# FINAL TRANSCRIPT

Thomson StreetEvents℠

# CBG - Q4 2008 CB Richard Ellis Group, Inc. Earnings Conference Call

Event Date/Time: Feb. 11. 2009 / 10:30AM ET



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

## CORPORATE PARTICIPANTS

**Nick Kormeluk**
*CB Richard Ellis Group, Inc. - IR*

**Brett White**
*CB Richard Ellis Group, Inc. - CEO*

**Gil Borok**
*CB Richard Ellis Group, Inc. - CFO*

## CONFERENCE CALL PARTICIPANTS

**Anthony Paolone**
*JPMorgan - Analyst*

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

**Brandon Dobell**
*William Blair & Co. - Analyst*

**Vance Edelson**
*Morgan Stanley - Analyst*

## PRESENTATION

**Operator**

Ladies and gentlemen, good morning. Thank you for standing by and welcome to the CB Richard Ellis Group fourth quarter and fiscal year 2008 earnings conference call. At this time, all lines are in a listen-only mode. Later, there will be an opportunity for your questions and instructions will be given at that time.

(Operator Instructions). As a reminder, this conference is being recorded. At this time, I would like to turn the conference over to our host, Senior Vice President of Investor Relations, Mr. Nick Kormeluk. Please go ahead.

---

**Nick Kormeluk** - *CB Richard Ellis Group, Inc. - IR*

Thank you and welcome to CB Richard Ellis' fourth quarter and fiscal year 2008 earnings conference call. Last night we issued a press release, announcing our financial results. This release is available at the home page of our website at www.CBRE.com.

This conference call is being webcast live and is available on the Investor Relations section of our website. Also available is a 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 website 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 our momentum in and possible scenarios for 2009, future operations, expenses, financial performance, performance under our credit facilities and our ability to negotiate -- renegotiate the terms of our credit agreement and cost savings. These statements should be considered as estimates only and actual results may ultimately differ from those estimates.

Except for the extent required by applicable securities laws, we undertake no obligation to update or publicly revise any of these public looking statements that you may hear today. Please refer to our current annual report on Form 10-K and our current quarterly report on Form 10-Q, in particular any discussion of risk factors which are filed with the SEC and available at the SEC's



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

website at 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 statements which include references to non-GAAP financial measures as defined by SEC regulations. As required by these regulations, we have provided reconciliations to 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 are Brett White, our President and Chief Executive Officer, and Gil Borok, our Executive Vice President and interim Chief Financial Officer. I'll now turn the call over to Brett.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Thank you, Nick. Please turn to slide four. Before Gil gets into the deck, I thought it would be appropriate to begin our remarks today with a brief commentary that simply acknowledges the current environment for our business and our industry. Throughout the fourth quarter of 2008, the headlines for the US economy have included continued significant job losses which are expected to continue into 2009. Due to these job losses, pay decreases and other factors, consumer spending is down and consumer savings are up, negatively impacting the short term financial performances -- businesses across a wide variety of industries.

As a result, the contributions to GDP growth made by consumer and business spending has dramatically reduced. Many providers of equity or debt financing for any type of asset have shut down their investment activities because of uncertainty about the future and concerns about asset values. Most economies around the world are experiencing similar challenges.

So what are the results for the commercial real estate industry? For most asset classes, in most markets, absorption has decreased significantly and vacancies have risen. Rent growth has slowed and many of us are planning for negative rent growth. Development of new products has slowed to a near stand still. The difficult financing environment has significantly reduced asset sales velocity and resulted in significant decreases in asset values.

As we look to 2009, we anticipate the capital markets activities will remain weak. Leasing conditions will remain soft and the industry will continue to experience higher volatility in sales activities. Despite these extremely challenging global economic conditions, our broad service offering and global scale contributed to our ability to maintain solid profitability. Overall, we're very pleased with our operating and financial results for the fourth quarter and all of 2008.

For the fourth quarter, our normalized EBITDA was $223 million. And for the full year, our normalized EBITDA was $601 million. Just put the results in perspective, 2008 ranked as the third best year in terms of normalized EBITDA in our firm's 100-plus year history.

As I have discussed on previous calls, we have achieved these results through continued focus on a couple of basic fundamentals in our business. We seek to gain market share through a downturn as producers and clients continue to migrate to quality service platforms in difficult times. We continued to gain market share in the fourth quarter as evidenced by our performance in the investment sales business. Our share there was more than the number two and three players in the market combined.

We aggressively manage costs. As Gil will describe in more detail, we have more than doubled our previously-announced cost reduction efforts to a run rate reduction of approximately $385 million. This allowed us to maintain very solid normalized EBITDA margins, which at 11.7% for the full year 2008, exceeded the EBITDA margins of the last downturn by 330 basis points. Today, we have the largest and by far, the most profitable commercial real estate services business in each of the three major regions of the world; Americas, EMEA and Asia Pacific. We operate this business on a normalized EBITDA margin that materially exceeds the norms among our global competitors. This provides strong evidence that our cost control efforts are working.

Our full year 2008 GAAP financial results are impacted by several items that are not considered in our normalized results; integration costs and merger-related charges as well as other expenses related to CBRE's acquisition of Trammell Crow Company, severance and related costs incurred in 2008 in conjunction with our cost cutting efforts, approximately $100 million of noncash



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

expense resulting from write-downs of impaired real estate investments, primarily in our development services and global investment management business. We'll discuss these a little later. And finally, noncash expense, resulting from write-downs of impaired goodwill and other nonamortizable intangible assets that we're carrying on our balance sheet.

