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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2002
Commission File Number 000 - 32983

CBRE HOLDING, INC.

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**94-3391143** (I.R.S. Employer Identification Number)
355 South Grand Avenue, Suite 3100 **Los Angeles, California** (Address of principal executive offices)	**90071-1552** (Zip Code)

(213) 613-3226
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
N.A.	**N.A.**

Securities registered pursuant to Section 12(g) of the Act:
N.A.

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. ☒

Indicate by check mark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes☐ No ☒

As of June 28, 2002, the aggregate market value of Class A and Class B common stock held by non-affiliates of the Registrant was $0.

As of February 28, 2003, the number of shares of Class A and Class B commons stock outstanding was 1,724,949 and 12,624,813, respectively.

PART I

Item 1. Business

Company Overview

Organization. CBRE Holding, Inc., a Delaware corporation, was incorporated on February 20, 2001 as Blum CB Holding Corporation. On March 26, 2001, Blum CB Holding Corporation changed its name to CBRE Holding, Inc. (the Company). The Company and its former wholly owned subsidiary, Blum CB Corporation (Blum CB), a Delaware corporation, were created to acquire all of the outstanding shares of CB Richard Ellis Services, Inc. (CBRE), an international real estate services firm. Prior to July 20, 2001, the Company was a wholly owned subsidiary of Blum Strategic Partners, LP (Blum Strategic), formerly known as RCBA Strategic Partners, LP, which is an affiliate of Richard C. Blum, a director of the Company and CBRE.

On July 20, 2001, the Company acquired CBRE (the 2001 Merger) pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001, among the Company, CBRE and Blum CB. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. The operations of the Company after the 2001 Merger are substantially the same as the operations of CBRE prior to the 2001 Merger. In addition, the Company has no substantive operations other than its investment in CBRE. Information regarding the 2001 Merger is included in the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations" and within Note 3 of the Notes to Consolidated Financial Statements, which are incorporated herein by reference.

Nature of Operations. CBRE Holding, Inc. is a holding company that conducts its operations primarily through direct and indirect operating subsidiaries. In the United States (US), the Company operates through CB Richard Ellis, Inc. and L.J. Melody, in the United Kingdom (UK) through CB Hillier Parker and in Canada through CB Richard Ellis Limited. CB Richard Ellis Investors, LLC (CBRE Investors) and its foreign affiliates conduct business in the US, Europe and Asia. The Company operates in 47 countries through various subsidiaries and pursuant to cooperation agreements. Approximately 73% of the Company's revenue is generated from the US and 27% is generated from the rest of the world. See Note 21 of the Notes to Consolidated Financial Statements for financial data relating to the Company's domestic and foreign operations, which are incorporated herein by reference.

Recent Developments

On February 17, 2003, the Company, CBRE, Apple Acquisition Corp. (the Merger Sub) and Insignia Financial Group, Inc. (Insignia) entered into an Agreement and Plan of Merger (the Insignia Acquisition Agreement). Pursuant to the terms and subject to the conditions of the Insignia Acquisition Agreement, the Merger Sub will merge with and into Insignia, the separate existence of the Merger Sub will cease and Insignia will continue its existence as a wholly owned subsidiary of CBRE (the Insignia Acquisition).

When the Insignia Acquisition becomes effective, each outstanding share of common stock of Insignia (other than the cancelled shares, dissenting shares and shares held by wholly owned subsidiaries of Insignia) will be converted into the right to receive $11.00 in cash, without interest, from the Merger Sub, subject to adjustments as provided in the Insignia Acquisition Agreement. At the same time, each outstanding share of common stock of the Merger Sub will be converted into one share of common stock of the surviving entity in the Insignia Acquisition.

As of February 17, 2003, the the transaction was valued at approximately $415.0 million, including the repayment of net debt and the redemption of preferred stock. In addition to Insignia shareholder approval, the transaction, which is expected to close in June 2003, is subject to the receipt of financing and regulatory approvals. The sale by Insignia on March 14, 2003 of its residential real estate services

subsidiaries, Insignia Douglas Elliman LLC and Insignia Residential Group, Inc., to Montauk Battery Realty, LLC and Insignia's receipt of the cash proceeds from such sale will not affect the consideration to be paid in the Insignia Acquisition.

Business Segments

In the third quarter of 2001, subsequent to the 2001 Merger transaction, the Company reorganized its business segments as part of its efforts to reduce costs and streamline its operations. The Company reports its operations through three geographically organized segments: (1) Americas, (2) Europe, Middle East and Africa (EMEA) and (3) Asia Pacific. The Americas consists of operations located in the US, Canada, Mexico, and Central and South America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. Previously, the Company operated and reported its segments based on the applicable type of revenue transaction.

Information regarding revenue and operating income or loss attributable to each of the Company's business segments is included in "Segment Operations" within the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section and within Note 21 of the Notes to Consolidated Financial Statements, which are incorporated herein by reference. Information concerning the identifiable assets of each of the Company's business segments is set forth in Note 21 of the Notes to Consolidated Financial Statements, which is incorporated herein by reference.

Americas

The Americas is the largest business segment in terms of revenue, earnings and cash flow. It includes the following major lines of businesses:

- *The Brokerage Services line of business* provides sales, leasing and consulting services relating to commercial real estate. This line of business is built upon relationships that the Company establishes with clients. This business does not require significant capital expenditures on a recurring basis. However, due to the low barriers to entry and strong competition, the Company strives to retain top producers through an attractive compensation program that motivates its sales force to achieve higher revenue production. Therefore, the most significant cost is commission expense. In addition, the Company believes that the CB Richard Ellis brand provides it with a competitive operating advantage. This line of business employs approximately 2,120 individuals in offices located in most of the largest metropolitan areas in the US and approximately 410 individuals in Canada and Latin America.

- *The Investment Properties line of business* provides similar brokerage services primarily for commercial, multi-housing and hotel real estate property marketed for sale to institutional and private investors. This line of business employs approximately 480 individuals in offices mainly located in North America.

- *The Corporate Services line of business* focuses on building relationships with large corporate clients. The objective is to establish long-term relationships with clients that could benefit from utilizing Corporate Services' broad array of services and/or global presence. These clients are offered the opportunity to be relieved of the responsibility of managing their commercial real estate activities at a lower cost than they could achieve by managing these activities themselves. Corporate Services includes research and consulting, structured finance, project management, lease administration and transaction management. These services can be delivered on a bundled or unbundled basis involving other lines of business in single or multiple markets. This business line employs approximately 420 individuals, primarily within North America.

- *The Commercial Mortgage line of business* provides commercial loan origination and loan servicing through the Company's wholly owned subsidiary, L.J. Melody. The Commercial

Mortgage business line focuses on the origination of commercial mortgages without incurring principal risk. As part of its activities, L.J. Melody has established correspondent relationships and conduit arrangements with investment banking firms, national banks, credit companies, insurance companies, pension funds and government agencies. Additionally, L.J. Melody participates in a partnership whereby costs are shared in the servicing of its loan portfolios, which allows for significant cost savings. This business line employs approximately 325 individuals in the US.

- *The Valuation line of business* provides valuation, appraisal and market research services. These services include market value appraisals, litigation support, discounted cash flow analyses, and feasibility and fairness opinions. The Company believes that the valuation business line is one of the largest in its industry domestically. At December 31, 2002, this business line had over 200 employees on staff in the Americas. It has developed proprietary technology for preparing and delivering valuation reports to its clients, which provides a competitive advantage over its rivals.

- *The Investment Management line of business* provides investment management services through the Company's wholly owned subsidiary, CBRE Investors.

CBRE Investors' clients include pension plans, investment funds, insurance companies and other organizations seeking to generate returns and diversification through investment in real estate. CBRE Investors sponsors funds and investment programs that span the risk/return spectrum. In higher yield strategies, CBRE Investors "co-invests" with its clients/partners. These co-investments typically range from 2% to 5% of the equity in a particular fund. CBRE Investors is organized into three general client focused groups according to investment strategy, which include: Managed Accounts (low risk), Strategic Partners (value added funds) and Special Situations (higher yield and highly focused strategies). Operationally, a dedicated investment team with the requisite skill sets and location executes each investment strategy. Each team's compensation is driven largely by the investment performance of its particular strategy/fund. This organizational structure is designed to align the interests of team members with those of the firm and its investor clients/partners and to enhance accountability and performance. Dedicated teams share resources such as accounting, financial controls, information technology, investor services and research. In addition to the research within the CB Richard Ellis platform, which focuses primarily on market conditions and forecasts, CBRE Investors has an in-house team of research professionals who focus on investment strategy and underwriting. CBRE Investors has approximately 110 employees located in its Los Angeles headquarters and in a regional office in Boston.

- *The Asset Services line of business* provides value-added asset and related services for income-producing properties owned by local, regional and institutional investors. At December 31, 2002, it managed approximately 216.8 million square feet of commercial space in the Americas. Asset Services includes property management, construction management, marketing, leasing, and accounting and financial services for investor-owned properties, including office, industrial and retail properties. Asset Services markets its services primarily to long-term institutional owners of large commercial real estate assets. Asset Services' contractual relationships put the Company in a position to provide other services for the owner, including refinancing, appraisal, and lease and sales brokerage services. Asset Services employs more than 1,010 individuals in the US, Canada and Latin America, part of whose compensation is reimbursed by clients. Most asset services are performed by management teams located on-site or in the vicinity of the properties they manage. This provides property owners and tenants with immediate and easily accessible service, enhancing client awareness of manager accountability. All personnel are trained and encouraged to continue their education through both internally-sponsored and outside training. Asset Services personnel utilize state-of-the-art technology to deliver marketing, operations and accounting services.

- *The Facilities Management line of business* specializes in the administration, management, maintenance and project management of properties that are occupied by large corporations and institutions. At December 31, 2002, Facilities Management had approximately 113.1 million square feet under management in the Americas, comprised of corporate headquarters, regional offices, administrative offices and manufacturing and distribution facilities. The Facilities Management business line employs over 820 individuals in the Americas, most of whose compensation is reimbursed by clients. In addition to providing a full range of corporate services through contractual relationships, the Facilities Management group responds to client requests generated by the Company's other business lines for significant, single-assignment acquisition, disposition and strategic real estate consulting assignments that may lead to long-term relationships.

EMEA

The EMEA division has 44 offices located in 27 countries, with its largest operations located in the UK, France, Spain, the Netherlands and Germany. Operations within the various countries typically provide, at a minimum, the following services: Brokerage, Investment Properties, Corporate Services, Valuation/Appraisal Services, Asset Services and Facilities Management, with approximately 83.7 million square feet under management. Certain countries also provide Financial and Investment Management services. These services are provided to a wide range of clients and cover office, retail, leisure, industrial, logistics, biotechnology, telecommunications and residential property assets.

The Company, operating as CB Hillier Parker in the UK, is one of the leading real estate services companies in that country. It provides a range of commercial property real estate services to investment, commercial and corporate clients located in London. The Company also has four regional offices in Birmingham, Manchester, Edinburgh and Glasgow. In France, the Company is a key market leader in Paris and provides a complete range of services to the commercial property sector, as well as some services to the residential property market. In Spain, the Company provides extensive coverage operating through its offices in Madrid, Barcelona, Valencia, Malaga, Marbella and Palma de Mallorca. The Company's Netherlands business is based in Amsterdam, while its German operations are located in Frankfurt, Munich, Berlin and Hamburg. The Company's operations in these countries generally provide a full range of services to the commercial property sector, along with some residential property services. As of December 31, 2002, there were over 1,300 professional and support staff employed, of which approximately 700 were in the UK.

Asia Pacific

The Asia Pacific division has 26 offices located in 11 countries. The Company believes it is one of only a few companies that can provide a full range of real estate services to large corporations throughout the region, including: Brokerage, Investment Management (in Japan only), Corporate Services, Valuation/Appraisal Services, Asset Services and Facilities Management, with approximately 140.0 million square feet under management. The CB Richard Ellis brand name is recognized throughout this region as one of the leading worldwide commercial real estate services firms. This division employs over 2,000 individuals. In Asia, the Company's principal operations are located in China (including Hong Kong), Singapore, South Korea and Japan. The Pacific region includes Australia and New Zealand with principal offices located in Auckland, Brisbane, Melbourne, Perth and Sydney.

Competitive Strengths

The market for the Company's commercial real estate business is both highly fragmented and competitive. Thousands of local commercial real estate brokerage firms and hundreds of regional commercial real estate brokerage firms have offices throughout the world. Most of the Company's competitors in the Brokerage and Asset Services lines of business are local or regional firms that are

substantially smaller than the Company on an overall basis, but in some cases may be larger locally. In addition, there are several national, and in some cases international, real estate brokerage firms with whom the Company competes. The Company believes it has a variety of competitive advantages that have helped to establish its strong, global leadership position within the commercial real estate industry. These advantages include the following:

Global Brand Name and Presence. The Company is of the largest commercial real estate services providers in the world in terms of revenue and, together with its predecessors, has been in existence for 97 years. The Company operates over 200 offices in 47 countries around the world. The Company believes that it is among the leading commercial real estate services firms in several major US markets including New York, Los Angeles, Chicago, Houston, Dallas/Fort Worth and Phoenix as well as in many other important real estate markets around the world including Hong Kong, London and Paris. The Company's extensive global reach combined with its localized knowledge enables it to provide world-class service to its numerous multi-regional and multi-national clients. Furthermore, as a result of its global brand recognition and geographic reach, the Company believes that large corporations, institutional owners and users of real estate recognize it as the pre-eminent provider of high quality, professional, multi-functional real estate services.

Market Leader and Full Service Provider. The Company provides a full range of real estate services to meet the needs of its clients. These services include commercial real estate Brokerage Services, Investment Properties, Corporate Services, Mortgage Banking, Investment Management, Valuation and Appraisal Services, Real Estate Market Research, Asset Services and Facilities Management. The Company believes that its combination of significant local market presence, strong client relationships and its scalable, diversified line of business platforms differentiates it from its competitors and provides it with a competitive advantage.

Strong Relationships with Established Customers. The Company has long-standing relationships with a number of major real estate investors, and its broad national and international presence has enabled it to develop extensive relationships with many leading corporations.

Recurring Revenue Stream. The Company believes it is well positioned to generate recurring revenue through the turnover of leases and properties for which it has previously acted as transaction manager. The Company's years of strong local market presence have allowed it to develop significant repeat client relationships, which are responsible for a large part of its business.

Attractive Business Model. The Company's business model features a diversified revenue base, a variable cost structure and low capital requirements.

- *Diversified Revenue Base.* The Company's global operations, multiple service lines and extensive customer relationships provide it with a diversified revenue base. Approximately 27% of the Company's 2002 revenue was generated outside the US while over 25% of its 2002 revenue was generated from its non-brokerage businesses.

- *Variable Cost Structure.* The Company's sales and leasing producers are generally paid on a commission and bonus basis, which correlates with the Company's revenue performance. This flexible cost structure allows the Company to maintain its operating margins in a variety of economic conditions.

- *Low Capital Requirements.* The Company's business model is structured to provide high value added services with low capital intensity. In 2002, the Company's capital expenditures remained low at approximately 1.4% of 2002 revenue.

Empowered Resources. The Company's proprietary data network gives its professionals instant access to local and global market knowledge to meet its clients' needs. It also enables the Company's

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professionals to build cross-functional teams to work collaboratively on projects. With real-time access to state-of-the-art information systems, its professionals are empowered to support clients in achieving their business goals.

Strong Senior Management with a Significant Equity Stake. The Company's senior management team consists of a number of highly respected executives, most of whom have over 20 years of broad experience in the real estate industry. The Company's senior management team beneficially owns approximately 5% of the Company's outstanding common stock.

L.J. Melody competes in the US with a large number of mortgage banking firms and institutional lenders as well as regional and national investment banking firms and insurance companies in providing its mortgage banking services. Appraisal and valuation services are provided by other international, national, regional and local appraisal firms and some international, national and regional accounting firms. CBRE Investors has numerous competitors including other real estate investment managers and investment banks.

The Company's Asset Services and Facilities Management lines of business compete for the right to manage properties controlled by third parties. The competitor may be the owner of the property who is trying to decide upon the efficiency of outsourcing or another management services company. Increasing competition in recent years has resulted in increased pressure to provide additional services at lower rates. The Company has mitigated that pressure by reducing the cost of delivery through automation and by providing services that generate premium fees. One way the Company seeks to grow the Asset Services and Facilities Management lines of business is through assignments that provide synergies with the Company's other lines of business.

Risk Factors

The success of the Company's business is significantly related to general economic conditions and, accordingly, its business could be harmed in the event of an economic slowdown or recession.

During 2002, the Company continued to be adversely affected by the slowdown in the global economy, which negatively impacted the commercial real estate market. This caused a decline in leasing activities within the US, which was partially offset by improved overall revenues in Europe and Asia.

Moreover, in part because of the terrorist attacks on September 11, 2001 and the subsequent outbreak of hostilities as well as the conflict with Iraq and the risk of conflict with North Korea, the economic climate in the US and abroad remains uncertain, which may have a further adverse effect on commercial real estate market conditions and, in turn, the Company's operating results.

Periods of economic slowdown or recession in the US and in other countries, rising interest rates, a declining demand for real estate, or the public perception that any of these events may occur, can harm many segments of the Company's business. These economic conditions could result in a general decline in rents, which in turn would reduce revenue from property management fees and brokerage commissions derived from property sales and leases. In addition, these conditions could lead to a decline in sales prices as well as a decline in demand for funds invested in commercial real estate and related assets. An economic downturn or a significant increase in interest rates also may reduce the amount of loan originations and related servicing by the commercial mortgage banking business. If the brokerage and mortgage banking businesses are negatively impacted, it is likely that the other lines of business would also suffer due to the relationship among the various business lines. Further, as a result of the Company's debt level and the terms of the debt instruments entered into in connection with the 2001 Merger and related transactions, the Company's exposure to adverse general economic conditions is heightened.

If the properties that the Company manages fail to perform, its financial condition and results of operations could be harmed.

The revenue the Company generates from its Asset Services and Facilities Management lines of business is generally a percentage of aggregate rent collections from properties, although many management agreements provide for a specified minimum management fee. Accordingly, the Company's success partially depends upon the performance of the properties it manages. The performance of these properties will depend upon the following factors, among others, many of which are partially or completely outside of the Company's control:

- the Company's ability to attract and retain creditworthy tenants;

- the magnitude of defaults by tenants under their respective leases;
- the Company's ability to control operating expenses;
- governmental regulations, local rent control or stabilization ordinances which are in, or may be put into, effect;
- various uninsurable risks;
- financial conditions prevailing generally and in the areas in which these properties are located;
- the nature and extent of competitive properties; and
- the real estate market generally.

The Company's growth has depended significantly upon acquisitions, which may not be available in the future and may not perform as the Company expected.

A significant component of the Company's growth has occurred through acquisitions. Any future growth through acquisitions will be partially dependent upon the continued availability of suitable acquisition candidates at favorable prices and upon advantageous terms and conditions. However, future acquisitions may not be available at advantageous prices or upon favorable terms and conditions. In addition, acquisitions involve the risks that the businesses acquired will not perform in accordance with expectations and that business judgments concerning the value, strengths and weaknesses of businesses acquired will prove incorrect.

The Company has had, and may continue to experience, difficulties in integrating operations and accounting systems acquired from other companies. These difficulties include the diversion of management's attention from other business concerns and the potential loss of its key employees or those of the acquired operations. The Company believes that most acquisitions will initially have an adverse impact on operating and net income. In addition, the Company generally believes that there will be significant costs related to integrating information technology, accounting and management services and rationalizing personnel levels. Accordingly, the Company may not be able to effectively manage acquired businesses and some acquisitions may not have an overall benefit.

The Company has several different accounting systems as a result of acquisitions it has made. If the Company is unable to fully integrate the accounting and other systems of the businesses it owns, it may not be able to effectively manage its acquired businesses. Moreover, the integration process itself may be disruptive to business, as it requires coordination of geographically diverse organizations and implementation of new accounting and information technology systems.

The Company's substantial leverage and debt service obligations could harm its ability to operate the business, remain in compliance with debt covenants and make payments on the outstanding debt.

The Company is highly leveraged and has significant debt service obligations. For the year ended December 31, 2002, the Company's interest expense was $60.5 million. The Company's substantial level

of indebtedness increases the possibility that it may be unable to generate sufficient cash to pay the principal of, interest on or other amounts due in respect of its indebtedness. In addition, the Company may incur additional debt from time to time to finance strategic acquisitions, investments, joint ventures or for other purposes, subject to the restrictions contained in the documents governing its indebtedness. If the Company incurs additional debt, the risks associated with its substantial leverage, including its ability to service its debt, would increase.

The Company's substantial debt could have other important consequences, which include but are not limited to the following:

- The Company could be required to use a substantial portion, if not all, of its free cash flow from operations to pay principal and interest on its debt; additionally, its level of debt may restrict it from raising additional financing on satisfactory terms to fund working capital, strategic acquisitions, investments, joint ventures and other general corporate requirements.
- The interest expense of the Company could increase if interest rates increase because all of its debt under its Senior Credit Facility, including $221.0 million in term loans and a revolving credit facility of up to $90.0 million, bear interest at floating rates, generally between three-month LIBOR plus 3.25% and three-month LIBOR plus 3.75% or between the Alternate Base Rate (ABR) plus 2.25% and ABR plus 2.75%. The ABR is the higher of (1) Credit Suisse First Boston's prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.
- The Company's substantial leverage could increase its vulnerability to general economic downturns and adverse competitive and industry conditions placing it at a disadvantage compared to those of its competitors that are less leveraged.
- The Company's debt service obligations could limit its flexibility in planning for, or reacting to, changes in its business and in the real estate services industry.
- The Company's failure to comply with the financial and other restrictive covenants in the documents governing its indebtedness, which, among others, require it to maintain specified financial ratios and limit its ability to incur additional debt and sell assets, could result in an event of default that, if not cured or waived, could harm its business or prospects and could result in its filing for bankruptcy.

The Company cannot be certain that its earnings will be sufficient to allow it to pay principal and interest on its debt and meet its other obligations. If the Company does not have sufficient earnings, it may be required to refinance all or part of its existing debt, sell assets, borrow more money or sell more securities, none of which the Company can guarantee it will be able to do.

The Company has numerous significant competitors, some of which may have greater financial resources than it does.

The Company competes across a variety of business disciplines within the commercial real estate industry, including investment management, tenant representation, corporate services, construction and development management, property management, agency leasing, valuation and mortgage banking. In general, with respect to each of its business disciplines, the Company cannot assure that it will be able to continue to compete effectively, maintain its current fee arrangements or margin levels, or not encounter increased competition. Each of the business disciplines in which it competes is highly competitive on an international, national, regional and local level. Although the Company is one of the largest real estate services firms in the world in terms of revenue, its relative competitive position varies significantly across product and service categories and geographic areas. Depending on the product or service, the Company faces competition from other real estate service providers, institutional lenders, insurance companies, investment banking firms, investment managers and accounting firms. Many of its competitors are local or regional firms, which are substantially smaller than the Company; however, they may be substantially larger on a local or regional basis. The Company is also subject to competition from other large national and multi-national firms.

The Company's international operations subject it to social, political and economic risks of doing business in foreign countries.

The Company conducts a portion of its business and employs a substantial number of employees outside the US. In 2002, the Company generated approximately 27% of its revenue from operations outside the US. Circumstances and developments related to international operations that could negatively affect its business, financial condition or results of operations include, but are not limited to, the following factors:

- difficulties and costs of staffing and managing international operations;
- currency restrictions, which may prevent the transfer of capital and profits to the US;
- unexpected changes in regulatory requirements;
- potentially adverse tax consequences;
- the responsibility of complying with multiple and potentially conflicting laws;
- the impact of regional or country-specific business cycles and economic instability;
- the geographic, time zone, language and cultural differences among personnel in different areas of the world;
- greater difficulty in collecting accounts receivable in some geographic regions such as Asia, where many countries have underdeveloped insolvency laws and clients often are slow to pay, and in some European countries, where clients also tend to delay payments;
- political instability; and
- foreign ownership restrictions with respect to operations in countries such as China.

The Company has committed additional resources to expand its worldwide sales and marketing activities, to globalize its service offerings and products in selected markets and to develop local sales and support channels. If the Company is unable to successfully implement these plans, to maintain adequate long-term strategies that successfully manage the risks associated with its global business or to adequately manage operational fluctuations, its business, financial condition or results of operations could be harmed.

In addition, the Company's international operations and, specifically, the ability of its non-US subsidiaries to dividend or otherwise transfer cash among its subsidiaries (including transfers of cash to pay interest and principal on its senior notes) may be affected by currency exchange control regulations, transfer pricing regulations and potentially adverse tax consequences, among other things.

The Company's revenue and earnings may be adversely affected by foreign currency fluctuations.

The Company's revenue from non-US operations has been primarily denominated in the local currency where the associated revenue was earned. During its fiscal year ended December 31, 2002, approximately 27% of its business was transacted in currencies of foreign countries, the majority of which included the Euro, the British Pound Sterling, the Hong Kong dollar, the Singapore dollar and the Australian dollar. Thus, the Company may experience significant fluctuations in revenues and earnings because of corresponding fluctuations in foreign currency exchange rates.

The Company has made significant acquisitions of non-US companies and may acquire additional foreign companies in the future. As the Company increases its foreign operations, fluctuations in the value of the US dollar relative to the other currencies in which the Company may generate earnings

could adversely affect its business, operating results and financial condition. Due to the constantly changing currency exposures to which the Company is subject and the volatility of currency exchange rates, it cannot predict the effect of exchange rate fluctuations upon future operating results. In addition, fluctuations in currencies relative to the US dollar may make it more difficult to perform period-to-period comparisons of the Company's reported results of operations.

From time to time, the Company's management uses currency hedging instruments, including foreign currency forward and option contracts and borrows in foreign currency. Economic risks associated with these hedging instruments include unexpected fluctuations in inflation rates, which impact cash flow relative to paying down debt and unexpected changes in the underlying net asset position. These hedging activities may also not be effective.

A significant portion of the Company's operations are concentrated in California and its business could be harmed if the economic downturn continues in the California real estate market.

For the year ended December 31, 2002, approximately $215.3 million, or 29%, of the $745.8 million in total sales and lease revenue, including revenue from investment property sales, was generated from transactions originating in the State of California. As a result of the geographic concentration in California, a continuation of the economic downturn in the California commercial real estate markets and in the local economies in San Diego, Los Angeles or Orange County could further harm the results of operations.

The Company's co-investment activities subject it to real estate investment risks which could cause fluctuations in earnings and cash flow.

An important part of the strategy for the investment management business involves investing the Company's capital in certain real estate investments with its clients. As of December 31, 2002, the Company had committed an additional $22.6 million to fund future co-investments. Participation in real estate transactions through co-investment activity could increase fluctuations in earnings and cash flow. Other risks associated with these activities include, but are not limited to, the following:

- loss from investments;
- difficulties associated with international co-investments described in "—The Company's international operations subject it to social, political and economic risks of doing business in foreign countries" and "—The Company's revenue and earnings may be adversely affected by foreign currency fluctuations"; and

- potential lack of control over the disposition of any co-investments and the timing of the recognition of gains, losses or potential incentive participation fees.

The Company may incur liabilities related to its subsidiaries being general partners of numerous general and limited partnerships.

The Company has subsidiaries that are general partners in numerous general and limited partnerships that invest in or manage real estate assets in connection with its co-investments, including several partnerships involved in the acquisition, rehabilitation, subdivision and sale of multi-tenant industrial business parks. Any subsidiary that is a general partner is potentially liable to its partners and for the obligations of the partnership, including those obligations related to environmental contamination of properties owned or managed by the partnership. If the Company's exposure as a general partner is not limited, or if the exposure as a general partner expands in the future, any resulting losses may harm the Company's business, financial condition or results of operations.

The Company's joint venture activities involve unique risks that are often outside of its control, which if realized, could harm its business.

The Company has utilized joint ventures for large commercial investments, initiatives in Internet-related technology and local brokerage partnerships. In the future, the Company may acquire interests in additional general and limited partnerships and other joint ventures formed to own or develop real property or interests in real property. The Company has acquired and may continue to acquire minority interests in joint ventures. Additionally, it may also acquire interests as a passive investor without rights to actively participate in management of the joint ventures. Investments in joint ventures involve additional risks, including, but not limited to, the following:

- the other participants may become bankrupt or have economic or other business interests or goals that are inconsistent with the Company's; and

- the Company may not have the right or power to direct the management and policies of the joint ventures and other participants may take action contrary to the Company's instructions or requests and against the Company's policies and objectives.

If a joint venture participant acts contrary to the Company's interest, it could harm the Company's business, results of operations and financial condition.

The Company's success depends upon the retention of its senior management, as well as its ability to attract and retain qualified and experienced employees.

The Company's continued success is highly dependent upon the efforts of its executive officers and key employees. The only members of senior management that are parties to employment agreements are Raymond Wirta, the Chief Executive Officer; Brett White, the President; and Kenneth Kay, the Chief Financial Officer. If any of the key employees leave and the Company is unable to quickly hire and integrate a qualified replacement, business and results of operations may suffer. In addition, the growth of the business is largely dependent upon the Company's ability to attract and retain qualified personnel in all areas of the business, including brokerage and property management personnel. If the Company is unable to attract and retain these qualified personnel, growth may be limited, and business and operating results could suffer.

If the Company fails to comply with laws and regulations applicable to real estate brokerage and mortgage transactions and other segments of its business, it may incur significant financial penalties.

Due to the broad geographic scope of the Company's operations and the numerous forms of real estate services performed, the Company is subject to numerous federal, state and local laws and regulations specific to the services performed. For example, the brokerage of real estate sales and leasing transactions requires the Company to maintain brokerage licenses in each state in which the Company operates. If the Company fails to maintain its licenses or conducts brokerage activities without a license, it may be required to pay fines, return commissions received or have licenses suspended. In addition, because the size and scope of real estate sales transactions have increased significantly during the past several years, both the difficulty of ensuring compliance with the numerous state licensing regimes and the possible loss resulting from non-compliance have increased. Furthermore, the laws and regulations applicable to the Company's business, both in the US and in foreign countries, may change in ways that materially increase the costs of compliance.

The Company may have liabilities in connection with real estate brokerage and property management activities.

As a licensed real estate broker, the Company and its licensed employees are subject to statutory due diligence, disclosure and standard-of-care obligations. Failure to fulfill these obligations could subject the Company or its employees to litigation from parties who purchased, sold or leased

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properties they brokered or managed. The Company could become subject to claims by participants in real estate sales claiming that it did not fulfill its statutory obligations as a broker.

In addition, in the Company's property management business, it hires and supervises third party contractors to provide construction and engineering services for its managed properties. While the Company's role is limited to that of a supervisor, it may be subjected to claims for construction defects or other similar actions. Adverse outcomes of property management litigation could negatively impact the Company's business, financial condition or results of operations.

The Company's results of operations vary significantly among quarters, which makes comparison of its quarterly results difficult.

A significant portion of the Company's revenue is seasonal. Historically, this seasonality has caused the Company's revenue, operating income, net income and cash flow from operating activities to be lower in the first two quarters and higher in the third and fourth quarters of each year. The concentration of earnings and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the fiscal year-end while incurring constant, non-variable expenses throughout the year.

Employees

At December 31, 2002, the Company had approximately 9,500 employees. The Company believes that relations with its employees are good.

Item 2. Properties

The Company leases the following offices:

Location	Sales Offices	Corporate Offices	Total

Americas	134	2	136
Europe, Middle East and Africa	43	1	44
Asia Pacific	25	1	26
Total	202	4	206

The Company does not own any offices, which is consistent with its strategy to lease instead of own. In general, these offices are fully utilized. There is adequate alternative office space available at acceptable rental rates to meet the Company's needs, although rental rates in some markets may negatively affect the Company's profits in those markets.

Item 3. Legal Proceedings

The Company is a party to a number of pending or threatened lawsuits arising out of, or incident to, its ordinary course of business. Management believes that any liability that may result from disposition of these lawsuits will not have a material effect on the Company's consolidated financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of 2002.

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Company's common stock is not publicly traded on any exchange or in any market. At February 28, 2003, the Company had seventy-eight record holders of its Class A common stock and ten record holders of its Class B common stock. The Company has not declared any cash dividends on its common stock. The Company's existing credit agreement restricts its ability to pay dividends on its common stock, and the Company does not expect to pay dividends in the near future.

From November 7, 1997 to July 20, 2001, the common stock of CB Richard Ellis Services, Inc. (CBRE) traded on the New York Stock Exchange (NYSE) under the symbol "CBG." On July 20, 2001, CBRE merged with a subsidiary of the Company, with CBRE as the surviving corporation, and the common stock of CBRE was delisted from the NYSE. The Company owns all of the issued and outstanding capital stock of CBRE. CBRE has never declared any cash dividends on its capital stock.

The following table sets forth information as of December 31, 2002 with respect to compensation plans under which equity securities of the Company are authorized for issuance:

	(I)	(II)	(III)
Plan Category	**Number of securities to be issued upon exercise of outstanding options and warrants**	**Weighted-average exercise price of outstanding options and warrants**	**Number of securities remaining available for future issuance under plans [excluding securities listed in column (I)]**
Equity compensation plans approved by shareholders	1,707,076	$ 18.10	5,048,401
Equity compensation plans not approved by shareholders	—	—	—
Total	1,707,076	$ 18.10	5,048,401

Item 6. Selected Financial Data

The following selected financial data has been derived from the consolidated financial statements. The information set forth below is not necessarily indicative of results of future operations, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and related notes thereto included elsewhere in this Form 10-K.

SELECTED CONSOLIDATED FINANCIAL INFORMATION
(Dollars in thousands, except share data)

	Company	Company	Predecessor	Predecessor	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.

	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001(1)	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 1998
STATEMENT OF OPERATIONS DATA(2):						
Revenue	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604	$ 1,213,039	$ 1,034,503
Operating income (loss)	$ 106,062	$ 62,732	$ (14,174)	$ 107,285	$ 76,899	$ 78,476
Interest expense, net	$ 57,229	$ 27,290	$ 18,736	$ 39,146	$ 37,438	$ 27,993
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388	$ 23,282	$ 24,557
Basic EPS (3)	$ 1.25	$ 2.22	$ (1.60)	$ 1.60	$ 1.11	$ (0.38)
Weighted average shares outstanding for basic EPS (3) (4)	15,025,308	7,845,004	21,306,584	20,931,111	20,998,097	20,136,117
Diluted EPS (3)	$ 1.23	$ 2.20	$ (1.60)	$ 1.58	$ 1.10	$ (0.38)
Weighted average shares outstanding for diluted EPS (3) (4)	15,222,111	7,909,797	21,306,584	21,097,240	21,072,436	20,136,117
OTHER DATA:						
EBITDA, excluding merger-related and other nonrecurring charges (5) (6)	$ 130,712	$ 81,372	$ 33,609	$ 150,484	$ 117,369	$ 127,246
Net cash provided by (used in) operating activities	$ 64,882	$ 91,334	$ (120,230)	$ 80,859	$ 70,340	$ 76,005
Net cash used in investing activities	$ (24,130)	$ (261,393)	$ (12,139)	$ (32,469)	$ (23,096)	$ (222,911)
Net cash (used in) provided by financing activities	$ (17,838)	$ 213,831	$ 126,230	$ (53,523)	$ (37,721)	$ 119,438

	Company	Company	Predecessor	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	December 31, 2002	December 31, 2001	December 31, 2000	December 31, 1999	December 31, 1998
BALANCE SHEET DATA:					
Cash and cash equivalents	$ 79,701	$ 57,450	$ 20,854	$ 27,844	$ 19,551
Total assets	$ 1,324,876	$ 1,354,512	$ 963,105	$ 929,483	$ 856,892
Long-term debt	$ 511,133	$ 522,063	$ 303,571	$ 357,872	$ 373,691
Total liabilities	$ 1,067,920	$ 1,097,693	$ 724,018	$ 715,874	$ 660,175
Total stockholders' equity	$ 251,341	$ 252,523	$ 235,339	$ 209,737	$ 190,842
Number of shares outstanding (4)	14,307,893	14,380,414	20,605,023	20,435,692	20,636,134

Note: The Company has not declared any cash dividends on its common stock for the periods shown.

(1) The results include the activities of CB Richard Ellis Services, Inc. (CBRE), from July 20, 2001, the date of the 2001 Merger.

(2) The results include the activities of REI from April 17, 1998 and Hillier Parker from July 7, 1998. For the year ended December 31, 1998, basic and diluted loss per share include a deemed dividend of $32.3 million on the repurchase of CBRE's preferred stock.

(3) EPS represents earnings (loss) per share. See Earnings Per Share Information in Note 16 of Notes to Consolidated Financial Statements.

(4) For the period from February 20, 2001 (inception) through December 31, 2001 the 7,845,004 and the 7,909,797 represent the weighted average shares outstanding for basic and diluted earnings per share, respectively. These balances take into consideration the lower number of shares outstanding prior to the merger with CBRE. The 14,380,414 represents the outstanding number of shares at December 31, 2001.

(5) EBITDA, excluding merger-related and other nonrecurring charges, represents earnings before net interest expense, income taxes, depreciation and amortization and excludes the impact of merger-related and other nonrecurring charges, if any. Management believes that the presentation of EBITDA, excluding merger-related and other nonrecurring charges, will enhance a reader's understanding of the Company's operating performance and ability to service debt as it provides a measure of cash generated (subject to the payment of interest and income taxes) that can be used to service debt and for other required or discretionary purposes. Additionally, many of the Company's debt covenants are based upon EBITDA, excluding merger-related and other nonrecurring charges. Net cash that will be available to the Company for discretionary purposes represents remaining cash after debt service and other cash requirements, such as capital expenditures, are deducted from EBITDA, excluding merger-related and other nonrecurring charges. EBITDA, excluding merger-related and other nonrecurring charges, should not be considered as an alternative to (i) operating income determined in accordance with accounting principles generally accepted in the United States of America or (ii) operating cash flow determined in accordance with accounting principles generally accepted in the United States of America. The Company's calculation of EBITDA, excluding merger-related and other nonrecurring charges, may not be comparable to similarly titled measures reported by other companies.

EBITDA, excluding merger-related and other nonrecurring charges, is calculated as follows:

	Company	Company	Predecessor	Predecessor	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 1998
			(Dollars in thousands)			
Operating income (loss)	$ 106,062	$ 62,732	$ (14,174)	$ 107,285	$ 76,899	$ 78,476
Add: Depreciation and amortization	24,614	12,198	25,656	43,199	40,470	32,185
EDITDA	130,676	74,930	11,482	150,484	117,369	110,661
Add: Merger-related and other nonrecurring charges	36	6,442	22,127	—	—	16,585

EBITDA, excluding merger-related and other nonrecurring charges	$ 130,712	$ 81,372	$ 33,609	$ 150,484	$ 117,369	$ 127,246

(6) Nonrecurring charges are primarily comprised of the write-off of assets, primarily e-business investments, as well as severance costs.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Management's discussion and analysis of financial condition, results of operations, liquidity and capital resources contained within this report on Form 10-K is more clearly understood when read in conjunction with the Notes to the Consolidated Financial Statements. The Notes to the Consolidated Financial Statements elaborate on certain terms that are used throughout this discussion and provide information about the Company and the basis of presentation used in this report on Form 10-K.

The Company is one of the world's largest global commercial real estate services firms in terms of revenue, offering a full range of services to commercial real estate occupiers, owners, lenders and investors. Operations are conducted in 47 countries through 206 offices with approximately 9,500 employees. The Company has worldwide capabilities to assist buyers in the purchase and sellers in the disposition of commercial property, to assist tenants in finding available space and owners in finding qualified tenants, to provide valuation and appraisals for real estate property, to assist in the placement of financing for commercial real estate, to provide commercial loan servicing, to provide research and consulting services, to help institutional investors manage commercial real estate portfolios, to provide property and facilities management services and to serve as the outsource service provider to corporations seeking to be relieved of the responsibility for managing their real estate operations.

A significant portion of the Company's revenue is seasonal. Historically, this seasonality has caused the Company's revenue, operating income, net income and cash flow from operating activities to be lower in the first two quarters and higher in the third and fourth quarters of each year. The concentration of earnings and cash flow in the fourth quarter is due to an industry-wide focus on completing transactions toward the fiscal year-end while incurring constant, non-variable expenses throughout the year. In addition, the Company's operations are directly affected by actual and perceived trends in various national and economic conditions, including interest rates, the availability of credit to finance commercial real estate transactions and the impact of tax laws. The international operations are subject to political instability, currency fluctuations and changing regulatory environments. To date, the Company does not believe that general inflation has had a material impact upon its operations. Revenue, commissions and other variable costs related to revenue are primarily affected by real estate market supply and demand rather than general inflation.

On July 20, 2001, the Company acquired CB Richard Ellis Services, Inc. (CBRE), (the 2001 Merger), pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001 (the 2001 Merger Agreement), among the Company, CBRE and Blum CB Corp. (Blum CB), a wholly owned subsidiary of the Company. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. At the effective time of the 2001 Merger, CBRE became a wholly owned subsidiary of the Company.

The results of operations, including the segment operations and cash flows, for the year ended December 31, 2001 have been derived by combining the results of operations and cash flows of the Company for the period from February 20, 2001 (inception) to December 31, 2001 with the results of operations and cash flows of CBRE, prior to the 2001 Merger, from January 1, 2001 through July 20, 2001, the date of the 2001 Merger. The results of operations and cash flows of CBRE prior to the 2001 Merger incorporated in the following discussion are the historical results and cash flows of CBRE, the predecessor to the Company. These CBRE results do not reflect any purchase accounting adjustments, which are included in the results of the Company subsequent to the 2001 Merger. Due to the effects of purchase accounting applied as a result of the 2001 Merger and the additional interest expense associated with the debt incurred to finance the 2001 Merger, the results of operations of the Company may not be comparable in all respects to the results of operations for CBRE prior to the 2001 Merger. However, the Company's management believes a discussion of the 2001 operations is more meaningful by combining the results of the Company with the results of CBRE.

