

# FINAL TRANSCRIPT

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**CBG - Q2 2008 CB Richard Ellis Group, Inc. Earnings Conference Call**

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## PRESENTATION

**Operator**

Ladies and gentlemen, thank you for standing by and welcome to the CB Richard Ellis second quarter earnings conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question-and-answer session with instructions being given at that time. (OPERATOR INSTRUCTIONS) As a reminder, this conference is being recorded.

I would now like to turn the conference over to your host, Senior Vice President of Investor Relations Mr. Nick Kormeluk. Please go ahead.

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**Nick Kormeluk** - *CB Richard Ellis Group - SVP of IR*

Thank you, and welcome to CB Richard Ellis' second quarter 2008 earnings conference call. Last night we issued a press release announcing our financial results. This release is available on the home page of our web site at [www.cbre.com](http://www.cbre.com).

This conference call is being webcast live, and is available on the Investor Relations section of our web site. Also available is the presentation slide deck, which you can use to follow along with our prepared remarks. An archive audio of the webcast, a transcript and a pdf version of the slide presentation will be posted to the web site later today.

Please turn to the slide labeled "Forward-Looking Statements." This presentation contains statements that are forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding a momentum in and possible scenarios for 2008 and 2009, future operations, future expenses and future financial performance. These statements should be considered as estimates only and actual results may ultimately differ from the estimates. Except to the extent required

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by applicable Securities laws, we undertake no obligation to update or publicly revise any of the forward-looking statements that you may hear today. Please refer to our current annual report on Form 10-K, in particular "Risk Factors," and our quarterly report on Form 10-Q, which are filed with the SEC and available at the SEC's web site at [www.sec.gov](http://www.sec.gov). for a full discussion of the risks and other factors that may impact any estimates that you may hear today. We may make certain statements during the course of this presentation which include references to non-GAAP financial measures as defined by SEC regulations. As required by these regulations, we have provided reconciliations of these measures to what we believe are the most directly comparable GAAP measures, which are attached hereto within the Appendix.

Please turn to slide three. Our management team members participating today include Brett White, our President and Chief Executive Officer; Ken Kay our Senior Executive Vice President and Chief Financial Officer; and Ray Torto, our Global Chief Economist.

I would now like to turn the call over to Brett.

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**Brett White** - *CB Richard Ellis Group - President and CEO*

Thank you, Nick and good morning, everyone. Please turn to slide four. I know that most of you are hoping to hear that fundamentals in commercial real estate have bottomed and business conditions are improving, but at the time of this call, I can best describe the current environment as being very challenging, and still having a high probability of getting worse before we see improvement. That being said, our management team has guided this Company through similar environments in the past, and assures me those conditions will worsen and likely worsen more. We also know they bottom and then improve. When conditions do improve, they should do so with some vigor.

Let's begin with what's the same. Our major account win, growth in revenue and profitability across all of our Outsourcing businesses continues to be impressive. The flight of key talent and clients from regional and national competitors to our firm continues as the flight to quality strengthens. Our retention of key personnel remains very high, and morale is good firm-wide. Our mergers and acquisition strategy has been executed according to plan, year-to-date, with 13 firms having been acquired in the past seven months. Capital commitments and our Global Investment Management business continue at a strong pace and we believe we will raise in excess of \$7 billion of new equity this year.

So now, what's new? The global markets have taken a decided turn for the worse. The global capital markets sentiment, after showing early signs of stability in the beginning of the second quarter, have deteriorated substantially since then, and these markets are arguably worse now than at any time in recent memory with no indication of recovery any time soon.

As we have been predicting since late 2007, US and UK leasing volumes have deteriorated materially due to the slowdown in these two large economies. Volume decline in both the Capital Markets and Leasing businesses are approaching the worst decline seen since the early 1990s and 2001 through 2003. We see no near-term recovery in either. All of this combined to provide us a much more negative outlook on the business today than we saw earlier this year.

Please turn to slide five. Although markets are extremely difficult, CB Richard Ellis continues to post significant new business gains, and is being hired by the world's largest owners and occupiers to handle their real estate needs. Listed on slide five are just a few of our major wins for the second quarter, which includes the sale of the General Motors building in New York, the largest single property asset sale in history.

While overall investment sales market activity was down as a result of the economic environment, we continue to command an outside share of total activity. According to real capital analytics, in the first half of 2008 CB Richard Ellis' share of total US investment sales activity was 17%, or more than double our nearest competitor with a 7% share. In addition, we once again held the number one position across office, industrial, retail, and multi-housing properties.

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Please turn to slide six. We are continuing to leverage our dominant market position and financial strength to pursue our infill acquisition strategy and we were highly active in the second quarter. We completed five transactions since the first quarter for an aggregate purchase price of \$13 million. These transactions add approximately \$50 million of revenue on an annualized basis. Year-to-date in 2008, we completed 13 transactions for an aggregate purchase price of \$135 million, which adds \$152 million of revenue annually.

Please turn to slide seven. As we have done in the past couple of quarters, I would like to update you on select US commercial real estate statistics to provide some context for what we are seeing in the market. Forecast vacancy rates for 2008 for both industrial and retail properties in the US have deteriorated since our last call. However, the forecast for the office market improved modestly to 14.3% from our prior forecast of 14.7%. These projections are a direct result of the corresponding US absorption trends and forecast. Our cap rate forecast by property type have also increased as the slide illustrates. Ray Torto will spend more time discussing market metrics in just a few minutes.

Please turn to slide eight. Here we've provided a more detailed breakdown of results of our Sales and Leasing businesses in the Americas. Sales for the second quarter declined 49% year-over-year. Year-to-date, sales were down 44%. As expected, US capital markets activity remains weak in the second quarter. Investor sentiment is extremely cautious. Credit availability is sharply limited, and buyer and seller expectations are highly polarized. These factors conspired to reduce market-wide investment sales activity by 60% during first half of 2008, according to real capital analytics.

As we had predicted on our earnings call last quarter, the US leasing business experienced the impact of the economic slowdown and declined 16% in the second quarter, as compared to the same quarter last year. On a year-to-date basis, leasing was down 2% from a year ago. For the first time in more than a year, both suburban and downtown office vacancy rates increased.

