

CB RICHARD ELLIS GROUP INC

Form DEF 14A

April 23, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material 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)

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2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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11150 Santa Monica Blvd., Suite 1600

Los Angeles, California 90025

(310) 405-8900

April 23, 2009

Dear Fellow Stockholder:

On behalf of the Board of Directors and management of CB Richard Ellis Group, Inc., I cordially invite you to attend our 2009 Annual Meeting of Stockholders to be held at 8:00 a.m. (PDT), on Tuesday, June 2, 2009, at 11150 Santa Monica Blvd., Room 120, Los Angeles, California.

The attached Notice of Annual Meeting and Proxy Statement describe the formal business to be transacted at the 2009 Annual Meeting of Stockholders. Once the business of the 2009 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 2009 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 of the Proxy Statement called "Questions and Answers About the Annual Meeting - How Do I Vote?", you may vote your shares by telephone, via the Internet, by mail or in person by written ballot at the 2009 Annual Meeting of Stockholders.

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

Sincerely yours,
Brett White
President and Chief Executive Officer

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CB Richard Ellis Group, Inc.

11150 Santa Monica Blvd., Suite 1600

Los Angeles, California 90025

(310) 405-8900

NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS

Please join us for the 2009 Annual Meeting of Stockholders of CB Richard Ellis Group, Inc. The meeting will be held at 8:00 a.m. (PDT), on Tuesday, June 2, 2009, at 11150 Santa Monica Blvd., Room 120, Los Angeles, California.

The purposes of the 2009 Annual Meeting of Stockholders are:

- (1) To elect the 10 directors named in the attached Proxy Statement;
- (2) To ratify the appointment of KPMG LLP as our independent registered public accounting firm;
- (3) To approve a one-time stock option exchange program;
- (4) To approve an amendment to our Restated Certificate of Incorporation to increase the total number of shares of common stock that we are authorized to issue from 325,000,000 shares to 525,000,000 shares; and
- (5) To transact any other business properly introduced at the Annual Meeting.

You must own shares of CB Richard Ellis Group, Inc. common stock at the close of business on April 9, 2009, the record date for the 2009 Annual Meeting of Stockholders, to attend and vote at the Annual Meeting and at any adjournments or postponements of the 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 9, 2009.** Regardless of whether you will attend, please vote electronically through the internet or by telephone or by completing and mailing your proxy card if you receive paper copies of the proxy materials, 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 either the notice of internet availability of proxy materials you received or the proxy card if you received paper copies of the proxy materials. Voting in any of these ways will not prevent you from voting in person at the 2009 Annual Meeting of Stockholders.

We are pleased to take advantage of the Securities and Exchange Commission rules that allow issuers to furnish proxy materials to their stockholders on the Internet. As a result, we are mailing to many of our stockholders a notice instead of a paper copy of this Proxy Statement and our 2008 Annual Report. The notice contains instructions on how to access those documents over the Internet. The notice also contains instructions on how each of those stockholders can receive a paper copy of our proxy materials, including this Proxy Statement, our 2008

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Annual Report and a form of proxy card or voting instruction card. We believe these rules allow us to provide you with the information you need while lowering the costs of delivery and reducing the environmental impact of the Annual Meeting.

By Order of the Board of Directors
Laurence H. Midler
Executive Vice President, General Counsel and Secretary

Los Angeles, California

April 23, 2009

This Proxy Statement and accompanying proxy card are available beginning April 23, 2009 in connection with the solicitation of proxies by the Board of Directors of CB Richard Ellis Group, Inc., a Delaware corporation, for use at the 2009 Annual Meeting of Stockholders, which we may refer to alternatively as the Annual Meeting. We may refer to ourselves in this Proxy Statement alternatively as CBRE, the Company, we, us or our and we may refer to our Board of Directors as the Board. A copy of our Annual Report to Stockholders for the 2008 fiscal year, including financial statements, is being sent simultaneously with this Proxy Statement to each stockholder who requested paper copies of these materials and will also be available at www.cbre.com/AnnualMeeting.

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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 Annual Meeting and this Proxy Statement, including the election of directors, the ratification of the selection of KPMG LLP as our independent registered public accounting firm, the approval of a one-time stock option exchange program, and the approval of an increase in the total number of shares of Class A common stock, \$0.01 par value per share, or common stock, that we are authorized to issue from 325,000,000 shares to 525,000,000 shares. 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 of our stockholders as of the April 9, 2009 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 common stock 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 9, 2009 to gain admittance to the Annual Meeting.