On February 17, 2003, the Company entered into a merger agreement with Insignia Financial Group, Inc. Additional information regarding this transaction is included in the "Liquidity and Capital Resources" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Results of Operations

The following table sets forth items derived from the consolidated statements of operations for the years ended December 31, 2002, 2001 and 2000:

	Year Ended December 31					
	2002		2001		2000	
	(Dollars in thousands)					
Revenue	1,170,277	100.0%	1,170,762	100.0%	1,323,604	100.0%
Costs and expenses:						
Commissions, fees and other incentives	554,942	47.4	547,577	46.8	628,097	47.4
Operating, administrative and other	493,949	42.2	512,632	43.8	551,528	41.7
Depreciation and amortization	24,614	2.1	37,854	3.2	43,199	3.3
Equity income from unconsolidated subsidiaries	(9,326)	(0.8)	(4,428)	(0.4)	(6,505)	(0.5)
Merger-related and other nonrecurring charges	36	—	28,569	2.5	—	—
Operating income	106,062	9.1	48,558	4.1	107,285	8.1
Interest income	3,272	0.3	3,994	0.4	2,554	0.2
Interest expense	60,501	5.2	50,020	4.3	41,700	3.2
Income before provision for income taxes	48,833	4.2	2,532	0.2	68,139	5.1

Provision for income taxes	30,106	2.6	19,126	1.6	34,751	2.6
Net income (loss)	$ 18,727	1.6%	$ (16,594)	(1.4)%	$ 33,388	2.5%
EBITDA, excluding merger-related and other nonrecurring charges	$ 130,712	11.2%	$ 114,981	9.8%	$ 150,484	11.4%

EBITDA, excluding merger-related and other nonrecurring charges, is calculated as follows:

	Year Ended December 31		
	2002	2001	2000
		(Dollars in thousands)	
Operating income	$ 106,062	$ 48,558	$ 107,285
Add: Depreciation and amortization	24,614	37,854	43,199
EBITDA	130,676	86,412	150,484
Add: Merger-related and other nonrecurring charges	36	28,569	—
EBITDA, excluding merger-related and other nonrecurring charges	$ 130,712	$ 114,981	$ 150,484

EBITDA, excluding merger-related and other nonrecurring charges, represents earnings before net interest expense, income taxes, depreciation and amortization and excludes the impact of merger-related and other nonrecurring charges, if any. Management believes that the presentation of EBITDA, excluding merger-related and other nonrecurring charges, will enhance a reader's understanding of the Company's operating performance and ability to service debt as it provides a measure of cash generated (subject to the payment of interest and income taxes) that can be used to service debt and for other required or discretionary purposes. Additionally, many of the Company's debt covenants are based upon EBITDA, excluding merger related and other nonrecurring charges. Net cash that will be available to the Company for discretionary purposes represents remaining cash after debt service and other cash requirements, such as capital expenditures, are deducted from EBITDA, excluding merger-related and other nonrecurring charges. EBITDA, excluding merger-related and other nonrecurring charges, should not be considered as an alternative to (i) operating income determined in accordance with accounting principles generally accepted in the United States of America or (ii) operating cash

flow determined in accordance with accounting principles generally accepted in the United States of America. The Company's calculation of EBITDA, excluding merger-related and other nonrecurring charges, may not be comparable to similarly titled measures reported by other companies.

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

The Company reported consolidated net income of $18.7 million for the year ended December 31, 2002 on revenue of $1,170.3 million as compared to a consolidated net loss of $16.6 million on revenue of $1,170.8 million for the year ended December 31, 2001.

Revenue on a consolidated basis for the year ended December 31, 2002 was comparable to the year ended December 31, 2001. Declines in lease transaction revenue, principally in the Americas and Asia Pacific, combined with a nonrecurring prior year sale of mortgage fund contracts of $5.6 million, was mostly offset by higher worldwide sales transaction revenue, consulting fees, investment management fees and loan fees.

Commissions, fees and other incentives on a consolidated basis totaled $554.9 million for the year ended December 31, 2002, an increase of $7.4 million or 1.3% from the year ended December 31, 2001. Commissions, fees and other incentives as a percentage of revenue increased slightly to 47.4% in the current year as compared to 46.8% in the prior year. This increase was primarily due to higher producer compensation within the Company's international operations associated with expanded international activities. These increases were partially offset by lower variable commissions, principally in the Americas, driven by lower lease transaction revenue.

Operating, administrative and other expenses on a consolidated basis were $493.9 million for the year ended December 31, 2002, a decrease of $18.7 million or 3.6% as compared to the year ended December 31, 2001. This decrease was primarily driven by cost cutting measures and operational efficiencies from programs initiated in May 2001 as well as foreign currency transaction and settlement gains resulting from the weaker United States (US) dollar. These reductions were partially offset by an increase in bonuses and other incentives, primarily within the Company's international operations, due to higher results.

Depreciation and amortization expense on a consolidated basis decreased by $13.2 million or 35.0% mainly due to the discontinuation of goodwill amortization after the 2001 Merger in accordance with Statement of Financial Accounting Standards No. 142*, "Goodwill and Other Intangible Assets"* (SFAS No. 142) and lower depreciation expense, principally due to lower capital expenditures in the current year. The year ended December 31, 2002 also included a reduction of amortization expense of $2.0 million arising from the adjustment of certain intangible assets to their estimated fair values as of the acquisition date as determined by independent third party appraisers in 2002.

Equity income from unconsolidated subsidiaries increased by $4.9 million or 110.6% for the year ended December 31, 2002 as compared to the prior year, primarily due to improved performance from several domestic joint ventures.

The year ended December 31, 2001 included merger-related and other nonrecurring charges on a consolidated basis of $28.6 million. These costs primarily consisted of merger-related costs of $18.3 million, the write-off of assets, primarily e-business investments, of $7.2 million as well as severance costs of $3.1 million related to the Company's cost reduction program instituted in May 2001.

Consolidated interest expense was $60.5 million, an increase of $10.5 million or 21.0% over the year ended December 31, 2001. This was primarily attributable to the Company's change in debt structure as a result of the 2001 Merger.

Income tax expense on a consolidated basis was $30.1 million for the year ended December 31, 2002 as compared to $19.1 million for the year ended December 31, 2001. The income tax provision and effective tax rate were not comparable between periods due to effects of the 2001 Merger and the adoption of SFAS No. 142, which resulted in the elimination of the amortization of goodwill. In addition, the decline in the market value of assets associated with the deferred compensation plan for which no tax benefit was realized contributed to an increased effective tax rate.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

The Company reported a consolidated net loss of $16.6 million for the year ended December 31, 2001 on revenue of $1,170.8 million compared to consolidated net income of $33.4 million on revenue of $1,323.6 million for the year ended December 31, 2000. The 2001 results include a nonrecurring sale of mortgage fund management contracts of $5.6 million. The 2000 results include a nonrecurring sale of certain non-strategic assets of $4.7 million.

Revenue on a consolidated basis decreased by $152.8 million or 11.5% during the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was mainly driven by a $98.2 million decrease in lease transaction revenue and a $62.8 million decline in sales transaction revenue during 2001. The lower revenue was primarily attributable to the Company's North American operation. However, the European and Asian operations also experienced lower sales and lease transaction revenue as compared to 2000. These decreases were slightly offset by a $6.4 million or 11.0% increase in loan origination and servicing fees as well as a $6.0 million or 8.1% increase in appraisal fees driven by increased refinancing activities due to a decline in interest rates in the US and increased fees in the European operation.

Commissions, fees and other incentives on a consolidated basis totaled $547.6 million, a decrease of $80.5 million or 12.8% for the year ended December 31, 2001 as compared to the prior year. This decrease was primarily due to the lower sales and lease transaction revenue within North America. This decline in revenue also resulted in lower variable commissions expense within this region as compared to 2000. This was slightly offset by producer compensation within the international operations, which is typically fixed in nature and does not decrease as a result of lower revenue. Accordingly, commissions, fees and other incentives as a percentage of revenue decreased slightly to 46.8% for 2001 as compared to 47.4% for 2000.

Operating, administrative and other expenses on a consolidated basis were $512.6 million, a decrease of $38.9 million or 7.1% for the year ended December 31, 2001 as compared to the prior year. This decrease was due to cost cutting measures and operational efficiencies from programs initiated in May 2001. An organizational restructure was also implemented after the 2001 Merger transaction that included the reduction of administrative staff in corporate and divisional headquarters and the scaling back of unprofitable operations. In addition, bonus incentives and profit share declined due to the Company's lower results.

Depreciation and amortization expense on a consolidated basis decreased by $5.3 million or 12.4% primarily due to the discontinuation of goodwill amortization after the 2001 Merger in accordance with SFAS No. 142.

Equity income from unconsolidated subsidiaries decreased by $2.1 million or 31.9% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, primarily due to decreased results from several domestic joint ventures.

Merger-related and other nonrecurring charges on a consolidated basis were $28.6 million for the year ended December 31, 2001. This included merger-related costs of $18.3 million, the write-off of assets, primarily e-business investments, of $7.2 million and severance costs of $3.1 million attributable to the Company's cost reduction program instituted in May 2001.

Consolidated interest expense was $50.0 million, an increase of $8.3 million or 20.0% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was attributable to the Company's increased debt as a result of the 2001 Merger.

Provision for income taxes on a consolidated basis was $19.1 million for the year ended December 31, 2001 as compared to a provision for income taxes of $34.8 million for the year ended December 31, 2000. The income tax provision and effective tax rate were not comparable between periods due to the 2001 Merger. In addition, the Company adopted SFAS No. 142, which resulted in the elimination of the amortization of goodwill.

Segment Operations

In the third quarter of 2001, subsequent to the 2001 Merger transaction, the Company reorganized its business segments as part of its efforts to reduce costs and streamline its operations. The Company reports its operations through three geographically organized segments: (1) Americas, (2) Europe, Middle East and Africa (EMEA) and (3) Asia Pacific. The Americas consists of operations located in the US, Canada, Mexico, and Central and South America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. The Americas 2001 results include a nonrecurring sale of mortgage fund contracts of $5.6 million as well as merger-related and other nonrecurring charges of $26.9 million. The Americas 2000 results include a nonrecurring sale of certain non-strategic assets of $4.7 million. Asia Pacific's 2001 results include merger-related and other nonrecurring charges of $1.2 million. The following table summarizes the revenue, costs and expenses and operating income (loss) by operating segment for the years ended December 31, 2002, 2001 and 2000:

	Year Ended December 31					
	2002		2001		2000	
	(Dollars in thousands)					
Americas						
Revenue	$ 896,064	100.0%	$ 928,799	100.0%	$ 1,074,080	100.0%
Costs and expenses:						
Commissions, fees and other incentives	438,842	48.9	448,813	48.4	530,284	49.3
Operating, administrative and other	367,312	41.0	388,645	41.8	422,698	39.4
Depreciation and amortization	16,958	1.9	27,452	3.0	28,600	2.7
Equity income from unconsolidated subsidiaries	(8,425)	(0.9)	(3,808)	(0.4)	(5,553)	(0.5)
Merger-related and other nonrecurring charges	36	—	26,923	2.8	—	—
Operating income	$ 81,341	9.1%	$ 40,774	4.4%	$ 98,051	9.1%

EBITDA, excluding merger-related and other nonrecurring charges	$ 98,335	11.0%	$ 95,149	10.2%	$ 126,651	11.8%
EMEA						
Revenue	$ 182,222	100.0%	$ 161,306	100.0%	$ 164,539	100.0%
Costs and expenses:						
Commissions, fees and other incentives	75,475	41.4	63,343	39.3	61,194	37.1
Operating, administrative and other	84,963	46.6	81,728	50.6	84,172	51.2
Depreciation and amortization	4,579	2.5	6,492	4.0	9,837	6.0
Equity income from unconsolidated subsidiaries	(82)	—	(2)	—	(3)	—
Merger-related and other nonrecurring charges	—	—	451	0.3	—	—
Operating income	$ 17,287	9.5%	$ 9,294	5.8%	$ 9,339	5.7%
EBITDA, excluding merger-related and other nonrecurring charges	$ 21,866	12.0%	$ 16,237	10.1%	$ 19,176	11.7%
Asia Pacific						
Revenue	$ 91,991	100.0%	$ 80,657	100.0%	$ 84,985	100.0%
Costs and expenses:						
Commissions, fees and other incentives	40,625	44.2	35,421	43.9	36,619	43.1
Operating, administrative and other	41,674	45.3	42,259	52.4	44,658	52.5
Depreciation and amortization	3,077	3.3	3,910	4.9	4,762	5.6
Equity income from unconsolidated subsidiaries	(819)	(0.9)	(618)	(0.8)	(949)	(1.1)
Merger-related and other nonrecurring charges	—	—	1,195	1.5	—	—
Operating income (loss)	$ 7,434	8.1%	$ (1,510)	(1.9)%	$ (105)	(0.1)%
EBITDA, excluding merger-related and other nonrecurring charges	$ 10,511	11.4%	$ 3,595	4.5%	$ 4,657	5.5%

EBITDA, excluding merger-related and other nonrecurring charges, is calculated as follows:

	Year Ended December 31		
	2002	2001	2000
	(Dollars in thousands)		
Americas			
Operating income	$ 81,341	$ 40,774	$ 98,051
Add: Depreciation and amortization	16,958	27,452	28,600
EBITDA	98,299	68,226	126,651
Add: Merger-related and other nonrecurring charges	36	26,923	—
EBITDA, excluding merger-related and other nonrecurring charges	$ 98,335	$ 95,149	$ 126,651
EMEA			
Operating income	$ 17,287	$ 9,294	$ 9,339
Add: Depreciation and amortization	4,579	6,492	9,837
EBITDA	21,866	15,786	19,176
Add: Merger-related and other nonrecurring charges	—	451	—
EBITDA, excluding merger-related and other nonrecurring charges	$ 21,866	$ 16,237	$ 19,176
Asia Pacific			
Operating income (loss)	$ 7,434	$ (1,510)	$ (105)
Add: Depreciation and amortization	3,077	3,910	4,762
EBITDA	10,511	2,400	4,657
Add: Merger-related and other nonrecurring charges	—	1,195	—
EBITDA, excluding merger-related and other nonrecurring charges	$ 10,511	$ 3,595	$ 4,657

Year Ended December 31, 2002 Compared to Year Ended December 31, 2001

Americas

Revenue decreased by $32.7 million or 3.5% for the year ended December 31, 2002 as compared to the year ended December 31, 2001, primarily driven by lower lease transaction revenue, partially offset by an increase in sales transaction revenue and loan fees. The lease transaction revenue decrease was primarily due to a lower average value per transaction partially offset by a higher number of transactions. The sales transaction revenue increase was driven by a higher number of transactions as well as a higher average value per transaction. Loan fees also increased compared to the prior year principally due to an increase in the number of transactions. *Commissions, fees and other incentives* decreased by $10.0 million or 2.2% for the year ended December 31, 2002 as compared to the year ended December 31, 2001, caused primarily by lower variable commissions due to lower lease transaction revenue. Commissions, fees and other incentives as a percentage of revenue were relatively flat when compared to the prior year at approximately 48.9%. *Operating, administrative and other expenses* decreased by $21.3 million or 5.5% as a result of cost reduction and efficiency measures, the organizational restructure implemented after the 2001 Merger, and foreign currency transaction and settlement gains resulting from the weaker US dollar.

EMEA

Revenue increased by $20.9 million or 13.0% for the year ended December 31, 2002 as compared to the year ended December 31, 2001. This was mainly driven by higher sales transaction revenue across Europe as well as higher lease transaction revenue and investment management fees in France. *Commissions, fees and other incentives* increased by $12.1 million or 19.2% due to higher producer

compensation as a result of increased revenue arising from expanded activities in the United Kingdom (UK), France, Germany, Italy and Spain. *Operating, administrative and other expenses* increased by $3.2 million or 4.0% mainly attributable to higher incentives due to increased results, higher occupancy costs and consulting fees.

Asia Pacific

Revenue increased by $11.3 million or 14.1% for the year ended December 31, 2002 as compared to the year ended December 31, 2001. This increase was primarily driven by higher investment management fees in Japan and an increase in overall revenue in Australia and New Zealand, partially offset by lower revenues as a result of conversions of small, wholly owned offices to affiliate offices elsewhere in Asia. *Commissions, fees and other incentives* increased by $5.2 million or 14.7% primarily driven by higher producer compensation expense due to increased personnel requirements in Australia, China and New Zealand, slightly offset by lower commissions due to conversions to affiliate offices elsewhere in Asia. *Operating, administrative and other expenses* decreased by $0.6 million or 1.4% primarily as a result of conversions to affiliate offices. This decrease was mostly offset by an increased accrual for bonuses due to higher results in Australia and New Zealand.

Year Ended December 31, 2001 Compared to Year Ended December 31, 2000

Americas

Revenue decreased by $145.3 million or 13.5% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, primarily driven by the softening global economy as well as the tragic events of September 11, 2001. Lease transaction revenue decreased by $85.3 million and sales transaction revenue declined by $55.5 million due to a lower number of transactions completed as well as a lower average value per transaction during 2001 as compared to 2000. Consulting and referral fees also decreased by $12.1 million or 20.0% as compared to 2000. These declines were slightly offset by an increase in loan origination and servicing fees of $6.4 million as well as higher appraisal fees of $4.4 million driven by increased refinancing activities due to the low interest rate environment in North America. *Commissions, fees and other incentives* decreased by $81.5 million or 15.4% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, caused primarily by the lower lease transaction and sales transaction revenue. The decline in revenue also resulted in lower variable commissions expense. As a result, commissions, fees and other incentives as a percentage of revenue decreased from 49.3% in 2000 to 48.4% in 2001. *Operating, administrative and other expenses* decreased by $34.1 million or 8.1% as a result of cost reduction and efficiency measures initiated in May 2001 as well as the organizational restructure implemented after the 2001 Merger. Key executive bonuses and profit share also declined due to the lower results.

EMEA

Revenue decreased by $3.2 million or 2.0% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was mainly driven by lower sales transaction and lease transaction revenue due to the overall weakness in the European economy, particularly in France and Germany. This was slightly offset by higher consulting and referral fees in the UK as well as an overall increase in appraisal fees throughout Europe. *Commissions, fees and other incentives* increased by $2.1 million or 3.5% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, primarily due to a higher number of producers, mainly in the UK. Producer compensation in EMEA is typically fixed in nature and does not decrease with a decline in revenue. *Operating, administrative and other expenses* decreased by $2.4 million or 2.9% for the year ended December 31, 2001 as compared to the year ended December 31, 2000, mainly attributable to decreased bonuses and other incentives due to lower 2001 results.

Asia Pacific

Revenue decreased by $4.3 million or 5.1% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. This was primarily driven by lower lease transaction revenue due to the weak economy in China and Singapore. *Operating, administrative and other expenses* decreased by $2.4 million or 5.4% for the year ended December 31, 2001 as compared to the year ended December 31, 2000. The decrease was primarily due to lower personnel requirements and other cost containment measures put in place during May 2001 as well as the organizational restructure implemented after the 2001 Merger.

Liquidity and Capital Resources

Pursuant to the terms of the 2001 Merger Agreement, each issued and outstanding share of common stock of CBRE was converted into the right to receive $16.00 in cash, except for: (i) shares of common stock of CBRE owned by the Company and Blum CB immediately prior to the 2001 Merger, totaling 7,967,774 shares, which were cancelled, (ii) treasury shares and shares of common stock of CBRE owned by any of its subsidiaries which were cancelled and (iii) shares of common stock of CBRE held by stockholders who perfected appraisal rights for such shares in accordance with Delaware law. All shares of common stock of CBRE outstanding prior to the 2001 Merger were acquired by the Company and subsequently cancelled. Immediately prior to the 2001 Merger, the following, collectively referred to as the buying group, contributed to the Company all the shares of CBRE's common stock that he or it directly owned in exchange for an equal number of shares of Class B common stock of the Company: Blum Strategic Partners, L.P. (formerly known as RCBA Strategic Partners, L.P.), FS Equity Partners III, L.P. (FSEP), a Delaware limited partnership, FS Equity Partners International, L.P. (FSEP International), a Delaware limited partnership, The Koll Holding Company, a California corporation, Frederic V. Malek, a director of the Company and CBRE, Raymond E. Wirta, the Chief Executive Officer and a director of the Company and CBRE, and Brett White, the President and a director of the Company and CBRE. Such shares of common stock of CBRE, which totaled 7,967,774 shares of common stock, were then cancelled. In addition, the Company offered to purchase for cash, options outstanding to acquire common stock of CBRE at a purchase price per option equal to the greater of the amount by which $16.00 exceeded the exercise price of the option, if at all, or $1.00. In connection with the 2001 Merger, CBRE purchased its outstanding options on behalf of the Company, which were recorded as merger-related and other nonrecurring charges by CBRE in the period from January 1, 2001 through July 20, 2001.

The funding to complete the 2001 Merger, as well as the refinancing of substantially all of the outstanding indebtedness of CBRE, was obtained through: (i) the cash contribution of $74.8 million from the sale of Class B common stock of the Company for $16.00 per share, (ii) the sale of shares of Class A common stock of the Company for $16.00 per share to employees and independent contractors of CBRE, (iii) the sale of 625,000 shares of Class A common stock of the Company to the California Public Employees' Retirement System for $16.00 per share, (iv) the issuance and sale by the Company of 65,000 units for $65.0 million to DLJ Investment Funding, Inc. and other purchasers, which units consist of $65.0 million in aggregate principal amount of 16% Senior Notes due July 20, 2011 and 339,820 shares of Class A common stock of the Company, (v) the issuance and sale by Blum CB of $229.0 million in aggregate principal amount of $11^{1}/4$% Senior Subordinated Notes due June 15, 2011 for $225.6 million (which were assumed by CBRE in connection with the 2001 Merger) and (vi) borrowings by CBRE under a new $325.0 million senior credit agreement with Credit Suisse First Boston (CSFB) and other lenders.

Following the 2001 Merger, the common stock of CBRE was delisted from the New York Stock Exchange. CBRE also successfully completed a tender offer and consent solicitation for all of the outstanding principal amount of its $8^{7}/8$% Senior Subordinated Notes due 2006 (the Subordinated Notes). The Subordinated Notes were purchased at $1,079.14 for each $1,000 principal amount of

Subordinated Notes, which included a consent payment of $30.00 per $1,000 principal amount of Subordinated Notes. The Company also repaid the outstanding balance of CBRE's existing revolving credit facility. The Company entered into the 2001 Merger in order to enhance the flexibility to operate CBRE's existing businesses and to develop new ones.

On February 17, 2003, the Company, CBRE, Apple Acquisition Corp. (the Merger Sub) and Insignia Financial Group, Inc. (Insignia) entered into an Agreement and Plan of Merger (the Insignia Acquisition Agreement). Pursuant to the terms and subject to the conditions of the Insignia Acquisition Agreement, the Merger Sub will merge with and into Insignia, the separate existence of the Merger Sub will cease and Insignia will continue its existence as a wholly owned subsidiary of CBRE (the Insignia Acquisition).

When the Insignia Acquisition becomes effective, each outstanding share of common stock of Insignia (other than the cancelled shares, dissenting shares and shares held by wholly owned subsidiaries of Insignia) will be converted into the right to receive $11.00 in cash, without interest, from the Merger Sub, subject to adjustments as provided in the Insignia Acquisition Agreement. At the same time, each outstanding share of common stock of the Merger Sub will be converted into one share of common stock of the surviving entity in the Insignia Acquisition.

As of February 17, 2003, the transaction was valued at approximately $415.0 million, including the repayment of net debt and the redemption of preferred stock. In addition to Insignia shareholder approval, the transaction, which is expected to close in June 2003, is subject to the receipt of financing and regulatory approvals. The sale by Insignia on March 14, 2003 of its residential real estate services subsidiaries, Insignia Douglas Elliman LLC and Insignia Residential Group, Inc., to Montauk Battery Realty, LLC and Insignia's receipt of the cash proceeds from such sale will not affect the consideration to be paid in the Insignia Acquisition.

The Company believes it can satisfy its non-acquisition obligations, as well as working capital requirements and funding of investments, with internally generated cash flow, borrowings under the revolving line of credit with CSFB and other lenders or any replacement credit facilities. In the near term, further material acquisitions, if any, that necessitate cash will require new sources of capital such as an expansion of the revolving credit facility and/or issuing additional debt or equity. The Company anticipates that its existing sources of liquidity, including cash flow from operations, will be sufficient to meet its anticipated non-acquisition cash requirements for the foreseeable future, but at a minimum for the next twelve months.

Net cash provided by operating activities totaled $64.9 million for the current year, an increase of $93.8 million compared to the prior year. This increase was primarily due to improved 2002 earnings, as well as lower payments made in the current year for 2001 bonus and profit sharing as compared to the 2000 bonus and profit sharing payments made in the prior year.

The Company utilized $24.1 million in investing activities during the current year, a decrease of $249.4 million compared to the prior year. This decrease was primarily due to the prior year payment of the purchase price and related expenses associated with the acquisition of CBRE by the Company. Capital expenditures of $14.3 million, net of concessions received, were lower than 2001 by $7.0 million driven primarily by efforts to reduce spending and improve cash flow. Capital expenditures for 2002 and 2001 consisted primarily of purchases of computer hardware and software and furniture and fixtures. The Company expects to have capital expenditures, net of concessions received, of approximately $28.8 million in 2003 due to leasehold improvements anticipated in New York and London.

Net cash used in financing activities totaled $17.8 million for the year ended December 31, 2002, compared to cash provided by financing activities of $340.1 million for the year ended December 31,

2001. This decrease was mainly attributable to the debt and equity financing required by the 2001 Merger in the prior year.

The Company issued $229.0 million in aggregate principal amount of $11^{1}/4$% Senior Subordinated Notes due June 15, 2011 (the Notes), which were issued and sold by Blum CB Corp. for approximately $225.6 million, net of discount, on June 7, 2001 and assumed by CBRE in connection with the 2001 Merger. The Notes are jointly and severally guaranteed on a senior subordinated basis by the Company and its domestic subsidiaries. The Notes require semi-annual payments of interest in arrears on June 15 and December 15, having commenced on December 15, 2001, and are redeemable in whole or in part on or after June 15, 2006 at 105.625% of par on that date and at declining prices thereafter. In addition, before June 15, 2004, the Company may redeem up to 35.0% of the originally issued amount of the Notes at $111^{1}/4$% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, the Company is obligated to make an offer to purchase the Notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest. The amounts included in the accompanying consolidated balance sheets, net of unamortized discount, were $225.9 million and $225.7 million at December 31, 2002 and 2001, respectively.

The Company also entered into a $325.0 million Senior Credit Facility (the Credit Facility) with CSFB and other lenders. The Credit Facility is jointly and severally guaranteed by the Company and its domestic subsidiaries and is secured by substantially all of their assets. The Credit Facility includes the Tranche A term facility of $50.0 million, maturing on July 20, 2007; the Tranche B term facility of $185.0 million, maturing on July 18, 2008; and the revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. Borrowings under the Tranche A and revolving facility bear interest at varying rates based on the Company's option at either three-month LIBOR plus 2.50% to 3.25% or the alternate base rate plus 1.50% to 2.25% as determined by reference to the Company's ratio of total debt less available cash to EBITDA, which is defined in the debt agreement. Borrowings under the Tranche B facility bear interest at varying rates based on the Company's option at either three-month LIBOR plus 3.75% or the alternate base rate plus 2.75%. The alternate base rate is the higher of (1) CSFB's prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

The Tranche A facility will be repaid by July 20, 2007 through quarterly principal payments over six years, which total $7.5 million each year through June 30, 2003 and $8.75 million each year thereafter through July 20, 2007. The Tranche B facility requires quarterly principal payments of approximately $0.5 million, with the remaining outstanding principal due on July 18, 2008. The revolving line of credit requires the repayment of any outstanding balance for a period of 45 consecutive days commencing on any day in the month of December of each year as determined by the Company. The Company repaid its revolving credit facility as of November 5, 2002 and December 1, 2001, and at December 31, 2002 and 2001, the Company had no revolving line of credit principal outstanding. The total amount outstanding under the Credit Facility included in senior secured term loans and current maturities of long-term debt in the accompanying consolidated balance sheets was $221.0 million and $230.3 million at December 31, 2002 and 2001, respectively.

The Company issued an aggregate principal amount of $65.0 million of 16.0% Senior Notes due on July 20, 2011 (the Senior Notes). The Senior Notes are unsecured obligations, senior to all current and future unsecured indebtedness, but subordinated to all current and future secured indebtedness of the Company. Interest accrues at a rate of 16.0% per year and is payable quarterly in cash in arrears. Interest may be paid in kind to the extent CBRE's ability to pay cash dividends is restricted by the terms of the Credit Facility. Additionally, interest in excess of 12.0% may, at the Company's option, be paid in kind through July 2006. The Company elected to pay in kind interest in excess of 12.0%, or 4.0%, that was payable on April 20, 2002, July 20, 2002 and October 20, 2002. The Senior Notes are redeemable at the Company's option, in whole or in part, at 116.0% of par commencing on July 20,

2001 and at declining prices thereafter. As of December 31, 2002, the redemption price was 112.8% of par. In the event of a change in control, the Company is obligated to make an offer to purchase all of the outstanding Senior Notes at 101.0% of par. The total amount included in the accompanying consolidated balance sheets was $61.9 million and $59.7 million, net of unamortized discount, at December 31, 2002 and 2001, respectively.

The Senior Notes are solely the Company's obligation to repay. CBRE has neither guaranteed nor pledged any of its assets as collateral for the Senior Notes and is not obligated to provide cashflow to the Company for repayment of these Senior Notes. However, the Company has no substantive assets or operations other than its investment in CBRE to meet any required principal and interest payments on the Senior Notes. The Company will depend on CBRE's cash flows to fund principal and interest payments as they come due.

The Notes, the Credit Facility and the Senior Notes all contain numerous restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, pay dividends or distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, engage in transactions with affiliates, issue subsidiary equity and enter into consolidations or mergers. The credit facility requires the Company to maintain a minimum coverage ratio of interest and certain fixed charges and a maximum leverage and senior leverage ratio of earnings before interest, taxes, depreciation and amortization to funded debt. The Credit Facility requires the Company to pay a facility fee based on the total amount of the unused commitment.

On March 12, 2002, Moody's Investor Service downgraded the Company's senior secured term loans and Senior Subordinated Notes to B1 from Ba3 and to B3 from B2, respectively. On February 23, 2003, Moody's Investor Service confirmed the ratings of the Company's senior secured term loans and Senior Subordinated Notes at B1 and B3, respectively. On May 21, 2002 Standard and Poor's Ratings Service affirmed the ratings of the Company's senior secured term loans and Senior Subordinated Notes at BB- and B, respectively, but revised the outlook from stable to negative. On February 19, 2003, Standard and Poor's Ratings Service placed its ratings on the Company on CreditWatch with negative implications in response to the Company's announced acquisition of Insignia. Neither the Moody's nor the Standard and Poor's ratings impact the Company's ability to borrow or affect the Company's interest rates for the senior secured term loans.

A subsidiary of the Company has a credit agreement with Residential Funding Corporation (RFC) for the purpose of funding mortgage loans that will be resold. The credit agreement in 2001 initially provided for a revolving line of credit of $150.0 million, bore interest at the greater of one-month LIBOR or 3.0% (RFC Base Rate), plus 1.0%, and expired on August 31, 2001. Through various executed amendments and extension letters in 2001, the revolving line of credit was increased to $350.0 million and the maturity date was extended to January 22, 2002.

Effective January 23, 2002, the Company entered into a Second Amended and Restated Warehousing Credit and Security Agreement. This agreement provided for a revolving line of credit in the amount of $350.0 million until February 28, 2002 and $150.0 million for the period from March 1, 2002 through August 31, 2002. Additionally, on February 1, 2002, the Company executed a Letter Agreement with RFC that redefined the RFC Base Rate to the greater of one-month LIBOR or 2.25% per annum. On April 20, 2002, the Company obtained a temporary revolving line of credit increase of $210.0 million that resulted in a total line of credit equaling $360.0 million, which expired on July 31, 2002. Upon expiration of the temporary increase and through various executed amendments and extension letter agreements, the Company established a revolving line of credit of $200.0 million, redefined the RFC Base Rate to the greater of one-month LIBOR or 2.0% and extended the maturity date of the agreement to December 20, 2002. On December 16, 2002, the Company entered into the Third Amended and Restated Warehousing Credit and Security Agreement effective December 20,

2002. The agreement provides for a revolving line of credit of $200.0 million, bears interest at the RFC Base Rate plus 1.0% and expires on August 31, 2003.

During the years ended December 31, 2002 and 2001, respectively, the Company had a maximum of $309.0 million and $164.0 million revolving line of credit principal outstanding with RFC. At December 31, 2002 and 2001, respectively, the Company had a $63.1 million and a $106.8 million warehouse line of credit outstanding, which are included in short-term borrowings in the accompanying consolidated balance sheets. Additionally, the Company had a $63.1 million and a $106.8 million warehouse receivable, which are also included in the accompanying consolidated balance sheets as of December 31, 2002 and 2001, respectively. Subsequent to December 31, 2002 and 2001, the warehouse lines of credit that were outstanding on those dates were repaid with the proceeds from the warehouse receivables.

A subsidiary of the Company has a credit agreement with JP Morgan Chase. The credit agreement provides for a non-recourse revolving line of credit of up to $20.0 million, bears interest at 1.0% of the bank's cost of funds and expires on May 28, 2003. At December 31, 2002 and 2001, the Company had no revolving line of credit principal outstanding.

During 2001, the Company incurred certain non-recourse debt through a joint venture. In September 2002, the maturity date on this non-recourse debt was extended to June 18, 2003. At December 31, 2002 and 2001, respectively, the Company had $40.0 million and $37.2 million of non-recourse debt outstanding, which is included in short-term borrowings in the accompanying consolidated balance sheets.

The following is a summary of the Company's various contractual obligations (dollars in thousands):

	Payments Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**More than 5 years**
Total debt (1)	$ 632,909	$ 121,776	$ 21,263	$ 16,863	$ 473,007
Operating leases (2)	487,311	66,632	109,286	78,014	233,379
Deferred compensation plan liability (3)(4)	106,252	—	—	—	106,252
Pension liability (3)(4)	10,766	—	—	—	10,766

Total Contractual Obligations	$ 1,237,238	$ 188,408	$ 130,549	$ 94,877	$ 823,404

	Amount of Commitments Expiration				
Other Commitments	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**More than 5 years**
Letters of credit (2)	$ 7,841	$ 6,795	$ 1,046	$ —	$ —
Guarantees (2)	1,046	—	1,046	—	—
Co-investment commitments (2)	22,625	13,409	9,216	—	—
Total Commitments	$ 31,512	$ 20,204	$ 11,308	$ —	$ —

(1) Includes capital lease obligations. See Note 12 of the Notes to Consolidated Financial Statements.

(2) See Note 13 of the Notes to Consolidated Financial Statements.

(3) See Note 11 of the Notes to Consolidated Financial Statements.

(4) An undeterminable portion of this amount will be paid in years one through five.

Acquisitions

During 2001, the Company acquired a professional real estate services firm in Mexico for an aggregate purchase price of approximately $1.7 million in cash. The Company also purchased the remaining ownership interests that it did not already own in CB Richard Ellis/Hampshire, LLC for a purchase price of approximately $1.8 million in cash.

Litigation

The Company is a party to a number of pending or threatened lawsuits arising out of, or incident to, its ordinary course of business. Management believes that any liability that may result from disposition of these lawsuits will not have a material effect on the Company's consolidated financial position or results of operations.

Net Operating Losses

The Company had federal income tax net operating losses (NOLs) of approximately $7.9 million at December 31, 2001 and had no federal income tax NOLs at December 31, 2002.

Related Party Transactions

The Company's investment management business involves investing the Company's own capital in certain real estate investments with clients, including its equity investments in CB Richard Ellis Strategic Partners, LP, Global Innovation Partners, LLC and other co-investments. The Company has provided investment management, property management, brokerage, appraisal and other professional services to these equity investees and earned revenues from these co-investments of $22.4 million, $15.4 million and $7.3 million during the years ended December 31, 2002, 2001 and 2000, respectively.

Included in other current assets in the accompanying consolidated balance sheets is a note receivable from the Company's equity investment in Investor 1031, LLC in the amount of $1.2 million as of December 31, 2002. This note was issued on June 20, 2002, bears interest at 20.0% per annum and is due for repayment on July 15, 2003.

Included in other current and long-term assets in the accompanying consolidated balance sheets are employee loans of $5.9 million and $1.6 million as of December 31, 2002 and 2001, respectively. The majority of these loans represent prepaid retention and recruitment awards issued to employees at varying principal amounts, bear interest at rates up to 10.0% per annum and mature on various dates through 2007. These loans and related interest are typically forgiven over time, assuming that the relevant employee is still employed by, and is in good standing with, the Company. As of December 31, 2002, the outstanding employee loan balances included a $0.3 million loan to Raymond Wirta, the Company's Chief Executive Officer, and a $0.2 million loan to Brett White, the Company's President. These non-interest bearing loans to Mr. Wirta and Mr. White were issued during 2002 and are due and payable on December 31, 2003.

The accompanying consolidated balance sheets also include $4.8 million and $5.9 million of notes receivable from sale of stock as of December 31, 2002 and 2001, respectively. These notes are primarily composed of full-recourse loans to employees, officers and certain shareholders of the Company, which are secured by the Company's common stock that is owned by the borrowers. These full-recourse loans are at varying principal amounts, require quarterly interest payments, bear interest at rates up to 10.0% per annum and mature on various dates through 2010.

Pursuant to the Company's 1996 Equity Incentive Plan (EIP), Mr. Wirta purchased 30,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share that was paid for by delivery of a full recourse promissory note bearing interest at 7.40%. As part of the 2001 Merger, the 30,000 shares of CBRE common stock were exchanged for 30,000 shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the promissory note. All interest charged on the outstanding promissory note balance for any year is forgiven if Mr. Wirta's performance produces a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. Wirta's promissory note for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, Mr. Wirta had an outstanding loan balance of $385,950, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets.

Pursuant to the Company's 1996 EIP, Mr. White purchased 25,000 shares of CBRE common stock in 1998 at a purchase price of $38.50 per share and 20,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share. These purchases were paid for by delivery of full recourse promissory notes bearing interest at 7.40%. As part of the 2001 Merger, Mr. White's shares of CBRE common stock were exchanged for a like amount of shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the notes.

A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of the Company or its subsidiaries on November 16, 2002 and the fair market value of a share of the Company's common stock was less than $38.50 on November 16, 2002. Mr. White's 1998 promissory note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. During 2002, the 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for the remaining balance of $400,000 on the 1998 promissory note. All interest charged on the outstanding promissory note balances for any year is forgiven if Mr. White's performance produces a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. White's promissory notes for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, respectively, Mr. White had outstanding loan balances of $257,300 and $657,300, which are included in notes receivable from sale of common stock in the accompanying consolidated balance sheets.

As of December 31, 2002 and 2001, Mr. White had an outstanding loan of $164,832, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets. This outstanding loan relates to the acquisition of 12,500 shares of CBRE's common stock prior to the 2001 Merger. Subsequent to the 2001 Merger, these shares were converted into shares in the Company's common stock and the related loan amount was carried forward. This loan bears interest at 6.0% and is payable at the earlier of: (i) October 14, 2003, (ii) the date of the sale of shares held by the Company pursuant to the related security agreement or (iii) the date of the termination of Mr. White's employment.

At the time of the 2001 Merger, Mr. Wirta delivered to the Company an $80,000 promissory note, which bore interest at 10% per year, as payment for the purchase of 5,000 shares of the Company's Class B common stock. Mr. Wirta repaid this promissory note in full in April of 2002. Additionally, Mr. Wirta and Mr. White delivered full-recourse notes in the amounts of $512,504 and $209,734, respectively, as payment for a portion of the shares purchased in connection with the 2001 Merger. During 2002, Mr. Wirta paid down his loan amount by $40,004 and Mr. White paid off his note in its entirety. As of December 31, 2002, Mr. Wirta has an outstanding loan of $472,500, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheet.

In the event that the Company's common stock is not freely tradable on a national securities exchange or an over-the-counter market by June 2004, the Company has agreed to loan Mr. Wirta up to $3.0 million on a full-recourse basis to enable him to exercise an existing option to acquire shares held by The Koll Holding Company, if Mr. Wirta is employed by the Company at the time of exercise, was terminated without cause or resigned for good reason. This loan will become repayable upon the earliest to occur of: (1) 90 days following termination of his employment, other than by the Company without cause or by him for good reason, (2) seven months following the date the Company's common stock becomes freely tradable as described above or (3) the receipt of proceeds from the sale of the pledged shares. This loan will bear interest at the prime rate in effect on the date of the loan, compounded annually, and will be repayable to the extent of any net proceeds received by Mr. Wirta upon the sale of any shares of the Company's common stock. Mr. Wirta will pledge the shares received upon exercise of the option as security for the loan.

Application of Critical Accounting Policies

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect reported amounts. The estimates and assumptions are based on historical experience and on other factors that management believes to be reasonable. Actual results may differ from those estimates under different assumptions or conditions. The Company

believes that the following critical accounting policies represent the areas where more significant judgments and estimates are used in the preparation of its consolidated financial statements:

Revenue Recognition

The Company records real estate commissions on sales upon close of escrow or upon transfer of title. Real estate commissions on leases are generally recorded as income once the Company satisfies all obligations under the commission agreement. A typical commission agreement provides that the Company earns a portion of the lease commission upon the execution of the lease agreement by the tenant, while the remaining portion(s) of the lease commission is earned at a later date, usually upon tenant occupancy. The existence of any significant future contingencies will result in the delay of recognition of revenue until such contingencies are satisfied. For example, if the Company does not earn all or a portion of the lease commission until the tenant pays their first month's rent and the lease agreement provides the tenant with a free rent period, the Company delays revenue recognition until cash rent is paid by the tenant. Investment management and property management fees are recognized when earned under the provisions of the related agreements. Appraisal fees are recorded after services have been rendered. Loan origination fees are recognized at the time the loan closes and the Company has no significant remaining obligations for performance in connection with the transaction, while loan servicing fees are recorded to revenue as monthly principal and interest payments are collected from mortgagors. Other commissions, consulting fees and referral fees are recorded as income at the time the related services have been performed unless significant future contingencies exist.