Turning to slide nine, we see the sales and the leasing results for EMEA. Compared to last year, CBRE's sales revenue in EMEA was down 33%, both for the second quarter and year-to-date 2008, for the same reasons we just described in the Americas. Most of Europe is affected by this bid-ask dislocation, although investor demand appears to have held up most strongly in eastern Europe. Although the leasing business in EMEA grew 6% in the second quarter, the rate of growth has slowed considerably from last quarter. Leasing activity and rent movement in the main European office markets increasingly reflect a weaker economic outlook for the region and we continue to expect leasing activities this year to fall short of last year's exceptional levels. In the UK, leasing dropped sharply in the second quarter, particularly in the city's financial district.

Second quarter results for the Asia-Pacific region are shown on slide 10. A slowing global macro economy, and unsettled international capital markets have impacted investor confidence in Asia as well. Sales revenue for the region was down 23% in the second quarter, compared to the same quarter last year, and lower by 10% year-to-date. The Leasing business was up 31% for the quarter, but like EMEA, the rate of growth is showing signs of slowing.

For a more detailed discussion of our economic outlook, I will now turn the call over to Ray Torto. Ray?

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**Ray Torto** - *CB Richard Ellis Group - Global Chief Economist*

Thank you, Brett. Please turn to slide 11. When financial icons stumble, asset prices are in broad retreat, cost of living and doing business is escalating, "animal spirits," as John Maynard Keynes called them, dominate the market. Fundamentals are beside the point. The unwinding of the US housing and mortgage market euphoria has produced tremors that, at mid-year 2008, have reached seismic proportions. Whereas a year ago, risk was priced very low, investors could get enough of it. Today, the market is fearful of almost any credit risk. Financial institutions and markets across the globe are reflecting that fear.

It is our view that US policy makers have addressed, aggressively and successfully, the problems of systemic risk in the US economy. However, we expect more bad news over the next six to nine months from the economy as job cuts continues, and from the real estate markets as occupancy rent prices fall. That said, we think the headlines do not accurately reflect the real

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estate fundamentals, whether in the United States or across the globe. No one can predict on the trepidation beliefs, but companies and investors who prepare for bad news with a strategy in mind in the short-run, and plan for the recovery in the long-term, will emerge stronger in the end. Since I am not a psychologist but an economist, I can only bring to the discussion an analysis of the fundamentals.

Let us look first at the economic fundamentals. Economic growth has slowed dramatically in the United States, Europe, and Asia - ex-Japan - as shown in slide 11. However, Asia, ex-Japan, still is growing above 8%. Unfortunately, the US and Europe combined make up about 50% of global GDP. If we add in Japan, that is another 7%. What is growing fast is small, and what is slowing is a majority of the world output.

Europe's economy has been hampered by concerns about consumer spending which is being impacted by a combination of rising inflation, higher interest rates and falling housing prices. As a consequence, most European economies are expected to produce sub-trend growth for 2008.

In Asia, slowing global macro economy and unsettled international capital markets have impacted consumer expectations as has inflation and food costs. Banks are taking a cautious stance in granting loans, coupled with the need to raise interest rates to curb inflation. The impact is that all economies are slowing their pace of growth. That said, the pace is still quite strong in Asia compared to Europe and the United States.

Asia's resilience is positive to the US because the US trade balance is narrowing as imports fall and exports accelerate. The continued growth in Asia, plus the weak dollar, make it possible for US exports to increase significantly. Some economists are estimating that trade alone will add about one percentage point to GDP growth in the second quarter. Fed Chairman Bernanke has recounted the numerous difficulties facing the US economy and the ongoing strains and financial markets, declining house prices, and softening labor markets, rising prices of oil, food and some other commodities. We expect more bad news in all of these areas for the remainder of 2008 and into 2009, during what we see as a slow recovery.

Job growth is an important bellwether of demand for commercial real estate. In slide 12, we contrast the current past of job losses with the levels during the last financially-driven downturn in the early 1990s. Clearly the pace of job losses in 2008 is less alarming than it was back then. In the 1990s, there were 12 months of job losses of greater magnitude than we've seen today. Followed by nine months of essentially flat growth. 2008, we have thus far seen six months of job losses, and can certainly expect the next three to six to be similar. But we don't expect the size of the losses to reach the level of the early 1990s.

The US economy is adjusting from an unsustainable, over-allocation of resources into housing and mortgage production, and from auto and airline industry restructuring due to long-term implications of oil prices. In light of this, it is surprising that the job losses to date have not been greater. Fortunately, there are sectors of the economy that are growing, such as export industries, oil, healthcare, and life sciences. Unfortunately, this growth, which we believe will continue into next year, is not enough to offset the negative drag of construction, financial, auto and airline related declines.

While we think the overall job growth will be modestly positive in 2009, it will not be strong enough to match the growth of the labor force. Hence, unemployment rates will continue to rise into 2009, even as job change numbers eventually turn positive. If we were to trace a line going forward from today, in slide 12, we would show modest job losses for the next six months, followed by stabilization and a slight recovery. Job contraction will be shallower than in the 1990s, but nevertheless, painful.

Let's turn now to commercial real estate fundamentals. Slowing global economy has impacted commercial real estate fundamentals, its net absorption or takeup has slowed most everywhere and both occupancy and rent have fallen a bit. For example, in the US second quarter vacancy levels are up over a year ago levels by 50 to 100 basis points, which is shown in slide 13. The current level of vacancy is in the range of the natural rate, which is the rate at which the rents will neither rise nor fall. However, vacancy is expected to rise into 2009, while absorption turns slightly negative.

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So upcoming quarters will bring more bad news for commercial real estate, higher vacancy, lower rent, and weak absorption, but we will not approach the acute pain that we saw in early 1990s downturn or even in the 2001 technology recession. The expectation for commercial real estate is much like what we described for job growth - shallow weakening, but stretching through 2009. While we expect overall market fundamentals to soften, many commercial properties with tenants in place will not see their cash flows threatened. In fact, strong market rental growth in recent years is boosting NOI and cash flow as tenants roll from four-year or longer leases into today's marketplace. Good cash flows are one reason that CMBS delinquency rates continue to be at historic lows, just 0.44% across all property types.

Properties that are on the cusp of trouble are those with marginal tenants or no tenants because of competitive disadvantages or speculative development risk. Because there are few distressed owners, investment markets has seen a wide spread between bid and ask pricing. The investor transaction velocity is down considerably.

