by the fair market value of our common stock on the date of grant and (2) restricted stock grants for a number of shares equal to \$25,000 divided by the fair market value of our common stock on the date of grant, to each of Messrs. Blum, Cozad, Freeman, Kantor, Malek and Wilson and Ms. Daniels. Other future grants under the 2004 Stock Incentive Plan will be made at the discretion of the Committee, and, accordingly, are not yet determinable. In addition, benefits under the 2004 Stock Incentive Plan will depend on a number of factors, including the fair market value of the Company's common stock on future dates and the exercise decisions made by the participants. Consequently, it is not possible to determine the benefits that might be received by participants receiving discretionary grants under the 2004 Stock Incentive Plan.

In connection with the registration of the Company's Class A common stock pursuant to the Securities Exchange Act of 1934, as amended, and pursuant to the terms of the 2004 Stock Incentive Plan, on June 10, 2004 we granted (1) options to purchase 2,949 shares of our common stock and (2) restricted stock grants for 2,000 shares, to each of Messrs. Blum, Cozad, Freeman, Kantor, Malek and Wilson and Ms. Daniels.

OTHER MATTERS

The Company is not aware of any other matters that will be considered at the Annual Meeting of Stockholders. If any other matters are properly raised at the Annual Meeting of Stockholders, the proxy holders will vote the Shares as to which they hold proxies at their discretion.

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In addition to Messrs. Wirta and White, described on pages 6-7 under "Nominees for Election to the Board", the executive officers of the Company as of March 31, 2005 were as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Robert Blain	49	President Asia Pacific
Gil Borok	37	Executive Vice President, Global Controller
Calvin W. Frese, Jr.	47	President Americas
Alan C. Froggatt	55	President Europe, Middle East and Africa
Kenneth J. Kay	49	Senior Executive Vice President, Chief Financial Officer
Laurence H. Midler	40	Executive Vice President, General Counsel, Chief Compliance Officer and Secretary

Robert Blain. Mr. Blain has been President of CB Richard Ellis Asia Pacific since February 2002. Prior to such time, he was employed by Colliers International Property Consultants, Inc., and served as a Regional Investment Director from 1995 to 1998, its Australia Director from 1999 to 2000 and as its Chief Executive South Wales from 2000 to February 2002. Mr. Blain holds a diploma in Land Economy from the Real Estate Institute of New South Wales.

Gil Borok. Mr. Borok has served as Executive Vice President and Global Controller of the Company since October 2002. Prior to that, he was Corporate Controller of the Dole Food Company from August 1999 to October 2002. Mr. Borok is a certified public accountant in the State of California, and holds a B.A. degree from the University of Pittsburgh and an M.B.A. from the Anderson School at the University of California Los Angeles.

Calvin W. Frese, Jr. Mr. Frese has been President of the Company's Americas operations since January 2005. He previously served as the Company's Chief Operating Officer of the Americas beginning in 2001, and prior to that as its Executive Managing Director of the Central Region from 1998 to 2001. From 1989 to 1998, Mr. Frese was General Partner and Chief Operating Officer of Whittier Partners, a New England-based full-service real estate company and joint venture partner of CB Richard Ellis. He holds a B.A. degree from Trinity College and an M.S. degree in Accounting from the New York University, Leonard N. Stern School of Business.

Alan C. Froggatt. Mr. Froggatt has been President of CB Richard Ellis Ltd. EMEA since July 2003, when CB Richard Ellis Group acquired Insignia. He previously served as Chief Executive Officer of Insignia's European Operations and as Chief Executive of Richard Ellis Group Limited from the date it was acquired by Insignia in February 1998. Mr. Froggatt holds a B.S. from the College of Estate Management, University of Reading. Mr. Froggatt will be stepping down from his position on June 30, 2005, but afterwards will remain employed by the Company as a non-executive director.

Kenneth J. Kay. Mr. Kay has been Chief Financial Officer of CB Richard Ellis Group since July 2002. He previously served as Vice President and Chief Financial Officer of Dole Food Company, Inc. from December 1999 to June 2002. Mr. Kay served as Executive Vice President and Chief Financial Officer for the consumer products group of Universal Studios, Inc. from December 1997 to December 1999. Mr. Kay is a certified public accountant in the State of California and holds a B.A. and an M.B.A. from the University of Southern California.

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Laurence H. Midler. Mr. Midler has been Executive Vice President and General Counsel for the Company since April 26, 2004. He also serves as the company's Secretary and Chief Compliance Officer. Prior to joining CB Richard Ellis, Mr. Midler served as Executive Vice President, General Counsel and Secretary to Micro Warehouse, Inc., from July 2001 until the acquisition of its North American businesses in September 2003. (He served as Vice President and Assistant General Counsel from September 1998 until his promotion to General Counsel.) Following the sale, until March, 2004, Mr. Midler served as sole director, President and CEO to manage the process of selling the company's European operations and winding up the company's affairs in Chapter 11 bankruptcy. Mr. Midler began his legal career as an associate at Latham & Watkins, a global law firm, in 1990. He holds a B.A. degree from the University of Virginia and a J.D. degree from The New York University School of Law.

