

CB RICHARD ELLIS GROUP INC

Form DEF 14A

April 22, 2005

Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

CB Richard Ellis Group, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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3. Filing Party:
4. Date Filed:

Table of Contents

865 South Figueroa Street, Suite 3400

Los Angeles, California 90017

(213) 613-3226

April 27, 2005

Dear Fellow Stockholder:

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

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

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

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

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

Sincerely yours,

Ray Wirta

Chief Executive Officer

Table of Contents

CB Richard Ellis Group, Inc.

865 South Figueroa Street, Suite 3400

Los Angeles, California 90017

(213) 613-3226

NOTICE OF 2005 ANNUAL MEETING OF STOCKHOLDERS

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

The purposes of the Annual Meeting of Stockholders are:

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

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

By Order of the Board of Directors

Laurence H. Midler

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Executive Vice President, General Counsel and Secretary

Los Angeles, California

April 27, 2005

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

Table of Contents**TABLE OF CONTENTS**

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING	1
<i><u>What is the purpose of the Annual Meeting of Stockholders?</u></i>	1
<i><u>Who can attend the Annual Meeting?</u></i>	1
<i><u>What am I voting on?</u></i>	1
<i><u>What are the Board's recommendations?</u></i>	1
<i><u>Why are we voting on a benefit plan?</u></i>	1
<i><u>Who may vote?</u></i>	2
<i><u>Who counts the votes?</u></i>	2
<i><u>Is my vote confidential?</u></i>	2
<i><u>What vote is required to pass an item of business at the Annual Meeting?</u></i>	2
<i><u>How will shares in the Company's 401(k) plan be counted?</u></i>	2
<i><u>How do I vote?</u></i>	3
<i><u>Can I revoke my proxy?</u></i>	3
<i><u>What happens if additional matters are presented at the Annual Meeting?</u></i>	3
<i><u>How can I obtain electronic access to Stockholder materials, instead of receiving mailed copies?</u></i>	3
<i><u>How much did this proxy solicitation cost?</u></i>	4
<i><u>Where can I find corporate governance materials for the Company?</u></i>	4
<i><u>Does the Company have a Chief Compliance Officer?</u></i>	4
<i><u>Does the Company have a Disclosure Committee?</u></i>	4
<i><u>Does the Company have an internal audit group?</u></i>	4
INFORMATION ABOUT THE BOARD	5
<u>Proposal No. 1: Nominees for Election to the Board</u>	5
<u>Compensation of Directors</u>	7
<u>Board Structure</u>	7
<u>Executive Sessions on Non-Management Directors</u>	8
<u>Board Meetings</u>	8
<u>Board Committees</u>	9
<u>Audit Committee Report</u>	10
CORPORATE GOVERNANCE	12
<u>Board and Committee Governing Documents</u>	12
<u>Compensation Committee Interlocks and Insider Participation</u>	12
<u>Communications with the Board</u>	12
<u>Nomination Process for Director Candidates</u>	13
<u>Director Independence</u>	14
<u>Audit Committee Financial Expert</u>	15
<u>Audit Committee Pre-Approval Policy</u>	16
<u>Principal Accountant Fees and Services</u>	16
<u>Board Attendance at Annual Meeting of Stockholders</u>	17
<u>Submission of Stockholder Proposals</u>	17
OTHER COMPANY PROPOSALS	18
<u>Proposal No. 2: Ratification of Independent Accountants</u>	18
<u>Proposal No. 3: Approval of the Amended and Restated 2004 Stock Incentive Plan of CB Richard Ellis Group, Inc.</u>	18
OTHER MATTERS	22
EXECUTIVE OFFICERS	23
EXECUTIVE COMPENSATION	24
<u>Compensation Committee Report on Executive Compensation</u>	24
<u>Summary Compensation Table</u>	27
<u>Compensation Pursuant to Stock Options</u>	29
<u>Summary of Plans, Programs and Agreements</u>	29
STOCK PERFORMANCE CHART	33
EQUITY COMPENSATION PLAN INFORMATION	34

Table of Contents

<u>STOCK OWNERSHIP</u>	35
<u>Holdings of Officers, Directors and Major Stockholders</u>	35
<u>Section 16 (a) Beneficial Ownership Reporting Compliance</u>	37
<u>RELATED-PARTY TRANSACTIONS</u>	37
<u>INCORPORATION BY REFERENCE</u>	40
<u>INVOLVEMENT IN CERTAIN LEGAL PROCEEDINGS</u>	40
<u>DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS</u>	41
<u>EXHIBIT A Audit Committee Charter</u>	A-1
<u>EXHIBIT B Amended and Restated 2004 Stock Incentive Plan</u>	B-1

Table of Contents

PROXY STATEMENT

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

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

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

What am I voting on? You are voting on:

The election of 10 directors;

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

Table of Contents

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

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

Mail the proxy card in the enclosed return envelope;

Call 1-866-353-7851; or

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

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

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

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

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

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

Signing a proxy bearing a later date; or

Voting in person at the Annual Meeting of Stockholders.

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

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

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

Richard C. Blum

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

Jeffrey A. Cozad

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

Table of Contents

Patrice Marie Daniels

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

Bradford M. Freeman

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

Michael Kantor

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

Frederic V. Malek

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

John G. Nugent

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

Brett White

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

Gary L. Wilson

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

Table of Contents

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

Ray Wirta

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

COMPENSATION OF DIRECTORS

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

a \$20,000 annual cash retainer;

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

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

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

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

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

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

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

BOARD STRUCTURE

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

Table of Contents

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

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

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

EXECUTIVE SESSIONS OF NON-MANAGEMENT DIRECTORS

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

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

BOARD MEETINGS

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

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

Table of Contents**BOARD COMMITTEES**

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

Table of Contents

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

(1) Committee Chair

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

AUDIT COMMITTEE REPORT

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

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

Table of Contents

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

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

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

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

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