What am I voting on? You are voting on:

The election of 10 director nominees to the Board;

The ratification of the appointment of KPMG LLP as our independent registered public accounting firm;

The approval of the option exchange program;

The approval of an increase in the total number of shares of common stock that we are authorized to issue from 325,000,000 shares to 525,000,000 shares; and

Any other matters properly introduced at the Annual Meeting.

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

for election of the nominated slate of directors (see Proposal No. 1);

for ratification of the selection of KPMG LLP, an independent registered public accounting firm, to be the auditors of our annual financial statements for the fiscal year ending December 31, 2009 (see Proposal No. 2);

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for approval of the option exchange program (see Proposal No. 3); and

for approval of an increase in the total number of shares of common stock that we are authorized to issue from 325,000,000 shares to 525,000,000 shares (see Proposal No. 4).

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 the option exchange program? We are proposing this option exchange program because the recent and substantial decline in the market price of our common stock has reduced the performance and retention incentives provided by our equity award programs for employees, in particular those receiving awards since our initial public offering in 2004. The option exchange program is part of our ongoing commitment to align the interests of our employees (including executive officers) closely with those of our stockholders.

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Why are we voting on an increase in our authorized shares of common stock? We believe that an amendment to our Restated Certificate of Incorporation to increase the total number of shares of common stock that we are authorized to issue from 325,000,000 shares to 525,000,000 shares will allow us to maintain the Company's flexibility in responding to future business and financing needs and other opportunities and therefore is in the best interests of the Company and its stockholders. These additional shares will be used for general corporate purposes.

Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials this year instead of a full set of proxy materials? Pursuant to rules adopted by the Securities and Exchange Commission, or SEC, we have elected to provide access to our proxy materials over the Internet. Accordingly, the Company sent a Notice of Internet Availability of Proxy Materials (the "Notice") to the Company's stockholders of record and beneficial owners. All stockholders will have the ability to access the proxy materials on the website referred to in the Notice or request to receive a printed set of the proxy materials. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. In addition, stockholders may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. The Company encourages you to take advantage of the availability of the proxy materials on the Internet in order to help reduce the environmental impact of the Annual Meeting.

Who may vote? You may vote if you owned shares of our common stock at the close of business on April 9, 2009, which is the record date for the Annual Meeting. You are entitled to one vote on each matter presented at the Annual Meeting for each share of common stock you owned on that date. As of April 9, 2009, we had 264,925,880 shares of common stock outstanding.

Who counts the votes? BNY Mellon Shareowner Services will count the votes. The Board has appointed BNY Mellon Shareowner Services 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 applicable law requires disclosure, you request disclosure, or your vote is cast in a contested election (which is not applicable in 2009). 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? In the election for directors (Proposal No. 1), because we have 10 nominees for 10 possible director positions (*i.e.*, an uncontested election) each of the director nominees must receive at least a majority of the votes present and entitled to vote. The Board adopted a policy to institute majority voting for directors in uncontested director elections beginning in 2008. This policy requires that directors tender their resignation upon failure to achieve a majority vote in an uncontested director election. The Corporate Governance and Nominating Committee will make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will then consider the resignation taking into account the Corporate Governance and Nominating Committee's recommendation and announce publicly within 90 days its decision of whether to accept or reject the resignation.

To ratify our Audit Committee's appointment of KPMG LLP as our independent registered public accounting firm (Proposal No. 2) and to approve the option exchange program (Proposal No. 3), the affirmative vote of a majority of those shares of common stock present and entitled to vote is required. To approve the increase in our authorized shares of common stock (Proposal No. 4), a majority of our issued and outstanding shares of common stock is required.

If you are a beneficial owner of our common stock and do not provide your broker with voting instructions, your beneficially owned shares may constitute broker non-votes and, under applicable law, are not included in the affirmative vote of a majority required for passage of the proposal. Abstentions are similarly not included in the affirmative vote count. In order to hold the Annual Meeting, we need to have a quorum of a majority of the

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outstanding shares entitled to be voted. The shares may be present in person or represented by proxy at the Annual Meeting. Both abstentions and broker non-votes *are* counted as present for the purpose of determining the presence of a quorum.