In establishing the appropriate provisions for trade receivables, the Company makes assumptions with respect to their future collectibility. The Company's assumptions are based on an individual assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivables balances. In addition to these individual assessments, in general, outstanding trade accounts receivable amounts that are greater than 180 days are fully provided for.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of CBRE Holding, Inc. (the Company) and majority-owned and controlled subsidiaries. Additionally, the consolidated financial statements include the accounts of CBRE prior to the 2001 Merger as CBRE is considered the predecessor to the Company for purposes of Regulation S-X. The equity attributable to minority shareholders' interests in subsidiaries is shown separately in the accompanying consolidated balance sheets. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company's investments in unconsolidated subsidiaries in which it has the ability to exercise significant influence over operating and financial policies, but does not control, are accounted for under the equity method. Accordingly, the Company's share of the earnings of these equity-method basis companies is included in consolidated net income. All other investments held on a long-term basis are valued at cost less any impairment in value.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price paid by the Company over the fair value of the tangible and intangible assets and liabilities of CBRE at July 20, 2001, the date of the 2001 Merger. Other intangible assets include a trademark, which was separately identified as a result of the 2001 Merger, is not being amortized and has an indefinite estimated life. The remaining other intangible assets represent management contracts and loan servicing rights and are amortized on a straight-line basis over estimated useful lives ranging up to ten years.

The Company fully adopted SFAS No. 142, *"Goodwill and Other Intangible Assets,"* effective January 1, 2002. This statement requires the Company to perform at least an annual assessment of impairment of goodwill and other intangible assets deemed to have indefinite useful lives based on assumptions and estimates of fair value and future cash flow information. In June 2002, the Company completed the first step of the transitional goodwill impairment test and determined that no impairment existed as of January 1, 2002. The Company also completed its required annual impairment test as of October 1, 2002 and determined that no impairment existed as of that date. An independent third-party valuation firm was engaged to perform all of the impairment tests.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143, *"Accounting for Asset Retirement Obligations."* This statement applies to legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of its fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. Adoption of this statement is not expected to have any material impact on the Company's financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "*Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*." This statement rescinds the following pronouncements:

- SFAS No. 4, "*Reporting Gains and Losses from Extinguishment of Debt*"
- SFAS No. 44, "*Accounting for Intangible Assets of Motor Carriers*"
- SFAS No. 64, "*Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*"

SFAS No. 145 amends SFAS No. 13, "*Accounting for Leases*," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions.

The provisions of this statement related to the rescission of SFAS No. 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions of this statement related to SFAS No. 13 shall be effective for transactions occurring after May 15, 2002. All other provisions of this statement shall be effective for financial statements issued on or after May 15, 2002. Adoption of this statement has not had and is not expected to have any material effect on the Company's financial position or results of operations.

In July 2002, the FASB issued SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities."* This statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan and supersedes Emerging Issues Task Force Issue No. 94.3, "*Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity*." SFAS No. 146 is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company will account for such costs, if any, under SFAS No. 146 on a prospective basis.

In November 2002, the FASB issued FASB Interpretation No. (FIN) 45, *"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,"* an interpretation of SFAS No. 5, *"Accounting for Contingencies,"* SFAS No. 57, *"Related Party Disclosures"* and SFAS No. 107, *"Disclosure about Fair Value of Financial Instruments."* This interpretation also rescinds FIN 34, *"Disclosure of Indirect Guarantees of Indebtedness of Others."* FIN 45 expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain

guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under certain guarantees. The disclosure requirements of FIN 45 are effective as of December 31, 2002, and require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of FIN 45 are to be applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 has not had and is not expected to have a material impact on the Company's financial position or results of operations.

In December 2002, the FASB issued SFAS No. 148, *"Accounting for Stock-Based Compensation—Transition and Disclosure."* This statement amends SFAS No. 123, *"Accounting for Stock-Based Compensation,"* to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures about the effect on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS No. 148 amends Accounting Principles Board (APB) Opinion No. 28, *"Interim Financial Reporting,"* to require disclosure about those effects in interim financial information. For entities that voluntarily change to the fair value based method of accounting for stock-based employee compensation, the transition and the disclosure provisions are effective for fiscal years ending after December 15, 2002. The amendments to APB No. 28 are effective for interim periods beginning after December 15, 2002. The Company continues to account for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25 and does not plan to voluntarily change to the fair value based method of accounting for stock-based compensation. The Company will adopt the interim disclosure provisions of SFAS No. 148 for the quarter ended March 31, 2003.

In January 2003, the FASB issued FIN 46, "*Consolidation of Variable Interest Entities,"* which is an interpretation of Accounting Research Bulletin (ARB) No. 51, *"Consolidated Financial Statements."* This interpretation addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests and results of operations of a VIE need to be consolidated with its primary beneficiary. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns or if the VIE does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. For VIEs in which a significant (but not majority) variable interest is held, certain disclosures are required. The consolidation requirements of FIN 46 apply immediately to VIEs created after January 31, 2003. The consolidation requirements apply to existing VIEs in the first fiscal year or interim period beginning after June 15, 2003. Certain disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the VIE was established. The adoption of this interpretation is not expected to have a material impact on the Company's financial position or results of operations.

Forward-Looking Statements

Portions of this Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations, contain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements, which are generally identified by the use of terms such as "will," "expected" or similar expressions involving known and unknown risks, uncertainties and other factors that may cause the Company's actual results and performance in future periods to be materially different from any future results or performance suggested in forward-looking statements in this Form 10-K. Any forward-looking statements speak only as of the date of this report and the Company expressly disclaims any obligation to update or revise any forward-looking statements found herein to reflect any changes in its expectations or results or any change in events. Factors that could cause results to differ materially include, but are not limited to: commercial real estate vacancy levels; employment conditions and their effect on vacancy rates; property values; rental rates; any general economic recession domestically or internationally; and general conditions of financial liquidity for real estate transactions.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The Company's exposure to market risk consists of foreign currency exchange rate fluctuations related to international operations and changes in interest rates on debt obligations.

Approximately 27% of the Company's business is transacted in local currencies of foreign countries. The Company attempts to manage its exposure primarily by balancing monetary assets and liabilities, and maintaining cash positions only at levels necessary for operating purposes. The Company routinely monitors its transaction exposure to currency exchange rate changes and occasionally enters into currency forward and option contracts to limit its exposure, as appropriate. As of December 31, 2002, the Company was not a party to any such contracts. The Company does not engage in any speculative activities in respect of foreign currency.

The Company manages its interest expense by using a combination of fixed and variable rate debt. The Company's fixed and variable long-term debt at December 31, 2002 consisted of the following (dollars in thousands):

Year of Maturity	Fixed Rate	One-Month Yen LIBOR +4.95%	Greater of 3.0% or One-Month LIBOR +1.0%	Three-Month LIBOR +3.25%	Three-Month LIBOR +3.75%	Interest Rate Range of 4.37% to 6.50%	Total
2003	$ 752	$ 40,005	$ 63,140	$ 8,125	$ 1,850	$ 7,904	$ 121,776
2004	40	—	—	8,750	1,850	—	10,640
2005	23	—	—	8,750	1,850	—	10,623
2006	19	—	—	8,750	1,850	—	10,619
2007	19	—	—	4,375	1,850	—	6,244
Thereafter (1)	300,032	—	—	—	172,975	—	473,007
Total	$ 300,885	$ 40,005	$ 63,140	$ 38,750	$ 182,225	$ 7,904	$ 632,909
Weighted Average Interest Rate	12.1%	5.0%	3.0%	4.7%	5.2%	4.9%	8.2%

(1) Primarily includes the $11^{1}/4$% Senior Subordinated Notes, the 16% Senior Notes and the Tranche B term loans under the senior secured credit facilities.

The Company utilizes sensitivity analyses to assess the potential effect of its variable rate debt. If interest rates were to increase by 47 basis points, approximately 10% of the weighted average variable rate at year end, the net impact would be a decrease of $1.6 million on annual pre-tax income and cash provided by operating activities for the twelve months ended December 31, 2002.

Based on dealers' quotes, the estimated fair value of the Company's $225.9 million $11^{1}/4$% Senior Subordinated Notes is $208.4 million at December 31, 2002. There was no trading activity for the 16% Senior Notes, which are due in 2011. Their carrying value as of December 31, 2002 totaled $61.9 million. Estimated fair values for the term loans under the senior secured credit facilities and the remaining long-term debt are not presented because the Company believes that they are not materially different from book value, primarily because the majority of the remaining debt is based on variable rates that approximate terms that could be obtained at December 31, 2002.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

All other schedules are omitted because they are either not applicable, not required or the information required is included in the Consolidated Financial Statements, including the notes thereto.

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of CBRE Holding, Inc.:

We have audited the accompanying consolidated balance sheet of CBRE Holding, Inc., a Delaware corporation, and subsidiaries (the "Company") as of December 31, 2002 and the related consolidated statements of operations, cash flows, stockholders' equity and comprehensive income (loss) for the twelve months then ended. Our audit also included the 2002 financial statement schedule listed in the Index to Consolidated Financial Statements and Financial Statement Schedule at Item 8. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the 2002 financial statements and the financial statement schedule based on our audit. The consolidated financial statements and the financial statement schedule of the Company as of December 31, 2001 and for the period from February 20, 2001 (inception) through December 31, 2001 and the consolidated financial statements and financial statement schedules of CB Richard Ellis Services, Inc. (the "Predecessor") for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 were audited by other auditors who have ceased operations. Those auditors expressed an unqualified opinion on those financial statements and stated that such 2001 and 2000 financial statement schedules, when considered in relation to the 2001 and 2000 basic financial statements taken as a whole, presented fairly, in all material respects, the information set forth therein, in their report dated february 26, 2002.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such 2002 consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2002 and the results of their operations and their cash flows for the twelve months then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the 2002 financial statement schedule, when considered in relation to the basic consolidated financial statements, presents fairly in all material respects the information set forth therein.

As discussed in Note 8 to the Consolidated Financial Statements, the Company changed its method of accounting for goodwill and other intangible assets in 2002 to conform to Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS 142").

As discussed above, the consolidated financial statements of the Company as of December 31, 2001 and for the period from February 20, 2001 (inception) through December 31, 2001 and the financial statements of the Predecessor for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 were audited by other auditors who have ceased operations. As described in Note 8, these consolidated financial statements have been revised to include the transitional disclosures required by SFAS 142, which was adopted by the Company as of January 1, 2002. Our audit procedures with respect to the disclosures in Note 8 with respect to 2001 and 2000 included (i) comparing the previously reported net income (loss) to the previously issued consolidated financial statements and the adjustments to reported net income (loss) representing amortization expense (including any related tax effects) recognized in those periods relating to goodwill that is no longer being amortized as a result of applying SFAS 142 to the Company's and the

Predecessor's underlying analysis obtained from management, and (ii) testing the mathematical accuracy of the reconciliation of adjusted net income (loss) to reported net income (loss) and the related earnings (loss)-per-share amounts. In our opinion, the disclosures for 2001 and 2000 in Note 8 are appropriate. However, we were not engaged to audit, review, or apply any procedures to the 2001 and 2000 consolidated financial statements of the Company and the Predecessor other than with respect to such disclosures, and accordingly, we do not express an opinion or any other form of assurance on the 2001 and 2000 consolidated financial statements taken as a whole.

DELOITTE & TOUCHE LLP

Los Angeles, California
March 21, 2003

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of CBRE Holding, Inc.:

We have audited the accompanying consolidated balance sheet of CBRE Holding, Inc., a Delaware corporation, (the Company) as of December 31, 2001 and related consolidated statements of operations, cash flows, stockholders' equity and comprehensive income for the period from February 20, 2001 (inception) through December 31, 2001. We have also audited the accompanying consolidated balance sheet of CB Richard Ellis Services, Inc. (Predecessor) as of December 31, 2000, and the related consolidated statements of operations, cash flows, stockholders' equity and comprehensive (loss) income for the period from January 1, 2001 to July 20, 2001, and the twelve months ended December 31, 2000 and 1999. These financial statements and the schedule referred to below are the responsibility of the Company's and the Predecessor's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CBRE Holding, Inc. as of December 31, 2001 and the results of their operations and their cash flows for the period from February 20, 2001 (inception) through December 31, 2001 and the financial position of CB Richard Ellis Services, Inc. (the Predecessor) as of December, 31 2000 and the results of their operations and their cash flows for the period from January 1, 2001 to July 20, 2001, and the twelve months ended December 31, 2000 and 1999, in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in the index to consolidated financial statements is presented for purposes of complying with the Securities and Exchange Commission's rules and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Los Angeles, California
February 26, 2002

NOTE: The report of Arthur Andersen LLP presented above is a copy of a previously issued Arthur Andersen LLP report. This report has not been reissued by Arthur Andersen LLP nor has Arthur Andersen LLP provided a consent to the inclusion of its report in this Form 10-K.

NOTE: The consolidated financial statements as of December 31, 2000 and for the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 have been revised to include the transitional disclosures required by Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets (see Note 8). The report of Arthur Andersen LLP presented above does not extend to these changes.

CBRE HOLDING, INC.
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)

	December 31	
	2002	**2001**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 79,701	$ 57,450
Receivables, less allowance for doubtful accounts of $10,892 and $11,748 at December 31, 2002 and 2001, respectively	166,213	156,434
Warehouse receivable	63,140	106,790
Prepaid expenses	9,748	8,325
Deferred tax assets, net	18,723	32,155
Other current assets	8,415	8,493
Total current assets	345,940	369,647
Property and equipment, net	66,634	68,451
Goodwill	577,137	609,543
Other intangible assets, net of accumulated amortization of $7,739 and $3,153 at December 31, 2002 and 2001, respectively	91,082	38,117
Cash surrender value of insurance policies, deferred compensation plan	63,642	69,385
Investments in and advances to unconsolidated subsidiaries	50,208	42,535
Deferred tax assets, net	36,376	54,002
Other assets	93,857	102,832
Total assets	$ 1,324,876	$ 1,354,512
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and accrued expenses	$ 102,415	$ 82,982
Compensation and employee benefits payable	63,734	68,118
Accrued bonus and profit sharing	103,858	85,188
Income taxes payable	15,451	21,736
Short-term borrowings:		
Warehouse line of credit	63,140	106,790
Other	47,925	48,828
Total short-term borrowings	111,065	155,618
Current maturities of long-term debt	10,711	10,223
Total current liabilities	407,234	423,865
Long-Term Debt:		
$11^{1}/4$% senior subordinated notes, net of unamortized discount of $3,057 and $3,263 at December 31, 2002 and 2001, respectively	225,943	225,737
Senior secured term loans	211,000	220,975
16% senior notes, net of unamortized discount of $5,107 and $5,344 at December 31, 2002 and 2001, respectively	61,863	59,656

Other long-term debt	12,327	15,695
Total long-term debt	511,133	522,063
Deferred compensation liability	106,252	105,104
Other liabilities	43,301	46,661
Total liabilities	1,067,920	1,097,693
Minority interest	5,615	4,296
Commitments and contingencies		
Stockholders' Equity:		
Class A common stock; $0.01 par value; 75,000,000 shares authorized; 1,793,254 and 1,755,601 shares issued and outstanding (including treasury shares) at December 31, 2002 and 2001, respectively	17	17
Class B common stock; $0.01 par value; 25,000,000 shares authorized; 12,624,813 shares issued and outstanding at December 31, 2002 and 2001	127	127
Additional paid-in capital	240,574	240,541
Notes receivable from sale of stock	(4,800)	(5,884)
Accumulated earnings	36,153	17,426
Accumulated other comprehensive (loss) income	(18,998)	296
Treasury stock at cost, 110,174 shares at December 31, 2002	(1,732)	—
Total stockholders' equity	251,341	252,523
Total liabilities and stockholders' equity	$ 1,324,876	$ 1,354,512

The accompanying notes are an integral part of these consolidated financial statements.

CBRE HOLDING, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except share data)

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Revenue	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604
Costs and expenses:				
Commissions, fees and other incentives	554,942	266,764	280,813	628,097
Operating, administrative and other	493,949	216,246	296,386	551,528
Depreciation and amortization	24,614	12,198	25,656	43,199
Equity income from unconsolidated subsidiaries	(9,326)	(1,554)	(2,874)	(6,505)
Merger-related and other nonrecurring charges	36	6,442	22,127	—
Operating income (loss)	106,062	62,732	(14,174)	107,285
Interest income	3,272	2,427	1,567	2,554
Interest expense	60,501	29,717	20,303	41,700
Income (loss) before provision for income taxes	48,833	35,442	(32,910)	68,139
Provision for income taxes	30,106	18,016	1,110	34,751
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Basic earnings (loss) per share	$ 1.25	$ 2.22	$ (1.60)	$ 1.60
Weighted average shares outstanding for basic earnings (loss) per share	15,025,308	7,845,004	21,306,584	20,931,111
Diluted earnings (loss) per share	$ 1.23	$ 2.20	$ (1.60)	$ 1.58
Weighted average shares outstanding for diluted earnings (loss) per share	15,222,111	7,909,797	21,306,584	21,097,240

The accompanying notes are an integral part of these consolidated financial statements.

CBRE HOLDING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization	24,614	12,198	25,656	43,199
Amortization of deferred financing costs	3,322	1,316	1,152	2,069
Deferred compensation deferrals	15,925	16,151	16,447	43,557
Gain on sale of properties, businesses and servicing rights	(6,287)	(2,868)	(10,009)	(10,184)
Equity income from unconsolidated subsidiaries	(9,326)	(1,554)	(2,874)	(6,505)
Provision for litigation, doubtful accounts and other	7,649	2,714	3,872	5,125
Deferred income tax provision (benefit)	5,158	(1,948)	(1,569)	(4,083)
(Increase) decrease in receivables	(4,770)	(18,379)	26,970	(12,545)
Decrease (increase) in cash surrender value of insurance policies, deferred compensation plan	5,743	(4,517)	(11,665)	(32,761)
Increase (decrease) in accounts payable and accrued expenses	3,678	(5,835)	(5,491)	(3,201)
Increase (decrease) in compensation and employee benefits payable and accrued bonus and profit sharing	17,541	64,677	(101,312)	24,418
Increase (decrease) in income taxes payable	3,225	13,578	(16,357)	11,074
Decrease in other liabilities	(15,203)	(9,260)	(11,305)	(12,806)
Other operating activities, net	(5,114)	7,635	275	114
Net cash provided by (used in) operating activities	64,882	91,334	(120,230)	80,859
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net of concessions received	(14,266)	(6,501)	(14,814)	(23,668)
Proceeds from sale of properties, businesses and servicing rights	6,378	2,108	9,544	17,495
Purchases of investments	(1,012)	(1,081)	(3,202)	(23,413)
Investment in property held for sale	—	(40,174)	(2,282)	—
Acquisition of businesses including net assets acquired, intangibles and goodwill	(14,811)	(214,702)	(1,924)	(6,561)
Other investing activities, net	(419)	(1,043)	539	3,678
Net cash used in investing activities	(24,130)	(261,393)	(12,139)	(32,469)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolver and swingline credit facility	238,000	113,750	—	—
Repayment of revolver and swingline credit facility	(238,000)	(113,750)	—	—
(Repayment of) proceeds from senior notes and other loans, net	(8,205)	(1,188)	446	588
Proceeds from senior secured term loans	—	235,000	—	—
Repayment of senior secured term loans	(9,351)	(4,675)	—	—
Proceeds from non-recourse debt related to property held for sale	—	37,179	—	—
Repayment of 8 7/8% senior subordinated notes	—	(175,000)	—	—
Proceeds from 11 1/4% senior subordinated notes	—	225,629	—	—
Proceeds from 16% senior notes	—	65,000	—	—
Proceeds from revolving credit facility	—	—	195,000	179,000
Repayment of revolving credit facility	—	(235,000)	(70,000)	(229,000)
Payment of deferred financing fees	(443)	(21,750)	(8)	(120)
Proceeds from issuance of common stock	180	92,156	—	—
Other financing activities, net	(19)	(3,520)	792	(3,991)
Net cash (used in) provided by financing activities	(17,838)	213,831	126,230	(53,523)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	22,914	43,772	(6,139)	(5,133)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	57,450	13,662	20,854	27,844
Effect of currency exchange rate changes on cash	(663)	16	(1,053)	(1,857)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 79,701	$ 57,540	$ 13,662	$ 20,854
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:				
Cash paid during the period for				
Interest (net of amount capitalized)	$ 52,647	$ 26,126	$ 18,457	$ 38,352
Income taxes, net of refunds	$ 19,142	$ 5,061	$ 19,083	$ 27,607
Non-cash investing and financing activities				
Fair value of assets acquired	$ —	$ (492,220)	$ (105)	$ (2,287)
Fair value of liabilities acquired	—	719,829	—	41
Issuance of stock	—	148,641	—	—
Goodwill	(14,811)	(590,952)	(1,819)	(4,315)
Net cash paid for acquisitions	$ (14,811)	$ (214,702)	$ (1,924)	$ (6,561)

The accompanying notes are an integral part of these consolidated financial statements.

CBRE HOLDING, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Dollars in thousands, except share data)

	Company								
	CBRE Holding, Inc.								
						Accumulated other comprehensive income (loss)			
	Class A common stock	Class B common stock	Additional paid-in capital	Notes receivable from sale of stock	Accumulated earnings	Minimum pension liability	Foreign currency translation	Treasury stock	Total
Balance, February 20, 2001	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Net income	—	—	—	—	17,426	—	—	—	17,426
Contribution of deferred compensation plan stock fund units	—	—	18,771	—	—	—	—	—	18,771
Contribution of shares by certain shareholders of CB Richard Ellis Services, Inc	—	80	121,732	—	—	—	—	—	121,812
Net issuance of Class A common stock	17	—	27,672	—	—	—	—	—	27,689
Issuance of Class B common stock	—	47	72,366	—	—	—	—	—	72,413
Notes receivable from sale of stock	—	—	—	(5,884)	—	—	—	—	(5,884)
Foreign currency translation gain	—	—	—	—	—	—	296	—	296
Balance, December 31, 2001	17	127	240,541	(5,884)	17,426	—	296	—	252,523
Net income	—	—	—	—	18,727	—	—	—	18,727
Issuance of Class A common stock	—	—	460	(180)	—	—	—	—	280
Net cancellation of deferred compensation stock fund units	—	—	(427)	—	—	—	—	—	(427)
Net collection on notes receivable from sale of stock	—	—	—	1,264	—	—	—	—	1,264
Purchase of common stock	—	—	—	—	—	—	—	(1,732)	(1,732)
Minimum pension liability adjustment, net of tax	—	—	—	—	—	(17,039)	—	—	(17,039)
Foreign currency translation loss	—	—	—	—	—	—	(2,255)	—	(2,255)
Balance, December 31, 2002	$ 17	$ 127	$ 240,574	$ (4,800)	$ 36,153	$ (17,039)	$ (1,959)	$ (1,732)	$ 251,341

	Predecessor						
	CB Richard Ellis Services, Inc.						
	Common stock	Additional paid-in capital	Notes receivable from sale of stock	Accumulated (deficit) earnings	Accumulated other comprehensive loss	Treasury stock	Total
Balance, December 31, 1999	$ 213	$ 355,893	$ (8,087)	$ (122,485)	$ (1,928)	$ (13,869)	$ 209,737
Net income	—	—	—	33,388	—	—	33,388
Common stock issued for incentive plans	4	4,310	(4,310)	—	—	—	4
Contributions, deferred compensation plan	—	2,729	—	—	—	—	2,729
Deferred compensation plan co-match	—	907	—	—	—	—	907
Net collection on notes receivable from sale of stock	—	(550)	550	—	—	—	—
Amortization of cheap and restricted stock	—	342	—	—	—		342
Tax deduction from issuance of stock	—	580	—	—	—	—	580
Foreign currency translation loss	—	—	—	—	(10,330)	—	(10,330)
Purchase of common stock	—	(43)	—	—	—	(1,975)	(2,018)
Balance, December 31, 2000	217	364,168	(11,847)	(89,097)	(12,258)	(15,844)	235,339
Net loss	—	—	—	(34,020)	—	—	(34,020)
Common stock issued for incentive plans	—	360	—	—	—	—	360
Contributions, deferred compensation plan	—	1,004	—	—	—	—	1,004
Deferred compensation plan co-match	—	492	—	—	—	—	492
Net collection on notes receivable from sale of stock	—	(742)	1,001	—	—	—	259
Amortization of cheap and restricted stock	1	210	—	—	—	—	211
Tax deduction from issuance of stock	—	1,479	—	—	—	—	1,479
Foreign currency translation loss	—	—	—	—	(7,106)	—	(7,106)
Cancellation of common stock	—	(54)	—	—	—	—	(54)
Cancellation of common stock and elimination of historical equity due to the merger	(218)	(366,917)	10,846	123,117	19,364	15,844	(197,964)
Balance, July 20, 2001	$ —	$ —	$ —	$ —	$ —	$ —	$ —

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(Dollars in thousands)

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Other comprehensive (loss) income:				
Foreign currency translation (loss) gain	(2,255)	296	(7,106)	(10,330)
Minimum pension liability adjustment, net of tax	(17,039)	—	—	—
Total other comprehensive (loss) income	(19,294)	296	(7,106)	(10,330)
Comprehensive (loss) income	$ (567)	$ 17,722	$ (41,126)	$ 23,058

The accompanying notes are an integral part of these consolidated financial statements.

CBRE HOLDING INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Operations

CBRE Holding, Inc., a Delaware corporation, was incorporated on February 20, 2001 as Blum CB Holding Corporation. On March 26, 2001, Blum CB Holding Corporation changed its name to CBRE Holding, Inc. (the Company). The Company and its former wholly owned subsidiary, Blum CB Corporation (Blum CB), a Delaware corporation, were created to acquire all of the outstanding shares of CB Richard Ellis Services, Inc. (CBRE), an international real estate services firm. Prior to July 20, 2001, the Company was a wholly owned subsidiary of RCBA Strategic Partners, LP (RCBA Strategic), which is an affiliate of Richard C. Blum, a director of the Company and CBRE.

On July 20, 2001, the Company acquired CBRE (the 2001 Merger) pursuant to an Amended and Restated Agreement and Plan of Merger, dated May 31, 2001, among the Company, CBRE and Blum CB. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. The operations of the Company after the 2001 Merger are substantially the same as the operations of CBRE prior to the 2001 Merger. In addition, the Company has no substantive operations other than its investment in CBRE.

CBRE Holding, Inc. is a holding company that conducts its operations primarily through direct and indirect operating subsidiaries. In the United States (US), the Company operates through CB Richard Ellis, Inc. and L.J. Melody, in the United Kingdom (UK) through CB Hillier Parker and in Canada through CB Richard Ellis Limited. CB Richard Ellis Investors, LLC (CBRE Investors) and its foreign affiliates conduct business in the US, Europe and Asia. The Company operates in 47 countries through various subsidiaries and pursuant to cooperation agreements. Approximately 73% of the Company's revenue is generated from the US and 27% is generated from the rest of the world.

2. Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and majority-owned and controlled subsidiaries. Additionally, the consolidated financial statements include the accounts of CBRE prior to the 2001 Merger as CBRE is considered the predecessor to the Company for purposes of Regulation S-X. The equity attributable to minority shareholders' interests in subsidiaries is shown separately in the accompanying consolidated balance sheets. All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company's investments in unconsolidated subsidiaries in which it has the ability to exercise significant influence over operating and financial policies, but does not control, are accounted for under the equity method. Accordingly, the Company's share of the earnings of these equity-method basis companies is included in consolidated net income. All other investments held on a long-term basis are valued at cost less any impairment in value.

Use of Estimates

The Company's consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results may differ from these estimates. Management believes that these estimates provide a reasonable basis for the fair presentation of its financial condition and results of operations.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash and highly liquid investments with an original maturity of less than three months. The Company controls certain cash and cash equivalents as an agent for its investment and property management clients. These amounts are not included in the consolidated balance sheets (See Note 17).

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation, or in the case of capitalized leases, at the present value of the future minimum lease payments. Depreciation and amortization of property and equipment is computed primarily using the straight-line method over estimated useful lives ranging up to ten years. Leasehold improvements are amortized over the term of the respective leases, excluding options to renew. The Company capitalizes expenditures that materially increase the life of the related assets and expenses the cost of maintenance and repairs.

The Company periodically reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any of the significant assumptions inherent in this assessment materially change due to market, economic, and/or other factors, the recoverability is assessed based on the revised assumptions. If this analysis indicates that such assets are considered to be impaired, the impairment is recognized in the period the changes occur and represents the amount by which the carrying value exceeds the fair value of the asset.

Goodwill and Other Intangible Assets

Goodwill represents the excess of the purchase price paid by the Company over the fair value of the tangible and intangible assets and liabilities of CBRE at July 20, 2001, the date of the 2001 Merger. Other intangible assets include a trademark, which was separately identified as a result of the 2001 Merger, is not being amortized and has an indefinite estimated life. The remaining other intangible assets represent management contracts and loan servicing rights and are amortized on a straight-line basis over estimated useful lives ranging up to ten years.

The Company fully adopted SFAS No. 142, *"Goodwill and Other Intangible Assets,"* effective January 1, 2002. This statement requires the Company to perform at least an annual assessment of impairment of goodwill and other intangible assets deemed to have indefinite useful lives based on assumptions and estimates of fair value and future cash flow information. In June 2002, the Company completed the first step of the transitional goodwill impairment test and determined that no impairment existed as of January 1, 2002. The Company also completed its required annual impairment test as of October 1, 2002 and determined that no impairment existed as of that date. An independent third-party valuation firm was engaged to perform all of the impairment tests (See Note 8).

Deferred Financing Costs

Costs incurred in connection with financing activities are deferred and amortized using the straight-line method over the terms of the related debt agreements ranging up to 10 years. Amortization of these costs is charged to interest expense in the accompanying consolidated statements of operations. Total deferred costs, net of accumulated amortization, included in other assets in the accompanying consolidated balance sheets were $20.5 million and $23.3 million, as of December 31, 2002 and 2001, respectively.

Revenue Recognition

Real estate commissions on sales are recorded as income upon close of escrow or upon transfer of title. Real estate commissions on leases are generally recorded as income once the Company satisfies all obligations under the commission agreement. A typical commission agreement provides that the Company earns a portion of the lease commission upon the execution of the lease agreement by the tenant, while the remaining portion(s) of the lease commission is earned at a later date, usually upon tenant occupancy. The existence of any significant future contingencies will result in the delay of recognition of revenue until such contingencies are satisfied. For example, if the Company does not earn all or a portion of the lease commission until the tenant pays their first month's rent and the lease agreement provides the tenant with a free rent period, the Company delays revenue recognition until cash rent is paid by the tenant. Investment management and property management fees are recognized when earned under the provisions of the related agreements. Appraisal fees are recorded after services have been rendered. Loan origination fees are recognized at the time the loan closes and the Company has no significant remaining obligations for performance in connection with the transaction, while loan servicing fees are recorded to revenue as monthly principal and interest payments are collected from mortgagors. Other commissions, consulting fees and referral fees are recorded as income at the time the related services have been performed unless significant future contingencies exist.

In establishing the appropriate provisions for trade receivables, the Company makes assumptions with respect to their future collectibility. The Company's assumptions are based on an individual assessment of a customer's credit quality as well as subjective factors and trends, including the aging of receivables balances. In addition to these individual assessments, in general, outstanding trade accounts receivable amounts that are greater than 180 days are fully provided for.

Business Promotion and Advertising Costs

The costs of business promotion and advertising are expensed as incurred in accordance with Statement of Position 93-7,*"Reporting on Advertising Costs."* Business promotion and advertising costs of $42.4 million, $17.0 million, $30.4 million and $57.0 million were included in operating, administrative and other expenses for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000.

Foreign Currencies

The financial statements of subsidiaries located outside the US are generally measured using the local currency as the functional currency. The assets and liabilities of these subsidiaries are translated at the rates of exchange at the balance sheet date and income and expenses are translated at the average monthly rate. The resulting translation adjustments are included in the accumulated other comprehensive (loss) income component of stockholders' equity. Gains and losses resulting from foreign currency transactions are included in the results of operations. The aggregate transaction gains and losses included in the accompanying consolidated statements of operations are a $6.4 million gain, a $0.2 million loss, a $0.3 million gain, and a $3.1 million loss for the twelve months ended December 31, 2002, the period February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000, respectively.

Comprehensive (Loss) Income

Comprehensive (loss) income consists of net income (loss) and other comprehensive (loss) income. Accumulated other comprehensive (loss) income consists of foreign currency translation adjustments and a minimum pension liability adjustment. Foreign currency translation adjustments exclude income tax expense (benefit) given that earnings of non-US subsidiaries are deemed to be reinvested for an indefinite period of time. The income tax benefit associated with the minimum pension liability adjustment is $7.3 million for the twelve months ended December 31, 2002.

Accounting for Transfers and Servicing

The Company follows SFAS No. 140, *"Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"* in accounting for loan sales and acquisition of servicing rights. SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities.

Those standards are based on consistent application of a financial-components approach that focuses on control. Under the approach, after a transfer of financial assets, an entity recognizes the financial and servicing assets it controls and the liabilities it has incurred at fair value. Servicing assets are amortized over the period of estimated servicing income with write-off required when control is surrendered. The Company's recording of servicing rights at their fair value resulted in gains, which have been reflected in the accompanying consolidated statements of operations. Corresponding servicing assets of approximately $2.1 million and $1.8 million, at December 31, 2002 and 2001, respectively, are included in other intangible assets reflected in the accompanying consolidated balance sheets.

Stock-Based Compensation

In December 2002, the FASB issued SFAS No. 148, *"Accounting for Stock-Based Compensation—Transition and Disclosure."* This statement amends SFAS No. 123, *"Accounting for Stock-Based Compensation,"* to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require prominent disclosures about the effect on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation. Finally, SFAS No. 148 amends APB Opinion No. 28, *"Interim Financial Reporting,"* to require disclosure about those effects in interim financial information. For entities that voluntarily change to the fair value based method of accounting for stock-based employee compensation, the transition and the disclosure provisions are effective for fiscal years ending after December 15, 2002. The amendments to APB No. 28 are effective for interim periods beginning after December 15, 2002. The Company will adopt the interim disclosure provisions of SFAS No. 148 for the quarter ended March 31, 2003.

However, the Company continues to account for stock-based compensation under the recognition and measurement principles of APB Opinion No. 25 and does not plan to voluntarily change to the fair value based method of accounting for stock-based compensation. Under this method, the Company does not recognize compensation expense for options that were granted at or above the market price of the underlying stock on the date of grant. Had compensation expense been determined consistent with

SFAS No. 123, the Company's net income (loss) and per share information would have been reduced to the following pro forma amounts (dollars in thousands, except per share data):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Net Income (Loss):				
As Reported	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Pro Forma	18,204	17,154	(36,778)	30,393
Basic EPS:				
As Reported	1.25	2.22	(1.60)	1.60
Pro Forma	1.21	2.19	(1.73)	1.45
Diluted EPS:				
As Reported	1.23	2.20	(1.60)	1.58
Pro Forma	1.20	2.17	(1.73)	1.44

These pro forma amounts may not be representative of future pro forma results.

The weighted average fair value of options and warrants granted was $2.33 for the twelve months ended December 31, 2002, $1.86 for the period from February 20, 2001 (inception) through December 31, 2001 and $6.72 for the twelve months ended December 31, 2000. There were no stock options or warrants granted by CBRE for the period from January 1, 2001 through July 20, 2001. Dividend yield is excluded from the calculation since it is the present intention of the Company to retain all earnings. The fair value of each option grant and warrant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants:

	Company	Company	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Twelve Months Ended December 31, 2000
Risk-free interest rate	4.06%	4.69%	6.52%
Expected volatility	0.00%	0.00%	58.06%
Expected life	5 years	5 years	5 years

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the Company believes the Black-Scholes model does not necessarily provide a reliable single measure of the fair value of its employee stock options.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding during each period. The computation of diluted earnings (loss) per share further assumes the dilutive effect of stock options, stock warrants, contingently issuable shares and other stock-based compensation programs. Contingently issuable shares represent unvested stock fund units in the deferred compensation plan. In accordance with SFAS No. 128, "*Earnings Per Share*" these shares are included in the dilutive earnings per share calculation under the treasury stock method (see Note 15).

Income Taxes

Income taxes are accounted for under the asset and liability method in accordance with SFAS No. 109,*"Accounting for Income Taxes."* Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and the tax basis of assets and liabilities and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured by applying enacted tax rates and laws to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143,*"Accounting for Asset Retirement Obligations."* This statement applies to legal obligations associated with the retirement of tangible long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived asset, except for certain obligations of lessees. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of its fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002. Adoption of this statement is not expected to have any material impact on the Company's financial position or results of operations.

In April 2002, the FASB issued SFAS No. 145, "*Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections*" This statement rescinds the following pronouncements:

- SFAS No. 4, "*Reporting Gains and Losses from Extinguishment of Debt*"
- SFAS No. 44, "*Accounting for Intangible Assets of Motor Carriers*"
- SFAS No. 64, "*Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements*"

SFAS No. 145 amends SFAS No. 13, "*Accounting for Leases*," to eliminate an inconsistency between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. This statement also amends other existing authoritative pronouncements to make various technical corrections, clarify meanings or describe their applicability under changed conditions.

The provisions of this statement related to the rescission of SFAS No. 4 shall be applied in fiscal years beginning after May 15, 2002. The provisions of this statement related to SFAS No. 13 shall be effective for transactions occurring after May 15, 2002. All other provisions of this statement shall be

effective for financial statements issued on or after May 15, 2002. Adoption of this statement has not had and is not expected to have any material effect on the Company's financial position or results of operations.

In July 2002, the FASB issued SFAS No. 146, "*Accounting for Costs Associated with Exit or Disposal Activities."* This statement requires companies to recognize costs associated with exit or disposal activities when they are incurred rather than at the date of a commitment to an exit or disposal plan and supersedes Emerging Issues Task Force Issue No. 94.3, "*Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity.*" SFAS No. 146 is to be applied prospectively to exit or disposal plan activities initiated after December 31, 2002. The Company will account for such costs, if any, under SFAS No. 146 on a prospective basis.

In November 2002, the FASB issued FASB Interpretation No. (FIN) 45,*"Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others,"* an interpretation of SFAS No. 5, *"Accounting for Contingencies,"* SFAS No. 57, *"Related Party Disclosures"* and SFAS No. 107, *"Disclosure about Fair Value of Financial Instruments."* This interpretation also rescinds FIN 34, *"Disclosure of Indirect Guarantees of Indebtedness of Others."* FIN 45 expands the disclosures to be made by a guarantor in its financial statements about its obligations under certain guarantees and requires the guarantor to recognize a liability for the fair value of an obligation assumed under certain guarantees. The disclosure requirements of FIN 45 are effective as of December 31, 2002, and require disclosure of the nature of the guarantee, the maximum potential amount of future payments that the guarantor could be required to make under the guarantee, and the current amount of the liability, if any, for the guarantor's obligations under the guarantee. The recognition requirements of FIN 45 are to be applied prospectively to guarantees issued or modified after December 31, 2002. The adoption of FIN 45 has not had and is not expected to have a material impact on the Company's financial position or results of operations.

In January 2003, the FASB issued FIN 46, "*Consolidation of Variable Interest Entities,"* which is an interpretation of Accounting Research Bulletin (ARB) No. 51, *"Consolidated Financial Statements."* This interpretation addresses consolidation of entities that are not controllable through voting interests or in which the equity investors do not bear the residual economic risks. The objective of this interpretation is to provide guidance on how to identify a variable interest entity (VIE) and determine when the assets, liabilities, noncontrolling interests and results of operations of a VIE need to be consolidated with its primary beneficiary. A company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the VIE's expected residual returns, or if the VIE does not have sufficient equity at risk to finance its activities without additional subordinated financial support from other parties. For VIEs in which a significant (but not majority) variable interest is held, certain disclosures are required. The consolidation requirements of FIN 46 apply immediately to VIEs created after January 31, 2003. The consolidation requirements apply to existing VIEs in the first fiscal year or interim period beginning after June 15, 2003. Certain disclosure requirements apply in all financial statements issued after January 31, 2003, regardless of when the VIE was established. The adoption of this interpretation is not expected to have a material impact on the Company's financial position or results of operations.

Reclassifications

Certain reclassifications, which do not have an effect on net income, have been made to the 2001 and 2000 financial statements to conform to the 2002 presentation.

3. 2001 Merger

On July 20, 2001, the Company acquired CBRE (the 2001 Merger) pursuant to an Amended and Restated Agreement and Plan of Merger dated May 31, 2001 (the 2001 Merger Agreement) among the Company, CBRE and Blum CB. Blum CB was merged with and into CBRE, with CBRE being the surviving corporation. The operations of the

Company after the 2001 Merger are substantially the same as the operations of CBRE prior to the 2001 Merger. In addition, the Company has no substantive operations other than its investment in CBRE. As such, CBRE is considered the predecessor to the Company for purposes of Regulation S-X.