The GAAP results discussed in our earnings release and on this call do not yet reflect any such write-downs. We're still performing the required analysis and the value of the goodwill and other nonamortizable intangible assets. However, based on a variety of factors, including the relative amount of goodwill we have on the balance sheet, compared to the Company's current market capitalization, we expect that these noncash write-downs which have no effect on covenant EBITDA will be significant. Gil will speak more about these matters in a moment.

The full year 2008 results of our global services business in the Americas, EMEA and Asia Pacific were impressive given the conditions in our industry and in the major economies around the world. In the Americas, our revenues were $3.2 billion. Normalized EBITDA was $385 million and our EBITDA margin was 12%.

In EMEA, our revenues were $1.1 billion. Normalized EBITDA was $116 million. And our EBITDA margin was 10.7%. In Asia Pacific, our revenues were $558 million. Normalized EBITDA was $53 million and our EBITDA margin was 9.5%. While these results are off materially from last year, they're certainly very strong by any competitive measure.

With respect to our global investment management business, which posted full year normalized EBITDA of approximately $30 million, we experienced an unusually difficult year. Our business model in global investment management relies heavily on asset acquisitions and dispositions to provide highly profitable incentive fees. Asset sales all but disappeared in 2008. Therefore, while this business produced positive normalized EBITDA and should do so again in 2009, our overall revenues and profitability in this business declined significantly from prior year levels. You would expect this business to experience rapid revenue and profit growth once again, as soon as the asset sales market stabilizes and velocities increase.

In development services, our normalized EBITDA was $18 million, compared to $12 million in 2007. The financial results for this part of our business were impacted by reduced asset values and decreased velocity of asset sales which reduced the gains we would otherwise have expected to recognize upon the sale of our development projects and versus prior year. Many of these gains are not included normalized EBITDA due to purchase accounting rules.

The reduced asset values also resulted in us recognizing a bit over $49 million in noncash asset impairment write-downs, despite the relatively conservative capitalization of our inventory of development projects. While current market conditions create a difficult profile for this business in the near term, we believe the aggressive cost reduction actions already taken will significantly improve the prospects for return to profitability for this business.

Given the severity and longevity of the current industry downturn, we have continued to spend considerable time managing our balance sheet. On past calls, we have discussed the Company's debt covenants. Credit covenant compliance is an issue faced today by many companies operating across most industries. In fact, at least two of our largest public company competitors sought and received relief from their debt covenants in 2008.

We have focused and will continue to focus intently on complying with our covenants. In the fourth quarter, we again complied with our debt covenants with ample cushion, and would have complied with the covenants even without the benefit of the equity offering we completed during the quarter. While we have, and continue to use, many tools at our disposal to minimize the chance of breaching our credit arrangements it is likely we'll seek an amendment or waiver to certain of our covenants. Slides five through seven have been included to illustrate the strength we have seen in client pursuits. Evidence that despite reduced level of transaction activity, we are still winning sizable business. And in fact, as you would expect, we continue to win more client pursuits globally than any firm in the business.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

In addition, we have provided US market statistics that many of you have expressed are helpful in looking at the fundamentals of the commercial real estate industry. I'll not be devoting any specific comments to these slides today. And now, I'll turn the call over to Gil to cover the financial deck. Gil?

---

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Thank you, Brett. Please advance to slide eight. Revenue was $5.1 billion for the full year 2008. Net income, adjusting for one-time items, was $208.7 million which translates to $0.97 in adjusted earnings per share for the year.

Normalized EBITDA came in at $601 million. The biggest contributors to the decline in adjusted net income and earnings per share were the 15% decline in revenue and resulting lower margins, driven predominantly by weaker sales activity on a global basis and softer leasing. Also, contributing to the sales and earnings decline was weakness in global investment management, driven by the reduction in property values which impacted the recognition of carried interest revenue and incentive fees. These collective declines were partially offset by strong growth in outsourcing revenue.

Please turn to slide nine. For the quarter, revenue was $1.3 billion, down $556 million or 30% from the year ago quarter. The decline in revenue was primarily due to the reasons just discussed for the full year. We will provide another top level view on revenue by service line in a few more slides.

As a percentage of revenue, cost of services rose to 56.9% from 52.6% in the fourth quarter last year. This increase was primarily driven by a shift in the mix of revenues with outsourcing including reimbursable growth, comprising a greater portion of the total in noncommissionable revenue from our global investment management and development services segments, comprising a lower portion of the total.

Operating expenses of $425.5 million were down 33% or $213.9 million versus the fourth quarter of last year. The reduction in operating expenses was driven by reduced incentive contribution expense, resulting from lower business performance and the benefit of cost reduction steps taken throughout the year. These reductions were partially offset by real estate asset impairment charges taken in the development services segments, integration and cost containment-related expenses reflected here but normalized lower on the slide. The equity loss from unconsolidated subsidiaries in the current year was primarily attributable to the noncash write-down of current investments in our development services and global investment management segments, resulting from decreased market valuation.

In Q4 2008, we recorded minority interest income versus minority interest expense in Q4 last year. largely associated with the minority partner share of the write-down of real estate assets within our development services segment. Gains from disposition of real estate were only $4.9 million in the quarter due to more challenging market conditions. After adjusting for one-time items, the resulting EBITDA for the quarter was $223.2 million, down 22% or $62.6 million from the prior year quarter. Although the EBITDA margin was up 190 basis points at 17.4% versus the prior year quarter.