Generally, broker non-votes occur when shares held by a broker for a beneficial owner are not voted with respect to a particular proposal because (1) the broker has not received voting instructions from the beneficial owner and (2) the broker lacks discretionary voting power to vote such shares. If you do not give instructions, one of two things can happen, depending on the type of proposal. For the election of directors, the ratification of auditors and the approval of the increase in our authorized shares of common stock, the broker may vote your shares in its discretion. Proposal No. 3 to approve the option exchange program is considered a non-routine matter, and as a result, your broker, bank or other nominee may not vote your common stock on this proposal unless you give voting instructions. Shares of common stock which brokers are otherwise voting except for Proposal No. 3 are counted toward the quorum requirement, but they do not affect the determination of whether this non-routine proposal is approved, so long as the approval threshold described above is obtained.

How will shares in the 401(k) plan be counted? If you hold common stock in our 401(k) plan as of April 9, 2009, the enclosed proxy card also serves as your voting instruction to Vanguard Fiduciary Trust Company, the trustee of our 401(k) plan, provided that you furnish your voting instructions over the Internet or by telephone, or that the enclosed proxy card is signed, returned and received, by 2:00 p.m. (PDT) on May 29, 2009. If voting instructions are not received by such time, the common stock in our 401(k) plan will be voted by the trustee in proportion to the shares for which the trustee timely receives voting instructions.

How do I vote? If you plan to attend the Annual Meeting and wish to vote in person, we will give you a ballot at the Annual Meeting. However, if your common stock is 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 common stock indicating that you were the beneficial owner of this common stock on April 9, 2009, the record date for voting at the Annual Meeting.

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

If you received a paper copy of the proxy materials by mail, mail the proxy card in the enclosed return envelope;

Call 1-866-580-9477; or

Log on to the internet at: <http://www.eproxy.com/cbg> and follow the instructions at that site. The website address for Internet voting is also provided on your Notice.

Telephone and internet voting will close at 8:59 p.m. (PDT) on June 1, 2009, unless you are voting common stock held in our 401(k) plan, in which case the deadline for voting is 2:00 p.m. (PDT) on May 29, 2009. Unless you indicate otherwise on your proxy card, the persons named as your proxies will vote your common stock: *FOR* all of the nominees for director named in this Proxy Statement; *FOR* the ratification of KPMG LLP as our independent registered public accounting firm; *FOR* approval of the option exchange program; and *FOR* the increase in our authorized shares of common stock.

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

Even if you plan to attend the Annual Meeting, we recommend that you vote your common stock 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 common stock is held in your name by:

Filing written notice of revocation before our Annual Meeting with our Secretary, Laurence H. Midler, at the address shown on the front of this Proxy Statement;

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Signing a proxy bearing a later date; or

Voting in person at the Annual Meeting.

If your common stock is held in the name of your broker, bank or other nominee, please follow the voting instructions provided by the holder of your common stock regarding how to revoke your proxy.

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

How much did this proxy solicitation cost? We will bear the cost of soliciting proxies. We have hired Georgeson Inc. to assist in the distribution of proxy materials and solicitation of votes for \$11,000, plus reasonable out-of-pocket expenses. Our employees, officers and directors may also solicit proxies, but without additional compensation. 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 common stock.

Where can I find corporate governance materials? Our Corporate Governance Guidelines, Standards of Business Conduct, Code of Ethics for Senior Financial Officers, Policy Regarding Transactions with Related Parties, Equity Award Policy and the charters for the Acquisition Committee, Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, and Executive Committee are published in the Corporate Governance section of the Investor Relations page on our website at www.cbre.com. We are not including the other information contained on, or available through, our website as a part of, or incorporating such information by reference into, this Proxy Statement.

Is there a Chief Compliance Officer? Laurence H. Midler, our Executive Vice President, General Counsel and Secretary, serves as our Chief Compliance Officer. Mr. Midler was appointed Chief Compliance Officer as 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. Mr. Midler makes regular reports to the Board on legal and compliance matters.