Let us compare today to history. Let's put today's real estate market travails into context by comparing the economic and the real estate performance in 2008 to earlier recessionary periods, especially the early 1990s and 2001. The rate of negative change of GDP and job growth during this cycle is expected to be relatively mild. As already indicated, negative job growth will not be as severe as earlier periods and GDP is expected to stay positive during this downturn.

As shown on slide 14, economic rent, which is a measure of the change in gross income of the property, is forecasted to decline just 1.2% on average across the country during this down cycle. This is dramatically better than the sharp reduction in 2001 and well below the decline of the early 1990s as well. The relatively sanguine analysis does not mean that we don't expect some pain as the economy continues to move from (inaudible) to correction in 2008. Of course, most of the correction is expected in the pricing of real estate assets.

And next we turn to the capital markets. Global capital markets have weakened materially. Global investment sales activity dropped by approximately 50% during the first half of 2008.

Please turn to slide 15. These estimates are according to real capital analytics. Overall market conditions remain extremely challenging. Focusing on the US, the CMBS market (inaudible), only \$12 billion of originations during the first half '08, compared to \$137 billion in the first half of '07. As Wall Street lenders focused on restoring their balance sheets and repairing their reputations. Biased spreads coupled with much tighter underwriting standards, has raised capital costs significantly and made property acquisitions less attractive to many buyers, particularly with sellers holding the line on pricing. The growing concerns about Freddie Mac and Fannie Mae have added to the negative market psychology, although the announced treasury and fed plans appear to have restored some level of confidence in the capital markets.

Most equity investors continue to take a wait-and-see attitude. Exceptions are sovereign well funds and other well-capitalized offshore investors for whom iconic trophy assets hold strong appeal. This can be seen in the significant roles of Middle East Capital in Boston, properties purchased, the G.M. building and the recapitalization of the Chrysler building. However, foreign fund activity is limited to a handful of major BBDs, like New York, Washington, Houston and Los Angeles.

Still, a market standoff prevails. Sellers generally hold firm to offer pricing, while buyers demur from raising bids appreciably. Interestingly, owners' confidence is being buoyed, not only by their current cash flows, but potential NOI and asset value implications of general price inflation. Construction costs are high. Supply in the pipeline is very limited, and if there is a tight tenant market in the future, real estate could be a good inflation hedge.

Bridging the divide in expectations, and forging a meeting of the minds on valuation would be essential to returning the investment market to more normalized activity levels. One thing is certain, there's plenty of capital looking to buy real estate at the "right price." Investors are only uncertain about when they should reenter the market, not if they should. We strongly believe that commercial real estate will hold up well, relative to other asset classes. Property market fundamentals, capital market volumes and velocity will take time to recover, but in the long term, investors will continue to look to real estate for income and appreciation and diversification.

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I would like now to turn the call over to Ken.

**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Thanks, Ray. As indicated on slide 16, revenue was \$1.3 billion for the quarter, and net income, adjusting for one-time items, was \$33.2 million, which translates to \$0.16 in adjusted earnings per share. Normalized EBITDA came in at \$114.5 million. The biggest contributors to the decline in adjusted net income and earnings per share were the 12% decline in revenues and resulting margins driven predominantly by both lower sales on a global basis and leasing in the US and UK.

These declines were offset by growth in Outsourcing revenues, albeit with lower EBITDA margins. Included in the revenue decline were lower results from the Global Investment Management business, due to the timing of recognition of carried interest revenue and incentive fees. Both of which typically generate higher EBITDA margins. The Development Services business also reflected lower EBITDA as a result of gains from property dispositions that were deferred.

The decline in margins and net profitability are magnified by the uniqueness of the economic downturn we are experiencing. In prior recessions, Capital Markets and Leasing mostly moved in different directions providing a natural hedge, if you will. In other words, when the economy was down, interest rates were lowered in order to stimulate growth. This in turn stimulated the Capital Markets business. This growth in the Capital Markets business naturally served to mitigate softness in leasing. There may have been several quarters of overlap, but when the economy started to rebound and interest rates increased, leasing growth would then take hold and provide mitigation to the lessening of the Capital Markets activity level. However, what we are seeing in this economic downturn, some may call it a recession, are conditions that are detrimental to the Capital Markets and Leasing businesses and a general dearth of available financing, which does have a depressing effect on the Development Services and Global Investment Management businesses as well.

As we have always said, a stagflation environment would be the worst scenario for the commercial real estate industry and these markets are behaving accordingly. Consequently, the steepness of the margin decline, which could be in the range of 300 to 400 basis points, is reflective of the simultaneous negative effects on our highest margin businesses, thus driving a deeper impact on earnings.

Our second quarter results are summarized on slide 17. For the quarter, revenue was \$1.3 billion, down \$175.5 million or 12% from the year ago quarter. The decline in revenues was primarily due to the reasons previously discussed and will provide another top level view on revenues in a few more slides.

As a percentage of revenue, the costs of services rose to 56.1%, from 53.1% in the second quarter last year. This increase was mainly due to the shift in the mix of revenues with Outsourcing, including reimbursables growth, comprising a greater portion of the total. Additional higher professional salaries resulting from prior acquisitions, mostly in the EMEA and Asia-Pacific, and organic growth of the services platform, also added to the cost base.

Operating expenses of \$468.8 million were essentially flat versus the second quarter of last year. Declines in overall compensation costs from lower incentive compensation expense were offset by higher salaried personnel, mostly due to acquisitions, increased technology spending, and higher occupancy costs coming from new offices in international growth markets. The equity loss from unconsolidated subsidiaries was primarily attributable to the write-down resulting from the decline in value of an investment maintained by the Global Investment Management business. The second write-down of an investment maintained by the Global Investment Management business was reflected in other loss.

The additional shortfall from the prior year's second quarter equity income was attributable to equity income from a fund liquidation in the Global Investment Management business, and equity income from gains on dispositions of assets by the Development Services business, both in the second quarter of last year, which did not recur. After adjusting for one-time items, the resulting EBITDA for the quarter was \$114.5 million, down 57% or \$153.1 million from the prior year.

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Please turn to slide number 18. This slide reflects the Company's year-to-date operating results through the second quarter. We have provided this information for your reference, but will not be devoting time to discuss this in our prepared remarks.