At the effective time of the 2001 Merger, CBRE became a wholly owned subsidiary of the Company. Pursuant to the terms of the 2001 Merger Agreement, each issued and outstanding share of common stock of CBRE was converted into the right to receive $16.00 in cash, except for: (i) shares of common stock of CBRE owned by the Company and Blum CB immediately prior to the 2001 Merger, totaling 7,967,774 shares, which were cancelled, (ii) treasury shares and shares of common stock of CBRE owned by any of its subsidiaries, which were cancelled and (iii) shares of CBRE held by stockholders who perfected appraisal rights for such shares in accordance with Delaware law. All shares of common stock of CBRE outstanding prior to the 2001 Merger were acquired by the Company and subsequently cancelled. Immediately prior to the 2001 Merger, the following, collectively referred to as the buying group, contributed to the Company all the shares of CBRE's common stock that he or it directly owned in exchange for an equal number of shares of Class B common stock of the Company: Blum Strategic Partners, L.P. (Blum Strategic), formerly known as RCBA Strategic Partners, L.P., FS Equity Partners III, L.P. (FSEP III), a Delaware limited partnership, FS Equity Partners International, L.P. (FSEP International), a Delaware limited partnership, The Koll Holding Company, a California corporation, Frederic V. Malek, a director of the Company and CBRE, Raymond E. Wirta, the Chief Executive Officer and a director of the Company and CBRE, and Brett White, the President and a director of the Company and CBRE. Such shares of common stock of CBRE, which totaled 7,967,774 shares of common stock, were then cancelled. In addition, the Company offered to purchase for cash options outstanding to acquire common stock of CBRE at a purchase price per option equal to the greater of the amount by which $16.00 exceeded the exercise price of the option, if at all, or $1.00. In connection with the 2001 Merger, CBRE purchased its outstanding options on behalf of the Company, which were recorded as merger-related and other nonrecurring charges by CBRE in the period from January 1, 2001 to July 20, 2001.

The funding to complete the 2001 Merger, as well as the refinancing of substantially all of the outstanding indebtedness of CBRE, was obtained through: (i) the cash contribution of $74.8 million from the sale of Class B common stock of the Company for $16.00 per share, (ii) the sale of shares of Class A common stock of the Company for $16.00 per share to employees and independent contractors of CBRE, (iii) the sale of 625,000 shares of Class A common stock of the Company to the California Public Employees' Retirement System for $16.00 per share, (iv) the issuance and sale by the Company of 65,000 units for $65.0 million to DLJ Investment Funding, Inc. and other purchasers, which units consist of $65.0 million in aggregate principal amount of 16% Senior Notes due July 20, 2011 and 339,820 shares of Class A common stock of the Company, (v) the issuance and sale by Blum CB of $229.0 million in aggregate principal amount of $11^{1}/_{4}$% Senior Subordinated Notes due June 15, 2011 for $225.6 million (which were assumed by CBRE in connection with the 2001 Merger) and (vi) borrowings by CBRE under a new $325.0 million senior credit facility with Credit Suisse First Boston (CSFB) and other lenders.

Following the 2001 Merger, the common stock of CBRE was delisted from the New York Stock Exchange. CBRE also successfully completed a tender offer and consent solicitation for all of the

outstanding principal amount of its $8^{7}/_{8}$% Senior Subordinated Notes due 2006 (the Subordinated Notes). The Subordinated Notes were purchased at $1,079.14 for each $1,000 principal amount of Subordinated Notes, which included a consent payment of $30.00 per $1,000 principal amount of Subordinated Notes. The Company also repaid the outstanding balance of CBRE's existing revolving credit facility. The Company entered into the 2001 Merger in order to enhance the flexibility to operate CBRE's existing businesses and to develop new ones.

4. Purchase Accounting

The aggregate finalized purchase price for the acquisition of CBRE was approximately $399.5 million, which included: (1) shares of the Company's Class B common stock, valued at $16.00 per share, and warrants to acquire shares of the Company's Class B common stock issued to members of the buying group in exchange for shares of common stock of CBRE contributed to the Company immediately prior to the 2001 Merger and the cancellation of warrants to acquire common stock of CBRE; (2) $16.00 per share in cash paid to owners of common stock of CBRE, excluding shares owned by members of the buying group discussed above; (3) allocations in CBRE's deferred compensation plan (the DCP) from vested stock fund units, each of which was valued at $16.00 and which was entitled to one underlying share of CBRE common stock upon distribution from the DCP prior to the 2001 Merger, to other investments alternatives available under the DCP, in each case at the election of the applicable participant; (4) vested stock fund units held in the DCP, each of which was valued at $16.00 and which was converted to the right to receive one underlying share of the Company's Class A common stock upon distribution from the DCP after the 2001 Merger, that participants elected to continue to hold after the 2001 Merger; (5) unvested stock fund units held in the DCP, each of which was valued at $16.00 and which were automatically converted to the right to receive one underlying share of the Company's Class A common stock upon distribution from the DCP after the 2001 Merger and (6) direct costs incurred in connection with the 2001 Merger.

The 2001 Merger was accounted for as a purchase by the Company. Prior to the 2001 Merger, no single member of the buying group, nor any combination thereof, controlled CBRE. After the completion of the 2001 Merger, Blum Strategic has control of CBRE. The shares of common stock of CBRE directly owned by Blum Strategic prior to the 2001 Merger, which were included in the shares owned by the buying group contributed to the Company, were valued at Blum Strategic's book value in the determination of the purchase price. All other shares of common stock of CBRE acquired by the Company were accounted for at a fair value of $16.00 per share in the determination of the purchase price. As such, the 2001 Merger was accounted for as a step purchase acquisition in accordance with SFAS No. 141, *"Business Combinations,"*and the net assets of CBRE acquired by the Company were adjusted to 86.5% of their estimated fair value.

The preliminary purchase accounting adjustments of the Company were recorded in 2001 in the accompanying consolidated financial statements as of and for any periods subsequent to July 20, 2001. During 2002, the Company finalized the purchase price allocation, which included finalizing the fair values of all assets acquired and liabilities assumed as of the 2001 Merger date. The excess of the purchase price paid by the Company over the finalized fair value of the assets and liabilities of CBRE at the date of the 2001 Merger was approximately $594.9 million and is included in goodwill in the accompanying consolidated balance sheet as of December 31, 2002. This represents a $28.3 million reduction to what was originally estimated and reported at December 31, 2001. This net decrease was mainly due to the adjustment, net of the related tax impact, of certain intangible assets to their estimated fair values as of the acquisition date, which were finalized based on independent third party appraisals during 2002 (See Note 8 for additional information).

5. Basis of Preparation

The accompanying consolidated balance sheets as of December 31, 2002 and 2001, and the consolidated statements of operations, cash flows and stockholders' equity for the twelve months ended December 31, 2002 and for the period from February 20, 2001 (inception) through December 31, 2001, reflect the consolidated balance sheets, results of operations, cash flows and stockholders' equity of the Company from inception and also include the consolidated financial statements of CBRE from the date of the 2001 Merger, including all material adjustments required under the purchase method of accounting. For purposes of Regulation S-X, CBRE is considered the predecessor to the Company. As such, the historical financial statements of CBRE prior to the 2001 Merger are included in the accompanying consolidated financial statements, including the consolidated statements of operations, cash flows and stockholders' equity for the period from January 1, 2001 through July 20, 2001 and for the twelve months ended December 31, 2000 (collectively "Predecessor financial statements"). The Predecessor financial statements have not been adjusted to reflect the acquisition of CBRE by the Company. As such, the consolidated financial statements of the Company after the 2001 Merger are not directly comparable to the Predecessor financial statements prior to the 2001 Merger.

Unaudited pro forma results of the Company, assuming the 2001 Merger had occurred as of January 1, 2001, are presented below. These pro forma results have been prepared for comparative purposes only and include certain adjustments, such as increased interest expense as a result of debt acquired to finance the 2001 Merger. The 2001 proforma information excludes $18.3 million of merger-related and other nonrecurring charges. These pro forma results do not purport to be indicative of what operating results would have been and may not be indicative of future operating results (dollars in thousands, except share data):

		Twelve Months Ended December 31 2001
Revenue	$	1,170,762
Operating income	$	76,496
Net loss	$	(1,640)
Basic and diluted loss per share	$	(0.11)
Weighted average shares outstanding for basic and diluted loss per share		15,025,308

6. Acquisitions and Dispositions

During 2001, the Company acquired a professional real estate services firm in Mexico for an aggregate purchase price of approximately $1.7 million in cash. The Company also purchased the remaining ownership interests that it did not already own in CB Richard Ellis/Hampshire, L.L.C. for a purchase price of approximately $1.8 million in cash.

During 2000, the Company acquired five companies with an aggregate purchase price of approximately $3.4 million in cash, $0.7 million in notes, plus additional payments over the next five years based on acquisition earnout agreements. These payments will supplement the purchase price and be recorded as additional goodwill when paid, as applicable. The most significant acquisition in 2000 was the purchase of Boston Mortgage Capital Corporation (Boston Mortgage) by L.J. Melody for approximately $2.1 million, plus supplemental payments based on an acquisition earnout agreement. Boston Mortgage provides further mortgage banking penetration into the northeastern part of the US.

It services approximately $1.8 billion in loans covering roughly 175 commercial properties throughout New England, New York and New Jersey.

In February 2000, the Company sold certain non-strategic assets for cash proceeds of $8.4 million, resulting in a pre-tax gain of $4.7 million.

7. Property and Equipment

Property and equipment consists of the following (dollars in thousands):

	December 31			
		2002		2001
Leasehold improvements	$	20,000	$	19,710
Furniture and equipment		116,268		126,864
Equipment under capital leases		13,925		27,541
		150,193		174,115
Accumulated depreciation and amortization		(83,559)		(105,664)
Property and equipment, net	$	66,634	$	68,451

Depreciation expense was $20.8 million for the twelve months ended December 31, 2002, $9.1 million for the period from February 20, 2001 (inception) through December 31, 2001, $12.6 million for the period from January 1, 2001 through July 20, 2001 and $19.2 million for the twelve months ended December 31, 2000.

8. Goodwill and Other Intangible Assets

In June 2001, the FASB issued SFAS No. 141, "*Business Combinations,*" and SFAS No. 142, "*Goodwill and Other Intangible Assets.*" SFAS No. 141 replaces APB Opinion No. 16, *"Business Combinations,"* and requires the use of the purchase method of accounting for all business combinations initiated after June 30, 2001. It also provides guidance on purchase accounting related to the recognition of intangible assets. Under SFAS No. 142, goodwill and other intangible assets deemed to have indefinite useful lives are no longer amortized but are subject to impairment tests, on an annual basis, at a minimum, or whenever events or circumstances occur indicating goodwill might be impaired. SFAS No. 142 also requires that intangible assets with definite useful lives be amortized over their respective estimated useful lives to their estimated residual values and be reviewed for impairment in accordance with SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets."*

The Company adopted SFAS No. 141 for all business combinations completed after June 30, 2001 and fully adopted SFAS No. 142 effective January 1, 2002. The Company identified its reporting units and determined the carrying value of each reporting unit by assigning assets and liabilities, including the existing goodwill and intangible assets, to those units for purposes of performing the required transitional goodwill impairment assessment.

In June 2002, the Company completed the first step of the transitional goodwill impairment test which entailed comparing the fair value of each reporting unit to its carrying value. The Company determined that no impairment existed at the effective date of the implementation of the new standard. The Company also completed its required annual goodwill impairment test as of October 1, 2002 and determined that no impairment existed as of that date.

Had the Company accounted for goodwill consistent with the provisions of SFAS No. 142 in prior periods, the Company's net income (loss) would have been affected as follows (dollars in thousands, except share data):

	Company	Company	Predecessor	Predecessor

	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Reported net income (loss)	$ 18,727	$ 17,426	$ (34,020)	$ 33,388
Add back amortization of goodwill, net of taxes	—	—	7,701	14,054
Adjusted net income (loss)	$ 18,727	$ 17,426	$ (26,319)	$ 47,442
Basic earnings (loss) per share:				
Reported earnings (loss) per share	$ 1.25	$ 2.22	$ (1.60)	$ 1.60
Add back goodwill amortization per share	—	—	0.36	0.67
Adjusted basic earnings (loss) per share	$ 1.25	$ 2.22	$ (1.24)	$ 2.27
Diluted earnings (loss) per share:				
Reported earnings (loss) per share	$ 1.23	$ 2.20	$ (1.60)	$ 1.58
Add back goodwill amortization per share	—	—	0.36	0.67
Adjusted diluted earnings (loss) per share	$ 1.23	$ 2.20	$ (1.24)	$ 2.25

The Company has finalized the fair value of all assets and liabilities as of the merger date. The resulting changes in the carrying amount of goodwill for the twelve months ended December 31, 2002, are as follows (dollars in thousands):

	Americas	EMEA	Asia Pacific	Total
Balance at January 1, 2002	$ 510,188	$ 96,637	$ 2,718	$ 609,543
Reclassed (to) from intangible assets	(57,841)	3,617	—	(54,224)
Purchase accounting adjustments related to prior acquisitions	15,321	5,809	688	21,818
Balance at December 31, 2002	$ 467,668	$ 106,063	$ 3,406	$ 577,137

Intangible assets totaled $91.1 million, net of accumulated amortization of $7.7 million, as of December 31, 2002 and are comprised of the following (dollars in thousands):

	As of December 31, 2002	
	Gross Carrying Amount	Accumulated Amortization
Amortizable intangible assets		
Management contracts	$ 18,887	$ 5,605
Loan servicing rights	16,234	2,134
Total	$ 35,121	$ 7,739
Unamortizable intangible assets		
Trademark	$ 63,700	

In accordance with SFAS No. 141, the trademark was separately identified as a result of the 2001 Merger and has an indefinite life. The management contracts are being amortized over their weighted average useful lives of approximately 8.6 years and the loan servicing rights are being amortized over their weighted average useful lives of approximately 10.0 years. Amortization expense related to these intangible assets was $3.8 million for the year ended December 31, 2002. The estimated amortization expense for the five years ending December 31, 2007 approximates $3.8 million, $3.7 million, $3.7 million, $3.4 million and $3.4 million, respectively.

9. Investments in and Advances to Unconsolidated Subsidiaries

Investments in and advances to unconsolidated subsidiaries as of December 31, 2002 and 2001 are as follows (dollars in thousands):

		December 31	
	Interest	2002	2001
CB Richard Ellis Strategic Partners, LP	2.9%	$ 10,690	$ 8,490

CB Commercial/Whittier Partners, LP	50.0%	8,816	10,159
Global Innovation Partners, LLC	4.9%	6,228	1,468
Strategic Partners II, LP.	3.4%	5,965	—
Ikoma CB Richard Ellis KK	20.0%	4,782	4,132
KB Opportunity Investors	45.0%	1,857	4,499
CB Richard Ellis/Pittsburgh, LP	50.0%	1,461	1,108
CB Richard Ellis Corporate Partners, LLC	9.1%	—	3,855
Other	*	10,409	8,824
Total		$ 50,208	$ 42,535

* Various interests with varying ownership rates.

Combined condensed financial information for the entities accounted for using the equity method is as follows (dollars in thousands):

Condensed Balance Sheets Information:

	December 31	
	2002	2001
Current assets	$ 127,635	$ 92,427
Noncurrent assets	1,552,546	866,224
Current liabilities	108,463	51,064
Noncurrent liabilities	664,241	392,357
Minority interest	3,938	265

Condensed Statements of Operations Information:

	Year Ended December 31, 2002	Year Ended December 31, 2001	Year Ended December 31, 2000
Net revenue	$ 349,121	$ 286,138	$ 241,902
Income from operations	78,171	60,259	59,936
Net income	81,498	30,098	50,183

Included in other current assets in the accompanying consolidated balance sheets is a note receivable from the Company's equity investment in Investor 1031, LLC in the amount of $1.2 million as of December 31, 2002. This note was issued on June 20, 2002, bears interest at 20.0% per annum and is due for repayment on July 15, 2003.

The Company's investment management business involves investing the Company's own capital in certain real estate investments with clients, including its equity investments in CB Richard Ellis Strategic Partners, LP, Global Innovation Partners, LLC and other co-investments included in the table above. The Company has provided investment management, property management, brokerage, appraisal and other professional services to these equity investees and earned revenues from these co-investments of $22.4 million, $15.4 million and $7.3 million during the years ended December 31, 2002, 2001 and 2000, respectively.

10. Other Assets

The following table summarizes the items included in other assets (dollars in thousands):

	December 31	
	2002	2001
Property held for sale	$ 45,883	$ 42,456
Deferred financing costs, net	20,467	23,346
Deposits	8,714	6,505
Cost investments	6,524	5,768
Notes receivable	4,943	4,895
Employee loans (1)	4,089	—
Deferred compensation assets	1,440	3,520
Prepaid pension costs	—	13,588
Miscellaneous	1,797	2,754
Total	$ 93,857	$ 102,832

(1) See Note 22 for additional information.

11. Employee Benefit Plans

CBRE Holding, Inc., the Company

Option Plans and Warrants. As part of the 2001 Merger, the Company issued 255,477 warrants to purchase shares of Class B common stock with an exercise price of $30.00 per share. These warrants do not vest until August 26, 2007 and expire on August 27, 2007. The Company also issued 1,520,207 options to acquire Class A common stock at an exercise price of $16.00 per share. These options vest and are exercisable in 20% increments over a five-year period ending on July 20, 2006. All options and warrants will become fully vested and exercisable upon change in control of the Company.

CB Richard Ellis Services, Inc., the Predecessor

Option Plans and Warrants. At the effective time of the 2001 Merger, each holder of an option to acquire CBRE's common stock, whether or not vested, had the right to receive, in consideration for the cancellation of his or her options, an amount per share of common stock equal to the greater of (i) the amount by which $16.00 exceeded the exercise price of the option, if any, or (ii) $1.00 reduced in each case by applicable withholding taxes. Employees holding warrants to acquire shares of CBRE received $1.00 per share of common stock underlying the warrant. Warrants held by non-employees, other than FS Equity Partners III, L.P. and FS Equity Partners International, L.P. who received warrants to acquire shares of the Company's Class B common stock, were cancelled and no payments were made to such shareholders. As of December 31, 2001, there were no options or warrants outstanding to acquire CBRE's stock.

The options and warrants outstanding prior to the 2001 Merger were issued in connection with various acquisitions and employee stock-based compensation plans, had exercise prices that ranged from $10.00 to $36.75, with vesting periods that ranged up to 5 years and expired at various dates through August 2010.

A summary of the status of the Company's and the Predecessor's option plans and warrants is presented in the tables below:

	Company			
	CBRE Holding, Inc.			
	Shares	Weighted Average Exercise Price	Exercisable Shares	Weighted Average Exercise Price
Outstanding at February 20, 2001	—	$ —		$ —
Granted	1,775,684	18.01		
Forfeited	(17,186)	16.00		
Outstanding at December 31, 2001	1,758,498	18.03	—	—
Granted	123,873	16.00		
Forfeited	(175,295)	16.00		
Outstanding at December 31, 2002	1,707,076	$ 18.10	277,575	$ 16.00

	Predecessor			
	CB Richard Ellis Services, Inc.			
	Shares	Weighted Average Exercise Price	Exercisable Shares	Weighted Average Exercise Price
Outstanding at December 31, 1999	3,075,356	$ 20.71	770,756	$ 21.86
Granted	487,710	24.81		
Forfeited/Expired	(223,056)	19.84		
Outstanding at December 31, 2000	3,340,010	21.25	1,824,665	23.90
Exercised	(86,521)	12.89		
Forfeited/Expired	(93,370)	20.27		
Paid and/or cancelled as a result of the merger	(3,160,119)	21.50		
Outstanding at July 20, 2001	—	$ —	—	$ —

Option plans and warrants outstanding at December 31, 2002 and their related weighted average price and life information is presented below:

	Outstanding Options and Warrants			Exercisable Options and Warrants	
Exercise Prices	Number Outstanding	Weighted Average Remaining Contractural Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$16.00	1,451,599	8.59	$ 16.00	277,575	$ 16.00
$30.00	255,477	4.66	30.00	—	—
	1,707,076		$ 18.10	277,575	$ 16.00

Deferred Compensation Plan (the DCP). In 1994, CBRE implemented the DCP. Under the DCP, a select group of management and highly compensated employees can defer the payment of all or a portion of their compensation (including any bonus). The DCP permits participating employees to make an irrevocable election at the beginning of each year to receive at some future date these deferred amounts invested in interest bearing accounts, which are an unsecured liability of the Company, in shares of common stock of the Company, where elections are recorded to additional paid-in capital or in insurance products which function like mutual funds. The Company has elected to fund a portion of its obligation for deferrals in these insurance products, but is not obligated to do so in the future.

As part of the 2001 Merger, the DCP was amended so that each stock fund unit was converted to the right to receive one share of Class A common stock of the Company. Each participant in the DCP who was a US employee or an independent contractor in specified states and had vested stock fund units prior to the 2001 Merger was permitted to make one of the following elections: (i) convert the value of his or her vested stock fund units, based upon the value of $16.00 per stock unit, into any of the insurance mutual fund alternatives or the Interest Index Fund II provided under the DCP, (ii) continue to hold the vested stock fund units in his or her account under the DCP or (iii) transfer amounts invested in insurance mutual fund alternatives into DCP stock fund units. In accordance with a change in control provision included in the terms of the DCP, stock fund units associated with the 1999 Company matching contribution, which were unvested prior to the 2001 Merger, became vested upon completion of the 2001 Merger, but remained as stock fund units.

Each stock fund unit that was unvested prior to the 2001 Merger remained in participants' accounts, but after the 2001 Merger was converted to the right to receive one share of Class A common stock of the Company. These unvested stock fund units have been accounted for as a deferred compensation asset. The deferred compensation asset will be amortized as compensation expense over the remaining vesting period for such stock fund units in accordance with FASB Interpretation No. 44, *"Accounting for Certain Transactions Involving Stock Compensation,"* with $1.8 million charged to compensation expense for the twelve months ended December 31, 2002 and $0.9 million charged to compensation expense for the period from February 20, 2001 (inception) through December 31, 2001. The accompanying consolidated balance sheets include the unamortized balances totaling $1.9 million and $1.4 million in other current assets and other assets, respectively, as of December 31, 2002. Subsequent to the 2001 Merger, no new deferrals are allowed in stock fund units.

In 2001, the Company announced a match for the Plan Year 2000, effective July 2001, in the amount of $8.0 million to be invested in an interest bearing account on behalf of participants. The 2000 Company Match vests at 20% per year, and will be fully vested by December 2005. The related compensation expense will be amortized over the vesting period. The amounts charged to expense for the 2000 Company match were $1.7 million for the twelve months ended December 31, 2002, $0.7 million for the period from February 20, 2001 (inception) through December 31, 2001 and $0.2 million for the period from January 1, 2001 through July 20, 2001.

Included in the Company's accompanying consolidated balance sheets is the accumulated non-stock liability of $106.3 million and $105.1 million at December 31, 2002 and 2001, respectively, and the assets (in the form of insurance) set aside to cover the liability of $63.6 million and $69.4 million as of December 31, 2002 and 2001, respectively. In addition, the Company's deferred stock liability, included in additional paid-in capital, totaled $18.2 million and $18.8 million at December 31, 2002 and 2001, respectively.

Stock Purchase Plans. Prior to the 2001 Merger, CBRE had restricted stock purchase plans covering select key executives including senior management. A total of 500,000 and 550,000 shares of common stock were reserved for issuance under CBRE's 1999 and 1996 Equity Incentive Plans, respectively. The shares were issued to senior executives for a purchase price equal to the greater of

$18.00 and $10.00 per share or fair market value, respectively. The purchase price for these shares was paid either in cash or by delivery of a full recourse promissory note. All promissory notes related to the 1999 Equity Incentive Plan were repaid as part of the 2001 Merger. The majority of the notes related to the 1996 Equity Incentive Plan were also repaid, with the remaining unpaid outstanding balances of $0.6 million and $1.0 million as of December 31, 2002 and 2001, respectively, included in notes receivable from sale of stock in the accompanying consolidated statements of stockholders' equity. As part of the 2001 Merger, the CBRE shares related to these outstanding promissory notes were exchanged for shares of Class B common stock of the Company.

Bonuses. The Company has bonus programs covering select key employees, including senior management. Awards are based on the position and performance of the employee and the achievement of pre-established financial, operating and strategic objectives. The amounts charged to expense for bonuses were $40.2 million for the twelve months ended December 31, 2002, $18.0 million for the period from February 20, 2001 (inception) through December 31, 2001, $16.5 million for the period from January 1, 2001 through July 20, 2001 and $49.8 million for the twelve months ended December 31, 2000.

Capital Accumulation Plan (the Cap Plan). The Cap Plan is a defined contribution profit sharing plan under Section 401(k) of the Internal Revenue Code and is the Company's only such plan. Generally, a US employee of the Company is eligible to participate in the plan if the employee is at least 21 years old. The Cap Plan provides for participant contributions as well as discretionary employer contributions. A participant is allowed to contribute to the Cap Plan from 1% to 15%, in whole percentages of his or her compensation, subject to limits imposed by the U.S. Internal Revenue Code. Each year, the Company determines the amount of employer contributions, if any, it will contribute to the Cap Plan based on the performance and profitability of the Company's consolidated U.S. operations. The Company's contributions for the year are allocated to participants who are actively employed on the last day of the plan year in proportion to each participant's pre-tax contributions for that year, up to 5% of the participant's compensation. In connection with the Cap Plan, the Company incurred no expense for the twelve months ended December 31, 2002, $0.8 million for the period from February 20, 2001 (inception) through December 31, 2001, no expense for the period from January 1, 2001 through July 20, 2001 and $2.2 million for the twelve months ended December 31, 2000.

In connection with the 2001 Merger, each share of common stock of CBRE formerly held by the Cap Plan and credited to participant accounts was exchanged for $16.00 in cash. In addition, the Cap Plan was amended to eliminate the common stock of CBRE as an investment option within the Cap Plan after July 20, 2001. The cash received for the shares of CBRE common stock was available for reinvestment in one or more of the investment alternatives available within the Cap Plan in accordance with the terms of the plan, including a new company stock fund in which employees could invest on a one-time basis in Class A shares of common stock of the Company. Subsequent to the 2001 Merger, participants are no longer entitled to purchase additional shares of CBRE Holding Class A or Class B common stock for allocation to their account balance.

Pension Plan. The Company, through the acquisition of Hillier Parker in the UK, maintains a contributory defined benefit pension plan to provide retirement benefits to existing and former Hillier Parker employees participating in the plan. It is the Company's policy to fund the minimum annual contributions required by applicable regulations. Pension expense totaled $3.6 million for the twelve months ended December 31, 2002, $1.4 million for the period February 20, 2001 (inception) through December 31, 2001, $0.9 million for the period from January 1, 2001 through July 20, 2001 and $0.9 million for the twelve months ended December 31, 2000.

As a result of the plan's under-funded status in 2002, the Company recorded a charge to accumulated other comprehensive loss, net of the related deferred tax impact, appropriately eliminating the prepaid pension asset and establishing a minimum liability for under-funding. This non-cash charge had no impact on net income or cash flow. The following sets forth a reconciliation of the benefit obligation, plan assets, plan's funded status and amounts recognized in the accompanying consolidated balance sheets (dollars in thousands):

	Company	Company	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through
Change in benefit obligation			
Benefit obligation at beginning of period	$ 74,418	$ 75,453	$ 71,076
Service cost	5,578	2,325	2,875
Interest cost	4,764	2,059	2,316
Plan participant contributions	1,226	234	641
Actuarial loss (gain)	3,997	(6,558)	2,990
Benefits paid	(1,939)	(408)	(1,109)
Foreign currency translation	8,690	1,313	(3,336)
Benefit obligation at end of period	$ 96,734	$ 74,418	$ 75,453
Change in plan assets			
Fair value of plan assets at beginning of period	$ 80,950	$ 87,603	$ 103,688
Actual return on plan assets	(13,777)	(8,430)	(12,675)
Company contributions	2,299	438	1,740
Plan participant contributions	1,226	234	641
Benefits paid	(1,939)	(408)	(1,109)
Foreign currency translation	7,671	1,513	(4,682)
Fair value of plan assets at end of period	$ 76,430	$ 80,950	$ 87,603
Funded status	$ (20,304)	$ 6,533	$ 12,150
Unrecognized net actuarial loss	33,350	6,566	12,106
Company contributions in the post-measurement period	530	489	—
Net amount recognized	$ 13,576	$ 13,588	$ 24,256
Net amount recognized in the consolidated balance sheets			
Accrued benefit liability	$ (10,766)	$ —	$ —
Prepaid benefit cost	—	13,588	24,256
Accumulated other comprehensive loss	24,342	—	—
	$ 13,576	$ 13,588	$ 24,256

Weighted average assumptions used in developing the projected benefit obligation were as follows:

	Company	Company	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Twelve Months Ended December 31, 2000
Discount rate	5.60%	6.00%	6.00%
Expected return on plan assets	8.20%	8.00%	7.75%
Rate of compensation increase	4.30%	4.50%	5.00%

Net periodic pension cost consisted of the following (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Employer service cost	$ 5,578	$ 2,325	$ 2,875	$ 5,728
Interest cost on projected benefit obligation	4,764	2,059	2,316	4,026
Expected return on plan assets	(6,767)	(2,945)	(4,257)	(8,395)

Unrecognized net gain	—	—	—	(425)
Net periodic pension cost	$ 3,575	$ 1,439	$ 934	$ 934

12. Debt

Total debt consists of the following (dollars in thousands):

	December 31	
	2002	2001
Long-Term Debt:		
11 1/4% Senior Subordinated Notes, net of unamortized discount of $3.1 million and $3.3 million at December 31, 2002 and 2001, respectively, due in 2011	$ 225,943	$ 225,737
Senior secured term loans, with interest ranging from 5.07% to 7.50%, due from 2002 through 2008	220,975	230,325
16% Senior Notes, net of unamortized discount of $5.1 million and $5.3 million at December 31, 2002 and 2001, respectively, due in 2011	61,863	59,656
Westmark Senior Notes, with interest at 9.0% through December 31, 2004 and at variable rates depending on the Company's credit facility rate thereafter, due from 2008 through 2010	12,129	14,863
Capital lease obligations, mainly for automobiles and telephone equipment, with interest ranging from 6.50% to 9.74%, due through 2007	763	1,438
Other	171	267
Sub-total	521,844	532,286
Less current maturities of long-term debt	10,711	10,223
Total long-term debt	511,133	522,063
Short-Term Borrowings:		
Warehouse Line of Credit, with interest at 1.0% over the Residential Funding Corporation base rate with a maturity date of August 31, 2003	63,140	106,790
Non-recourse secured debt related to property held for sale with interest at one-month Yen LIBOR plus 4.95% and a maturity date of June 18, 2003	40,005	37,179
Euro cash pool loan, with interest ranging from 4.37% to 6.60% and no stated maturity date	7,904	11,162
Other	16	487
Total short-term borrowings	111,065	155,618
Add current maturities of long-term debt	10,711	10,223
Total current debt	121,776	165,841
Total debt	$ 632,909	$ 687,904

Future annual aggregate maturities of total consolidated debt at December 31, 2002 are as follows (dollars in thousands): 2003—$121,776; 2004—$10,640; 2005—$10,623; 2006—$10,619; 2007—$6,244; and $473,007 thereafter.

The Company issued $229.0 million in aggregate principal amount of 11 1/4% Senior Subordinated Notes due June 15, 2011 (the Notes), which were issued and sold by Blum CB Corp. for approximately $225.6 million, net of discount, on June 7, 2001 and assumed by CBRE in connection with the 2001 Merger. The Notes are jointly and severally guaranteed on a senior subordinated basis by the Company

and its domestic subsidiaries. The Notes require semi-annual payments of interest in arrears on June 15 and December 15, having commenced on December 15, 2001, and are redeemable in whole or in part on or after June 15, 2006 at 105.625% of par on that date and at declining prices thereafter. In addition, before June 15, 2004, the Company may redeem up to 35.0% of the originally issued amount of the Notes at 111 1/4% of par, plus accrued and unpaid interest, solely with the net cash proceeds from public equity offerings. In the event of a change of control, the Company is obligated to make an offer to purchase the Notes at a redemption price of 101.0% of the principal amount, plus accrued and unpaid interest.

The Company also entered into a $325.0 million Senior Credit Facility (the Credit Facility) with CSFB and other lenders. The Credit Facility is jointly and severally guaranteed by the Company and its domestic subsidiaries and is secured by substantially all of their assets. The Credit Facility includes the Tranche A term facility of $50.0 million, maturing on July 20, 2007; the Tranche B term facility of $185.0 million, maturing on July 18, 2008; and the revolving line of credit of $90.0 million, including revolving credit loans, letters of credit and a swingline loan facility, maturing on July 20, 2007. Borrowings under the Tranche A and revolving facility bear interest at varying rates based on the Company's option at either three-month LIBOR plus 2.50% to 3.25% or the alternate base rate plus 1.50% to 2.25% as determined by reference to the Company's ratio of total debt less available cash to EBITDA, which is defined in the debt agreement. Borrowings under the Tranche B facility bear interest at varying rates based on the Company's option at either three-month LIBOR plus 3.75% or the alternate base rate plus 2.75%. The alternate base rate is the higher of (1) CSFB's prime rate or (2) the Federal Funds Effective Rate plus one-half of one percent.

The Tranche A facility will be repaid by July 20, 2007 through quarterly principal payments over six years, which total $7.5 million each year through June 30, 2003 and $8.75 million each year thereafter through July 20, 2007. The Tranche B facility requires quarterly principal payments of approximately $0.5 million, with the remaining outstanding principal due on July 18, 2008. The revolving line of credit requires the repayment of any outstanding balance for a period of 45 consecutive days commencing on any day in the month of December of each year as determined by the Company. The Company repaid its revolving credit facility as of November 5, 2002 and December 1, 2001 and at December 31, 2002 and 2001, the Company had no revolving line of credit principal outstanding.

The Company issued an aggregate principal amount of $65.0 million of 16.0% Senior Notes due on July 20, 2011 (the Senior Notes). The Senior Notes are unsecured obligations, senior to all current and future unsecured indebtedness, but subordinated to all current and future secured indebtedness of the Company. Interest accrues at a rate of 16.0% per year and is payable quarterly in cash in arrears. Interest may be paid in kind to the extent CBRE's ability to pay cash dividends is restricted by the terms of the Credit Facility. Additionally, interest in excess of 12.0% may, at the Company's option, be paid in kind through July 2006. The Company elected to pay in kind interest in excess of 12.0%, or 4.0%, that was payable on April 20, 2002, July 20, 2002 and October 20, 2002. The Senior Notes are redeemable at the Company's option, in whole or in part, at 116.0% of par commencing on July 20, 2001 and at declining prices thereafter. As of December 31, 2002, the redemption price was 112.8% of par. In the event of a change in control, the Company is obligated to make an offer to purchase all of the outstanding Senior Notes at 101.0% of par.

The Senior Notes are solely the Company's obligation to repay. CBRE has neither guaranteed nor pledged any of its assets as collateral for the Senior Notes and is not obligated to provide cashflow to the Company for repayment of these Senior Notes. However, the Company has no substantive assets or operations other than its investment in CBRE to meet any required principal and interest payments on

the Senior Notes. The Company will depend on CBRE's cash flows to fund principal and interest payments as they come due.

The Notes, the Credit Facility and the Senior Notes all contain numerous restrictive covenants that, among other things, limit the Company's ability to incur additional indebtedness, pay dividends or distributions to stockholders, repurchase capital stock or debt, make investments, sell assets or subsidiary stock, engage in transactions with affiliates, issue subsidiary equity and enter into consolidations or mergers. The Credit Facility requires the Company to maintain a minimum coverage ratio of interest and certain fixed charges and a maximum leverage and senior leverage ratio of earnings before interest, taxes, depreciation and amortization to funded debt. The Credit Facility requires the Company to pay a facility fee based on the total amount of the unused commitment.

The Company has short-term borrowings of $111.1 million and $155.6 million with related weighted average interest rates of 3.9% and 4.5% as of December 31, 2002 and 2001, respectively.

A subsidiary of the Company has a credit agreement with Residential Funding Corporation (RFC) for the purpose of funding mortgage loans that will be resold. The credit agreement in 2001 initially provided for a revolving line of credit of $150.0 million, bore interest at the greater of one-month LIBOR or 3.0% (RFC Base Rate), plus 1.0%, and expired on August 31, 2001. Through various executed amendments and extension letters in 2001, the revolving line of credit was increased to $350.0 million and the maturity date was extended to January 22, 2002.

Effective January 23, 2002, the Company entered into a Second Amended and Restated Warehousing Credit and Security Agreement. This agreement provided for a revolving line of credit in the amount of $350.0 million until February 28, 2002 and $150.0 million for the period from March 1, 2002 through August 31, 2002. Additionally, on February 1, 2002, the Company executed a Letter Agreement with RFC that redefined the RFC Base Rate to the greater of one-month LIBOR or 2.25% per annum. On April 20, 2002, the Company obtained a temporary revolving line of credit increase of $210.0 million that resulted in a total line of credit equaling $360.0 million, which expired on July 31, 2002. Upon expiration of the temporary increase and through various executed amendments and extension letter agreements, the Company established a revolving line of credit of $200.0 million, redefined the RFC Base Rate to the greater of one-month LIBOR or 2.0% and extended the maturity date of the agreement to December 20, 2002. On December 16, 2002, the Company entered into the Third Amended and Restated Warehousing Credit and Security Agreement effective December 20, 2002. The agreement provides for a revolving line of credit of $200.0 million, bears interest at the RFC Base Rate plus 1.0% and expires on August 31, 2003.

During the years ended December 31, 2002 and 2001, respectively, the Company had a maximum of $309.0 million and $164.0 million revolving line of credit principal outstanding with RFC. At December 31, 2002 and 2001, respectively, the Company had a $63.1 million and a $106.8 million warehouse line of credit outstanding, which are included in short-term borrowings in the accompanying consolidated balance sheets. Additionally, the Company had a $63.1 million and a $106.8 million warehouse receivable, which are also included in the accompanying consolidated balance sheets as of December 31, 2002 and 2001, respectively.

A subsidiary of the Company has a credit agreement with JP Morgan Chase. The credit agreement provides for a non-recourse revolving line of credit of up to $20.0 million, bears interest at 1.0% of the bank's cost of funds and expires on May 28, 2003. At December 31, 2002 and 2001, the Company had no revolving line of credit principal outstanding.

During 2001, the Company incurred $37.2 million of non-recourse debt through a joint venture. In September 2002, the maturity date on this non-recourse debt was extended to June 18, 2003.

13. Commitments and Contingencies

The Company is a party to a number of pending or threatened lawsuits arising out of, or incident to, its ordinary course of business. Management believes that any liability that may result from disposition of these lawsuits will not have a material effect on the Company's consolidated financial position or results of operations.

The following is a schedule by year of future minimum lease payments for noncancelable leases as of December 31, 2002 (dollars in thousands):

	Capital Leases	Operating Leases
2003	$ 731	$ 66,632
2004	29	58,320
2005	9	50,966
2006	4	42,924
2007	3	35,090
Thereafter	—	233,379
Total minimum payments required	$ 776	$ 487,311

The interest portion of capital lease payments represents the amount necessary to reduce net minimum lease payments to present value calculated at the Company's incremental borrowing rate at the inception of the leases. This totaled approximately $.01 million at December 31, 2002, resulting in a present value of net minimum lease payments of $.76 million. At December 31, 2002, $.72 million and $.04 million were included in current maturities of long-term debt and long-term debt, respectively. In addition, the total minimum payments for noncancelable operating leases were not reduced by the minimum sublease rental income of $4.3 million due in the future under noncancelable subleases.

Substantially all leases require the Company to pay maintenance costs, insurance and property taxes, and generally may be renewed for five-year periods. The composition of total rental expense under noncancelable operating leases consisted of the following (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Minimum rentals	$ 68,711	$ 27,203	$ 32,831	$ 56,243
Less sublease rentals	(1,157)	(500)	(551)	(1,387)
	$ 67,554	$ 26,703	$ 32,280	$ 54,856

A subsidiary of the Company has an agreement with Fannie Mae to fund the purchase of a $104.6 million loan portfolio using proceeds from its RFC line of credit. A 100% participation in the

loan portfolio was sold to Fannie Mae with the Company retaining the credit risk on the first 2% of losses incurred on the underlying portfolio of commercial mortgage loans. The Company has collateralized a portion of its obligation to cover the first 1% of losses through a letter of credit in favor of Fannie Mae for a total of approximately $1.0 million.

At December 31, 2002, the Company had outstanding letters of credit totaling $7.8 million, including the Fannie Mae letter of credit discussed in the preceding paragraph. The letters of credit expire at varying dates through December 2004.

An important part of the strategy for the Company's investment management business involves investing the Company's own capital in certain real estate investments with its clients. These co-investments typically range from 2% to 5% of the equity in a particular fund. As of December 31, 2002, the Company had committed an additional $22.6 million to fund future co-investments.

14. Income Taxes

The Company's tax provision (benefit) consisted of the following (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Federal:				
Current	$ 10,204	$ 11,747	$ —	$ 24,924
Deferred tax	6,232	(3,252)	(911)	921
Change in valuation allowances	—	796	—	(3,000)
	16,436	9,291	(911)	22,845
State:				
Current	1,824	3,173	1,600	6,895
Deferred tax	378	(494)	(658)	(1,243)
	2,202	2,679	942	5,652
Foreign:				
Current	12,920	10,137	1,079	7,015
Deferred tax	(1,452)	(4,091)	—	(761)
	11,468	6,046	1,079	6,254
	$ 30,106	$ 18,016	$ 1,110	$ 34,751

The following is a reconciliation, stated as a percentage of pre-tax income, of the US statutory federal income tax rate to the Company's effective tax rate on income from operations:

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Federal statutory tax rate	35%	35%	(35)%	35%
Permanent differences	15	5	25	11
State taxes, net of federal benefit	3	5	2	6
Foreign income taxes in excess of US rate	9	4	11	4
Change in valuation allowances	—	2	—	(5)
Effective tax rate	62%	51%	3%	51%

The domestic component of income (loss) before provision for income taxes included in the accompanying consolidated statements of operations was $31.0 million for the twelve months ended December 31, 2002, $22.5 million for the period from February 20, 2001 (inception) through December 31, 2001, $(23.0) million for the period January 1, 2001 to July 20, 2001 and $63.2 million for the twelve months ended December 31, 2000. The international component of income (loss) before provision for income taxes was $17.8 million for the twelve months ended December 31, 2002, $12.9 million for the period from February 20, 2001 (inception) through December 31, 2001, $(9.9) million for the period from January 1, 2001 through July 20, 2001 and $4.9 million for the twelve months ended December 31, 2000.