Is there a Disclosure Committee? We have 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 Public Disclosure Committee operates pursuant to a Communications and Fair Disclosure Policy as well as the Disclosure Committee Charter that provides, among other things, that the Public Disclosure Committee: (1) have access to all our books, records and personnel, as well as our independent registered public accounting firm and outside legal counsel; (2) design, establish and maintain disclosure controls and procedures for the 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, or NYSE, disclosure rules and make recommendations regarding their impact on us; (7) receive and review regular updates from our management and internal auditors; (8) discuss material items with employees in the internal audit function and our management to ensure appropriate disclosure; (9) perform an annual review of the performance of the Public 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 our disclosure controls and the procedures and practices of the Public Disclosure Committee. We formally established the Public Disclosure Committee in July 2004. Our Communications and Fair Disclosure Policy is published in the Corporate Governance section of the Investor Relations page on our website at www.cbre.com.

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Is there an internal audit group? Our Vice President of our internal audit group is our employee and reports directly to the Audit Committee of our Board and administratively to our Chief Financial Officer. Our Vice President of Internal Audit is ultimately accountable to our Board and our Audit Committee, and our Audit Committee has the ultimate authority and responsibility to appoint, retain, evaluate and, where appropriate, replace the internal audit Vice President. We outsource a portion of our internal audit function to a third-party provider.

What is the householding of annual disclosure documents? The SEC has adopted rules governing the delivery of annual disclosure documents that permit us to send a single set of our annual report and proxy statement to any household at which two or more shareholders reside if we believe that the shareholders are members of the same family. This rule benefits both shareholders and us by reducing the volume of duplicate information received and our expenses. Each shareholder will continue to receive a separate proxy card. If your household received a single set of disclosure documents for this year, but you would prefer to receive your own copy, or if you share an address with another shareholder and together both of you wish to receive only a single set of our annual disclosure documents, please contact our Investor Relations Department by: (a) mail at CB Richard Ellis Group, Inc., Attention: Investor Relations, 200 Park Ave., 17th Floor, New York, New York 10166, (b) telephone at (212) 984-6515, or (c) e-mail at investorrelations@cbre.com.

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At the Annual Meeting, our stockholders will elect 10 directors to serve until our annual meeting of stockholders in 2010 or until their respective successors are elected and qualified. The candidates listed below are nominated by the Board based on the recommendation of the Corporate Governance and Nominating Committee, or Governance Committee. 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 and each of the nominees has consented, if elected as a director to our Board, 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 common stock 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 OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE 10 NOMINEES LISTED BELOW.

Name	Age	Position
Richard C. Blum	73	Chairperson; Executive Committee Chairperson; Governance Committee and Acquisition Committee member
Patrice M. Daniels	48	Director; Audit Committee Chairperson
Curtis F. Feeny	51	Director; Governance Committee Chairperson
Bradford M. Freeman	67	Director; Compensation Committee, Governance Committee and Acquisition Committee member
Michael Kantor	69	Director; Acquisition Committee member
Frederic V. Malek	72	Director; Compensation Committee Chairperson; Audit Committee member
Jane J. Su	45	Director; Compensation Committee member
Brett White	49	Director, President and Chief Executive Officer; Acquisition Committee Chairperson; Executive Committee member
Gary L. Wilson	69	Director; Audit Committee member
Ray Wirta	65	Vice Chairperson; Executive Committee and Acquisition Committee member
Richard C. Blum		

Mr. Blum has been Chairperson of our Board since September 2001 and a member of our Board 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 holds a B.A. and an M.B.A. from the University of California, Berkeley.

Patrice M. Daniels

Ms. Daniels has been a member of our Board since February 2004. She is a founding partner of Blue Sky Advisors, Inc., providing strategic and financial advisory services to growth companies. From June 2006 to June

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2007, Ms. Daniels served as Senior Vice President of GE Commercial Finance. From its founding in 2001 until 2005, Ms. Daniels was a partner of Onyx Capital Ventures, L.P., a minority-owned private equity investment firm. She previously served as Managing Director, Corporate and Leveraged Finance for CIBC World Markets and Bankers Trust Company. She holds a B.S. from the University of California, Berkeley and an M.B.A. from the University of Chicago Graduate School of Business.

Curtis F. Feeny

Mr. Feeny has been a member of our Board since December 2006. He has been a Managing Director of Voyager Capital, a venture capital firm, since January 2001. Mr. Feeny was a director of Trammell Crow Company from May 2001 through December 2006. From 1992 through 2000, Mr. Feeny served as Executive Vice President of Stanford Management Co., which manages the \$15 billion endowment of Stanford University. Mr. Feeny holds a B.S. from Texas A&M University and an M.B.A. from Harvard Business School.