Please turn to slide 10. This slide reflects the Company's full year 2008 operating results. We are providing this information for your reference, but will not be devoting time to discuss this in our prepared remarks.

Please turn to slide 11. Total revenue in Q4 2008 decreased by 30% from the prior year fourth quarter. Our property and facilities management business delivered revenue of $451 million, and was a large contributor at 35% of total revenue in the quarter with continued growth of 6% on a year-over-year basis. Leasing also comprised 35% of total Company revenue and was a close second behind property and facilities management. The decline of 28% year-over-year was reflective of the economic climate around the globe, causing a reduced need for space.

Sales revenue on a combined basis was down 65% from the prior year quarter, continuing one of the steepest declines we have ever seen in the business due to the state of the credit markets and the deleveraging occurring in the financial systems worldwide.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

The appraisal and valuation business declined by 18% in the quarter and comprised 7% of total Q4 2008 revenue, driven mostly by declines in investment sales and the corresponding financing that generates appraisals.

Global investment management revenue was down 49% year-over-year. Development services revenue was down 63%, attributable to slower sales volume and value for completed projects, consistent with weaker market conditions. The commercial mortgage brokerage business was down 52% year-over-year as the credit crunch continued to exhaust a toll on loan volume.

Please turn to slide 12. Here, we have detailed results of our sales and leasing businesses in the Americas for the fourth quarter and full year of 2008. According to Real Capital Analytics, [oval] investment activity in Q4 2008, excluding privatizations totaled just $141 billion, a decrease of 64% compared with 2007. America's sales revenue for the fourth quarter declined 62% year-over-year. For the full year, sales revenue was down 49%. Revenue for CBRE Americas leasing business declined 26% in Q4 2008, as compared to the same quarter last year and was down 11% for the full year.

Please turn to slide 13. Investment activity in EMEA declined in the final quarter of 2008. Total turnover in Europe fell to around EUR19.5 billion from around EUR27.5 billion in Q3, as investors were hesitant about committing to transactions. In [business] in the European market negatively impacted our business, resulting in a 70% decline in sales revenue for the fourth quarter of 2008 versus the prior year quarter and a 47% decline in full year sales revenues from the 2007 level. CBRE's revenue from leasing in EMEA declined 28% in the fourth quarter as compared to the same quarter in 2007. On a year-to-date basis, leasing was down 8%.

Please turn to slide 14. CBRE sales revenue in the Asia Pacific region fell 64% in Q4 2008 as compared to the prior year quarter. For the full year 2008, sales revenue was down 40%. CBRE leasing revenue in Asia Pacific fell 38% in the fourth quarter, as compared to the prior year quarter. For the full year, leasing revenue was up 6%.

Please turn to slide 15. At December 31, 2008, in process development totaled $5.6 billion, down approximately 14% from year ago levels. The pipeline at December 31, 2008, stood at $2.5 billion, down approximately 7% from year ago levels.

The combined total of $8.1 billion of in process and pipeline activity is down 12% from year ago levels of $9.2 billion. Operating results for the fourth quarter and full year 2008 included one time expenses in the amount of $3.1 million, associated with our cost containment efforts as well as write-downs of impaired assets in the net amount of $49.2 million. Adjusting for these expenses results in a normalized EBITDA margin of 24.1% for the quarter and 14.9% for the full year.

Please turn to slide 16. Assets under management in the global investment management totaled $38.5 billion at year end of 2008. This total was up 2% from year end 2007, but down 6% from the end of the third quarter. The fourth quarter decrease primarily reflected a drop in property values globally, as well as negative foreign currency impact. For 2008, we completed acquisitions of $5.3 billion, primarily in North America, dispositions of $1.2 billion and took over portfolios valued at $2.4 billion in North America and Europe.

Our carried interest detail is shown on slide 17. In Q4 2008, we did not realize any carried interest revenue and we reversed $25.8 million of previously accrued carried interest compensation expense. As of December 31, 2008, the Company still maintains a cumulative remaining accrual of carried interest compensation expense of approximately $23 million which pertains to anticipated future carried interest revenue.

Please turn to slide 18. This slide has been included to provide clarity after the income statement line items and segments impacted by asset impairment charges already recorded during the fourth quarter and full year 2008. As indicated in the press release, the Company's currently still in the process of completing its year-end assessment of goodwill and other nonamortizable intangible assets.

Given the uncertainty surrounding the global economy and the volatility of the Company's market capitalization during the fourth quarter of 2008, the Company was required to perform such testing as of December 31, 2008, in addition to the normal



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

tests performed as of October 1, 2008. The Company will have significant impairment charges through a court, most likely in the Americas, EMEA and the development services segments.

Given the complexity of this assessment, the final results are not yet completed, nor can a reasonable estimate be provided at this time. The Company will complete this assessment and record a charge prior to the filing of its 2008 Form 10-K. The imperent charge of course will be noncash in nature and will not affect liquidity, cash flows from operating activities or compliance with debt covenants.

Please turn to slide 19. We have maintained that when the market goes through down cycles, we have the ability to significantly reduce operating expenses in our business in order to better align our cost base with lower activity levels. As it relates to our $190 million plan announced from the Q3 2008 call, we completed the elimination of $190 million of permanent run rate expenses.

I'll remind you that in addition, variable incentive compensation expense was anticipated to come down approximately $250 million for the year at that time. We now know that this amount was approximately $350 million. During the fourth quarter, we have identified an additional $195 million in run rate cost savings for 2009.