Cumulative tax effects of temporary differences are shown below at December 31, 2002 and 2001 (dollars in thousands):

	December 31	
	2002	2001
Asset (Liability)		
Property and equipment	$ 10,960	$ 16,665
Bad debts and other reserves	12,459	10,225
Intangible amortization	(26,065)	(2,311)
Bonus, unexercised restricted stock, deferred compensation	57,780	53,418
Investment	4,189	5,045
Net operating loss (NOL) and alternative minimum tax credit carryforwards	5	3,778
Unconsolidated affiliates	5,283	7,568
Pension obligation	7,303	—
All other, net	(2,923)	3,312
Net deferred tax asset before valuation allowances	68,991	97,700
Valuation allowances	(13,892)	(11,543)
Net deferred tax asset	$ 55,099	$ 86,157

The Company had no federal income tax NOLs at December 31, 2002.

Management has determined that as of December 31, 2002, $13.9 million of deferred tax assets do not satisfy the recognition criteria set forth in SFAS No. 109. Accordingly, a valuation allowance has been recorded for this amount. Approximately $13.1 million of this valuation allowance relates to deferred tax assets acquired in the 2001 Merger. Accordingly, goodwill will be reduced at such time as these deferred tax assets are realized.

A deferred US tax liability has not been provided on the unremitted earnings of foreign subsidiaries because it is the intent of the Company to permanently reinvest these earnings. Undistributed earnings of foreign subsidiaries, which have been, or are intended to be, permanently invested in accordance with APB No. 23, "*Accounting for Income Taxes—Special Areas*," aggregated $52.0 million at December 31, 2002. The determination of the tax liability upon repatriation is not practicable.

15. Stockholders' Equity

The Company is authorized to issue 100,000,000 shares of common stock, including 75,000,000 shares of Class A common stock and 25,000,000 shares of Class B common stock, both with $0.01 par value per share. The holders of Class A common stock are entitled to one vote for each share. Holders of Class B common stock are entitled to ten votes for each share. There are no differences between the two classes of common stock other than number of votes. The holders of Class A and Class B common stock shall share equally on a per-share basis all dividends and other cash, stock or property distributions.

Upon written request of any holder of Class B common stock, any shares will be automatically converted on a share-for-share basis into the same number of shares of Class A common stock. In addition, upon any transfer, sale, or other disposition of the Company, shares of Class B common stock shall be converted into shares of Class A common stock on a share-for-share basis, excluding the transfer to certain permitted Class B common stockholders. Also, upon completion of an underwritten public offering in which the Company becomes listed on a national securities exchange, all outstanding shares of Class B common stock shall automatically be converted into shares of Class A common stock on a share-for-share basis.

As long as Class B common stock is outstanding, if a holder of Class B common stock purchases any shares of Class A common stock, the holder may convert the Class A common shares on a share-for-share basis into the same number of shares of Class B common stock.

16. Earnings (Loss) Per Share Information

The following is a calculation of earnings (loss) per share (dollars in thousands, except share data):

	Company			Company		
	CBRE Holding, Inc.			CBRE Holding, Inc.		
	Twelve Months Ended December 31, 2002			February 20, 2001 (inception) through December 31, 2001		
	Income	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
Basic earnings per share:						
Net income applicable to common stockholders	$ 18,727	15,025,308	$ 1.25	$ 17,426	7,845,004	$ 2.22
Diluted earnings per share:						
Net income applicable to common stockholders	$ 18,727	15,025,308		$ 17,426	7,845,004	
Dilutive effect of contingently issuable shares		196,803			64,793	
Net income applicable to common stockholders	$ 18,727	15,222,111	$ 1.23	$ 17,426	7,909,797	$ 2.20

	Predecessor			Predecessor		
	CBRE Richard Ellis Services, Inc.			CBRE Richard Ellis Services, Inc.		
	Period from January 1, 2001 through July 20, 2001			Twelve Months Ended Decmeber 31, 2000		
	Loss	Shares	Per-Share Amount	Income	Shares	Per-Share Amount
Basic (loss) earnings per share:						
Net (loss) income applicable to common stockholders	$ (34,020)	21,306,584	$ (1.60)	$ 33,388	20,931,111	$ 1.60
Diluted (loss) earnings per share:						
Net (loss) income applicable to common stockholders	$ (34,020)	21,306,584		$ 33,388	20,931,111	
Dilutive effect of exercise of options outstanding		—			35,594	
Dilutive effect of stock-based compensation programs		—			130,535	
Net (loss) income applicable to common stockholders	$ (34,020)	21,306,584	$ (1.60)	$ 33,388	21,097,240	$ 1.58

The following items were not included in the computation of diluted earnings (loss) per share because their effect, in aggregate, was anti-dilutive:

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Stock options				
Outstanding	1,451,599	1,503,021	2,562,150	2,574,029
Price ranges	$16.00	$16.00	$0.38 - $36.75	$11.81 - $36.75
Expiration ranges	7/20/11 - 7/31/12	7/20/11	6/8/04 - 8/31/10	6/8/04 - 8/31/10
Stock warrants				
Outstanding	255,477	255,477	597,969	598,387
Price	$30.00	$30.00	$30.00	$30.00
Expiration date	8/27/07	8/27/07	8/28/04	8/28/04

All options and warrants for the period from January 1, 2001 to July 20, 2001 were anti-dilutive as the Company reported a net loss. Any assumed exercise of options or warrants would have been anti-dilutive as they would have resulted in a lower loss per share.

17. Fiduciary Funds

The accompanying consolidated balance sheets do not include the net assets of escrow, agency and fiduciary funds, which amounted to $414.6 million and $373.2 million at December 31, 2002 and 2001, respectively.

18. Fair Value of Financial Instruments

SFAS No. 107, "*Disclosures about Fair Value of Financial Instruments,*" requires disclosure of fair value information about financial instruments, whether or not recognized in the accompanying consolidated balance sheets. Value is defined as the amount at which an instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair value estimates of financial instruments are not necessarily indicative of the amounts the Company might pay or receive in actual market transactions. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Cash and Cash Equivalents: Includes cash and cash equivalents with maturities of less than three months. The carrying amount approximates fair value due to the short maturity of these instruments.

Short-Term Borrowings: The majority of this balance represents the warehouse line of credit and non recourse debt related to a property held for sale. Due to their short-term maturities and variable interest rates, fair value approximates carrying value (See Note 12).

Senior Subordinated Notes: Based on dealers' quotes, the estimated fair value of the Company's 11^{1}/4% Senior Subordinated Notes is $208.4 million and $199.5 million at December 31, 2002 and 2001, respectively. Their actual carrying value totaled $225.9 million and $225.7 million at December 31, 2002 and 2001, respectively (See Note 12).

16% Senior Notes: There was no trading activity for the 16% Senior Notes, which are due in 2011. Their carrying value totaled $61.9 million and $59.7 million at December 31, 2002 and 2001, respectively (see Note 12).

Senior Secured Terms Loans & Other Long-Term Debt: Estimated fair values approximate respective carrying values because the majority of these instruments are based on variable interest rates (see Note 12).

19. Nonrecurring Charges

During the period from February 20, 2001 (inception) through December 31, 2001, the Company recorded nonrecurring pre-tax charges totaling $6.4 million which mainly related to the write-off of e-business investments. During the period from January 1, 2001 through July 20, 2001, CBRE recorded merger-related and other nonrecurring charges of $22.1 million, which included merger-related costs incurred of $16.4 million, severance costs incurred of $2.8 million related to CBRE's cost reduction program implemented in May 2001, as well as the write-off of an e-investment of $2.9 million.

20. Guarantor and Nonguarantor Financial Statements

In connection with the 2001 Merger with Blum CB and as part of the financing of the 2001 Merger, CBRE assumed an aggregate of $229.0 million in Senior Subordinated Notes (the Notes) due June 15, 2011. These Notes are unsecured and rank equally in right of payment with any of the Company's future senior subordinated unsecured indebtedness. The Notes are effectively subordinated to indebtedness and other liabilities of the Company's subsidiaries that are not guarantors of the Notes. The Notes are guaranteed on a full, unconditional, joint and several basis by the Company, CBRE and CBRE's wholly owned domestic subsidiaries.

The following condensed consolidating financial information includes:

(1) Condensed consolidating balance sheets as of December 31, 2002 and December 31, 2001; condensed consolidating statements of operations for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000; and condensed consolidating statements of cash flows for the twelve months ended December 31, 2002, the period from February 20, 2001 (inception) through December 31, 2001, the period from January 1, 2001 through July 20, 2001 and the twelve months ended December 31, 2000 of: (a) Holding, the Parent, (b) CBRE, which is the subsidiary issuer, (c) the guarantor subsidiaries, (d) the nonguarantor subsidiaries and (e) the Company on a consolidated basis.

(2) Elimination entries necessary to consolidate CBRE Holding, Inc., the Parent, with CBRE and its guarantor and nonguarantor subsidiaries.

Investments in consolidated subsidiaries are presented using the equity method of accounting. The principal elimination entries eliminate investments in consolidated subsidiaries and intercompany balances and transactions.

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2002
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Current Assets:						
Cash and cash equivalents	$ 127	$ 54	$ 74,173	$ 5,347	$ —	$ 79,701
Receivables, less allowance for doubtful accounts	—	40	61,624	104,549	—	166,213
Warehouse receivable	—	—	63,140	—	—	63,140
Prepaid and other current assets	18,723	22,201	8,432	7,729	(20,199)	36,886
Total current assets	18,850	22,295	207,369	117,625	(20,199)	345,940
Property and equipment, net	—	—	51,419	15,215	—	66,634
Goodwill	—	—	442,965	134,172	—	577,137

Other intangible assets, net	—	—	89,075	2,007	—	91,082
Cash surrender value of insurance policies, deferred compensation plan	—	63,642	—	—	—	63,642
Investment in and advances to unconsolidated subsidiaries	—	4,782	39,205	6,221	—	50,208
Investment in consolidated subsidiaries	302,593	322,794	66,162	—	(691,549)	—
Inter-company loan receivable	—	429,396	—	—	(429,396)	—
Deferred tax assets, net	36,376	—	—	—	—	36,376
Other assets	4,896	17,464	20,453	51,044	—	93,857
Total assets	$ 362,715	$ 860,373	$ 916,648	$ 326,284	$ (1,141,144)	$ 1,324,876
Current Liabilities:						
Accounts payable and accrued expenses	$ 2,137	$ 4,610	$ 36,895	$ 58,773	$ —	$ 102,415
Inter-company payable	20,199	—	—	—	(20,199)	—
Compensation and employee benefits payable	—	—	40,938	22,796	—	63,734
Accrued bonus and profit sharing	—	—	59,942	43,916	—	103,858
Income taxes payable	15,451	—	—	—	—	15,451
Short-term borrowings:						
Warehouse line of credit	—	—	63,140	—	—	63,140
Other	—	—	16	47,909	—	47,925
Total short-term borrowings	—	—	63,156	47,909	—	111,065
Current maturities of long-term debt	—	9,975	—	736	—	10,711
Total current liabilities	37,787	14,585	200,931	174,130	(20,199)	407,234
Long-Term Debt:						
$11^{1}/4$% senior subordinated notes, net of unamortized discount	—	225,943	—	—	—	225,943
Senior secured term loans	—	211,000	—	—	—	211,000
16% senior notes, net of unamortized discount	61,863	—	—	—	—	61,863
Other long-term debt	—	—	12,129	198	—	12,327
Inter-company loan payable	—	—	362,344	67,052	(429,396)	—
Total long-term debt	61,863	436,943	374,473	67,250	(429,396)	511,133
Deferred compensation liability	—	106,252	—	—	—	106,252
Other liabilities	11,724	—	18,450	13,127	—	43,301
Total liabilities	111,374	557,780	593,854	254,507	(449,595)	1,067,920
Minority interest	—	—	—	5,615	—	5,615
Commitments and contingencies						
Stockholders' equity	251,341	302,593	322,794	66,162	(691,549)	251,341
Total liabilities and stockholders' equity	$ 362,715	$ 860,373	$ 916,648	$ 326,284	$ (1,141,144)	$ 1,324,876

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2001
(Dollars in thousands)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Current Assets:						
Cash and cash equivalents	$ 3	$ 931	$ 42,204	$ 14,312	$ —	$ 57,450
Receivables, less allowance for doubtful accounts	47	71	70,343	85,973	—	156,434
Warehouse receivable	—	—	106,790	—	—	106,790
Prepaid and other current assets	32,155	12,465	6,321	8,353	(10,321)	48,973
Total current assets	32,205	13,467	225,658	108,638	(10,321)	369,647
Property and equipment, net	—	—	51,314	17,137	—	68,451
Goodwill	—	197,748	208,432	203,363	—	609,543
Other intangible assets, net	—	—	31,219	6,898	—	38,117
Cash surrender value of insurance policies, deferred compensation plan	—	69,385	—	—	—	69,385
Investment in and advances to unconsolidated subsidiaries	—	4,132	34,296	4,107	—	42,535
Investment in consolidated subsidiaries	271,615	65,690	168,974	—	(506,279)	—
Inter-company loan receivable	—	465,173	—	—	(465,173)	—
Deferred tax assets, net	54,002	—	—	—	—	54,002
Prepaid pension costs	—	—	—	13,588	—	13,588
Other assets	5,266	21,600	14,739	47,639	—	89,244
Total assets	$ 363,088	$ 837,195	$ 734,632	$ 401,370	$ (981,773)	$ 1,354,512

Current Liabilities:						
Accounts payable and accrued expenses	$ 2,022	$ 4,236	$ 37,325	$ 39,399	$ —	$ 82,982
Inter-company payable	10,321	—	—	—	(10,321)	—
Compensation and employee benefits payable	—	—	44,192	23,926	—	68,118
Accrued bonus and profit sharing	—	—	56,821	28,367	—	85,188
Income taxes payable	21,736	—	—	—	—	21,736
Short-term borrowings:						
Warehouse line of credit	—	—	106,790	—	—	106,790
Other	—	178	309	48,341	—	48,828
Total short-term borrowings	—	178	107,099	48,341	—	155,618
Current maturities of long-term debt	—	9,350	129	744	—	10,223
Total current liabilities	34,079	13,764	245,566	140,777	(10,321)	423,865
Long-Term Debt:						
$11^{1}/_{4}$% senior subordinated notes, net of unamortized discount	—	225,737	—	—	—	225,737
Senior secured term loans	—	220,975	—	—	—	220,975
16% senior notes, net of unamortized discount	59,656	—	—	—	—	59,656
Other long-term debt	—	—	14,974	721	—	15,695
Inter-company loan payable	—	—	393,827	71,346	(465,173)	—
Total long-term debt	59,656	446,712	408,801	72,067	(465,173)	522,063
Deferred compensation liability	—	105,104	—	—	—	105,104
Other liabilities	16,830	—	14,575	15,256	—	46,661
Total liabilities	110,565	565,580	668,942	228,100	(475,494)	1,097,693
Minority interest	—	—	—	4,296	—	4,296
Commitments and contingencies						
Stockholders' equity	252,523	271,615	65,690	168,974	(506,279)	252,523
Total liabilities and stockholders' equity	$ 363,088	$ 837,195	$ 734,632	$ 401,370	$ (981,773)	$ 1,354,512

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002
(Dollars in thousands)
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ —	$ 849,563	$ 320,714	$ —	$ 1,170,277
Costs and expenses:						
Commissions, fees and other incentives	—	—	413,830	141,112	—	554,942
Operating, administrative and other	415	1,186	345,231	147,117	—	493,949
Depreciation and amortization	—	—	15,833	8,781	—	24,614
Equity income from unconsolidated subsidiaries	—	(662)	(7,449)	(1,215)	—	(9,326)
Merger-related and other nonrecurring charges	—	36	—	—	—	36
Operating (loss) income	(415)	(560)	82,118	24,919	—	106,062
Interest income	158	42,845	2,079	916	(42,726)	3,272
Interest expense	11,344	42,731	39,742	9,410	(42,726)	60,501
Equity income from consolidated subsidiaries	27,306	32,898	4,957	—	(65,161)	—
Income before (benefit) provision for income taxes	15,705	32,452	49,412	16,425	(65,161)	48,833
(Benefit) provision for income taxes	(3,022)	5,146	16,514	11,468	—	30,106
Net income	$ 18,727	$ 27,306	$ 32,898	$ 4,957	$ (65,161)	$ 18,727

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE PERIOD FROM FEBRUARY 20, 2001 (INCEPTION) THROUGH DECEMBER 31, 2001
(Dollars in thousands)
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ —	$ 416,446	$ 146,382	$ —	$ 562,828
Costs and expenses:						
Commissions, fees and other incentives	—	—	207,019	59,745	—	266,764
Operating, administrative and other	500	3,589	145,145	67,012	—	216,246
Depreciation and amortization	—	—	8,523	3,675	—	12,198
Equity income from unconsolidated subsidiaries	—	(198)	(1,290)	(66)	—	(1,554)
Merger-related and other nonrecurring charges	—	2,144	3,530	768	—	6,442
Operating (loss) income	(500)	(5,535)	53,519	15,248	—	62,732
Interest income	1,135	19,270	370	561	(18,909)	2,427
Interest expense	8,199	20,353	17,091	2,983	(18,909)	29,717
Equity income from consolidated subsidiaries	22,721	27,713	8,605	—	(59,039)	—
Income before (benefit) provision for income taxes	15,157	21,095	45,403	12,826	(59,039)	35,442
(Benefit) provision for income taxes	(2,269)	(1,626)	17,690	4,221	—	18,016
Net income	$ 17,426	$ 22,721	$ 27,713	$ 8,605	$ (59,039)	$ 17,426

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 2001 THROUGH JULY 20, 2001
(Dollars in thousands)
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ 465,280	$ 142,654	$ —	$ 607,934
Costs and expenses:					
Commissions, fees and other incentives	—	217,799	63,014	—	280,813
Operating, administrative and other	1,155	216,063	79,168	—	296,386
Depreciation and amortization	—	17,021	8,635	—	25,656
Equity income from unconsolidated subsidiaries	(492)	(2,141)	(241)	—	(2,874)
Merger-related and other nonrecurring charges	19,260	2,867	—	—	22,127
Operating (loss) income	(19,923)	13,671	(7,922)	—	(14,174)
Interest income	16,757	952	615	(16,757)	1,567
Interest expense	18,014	14,952	4,094	(16,757)	20,303
Equity losses from consolidated subsidiaries	(14,587)	(12,480)	—	27,067	—
Loss before (benefit) provision for income taxes	(35,767)	(12,809)	(11,401)	27,067	(32,910)
(Benefit) provision for income taxes	(1,747)	1,778	1,079	—	1,110
Net loss	$ (34,020)	$ (14,587)	$ (12,480)	$ 27,067	$ (34,020)

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000
(Dollars in thousands)
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
Revenue	$ —	$ 1,027,359	$ 296,245	$ —	$ 1,323,604

Costs and expenses:

Commissions, fees and other incentives	—	507,061	121,036	—	628,097
Operating, administrative and other	3,375	396,027	152,126	—	551,528
Depreciation and amortization	—	26,604	16,595	—	43,199
Equity (income) losses from unconsolidated subsidiaries	(995)	(5,615)	105	—	(6,505)
Operating (loss) income	(2,380)	103,282	6,383	—	107,285
Interest income	32,969	1,389	876	(32,680)	2,554
Interest expense	37,980	29,151	7,249	(32,680)	41,700
Equity income (losses) from consolidated subsidiaries	39,157	(5,300)	—	(33,857)	—
Income before (benefit) provision for income taxes	31,766	70,220	10	(33,857)	68,139
(Benefit) provision for income taxes	(1,622)	31,063	5,310	—	34,751
Net income (loss)	$ 33,388	$ 39,157	$ (5,300)	$ (33,857)	$ 33,388

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2002
(Dollars in thousands)
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES:	$ 509	$ (7,905)	$ 42,090	$ 30,188	$ 64,882
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditures, net of concessions received	—	—	(10,049)	(4,217)	(14,266)
Proceeds from sale of properties, businesses and servicing rights	—	—	2,515	3,863	6,378
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(11,588)	(35)	(3,188)	(14,811)
Other investing activities, net	—	44	196	(1,671)	(1,431)
Net cash used in investing activities	—	(11,544)	(7,373)	(5,213)	(24,130)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from revolver and swingline credit facility	—	238,000	—	—	238,000
Repayment of revolver and swingline credit facility	—	(238,000)	—	—	(238,000)
Repayment of senior notes and other loans, net	—	(189)	(3,116)	(4,900)	(8,205)
Repayment of senior secured term loans	—	(9,351)	—	—	(9,351)
Decrease (increase) in intercompany receivables, net	—	28,284	462	(28,746)	—
Other financing activities, net	(385)	(172)	(94)	369	(282)
Net cash (used in) provided by financing activities	(385)	18,572	(2,748)	(33,277)	(17,838)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	124	(877)	31,969	(8,302)	22,914
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	3	931	42,204	14,312	57,450
Effect of currency exchange rate changes on cash	—	—	—	(663)	(663)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 127	$ 54	$ 74,173	$ 5,347	$ 79,701
SUPPLEMENTAL DATA:					
Cash paid during the period for:					
Interest (net of amount capitalized)	$ 8,509	$ 38,751	$ 1,635	$ 3,752	$ 52,647
Income taxes, net of refunds	$ 19,142	$ —	$ —	$ —	$ 19,142

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM FEBRUARY 20, 2001 (INCEPTION) THROUGH DECEMBER 31, 2001
(Dollars in thousands)
(Company)

	Parent	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Elimination	Consolidated Total
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	$ 310	$ 5,947	$ 56,478	$ 28,599	$ —	$ 91,334

CASH FLOWS FROM INVESTING ACTIVITIES:						
Capital expenditures, net of concessions received	—	—	(4,246)	(2,255)	—	(6,501)
Proceeds from sale of properties, businesses and servicing rights	—	—	1,996	112	—	2,108
Purchase of investments	—	—	(250)	(831)	—	(1,081)
Investment in property held for sale	—	—	—	(40,174)	—	(40,174)
Contribution to CBRE	(154,881)	—	—	—	154,881	—
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(212,369)	(1,850)	(483)	—	(214,702)
Other investing activities, net	—	(1)	(1,700)	658	—	(1,043)
Net cash used in investing activities	(154,881)	(212,370)	(6,050)	(42,973)	154,881	(261,393)
CASH FLOWS FROM FINANCING ACTIVITIES:						
Proceeds from revolver and swingline credit facility	—	113,750	—	—	—	113,750
Repayment of revolver and swingline credit facility	—	(113,750)	—	—	—	(113,750)
Proceeds from senior secured term loans	—	235,000	—	—	—	235,000
Repayment of senior secured term loans	—	(4,675)	—	—	—	(4,675)
Proceeds from non recourse debt related to property held for sale	—	—	—	37,179	—	37,179
Repayment of 8 $^{7}/_{8}$% senior subordinated notes	—	(175,000)	—	—	—	(175,000)
Proceeds from 11 $^{1}/_{4}$% senior subordinated notes	—	225,629	—	—	—	225,629
Proceeds from 16% senior notes	65,000	—	—	—	—	65,000
Repayment of revolving credit facility	—	(235,000)	—	—	—	(235,000)
Repayment of senior notes and other loans, net	—	—	(1,185)	(3)	—	(1,188)
Payment of deferred financing fees	(2,582)	(19,168)	—	—	—	(21,750)
Proceeds from issuance of stock	92,156	154,881	—	—	(154,881)	92,156
Decrease (increase) in intercompany receivables, net	—	30,263	(6,981)	(23,282)	—	—
Other financing activities, net	—	(5,535)	(103)	2,118	—	(3,520)
Net cash provided by (used in) financing activities	154,574	206,395	(8,269)	16,012	(154,881)	213,831
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3	(28)	42,159	1,638	—	43,772
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	—	959	45	12,658	—	13,662
Effect of currency exchange rate changes on cash	—	—	—	16	—	16
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 3	$ 931	$ 42,204	$ 14,312	$ —	$ 57,450
SUPPLEMENTAL DATA:						
Cash paid during the period for:						
Interest (net of amount capitalized)	$ 2,600	$ 22,562	$ 874	$ 90	$ —	$ 26,126
Income taxes, net of refunds	$ 5,061	$ —	$ —	$ —	$ —	$ 5,061

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 2001 THROUGH JULY 20, 2001
(Dollars in thousands)
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Consolidated Total
CASH FLOWS USED IN OPERATING ACTIVITIES	$ (37,633)	$ (53,363)	$ (29,234)	$ (120,230)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net of concessions received	—	(11,309)	(3,505)	(14,814)
Proceeds from sale of properties, businesses and servicing rights	—	9,105	439	9,544
Purchases of investments	—	(2,500)	(702)	(3,202)
Investment in property held for sale	—	—	(2,282)	(2,282)
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(31)	(1,893)	(1,924)
Other investing activities, net	251	(524)	812	539
Net cash provided by (used in) investing activities	251	(5,259)	(7,131)	(12,139)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolving credit facility	195,000	—	—	195,000
Repayment of revolving credit facility	(70,000)	—	—	(70,000)
(Repayment of) proceeds from senior notes and other loans, net	(2,490)	(1,656)	4,592	446
Payment of deferred financing fees	(8)	—	—	(8)
(Increase) decrease in intercompany receivables, net	(85,712)	52,846	32,866	—
Other financing activities, net	1,489	(81)	(616)	792
Net cash provided by financing activities	38,279	51,109	36,842	126,230
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	897	(7,513)	477	(6,139)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	62	7,558	13,234	20,854
Effect of currency exchange rate changes on cash	—	—	(1,053)	(1,053)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 959	$ 45	$ 12,658	$ 13,662
SUPPLEMENTAL DATA:				
Cash paid during the period for:				
Interest (net of amount capitalized)	$ 17,194	$ 1,165	$ 98	$ 18,457

Income taxes, net of refunds	$ 19,083	$ —	$ —	$ 19,083

CBRE HOLDING, INC.
CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2000
(Dollars in thousands)
(Predecessor)

	CBRE	Guarantor Subsidiaries	Nonguarant or Subsidiaries	Consolidated Total
CASH FLOWS (USED IN) PROVIDED BY OPERATING ACTIVITIES	$ (30,270)	$ 106,234	$ 4,895	$ 80,859
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures, net of concessions received	—	(14,575)	(9,093)	(23,668)
Proceeds from sale of properties, businesses and servicing rights	—	16,926	569	17,495
Purchases of investments	—	(20,316)	(3,097)	(23,413)
Acquisition of businesses including net assets acquired, intangibles and goodwill	—	(4,959)	(1,602)	(6,561)
Other investing activities, net	(177)	6,336	(2,481)	3,678
Net cash used in investing activities	(177)	(16,588)	(15,704)	(32,469)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from revolving credit facility	179,000	—	—	179,000
Repayment of revolving credit facility	(229,000)	—	—	(229,000)
Decrease (increase) in intercompany receivables, net	81,779	(82,424)	645	—
Other financing activities, net	(2,134)	(5,951)	4,562	(3,523)
Net cash provided by (used in) financing activities	29,645	(88,375)	5,207	(53,523)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(802)	1,271	(5,602)	(5,133)
CASH AND CASH EQUIVALENTS, AT BEGINNING OF PERIOD	864	6,287	20,693	27,844
Effect of currency exchange rate changes on cash	—	—	(1,857)	(1,857)
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	$ 62	$ 7,558	$ 13,234	$ 20,854
SUPPLEMENTAL DATA:				
Cash paid during the period for:				
Interest (net of amount capitalized)	$ 35,464	$ 2,606	$ 282	$ 38,352
Income taxes, net of refunds	$ 27,607	$ —	$ —	$ 27,607

21. Industry Segments

In the third quarter of 2001, subsequent to the 2001 Merger transaction, the Company reorganized its business segments as part of its efforts to reduce costs and streamline its operations. The Company reports its operations through three geographically organized segments: (1) Americas, (2) Europe, Middle East and Africa (EMEA) and (3) Asia Pacific. The Americas consists of operations located in the US, Canada, Mexico, Central and South America. EMEA mainly consists of operations in Europe, while Asia Pacific includes operations in Asia, Australia and New Zealand. The Americas results for the period from February 20, 2001 (inception) through December 31, 2001 include merger-related and other nonrecurring charges of $5.4 million. The Americas results for the period from January 1, 2001 through July 20, 2001 include $21.5 million in merger-related and other nonrecurring charges as well as a nonrecurring sale of mortgage fund contracts of $5.6 million. The Americas 2000 results include a nonrecurring sale of certain non-strategic assets of $4.7 million. The following table summarizes the revenue and operating income (loss) by operating segment (dollars in thousands):

	Company	Company	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
Revenue				
Americas	$ 896,064	$ 440,349	$ 488,450	$ 1,074,080
EMEA	182,222	83,012	78,294	164,539
Asia Pacific	91,991	39,467	41,190	84,985
	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604

Operating income (loss)				
Americas	$ 81,341	$ 49,110	$ (8,336)	$ 98,051
EMEA	17,287	11,463	(2,169)	9,339
Asia Pacific	7,434	2,159	(3,669)	(105)
	106,062	62,732	(14,174)	107,285
Interest income	3,272	2,427	1,567	2,554
Interest expense	60,501	29,717	20,303	41,700
Income (loss) before provision for income taxes	$ 48,833	$ 35,442	$ (32,910)	$ 68,139
Depreciation and amortization				
Americas	$ 16,958	$ 9,221	$ 18,231	$ 28,600
EMEA	4,579	1,763	4,729	9,837
Asia Pacific	3,077	1,214	2,696	4,762
	$ 24,614	$ 12,198	$ 25,656	$ 43,199
Capital expenditures, net of concessions received				
Americas	$ 10,999	$ 4,692	$ 12,237	$ 16,158
EMEA	2,018	694	1,557	3,829
Asia Pacific	1,249	1,115	1,020	3,681
	$ 14,266	$ 6,501	$ 14,814	$ 23,668
Equity (income) losses from unconsolidated subsidiaries				
Americas	$ (8,425)	$ (1,343)	$ (2,465)	$ (5,553)
EMEA	(82)	(22)	20	(3)
Asia Pacific	(819)	(189)	(429)	(949)
	$ (9,326)	$ (1,554)	$ (2,874)	$ (6,505)

	December 31	
	2002	2001
	(dollars in thousands)	
Identifiable assets		
Americas	$ 868,990	$ 941,732
EMEA	198,027	171,621
Asia Pacific	123,059	97,552
Corporate	134,800	143,607
	$ 1,324,876	$ 1,354,512

Identifiable assets by industry segment are those assets used in the Company's operations in each segment. Corporate identifiable assets are primarily cash and cash equivalents and net deferred tax assets.

	December 31	
	2002	2001
	(dollars in thousands)	
Investments in and advances to unconsolidated subsidiaries		
Americas	$ 44,294	$ 37,585
EMEA	1,058	751
Asia Pacific	4,856	4,199
	$ 50,208	$ 42,535

Geographic Information:

	Company	Company	Predecessor	Predecessor

	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000
	(dollars in thousands)			
Revenue				
United States	$ 849,563	$ 416,445	$ 465,281	$ 1,027,359
All other countries	320,714	146,383	142,653	296,245
	$ 1,170,277	$ 562,828	$ 607,934	$ 1,323,604

	December 31	
	2002	2001
	(dollars in thousands)	
Long-lived assets		
United States	$ 51,419	$ 51,314
All other countries	15,215	17,137
	$ 66,634	$ 68,451

The long-lived assets shown in the table above include property and equipment.

22. Related Party Transactions

Included in other current and long-term assets in the accompanying consolidated balance sheets are employee loans of $5.9 million and $1.6 million as of December 31, 2002 and 2001, respectively. The majority of these loans represent prepaid retention and recruitment awards issued to employees at varying principal amounts, bear interest at rates up to 10.0% per annum and mature on various dates through 2007. These loans and related interest are typically forgiven over time, assuming that the relevant employee is still employed by, and is in good standing with, the Company. As of December 31, 2002, the outstanding employee loan balances included a $0.3 million loan to Raymond Wirta, the Company's Chief Executive Officer, and a $0.2 million loan to Brett White, the Company's President. These non-interest bearing loans to Mr. Wirta and Mr. White were issued during 2002 and are due and payable on December 31, 2003.

The accompanying consolidated balance sheets also include $4.8 million and $5.9 million of notes receivable from sale of stock as of December 31, 2002 and 2001, respectively. These notes are primarily composed of full-recourse loans to employees, officers and certain shareholders of the Company, which are secured by the Company's common stock that is owned by the borrowers. These full-recourse loans are at varying principal amounts, require quarterly interest payments, bear interest at rates up to 10.0% per annum and mature on various dates through 2010.

Pursuant to the Company's 1996 Equity Incentive Plan (EIP), Mr. Wirta purchased 30,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share that was paid for by delivery of a full recourse promissory note bearing interest at 7.40%. As part of the 2001 Merger, the 30,000 shares of CBRE common stock were exchanged for 30,000 shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the promissory note. All interest charged on the outstanding promissory note balance for any year is forgiven if Mr. Wirta's performance warrants a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. Wirta's promissory note for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, Mr. Wirta had an outstanding loan balance of $385,950, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets.

Pursuant to the Company's 1996 EIP, Mr. White purchased 25,000 shares of CBRE common stock in 1998 at a purchase price of $38.50 per share and 20,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share. These purchases were paid for by delivery of full recourse promissory notes bearing interest at 7.40%. As part of the 2001 Merger, Mr. White's shares of CBRE common stock were exchanged for a like amount of shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the notes. A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then

outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of the Company or its subsidiaries on November 16, 2002 and the fair market value of a share of the Company's common stock was less than $38.50 on November 16, 2002. Mr. White's 1998 promissory note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. During 2002, the 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for the remaining balance of $400,000 on the 1998 promissory note. All interest charged on the outstanding promissory note balances for any year is forgiven if Mr. White's performance warrants a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. White's promissory notes for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, respectively, Mr. White had outstanding loan balances of $257,300 and $657,300, which are included in notes receivable from sale of common stock in the accompanying consolidated balance sheets.

As of December 31, 2002 and 2001, Mr. White had an outstanding loan of $164,832, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheets. This outstanding loan relates to the acquisition of 12,500 shares of CBRE's common stock prior to the 2001 Merger. Subsequent to the 2001 Merger, these shares were converted into shares in the Company's common stock and the related loan amount was carried forward. This loan bears interest at 6.0% and is payable at the earlier of: (i) October 14, 2003, (ii) the date of the sale of shares held by the Company pursuant to the related security agreement or (iii) the date of the termination of Mr. White's employment.

At the time of the 2001 Merger, Mr. Wirta delivered to the Company an $80,000 promissory note, which bore interest at 10% per year, as payment for the purchase of 5,000 shares of the Company's Class B common stock. Mr. Wirta repaid this promissory note in full in April of 2002. Additionally, Mr. Wirta and Mr. White delivered full-recourse notes in the amounts of $512,504 and $209,734, respectively, as payment for a portion of the shares purchased in connection with the 2001 Merger. During 2002, Mr. Wirta paid down his loan amount by $40,004 and Mr. White paid off his note in its entirety. As of December 31, 2002, Mr. Wirta has an outstanding loan of $472,500, which is included in notes receivable from sale of common stock in the accompanying consolidated balance sheet.

In the event that the Company's common stock is not freely tradable on a national securities exchange or an over-the-counter market by June 2004, the Company has agreed to loan Mr. Wirta up to $3.0 million on a full-recourse basis to enable him to exercise an existing option to acquire shares held by The Koll Holding Company, if Mr. Wirta is employed by the Company at the time of exercise, was terminated without cause or resigned for good reason. This loan will become repayable upon the earliest to occur of: (1) 90 days following termination of his employment, other than by the Company without cause or by him for good reason, (2) seven months following the date the Company's common stock becomes freely tradable as described above or (3) the receipt of proceeds from the sale of the pledged shares. This loan will bear interest at the prime rate in effect on the date of the loan, compounded annually, and will be repayable to the extent of any net proceeds received by Mr. Wirta upon the sale of any shares of the Company's common stock. Mr. Wirta will pledge the shares received upon exercise of the option as security for the loan.

23. Subsequent Event

On February 17, 2003, the Company, CBRE, Apple Acquisition Corp. (the Merger Sub) and Insignia Financial Group, Inc. (Insignia) entered into an Agreement and Plan of Merger (the Insignia Acquisition Agreement). Pursuant to the terms and subject to the conditions of the Insignia Acquisition

Agreement, the Merger Sub will merge with and into Insignia, the separate existence of the Merger Sub will cease and Insignia will continue its existence as a wholly owned subsidiary of CBRE (the Insignia Acquisition).

When the Insignia Acquisition becomes effective, each outstanding share of common stock of Insignia (other than the cancelled shares, dissenting shares and shares held by wholly owned subsidiaries of Insignia) will be converted into the right to receive $11.00 in cash, without interest, from the Merger Sub, subject to adjustments as provided in the Insignia Acquisition. At the same time, each outstanding share of common stock of the Merger Sub will be converted into one share of common stock of the surviving entity in the Insignia Acquisition.

As of February 17, 2003, the transaction was valued at approximately $415.0 million, including the repayment of net debt and the redemption of preferred stock. In addition to Insignia shareholder approval, the transaction, which is expected to close in June 2003, is subject to the receipt of financing and regulatory approvals. The sale by Insignia on March 14, 2003 of its residential real estate services subsidiaries, Insignia Douglas Elliman LLC and Insignia Residential Group, Inc., to Montauk Battery Realty, LLC and Insignia's receipt of the cash proceeds from such sale will not affect the consideration to be paid in the Insignia Acquisition.

CBRE HOLDING, INC.

QUARTERLY RESULTS OF OPERATIONS

(Unaudited)

The following table sets forth the Company's unaudited quarterly results of operations. The unaudited quarterly information should be read in conjunction with the audited consolidated financial statements of the Company and the notes thereto. The operating results for any quarter are not necessarily indicative of the results for any future period.

	Company	Company	Company	Company
	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.
	Three Months Ended December 31, 2002	Three Months Ended September 30, 2002	Three Months Ended June 30, 2002	Three Months Ended March 31, 2002
	(Dollars in thousands, except share data)			
Revenue	$ 376,466	$ 284,928	$ 284,893	$ 223,990
Operating income	$ 52,168	$ 21,162	$ 29,263	$ 3,469
Net income (loss)	$ 15,097	$ 1,881	$ 7,289	$ (5,540)
Basic EPS (1)	$ 1.01	$ 0.13	$ 0.48	$ (0.37)
Weighted average shares outstanding for basic EPS (1)	15,000,576	15,016,044	15,034,616	15,050,633
Diluted EPS (1)	$ 0.99	$ 0.12	$ 0.48	$ (0.37)
Weighted average shares outstanding for diluted EPS (1)	15,238,038	15,225,788	15,217,186	15,050,633

(1) EPS is defined as earnings (loss) per share

Company	Company	Company	Company	Predecessor	Predecessor	Predecessor
CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.

	Three Months Ended December 31, 2001	Three Months Ended September 30, 2001	Three Months Ended June 30, 2001	February 20, 2001 (inception) through March 31, 2001	Period from July 1, 2001 through July 20, 2001	Three Months Ended June 30, 2001	Three Months Ended March 31, 2001
	(Dollars in thousands, except share data)						
Revenue	$ 337,262	$ 225,566	—	$ —	$ 50,587	$ 284,849	$ 272,498
Merger-related and other nonrecurring charges	$ 3,166	$ 3,276	—	$ —	$ 16,519	$ 5,608	$ —
Operating income (loss)	$ 46,949	$ 15,783	—	$ —	$ (19,954)	$ 3,455	$ 2,325
Net income (loss)	$ 16,178	$ 1,978	$ (730)	$ —	$ (29,653)	$ (1,521)	$ (2,846)
Basic EPS (1)	$ 1.09	$ 0.17	$ (11.45)	$ —	$ (1.40)	$ (0.07)	$ (0.13)
Weighted average shares outstanding for basic EPS (1)	14,781,088	11,865,459	63,801	10	21,194,674	21,328,247	21,309,550
Diluted EPS (1)	$ 1.09	$ 0.17	$ (11.45)	$ —	$ (1.40)	$ (0.07)	$ (0.13)
Weighted average shares outstanding for diluted EPS (1)	14,905,538	11,865,459	63,801	10	21,194,674	21,328,247	21,309,550

(1) EPS is defined as earnings (loss) per share

CBRE HOLDING, INC.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

	Company			
	CBRE Holding, Inc.			
	Allowance for Bad Debts	Legal Reserve	Lease Reserves	Other Reserves
Balance, February 20, 2001	$ —	$ —	$ —	$ —
Acquired due to the 2001 Merger with CB Richard Ellis Services, Inc	12,074	2,943	11,111	894
Purchase accounting adjustments	—	2,000	8,823	—
Charges to expense	1,317	1,086	—	311
Write-offs, payments and other	(1,643)	(506)	(178)	(201)
Balance, December 31, 2001	11,748	5,523	19,756	1,004
Purchase accounting adjustments	—	(1,093)	5,014	—
Charges to expense	3,415	1,236	—	2,998
Write-offs, payments and other	(4,271)	(2,100)	406	(782)
Balance, December 31, 2002	$ 10,892	$ 3,566	$ 25,176	$ 3,220

	Predecessor			
	CB Richard Ellis Services, Inc.			
	Allowance for Bad Debts	Legal Reserve	Lease Reserves	Other Reserves
Balance, December 31, 1999	$ 15,560	$ 8,263	$ 13,994	$ 573
Charges to expense	3,061	2,015	24	25
Write-offs, payments and other	(5,990)	(5,139)	(1,988)	129
Balance, December 31, 2000	12,631	5,139	12,030	727
Charges to expense	3,387	69	—	416
Write-offs, payments and other	(3,944)	(2,265)	(919)	(249)
Balance, July 20, 2001	$ 12,074	$ 2,943	$ 11,111	$ 894

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Executive Officers of the Registrant

The following is a description of the positions with the Company presently held by and the business experience for the past five years for each Director and Executive Officer of the Company.