Please turn to slide number 19. Total revenue in the second quarter of 2008 decreased by 12% from the prior year second quarter. Leasing was the business line that generated the most revenue as a percentage of total company revenue at 33%, but declined 6% year-over-year. Property and Facilities Management continue to deliver strong performance and grew 29% year-over-year for the second quarter. Sales revenue on a combined basis was down 42% from the prior year quarter.

The Appraisal and Valuation business declined by 9% in the quarter. New valuation assignments trended lower reflecting the difficult macro environment. Global Investment Management revenue was down 50% year-over-year and Development Services revenue was up 84%, attributable mainly to construction revenue. The Commercial Mortgage Brokerage business was down 44% year-over-year as the credit crunch continued to exact a toll on loan volume. Second quarter 2008 loan originations fell 46% to \$3.2 billion, as compared with the second quarter of 2007. The decrease was less pronounced in the first quarter when year-over-year volume fell 60%.

Please turn to slide number 20. Our Contractual Outsourcing business continues to be a significant growth engine for CB Richard Ellis. More companies are making the decision to outsource their real estate functions and we continue to succeed in winning, expanding and renewing long-term contracts with these corporations. During the second quarter, we added five new Outsourcing clients, including Visa and Dr. Pepper - Snapple. We expanded six existing relationships including General Electric and Piedmont Health, and we renewed existing relationships with eight clients, including BP America and Bank of America. Our properties and facilities square footage under management has grown at a very healthy rate and has increased by approximately 6% since the end of the 2007.

Please turn to slide number 21. The Development Services business continues to maintain an active development program. At the end of the second quarter of 2008, in process development and investment totaled \$6.2 billion, unchanged from the second quarter of 2007, and down 5% from year-end 2007. The pipeline at the end of the second quarter of 2008 stood at \$3.7 billion, up 9% and 37% from the second quarter and year-end of 2007 respectively. Revenue for the second quarter of 2008 increased primarily due to construction revenue, which also led to a corresponding increase in construction job costs, thereby not translating into increased operating income or EBITDA. After adjusting for the impact of purchase accounting on the gains from disposition of development projects, pro forma EBITDA of \$2.6 million was \$5.9 million lower than the second quarter of 2007, mainly due to higher equity income recognized last year due to the sale of non-consolidated development assets which did not recur this quarter. Gains from projects that had been expected to be sold in the second quarter of 2008 were deferred into future quarters.

Please turn to slide number 22. The Global Investment Management business continued the growth of assets under management. Assets under management totaled \$43.7 billion at the end of the second quarter of 2008, up approximately 32% and 16% from the second quarter and year-ended 2007 respectively. For the first half of 2008, we made acquisitions of \$3.8 billion and dispositions of \$600 million. The purchase of a majority interest in Wood Partners in the first quarter of 2008 contributed another \$2.4 billion to assets under management.

Revenues for the second quarter of 2008 of \$42.7 million was lower than the prior year comparable quarter by \$41.1 million. Fees for assets under management actually increased commensurate with the rise in assets under management, but were offset by a virtual lack of carried interest revenue, down by \$24.1 million, reduced incentive fees from separate accounts and slightly lower acquisition fees.

As we noted on last quarter's call, both the first and the second quarters of 2008 faced difficult compares on carried interest, which were predominantly realized in the beginning quarters of 2007, but more back-end loaded in 2008. Given the current conditions in the investment sales marketplace, the recognition of carried interest revenue for 2008 may be deferred into 2009 and beyond.

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EBITDA for the second quarter was negatively impacted by the decline in higher margin incentive-based revenues. Compounding the drop in EBITDA was an \$11.9 million write-down of two investments attributable to declined market valuations and a lack of equity income from fund liquidations in the current quarter, as compared to equity income of approximately \$13 million from such recognized in the second quarter of last year.

Our carried interest detail is shown on slide number 23. In the second quarter, we recognize \$400,000 of carried interest revenue. We also recorded \$2.6 million in additional carried interest incentive compensation expense, all of which relates to future periods.

Revenue -- As of June 30th, 2008, the Company maintains a cumulative remaining accrual of carried interest compensation expense of approximately \$64 million, which pertains to anticipated future carried interest revenue.

Please turn to slide number 24. Excluding the mortgage brokerage warehouse facility and the Development Services real estate loans, which are non-recourse, our total net debt at the end of the second quarter of 2008 was approximately \$2.3 billion. The Development Services business finances its projects with third-party financing sources. The substantial majority of these real estate loans are recourse to the development project, but non-recoursed to the Company. As of June 30th, 2008, the other debt category on our balance sheet includes a non-recourse revolving credit line balance of \$46.5 million, related to the Development Services business. The outstanding balance of real estate loans was approximately \$586 million, of which only \$2 million was recourse to the Company.

The outstanding amount on a revolver at quarter end was \$404.7 million. This reflects an increase of \$93.5 million from the first quarter of 2008. This increase in borrowings, combined with the lower cash balance, were primarily driven by cash used for acquisition, additional payments of 2007 incentive compensation, and investments made by the Global Investment Management business. As we progress through the balance of 2008, our focus will be to predominantly utilize excess cash flow from operations to reduce the revolver balance outstanding.

Our net debt to EBITDA ratio at June 30th, 2008 was 2.9 times, as compared to 2.1 times at June 30th, 2007. Our trailing 12 month interest coverage ratio was 6.2 times. Our weighted average cost of debt was approximately 4.1% at June 30th, 2008, versus 6.8% at June 30th, 2007.

Our normalized internal cash flow for the second quarter of 2008 is illustrated on slide 25. This metric is derived by adjusting normalized net income for the effects of depreciation, amortization, net capital expenditures, cash flows from the Development Services net gains that were excluded from the P&L due to purchase accounting rules, and the cash component of acquisition-related costs. On this basis, our second quarter trailing 12 month internal cash flow was \$369 million.

Due to our limited capital expenditure and working capital needs, our internal cash flow tends to be highly correlated with our net income. For the second quarter, net capital expenditures were \$19 million. We now expect full year 2008 capital expenditures to come in as approximately \$70 million. I will now turn the call back over to Brett.

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**Brett White** - CB Richard Ellis Group - President and CEO

Thank you, Ken and thank you, Ray. Please turn to slide 26. As we have said since late 2007, providing any definitive outlook on 2008 is impossible in this environment. Also, as we have done in the past few quarters, we will continue to describe the outcome of our ongoing modeling, but provide the range of earnings possibilities for the full year. As we have said in the past two quarters, this is not guidance, because we do not have visibility into future quarters as we would in a more normal operating environment.