Offsetting any timing impact of certain cost savings actions not occurring at the start of 2009, our other savings of approximately $55 million that are temporary in nature in 2009. All actions necessary to capture these new savings will be completed in the first part of 2009. In order to achieve these savings, we will incur an additional approximately $20 million in one-time charges this year, in addition to the $27 million recorded in 2008.

Adding together the $190 million, plus the additional $195 million plan announced today, we've reduced our overall operating expenses by approximately $385 million for 2009 as compared to 2007 to better position us to handle this downcycle in commercial real estate. For 2009, we believe that the seasonal pattern of earnings will revert to levels seen pre-2005. What this means is that we'll likely see breakeven earnings or a nominal loss in Q1 2009 with earnings improving to solid profitability over the remaining quarters of the year. Cap Ex for 2008 came in at $40 million versus our own plan -- versus our planned 2008 expenditure of $80 million. We expect that Cap Ex for 2009 will be flat to down versus 2008.

Please turn to slide 20. Excluding the mortgage brokerage warehouse facility and the nonrecourse development services real estate loans, our total net debt at the end of Q4 2008 was approximately $1.95 billion. This represents a 14% decrease from the third quarter of 2008 of $306 million, facilitated by cash flow from operations and net cash proceeds from the equity raise. The revolver balance of $25.8 million at December 31, 2008, was reflective of foreign borrowings.

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 projects, but nonrecourse to the Company. As of December 31, 2008, the other debt category on our balance sheet included a nonrecourse revolving credit line balance of $8 million related to the development services business. The outstanding balance of real estate loans was approximately $617 million of which only $4 million was recourse to the Company.

On slide 21, we've illustrated our financial ratio covenant requirements and debt maturity schedule through 2010. Our net debt to EBITDA ratio at December 31, 2008 was 3.28 times. That's compared to 3.16 times at September 30, 2008. Our trailing 12-month interest coverage ratio was 4.72 times. Our weighted average cost of debt was approximately 4.4% at December 31, 2008 versus 5.6% at September 30, 2008. As you will notice, we were well within the financial covenant requirements in our credit agreement.

Please turn to slide 22. Slide 22 depicts our normalized internal cash flow for 2008. To calculate this metric, we start with normalized net income and then adjust for the effects of the appreciation, amortization and net capital expenditures.

On this basis, our 2008 internal cash flow was $259 million. Due to our limited capital expenditure and working capital needs, our internal cash flow tends to be slightly higher than our net income. I will now turn the call back over to Brett.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Thank you, Gil. And please turn to slide 23. With the continued uncertainty in the commercial real estate business, it remains unrealistic to provide future earnings guidance. We can, however, provide you some insight for how we think about our business and what we're planning for.

In investment sales, we expect the environment to remain weak, but believe we may see modest improvement by year end. Leasing activity now appears to be in sync with the economy in general, and we would anticipate leasing to remain weak until such time as global economies show signs of stabilizing. Outsourcing is a business, we believe will continue to provide a great cushion in this difficult environment. Our expectation is that this business will approach $2 billion in annual run rate revenue in the not-too-distant future.

As would be expected in this environment, we believe that our asset-based businesses, global investment management and development services, will continue to face significant challenges in the short term due to uncertain and dropping asset values. However, we believe these businesses are operationally sound and are well-positioned for return to profitability when market conditions improve. Given these expectations, our strategy remains consistent. We'll continue to aggressively manage expenses. We noted that two other large US-based commercial real estate services firms both negotiated covenant amendments with their lenders in 2008.

While we did not have that need in 2008, in the near term, we expect to pursue a similar strategy with our lenders to ensure we're compliant with our relevant covenants. We'll continue efforts to gain additional market share through aggressive pursuit of new client mandates and we'll remain prepared with contingency plans to react to market conditions, negative or positive. We'll pursue our strategy with what we believe is the industry's strongest leadership team.

Each of our senior most geographic and line of business leaders have more than 20 years of experience in this business, and all of us have manage through difficult downturns in the past. As was evident in the last few quarters, we know precisely which actions to take and which not to take to properly position the Firm to maintain the industry's leading margins and profitability even in these very difficult times. At the same time, we have lots of experience in making sure that while these difficult decisions are being made on a cost side, we continue to service our clients at the high level that they have come to expect and deserve, and that we remain positioned to capitalize on the many opportunities available to us in the market place today and the even further opportunities available to us when the market bottoms and begins to recover. With that, operator, we'll now take questions.

## QUESTIONS AND ANSWERS

**Operator**

Thank you. (Operator Instructions). We'll begin with a question from the line of Anthony Paolone with JP Morgan. Please go ahead.

**Anthony Paolone** - *JPMorgan - Analyst*

Thank you. Good morning. On the cost savings side, I was just trying to digest all of the numbers that you put out there. And maybe one way I was hoping you could help us with is a look into -- at your operating administrative and other expenses, where it seems like the vast majority of the cost savings are occurring.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

What do you think the first quarter might look like? Because if I take the $1.9 billion you ran in 2007, and I think you mentioned taking about $385 million off of that number, I believe, it would seem like the quarterly run rate would go down to something like in the high 300s. Is that right?

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

I'll let Gil answer that question. Go ahead, Gil.

---

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

I think the best thing you can do, because we haven't finalized the phasing. Best thing you can do is take it ratably, the way it would have perhaps [flowed] in '07 or even earlier. We made a comment next year will look like pre-2005. If you look at that phasing and try to model that way at this point, that's the best way to phase in the 385.

---

**Anthony Paolone** - *JPMorgan - Analyst*

And when you say pre-2005, I'm not clear as to -- do you mean in terms of the way the quarters lay out?