Richard C. Blum, age 67. Mr. Blum has been the Chairman of the Board of Directors of CBRE Holding since September 2001 and a director of CBRE Holding since July 2001. He has been the Chairman of the Board of Directors of CB Richard Ellis Services since September 2001 and a director of CB Richard Ellis Services since 1993. He is the Chairman and President of Blum Capital Partners, L.P., a merchant banking firm he founded in 1975. Mr. Blum is a member of the Boards of Directors of Northwest Airlines Corporation; Glenborough Realty; URS Corporation and Playtex Products, Inc. Mr. Blum also serves as Vice Chairman of URS Corporation. Mr. Blum holds a B.A. from the University of California, Berkeley, a graduate degree from the University of Vienna and an M.B.A. from the University of California, Berkeley.

Jeffrey A. Cozad, age 37. Mr. Cozad has been a director of CBRE Holding and CB Richard Ellis Services 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. Mr. Cozad holds a B.A. from DePauw University and an M.B.A. from the University of Chicago Graduate School of Business.

Cathy A. Delcoco, age 45. Ms. Delcoco joined CB Richard Ellis in February, 1989. During her thirteen year tenure, Ms. Delcoco has risen from Associate to Executive Vice President in CB Richard Ellis' Corporate Services Group. She has been a director of CBRE Holding and CB Richard Ellis Services since September 2001. Ms. Delcoco also serves on the Board of Directors of United Way Capital Area. Ms. Delcoco holds a bachelor's degree from the University of Maryland.

Bradford M. Freeman, age 61. Mr. Freeman has been a director of CBRE Holding since July 2001. He has been a director of CB Richard Ellis Services since August 1997. Mr. Freeman was a Director of Koll Real Estate Services and Koll Management Services, Inc. from November 1994 to August 1997. Mr. Freeman is a founding partner of Freeman Spogli & Co. Incorporated, a private investment company, and its affiliated investment partnerships or companies, founded in 1983. Mr. Freeman is also a member of the Boards of Directors of Edison International and RDO Equipment Company, an agricultural and industrial equipment distributor. Mr. Freeman holds a B.A. from Stanford University and an M.B.A. from Harvard Business School.

Frederic V. Malek, age 66. Mr. Malek has been a director of CBRE Holding and CB Richard Ellis Services since September 2001. He previously served as a director of CB Richard Ellis Services from 1989 to July 2001 and served as Co-Chairman of the Board of Directors of CB Richard Ellis Services from April 1989 to November 1996. He has served as Chairman of Thayer Capital Partners, a merchant banking firm he founded, since 1993. He was President of Marriott Hotels and Resorts from 1981 through 1988 and was Executive Vice President of Marriott Corp. from 1978 through 1988. He was Senior Advisor to the Carlyle Group, L.P., a merchant banking firm, from November 1988 through December 1991. From September 1989 through June 1990, he was President of Northwest Airlines Corporation and from June 1990 through December 1991, he served as Vice Chairman of Northwest Airlines Corporation. From December 1991 through November 1992, Mr. Malek served as Campaign Manager for the 1992 Bush/Quayle presidential campaign. He also serves on the Boards of Directors of American Management Systems, Inc.; Automatic Data Processing Corp.; Fannie Mae; FPL Group, Inc.; Manor Care, Inc.; Northwest Airlines Corporation; UBS Brinson; and Aegis Communications Co., Inc. 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.

Claus Moller, age 39. Mr. Moller has been a director of CBRE Holding since February 2001 and a director of CB Richard Ellis Services since July 2001. Mr. Moller has been a Managing Partner of Blum Capital Partners, L.P. since 1999. Prior to joining Blum Capital, Mr. Moller was a Managing Director at AEA Investors, a New York based private equity investment firm. Prior to joining AEA, Mr. Moller was an investment banking associate at Morgan Stanley in New York. Mr. Moller has a cand. oecon. degree from Aarhus University, Denmark and an M.B.A. from Harvard Business School.

Brett White, age 43. Mr. White has been a director of CB Richard Ellis Services since July 2001 and the President and a director of CBRE Holding since September 2001. He was CB Richard Ellis Services' Chairman of the Americas from May 1999 to September 2001 and was President of Brokerage Services from August 1997 to May 1999. Previously, he was Executive Vice President of CB Richard Ellis Services from March 1994 to July 1997 and Managing Officer of CB Richard Ellis Services' Newport Beach, California office from 1992 to March 1994. Mr. White received his B.A. from the University of California, Santa Barbara.

Gary L. Wilson, age 63. Mr. Wilson has been a director of CBRE Holding and CB Richard Ellis Services since September 2001. He previously served as a director of CB Richard Ellis Services 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. From 1985 to January 1990, Mr. Wilson was an Executive Vice President, Chief Financial Officer and Director of The Walt Disney Company and remains a Director of The Walt Disney Company. Mr. Wilson also serves on the Boards of Directors of On Command Corporation and Veritas Holdings GmbH. From 1974 to 1985, he was Executive Vice President and Chief Financial Officer of Marriott Corporation. Mr. Wilson holds a B.A. from Duke University and an M.B.A. from the Wharton Graduate School of Business and Commerce at the University of Pennsylvania.

Raymond E. Wirta, age 59. Mr. Wirta has been the Chief Executive Officer of CBRE Holding since July 2001 and a director of CBRE Holding since September 2001. He has been CB Richard Ellis Services' Chief Executive Officer since May 1999 and a director of CB Richard Ellis Services since August 1997. He served as CB Richard Ellis Services' 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.

Executive Officers who are not Directors:

Kenneth J. Kay, age 47. Mr. Kay has been the Chief Financial Officer of CBRE Holding, Inc. since July 2002. He previously served as Vice President and Chief Financial Officer of Dole Food Company, Inc. from December 1999 to June 2002. Mr. Kay served as Executive Vice President and Chief Financial Officer for the Consumer Products Group of Universal Studios, Inc. from December 1997 to December 1999. Mr. Kay is a certified public accountant in the State of California and holds a B.A. and an M.B.A. from the University of Southern California.

Section 16(a) Beneficial Ownership Reporting Compliance

The Company is not aware of any failures by its directors or executive officers to timely file the forms required to be filed by them pursuant to Section 16(a).

Item 11. Executive Compensation

Summary Compensation Table. The following table sets forth information concerning the compensation of the Company's Chief Executive Officer and the Company's three other executive officers for the three years ended December 31, 2002:

	Annual Compensation				Long-Term Compensation		
Name and Principal Position	Year	Salary	Bonus (1)	Other Annual Compensation (2) (3)	Restricted Stock Awards (3)	Securities Underlying Stock Options	All Other Compensation (4)
Raymond E. Wirta Chief Executive Officer	2002	$ 518,511	$ —	$ 27,359	—	—	$ —
	2001	518,510	—	8,092	—	176,153	489,375
	2000	500,000	972,000	20,251	30,000	35,000	—
Brett White President	2002	450,501	—	71,897	—	—	—
	2001	415,883	—	62,552	—	141,782	408,500
	2000	375,000	714,601	49,692	20,000	20,000	—
Kenneth J. Kay (5) Senior Executive Vice President and Chief Financial Officer	2002	207,692	77,295	—	—	—	300,000 (6)
James H. Leonetti (7) Senior Executive Vice President and Chief Financial Officer	2002	147,138	—	—	—	—	170,000 (8)
	2001	254,458	—	—	—	—	453,500
	2000	72,115	82,500	—	—	25,000	—

(1) Bonus for each year is paid pursuant to the Annual Management Bonus Plan in the first quarter of the following year, e.g. the bonus shown for 2000 was paid in March of 2001.

(2) With respect to Other Annual Compensation paid in 2000, the amounts listed include a $12,000 automobile allowance. For Messrs. Wirta and White, such amounts also include interest accrued and forgiven under the promissory notes delivered by them pursuant to the Company's 1996 Equity Incentive Plan (the "EIP").

(3) Pursuant to the Company's 1996 EIP, Mr. White purchased 25,000 shares of CBRE common stock in 1998 for a purchase price of $38.50 per share and 20,000 shares of CBRE common stock in 2000 for a purchase price of $12.875 per share. These purchases were paid for by the delivery of full recourse promissory notes. A First Amendment to Mr. White's 1998 Promissory Note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of the Company or its subsidiaries on November 16, 2002 and the fair market value of a share of the Company's common stock was less than $38.50 on November 16, 2002. Mr. White's Promissory Note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. The 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for this note. The remaining note delivered by Mr. White bears interest at 7.40%. As part of the 2001 Merger, the 20,000 shares of CBRE common stock purchased by Mr. White were exchanged for 20,000 shares of Class B common stock of the Company, which shares were substituted for CBRE shares as security for the note. Pursuant to the 1996 EIP, Mr. Wirta purchased 30,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 paid for by the delivery of a full recourse promissory note bearing interest at 7.40%. As part of the 2001 Merger, the 30,000 shares of CBRE common stock were exchanged for 30,000 shares of Class B common stock of the Company, which shares were substituted for CBRE shares as security for the note. All interest charged on the outstanding promissory note balances for any year is forgiven if the executive's performance produces a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and 2002, all interest on Mr. White's and Mr. Wirta's promissory notes for 2000 and 2001 was forgiven.

(4) In connection with the 2001 Merger, the Company awarded cash retention bonuses to Messrs. Wirta, White and Leonetti to provide an incentive and reward for continued service up to and including the 2001 Merger. At the effective time of the 2001 Merger, Messrs. Wirta, White and Leonetti also received for each of their options to purchase shares of CBRE common stock, the greater of (A) the amount by which $16.00 exceeded the exercise price of the option, if any, and (B) $1.00. In connection with the 2001 Merger, Mr. Leonetti received payments pursuant to his employment agreement.

(5) Mr. Kay Joined the Company effective June 13, 2002.

(6) Pursuant to Mr. Kay's employment agreement, he received a sign-on bonus of $300,000.

(7) Mr. Leonetti ceased to be an officer and an employee of the Company on July 19, 2002.

(8) Pursuant to Mr. Leonetti's leaving the Company, he received a severance payment of $170,000.

Option Grants Table. The following table sets forth information concerning stock option grants during the year ended December 31, 2002 to the persons named in the preceding table.

					Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Number of Securities Underlying Option Granted	Percentage of Total Options Granted to Employees in 2002	Exercise Price Per Share	Expiration Date	5%	10%
Kenneth J. Kay (1)	62,000	50.1%	$ 16.000	7/20/12	$ 623,863	$ 1,580,993

(1) The options vest 20% per year beginning July 2003.

Aggregated Options Table. The following table sets forth information concerning unexercised options held as of December 31, 2002 by the persons named in the table under "Summary Compensation Table." No options were exercised by the named executive officers during fiscal year 2002.

			Number of Securities Underlying Unexercised Options at December 31, 2002		Value of Unexercised In-the-Money Options at December 31, 2002	
Name	Shares Acquired on Exercise	Value Realized ($)	Exercisable	Unexercisable	Exercisable	Unexercisable
Raymond E. Wirta	—	—	35,231	140,922	—	—
Brett White	—	—	28,356	113,426	—	—
Kenneth J. Kay	—	—	—	62,000	—	—

Incentive Plans

CB Richard Ellis Services' Deferred Compensation Plan.

CB Richard Ellis Services' deferred compensation plan permits a select group of management employees, as well as other highly compensated employees, to elect, immediately prior to the beginning of each calendar year, to defer receipt of some or all of their compensation for the next year until a future distribution date and have it credited to one or more of several funds in the deferred compensation plan. From time to time CB Richard Ellis Services has also granted deferred compensation awards in connection with its incentive programs. The three funds in which deferred compensation amounts may be credited are:

- The Insurance Fund. A participant may elect to have his or her deferred compensation allocated to the Insurance Fund. Within the Insurance Fund, the employee can elect to have gains or losses on deferrals measured by one or more of approximately 30 mutual funds. CB Richard Ellis Services hedges its obligations to the participants under the Insurance Fund by buying a contract of insurance within which it has premiums invested in the mutual funds which participants have elected to measure the value of their deferred compensation. Historically, CB Richard Ellis Services has held the insurance contract in a Rabbi Trust. The participants, as general unsecured creditors of CB Richard Ellis Services, have no interest in or claim to the Rabbi Trust, the insurance contract or the mutual funds within the insurance contract. The insurance contract and the Rabbi Trust are assets of CB Richard Ellis Services and are available to its general creditors, including the deferred compensation plan participants, in the event of the bankruptcy or insolvency of CB Richard Ellis Services. While in the past CB Richard Ellis Services has elected to deposit in the Rabbi Trust the full amount of deferrals into the Insurance Fund, CB Richard Ellis Services is not obligated to do so in the future, and CB Richard Ellis Services anticipates that any future funding will be limited so that it maintains cash equal to the

incremental tax it must pay because deferred compensation plan allocations are not deductible for tax purposes.

- The Stock Fund. A participant may elect to have his or her deferrals allocated to CB Richard Ellis Services' stock fund. After the effective date of the 2001 Merger, no new deferrals are allowed in stock fund units.

- The Interest Index Funds. From the deferred compensation plan's inception in 1994 until May 1999, participants could elect to have their deferrals allocated to an Interest Index Fund, which CB Richard Ellis Services refers to as "Interest Index Fund I." All of these allocations were credited with interest at the rate payable by CB Richard Ellis Services under the credit agreement governing the senior secured credit facilities. Effective June 1, 2001 a new Interest Index Fund, which CB Richard Ellis Services refers to as "Interest Index Fund II," was established. All deferrals allocated to Interest Index Fund II are credited with interest at $11^{1}/4$% per year for five years or until distributed if earlier, and after that time at a rate no lower than the rate CB Richard Ellis Services pays under its principal credit agreement. The deferrals to Interest Index Fund II will not be funded with a Rabbi Trust or otherwise. Interest Index Fund II will only accept up to $20 million in deferrals, other than pursuant to the 2000 Company Match Program. A participant may elect to move allocations from the Insurance Fund—but not the Stock Fund or Interest Index Fund I—into Interest Index Fund II. After five years, CB Richard Ellis Services reserves the right to terminate Interest Index Fund II. In the event that Interest Index Fund II is terminated, a participant's account balance in Interest Fund II either will be distributed in cash to the participant or invested in the Insurance Fund. If a participant's account balance in Interest Index Fund II is to be invested in the Insurance Fund, CB Richard Ellis Services will transfer cash equal to the account balance into the Rabbi Trust for the Insurance Fund. The choice between a cash distribution and a new investment in the Insurance Fund is that of the participant, but the choice must be made prior to January 1, 2003. Any participant that did not make a choice prior to January 1, 2003, will be deemed to have elected a cash distribution.

Distributions. The deferred compensation plan permits participants to elect in-service distributions, which may not begin less than three years following the election and post-employment distributions. These distributions may be (i) in the form of a lump sum payment on a date selected by the participant or (ii) in a series of quarterly installment payments or annual installment payments in the case of stock fund units. Stock fund units are distributed only in the form of shares of CBRE Holding Class A common stock. Separate distribution elections are permitted with respect to the deferrals for each year. There is limited flexibility to change distribution elections once made. A participant may elect to receive a distribution of his or her vested accounts at any time subject to a charge equal to 7.5% of the amount to be distributed.

CB Richard Ellis Services' Capital Accumulation Plan.

CB Richard Ellis Services maintains a Capital Accumulation Plan, which is a tax qualified retirement plan that CB Richard Ellis Services generally refers to as the 401(k) plan. Generally, an employee of CB Richard Ellis Services is eligible to participate in the plan if the employee is at least 21 years old. The plan provides for participant contributions as well as discretionary employer contributions. A participant is allowed to contribute to the plan from 1% to 15%, in whole percentages, of his or her compensation, subject to limits imposed by the U.S. Internal Revenue Code. Each year, CB Richard Ellis Services determines an amount of employer contributions, if any, it will contribute to the plan, which CB Richard Ellis Services refers to as "CB Richard Ellis Services' contributions," based on the performance and profitability of CB Richard Ellis Services' consolidated U.S. operations. CB Richard Ellis Services' contributions for a year are allocated to participants who are actively employed

on the last day of the plan year in proportion to each participant's pre-tax contributions for that year, up to 5% of the participant's compensation.

In connection with the 2001 Merger, each share of common stock of CB Richard Ellis Services formerly held by the Capital Accumulation Plan and credited to participant accounts was exchanged for $16.00 in cash. Additionally, the plan was amended to eliminate common stock of CB Richard Ellis Services as an investment option within the plan. The cash received for the shares of CB Richard Ellis Services' common stock was available for reinvestment in one or more of the investment alternatives contained within the plan in accordance with the terms of the plan, including CBRE Holding Class A common stock, under a new plan investment alternative. All of CB Richard Ellis Services' active U.S. employees participating in the plan at the time of the 2001 Merger were offered the opportunity to direct the trustee of the 401(k) plan to purchase, for allocation to their account balance, shares of CBRE Holding Class A common stock. Subsequent to the 2001 Merger, participants are no longer entitled to purchase additional shares of CBRE Holding Class A common stock for allocation to their account balance.

A participant may elect to receive a distribution in a single lump sum payment of his or her Capital Accumulation Plan account balance following termination of the participant's employment with CB Richard Ellis Services. However, if the participant has an account balance in the CBRE Holding Class A common stock fund, the participant may receive all or a portion of his or her balance in that fund either in shares or in cash.

Employment Agreements

Raymond Wirta and Brett White. In connection with the 2001 Merger and related transactions, Raymond Wirta and Brett White entered into three-year employment agreements with CB Richard Ellis Services, which became effective on the closing of the 2001 Merger. Following the three-year term, it is expected that the employment agreements will be automatically extended for successive twelve-month periods if notice is not received by either party within 120 days prior to the expiration of the initial term or any renewal term.

Mr. Wirta became a member of CBRE Holding's board of directors and its Chief Executive Officer following the 2001 Merger and continues to hold identical positions with CB Richard Ellis Services. Pursuant to the employment agreement, he will receive an annual base salary of approximately $519,000 and will be eligible for an annual bonus of up to 200% of his target bonus based upon the achievement of performance goals established by CBRE Holding's Board of Directors. Mr. Wirta's target bonus was $900,000 for both 2001 and 2002.

Mr. White became a member of CBRE Holding's Board of Directors and its President following the merger and continues to hold identical positions with CB Richard Ellis Services. Pursuant to his employment agreement, he will receive an annual base salary of approximately $395,000 (subject to increase from time to time at the sole discretion of CBRE Holding's Board of Directors) and will be eligible for an annual bonus of up to 200% of his target bonus based upon the achievement of performance goals established by CBRE Holding's Board of Directors. Mr. White's base salary for 2002 as determined by the Board of Directors was approximately $451,000. Mr. White's target bonus was $675,000 for both 2001 and 2002.

At the time of the 2001 Merger, CBRE Holding granted Mr. Wirta 176,153 options and granted Mr. White 141,782 options, each having the same terms as the options granted to other designated managers at the time of the 2001 Merger. Pursuant to their employment agreements, all unvested options held by Messrs. Wirta and White will automatically vest if there is a change of control of CBRE Holding (as defined in these agreements) prior to termination of that executive's employment with CB Richard Ellis Services.

Each employment agreement provides that the executive's employment by CB Richard Ellis Services may be terminated by either party at any time. If during the term of the agreement CB Richard Ellis Services terminates the executive's employment without cause or the executive terminates his employment for good reason, the executive is entitled to the following severance payments and benefits:

- any earned or accrued but unpaid salary, bonus, business expenses and employee benefits;
- continued payment of base salary and average annual bonus based on the previous two fiscal years for a period of two years following the termination of employment; and
- continued coverage under CB Richard Ellis Services' medical plans on the same basis as its active executives until the earlier of the second anniversary of the termination of employment or the date the executive becomes eligible for comparable coverage under any future employer's medical plan.

If during the term of the agreement the executive's employment is terminated due to his death or disability, the executive is entitled to the following severance payments:

- any earned or accrued but unpaid salary, bonus, business expenses and employee benefits; and
- a pro rata portion of any annual bonus that the executive would have been entitled to receive in the year of termination, payable at the time the bonus would otherwise have been paid.

Each employment agreement also contains a customary provision regarding confidentiality, a non-solicitation provision applicable for a period of two years following the executive's termination of employment for any reason and a non-compete provision applicable for a period of two years following the executive's termination of employment with CB Richard Ellis Services without cause or by the executive for good reason.

Kenneth Kay. On June 13, 2002, Mr. Kay entered into a two-year employment agreement with CBRE Holding to serve as its Chief Financial Officer.

Pursuant to his employment agreement, he will receive an annual base salary of approximately $450,000, a sign-on bonus of $300,000 and will be eligible for an annual bonus of up to $66^{2}/_{3}$% of his base salary based upon the achievement of performance goals established by CBRE Holding's Board of Directors. Additionally, Mr. Kay was granted an option to purchase 62,000 shares of CBRE Holding stock at a $16.00 per share exercise price, which will vest 20% per year on the anniversary date of the grant over the next five years.

If prior to the second anniversary of the agreement CBRE Holding terminates Mr. Kay's employment for any reason, he is entitled to receive a severance payment equal to 100% of one year's base salary. If Mr. Kay voluntarily resigns from his employment within the first 24 months of employment, he will not be eligible to receive this severance payment. In the event that Mr. Kay's employment is terminated as a result of a change of control, he is eligible to receive 150% of one year's base salary as a severance payment in lieu of any other severance payment to which he would otherwise be entitled.

Mr. Kay's employment agreement also contains a customary provision regarding confidentiality following his termination of employment with CBRE Holding.

Limitation of Liability and Indemnification

Each of CBRE Holding's and CB Richard Ellis Services' respective restated certificate of incorporation include provisions that eliminate the personal liability of their directors for monetary damages for breach of fiduciary duty as a director, except to the extent such limitation is not permitted under the Delaware General Corporation Law.

CBRE Holding's and CB Richard Ellis Services' respective restated certificates of incorporation and bylaws further provide for the indemnification of their directors and officers to the fullest extent permitted by Section 145 of the Delaware General Corporation Law, including circumstances in which indemnification is otherwise discretionary. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to their directors, officers and controlling persons under the foregoing provisions or otherwise, they have been advised that in the opinion of the SEC this indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In addition, CB Richard Ellis Services maintains and CBRE Holding may in the future obtain directors' and officers' liability insurance.

Compensation Committee Interlocks and Insider Participation

The members of the compensation committee are Claus Moller, Frederic Malek and Bradford Freeman. None of the executive officers of CBRE Holding serves as a member of the Board of Directors or compensation committee of any entity that has one or more executive officers serving on CBRE Holding's Board of Directors or compensation committee.

Director Compensation

CBRE Holding reimburses its non-employee directors for all out-of-pocket expenses incurred in the performance of their duties as directors. CBRE Holding does not pay fees to directors for attendance at meetings or for their services as members of the board of directors.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The table below sets forth information regarding the beneficial ownership of the shares of CBRE Holding Class A common stock and CBRE Holding Class B common stock as of February 28, 2003. The table sets forth the number of shares beneficially owned, and the percentage ownership, for:

- each person that beneficially owns 5% or more of CBRE Holding's Class A common stock or CBRE Holding's Class B common stock;
- each of CBRE Holding's directors;
- the named executive officers listed on the table under "Executive Compensation—Summary Compensation Table"; and
- all of the directors and executive officers of CBRE Holding as a group.

Except as otherwise noted below, the address for each person listed on the table is c/o CBRE Holding, Inc., 355 South Grand Avenue, Suite 3100, Los Angeles, California 90071. Unless otherwise indicated, the persons or entities identified in this table have sole voting and investment power with respect to all shares shown as beneficially owned by them, subject to applicable community property laws.

Beneficial ownership is determined in accordance with the rules which generally attribute beneficial ownership of securities to persons who possess sole or shared voting power or investment power with respect to those securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares subject to options or warrants held by that

person that were exercisable as of February 28, 2003 or will become exercisable within 60 days after such date are deemed outstanding, while the shares are not deemed outstanding for purposes of computing percentage ownership of any other person.

	Number of Shares Beneficially Owned			Percentage of Shares Beneficially Owned		
Name of Beneficial Owner	**Class A Common Stock**	**Class B Common Stock**	**Both Classes of Common Stock**	**Class A Common Stock**	**Class B Common Stock**	**Both Classes of Common Stock**
5% Stockholders:						
Blum Strategic Partners, L.P.						
Blum Strategic Partners II, L.P.						
Blum Strategic Partners, II GmbH & Co. KG (1) (2)	—	8,100,925	8,100,925	—%	64.2%	56.5%
FS Equity Partners III, L.P						
FS Equity Partners International, L.P. (1) (3)	—	3,402,463	3,402,463	—	27.0	23.7
Donald Koll (1) (4)	—	656,052	656,052	—	5.2	4.6
Credit Suisse First Boston (5)	495,707	—	495,707	28.7	—	3.5
California Public Employees' Retirement System (CalPERS)	625,000	—	625,000	36.2	—	4.4
Directors and Named Executive Officers:						
Richard Blum (1) (2)	—	8,100,925	8,100,925	—	64.2	56.5
Jeffrey Cozad (1) (2)	—	8,100,925	8,100,925	—	64.2	56.5
Catherine Delcoco	—	—	—	—	—	—
Bradford Freeman (1) (3)	—	3,402,463	3,402,463	—	27.0	23.7
Kenneth Kay	—	—	—	—	—	—
Frederic Malek (1) (6)	—	397,873	397,873	—	3.1	2.8
Claus Moller (1) (2)	—	8,100,925	8,100,925	—	64.2	56.5
Brett White (7) (9)	54,919	7,500	62,419	3.2	*	*
Gary Wilson	—	—	—	—	—	—
Raymond Wirta (1) (8) (9)	99,294	556,590	655,884	5.8	4.4	4.6
All directors and executive oficers as a group (includes 10 persons)	154,213	12,465,351	12,619,564	9.0	98.7	87.9

* less than 1%

(1) As a result of the securityholders' agreement to which these parties or their respective affiliates are a party, these parties, together with the other holders of CBRE Holding Class B common stock, may be deemed to constitute a group within the meaning of Section 13(d)(3) of the Securities Exchange Act of 1934. Accordingly, each of the members of this group may be deemed to beneficially own 12,624,813 shares of CBRE Holding Class B common stock, which represents 100% of the CBRE Holding Class B common stock and approximately 88.1% of all outstanding shares of CBRE Holding common stock.

(2) Consists of 5,223,418 shares of CBRE Holding Class B common stock owned by Blum Strategic Partners, L.P., 2,819,376 shares of CBRE Holding Class B common stock owned by Blum Strategic Partners II, L.P. and 58,131 shares of CBRE Holding Class B common stock owned by Blum Strategic Partners II GmbH & Co. KG. The sole general partner of Blum Strategic Partners, L.P. is Blum Strategic GP, L.L.C., and the sole general partner of Blum Strategic Partners II, L.P. and the managing limited partner of Blum Strategic Partners II GmbH & Co. KG is Blum Strategic GP II, L.L.C. Richard Blum and Claus Moller, each of whom is a director of CBRE Holding, Inc., are managing members of Blum Strategic GP, L.L.C. and Blum Strategic GP II, L.L.C. Jeffrey Cozad, who is a director of CBRE Holding, Inc., is a member of Blum Strategic GP, L.L.C. and Blum Strategic GP II, L.L.C. Except as to any pecuniary interest, each of Messrs. Blum, Moller and Cozad disclaims beneficial interest of all of these shares. The business address of Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P., Blum Strategic Partners II GmbH & Co. KG, Blum Strategic GP, L.L.C., Blum Strategic GP II, L.L.C., Richard Blum, Jeffrey Cozad and Claus Moller is 909 Montgomery Street, Suite 400, San Francisco, California 94133. Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P. and Blum Strategic Partners II GmbH & Co. KG have sole dispositive power over 8,100,925 of the indicated shares. As a result of the securityholders' agreement, Blum Strategic Partners, L.P., Blum Strategic Partners II, L.P. and Blum Strategic Partners II GmbH & Co. KG have shared voting power over 8,100,925 of the indicated shares.

(3) Includes 3,278,447 shares of CBRE Holding Class B common stock held by FS Equity Partners III, L.P. (FSEP III) and 124,016 shares of CBRE Holding Class B common stock to be held by FS Equity Partners International, L.P (FSEP International). As general partner of FS Capital Partners, L.P., which is the general partner of FSEP III, FS Holdings, Inc. has the power to vote and dispose of the shares owned by FSEP III. As general partner of FS & Co. International, L.P., which is the general partner of FSEP International, FS International Holdings Limited has the power to vote and dispose of

the shares owned by FSEP International. Bradford Freeman, who is a director of CBRE Holding, Inc., Ronald Spogli, Frederick Simmons, William Wardlaw, John Roth and Charles Rullman, Jr. are the directors, officers and shareholders of FS Holdings, Inc. and FS International Holdings Limited, and may be deemed to be the beneficial owners of the shares of CBRE Holding Class B common stock and rights to acquire common stock owned by FSEP III and FSEP International. The business address of FSEP III, FS Capital Partners, L.P. and FS Holdings, Inc. and their directors, officers and beneficial owners is 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, California 90025. The business address of FSEP International, FS&Co. International L.P. and FS International Holdings Limited is c/o Paget-Brown & Company, Ltd., West Winds Building, Third

Floor, Grand Cayman, Cayman Islands, British West Indies. As a result of the securityholders' agreement, FS Equity Partners III, L.P. and FS.Equity Partners International, L.P. have shared voting power and shared dispositive power over 3,402,463 of the indicated shares.

(4) Consists of 656,052 shares of CBRE Holding Class B common stock owned by The Koll Holding Company. Mr. Koll is the sole trustee of the Donald M. Koll Separate Property Trust, which wholly owns DKC Holdings, Inc., which wholly owns The Koll Holding Company. Raymond Wirta, who is the Chief Executive Officer and a director of CBRE Holding, Inc., holds an option granted by The Koll Holding Company to acquire up to 521,590 of these shares. As a result of the securityholders' agreement, Mr. Koll has shared voting power and shared dispositive power over 656,052 of the indicated shares.

(5) Credit Suisse First Boston (CSFB) reports beneficial ownership on behalf of itself and its affiliates to the extent that they constitute part of the CSFB business unit. The CSFB business unit is engaged in worldwide corporate and investment banking, trading, including equity, fixed income and foreign exchange, and private equity investment and derivatives businesses. CSFB and its affiliates engage in other separately managed activities, most of which constitute the independently operated Credit Suisse Asset Management business unit. The Credit Suisse Asset Management business unit provides asset management and investment advisory services to institutional investors worldwide. The indicated shares are held by one or more indirect subsidiaries of the CSFB business unit. The business address of CSFB and the CSFB business unit is 11 Madison Avenue, New York, New York 10010.

The ultimate parent company of CSFB is Credit Suisse Group (CSG), which is a corporation formed under the laws of Switzerland. The principal business of CSG is acting as a holding company for a global financial services group with five distinct specialized business units that are independently operated. In addition to the two business units referred to above, CSG and its consolidated subsidiaries, other than CSFB and its subsidiaries, are comprised of (i) the Credit Suisse Private Bank business unit that engages in the global private banking business, (ii) the Credit Suisse business unit that engages in the Swiss domestic banking business and (iii) the Winterthur business unit that engages in the global insurance business. CSG's business address is Paradeplatz 8, Postfach 1, CH-8070, Zurich, Switzerland.

CSG, for purposes of federal securities laws, may be deemed ultimately to control the Credit Suisse Private Bank business unit, and the CSFB business unit. CSG, its executive officers and directors, and its direct and indirect subsidiaries, including all of the business units except the CSFB business unit, may beneficially own securities issued by CBRE Holding or related derivative securities, and any such securities are not publicly reported by CSG. Due to the separate management and independent operation of its business units, CSG disclaims beneficial ownership of any such securities beneficially owned by its direct and indirect subsidiaries, including the CSFB business unit. The CSFB business unit disclaims beneficial ownership of any such securities beneficially owned by CSG and any of CSG's and CSFB's other business units.
The CSFB business unit disclaims beneficial ownership of securities held directly by any entity described in this footnote except with respect to the CSFB business unit's proportionate interest in or ownership of such entity.

(6) Includes 98,000 shares owned by a trust for which Mr. Malek is the trustee. As a result of the securityholders' agreement, Mr. Malek has shared voting power and shared dispositive power over 397,873 of the indicated shares.

(7) As a result of the securityholders' agreement, Mr. White has shared voting power and shared dispositive power over 34,063 of the indicated shares.

(8) Includes 521,590 shares owned by The Koll Holding Company that Mr. Wirta has the right to acquire under an option granted by The Koll Holding Company to Mr. Wirta. As a result of the securityholders' agreement, Mr. Wirta has shared voting power and shared dispositive power over 620,653 of the indicated shares.

(9) Represents the number of shares of common stock which the named individual beneficially owns as well as those which the individual has options to acquire that are exercisable on or before April 30, 2003. The respective numbers shown in the table include the following number of option shares for the following individuals: Mr. White—28,356 and Mr. Wirta—35,231.

The following table sets forth information as of December 31, 2002 with respect to compensation plans under which equity securities of the Company are authorized for issuance:

Plan Category	(I) Number of securities to be issued upon exercise of outstanding options and warrants	(II) Weighted-average exercise price of outstanding options and warrants	(III) Number of securities remaining available for future issuance under plans [excluding securities listed in column (I)]
Equity compensation plans approved by shareholders	1,707,076	$ 18.10	5,048,401
Equity compensation plans not approved by shareholders	—	—	—
Total	1,707,076	$ 18.10	5,048,401

Item 13. Certain Relationships and Related Transactions

Since January 1, 2002, there has not been, nor is there currently proposed, any transaction or series of similar transactions to which CB Richard Ellis Services or CBRE Holding both prior to and as of the 2001 Merger was, or is, or will be a party in which the amount involved exceeds $60,000 and in which any director, executive officer or holder of more than 5% of common stock, or an immediate family member of any of the foregoing, had or will have a direct or indirect interest other than as described below as well as in the compensation arrangements described in Item 11.

Securityholders' Agreement

In connection with the closing of the 2001 Merger, the members of the buying group, together with CalPERS, DLJ Investment Funding, Inc. and CSFB, entered into a securityholders' agreement. This agreement defines various rights of the parties to the agreement related to their ownership and governance of CBRE Holding, including voting of the shares of CBRE Holding common stock, a right of first offer for potential sales of some of their shares, co-sale and required sale rights applicable in connection with transactions involving CBRE Holding shares, and participation rights regarding future issuances of CBRE Holding's shares of common stock and registration rights.

Each of the members of the buying group agreed to vote all of the shares of CBRE Holding's Class B common stock it or he beneficially owns to elect to CBRE Holding's board of directors, individuals designated by various members of the buying group. A majority of the directors of CBRE Holding generally may be designated by Blum Strategic Partners at any time. Pursuant to the securityholders' agreement, the board of directors of CB Richard Ellis Services will be comprised of the same members as CBRE Holding's board of directors. Accordingly, CBRE Holding's and CB Richard Ellis Services' board of directors generally is controlled by Blum Strategic Partners after the 2001 Merger. In addition, FS Equity Partners III, L.P. and FS Equity Partners International L.P., together, generally may designate one of CBRE Holding's directors and Raymond Wirta and Brett White also are each designated as a director. The securityholders' agreement also provides that CBRE Holding is prohibited from taking certain actions without the consent of the director nominated by FS Equity Partners III, L.P. and FS Equity Partners International, L.P., including incurring certain indebtedness, consummating certain acquisitions or dispositions or issuing stock or options to its employees, subject to certain exceptions.

Subject to exceptions, each of the members of the buying group agreed to vote the shares of CBRE Holding common stock it or he beneficially owns on matters to be decided by CBRE Holding stockholders in the same manner as Blum Strategic Partners votes the shares of CBRE Holding Class B common stock that it beneficially owns. As a result, on most matters to be decided by CBRE Holding stockholders, Blum Strategic Partners is able to control the outcome.

Pursuant to the securityholders' agreement, FS Equity Partners III and FS Equity Partners International, together, are entitled to have two non-voting observers, DLJ Investment Funding is entitled to have one non-voting observer and CalPERS is entitled to have one non-voting observer at all meetings of CBRE Holding's board of directors as long as, respectively, Freeman Spogli owns at least 7.5% of CBRE Holding's outstanding common stock, DLJ Investment Funding and its affiliates own at least 1.0% of CBRE Holding's outstanding common stock and a majority of the 16% senior notes issued by CBRE Holding, and CalPERS owns any of CBRE Holding's outstanding common stock.

Also pursuant to the securityholders' agreement, CBRE Holding has agreed, at the request of Blum Strategic Partners and Blum Strategic Partners II, FS Equity Partners III and FS Equity Partners International or DLJ Investment Funding to initiate the registration under the Securities Act of shares held by the requesting party. In addition, CBRE Holding has also agreed that each member of the buying group, as well as DLJ Investment Funding, has limited "piggyback" registration rights on specified types of registration statements that CBRE Holding files. These piggyback registration rights generally will not apply until after CBRE Holding has completed, if ever, an underwritten initial public offering of shares of its common stock after which these shares are listed on a national securities exchange or on the Nasdaq National Market. Piggyback rights will not apply to an underwritten initial public offering unless registrable securities of Blum Strategic Partners and Blum Strategic Partners II are sold in that offering.

Participation in the Offerings of CBRE Holding Class A Common Stock and Options to Acquire Class A Common Stock

Purchase of Stock and Grants of Stock Options.

In connection with the offering of shares for direct ownership, each designated manager was entitled to receive a grant of options to purchase shares of CBRE Holding Class A common stock if he or she subscribed for at least the percentage of 625,000 shares allocated to the designated manager by CBRE Holding's board of directors. The number of shares that a designated manager was required to subscribe for in order to receive a grant of options was reduced by the number of deferred compensation plan stock fund units acquired by the designated manager at the closing of the employee offerings by the transfer of account balances then allocated to the deferred compensation plan insurance fund. The aggregate number of options available for grant to the designated managers equaled approximately 10% of the number of fully diluted shares of CBRE Holding Class A common stock and Class B common stock outstanding at the time of the 2001 Merger, including all shares issuable upon exercise of outstanding options and warrants. The options issued to designated managers have an exercise price of $16.00 per share and have a term of 10 years. Twenty percent of the options vest on each of the first five anniversaries of the 2001 Merger and all unvested options vest if there is a change in control of CBRE Holding. The number of shares that were purchased by each executive officer were as follows:

Raymond Wirta	64,063 shares; and
Brett White	26,563 shares.

As a result, each executive officer received the following grants of options:

Raymond Wirta	176,153 stock options; and
Brett White	141,782 stock options.

Full-Recourse Note.

In connection with the offering of shares of CBRE Holding common stock for direct ownership, under specified circumstances, each designated manager was allowed to deliver to CBRE Holding a full-recourse note as payment for a portion of the offering price for shares that he or she purchased. The maximum amount of the full-recourse note that could be delivered by a designated manager was to be reduced by the amount, if any, of the manager's deferred compensation plan account balance then allocated to the insurance fund that he or she transferred to stock fund units. Unless CBRE Holding's Board of Directors determined otherwise, each designated manager was able to use a full-recourse note if the designated manager subscribed for at least the percentage of the 625,000 shares that was allocated to the designated manager by CBRE Holding's Board of Directors.

Accordingly, based upon each of their participation in the employee offerings, the amount of the full-recourse notes that each of the executive officers delivered to CBRE Holding as payment for a portion of the shares he purchased in the offering of shares for direct ownership was the following:

Raymond Wirta	$512,504; and
Brett White	$209,734.

Each of these executive officers pledged as security for his full-recourse note a number of shares having an offering price equal to 200% of the amount of the note. These notes bear interest at 10% per year, payable quarterly. During 2002, Mr. Wirta paid down his loan amount by $40,004 (leaving an outstanding principal balance of approximately $472,500 as of December 31, 2002) and Mr. White paid off his note in its entirety.

Other Related Party Loans.

Pursuant to the Company's 1996 Equity Incentive Plan (EIP), Mr. Wirta purchased 30,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share that was paid for by delivery of a full recourse promissory note bearing interest at 7.40%. As part of the 2001 Merger, the 30,000 shares of CBRE common stock were exchanged for 30,000 shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the promissory note. All interest charged on the outstanding promissory note balance for any year is forgiven if Mr. Wirta's performance produces a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. Wirta's promissory note for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, Mr. Wirta had an outstanding loan balance of $385,950.

Pursuant to the Company's 1996 EIP, Mr. White purchased 25,000 shares of CBRE common stock in 1998 at a purchase price of $38.50 per share and 20,000 shares of CBRE common stock in 2000 at a purchase price of $12.875 per share. These purchases were paid for by delivery of full recourse promissory notes bearing interest at 7.40%. As part of the 2001 Merger, Mr. White's shares of CBRE common stock were exchanged for a like amount of shares of Class B common stock of the Company. These shares of Class B common stock were substituted for the CBRE shares as security for the notes. A First Amendment to Mr. White's 1998 promissory note provided that the portion of the then outstanding principal in excess of the fair market value of the shares would be forgiven in the event that Mr. White was an employee of the Company or its subsidiaries on November 16, 2002 and the fair market value of a share of the Company's common stock was less than $38.50 on November 16, 2002. Mr. White's 1998 promissory note was subsequently amended, terminating the First Amendment and adjusting the original 1998 Stock Purchase Agreement by reducing the purchase price from $38.50 to $16.00. During 2002, the 25,000 shares held as security for the Second Amended Promissory Note were tendered as full payment for the remaining balance of $400,000 on the 1998 promissory note. All interest charged on the outstanding promissory note balances for any year is forgiven if Mr. White's performance produces a high enough level of bonus (approximately $7,500 of interest is forgiven for each $10,000 of bonus). As a result of bonuses paid in 2001 and in 2002, all interest on Mr. White's promissory notes for 2000 and 2001 was forgiven. As of December 31, 2002 and 2001, respectively, Mr. White had outstanding loan balances of $257,300 and $657,300.

As of December 31, 2002 and 2001, Mr. White had an outstanding loan of $164,832. This outstanding loan relates to the acquisition of 12,500 shares of CBRE's common stock prior to the 2001 Merger. Subsequent to the 2001 Merger, these shares were converted into shares of the Company's common stock and the related loan amount was carried forward. This loan bears interest at 6.0% and is payable at the earlier of: (i) October 14, 2003, (ii) the date of the sale of shares held by the Company pursuant to the related security agreement or (iii) the date of the termination of Mr. White's employment.