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EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

ON EXECUTIVE COMPENSATION

Compensation Committee and Compensation Philosophy

The Compensation Committee of the Board is responsible for establishing, implementing, administering and monitoring the Company's strategy, policies and plans for executive compensation. The committee reviews and approves the compensation of the Company's chief executive officer and president, and approves the compensation of other executive officers who are subject to Section 16(a) of the Securities Exchange Act of 1934, as amended.

The Company's executive compensation program is designed to: (1) provide fair compensation to executives based on their performance and contributions to the Company, (2) provide incentives to attract and retain key executives, and (3) instill a long-term commitment to the Company and develop pride and a sense of Company ownership, all in a manner consistent with stockholders' interests.

Executive Compensation Objectives

Objectives and strategies approved by the Compensation Committee govern the executive compensation programs and practices of the Company. The Company's executive compensation objectives are to:

Enable the company to attract and retain the leadership talent required to successfully execute the Company's business strategy;

Align executive pay to organizational performance;

Link the interests of executives to those of the Company's stockholders; and

Develop and maintain executive compensation programs and practices that are transparent and reflect best practices in corporate governance.

The following key elements make up the Company's executive compensation strategy:

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A strong emphasis on variable, performance-based pay ensures that executive compensation is aligned with the performance of the Company.

Use of equity compensation fosters a strong ownership culture that focuses on the sustainable long-term growth of the Company.

In addition, the Company employs compensation vehicles that are cost-effective and tax-efficient, and that motivate and reward executives based on annual and long-term business performance, strategic progress and the creation of stockholder value.

Determining Executive Officer Compensation

In accordance with its responsibilities, the Compensation Committee reviews the Company's overall corporate mission, strategy and objectives. These form the basis for establishing both corporate and business unit annual and long-term performance goals that are subject to Compensation Committee review and approval at the beginning of each year, and for executive officer performance-based compensation initiatives. Based on this review, the Compensation Committee determines the Company's total compensation structure for the coming year, including the elements and level of compensation opportunities and the variable portion of "at risk" pay for performance and equity participation. At year-end, results and strategic progress achieved at the corporate, business unit and individual levels are assessed by the Compensation Committee in consultation with the chief executive officer, relative to previously approved goals, taking into consideration prevailing economic and

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business conditions and opportunities, performance by comparable organizations and stockholder value. The Compensation Committee evaluates the chief executive officer's performance against pre-determined goals and determines and approves the chief executive officer's compensation.

In establishing the Company's executive officer compensation structure and program, the Compensation Committee also considers:

Industry conditions;

Corporate performance relative to a selected peer group;

Current market data among comparable companies;

Current and evolving practices and trends among comparable companies; and

Overall effectiveness of the program in measuring and rewarding desired performance levels.

Compensation Components

The compensation program for any individual serving as the Company's chief executive officer and other executive officers is comprised of three major elements:

Base salary;

Annual incentive opportunity; and

Long-term equity incentive opportunities.

Actual total compensation levels will vary from year to year based on performance relative to goals.

Base Salary: The Company provides competitive base salaries that allow it to attract and retain a high performing leadership team. When establishing base salaries, numerous factors are considered, including the total compensation package, the scope of responsibilities, the years of experience of the individual and the competitive marketplace. Merit increases are established based on a comprehensive performance management process that assesses each executive officer's leadership and performance over the previous year, as well as the executive officer's potential for development and performance in the future.

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Annual Incentive Opportunity: All executive officers participate in the Company's Bonus Plans (the "BPs"). The BPs are designed to motivate and reward executives by aligning pay with annual performance. The BPs are discretionary cash-based bonus plans that reward executives for the achievement of financial and/or non-financial performance objectives that are established at the beginning of each fiscal year. In addition, we consider certain qualitative factors for most executives in determining the total cash bonus to be paid to those executive officers.

Long-Term Incentive Equity Opportunities: Officers may receive stock options. These equity opportunities are designed to align the interests of executive officers and the stockholders in the Company's long-term growth by increasing each executive officer's equity stake in the Company. We provide annual stock option grants as part of our long-term incentive compensation under our 2004 Stock Incentive Plan. For an executive to receive value from a stock option, the stock price must be above the grant date price after the stock option vests. The Company grants stock options with an exercise price equal to the fair market value of the Company's stock on the date of grant. Generally, stock options may be exercised over a term of five, and in some cases 10, years from the date of grant, and vest 25% per year beginning on the first anniversary of the grant date. The number of shares subject to equity awards is determined by the Compensation Committee and is based on the individual's position within the Company, job performance, future potential, awards made to executives at comparable companies and other factors.