---

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Yes, correct.

---

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. Okay so I'll look at those then. Another question on your debt maturities, I think it is about $50 million a quarter in '09; a little bit more in 2010. Can you comment on how you intend to fund those? Whether you have enough free cash flow to do that?

---

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Sure. The combination of cash flow from operations and to the extent necessary, if we have to borrow under the revolver to do so, in the early part of the year, we've got the capacity to do that.

---

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. And also, related to the debt, could you comment on maybe the other comparable amendments you've seen occur out there? What that's meant to rate or cost to make those amendments and so forth?

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Anthony, it is Brett. I don't think that's a relevant question at the moment. Let me explain why. The amendment market is very active and it is very fluid.

And while in a normal market environment, we would be able to point toward -- and really guide you toward four or five amendments that look like a lot like what we might be seeking in this market place, it is simply not possible. It is frustrating that



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

it isn't as much for us probably as it is for you, but each company is being looked at, I think very uniquely. Those companies are being looked at in terms of their strength of revenues and what type of platform they have and so forth.

While we have a fairly good sense of where we think all of this will end up for us, I can't point toward a comparable for you and I'm sorry I can't. And on the amendment, I think that's really all that we want to say at this point. As soon as -- and if we get into those discussions, conclude those discussions, of course you'll get a full disclosure on exactly what that amendment looked like.

---

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. And then Brett, last question. In terms of thinking about your business over the next several quarters, given the way the downturn is unfolding, do you think it will demonstrate the same seasonal characteristics as it has historically? Or do you think maybe we should start to look at some of the businesses sequentially or just differently?

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

It is a great question. And it is something that we've been spending considerable amount of time on really for the past year. And what Gil was alluding to earlier and let me add a little clarification to that is that we've been talking now for a few quarters about -- by the way, I still have lots of folks in this industry, about the idea that the industry seems to have, particularly on the Capital Market side, seems to have reverted back to levels of activity and a feel much like 2003, that time frame.

If you go back to that period of time and you look at our company, what you would have found is that seasonably and its related a lot to the contribution of revenues by line of business and by geography which have different cost structures, what you would find is that typically pre-2004 and going back for a number of years, we would post a modest loss or breakeven performance in the first quarter. And then we would show increasing profitability Qs 2, 3, and 4 with a fairly heavy contribution with the total profitability in late Q3 and Q4. You saw that in 2008. You saw a different seasonality last year than we had seen in 2007 and in 2006.

And again, it was a movement toward weighting of profitability later in the year. That's really based primarily on the cost structures of the businesses providing the profits. We would expect that in 2009, as Gil referenced earlier, that's the type of seasonality that you're likely to see. Again, I don't want to walk throughout percentages of revenue and EBITDA we saw back then, but you have those numbers. I would just say if you go back to that period of time and look at the percentage contributions of total firm revenue, total firm EBITDA, I suspect this probably is going to be indicative of what we're going to see in '09.

---

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. Thank you.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Yes.

---

**Operator**

Next, we'll go to the line of Jay Habermann, representing Goldman Sachs. Please go ahead.

---



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

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

Hey, Brett, here with [Slone] as well. I know you're reluctant to provide an outlook for 2009, but I thought we would try to look at Q4 and then look at the run rates as that would indicate for the full year. If you look at sales that drop-off obviously in the fourth quarter, and then you forecast out to 2009 as well as the recent deterioration in leasing, it was only down 9% for the full year. We're just trying to get a sense of full year EBITDA. Is it unrealistic to think it could be down as much as 25%? Those two areas alone account for 50% of your total revenues.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Jay, the challenge here is -- and I said this last quarter and the quarter before -- is that trying to forecast in this environment is a fool's errand. It is a fool's errand because it is frankly impossible to forecast when the credit markets are going to return to any state of normalcy. When they do, what we know we're going to see is a pretty significant pickup in capital market transactions and revenues.

And it is also very, very difficult at the moment to try to forecast what impact the current economic malaise is going to have on the global leasing business. There is -- what we saw in the fourth quarter was that in late October, November and December, we saw really every dynamic that supports any business go south. And it doesn't matter what industry you're in. Everything looks pretty bleak, middle and late fourth quarter.

One model, you could built to say all right, the environment for 2009 will simply extrapolate our or replicate what we saw in the fourth quarter. That to me would be a downside model. In other words, you're saying all of the bad things that happened in Q4 -- those impacts they've had on the market and our business remain in place for the year. And there's no improvement in any of the businesses. over what we saw in Q4 in '09. That's probably a good place to build your downside model.

Is that a realistic model for '09? Hard to say. As we sit here right now and we're 19, 20 months into the capital market's dislocation, which is now almost three times longer than any capital markets dislocation we've been through. It is hard to imagine that sitting here a year from now, we'll still be sitting in an environment where there's no credit availability in the industry, but it is possible.

We saw a dramatic falloff in the leasing business, as we've been predicting for a year. We saw that fall off in late fourth quarter. As we said at the end of the third quarter call, we expected then and we expect it now, that leasing globally is going to be under pressure for awhile. But trying to predict what this year is going to look like and what EBITDA performance is going to be is just not possible.

Could EBITDA be down 25% from where we ended up in 2008? Hard to say. It would seem -- that would certainly set to me the low end of an expectation range. I would hope that we could do better than that.

But again, every day brings a new challenge. Every day brings new news in the market place. I don't think that we here, or anyone really on the management team of anyone in this -- any firm in this industry, can, with any confidence, predict what 2009 is going to -- how it is going to play out and what it is going to look like.