In connection with the 2001 Merger and related transactions, CBRE Holding extended a loan of approximately $2.7 million to the Koll Holding Company, which is controlled by Donald Koll, to replace its former margin loan with a third party that were secured by shares of CB Richard Ellis Services common stock. The new loan is full-recourse, accrues interest at LIBOR plus 1.4%, compounds annually, is payable quarterly, and has a stated maturity of five years. This new loan will be replaced by a margin loan from a third party when, if ever, CBRE Holding common stock becomes freely tradable on a national securities exchange or an over-the-counter market.

However, in the event that CBRE Holding common stock is not freely tradable as described above by June 2004, CBRE Holding has agreed to loan Raymond Wirta up to $3.0 million on a full-recourse basis to enable him to exercise an existing option to acquire shares held by The Koll Holding Company, if Mr. Wirta is employed by CBRE Holding at the time of exercise or was terminated without cause or resigned for good reason. This loan will become repayable upon the earliest to occur of: (1) 90 days following termination of his employment, other than by CBRE Holding without cause or by him for good reason, (2) seven months following the date CBRE Holding's common stock becomes freely tradable as described above or (3) the receipt of proceeds from the sale of the pledged shares as described below. This loan will bear interest at the prime rate in effect on the date of the loan, compounded annually, and will be repayable to the extent of any net proceeds received by Mr. Wirta upon the sale of any shares of CBRE Holding common stock. Mr. Wirta will pledge the shares received upon exercise of the option as security for the loan.

In connection with his obligation to purchase 5,000 shares of CBRE Holding Class B common stock for $16.00 per share pursuant to the contribution and voting agreement, Mr. Wirta delivered to CBRE Holding an $80,000 promissory note, which bore interest at 10% per year and was payable in June 2004. Mr. Wirta repaid this promissory note in full in April of 2002.

On April 1, 2002, the Company loaned $300,000 to Mr. Wirta and $200,000 to Mr. White. These non-interest bearing loans are due and payable on December 31, 2003.

Item 14. Disclosure Controls and Procedures

Within ninety days prior to the filing date of this report, the Company carried out an evaluation, under the supervision and with the participation of its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Disclosure controls and procedures are designed to ensure that information required to be disclosed in the periodic reports filed or submitted under the Securities and Exchange Act of 1934 are recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out this evaluation.

PART IV

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a)

1. *Financial Statements*
   See Index to Consolidated Financial Statements set forth on page 35.

2. *Financial Statement Schedule*
   See Index to Consolidated Financial Statements set forth on page 35.

3. Exhibits
   See Exhibit Index beginning on page 107 hereof.

(b)

The registrant filed a Current Report on Form 8-K on November 15, 2002 with regard to the Company's conference call on November 7, 2002 discussing third quarter 2002 operating results.

The registrant filed a Current Report on Form 8-K on November 12, 2002 with regard to a press release issued on November 6, 2002 discussing the Company's operating results for the third quarter of 2002.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CBRE HOLDING, INC.
(Registrant)

By: /s/ RAYMOND E. WIRTA

Raymond E. Wirta
Chief Executive Officer

Date: March 24, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ RICHARD C. BLUM Richard C. Blum	Chairman of the Board	March 24, 2003
/s/ JEFFREY A. COZAD Jeffrey A. Cozad	Director	March 24, 2003
/s/ CATHY A. DELCOCO Cathy A. Delcoco	Director	March 24, 2003
/s/ BRADFORD M. FREEMAN Bradford M. Freeman	Director	March 24, 2003
/s/ KENNETH J. KAY Kenneth J. Kay	Chief Financial Officer (principal financial and accounting officer)	March 24, 2003
/s/ FREDERIC V. MALEK Frederic V. Malek	Director	March 24, 2003
/s/ CLAUS MOLLER Claus Moller	Director	March 24, 2003
/s/ BRETT WHITE Brett White	Director and President	March 24, 2003
/s/ GARY L. WILSON Gary L. Wilson	Director	March 24, 2003
/s/ RAYMOND E. WIRTA Raymond E. Wirta	Director and Chief Executive Officer (principal executive officer)	March 24, 2003

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
2.1*	Amended and Restated Agreement and Plan of Merger dated as of May 31, 2001 by and among CB Richard Ellis Services, Inc. ("CBRE"), CBRE Holding, Inc. (the "Company" and formerly Blum CB Holding Corp.), and Blum CB Corp. (incorporated by reference to Exhibit 2.1 to Amendment No. 1 to the Company's Registration Statement on Form S-1, Registration No. 333-59440, filed on June 12, 2001 and declared effective by the Commission on July 13, 2001 (the "Company's Registration Statement on Form S-1"))
3.1*	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to the Company's Registration Statement on Form S-1)
3.2*	Restated Bylaws of the Company (incorporated by reference to Exhibit 3.4 to Amendment No. 2 to the Company's Registration Statement on Form S-1)
4.1*	Specimen Class A Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 2 to the Company's Registration Statement on Form S-1)

4.2(a)*	Amended and Restated Contribution and Voting Agreement dated as of May 31, 2001 by and among the Company, Blum CB Corp., RCBA Strategic Partners, L.P., FS Equity Partners III, L.P., FS Equity Partners International, L.P., The Koll Holding Company, Donald Koll, Frederic V. Malek, Raymond E. Wirta and Brett White (incorporated by reference to Exhibit 4.2(a) to Amendment No. 1 to the Company's Registration Statement on Form S-1)
4.2(b)*	Form of Securityholders' Agreement (Exhibit A to the Contribution and Voting Agreement set forth in Exhibit 4.2(a) hereto) (incorporated by reference to Exhibit 4.2(b) to Amendment No. 1 to the Company's Registration Statement on Form S-1)
4.2(c)*	Form of Warrant Agreement (Exhibit B to the Contribution and Voting Agreement set forth in Exhibit 4.2(a) hereto) (incorporated by reference to Exhibit 4.2(c) to Amendment No. 1 to the Company's Registration Statement on Form S-1)
4.3*	Purchase Agreement between the Company and Credit Suisse First Boston Corporation dated as of June 29, 2001 (incorporated by reference to Exhibit 4.5 to Amendment No. 2 to the Company's Registration Statement on Form S-1)
4.4*	Purchase Agreement, dated as of May 31, 2001, among the Company, Blum CB Corp. and Credit Suisse First Boston Corporation (incorporated by reference to Exhibit 4.9 to Amendment No. 2 to the Company's Registration Statement on Form S-1)
4.5*	Indenture, dated as of June 7, 2001, among the Company, Blum CB Corp. and State Street Bank and Trust Company of California, N.A., as Trustee, for $11^1/4$% Senior Subordinated Notes due 2011 (incorporated by reference to Exhibit 4.10 to Amendment No. 2 to the Company's Registration Statement on Form S-1)
4.6*	Registration Rights Agreement, dated as of May 31, 2001, among the Company, Blum CB Corp. and Credit Suisse First Boston Corporation (incorporated by reference to Exhibit 4.11 to Amendment No. 2 to the Company's Registration Statement on Form S-1)
4.7*	Indenture, dated as of July 20, 2001, among the Company and State Street Bank and Trust Company, N.A., as Trustee, for its 16% Senior Notes due 2011 (incorporated by reference to Exhibit 21 to Amended General Statement of Beneficial Ownership of Common Stock of CBRE, filed July 27, 2001)

10.1^	2001 CBRE Holding, Inc. Stock Incentive Plan, as amended
10.2*	Full-Recourse Note of Raymond Wirta dated July 20, 2001 (incorporated by reference to Exhibit 10.2 filed in the Company's Registration Statement on Form S-4, Registration No. 333-70980, filed on October 4, 2001 (the "Company's Registration Statement on Form S-4"))
10.3*	Full-Recourse Note of Brett White dated July 20, 2001 (incorporated by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-4)
10.4*	Full-Recourse Note of James Leonetti dated July 20, 2001 (incorporated by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-4)
10.5*	Pledge Agreement, dated as of July 20, 2001, between the Company and Raymond Wirta (incorporated by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-4)
10.6*	Pledge Agreement, dated as of July 20, 2001, between the Company and Brett White (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-4)
10.7*	Pledge Agreement, dated as of July 20, 2001, between the Company and James Leonetti (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-4)
10.8*^	Option Agreement, dated as of July 20, 2001, between the Company and Raymond Wirta (incorporated by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-4)
10.9*^	Option Agreement, dated as of July 20, 2001, between the Company and Brett White (incorporated by reference to Exhibit 10.89 to the Company's Registration Statement on Form S-4)
10.10*^	Option Agreement, dated as of July 20, 2001, between the Company and James Leonetti (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-4)
10.11^	CB Richard Ellis Amended and Restated Deferred Compensation Plan, as amended
10.12^	CB Richard Ellis Amended and Restated 401(k) Plan, as amended
10.13*^	Employment Agreement, dated as of July 20, 2001, between CBRE and Raymond E. Wirta (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-4)
10.14*^	Employment Agreement, dated as of July 20, 2001, between CBRE and Brett White (incorporated by reference to Exhibit 10.14 to the Company's Registration Statement on Form S-4)
10.15*	Credit Agreement, dated as of July 20, 2001, among CBRE Holding, the Subsidiary Guarantors named therein, Credit Suisse First Boston and the other lenders named therein (incorporated by reference to Exhibit 22 to Amended General Statement of Beneficial Ownership of Common Stock of CBRE, filed July 27, 2001)

10.16* Employment Agreement, dated as of June 13, 2002, between CBRE and Kenneth Kay (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2002)

11 Statement concerning Computation of Per Share Earnings (filed as Note 16 of the Consolidated Financial Statements)

12 Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends

21 Subsidiaries of the Company

23 Consent of Deloitte & Touche LLP

* Incorporated by reference

^ Management contract or compensatory plan required by Item 601 of Regulation S-K

CERTIFICATIONS

I, Raymond E. Wirta, certify that:

1) I have reviewed this annual report on Form 10-K of CBRE Holding, Inc.;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 24, 2003

/s/ RAYMOND E. WIRTA

Raymond E. Wirta
Chief Executive Officer

CERTIFICATIONS (Continued)

I, Kenneth J. Kay, certify that:

1) I have reviewed this annual report on Form 10-K of CBRE Holding, Inc.;

2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;

3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4) The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluations as of the Evaluation Date;

5) The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's Board of Directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weakness in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6) The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 24, 2003

/s/ KENNETH J. KAY

Kenneth J. Kay
Chief Financial Officer

QuickLinks

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Exhibit 10.1

2001 CBRE HOLDING, INC.
STOCK INCENTIVE PLAN

1. Purpose of the Plan

The purpose of the Plan is to aid the Company and its Affiliates in recruiting and retaining key employees, directors or consultants of outstanding ability and to motivate such employees, directors or consultants to exert their best efforts on behalf of the Company and its Affiliates by providing incentives through the granting of Awards. The Company expects that it will benefit from the added interest which such key employees, directors or consultants will have in the welfare of the Company as a result of their proprietary interest in the Company's success.

2. Definitions

The following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) "*Act*": The Securities Exchange Act of 1934, as amended, or any successor act thereto.

(b) "*Affiliate*": With respect to the Company, any entity directly or indirectly controlling, controlled by, or under common control with, the Company or any other entity designated by the Board in which the Company or an Affiliate has an interest.

(c) "*Award*": An Option, Stock Appreciation Right or Other Stock-Based Award granted pursuant to the Plan.

(d) "*Beneficial Owner*": A "beneficial owner," as such term is defined in Rule 13d-3 under the Act (or any successor rule thereto).

(e) "*Board*": The Board of Directors of the Company.

(f) "*Change of Control*": (i) The sale or disposition, in one or a series of related transactions, of all, or substantially all, of the assets of the Company to any "person" or "group," as defined in Sections 13(d)(3) or 14(d)(2) of the Act (other than Strategic and its Affiliates, Freeman Spogli and their affiliates or any group in which any of the foregoing is a member); or (ii) any person or group (other than Strategic and its Affiliates, Freeman Spogli and their affiliates or any group in which any of the foregoing is a member) is or becomes the Beneficial Owner, directly or indirectly, of more than 50% of the total voting power of the voting stock of the Company (including by way of merger, consolidation or otherwise) and the representatives of Strategic and its affiliates, Freeman Spogli and their affiliates or any group in which any of the foregoing is a member, individually or in the aggregate, cease to have the ability to elect a majority of the Board (for the purposes of this clause (ii), a member of a group will not be considered to be the Beneficial Owner of the securities owned by other members of the group).

(g) "*Code*": The Internal Revenue Code of 1986, as amended, or any successor thereto.

(h) "*Committee*": The Board, or any committee of the Board designated by the Board to administer this Plan.

(i) "*Company*": CBRE Holding, Inc., a Delaware corporation.

(j) "*Effective Date*": The date the Board approves the Plan, or such later date as is designated by the Board.

(k) "*Employment*": (i) A Participant's employment if the Participant is an employee of the Company or any of its Affiliates, (ii) a Participant's services as a consultant, if the Participant is a consultant to the Company or its Affiliates and (iii) a Participant's services as an non-employee director, if the Participant is a non-employee member of the Board.

(l) "*Fair Market Value*": On a given date, (i) if there should be a public market for the Shares on such date, the arithmetic mean of the high and low prices of the Shares as reported on such date on the composite tape of the principal national securities exchange on which such Shares are listed or admitted to trading, or, if the Shares are not listed or admitted on any national securities exchange, the arithmetic mean of the per Share closing bid price and per Share closing asked price on such date as quoted on the National Association of Securities Dealers Automated Quotation System (or such market in which such prices are regularly quoted) (the "*NASDAQ*"), or, if no sale of Shares shall have been reported on the composite tape of any national securities exchange or quoted on the NASDAQ on such date, then the immediately preceding date on which sales of the Shares have been so reported or quoted shall be used, and (ii) if there should not be a public market for the Shares on such date, the Fair Market Value shall be the value established by the Committee in good faith.

(m) "*Freeman Spogli*": FS Equity Partners III, L.P. and FS Equity Partners International, L.P., collectively.

(n) "*ISO*": An Option that is also an incentive stock option granted pursuant to Section 6(d) of the Plan.

(o) "*LSAR*": A limited stock appreciation right granted pursuant to Section 7(d) of the Plan.

(p) "*Offerings*": The offerings by the Company of Shares pursuant to the Registration Statement on Form S-1 first filed with the Securities and Exchange Commission on April 24, 2001.

(q) "*Other Stock-Based Awards*": Awards granted pursuant to Section 8 of the Plan.

(r) "*Option*": A stock option granted pursuant to Section 6 of the Plan.

(s) "*Option Price*": The purchase price per Share of an Option, as determined pursuant to Section 6(a) of the Plan.

(t) "*Participant*": An employee, director or consultant who is selected by the Committee to participate in the Plan.

(u) "*Person*": A "person", as such term is used for purposes of Section 13(d) or 14(d) of the Act (or any successor sections thereto).

(v) "*Plan*": The 2001 CBRE Holding, Inc. Stock Incentive Plan.

(w) "*Shares*": Shares of Class A Common Stock, par value $.01 per share, of the Company.

(x) "*Stock Appreciation Right*": A stock appreciation right granted pursuant to Section 7 of the Plan.

(y) "*Strategic*": RCBA Strategic Partners, L.P., a Delaware limited partnership.

(z) "*Subscription Agreement*": Any subscription agreement between the Company and any Participant (a) which is entered into in connection with the Offerings or (b) which purports to be a "Subscription Agreement" for the purposes of the Plan and is entered into subsequent to the Offerings.

(aa) "*Subsidiary*": A subsidiary corporation, as defined in Section 424(f) of the Code (or any successor section thereto).

3. Shares Subject to the Plan

The total number of Shares that may be issued under the Plan is 6,500,000. The Shares may consist, in whole or in part, of unissued Shares or treasury Shares. The issuance of Shares or the payment of cash upon the exercise of an Award or in consideration of the cancellation or termination of an Award shall reduce the total number of Shares available under the Plan, as applicable. Shares which are subject to Awards which terminate or lapse without the payment of consideration may be granted again under the Plan.

4. Administration

The Plan shall be administered by the Committee, which may delegate its duties and powers in whole or in part to any subcommittee thereof consisting solely of at least two individuals who, during any period when the Company and this Plan are subject to the provisions of Section 162(m) of the Code and Section 16 of the Act, are intended to qualify as "*Non-Employee Directors*" within the meaning of Rule 16b-3 under the Act (or any successor rule thereto) and "*outside directors*" within the meaning of Section 162(m) of the Code (or any successor section thereto). Options may, in the discretion of the Committee, be granted under the Plan in substitution for outstanding options previously granted by the Company or its affiliates or a company acquired by the Company or with which the Company combines. The number of Shares underlying such substitute options shall be counted against the aggregate number of Shares available for Options under the Plan. The Committee is authorized to interpret the Plan, to establish, amend and rescind any rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or desirable for the administration of the Plan. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent the Committee deems necessary or desirable. Any decision of the Committee in the interpretation and administration of the Plan, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned (including, but not limited to, Participants and their beneficiaries or successors). The Committee shall have the full power and authority to establish the terms and conditions of any Option consistent with the provisions of the Plan and to waive any such terms and conditions at any time (including, without limitation, accelerating or waiving any vesting conditions). The Committee shall require payment of any amount it may determine to be necessary to withhold for federal, state, local or other taxes as a result of the exercise of an Option. Unless the Committee specifies otherwise, the Participant may elect to pay a portion or all of such withholding taxes, but in no event greater than the Company's minimum statutory rate (based on both the federal and state rates), by (a) delivery in Shares or (b) having Shares withheld by the Company from any Shares that would have otherwise been received by the Participant.

5. Limitations

No Award may be granted under the Plan after the tenth anniversary of the Effective Date, but Awards theretofore granted may extend beyond that date.

6. Terms and Conditions of Options

Options granted under the Plan shall be, as determined by the Committee, non-qualified or incentive stock options for federal income tax purposes, as evidenced by the related Award agreements, and shall be subject to the foregoing and the following terms and conditions and to such other terms and conditions, not inconsistent therewith, as the Committee shall determine:

(a) *Option Price.* The Option Price per Share shall be determined by the Committee at the time of grant and shall be set forth in an Award Agreement; *provided, however*, that the exercise price per share shall not be less than eighty-five percent (85%) of the Fair Market Value per Share on the date of grant; *provided, further*, that if the Participant is a 10% Stockholder, then the

Option Price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per Share on the date of grant.

(b) *Exercisability.* Options granted under the Plan shall be exercisable at such time and upon such terms and conditions as may be determined by the Committee. In no event, however, shall the Committee impose a vesting schedule that is more restrictive than twenty percent (20%) per year, with the initial vesting to occur not later than one (1) year after the date of grant; *provided, further*, that such limitation shall not be applicable to any Participants who are officers of the Company, nonemployee directors or consultants. Notwithstanding the foregoing, in no event shall an Option be exercisable more than ten years after the date it is granted.

(c) *Exercise of Options.* Except as otherwise provided in the Plan or in an Award Agreement, an Option may be exercised for all, or from time to time any part, of the Shares for which it is then exercisable. For purposes of this Section 6, the exercise date of an Option shall be the later of the date a notice of exercise is received by the Company and, if applicable, the date payment is received by the Company pursuant to clauses (i), (ii) or (iii) in the following sentence. The purchase price for the Shares as to which an Option is exercised shall be paid to the Company in full at the time of exercise at the election of the Participant (i) in cash or its equivalent (e.g., by check), (ii) in Shares having a Fair Market Value equal to the aggregate Option Price for the Shares being purchased and satisfying such other requirements as may be imposed by the Committee; *provided*, that such Shares have been held by the Participant for no less than six months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles), (iii) partly in cash and partly in such Shares or

(iv) if there should be a public market for the Shares at such time, subject to such rules as may be established by the Committee, through the delivery of irrevocable instructions to a broker to sell Shares obtained upon the exercise of the Option and to deliver promptly to the Company an amount out of the proceeds of such sale equal to the aggregate Option Price for the Shares being purchased. No Participant shall have any rights to dividends or other rights of a stockholder with respect to Shares subject to an Option until the Participant has given written notice of exercise of the Option, paid in full for such Shares and, if applicable, has satisfied any other conditions imposed by the Committee pursuant to the Plan.

(d) *ISOs.* The Committee may grant Options under the Plan that are intended to be ISOs. Such ISOs shall comply with the requirements of Section 422 of the Code (or any successor section thereto). No ISO may be granted to any Participant who at the time of such grant, owns more than ten percent of the total combined voting power of all classes of stock of the Company or of any Subsidiary (a "*10% Stockholder*"), unless (i) the Option Price for such ISO is at least 110% of the Fair Market Value of a Share on the date the ISO is granted and (ii) the date on which such ISO terminates is a date not later than the day preceding the fifth anniversary of the date on which the ISO is granted. Any Participant who disposes of Shares acquired upon the exercise of an ISO either (x) within two years after the date of grant of such ISO or (y) within one year after the transfer of such Shares to the Participant, shall notify the Company of such disposition and of the amount realized upon such disposition. All Options granted under the Plan are intended to be nonqualified stock options, unless the applicable Award Agreement expressly states that the Option is intended to be an ISO. If an Option is intended to be an ISO, and if for any reason such Option (or portion thereof) shall not qualify as an ISO, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a nonqualified stock option granted under the Plan; *provided* that such Option (or potion thereof) otherwise complies with the Plan's requirements relating to nonqualified stock options. In no event shall any member of the Committee, the Company or any of its Affiliates (or their respective employees, officers or directors) have any liability to any Participant (or any other Person) due to the failure of an Option to qualify for any reason as an ISO.

(e) *Attestation.* Wherever in this Plan or any agreement evidencing an Award a Participant is permitted to pay the exercise price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

7. Terms and Conditions of Stock Appreciation Rights

(a) *Grants.* The Committee also may grant (i) a Stock Appreciation Right independent of an Option or (ii) a Stock Appreciation Right in connection with an Option, or a portion thereof. A Stock Appreciation Right granted pursuant to clause (ii) of the preceding sentence (A) may be granted at the time the related Option is granted or at any time prior to the exercise or cancellation of the related Option, (B) shall cover the same number of Shares covered by an Option (or such lesser number of Shares as the Committee may determine) and (C) shall be subject to the same terms and conditions as such Option except for such additional limitations as are contemplated by this Section 7 (or such additional limitations as may be included in an Award agreement).

(b) *Terms.* The exercise price per Share of a Stock Appreciation Right shall be an amount determined by the Committee but in no event shall such amount be less than the greater of (i) the Fair Market Value of a Share on the date the Stock Appreciation Right is granted or, in the case of a Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, the Option Price of the related Option and (ii) the minimum amount permitted by applicable laws, rules, by-laws or policies of regulatory authorities or stock exchanges. Each Stock Appreciation Right granted independent of an Option shall entitle a Participant upon exercise to an amount equal to (x) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the exercise price per Share, times (y) the number of Shares covered by the Stock Appreciation Right. Each Stock Appreciation Right granted in conjunction with an Option, or a portion thereof, shall entitle a Participant to surrender to the Company the unexercised Option, or any portion thereof, and to receive from the Company in exchange therefore an amount equal to (1) the excess of (A) the Fair Market Value on the exercise date of one Share over (B) the Option Price per Share, times (2) the number of Shares covered by the Option, or portion thereof, which is surrendered. The date a notice of exercise is received by the Company shall be the exercise date. Payment shall be made in Shares or in cash, or partly in Shares and partly in cash (any such Shares valued at such Fair Market Value), all as shall be determined by the Committee. Stock Appreciation Rights may be exercised from time to time upon actual receipt by the Company of written notice of exercise stating the number of Shares with respect to which the Stock Appreciation Right is being exercised. No fractional Shares will be issued in payment for Stock Appreciation Rights, but instead cash will be paid for a fraction or, if the Committee should so determine, the number of Shares will be rounded downward to the next whole Share.

(c) *Limitations.* The Committee may impose, in its discretion, such conditions upon the exercisability or transferability of Stock Appreciation Rights as it may deem fit.

(d) *Limited Stock Appreciation Rights.* The Committee may grant LSARs that are exercisable upon the occurrence of specified contingent events. Such LSARs may provide for a different method of determining appreciation, may specify that payment will be made only in cash and may provide that any related Awards are not exercisable while such LSARs are exercisable. Unless the context otherwise requires, whenever the term "*Stock Appreciation Right*" is used in the Plan, such term shall include LSARs.

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8. Other Stock-Based Awards

The Committee, in its sole discretion, may grant or sell Awards of Shares, Awards of restricted Shares and Awards that are valued in whole or in part by reference to, or are otherwise based on the Fair Market Value of, Shares ("*Other Stock-Based Awards*"). Such Other Stock-Based Awards shall be in such form, and dependent on such conditions, as the Committee shall determine, including, without limitation, the right to receive, or vest with respect to, one or more Shares (or the equivalent cash value of such Shares) upon the completion of a specified period of service, the occurrence of an event and/or the attainment of performance objectives. Other Stock-Based Awards may be granted alone or in addition to any other Awards granted under the Plan. Subject to the provisions of the Plan, the Committee shall determine to whom and when Other Stock-Based Awards will be made; the number of Shares to be awarded under (or otherwise related to) such Other Stock-Based Awards; whether such Other Stock-Based Awards shall be settled in cash, Shares or a combination of cash and Shares; and all other terms and conditions of such Awards (including, without limitation, the vesting provisions thereof and provisions ensuring that all Shares so awarded and issued shall be fully paid and non-assessable).

9. Adjustments Upon Certain Events

Notwithstanding any other provisions in the Plan to the contrary, the following provisions shall apply to all Awards granted under the Plan:

(a) *Generally.* In the event of any change in the outstanding Shares after the Effective Date by reason of any Share dividend or split, reorganization, recapitalization, merger, consolidation, spin-off, combination or transaction or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares other than regular cash dividends or any transaction similar to the foregoing, the Committee in its sole discretion and without liability to any person may make such substitution or adjustment, if any, as it deems to be equitable, as to (i) the number or kind of Shares or other securities issued or reserved for issuance pursuant to the Plan or pursuant to outstanding Awards, (ii) the maximum number of Shares for which Options or Stock Appreciation Rights may be granted during a calendar year to any Participant, (iii) the Option Price or exercise price of any Stock Appreciation Right and/or (iv) any other affected terms of such Awards.

(b) *Change of Control.* In the event of a Change of Control after the Effective Date, (i) any outstanding Awards then held by Participants which are unvested or otherwise unexercisable shall automatically be deemed vested or otherwise exercisable, as the case may be, as of immediately prior to such Change of Control and (ii) the Committee may, but shall not be obligated to, (A) cancel such Awards for fair value (as determined in the sole discretion of the Committee) which, in the case of Options and Stock Appreciation Rights, may equal the excess, if any, of the Fair Market Value of the Shares subject to such Options or Stock Appreciation Rights over the aggregate exercise price of such Options or Stock Appreciation Rights or (B) provide for the issuance of substitute Awards that will substantially preserve the otherwise applicable terms of any affected Awards previously granted hereunder as determined by the Committee in its sole discretion.

10. No Right to Employment or Awards

The granting of an Award under the Plan shall impose no obligation on the Company or any Subsidiary to continue the Employment of a Participant and shall not lessen or affect the Company's or Subsidiary's right to terminate the Employment of such Participant. No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants, or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant (whether or not such Participants are similarly situated).

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11. Successors and Assigns

The Plan shall be binding on all successors and assigns of the Company and a Participant, including without limitation, the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

12. Nontransferability of Awards

Unless otherwise determined by the Committee, an Award shall not be transferable or assignable by the Participant otherwise than by will or by the laws of descent and distribution. An Award exercisable after the death of a Participant may be exercised by the legatees, personal representatives or distributees of the Participant.

13. Amendments or Termination

The Board may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which, (a) without the approval of the shareholders of the Company, would (except as is provided in Section 9 of the Plan), increase the total number of Shares reserved for the purposes of the Plan or change the maximum number of Shares for which Awards may be granted to any Participant or (b) without the consent of a Participant, would diminish any of the rights of the Participant under any Award theretofore granted to such Participant under the Plan; *provided, however*, that the Committee may amend the Plan in such manner as it deems necessary to permit the granting of Awards meeting the requirements of the Code or other applicable laws.

14. Choice of Law

The Plan shall be governed by and construed in accordance with the laws of the State of Delaware.

15. Effectiveness of the Plan

The Plan shall be effective as of the Effective Date.

16. Award and Subscription Agreements

Awards granted under the Plan shall be subject to such additional terms and provisions as the Committee may approve, which terms and provisions will be set forth in an Award Agreement with the applicant Participant. The Committee may also require that Shares acquired under the Plan upon the exercise of any Options be subject to the terms and provisions of a Subscription Agreement. The terms and provisions of any such Award Agreement or Subscription Agreement, as amended from time to time and applicable to any Participant, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein or any Award Agreement and any terms and provisions of a Subscription Agreement applicable to a Participant, the applicable terms and provisions of the Subscription Agreement will govern and prevail.

QuickLinks

Exhibit 10.1

2001 CBRE HOLDING, INC. STOCK INCENTIVE PLAN

[QuickLinks](#) -- Click here to rapidly navigate through this document

Exhibit 10.11

CB RICHARD ELLIS

DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective October 1, 2001)

CB RICHARD ELLIS

DEFERRED COMPENSATION PLAN

(As Amended and Restated Effective October 1, 2002)

1. ***PURPOSE***

The purpose of the CB Richard Ellis Deferred Compensation Plan, as amended and restated effective as of October 1, 2002 (the "Plan"), is to allow a select group of management or highly compensated employees of CB Richard Ellis Services, Inc. ("CBRES") and its affiliates that adopt this Plan to defer receipt of Compensation. The Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Appendix F to the Plan describes the consequences and options available to Participants effective upon the merger of the Company with Blum CB Corp. (a wholly-owned subsidiary of CBRE Holding, Inc.).

2. ***DEFINITIONS***

Whenever referred to in this Plan, the following terms shall have the meanings set forth below except where the context indicates otherwise.

2.1 "*Account*" means a Participant's Company Account or Employee Account, or both, as the context requires. The value of an Account will be determined by the Committee in its discretion, based upon the Participant's elections pursuant to Section 5 or the requirements of the Plan as to whether net income, gain or loss should be measured by (a) Mutual Fund Units (b) Stock Fund Units or (c) Interest Index Fund II Units.

2.2 "*Beneficiary*" means the person or persons who are the Participant's beneficiaries pursuant to the Employer's group term life insurance programs unless otherwise designated by the Participant for purposes of this Plan on a form prescribed by the Committee. In the event of any ambiguity or uncertainty regarding designation of one or more beneficiaries, the Committee shall determine the same in its discretion based on all facts and circumstances, and such determination shall be binding on all interested persons.

2.3 "*Code*" means the Internal Revenue Code of 1986, as amended.

2.4 "*Company Contribution*" means an unsecured and unfunded promise of an Employer not resulting from a Deferral consisting of a credit of Stock Fund Units, or Interest Index Fund II Units or Mutual Fund Units to a Participant's Account by the Employer in accordance with Appendix A (1999 and 2000 Company Match Program), Appendix B (Retention Program), Appendix C (Recruitment Program) and Appendix D (Special Awards).

2.5 "*Committee*" means the Chief Executive Officer of CB Richard Ellis Services Inc., or a committee consisting of three or more employees of the Employer selected by such Chief Executive Officer.

2.6 "*Company Account*" means a Participant's account established under Section 4.1 of this Plan and maintained by the Committee as an unfunded and unsecured book entry reflecting the liability of the Employer to a Participant in the amount of the Participant's accumulated Company Contributions (if any) and net income, gain or loss imputed thereto in accordance with a Participant's investment measurement designations as permitted by the Plan. Subaccounts of the Company Account may be established by the Committee under Section 4.1.

2.7 "*Company Insurance Fund Subaccount*" means the subaccount so described in Section 4.1.

2.8 "*Company Interest Index Fund II Subaccount*" means the subaccount so described in Section 4.1.

2.9 "*Company Stock Fund Subaccount*" means the subaccount so described in Section 4.1.

2.10 "*Compensation*" means a Participant's individual remuneration for services rendered to an Employer or another person, as determined by the Committee in its complete discretion, consisting of "wages" as shown on Form W-2 (a) excluding (i) income resulting from forgiveness of interest or principal on indebtedness to an Employer, (ii) distributions under this Plan that would otherwise be includable as such "wages," (iii) draws against future commissions even if "wages" for Form W-2 purposes, (iv) income resulting from the exercise of stock options or lapse of restrictions on sales of restricted stock, and (v) amounts intended to reimburse the Participant for costs or expenses, and (b) increased by (i) Deferrals under this Plan, and (ii) deferrals under the CB Richard Ellis 401(k) Plan and deferrals pursuant to any cafeteria plan of an Employer or any other pre-tax deferrals the Committee determines to be similar. The Committee, in its discretion in a particular case, may adjust "Compensation" by adding back items described in clause (a) of the preceding sentence or subtracting items described in clause (b) of the preceding sentence, or adding or subtracting other items, for one or more individual purposes of the Plan. In the case of an Eligible Employee who is an independent contractor, the foregoing definition shall be applied as determined by the Committee, but generally by the substitution of remuneration amounts reportable on Form 1099 for "wages" reportable on Form W-2. For purposes of determining whether or not a person is an Eligible Employee, Compensation may, as determined by the Committee or as provided herein, include Compensation paid by a former employer.

2.11 "*Deferral*" means the portion of Compensation elected by a Participant to be deferred in accordance with the Plan.

2.12 "*Deferral Date*" means January 1 of each year or such other dates as may be set from time to time by the Committee.

2.13 "*Eligible Employee*" means an employee or a full time independent contractor of an Employer who is both designated by the Committee and meets the criteria of this Section 2.13. The term independent contractor may include a corporation not required to use the accrual method of accounting for tax purposes. With reference to an employee who is compensated partially or entirely by salary, such employee shall be an Eligible Employee as of a Deferral Date if the Committee determines that:

(a) as of any Deferral Date occurring in or prior to the 2001 Plan Year, the employee's Compensation on an annualized basis is $100,000 or more;

(b) as of the Deferral Date occurring in the 2002 Plan Year, the employee's Compensation on an annualized basis is $200,000 or more; or

(c) as of any Deferral Date occurring in or after the 2003 Plan Year, (i) the employee is an "Accredited Investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended, or (ii) with the exception of a single year, the employee has had, or is reasonably likely to have annual Compensation in excess of $200,000 per year over the prior three years and the current Plan Year; provided, however, that the number of employees permitted to participate in the Plan in any Plan Year pursuant to this clause (ii), when added to the number of employees and independent contractors permitted to participate in the Plan for such year pursuant to clause (z)(ii) below, shall not exceed thirty-five.

With reference to an employee or independent contractor compensated entirely on an incentive, bonus or commission basis, such employee or independent contractor shall be an

Eligible Employee "as of the applicable Deferral Date," as that phrase is used in the first sentence of Section 3.1, if the Committee determines that:

(x) he or she has received, as of any Deferral Date occurring in or prior to the 2001 Plan Year, Compensation of $100,000 or more in the preceding or current year;

(y) he or she has received, as of the Deferral Date in the 2002 Plan Year, Compensation of $150,000 or more during the portion of the Plan Year preceding the Deferral Date ending on the date his or her Deferral election is accepted by the Committee or any earlier date set by the Committee; or

(z) he or she, as of any Deferral Date occurring in or after the 2003 Plan Year, (i) is an "Accredited Investor" as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended, or (ii) with the exception of a single year, has had, and is reasonably likely to have, annual Compensation in excess of $200,000 per year over the prior three years and the current Plan Year; provided, however, that the number of employees and independent contractors permitted to participate in the Plan in any Plan Year pursuant to this clause (ii), when added to the number of employees permitted to participate in the Plan for such year pursuant to clause (c)(ii) above, shall not exceed thirty-five.

2.14 "*Employee Interest Index Fund II Subaccount*" means the account as described in Section 4.1.

2.15 "*Employee Insurance Fund Subaccount*" means the subaccount so described in Section 4.1.

2.16 "*Employee Stock Fund Subaccount*" means the subaccount so described in Section 4.1.

2.17 "*Employee Account*" means a Participant's account established under Section 4.1 of this Plan and maintained by the Committee as an unfunded and unsecured book entry reflecting the liability of the Employer to a Participant in the amount of the Participant's accumulated Deferrals (if any) and net income, gain or loss imputed thereto in accordance with a Participant's investment measurement designations as permitted by the Plan. Subaccounts of the Employee Account may be established by the Committee under Section 4.1.

2.18 "*Employer*" means CBRES and any entity as to which CBRES directly or indirectly controls 80% or more of the equity or voting interests that is so designated by the Committee on Exhibit A.

2.19 "*In Service Payment Quarter*" is defined in Section 3.4(b)(i).

2.20 "*Interest Index Fund I Unit*" means a unit of value established by the Committee as a means of measuring value of the Interest Index Fund I-related portion of an Account under the Plan.

2.21 "*Interest Index Fund II*" means a theoretical fund that credits interest on Account balances at a compound annual rate of 11.25 percent.

2.22 "*Interest Index Fund II Unit*" means a unit of value established by the Committee as a means of measuring value of the Interest Index Fund II-related portion of an Account under the Plan.

2.23 "*Liquidity Date*" means (a) 180 days after CBRE Holding, Inc. completes an underwritten public offering of not less than $50 million of its Class A common stock or (b) the effective date of any merger of CBRE Holding, Inc. with another entity pursuant to which the shareholders of CBRE Holding, Inc. receive cash or marketable securities or (c) the date on which the Participant must be a shareholder of CBRE Holding, Inc. in order to participate in a "Co-Sale" or "Required

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Sale" procedure of CBRE Holding, Inc. (but only as to the maximum number of shares of Stock such Participant can sell in such procedure).

2.24 "*Mutual Fund Options*" means one or more mutual funds designated from time to time by the Committee to measure net income, gain or loss with respect to Company or Employee Insurance Fund Subaccount.

2.25 "*Mutual Fund Unit*" means the unit of value as used by the measuring mutual funds to value any Mutual Fund Options.

2.26 "*Participant*" means any Eligible Employee who has made an election to defer Compensation under Section 3.1 or for whom the Plan maintains an Account.

2.27 "*Payment Quarter*" means the calendar quarter in which a distribution is scheduled to be made, or commences, that is made, or selected by a Participant under Section 3.4.

2.28 "*Plan*" means this Deferred Compensation Plan, as hereby amended and restated, and as thereafter amended.

2.29 "*Plan Year*" means the calendar year.

2.30 "*Rabbi Trust*" means the trust established by the Committee under Section 9 of this Plan to hold title to assets identified by the Employer as being reserved for purposes of offsetting Plan benefits.

2.31 "*Stock*" means the Common Stock, par value $0.01 per share, of CBRES. In the event of any change in the outstanding shares of Stock that occurs by reason of a stock dividend or split, recapitalization, merger, consolidation, combination, exchange of shares, or other similar corporate change, the aggregate number of shares of Stock Fund Units credited to any Participant's Stock Fund Account shall be adjusted appropriately by the Committee as though they were shares of Stock. The Committee's determination shall be final and conclusive. Fractional shares shall be rounded to the lowest whole share.

2.32 "*Stock Fund Unit*" means a unit of value, equal at any relevant time to the value of a share of Stock, established by the Committee as a means of measuring value of the Stock-related portion of an Account under the Plan.

2.33 "*Termination of Employment*" means any voluntary or involuntary termination of employment with any entity forming a part of the Employer, including on account of death or Total and Permanent Disability, but does not include a transfer of employment among the entities which form a part of the Employer, unless such transfer is otherwise determined to be a Termination of Employment by the Committee in its sole discretion.

2.34 "*Termination Payment Quarter*" is defined in Section 3.4(b)(ii).

2.35 "*Total and Permanent Disability*" has the same meaning given to such term or comparable term under the Company's long term disability plan as in effect from time to time.

3. ***ELIGIBILITY AND ELECTIONS TO MAKE DEFERRALS***

3.1 *Eligibility.* Only persons who are Eligible Employees as of the applicable Deferral Date, and who have then satisfied Deferral election procedures established by the Committee, shall be eligible to make Deferrals for the Plan Year in which the Deferral Date falls. Compensation of an Eligible Employee otherwise payable to the Eligible Employee during the period commencing on a Deferral Date and ending on the earlier of (a) the last day of the Plan Year which includes such Deferral Date or (b) the effective date of the termination of the Plan, or an amendment of the Plan curtailing Deferrals, may be deferred in accordance with Section 3.2.

3.2 *Elections.* An Eligible Employee's election to make a Deferral shall meet the requirements of this Section 3.2, but shall otherwise be in accordance with such limitations, restrictions and forms as the Committee, or its delegate, may prescribe in its discretion. An election to make a Deferral shall be in writing on a form prescribed by the Committee and shall be delivered in such manner as specified by the Committee. The election shall specify the Deferral Date to which it applies and shall be completed prior to such Deferral Date. The election shall be irrevocable, except to the extent that the Committee may, in its discretion, permit an amendment of an election to occur in accordance with Section 3.4. For 2001 and preceding Plan Years (but not any Plan Year after 2001), the election of any person who is compensated entirely on an incentive, bonus or commission basis may only defer Compensation for any Plan Year which is in excess of $100,000. A separate election to defer must be made for each successive Plan Year no later than the Deferral Date for that Plan Year. For elections made after 1998, the minimum annual Deferral shall be $5,000 (any Deferrals for a Plan Year of less than $5,000 will be returned to the Participant) and 100% of a bonus may be deferred. No amounts may be deferred which are required to satisfy income and payroll tax withholding, and benefit plan contributions for the Participant (including taxable income required to satisfy Code Section 415 in light of the qualified plan deferral elected) or garnishments or other payroll obligations under process of law.

3.3 *Initial Year of Hire.* Except as may be determined otherwise by the Committee, in its discretion, an Eligible Employee initially hired by the Company during a Plan Year after 1998 shall first become eligible to defer as of the Deferral Date next following the Eligible Employee's date of hire with the Company.