We believe that compensation plays a vital role in achieving short and long-term business objectives that ultimately drive long-term business success. Our compensation programs are designed to focus our executives on

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the Company's critical goals that translate into long-term stockholder value. As a result, a large percentage of our executive officers' compensation package is variable, based on corporate, divisional and individual performance. Our pay practices support our endeavors to attract, motivate, incentivize and retain exceptional business leaders with demonstrated performance, leadership and potential capabilities to deliver innovative initiatives while concurrently meeting aggressive long-term business objectives.

Such pay practices are highly differentiated based on individual performance, leadership and potential as well as overall enterprise and business unit results. They are assessed in the context of a rigorous performance management process. Furthermore, these practices are responsive to a significant enterprise transformation effort that commenced and continues amidst a challenging economic and business climate.

Chief Executive Officer Compensation

The Compensation Committee considered a number of factors in determining Mr. Wirta's cash and equity compensation for fiscal 2004. The achievement of 84.7% growth in EBITDA, revenue growth of 45.1%, the Company's successful initial public offering, the successful integration of Insignia Financial Group following its acquisition, continuing success in developing a foundation for long-term growth, continuing superior leadership and vision, and setting a tone of high ethical standards were the primary factors that were considered when determining his overall compensation. During fiscal 2004, the price of our common stock also increased approximately 77% from its opening price on June 10, 2004.

For Fiscal 2004, the Board increased Mr. Wirta's salary to \$650,000 per year. For his performance in fiscal 2004, he was awarded a cash bonus of \$2,028,000 during March 2005. EBITDA growth was the primary factor considered in determining Mr. Wirta's annual cash incentive compensation for 2004. In addition, Mr. Wirta received 100,000 stock options at fair market value.

Tax Considerations

Section 162(m) of the Internal Revenue Code limits the deductibility of executive compensation paid by publicly held corporations to \$1,000,000 per employee. The limitation generally does not apply to compensation based on performance goals if certain requirements are met. The Compensation Committee, as much as possible, uses and intends to use performance-based compensation. However, the Compensation Committee believes that the Company must attract, retain and reward the executive talent necessary to maximize the return to stockholders and that the loss of a tax deduction may be necessary and appropriate in some circumstances.

The Compensation Committee submits this report:

Frederic V. Malek, Chair

Jeffrey A. Cozad

Bradford M. Freeman

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The following table sets forth information for the three years ended December 31, 2004 concerning the compensation of our chief executive officer and the four next highest compensated employees who were serving as executive officers as of the end of fiscal year 2004:

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		
		Salary	Bonus (1)	Other Annual Compensation (2)(3)(4)(5)	Restricted Stock Awards (2)(6)	Securities Underlying Stock Options	All Other Compensation (7)(8)(9)(10)
Ray Wirta Chief Executive Officer	2004	\$ 650,000	\$ 2,028,000	\$ 329,000		100,000	\$ 607
	2003	573,129	1,077,534	28,560		232,794	400
	2002	518,511	521,310	27,359			432
Brett White President	2004	550,000	1,716,000	215,000		100,000	495,350
	2003	506,156	863,630	15,284		232,794	441
	2002	450,501	355,481	71,897			432
Kenneth J. Kay (11) Senior Executive Vice President and Chief Financial Officer	2004	450,000	512,000			50,000	
	2003	450,000	344,384			99,769	
	2002	207,692	300,000			171,824	300,000
Alan C. Froggatt (12) President, EMEA	2004	458,000	663,000			20,000	1,646
	2003	337,351	536,190	20,777		83,141	566
	2002						
Robert Blain (13) President, Asia Pacific	2004	366,000	585,000	145,000		30,000	
	2003	302,308	344,506	157,692		69,284	
	2002	225,000	100,000	120,000			15,000

- (1) Bonuses for each year are paid in the first quarter of the following fiscal year. For example, the bonus shown for 2004 was paid in the first quarter of 2005.
- (2) Pursuant to the 1996 Equity Incentive Plan, or EIP, Mr. White purchased 25,000 shares of CB Richard Ellis Services common stock in 1998 at a purchase price of \$38.50 per share and 20,000 shares of CB Richard Ellis Services common stock in 2000 at a purchase price of \$12.875 per share. These purchases were paid for by the delivery of full-recourse promissory notes. A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of ours or of our subsidiaries on November 16, 2002 and the fair market value of our common stock was at least \$13.89 per share on November 16, 2002. As part of our acquisition of CB Richard Ellis Services in 2001, the 25,000 shares of CB Richard Ellis Services common stock purchased by Mr. White were exchanged for 69,284 shares of our Class B common stock, which shares were substituted for CB Richard Ellis Services shares as security for the note. Mr. White's promissory note was subsequently amended in 2001, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from \$13.89 to \$5.77. The 69,284 shares held as security for the Second Amended Promissory Note were tendered as full payment for this note. The remaining note delivered by Mr. White accrued interest at 7.40% per year and all principal and accrued interest was payable on August 31, 2010. As part of our acquisition of CB Richard Ellis Services in 2001, the 20,000 shares of CB