---

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

Certainly those comments are very fair. As you -- two follow ons. One would be cost savings, the other, just further delevering. You guys issued equity in the most recent quarter, but would you accelerate both of those, in terms of dealing with the challenges that lie ahead?

---



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

That I can give you a definitive answer on and the answer on cost savings is absolutely. We have --

---

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

to be on the $385 million?

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure. Think of what we've got so far. We've talked about $385 million in run rate Op Ex productions; something a bit below double that in incentive and variable productions.

This company has reduced total expense from 2007 by almost $1 billion. And we are -- the one thing I think you can take away from our results in the fourth quarter is there is no nobody that is going to get ahead of us on cost reduction. We're intensely focused on right sizing our cost structure to match the marketplace. While I can't, for a moment, predict what the revenue line is going to look like in 2009, I can tell you that should the revenues for 2009 come in below our internal expectation at the moment, then our work on cost will accelerate.

And we are -- the cost reductions we're going through at the moment are dynamic. They don't have a start point and an end point. We'll continue to reduce cost until we see recovery in this market place. And we're -- it is the one lever that we can truly control and so we intend to exercise that lever very, very aggressively.

---

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

Then on the deleveraging, is that something else you might seek to accelerate in this cycle? (multiple speakers) Economic risk after that.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Deleveraging in the sense that -- let me answer the question this way. If you want to know what our uses of free cash flow are going to be in 2009, certainly the majority of the usage of free cash flow will be to -- will be use for delevering. That's how I would answer that question.

---

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

And just lastly, can you comment a bit on the write-down and specifically, the development in the investment management? It is my understanding obviously, you're not putting a lot of your own capital in here. Number one, can you explain those impairments? And number two, does your development model eventually shift to where you just become more fee-based?

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

I'll let Gil talk about the write-downs specifically. But remember that in both investment management and in development, we -- although we're a very small and minority investor in those funds, we do co-invest in the funds. Those impairments we took are write-downs of the equity investments. Gil, do you want to comment any on that?

---



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Sure. Following on what Brett said, if you go to slide 18, it details it out. Any write-down that you see in the equity loss from unconsolidated subsidiaries line would be a write-down of a current investment; either in the development business, the investment management business or the realty finance mortgage REITs that we were in.

Any of the write-downs that you see in operating administrative and other are in the development services segment. Those are for consolidated projects. But you're right, we don't have 100% economic exposure there. We have 10% economic exposure. Business model is a little different so we consolidate those projects and accordingly, the write-down is in operating expense but with a significant offset that you see also on the slide in minority interest income which is reflective of the minority partner share of the write-down.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

I would just add some color to that. Our view is that we should and are taking a very aggressive posture, in terms of how we look at these businesses, how we value the businesses. Therefore, what results from that is whatever write-down needs to be taken, will be taken. Our goal is to -- has been, to take a very, very conservative look at these two businesses; investment management and development -- to take the write-downs now.

These write-downs are based on a view of asset valuations that I'm hopeful in the rear-view mirror will end up being trough valuations. Certainly the value declines we saw in the fourth quarter were unprecedented and resulted in these write-downs. But as we've mentioned on the call, these are noncash. They don't affect covenant EBITDA and they're not impacting cash flow from operations. But they are impairments that we think are prudent to take with a very conservative look around these businesses.

In terms of what the development -- what this means for the development business, it is a bit of a two-edged sword. Development is a terrific business when times are good and we have a very conservative capitalization structure in that business. hat management team in development has really spent in the last four or five years building a business -- makes as certain as they can that the parent firm has as little risk as possible around that business.

But make no mistake about it, in times such as these, where we're seeing asset devaluations as much as 50% in some asset classes, that business is going to fill that pay and they are. Now, looking forward in that business, the near-term prospects are tough. They are reducing operating expense at a greater percentage of total Op Ex than any business we have. Their objective is to get that business profitable as soon as possible.

The other side of the sword or the good news is that certainly, and the same holds true for investment management, with the devaluations we've seen across the asset classes, you look into late 2009 and 2010, there ought to be opportunities in the market place that we may not get a chance to look at again for many years. Our goal for that business is to have it positioned properly to turn a profit, and then be ready when opportunities rise and credit markets return to take advantage of what should be some pretty attractive opportunities in the market place.

---

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

Okay. Thank you.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Yes.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

**Operator**

Next we'll go to the question of Brandon Dobell with William Blair.

**Brandon Dobell** - *William Blair & Co. - Analyst*

I wonder if I can focus on the outsourcing business for a second, compare and contrast what looks to be mid single-digit growth in the fourth quarter with your expectation for probably low double-digit growth in 2009? How are you comfortable that the slowdown in the fourth quarter isn't indicative of some greater trend in this business?

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

It is a good question. Just like any other business we have, it is extremely difficult right now to predict what the future holds for any of our businesses. I think the best answer I can give you is to talk generally about what it is that causes growth in the outsourcing business. And what causes growth in that business is large corporations and institutional owners. looking to become more efficient.

They become more efficient -- one of the ways they do that -- a lever they pull is to outsource noncore activities to third party providers, such as ourselves or a couple of our global competitors. It isn't surprising to us that in 2008, we saw an increase in the velocity of contracts going out to market in this business. It also isn't surprising to us that we saw that velocity come down a bit in the fourth quarter.