However, as we have done in the past two quarters, we can examine current data and make some educated guesses around possible performance scenarios. Our current models assume the following - no near term recovery in the global credit markets; significantly weakened agency leasing and tenant representation activity globally; the realization of carried interest in our

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Investment Management business in 2008 will be well below 2007 levels; and the growth and profitability of the Corporate Services and the Facilities Management business is not enough to offset the weaknesses in those markets just discussed.

Our updated models incorporating a pessimistic view of the state of the global economy, the depth of the capital markets downturn, as well as the expected continued softness and agency leasing and tenant representation now indicates that 2008 earnings per share could be down versus the prior year by as much as 40% to 50%. As we described previously, this is not guidance and is just one possible outcome at this point in time.

In late 2007, we implemented cost reductions and we are currently taking additional steps to reduce our expense levels to better match reduced revenue expectation. As you have seen in the past, cost cutting and expense management are familiar levers we use in depressed market environments. Our ever lower expenses are focused on those cost drivers that can be implemented without harming the future growth opportunities of the Company, and that will beneficially impact costs in a meaningful way in 2009 and beyond. As in prior downturns, we intend to leverage our platform and brand strength to take advantage of these difficult markets. Through aggressive recruitment of key talent and clients, as well as a robust mergers and acquisitions program, we believe we will derive outsized benefits from the recovery in the markets, just as we did in the 2003 through 2007 time frame.

This now concludes our formal comment today. Ken, Ray and I will now take questions. Operator, you can now begin the Q&A.

## QUESTIONS AND ANSWERS

### Operator

Certainly. (OPERATOR INSTRUCTIONS) First question comes from the line of Will Marks of JPM securities. Please go ahead.

### Will Marks - JPM Securities - Analyst

Good morning, Brett, Ken. Question on the -- on the Investment Management business. I may have missed this, but on the green part of the table, it looks like the regular Investment Management fees have dropped, Q2 versus Q1, and that's not just based on assets under management or equity under management. Can you clarify that?

### Ken Kay - CB Richard Ellis Group - Senior EVP and CFO

Yeah. I mean the -- overall, the fees for assets under management have increased commensurate with the growth in assets under management, but I'm flipping to the slide right now.

### Will Marks - JPM Securities - Analyst

22.

### Ken Kay - CB Richard Ellis Group - Senior EVP and CFO

Yes, from an appearance standpoint, it looks like they are down, but in reality they are not. What else is included in there are incentive fees, as well as acquisition fees. And so the fees for assets under management have actually grown, but it's the incentive fees that are down and the acquisition fees that are down, obviously as a result of the marketplace.

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**Brett White** - *CB Richard Ellis Group - President and CEO*

So, Will, what we do when we portray our Investment Management business is we try to separate out for you the carried interest component of those revenues separately and then we bolt together under the base fee, both the annual fee we're paid for asset under management, but also the small incentive fees we get for acquisitions and dispositions. So in this quarter, really for this year, since there has been really very little acquisition disposition fee, that line is down. But as Ken mentioned, the fee we paid for assets under management is actually up for the quarter and year-over-year.

**Will Marks** - *JPM Securities - Analyst*

And is it safe to say that a majority of the \$42 million of Investment Management fees were based on assets under management?

**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Yes.

**Brett White** - *CB Richard Ellis Group - President and CEO*

Yes.

**Will Marks** - *JPM Securities - Analyst*

Okay. And one other question. Big picture. With your change in view, you mentioned that the -- I don't want to quote you exactly, but it could be as much as a 40% to 50% decline in earnings. Could you tie that to a drop in margin? I think, in the past, you had said it would be a pretty bad scenario for the margin to drop 200 basis points from last year, which I think last year was about 16% EBITDA margin on the stabilized basis.

**Brett White** - *CB Richard Ellis Group - President and CEO*

Right. And I will let Ken talk to you specifically about what we have seen in margin decline, but let me set the stage for that. What we have in this marketplace is, at least in this industry at the moment, is a classic stagflation type environment. We are hitting two separate headwinds, but those headwinds hit both the primary drivers that really provide growth to this industry. First is the health of the general economy, which provides lift for the leasing business, and second, the health of capital markets which provide lift for our Capital Markets business.

In most downturns, what you see is -- while there may be an overlap for a quarter or two, where both are down -- and in most downturns, and Ken talked about this in his prepared comments, as the economies heat up and you see strong leasing, Fed comes in raises interest rates, and that impacts the capital markets down. Conversely, when the economy is soft, the Fed lowers interest rates, and that puts fuel into capital markets.

We are in one of those fairly, and thank goodness, unique scenarios where you have both drivers negatively impacting. We've talked about in the past -- and, Will, I think you've probably heard us talk about the worst environment for this industry is a stagflation type of environment. While we are not technically -- if you listen to the economists, we are not technically in a stagflation environment. For all intents and purposes, for this industry, we absolutely are. So the margin decline we have always talked about as being 100 to 200 basis points assumed a normal downturn cycle. This is not, by any means, a normal downtown cycle and that exacerbates the margin decline. But Ken, you might reiterate what you mentioned before in your prepared comments.

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**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

When we were talking before, we said that the margins would be down in the range of 300 to 400 basis points as compared to what Brett mentioned was the 150 or 100 to 200 basis points that we talked about before. Obviously, what is driving that is the reasons that Brett mentioned. Then also, that the impact that these markets have on some of the incentive based revenues, for instance the carried interest revenue, and potentially the gains from the Development Services business. So those are the things that end up driving it to a steeper reduction in the margins and then, just to reiterate, would be in that 300 to 400 basis point range.

**Will Marks** - *JPM Securities - Analyst*

Great. Thank you both.

**Operator**

Thank you. The next question comes from the line of [Robert Rates], William Blair and Company. Please go ahead.

**Robert Rates** - *William Blair & Company - Analyst*

Good morning, guys.

**Brett White** - *CB Richard Ellis Group - President and CEO*

Good morning.

**Robert Rates** - *William Blair & Company - Analyst*

When you talk about taking some costs out of the business, with the expectations for sales to slow, leasings to slow - you would assume that compensation is going to be a part of that. But could you touch on the differences around the various geographies that might prevent that from happening and how much of a headwind that is?