Bradford M. Freeman

Mr. Freeman has been a member of our Board 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 and Southern California Edison Company. 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 member of our Board since February 2004. Mr. Kantor has been a partner with the law firm of Mayer Brown 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 advisory board of directors of ING USA and a member of the international advisory board of Fleishman-Hillard. Mr. Kantor holds a B.A. from Vanderbilt University and a J.D. from Georgetown University.

Frederic V. Malek

Mr. Malek has been a member of our Board 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, Inc. and Dupont Fabros Technology, Inc. Mr. Malek holds a B.S. from the U.S. Military Academy at West Point and an M.B.A. from Harvard Business School.

Jane J. Su

Ms. Su has been a member of our Board since October 2006. Ms. Su is a partner at Blum Capital Partners, L.P. Prior to joining Blum Capital Partners, L.P. in 2002, she was a principal of Banc of America Equity Partners Asia from 1996 to 2000. Ms. Su holds a B.A. from Dartmouth College and an M.B.A. from the Stanford Graduate School of Business.

Brett White

Mr. White is our President and Chief Executive Officer. Mr. White has been a member of our Board since September 2001. He was Chairman of the Americas of CB Richard Ellis Services, Inc. from May 1999 to September 2001 and was its President of Brokerage Services from August 1997 to May 1999. Previously, he was one of its Executive Vice Presidents from March 1994 to July 1997 and Managing Officer of its Newport Beach, California office from May 1993 to March 1994. Mr. White is also a member of the board of directors of Edison International and Southern California Edison Company, and a Trustee of the University of San Francisco. Mr. White holds a B.A. from the University of California, Santa Barbara.

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Gary L. Wilson

Mr. Wilson has been a member of our Board since September 2001. Mr. Wilson is a private investor. He previously served as Chairman of Northwest Airlines Corporation from April 1997 to May 2007 and prior to that as its Co-Chairman from January 1991 to April 1997. Mr. Wilson also serves on the board of directors of Yahoo! Inc. and is currently a Trustee Emeritus of Duke University, a member of the Board of Overseers of the Keck School of Medicine of the University of Southern California, a member of the NCAA Leadership Advisory Board and a member of the board of directors of Millennium Promise. Mr. Wilson holds a B.A. from 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 the Vice Chairperson of our Board since June 2005 and has been a member of our Board since September 2001. Mr. Wirta served as our Chief Executive Officer from September 2001 to June 2005. From May 1999 to September 2001, he served as Chief Executive Officer of CB Richard Ellis Services, Inc. and served as its Chief Operating Officer from May 1998 to May 1999. Mr. Wirta also serves as Chairperson of the board of directors of Realty Finance Corporation. Mr. Wirta holds a B.A. from California State University, Long Beach and an M.B.A. in International Management from Golden Gate University.

COMPENSATION OF DIRECTORS

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

a \$30,000 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, which vest in quarterly installments over a three-year period from the date of grant and which expire, to the extent unexercised, seven years from the date of grant; and

a restricted stock grant for a number of shares equal to \$35,000 divided by the fair market value of our common stock on the date of grant, which vest in full on the third (3rd) anniversary of the date of the grant, provided that under certain circumstances where a director does not continue to serve, the shares vest immediately prior to such departure in the amount of one-third (1/3) of the total number of shares subject to the grant for each full year the director served on the Board after the date of grant.

Pursuant to this policy, our directors also receive an additional payment of \$2,000 per Board meeting attended and \$1,000 per committee meeting attended (regardless of whether the meeting attended is scheduled in conjunction with a Board meeting). The chairperson of the Audit Committee receives an additional annual cash retainer of \$15,000, and the chairpersons of the Governance Committee and Compensation Committee receive additional annual cash retainers of \$10,000 each.

We also reimburse our non-employee directors for all reasonable 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.