I think that what you would expect to see in this business is when large corporations and institutions come to the conclusion that tough days lie ahead, they move pretty quick on putting these contracts out and make some decisions around outsourcing. Then you revert back to a more, what I would describe as a more mean rate or normalized rate of growth. I think the fourth quarter is much more indicative of what one should expect out of this business.

We saw -- in 2008, we saw one of our largest clients go out of business. That was WaMu. The loss of that client while not material to the overall firm's results, certainly were, and are material to our outsourcing business. That is offset by new clients that were on board.

But if you look at 2009 and 2010, what I would expect to see in that business is a business that has favorable dynamics in the market place and ought to be able to grow at a decent rate. As we mentioned in our comments, we think that business is going to be an ever larger percentage over the -- of the overall revenue and profit by the Firm. You saw that in 2008. I think the real good news about outsourcing for our business is CB Richard Ellis now is a firm who has a contract base -- very sticky revenue line that's become a majority contributor of our overall business.

**Brandon Dobell** - *William Blair & Co. - Analyst*

As you look at the last part of '09 or early indications of '08 -- early indications of '09, just give the overall macroenvironment, how have the pricing discussions been in that business, especially on renewals for you guys?

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

They're brutal. One thing you can count on from our outsourcing customers is pricing does matter. I would love to tell you that with the platform we have, which is the dominant platform and the outsourcing industry, and the very few competitors we have in that business that price is moving up at a rapid rate. It isn't.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

Our outsourcing clients are very, very large corporations and institutions. They go through rigorous RFP processes and they grind price very, very hard. In 2009, I expect we're going to see continued pressure on pricing in that business.

One of the aspects of that business, which we accept as a partner with our large clients is that we would work with them as they struggle. We are a firm that does business with most of the major corporations around the world. There's not a one of them that isn't extremely worried about their own business right now. Certainly we're feeling that come through on renewals and on new bids.

But having that said, these outsourcing contracts remain quite profitable for us. They're very, very important to overall business model. Remember that when we track outsourcing through our publicly reported segments and our P&L, we do not credit the outsourcing line with many of the high margin activities we sell through to those clients, specifically the transaction activities.

Those are picked up by activity in the business line where they occur. With almost every one of our large outsourcing contracts, we're performing a number of high margin activities or picked up an other lines of business. Those are quite attractive to us, regardless of the contract fee on the outsourcing contract specifically.

---

**Brandon Dobell** - *William Blair & Co. - Analyst*

Okay. Then final question, maybe more of a -- I'm not sure to ask this one. The implication of going back to the banks and renegotiating or negotiating amendments or a waiver or something like that, to a certain extent could imply that you are -- you would be more concerned about the trajectory of the business than the fourth quarter performance may have alluded to? Or is it just -- you just want to make sure you've got a half a turn or three-quarters of a turn of cushion, just in case you're going to prepare for the worst-case scenario.

I'm trying to figure out how committed you are to going back and renegotiating -- maybe it tells us something about where we should place our expectations around the sales and leasing revenues right now.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure. I understand your question. And I would just say that I wouldn't -- well, look. When you think about whether or not to discuss with your lenders an amendment to your credit agreement, you consider lots of different factors.

And the first point I want to make is -- and we made it on the call, is that please do keep in mind that at the moment, we're the only major US public -- firm that hasn't received an amendment. But we are fairly proud of that. We got through 2008. We had terrific cushion in the third quarter. We had a very ample cushion in the fourth quarter, even without the equity rates.

But all of that having been said, what we talked about in the third quarter call is we need to manage this business against expectations that are extremely conservative. And Jay asked the question earlier about what might performance look like in 2009. The answer I gave Jay, I'm sorry it is the only answer I can give you is, we don't know. And not knowing what 2009 might look like. At the same time, being very cognizant and aware that transaction velocities in capital markets continued to decline in the fourth quarter. And that leasing velocities overdue, but finally did decline in the fourth quarter. We need to build against those data points, a set of models that run the gamut from a worst case model that would imply all of those things continue with no abatement through 2009, all the way through an optimistic model that we see some recovery in the credit markets and that things get better sometime this year.

When you then overlay that to how you think about an amendment with your -- with your creditors, we've told you that we will only manage against the worst case model because anything other than that we think is imprudent. When we talk about today, that we'll likely seek an amendment with our creditors, it is against the backdrop of prudence and conservatism more than anything else.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

And again, I would just underscore that we talked about this in the third quarter. We ended up not having to do it. But I do think as we look at 2009, we sit here today, the worst case model in our projections would certainly indicate we would want to get that done. The more optimistic in base case models, might not. We're going to manage against that more conservative view.

---

**Brandon Dobell** - *William Blair & Co. - Analyst*

Fair enough. Thanks.

---

**Operator**

Our next question comes from the line of Vance Edelson from Morgan Stanley. Please go ahead.

---

**Vance Edelson** - *Morgan Stanley - Analyst*

Thanks. Just back on the amendment or waiver to the covenants; just one more question there. Granted you can't provide details as to what exact shape that might take. But in terms of timing, do you have a sense there? Have there been preliminary discussions? Is this something you hope to accomplish in the immediate future?

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

We have -- if you talk about the end of the third quarter, we've done lots of work in terms of trying to understand what the market place is for amendments at the moment. One of the -- I suppose -- I mentioned this earlier to a different caller. One of the dynamics out there is there are so many companies seeking amendments right now that it is difficult to really model out exactly what an amendment for this firm might look like. What a cost might be. What form it might take and all of that is a discussion we'll have with our big partners in the lending community.