**Brett White** - *CB Richard Ellis Group - President and CEO*

Sure. I would say that in the context of the overall industry we have some good advantage in our ability to get at cost. We can move on both discretionary operating expense, which is something that we do frequently when the markets are constrained, and our compensation system, both in terms of management bonuses and comps, and in terms of incentive compensation for our fee-earners. The systems that we use, the compensation plans we use, move very quickly down as revenues come down. So most of our salespeople fee-earners around the world are on some sort of a commission program. Even the profit share programs that we use in some jurisdictions in Europe behave a lot like a commission program, those move ratably with expense. As I mentioned on the management side, the way we handle compensation here is that as we move down on the EBITDA line, management compensation moves down as well.

So I guess I would respond to your question as, we don't feel we have any headwinds that constrain us from realizing what a really pretty significant reductions in OpEx, both on discretionary OpEx and on compensation around our fee-earners and management.

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**Robert Rates** - *William Blair & Company - Analyst*

Okay. Great. Looking at the mix and Asia-PAC, is that still predominantly transaction oriented? And then if you could touch on any kind of margin expectations for that region.

**Brett White** - *CB Richard Ellis Group - President and CEO*

The mix in Asia-Pacific, is definitely -- revenue and EBITDA mix -- is definitely skewed towards transactions. We do have a very significant Management Services and Corporate Services business in Asia-Pacific. However, those are relatively low margin businesses. So our Asia-Pacific business, yes, is definitely skewed towards the transactions. And that having been said, as you saw in the results this quarter, we have seen for a number of quarters now, it's a very profitable business for us and it's had really terrific, I think, performance over now a number of quarters as that business grows and matures. Ken, do you want to talk at all about margins for Asia-Pacific?

**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

No. I think with the headwind coming from the marketplace, there's a potential for margins to be impacted somewhat in Asia-Pacific. It's a little bit early to tell in terms of where they will settle in. I would think that the Asia-Pacific segment would be the least impacted, if you will, from a margin decline perspective, only because of the inherent growth in the local economy there. But, given the fact that we've seen some softness in the investment sales area and some potential headwinds on the leasing front as well, I think just, vis-a-vis the prior year, we'll see a little bit of margin decline, although less than probably what we would see in the EMEA and the Americas.

**Robert Rates** - *William Blair & Company - Analyst*

Great. Thanks, guys.

**Operator**

Thank you. The next question comes from the line of Anthony Paolone of JP Morgan, please go ahead.

**Anthony Paolone** - *JP Morgan - Analyst*

Thank you and good morning.

**Brett White** - *CB Richard Ellis Group - President and CEO*

Good morning.

**Anthony Paolone** - *JP Morgan - Analyst*

Start with the Investment Management business. Can you give us a sense as to what run rate EBITDA would be like if you just strip that down to base management fees on the \$44 odd million of AUM.

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**Brett White** - *CB Richard Ellis Group - President and CEO*

No, I really can't, because, as I said, we include in our base management fee certain incentives that surround the business and we don't break out what a run rate EBITDA number would be in there. I would tell you that in our Investment Management business, the bulk of our profit snap business come from the various incentive fees that we earn. You have seen that now through the first half of this year. When we are not trading in that business, and we are doing very little trading at the moment, the incentive fees are few and far between. As soon as trading resumes there, of course, those come back through in a more normal fashion. But, no, we don't break out and can't break out the EBITDA for the base management fee.

**Anthony Paolone** - *JP Morgan - Analyst*

And then thinking about where those might go in the next 12 months or so, given Ray's backdrop of about 50 to 100 basis points in cap rate backup yet to come, how much of some of that carried interest or promotes or incentives are relative to a benchmark versus, say, just an absolute hurdle?

**Brett White** - *CB Richard Ellis Group - President and CEO*

Right. It's -- the incentive fees that we earn in the Investment Management business are -- and there's different incentive structures in each of the funds -- but generally speaking, those incentive fees are over a hurdle that is set at the outset of the funds. So what you see happening in a market like this is two things. First, as the market has been extremely volatile the last six, seven months, the Investment Management teams have really been out of the market in terms of active trading. Now, that's beginning to change. And I think as each month goes by here and there's better visibility into where values are going to settle out, you should see an increasing velocity of transactions occur in that business and in the business overall. And that's how I would characterize how we see that business at the moment.

But in terms of trying to speculate about where the business is going to be in the short term, it's just hard to say. Those Investment Management teams are making decisions every day based on the marketplace as they see it. I would tell you that in all of the funds that are vintage, at least two or three years old, there are significant incentive fees built into those funds with the (inaudible) declines we have seen already.

I should also make the point that Ray is looking at the cap rates as tracked by the entities out there in the marketplace that do this sort of thing. In the Investment Management business and the Trading business in Capital Markets, we think we are seeing -- we tend to see the cap rates move before it's picked up in this data. We -- when cap rates were reported to be basically flat last quarter, we were seeing trades where that was absolutely not true. So I would tell you that in the marketplace as a whole, the trades that are occurring right now in the States and in Europe, value declines are well built in and in most cases are something between probably 10% and 20%, already built into the trades that are occurring in the marketplace. And with those value declines in place, these promote fees that we have earned in the Investment Management funds are still quite significant.

**Anthony Paolone** - *JP Morgan - Analyst*

Okay. That's helpful. On the transaction side, the asset sales side, the US and lack of CMBS market here creating a log-jam. Can you contrast that with what's happening abroad in the commercial real estate debt markets. Do you see other parts of the world either ahead of US or behind it in terms of what's happening on that side?

**Brett White** - *CB Richard Ellis Group - President and CEO*

I think the way to characterize that is that while this all started as a US credit market dislocation, as we sit here today what you have is a global capital market dislocation. So because of that, and Ray I thought spoke to this very well -- really what exists in the marketplace right now is a large bid-ask spread on the asset class. So while the credit markets -- one could argue the credit

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markets might be a bit healthier in the UK than they are in the States or a bit healthier in the Netherlands than they are in the UK, these are rounding errors.

The real fundamental issue in the market today, for the capital markets, is that globally buyers now believe that the asset class should be discounted by some percent. Sellers believe that the asset class should be discounted by a lesser percent. Now, when buyers and sellers can find some common ground trades occur, and there are trade occurring, but that bid-ask spread has been very significant the past six, seven, eight months. We believe that as it always has before, that bid-ask rate will suddenly narrow and you're going see a velocity of trades steadily increase. But at the moment, it's significant.