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The following table provides compensation information for the fiscal year ended December 31, 2008 for each member of our Board during the year, other than Robert Sulentic and Brett White, who are our executive officers. Compensation information for Mr. Sulentic, who is no longer a director, and Mr. White is described beginning on page 37 under Executive Compensation Compensation Discussion and Analysis. Mr. Sulentic resigned from the Board as a result of a new Board policy regarding eligibility of the holder of certain officer positions to serve on the Board. For stock and option awards, the dollar amounts set forth in the table below reflect the dollar amounts recognized by us for financial statement reporting purposes with respect to the fiscal year ended December 31, 2008 in accordance with Statement of Financial Accounting Standards No. 123 Revised, Share Based Payment, or SFAS 123R.

Name	Fees Earned or Paid in Cash (1) (\$)	Stock Awards (2) (3)(6) (\$)	Option Awards (4) (5)(6) (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings	All Other Compensation (\$)	Total (\$)
Richard C. Blum	\$ 43,000	\$ 41,654	\$ 21,072			\$ 105,726
Patrice M. Daniels	64,000	41,654	21,072			126,726
Thomas A. Daschle	38,000	13,925	11,977			63,902
Curtis F. Feeny	52,000	31,807	14,349			98,156
Bradford M. Freeman	46,000	41,654	21,072			108,726
Michael Kantor	45,000	41,654	23,128			109,782
Frederic V. Malek	63,000	41,654	21,072			125,726
Jane J. Su	45,000	33,259	15,568			93,827
Gary L. Wilson	49,000	41,654	25,184			115,838
Ray Wirta	42,000	27,984	11,595			81,579

- (1) Includes fees associated with attendance at meetings and chairing a Board Committee.
- (2) At December 31, 2008, (i) each of Ms. Daniels and Messrs. Blum, Freeman, Kantor, Malek and Wilson held an aggregate of 3,515 shares of unvested stock awards, (ii) Senator Daschle did not hold any unvested stock awards as a result of his resignation from our Board on December 2, 2008, (iii) Mr. Feeny held an aggregate of 2,825 shares of unvested stock awards, (iv) Ms. Su held an aggregate of 2,999 shares of unvested stock awards, and (v) Mr. Wirta held an aggregate of 2,486 shares of unvested stock awards.
- (3) Each of Ms. Daniels and Su and Messrs. Blum, Feeny, Freeman, Kantor, Malek, Wilson, Wirta and Senator Daschle was awarded 454 unrestricted shares of our common stock and 1,590 restricted shares of our common stock pursuant to our director compensation policy, valued at the fair market value of our common stock of \$22.00 on the award date of June 2, 2008, for a total value of \$44,968.
- (4) Each of Ms. Daniels and Su and Messrs. Blum, Feeny, Freeman, Kantor, Malek, Wilson, Wirta and Senator Daschle was awarded a grant of an option to purchase 2,272 shares of our common stock pursuant to our director compensation policy, with a per share fair value of \$9.6894 on the award date of June 2, 2008.
- (5) At December 31, 2008, (i) each of Ms. Daniels and Messrs. Freeman and Malek held an aggregate of 18,344 unexercised stock options, (ii) Mr. Blum held an aggregate of 9,497 unexercised stock options, (iii) Senator Daschle held an aggregate of 4,363 unexercised stock options, (iv) Mr. Kantor held an aggregate of 59,915 unexercised stock options, (v) Mr. Feeny held an aggregate of 4,199 unexercised stock options, (vi) Ms. Su held an aggregate of 4,547 unexercised stock options, (vii) Mr. Wirta held an aggregate of 3,552 unexercised stock options which he received as a non-employee director of our Board and 300,000 unexercised options which were awarded in connection with his employment as our Chief Executive Officer from 1998 to 2005 and The Wirta Family Trust, of which Mr. Wirta

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serves as a co-trustee, held an aggregate of 1,894,879 unexercised stock options (which were awarded in connection with his employment as our Chief Executive Officer from 1998 to 2005), and (vii) Mr. Wilson held an aggregate of 101,486 unexercised stock options.

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- (6) On December 2, 2008, Senator Daschle resigned from our Board. Consequently, 3,515 unvested restricted shares of our common stock and options to purchase 3,364 shares of our common stock, each previously issued under our director compensation policy, were cancelled. We would have recognized an additional expense of \$28,361 with respect to his unvested restricted stock granted and an additional expense of \$6,435 with respect to his unvested options had Senator Daschle continued his service on our Board.

BOARD STRUCTURE

Our Board currently consists of 10 directors. The Board has determined t