At the moment, what we said on the call is, it is likely that we will seek an amendment. I think I'll leave it at that. Timing really is subject to a lot of different factors that probably aren't worth going through on the call today.

In terms of whether we've had discussions with lenders, no, we haven't had any real substantive discussions with lenders. We have talked to our lead agent quite a bit. And as I mentioned at the end of the third quarter, we had done that. I think we have a pretty good sense of what the market looks like. We have a pretty good sense of what the process is.

We watched two of our competitors get this done late last year. We saw what that pricing looked like. That was helpful. I'm quite confident that when we enter into those discussion, assuming we do, there will be a very good outcome from CB Richard Ellis.

---

**Vance Edelson** - *Morgan Stanley - Analyst*

Okay. Thanks for that. On the goal to aggressively manage costs, I'm just wondering what additional opportunities exist beyond variable com coming down. It seems that most of the cutting out of the fat would have taken care of by now. Can you give us a feel for what areas are still left to attack, either by division or geography or both? Thanks.

---

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

I don't want to go through division and geography. And I don't want to go through line items and expense. But I would answer your question this way which is in an environment where you're reducing costs in the manner we're reducing costs, you go



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

through a very simple process around where to make the reductions and how deep to make them. It is a cost benefit analysis. We are reducing costs across the Company in every business line and in every geography.

You're right. There were easy costs. Many of those have been eliminated. The costs that we have been focusing on lately are not easy. They're much harder decisions to make. They impact different groups of people than the costs that we cut out mid 2008 did.

However, there are opportunities to reduce costs in this company and a number of places that we could still approach, but they will come at a cost to the Firm. And that cost is future growth. That cost is opportunities that we would like to service if perhaps we could pursue that -we could not pursue. We're being very careful to make sure that we balance this cost reduction effort in a way that we can -- first and foremost, aggressively service all of the clients we have. That is something we will absolutely do. We're not reducing costs in any areas that a client is going to see or feel.

Second, we would like to not reduce costs in areas where we believe there are opportunities for real and significant growth in the near term. And we're not hitting those areas. Where we are hitting costs are in areas of the Firm where cost tends to build up over years -- of very good times and is appropriate and prudent to take the costs out when the business volume is what it is now. Another way to think about it is, the Company will produce a certain level of revenues in 2009. There is an appropriate cost structure that fits against those revenues. Our goal is simply to manage to that cost structure.

There's probably a bit more we can do there in 2009. For what we expect for 2009 revenues, we'll see. If revenues come in better than we expect, the cost reduction efforts are probably done. If they come in worse than we expect, as I mentioned earlier, we'll be right back at it.

---

**Vance Edelson** - *Morgan Stanley - Analyst*

Okay. I'll leave it there. Thanks.

---

**Operator**

Our final question today comes from the line of Anthony Paolone with JP Morgan. Please go ahead.

---

**Anthony Paolone** - *JPMorgan - Analyst*

Thank you. I just had a couple of follow-ups. Gil, you had mentioned, there is $23 million left in accruals for carried interest -- I think comp expense maybe. I was wondering if you anticipate reversing those at some point or what might trigger that?

---

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

It is all based on valuations in the various funds that we have in the investment management business. You saw a reversal in the fourth quarter of about $25 million and that was based on fourth quarter valuations. Obviously there were certain signs where the valuations came in and supported the carried interest balance. We maintained that on the books. But it is subject to change either way, depending on internal valuations and external valuations that we do routinely.

---

**Anthony Paolone** - *JPMorgan - Analyst*

Is that -- are those once a year type valuations or are those ongoing?



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

We generally look at them internally on a quarterly basis, and then we value them externally once a year.

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. And then last question, on -- in development services, it seems like the run rate there has been give or take $30 million a quarter. If not much is started -- if you don't see much in terms of new construction in commercial real estate for a period of time, where is that trend? How long does it take until those deals burn off?

**Gil Borok** - *CB Richard Ellis Group, Inc. - CFO*

Can you clarify the $30 million? What are you referring to?

**Anthony Paolone** - *JPMorgan - Analyst*

I think those are your rough quarterly revenue run rate and development services.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Right, right. I think the way to think about development is that that business earns its revenues in a couple of different ways. There is a bucket of revenues that comes from the management and oversight of the development of projects. And there is a bucket of revenues that come from that point in time when the projects are disposed. What you saw in 2008, I would expect you would see certainly in the near term 2009 -- don't know about full year, is that dispositions ground to an almost total halt. That bucket of revenues didn't exist in late 2008.

By the way, same thing holds true in the investment management business. However, the revenues that development company earned from management of its projects remain. And they have a very robust pipeline of projects underway.

I don't want to predict or talk today about what we think run rate revenues in that business will be. I will tell you those are the two buckets of revenues they have. The one bucket is certainly under stress right now, that's the disposition bucket. But the other bucket of management of projects and development of projects, continues.

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. But it is not as if the stuff that continues and that is being managed -- if you don't generate new construction or there's not a lot of new construction, those burn off say in two years as projects are completed or something like that.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Sure. Yes. Sure.

**Anthony Paolone** - *JPMorgan - Analyst*

Okay. Thank you.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

Yes.

**Operator**

Do you have any concluding remarks?

**Brett White** - *CB Richard Ellis Group, Inc. - CEO*

That's it. Thanks, everyone for your time. We'll talk to you next quarter.

**Operator**

Ladies and gentlemen, that does conclude our conference. Thank you for your participation.

DISCLAIMER

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2009, Thomson Financial. All Rights Reserved.



© 2009 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.