It's significant in all global jurisdictions. You saw in Asia-Pacific, you saw in EMEA and you saw in the States, varying declines in the capital market businesses. The US being the worst. The UK in the mid-30s, down year-over-year and it seems to be hanging right about this. Asia-Pacific a bit less. So I suppose the specific answer to your question is the US is a bit worse than the others, but the way we look at it is there's just a general strong headwind on investment property trades globally, and that's going to remain in place until the credit markets stabilize and at the moment they are not.

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**Anthony Paolone** - JP Morgan - Analyst

Okay. And then just last question on your Outsourcing business. You added, I think, it's 11 new accounts in 1Q and 5 in 2Q. Is the drop off in 2Q just how the numbers came out or is that getting more difficult there?

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**Brett White** - CB Richard Ellis Group - President and CEO

No, it's not getting more difficult. In fact, our win rate right now is about 67% of all the major GCS pursuits we are making, we are winning almost 70% of those pursuits. It's just the way the accounts came in the second quarter. I think you will see for the full year and certainly for year-to-date, that business is -- as you would expect -- that business is doing exceptionally well. Our platform for integrated occupier management is unsurpassed in the industry. We are seeing terrific momentum in that business, and we expect to see very, very good growth in that business going forward.

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**Anthony Paolone** - JP Morgan - Analyst

Okay. Thank you.

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**Brett White** - CB Richard Ellis Group - President and CEO

Sure.

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**Operator**

Okay. Thank you. (OPERATOR INSTRUCTIONS) We have a question from the line of Sloan Bohlen of Goldman Sachs. Please go ahead.

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**Sloan Bohlen** - Goldman Sachs - Analyst

Good morning. A question for Ken. I'm sorry if I missed this before, but on the \$11.9 million write-down on the two assets in the Investment Management segment, could you give us a sense of when those assets were purchased and what is your level of investment was?

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**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Well, yeah. The -- we had two write-downs. One was about \$7.5 million, and one was about \$4.4 million, something along those lines. Of the \$4.4 million investment, it was a total of about \$8 million to begin with. That investment had been made, probably, I want to say four years ago or so. The -- of the \$7 million, the investments probably in the \$30 million range approximately. And that investment probably was made, I would say about three years ago.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay. And what -- was it more asset driven or was it a particular market of the world or -- ?

**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Well, both of them were international. One was actually in Japan and one was in the UK and both were really driven by declines in values, kind of consistent with what you have seen in the US. And as a result of the fact of watching the decline in values, felt that we needed to take a write-down on those. You know, it's possible that those values come back over time, but the accounting kind of pronouncements dictate that once you have seen those values down by six months or so, and they've kind of been in excess of a certain percentage range, you just have to take a write-down of it. Obviously non-cash, we will watch them. We still think that we've got some very strong investment opportunities that potentially could bring those back, but based upon the accounting guidelines we had to take a charge at this time.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Ok. Sort of along the same lines, the \$105 million that you have co-invested, are those over a similar timeframe that that money has been invested or how should we think about potential write-downs within that pool of assets?

**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Yeah, well, I mean the \$105 million is probably over -- let's call it maybe a five or six year time frame. Everything is been reviewed and assessed from a valuation standpoint and, at the present time, we don't see any additional value declines. Obviously with the fluidity of the market situation, we will continue to watch that each quarter, but we have gone through all of those investment values and feel that they are appropriately stated. These are the only two that required a write-down.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Thanks. That's helpful. And then on the acquisitions for the year, you did \$135 million, I guess thus far. Could you give us a sense of the \$152 million in revenues, what an EBITDA margin on those assets would be, or those acquisitions would so be?

**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Yeah, we don't specifically get into the EBITDA margins for each one of businesses that we do, but I can tell you that the margins of the businesses that we acquired are typically at or above the consolidated margins for the Company. and when I say that, I -- let's go back to the consolidated margins for the Company before we got into this downturn situation. So it's pretty favorable from the standpoint of being margin accretive to us, once we do those transactions. Of course, they are smaller so there's a modest amount of cost savings that comes with those, unlike some of the larger acquisitions we've done where we generated some very large net expenses. These have very modest ones. So they are really -- I would say, margins that are consistent with

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just kind of the normal operations of those businesses. And as I said, they are typically at or above what our historical EBITDA margins have been.

**Sloan Bohlen** - *Goldman Sachs - Analyst*

Okay. And then I'm on the line with Jay too and I think he has a question.

**Jay Habermann** - *Goldman Sachs - Analyst*

Good morning, guys. I missed the beginning of the call and I apologize for that, but in the past you have talked about EBITDA margins and being able to sustain those margins, even in a downturn. And I was just curious, you know, Brett or Ken, your thoughts on where the Company -- how you are right-sized for the current environment in terms of the head count and, obviously, you mentioned sort of tighter cost controls? And if you could just give some thoughts there, that would be great.

**Brett White** - *CB Richard Ellis Group - President and CEO*

Sure, Jay. This is Brett. I would say a couple of things first. You may have missed -- you may have missed a question Will Marks had earlier about margin decline. And we talked about in this particular cycle, we could see margin decline, we think, as much as 400 basis points. The reason for that and why it's exacerbated from a typical market decline is that we are in a unique environment right now. This environment, to us, at least in this industry, is a classic stagflation environment where we have a capital markets dislocation -- severe capital market dislocation -- alongside global downturn on an economic basis. So that will have a particular impact on margins.

In terms of how the Company right-sizes, I think one of things you know and most of our investors and analysts know, is that this Company -- we are known for a lot of things. One of things we are most proud of, is that we have shown the marketplace many, many times before, that this management team -- and we have all been through these cycles many times before. This management team knows how to deal with downturns in the marketplace. And we pull a variety of levers here in the Firm to deal with that. Those include reductions in discretionary operating expense. We have spent a lot of time and energy in the last 10 years redoing the compensation plans in the Company so that management compensation moves automatically down in a fairly significant way when EBITDA comes down. Most of our fee-earners around the world are on a commission structure, which is a terrific advantage in a marketplace like this, because their incomes move with their revenue production. That gives us some real advantages. It allows us to -- if we did nothing, the expenses go down significantly from the incentive comp levers that we have, but we don't stand back and do nothing. We pull these other levers on the discretionary expense. They are very significant.

Those, by the way, have been used by us now for well over a year and we talked on the last call about the fact that, in retrospect, the Trammell Crow acquisition could not have been done at a better time. It not only diversified the revenue base to provide us with a very sticky, large amount of revenues coming through on our large corporate and institutional ownership accounts, but also, as we do in any large acquisition, we move very, very aggressively on expense. We talked to you for the past year and a half about gross expense of reductions associated with the Trammell Crow acquisition of well north of \$100 million. So we went into this particular downturn, having just completed -- you could you look at it this way -- the deepest cost reduction in the history of the Firm because of the Trammell Crow acquisition. The downturn hit. We went back at it again and have made additional, very significant reductions in discretionary operating expense. We will be talking, I think, a lot more about those and some detail about those at the end of third quarter as we can count them up and give you folks some better numbers around what that all means.

But, Jay, the way I would describe it at the moment is we are very comfortable that the Company is positioned correctly for this market downturn. And as difficult as the market is, and it certainly is difficult. As I said before, this management team has been

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through downturns, severe downturns before and what we know, from prior experiences, is it is exactly these downturns that have provided us greatest opportunities to grow the business. We're taking that perspective right now. We see opportunities in this marketplace that are unique and we want to make sure that we exploit those opportunities because they may not come around for some time. And that's a balancing act but I think we have got the formula pretty well in the end.

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**Jay Habermann** - *Goldman Sachs - Analyst*

As you think about uses of capital, obviously you have talked about paying down debt, I think \$1 billion Ken mentioned at the investor day, over the next several years. Is that still a realizable target? I mean, given this credit downturn that's persisted longer than people have initially expected and this could persist into mid-next year or even further.

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**Ken Kay** - *CB Richard Ellis Group - Senior EVP and CFO*

Our focus, obviously, on debt reduction. We've got a revolver balance that we want to pay down between now and the end of this year. And then, you go into 2009 and 2010, we've got some scheduled payments on our term loans. And it's our intention to make those payments as they come due. And the bulk of getting to that amount that you mentioned was coming from the reduction of the term loans, and it's our intention to do that on a timely basis.

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**Brett White** - *CB Richard Ellis Group - President and CEO*

And I'd say, Jay -- this is Brett again. As we look at the business right now, uses of cash is a very important discussion because, as I mentioned, there are opportunities out there that we believe are unique and we are seeing those right now in the marketplace. So it's almost counterintuitive, but if you look at our infill M&A strategy so far this year, it's on record pace and we see more opportunities going forward, not fewer. So we are not going to -- I don't think we can even begin to tell you what, at the end of two years from now, what our uses of cash will have been, but I can certainly predict that you're going to see a decent weighting of uses of cash going towards acquisitions of key talent. And if we can make it happen, acquisitions of good firms out there that are feeling extraordinary pressure in the current marketplace. So we want to be opportunistic with the cash that we generate, and we're a strong cash flow generator as you know, and there are some real market opportunities in the marketplace right now.

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**Jay Habermann** - *Goldman Sachs - Analyst*

How do you gain comfort making acquisitions, just given that year-over-year you are saying EPS could be off 40% or 50%. I guess by that same token, EBITDA margins may look more attractive, but the ultimate question is what is the level of earnings a year from now?

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**Brett White** - *CB Richard Ellis Group - President and CEO*

Well, I'm not sure I understand the direct link between what our earnings are going to do and why we make acquisitions. The way we look at it -- maybe this is the best way to answer it is, in our business, what we have learned over many, many, years around this Company is that you get -- opportunities come to you in the M&A space infrequently. Companies in our businesses rarely sell, and when they become available or you think they might come available, if you can move on them, what we have learned, is that it's certainly good to try. We believe that this marketplace, and I think you have already seen this in the market, has presented, and will continue to present, some very unique opportunities.

And certainly, hats off to our good competitor Jones Lange who certainly took advantage of this marketplace to purchase the Staubach company and I think (inaudible) mentioned this was a once in a lifetime opportunity in their view. I think that's right. An opportunity to acquire a company like Staubach and other companies in the marketplace just don't come around often.

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We want to make sure that we are running the Company in a way that we have enough available cash that we can both make the moves on the debt we want to make and also purchase talent and companies that are available in the marketplace.

And, Jay, when you look at the Company, I think what you will find in this cycle is that we will likely take a more aggressive posture on OpEx than the industry as a whole. That certainly has been true in the past. One of the reasons we do that is it's our philosophy that if we can move more aggressively on OpEx and reduce expenses inside the Firm, that provides us with dry powder that we can use for other things, such as these opportunities that the market is presenting to us right now. That's how we think about it. That's how it played out in the past and at the moment, we think that's how we think this cycle will play out as well.

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**Jay Habermann** - *Goldman Sachs - Analyst*

Thank you.

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**Operator**

Okay. Thank you. And we have a follow-up question from the line of Anthony Paolone. Please go ahead.

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**Anthony Paolone** - *JP Morgan - Analyst*

Thanks. I just had one question. In the press release, I think you mentioned the Development Services segment some deferred gains that you were holding to recognize in the future periods. I was wondering if you could give us a sense as to how much those are and when you think that those might come through?

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**Brett White** - *CB Richard Ellis Group - President and CEO*

Excuse me. Yes, Ken. Well, we had expected to recognize some of the gains in the second quarter that would have offset the decline in equity income and when we said they were deferred, the deferral would be likely towards, into the next couple of quarters. Although, obviously, it remains to be seen with this marketplace the specific timing of that. I don't want to get into the specifics in terms of the magnitude of those gains. There were several projects that we had thought we would dispose of in the second quarter that ended up getting pushed out. Likely until later in the year.

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**Anthony Paolone** - *JP Morgan - Analyst*

Okay. So these are cash flow transactions (inaudible), not just accounting where you are just going to bring it in in some later period?

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**Brett White** - *CB Richard Ellis Group - President and CEO*

No, that's correct. It's specific disposition transactions that have to occur.

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**Anthony Paolone** - *JP Morgan - Analyst*

Thanks.

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**Operator**

Thank you. There are to questions in queue. Please continue.

**Brett White** - *CB Richard Ellis Group - President and CEO*

Thanks, operator and callers. We appreciate you dialing in today. We'll talk to you at the end of the quarter.

**Operator**

Thank you. That does conclude our conference for today.

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