3.4 *Terms of Deferral Elections.*

(a) *Conformance of Form of Distributions to Post-May 1, 1999 Options.* Effective May 1, 1999, elections made prior to 1999 shall be automatically amended to alter the originally elected form of distribution to conform, as determined by the Committee, either (1) to a new election provided by the Participant or (2) to the most closely similar form of distribution available under the remainder of this Section 3.4, including application of the requirement set forth in Section 7.2 that subaccounts of Accounts, attributable to a single Plan Year's Deferral election, of $25,000 or less be distributed as a lump sum. However, the Committee shall have the discretion to maintain one or more distribution or other features of an election made prior to 1999.

(b) *Initial Selection of Payment Years.* If an Eligible Employee elects a Deferral for a Plan Year (or permitted shorter period) commencing after 1998, the Eligible Employee, in consideration of his acceptance of the benefits of the Plan, becomes a Participant bound by the terms and conditions of the Plan and must elect with respect to such Deferral, to defer payment to one of the following Payment Quarters:

i) The second calendar quarter of a calendar year specified by the Participant, which shall be at least the third calendar year commencing after the close of the calendar year in which the Deferral election is effective, and in which quarter distribution shall be made or commence to be made in the form described in Section 3.4(c), notwithstanding the Participant's continuing employment ("In Service Payment Quarter"); or

ii) Any calendar quarter after the calendar quarter of the Participant's Termination of Employment ("Termination Payment Quarter").

In the case of amount credited to any Company Account or any Employee Stock Fund Subaccount, the Participant's sole choice shall be to defer payment to a Termination Payment Quarter.

(c) *Available Forms of In Service Distribution.* A Participant electing an "in-service distribution" under subsection 3.4(b)(i) may elect in his or her Deferral election form to receive the distribution of that portion of his Account attributable to the particular Plan Year's Deferral, and net earnings (if any) thereon, as a lump sum payable within the first thirty days of the applicable In Service Payment Quarter, or in annual installments, over two, three, four, or five years. If such an In Service Payment Quarter election fails to designate a form of distribution, the Participant shall be deemed to have elected the lump sum distribution described in the preceding sentence.

(d) *Available Forms of Termination Distribution.* A Participant electing a "termination distribution" under subsection 3.4(b)(ii) may elect in his or her Deferral election form to receive the distribution of the vested portion of his or her Company and Employee Accounts (a) as a lump sum payable on a date specified in the form which is not more than ten years after his or her Termination of Employment date (or if the merger described in Appendix F has become effective, a Liquidity Date but only with respect to vested Stock Fund Subaccounts) or (b) as annual installments, over five, ten, or fifteen years, with the first annual installment payable during the first month of the Termination Payment Quarter and subsequent installments paid on approximately the anniversary of the first installment. If such a Termination Payment Quarter election fails to designate a form of distribution, the Participant shall be deemed to have elected the lump sum distribution described in the preceding sentence. In the case of an Employee or Company Stock Fund Subaccount, all distributions will be made in the form of shares of Stock; provided, however, that before receiving a certificate for such shares, the Participant must enter into a stockholders or similar agreement generally applicable to employee shareholders of CBRE Holding, Inc. The Participant will not be obligated to enter into any such agreement to the extent he or she receives shares of Stock pursuant to subparagraph (a) or (b) of the definition of Liquidity Date.

(e) *Limited Option to Amend Elections.* Once submitted to the Committee in accordance with its procedures, a Deferral election shall be irrevocable except as provided in this subsection (e). A Participant may, so long as such Participant is employed by the Employer, elect, in accordance with Committee procedures, (1) to amend an In Service Payment Quarter election made under subsection (b)(i) to provide for a later In Service Payment Quarter, to alter the form of distribution to the extent permitted by Section 3.4(c), or to convert the election to a Termination Payment Quarter election meeting the requirements of Section 3.4(d), or (2) to amend the form (installment or lump sum) of distribution under a Termination Payment Quarter election made in accordance with subsection (d), provided the conditions of this subsection (e) are also met, as follows:

i) If the Participant's initial election is for distribution in an In Service Payment Quarter, up to two amended elections may be made in writing. Any such amended election must be made by the December 31 falling fifteen months prior to the existing In Service Payment Quarter. Any further amended elections beyond two may be made only with Committee consent. Notwithstanding subsection (b)(i), an amended election may change the In Service Payment Quarter to the second calendar quarter of any subsequent Plan Year, including the next calendar year commencing immediately after the initially elected In Service Payment Quarter; and

ii) If the Participant's existing election is for distribution in a Termination Payment Quarter, any amendment thereof will not take effect, and the previous election shall remain in effect, unless the amended election is made in writing at least 365 days preceding the Participant's Termination of Employment and the amendment may not convert the election to an In Service Payment Quarter election.

(f) *Default Election Form.* If a Deferral election specifies an amount, but does not specify that it is an In Service Payment Quarter election or Termination Payment Quarter election, or is otherwise defective, in the Committee's opinion, the Participant shall be deemed a Termination Payment Quarter election providing for a lump sum distribution.

4. ***ACCOUNTS, DEFERRALS AND COMPANY MATCHES***

4.1 The Committee or its delegate shall establish (i) a Company Account for each Participant to which the Participant's Company Contributions (if any) and share of income, gains and losses allocable thereto, shall be credited (in accordance with Sections 2.1 and 4.5), and from which distributions under Section 7 shall be withdrawn and (ii) an Employee Account for each Participant to which the Participant's Deferrals (if any) and share of income, gains and losses allocable thereto, shall be credited (in accordance with Sections 2.1 and 4.5), and from which distributions under Section 7 shall be withdrawn. The Committee or its delegate shall establish subaccounts of each such Account as may be necessary for vesting, distribution or other administrative distinctions of the Plan including, without limitation, the following:

(a) A "Company Stock Fund Subaccount" reflecting Company Contributions in the form of Stock Fund Units credited to the Company Account and net income, gain or loss allocable thereto.

(b) A "Company Insurance Fund Subaccount" reflecting credits (which may be unfunded or funded by the Company with contributions to the Rabbi Trust) to such subaccounts is adjusted for net income, gains and losses upon Mutual Fund Options as elected by the Participant. Such subaccount shall, for Plan Years after 2000, be subject to an expense charge equal to the sum of (1) any actual expenses charged to the Company by the insurance company which provides the Mutual Fund Options, and (ii) Company charges, not to exceed (a) 0.5 percent per year in and before the 2002 Plan Year and (b) 1.00 percent in and after the 2003 Plan year, to reflect the Company's cost of maintaining the subaccount.

(c) A "Company Interest Index Fund II Subaccount" reflecting credits by the Company to such account adjusted for interest at an annual compound rate of 11.25 percent. No allocations to Interest Index Fund II Units will be permitted when the total of all such allocations exceeds $20 million (exclusive of the 2000 Company Match). CBRES will maintain Interest Index Fund II through June 30, 2006. At that time it may elect to terminate such fund or change the interest rate from 11.25% to the rate charged to CBRES under its principal bank credit agreement. If CBRES elects to terminate Interest Index Fund II, any Participant who has an interest therein may either receive the balance credited to his or her Company Interest Index Fund II Subaccount and Employee Interest Index Fund II Subaccount in cash or have such balance reallocated to the Insurance Fund. Such election must be made on or before December 31, 2001 but if the election is to reallocate the balance to the Insurance Fund, the election as to Mutual Fund Options may be made at the time the Interest Index Fund II is terminated.

(d) An "Employee Stock Fund Subaccount" reflecting the Participant's Deferrals to the extent deemed invested, pursuant to the Participant's election, in Stock Fund Units, and net income, gain or loss allocable thereto.

(e) An "Employee Insurance Fund Subaccount" reflecting the Participant's Deferrals credited to one or more Mutual Fund Options, where the deemed value, at any relevant time, of such Employee Insurance Fund Subaccount is the then aggregate of credits to such subaccount representing such Deferrals adjusted for net income, gains and losses upon Mutual Fund Options elected by the Participant. Such subaccount shall, for Plan Years after 2000, be subject to an expense charge equal to the sum of (1) any actual expenses charged to the

Company by the insurance company which provides the Mutual Fund Options, and (ii) Company charges, not to exceed (a) 0.5 percent per year in and before the 2002 Plan Year and (b) 1.00 percent in and after the 2003 Plan year, to reflect the Company's cost of maintaining the subaccount. Participants may elect not to have their Employee Insurance Fund Subaccounts charged at the increased rates specified in the preceding clause (b) for any year after the 2003 Plan Year by making an election on or before December 31, 2002, to receive the entire balance credited to such subaccount in cash after the conclusion of the 2003 Plan Year.

(f) An "Employee Interest Index Fund II Subaccount" reflecting the Participant's Deferrals to such account adjusted for interest at an annual compound rate of 11.25 percent.

(g) Subaccounts of any of the subaccounts described in (a)—(f) of this Section 4.1 are attributable to the Deferral election of a Participant for a particular Plan Year.

Except as specifically required by the Plan, the Committee shall determine the accounting rules for Accounts in its complete discretion.

4.2 If permitted by CBRES, an Employer may, in its complete discretion, credit, as Company Contributions, Stock Fund Units, Interest Index Fund II Units or Mutual Fund Units to a Participant's Company Account in accordance with the terms of the Company Match, Retention, Recruitment and Special Awards Programs set forth respectively as Appendices A through D to this Plan. One, more than one, or all of such Programs may not be in effect for all Plan Years.

4.3 Deferrals made by a Participant in accordance with Section 3 shall be credited to a Participant's Employee Stock Fund Subaccount, Employee Insurance Fund Subaccount or Employee Interest Index Fund II Subaccount, as determined by the Committee within ten business days after the Deferral is made. Deferrals deemed invested in Mutual Fund Options shall be credited based upon the closing net asset value on the crediting date.

4.4 With respect to Deferrals elected prior to 1999, the balance credited to each Participant's Account shall be allocated to the investment option(s) applicable under the Plan on December 31, 1998, consisting of Stock Fund Units, and the limited option described in Appendix E.

4.5 Mutual Fund Units shall be valued daily to allocate any income, gain, loss or expense applicable to such units. Interest Index Fund I and Interest Index Fund II shall be valued quarterly to allocate any income, gain, loss or expense applicable to such units. Stock Fund Units shall be valued at such times as may be determined by the Committee but not less frequently than annually. In the event the Stock is not traded on a national exchange or the NASDAQ National Market, the value of Stock Fund Units shall be determined by the Committee. For any relevant Account valuation under the Plan, including for purposes of distribution, unless the Committee determines that an earlier or later date shall be utilized, the balance of a Participant's Account or subaccount thereof shall be determined by the Committee or its delegate as of the last business day of the month immediately preceding the event requiring such valuation.

4.6 Notwithstanding any other provision of this Plan or of any Participant's Deferral election, during the 2003 Plan year and thereafter, if any Participant also participating in the CB Richard Ellis 401(k) Plan obtains a hardship distribution from the CB Richard Ellis 401(k) Plan, Deferrals under this Plan shall be suspended relative to such Participant for six months following such hardship distribution.

5. ***DEEMED INVESTMENT OPTIONS***

5.1 Each Participant may direct the Committee on the investment mix for the balance credited to his or her Employee or Company Insurance Fund Subaccount (if any) among the Mutual Fund Options designated from time to time by the Committee under the Plan in

accordance with procedures established by the Committee. For the period form June 1, 2001 until such time as there has been allocated to Interest Index Fund II a total of $20 million (exclusive of allocations pursuant to Appendix A (the 2000 Company Match)), a Participant may direct the Committee to reduce his or her Company or Employee Insurance Fund Subaccount balances and allocate such reduction to his or her Company or Employee Interest Index Fund II Subaccount. Any portion of a Participant's Company or Employee Account allocated to Stock Fund Units or Interest Index Fund II Units may not be subsequently allocated to another deemed investment option except as specifically provided herein. Effective July 1, 2000, no more than two changes in investment elections may be made in any month. Each such change will be effective prospectively on the crediting date specified in Section 4.3. Changes in investment elections shall be delivered in such form and fashion as the Committee shall require.

5.2 Appendix E (Interest Index Fund I) sets forth rules applicable to a limited investment option available for pre-April 1, 2000 Deferrals.

6. ***VESTING OF ACCOUNTS***

6.1 Amounts credited to an Employee Stock Fund Subaccount, Employee Insurance Fund Subaccount or Employee Interest Index Fund II Subaccount shall be vested and non-forfeitable (except to the extent of any net investment losses) at all times.

6.2 Amounts (if any) credited to a Company Stock Fund Subaccount, Company Insurance Fund Subaccount or Company Interest Index Fund II Subaccount, shall vest as determined by the Committee from time to time consistent with Sections 7.5 and 7.6 and Appendices A through D to this Plan.

6.3 Nothing in this Section 6 shall be interpreted to provide a Participant with other than his applicable Employer's unsecured and unfunded promise to pay deferred compensation in accordance with Section 7.

7. ***DISTRIBUTION OF ACCOUNTS***

7.1 *In General.* Amounts credited to a Participant's Employee Account and Company Account shall be distributed in accordance with elections made under Section 3.4, subject, however, to the terms and conditions of this Section 7 and Appendices A through D to this Plan.

7.2 *Special Limitations on Forms of Distribution.* If the aggregate vested value of all of a Participant's subaccounts that are eligible for distribution at the same time under Section 7.1 does not exceed $25,000 at the time distribution is to commence, then, notwithstanding anything in an election to the contrary, the distribution shall be in the form of a lump sum. For purposes of subsection 3.4(d), if the Committee determines that a Participant has experienced Total and Permanent Disability, the Participant shall be deemed to have had a Termination of Employment as of the first date of such Total and Permanent Disability, as determined by the Committee. For purposes of subsection 3.4(c), if a Participant has a Termination of Employment prior to the applicable In Service Payment Quarter or while receiving in-service distributions, distribution of all Accounts shall be made or commence within thirty days of the close of the calendar quarter of Termination of Employment, and shall be in the form elected (or deemed elected) with respect to a termination distribution.

7.3 *Rules for Determining Distribution Amounts.* The Committee or its delegate shall have all the discretion described in Section 8 with respect to the determination of the amount of distributions, including establishing reasonable administrative periods between the valuation of an Account for purposes of distribution and the effective delivery of good funds or shares of Stock to a Participant. In general, the amount of a distribution shall be determined by first determining as

to Stock, the number of shares, and as to Mutual Fund Units, Interest Index Fund I Units and Interest Index Fund II Units, the value, in the applicable Account in accordance with Section 4.5.

7.4 *Form of Distributions.* Any distributable subaccount of a Company Stock Fund Subaccount or Employee Stock Fund Subaccount as determined under Section 7.3 shall be distributed in whole shares of Stock equal to the number of vested Stock Fund Units credited to such subaccount, rounded to the lowest number of whole shares. All other distributions shall be in cash.

7.5 *Death.* A Participant's Company Account shall not become vested and non-forfeitable as a result of the Participant's death, if not otherwise vested in accordance with Appendices A through D, as applicable. If a Participant dies before all of the vested and non-forfeitable amounts credited to his or her Account have been distributed, the Participant's Beneficiary shall receive such amounts in the Participant's Account in accordance with such Participant's election then in effect, and the Plan; provided, however, that the Committee may, in its sole discretion, distribute the vested and non-forfeitable balance credited to the Participant's Account to the Participant's Beneficiary in such other manner as the Committee shall determine.

7.6 *Disability.* A Participant's Company Account shall not become vested and non-forfeitable as a result of the Participant's Total and Permanent Disability or other form of disability, if not otherwise vested in accordance with Appendices A through D, as applicable. If a Participant suffers Total and Permanent Disability before all of the vested and non-forfeitable amounts credited to his or her Account have been distributed, the Participant shall receive such amounts in his or her Account in accordance with such Participant's election then in effect, and the Plan; provided, however, that the Committee may, in its sole discretion, distribute the vested and non-forfeitable balance credited to the Participant's Account to the Participant in such other manner as the Committee shall determine.

7.7 *Unscheduled Withdrawals.*

(a) *Hardship and Unscheduled Distributions with 7.5% Forfeiture.* A withdrawal of amounts from an Account may occur, in accordance with such notice and approval procedures as the Committee, in its discretion, may establish, under either of the two circumstances described below:

i) Solely with respect to the Employee Insurance Fund Subaccount and the Employee Interest Index Fund II Subaccount of a Participant, in the event of the Participant's hardship, as determined by the Committee in its discretion, consisting of serious accidental injury or illness of the Participant or dependent of the Participant, material casualty loss of the Participant's property, or other material hardship circumstances arising from events not within the Participant's control; or

ii) When the requested distribution is more than the lesser of (A) $25,000, or (B) 50% of each of the Participant's Employee Insurance Fund Subaccount, Stock Fund Subaccount and Interest Index Fund II Subaccount balances, and 7.5% of such requested distribution is forfeited and therefore not distributed, and in the case of a Participant who is an Eligible Employee, the Participant is barred from continuing a Deferral for the Plan Year in which such distribution is made and the subsequent Plan Year. Any such withdrawal from the Employee Stock Fund Subaccount shall be payable in shares of Stock.

(b) *Valuation.* The amount of an unscheduled distribution for purposes of Section 7.7(a)(ii) shall be based upon the Account valuation under Section 4.5 as of a date determined by the Committee which is not later than 15^{th} business day following the Committee's receipt of the withdrawal request. In the case of Employee Stock Fund

Subaccounts, the 50% rule of Section 7.7(a)(ii) must be met, based upon the number of shares of Stock.

8. ***PLAN ADMINISTRATION***

8.1 This Plan shall be adopted by each Employer and shall be administered by the Committee.

8.2 This Plan may be amended in any way or may be terminated, in whole or in part, at any time, in the discretion of the Board or Directors of CB Richard Ellis Services, Inc., or its delegate. Upon termination of the Plan, the Committee or the Board of Directors may, in its sole discretion, elect to distribute all Accounts immediately or in accordance with each Participant's deferral election(s) and the provisions of the Plan as they existed at the time of the Plan's termination.

8.3 The Committee shall have the sole authority, in its discretion, to adopt, amend and rescind such rules and regulations as are consistent with the Plan as it deems advisable for the administration of the Plan, to construe and interpret the Plan, the rules and regulations, and deferral election forms, and to make all other determinations deemed necessary or advisable for the administration of the Plan. All decisions, determinations, and interpretations of the Committee shall be binding on all persons. The Committee may delegate its responsibilities as it sees fit.

8.4 Any election or other administrative document under the Plan required to be in writing may, as determined by the Committee, be created, transmitted and maintained in electronic form.

8.5 The Committee shall select the insurance contracts or other vehicles which are the deemed reference regarding the value of each Employee Insurance Fund Subaccount. It shall furthermore determine the Mutual Fund Options, if any, available within such contracts or vehicles for selection by Participants. The Company shall deposit any such contracts in the Rabbi Trust, and may deposit in the Rabbi Trust any additional assets acquired for purposes of offsetting the Employer obligation under the Plan.

9. ***NO FUNDING OBLIGATION; RABBI TRUST***

No Employer is under any obligation to secure any amount credited to a Participant's Account by any specific assets of any Employer or any other assets in which any Employer has an interest. Neither the Participant nor his or her estate, assigns or successors shall have any rights against any Employer with respect to any portion of the Account except as a general unsecured creditor. No Participant has an interest in his or her Account except to the extent the Participant actually receives a distribution of cash or Stock.

The obligation to make payments to any Participant hereunder shall be that of the Employer that employed such Participant during the period or periods that such Participant deferred receipt of Compensation.

On or before December 31, 1999, the Committee shall establish a Rabbi Trust to hold title to assets which the Committee designates under Section 8.5 which an Employer acquires as an offset to its unsecured obligation under the Plan. It is the intent of this Plan that no provision of any Rabbi Trust shall be interpreted as granting any interest in the property of the Rabbi Trust which would result in a Participant being deemed to be in receipt of taxable income under the Plan prior to distribution, and any such provision shall be null and void from its inception.

10. ***NONALIENATION OF BENEFITS***

No benefit under this Plan may be sold, assigned, transferred, conveyed, hypothecated, encumbered, anticipated, or otherwise disposed of, and any attempt to do so shall be void. No such benefit, prior to receipt thereof by a Participant, shall be in any manner subject to the debts, contracts, liabilities, engagements, or torts of such Participant.

11. ***NO LIMITATION OF EMPLOYER RIGHTS***

Nothing in this Plan shall be construed to limit in any way the right of any Employer to terminate an Eligible Employee's employment at any time for no reason, or any reason, and without regard to whether such termination is in good faith; nor shall it be evidence of any agreement or understanding, express or implied, that any Employer (a) will employ an Eligible Employee in any particular position, (b) will ensure participation in any incentive programs, or (c) will grant any awards under such programs.

12. ***APPLICABLE LAW***

This Plan shall be construed and its provisions enforced and administered in accordance with ERISA (to the extent applicable) and, to the extent not preempted, the laws of the State of Delaware.

IN WITNESS WHEREOF, CB Richard Ellis Services, Inc. has caused this Deferred Compensation Plan (as amended and restated) to be duly executed by the undersigned as of the 1st day of June, 2001.

CB RICHARD ELLIS SERVICES, INC.

By: /s/ RAYMOND E. WIRTA

Raymond E. Wirta
Chief Executive Officer

EXHIBIT A

Participating Employers in the
CB Richard Ellis Services, Inc.
Deferred Compensation Plan as of June 1, 2001

CB Richard Ellis Services, Inc.
L.J. Melody & Company, Inc.
L.J. Melody & Company of Texas, L.P.
CBRE/LJM Mortgage Company, LLC
CB Richard Ellis Investors, L.P.
CB Richard Ellis, Inc.

APPENDIX A

THE COMPANY MATCH PROGRAM
(1999 and 2000 Only)

A. ***Eligibility.*** Eligible Employees who, during the 1999 or 2000 Plan Year, are credited in the aggregate with $1,000,000 or more of gross commissions earned on behalf of one or more entities forming a part of the Employer (or such other threshold as the Committee may specify generally, by classes, or as to individuals) shall be eligible to have credited to their respective Company Stock Fund Subaccount or Company Interest Index Fund II Subaccount, as determined by the Committee, a matching Company Contribution with respect to such Plan Year, as described in this Appendix A ("Company Match Contribution"). The Committee shall in its sole and absolute discretion determine whether an Eligible Employee has achieved $1,000,000 in gross commissions, or other threshold, during such Plan Year. Notwithstanding the preceding two sentences, no executive officer of CBRES shall be eligible to receive a Company Match Contribution, and no director of CBRES (other than a director whose non-director compensation from CBRES is composed entirely of commission, bonus or other incentive Compensation) shall be eligible to receive a Company Match Contribution under this Appendix A.

B. ***Amount and Form of Company Match Contribution.*** The amount of the Company Match Contribution under this Appendix A for both 1999 and 2000 for an Eligible Employee shall be the lesser of (1) $100,000, (2) 10% of 50% of the Eligible Employee's gross commissions (adjusted to reflect team or other splits) payable with respect to the applicable Plan Year or (3) 100% of the Eligible Employee's Deferrals for such Plan Year. The Company Match Contribution shall be payable only with respect to the 1999 and 2000 Plan Years. The Company Match Contribution for 1999 will be made in the form of Stock Fund Units equal in value at the time of crediting to the amount of the Company Match Contribution and will be credited to the Account of the affected Eligible Employee as determined by the Committee within 150 days after the close of the Plan Year. The Company Match Contribution for 2000 will be in the form of credits to the Participant's Company Interest Index Fund II Subaccount and will be credited within 180 days after the close of the 2000 Plan Year. The Committee in its sole and absolute discretion shall determine an Eligible Employee's gross commissions for a Plan Year.

C. ***Condition to Crediting of Company Match Contribution.*** The Company Match Contribution will only be credited in the event the affected Eligible Employee (i) allocates to Stock Fund Units or Interest Index Fund II Units (as determined by the Committee) by such deadline as the Committee determines, an amount from his or her Deferrals for the applicable Plan Year equal to one-half of the amount of his or her Company Match Contribution for the Plan Year and (ii) executes an Agreement Not to Compete in the form stipulated by the Committee from time to time. Such Agreement Not to Compete may require the Eligible Employee to refrain from competition with an Employer or use confidential information of an Employer for a period of up to five years.

D. ***Vesting.*** Except as provided in the following sentence, any Stock Fund Units or Interest Index Fund II Units within a Participant's Company subaccounts attributable to a Company Match Contribution shall be forfeited upon the Participant's Termination of Employment. Any such Stock Fund Units and/or Interest Index Fund II Units shall only become vested and non-forfeitable, and therefore distributable to the applicable Eligible Employee or his or her Beneficiaries, to the extent of 20% at each successive December 31 following the crediting of such Company Match Contribution, upon which the Eligible Employee remains employed (including as an exclusive independent contractor) with an entity forming a part of the Employer. Notwithstanding the preceding sentence any Stock Fund Units and/or Interest Index Fund II Units shall be forfeited in their entirety, whether or not then vested under the preceding sentence, in the event the Participant experiences a Termination of Employment for material cause, as determined by the Committee, or, except as otherwise expressly

provided in the Agreement Not to Compete, breaches or challenges (whether before or after Termination of Employment) the validity of the Agreement Not to Compete.

E. ***Distributions.*** Notwithstanding any other provisions of the Plan, distributions under this Appendix A shall be made only upon the Participant's Termination of Employment.

F. ***Administration.*** The provisions of this Appendix A shall be administered by the Committee in its discretion in accordance with Section 8 of the Plan.

APPENDIX B

RETENTION PROGRAM
(2000 ONLY)

A. ***Eligibility.*** The 125 sales professionals with the highest average commissions over a consecutive three (3) year period ending December 31, 1999 and who are selected by the Committee (and subject to adjustment by the Committee) are eligible to become Participants in the Retention Program. The final selection from among such sales professionals will be made by the Committee in its sole and absolute discretion.

B. ***Amount of Retention Award.*** The Retention Award will be in the form of a credit of Stock Fund Units and will vary with the position of the Participant in the top 125 as follows:

Sales Professional Ranking	Stock Fund Units Awarded
1-15	5,700
16-75	4,500
76-125	3,000

The Retention Award will be credited to the Participant's Company Stock Fund Subaccount.

C. ***Condition to Crediting of Retention Award.*** The Retention Awards of 5,700 or 4,500 Stock Fund Units will be credited to the Participant's Company Stock Fund Subaccount only if he or she executes an Agreement Not to Compete in the form and at the time specified by the Committee.

D. ***Vesting.*** If the Participant has a Termination of Employment at any time within four (4) years after he or she has been granted a Retention Award, the Participant will forfeit all Stock Fund Units attributable to such Retention Award regardless of the reason for the termination. Otherwise, such Stock Fund Units will vest on the fourth (4^{th}) anniversary of the grant. Whether or not the Participant is otherwise vested under this Appendix B he or she will forfeit all Stock Fund Units credited with respect to the Retention Award in the event he or she breaches or challenges (whether before or after Termination of Employment) the validity of his or her Agreement Not to Compete (subject in each case to the specific terms of such agreement).

E. ***Distributions.*** Notwithstanding any other provisions of the Plan, distributions with respect to vested Stock Fund Units credited under this Appendix B shall be made only upon Termination of Employment and subject to the provisions of the Participant's Agreement Not to Compete.

F. ***Administration.*** The provisions of this Appendix B shall be administered by the Committee in its discretion in accordance with Section 8 of the Plan.

APPENDIX C

RECRUITMENT PROGRAM

A. ***Eligibility.*** Participation in the Recruitment Program is confined to sales professionals who are offered and accept a job with an entity forming a part of the Employer and who can demonstrate to CBRES' satisfaction during the negotiation of the terms and conditions of their employment that their income from services during the year of hire or the previous calendar year exceeded $100,000 and is likely to do so under their employment with the Employer on an annualized basis.

B. ***Amount of Recruitment Award.*** A recruitment award (the "Recruitment Award") will be in the form of a credit of Stock Fund Units, Interest Fund Index II Units or Mutual Fund Units to the Participant's Company Account. The award may not be less than 500 Stock Fund Units or $5,000, nor more than 10,000 Stock Fund Units or $100,000, but otherwise shall be determined by the Committee in its sole discretion.

C. ***Conditions to Crediting of Recruitment Award.*** The Recruitment Award will be credited to the Participant's Company Stock Fund Subaccount, Company Insurance Fund Subaccount or Interest Index Fund II Subaccount only if the Participant executes an Agreement Not to Compete in a form specified by the Committee.

D. ***Vesting.*** If the Participant has a Termination of Employment at any time within four (4) years after a grant of a Recruitment Award the Participant will forfeit all of the Stock Fund Units, Mutual Fund Units or Interest Index Fund II Units credited with respect to such Recruitment Award regardless of the reason for the Termination of Employment. Otherwise, the Recruitment Award will vest on the fourth (4th) anniversary of the grant. Notwithstanding any vesting pursuant to this paragraph D, the Participant will forfeit all Stock Fund Units, Mutual Fund Units or Interest Index Fund II Units if his or her employment is terminated with material cause as determined by the Committee, or he or she breaches or challenges (whether before or after Termination of Employment) the validity of the Agreement Not to Compete.

E. ***Distributions.*** Notwithstanding any other provisions of the Plan, distributions to a Participant with respect to vested Stock Fund Units, Mutual Fund Units and/or Interest Index Fund II Units credited under this Appendix C shall be made only following the Participant's Termination of Employment and subject to the provisions of the Participant's Agreement Not to Compete.

F. ***Administration.*** The provisions of this Appendix C shall be administered by the Committee in its discretion in accordance with Section 8 of the Plan.

APPENDIX D

SPECIAL AWARDS

A. ***Eligibility.*** Employees designated by the President or Chief Executive Officer of CB Richard Ellis Services, Inc. are eligible to receive special awards and shall thereupon become Participants in the Plan.

B. ***Amount and Form of Special Awards.*** The amount of any special award shall be determined by the President or Chief Executive Officer of CB Richard Ellis

Services, Inc. The award may be in the form of a credit to a Company Sub-account of Stock Fund Units, Interest Index Fund II Units or Mutual Fund Units.

C. ***Conditions to Special Awards.*** The President or Chief Executive Officer of CB Richard Ellis Services, Inc. may attach such conditions to a special award as such officer deems appropriate.

D. ***Vesting.*** Special awards shall be subject to such vesting requirements as the President or Chief Executive Officer of CB Richard Ellis Services, Inc. shall determine but not withstanding any vesting provisions all amounts credited pursuant to a special award shall be forfeited in their entirety if the Participant experiences a Termination of Employment for material cause (as defined at the time each special award is made).

E. ***Distribution.*** Notwithstanding any other provisions of the Plan, distributions under this Appendix D shall be made only upon the Participant's Termination of Employment.

F. ***Administration.*** Except as otherwise specifically provided, the provisions of this Appendix D shall be administered by the Committee in its discretion in accordance with Section 8 of the Plan.

APPENDIX E

INTEREST INDEX FUND I UNITS

A. Interest Index Fund I Units are units of deemed investment by Deferrals whereunder Deferrals are credited with interest at the then current rate payable by CBRES on its senior debt, determined by the Committee in its discretion.

B. Interest Index Fund I Units are a permitted deemed investment under the Plan with respect to Deferrals credited to a Participant's Employee Account prior to April 1, 2000. Such deemed Interest Index Fund I Units are credited to a Participant's Employee Interest Index Fund I Subaccount under the Plan. The Employee Interest Index Fund I Subaccount is 100% vested and non-forfeitable, and distributable in accordance with Section 7.1 of the Plan. On and after April 1, 2000 no amounts from Deferrals or any other source may be deemed to be invested in Interest Index Fund I Units. However, Interest Index Fund I Units may be deemed to be converted to Stock Fund Units as an investment change under Section 5.1 of the Plan, at the deemed value of Stock Fund Units at the effective date of the change (but may not thereafter be converted back to Interest Index Fund I Units). A Deferral election in effect April 1, 2000 contemplating deemed investment in Interest Index Fund I Units may be revoked by the Participant or reallocated to other deemed investment options.

APPENDIX F

CONSEQUENCE AND OPTIONS TO PLAN PARTICIPANTS UPON MERGER

If the Company merges with Blum CB Corp., a wholly-owned subsidiary of CBRE Holding, Inc., in a "going private" transaction (the "Merger"), the Plan shall be amended and restated as follows:

A. The first sentence of Section 2.31 of the Plan will be amended to read as follows: "Stock" means the Class A Common Stock, par value $0.01 per share, of CBRE Holding, Inc."

B. No new Deferrals to the Stock Fund will be permitted.

C. All Stock Fund Units arising from the 1999 Company Match, the Retention Program or the Recruitment Program (to the extent not vested prior to the completion of the effective date of the Merger) will automatically be converted from a right to receive a distribution of a share of common stock of CBRE to the right to receive a share of Class A common stock of CBRE Holding, Inc.

D. Except as set forth in item E below, each Stock Fund Unit arising from employee Deferrals or the 1999 Company Match (to the extent vested prior to the effective date of the Merger) may at the election of the Participant and in accordance with the procedures established by the Committee: (a) be converted into the right to receive at the time of distribution one share of CBRE Holding Class A Common Stock or (b) be converted at a value of $16 per Stock Fund Unit into an interest in Interest Index Fund II Units or Mutual Fund Options as elected by the Participant or if no such election is made in a money market Mutual Fund Option selected by the Committee.

E. Item D above shall apply only to U.S. employees and U.S. independent contractors resident in California, Illinois, New York or Washington. Former employees and independent contractors, non-U.S. employees and independent contractors and independent contractors not resident in California, Illinois, New York or Washington automatically will have their vested pre-Merger Stock Fund Units converted at a $16 per unit value into an interest in Interest Index Fund II or Mutual Fund Options as elected by the Participant or if no such election is made in a money market Mutual Fund Option selected by the Committee. Allocations pursuant to items D and E above to Interest Index Fund II Units are limited by the $20 million maximum allocation to such fund.

F. In accordance with procedures set by the Committee, designated managers (certain managers selected by the Board) may elect to convert a portion of their interest in Mutual Fund Units into Stock Fund Units at a $16 per unit value until such conversion results in a total of not more than 162,500 new Stock Fund Units.

QuickLinks

Exhibit 10.11

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.12

CB RICHARD ELLIS 401(K) PLAN

(Pro forma incorporating all amendments through Amendment 2003-1)

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CB RICHARD ELLIS 401(K) PLAN

The CB Commercial Holdings, Inc. Capital Accumulation Plan was adopted effective as of April 19, 1989, and was subsequently amended and renamed the CB Commercial 401(k) Capital Accumulation Plan. The Plan is hereby amended and restated as set forth herein as of the date of the Merger to add the New Employer Stock Fund, to rename the Plan the CB Richard Ellis 401(k) Plan and, except where other dates are specified, for the purpose of complying with the Uruguay Round Agreements Act of 1994, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997 and the IRS Restructuring and Reform Act of 1998. Set forth as Appendix I are provisions having application on or after April 19, 1989, but which are deleted from the Plan effective January 1, 1996 due to lack of any further applicability. The Plan is intended to qualify under Sections 401(a) and 401(k) of the Code. The Plan is subject to modification, amendment or termination at any time as provided in Articles 12 and 13, including (without limitation) amendments required to meet regulations and rules issued by the Secretary of the Treasury or his delegate or the Secretary of Labor. Capitalized terms used in this paragraph and in the hereinafter set forth text of the Plan are defined in Article 1 and Article 16.

ARTICLE I

DEFINITIONS

1.1 "Account" means the records maintained by the Committee to determine the value of each Participant's interest in the assets of the Plan, and may refer to the Participant's Company Contribution Account, Matching Profit Sharing Contribution Account, Deferral Account, Voluntary Contribution Account or Rollover Account singularly or in any appropriate combination. All references to an Account of a Participant shall include any subaccount established pursuant to Section 5.1.

1.2 "Actual Contribution Percentage" means the ratio determined under Section 4.13(a).

1.3 "Actual Deferral Percentage" means the ratio determined under Section 4.6(a).

1.4 "Affiliated Company" means:

(a) any member of a controlled group of corporations (within the meaning of Section 414(b) of the Code, modified, for purposes of Section 5.3, by Section 415(h) of the Code) of which the Company is a member,

(b) any trade or business (whether or not incorporated) under common control with the Company (within the meaning of Section 414 (c) of the Code, modified, for purposes of Section 5.3, by Section 415(h) of the Code), or

(c) any member of an affiliated service group (within the meaning of Section 414(m) of the Code) of which the Company is a member.

1.5 "Affiliated Group" means the Company and the Affiliated Companies.

1.6 "Aggregate 401(k) Contributions" means, for any Plan Year, the sum of the following: (a) the Participant's Deferrals for the Plan Year; (b) the Matching Profit Sharing Contribution allocated to the Participant's Accounts as of a date within the Plan Year, to the extent that such Matching Profit Sharing Contributions are aggregated with Deferrals pursuant to section 4.9; and (c) the Qualified Non-Elective Contributions allocated to the Participant's Accounts as of a date within the Plan Year, to the extent that such Qualified Non-Elective Contributions are aggregated with Deferrals pursuant to Section 4.10.

1.7 "Aggregate 401(m) Contributions" means, for any Plan Year, the sum of the following: (a) the Participant's Matching Profit Sharing contributions for the Plan Year; (b) the Participant's Deferrals for the Plan Year, to the extent that such Deferrals are aggregated with Deferrals, Voluntary Contributions

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and Matching Profit Sharing Contributions pursuant to Section 4.16; and (c) the Qualified Non-Elective Contributions allocated to the Participant's Accounts as of a date within the Plan Year, to the extent that such Qualified Non-Elective Contributions are aggregated with Voluntary Contributions and Matching Profit Sharing Contributions pursuant to Section 4.17; and (d) the Participant's voluntary Contributions for the Plan Year.

1.8 "Annual Addition" means the sum described in Section 5.3(b).

1.9 "Annual Statement" means the statement of a Participant's Accounts referred to in Section 5.6.

1.10 "Applicant" has the meaning set forth in Section 10.12(a).

1.11 "Average Contribution Percentage" means the average ratio determined under Section 4.13(b).

1.12 "Average Deferral Percentage" means the average ratio determined under Section 4.6(b).

1.13 "Beneficiary" means the one or more persons or entities entitled to receive distribution of a Participant's interest in the Plan in the event of his death.

1.14 "Board" means the Board of Directors of the Company.

1.15 "Claimant" has the meaning set forth in Section 10.12(b).

1.16 "Claims Coordinator" has the meaning set forth in Section 10.12.

1.17 "Code" means the Internal Revenue Code of 1986, as amended.

1.18 "Committee" means the Administrative Committee appointed and acting pursuant to the provisions of Article 10.

1.19 "Company" means CB Richard Ellis Services, Inc., a Delaware corporation, formerly known as CB Commercial Holdings, Inc. The term "Company" shall also include any successor employer if the successor employer expressly agrees in writing as of the effective date of succession to continue the Plan and become a party to the Trust Agreement.

1.20 "Company Contribution Account" means the Account established under Section 5.1 for each Participant, the balance of which is attributable to Profit Sharing Contributions made pursuant to Section 4.3, forfeitures and earnings and losses of the Trust Fund with respect to such contributions and forfeitures.

1.21 "Compensation" means remuneration of an Employee received while a Participant from the Affiliated Group in a Plan Year or fraction of a Plan Year calculated in accordance with Section 1.75(f) (including application of the Code Section 401(a)(17) limit set forth in the last two paragraphs of Section 1.75). For purposes of determining the amount of a Participant's Deferrals, Compensation shall not include any severance pay received by the Participant.

1.22 "Deferral" means the portion of a Participant's compensation which he elects to defer so that such amount may be contributed to this Plan as a Participating Company contribution pursuant to Section 4.1.

1.23 "Deferral Account" means the Account established under Section 5.1 for each Participant, the balance of which is attributable to the Participant's Deferrals and Qualified Non-Elective Contributions and earnings and losses of the Trust Fund with respect to such Deferrals and Qualified Non-Elective Contributions.

1.24 "Defined Benefit Dollar Limitation" means, for any Plan Year or other Limitation Year, $90,000 or such amount as determined by the Commissioner of Internal Revenue under Section 415(d)

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(1) of the code and Treasury Regulations thereunder as of the January 1 falling within such Plan Year or Limitation Year.

1.25 "Defined Benefit Fraction" means the fraction described in Section 5.3(d)(1).

1.26 "Defined Benefit Plan" means a Qualified Plan other than a Defined Contribution Plan.

1.27 "Defined Contribution Dollar Limitation" means, for any Plan Year or other Limitation Year, $30,000 as adjusted under Code Section 415(d) as of the January 1 falling within such Plan Year or Limitation Year. If a short Limitation Year is created because of a Plan amendment changing the Limitation Year to a different 12-consecutive month period, the Defined Contribution Dollar Limitation for the short Limitation Year shall not exceed the amount determined in the preceding sentence multiplied by a fraction, the numerator of which is the number of months in the short Limitation Year and the denominator of which is 12.

1.28 "Defined Contribution Fraction" means the fraction described in Section 5.3(d)(2).

1.29 "Defined Contribution Plan" means a Qualified Plan which provides individual participant accounts for employer contributions, forfeitures and gains or losses thereon, in accordance with Section 414(i) of the Code.

1.30 "Determination Date" means for any Plan Year subsequent to the first Plan Year, the last day of the preceding Plan Year.

1.31 "Determination Period" means the Plan Year containing the Determination Date and the four preceding Plan Years.

1.32 "Directed Account" means an Account, the investment of which is subject to Participant direction under Section 5.7.

1.33 "Direct Rollover" means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

1.34 "Disability" means a physical or mental condition which totally and permanently prevents a Participant from engaging in any substantial gainful employment with the Affiliated Group. The determination of Disability shall be made by the Committee in its complete discretion after it has received such medical advice as it deems, in its complete discretion, appropriate and competent.

1.35 "Distributee" means an Employee or a former Employee. In addition, the Employee's or former Employee's surviving spouse and the Employee's or former Employee's spouse or former spouse who is the Alternate Payee under a QDRO are Distributees with regard to the interest of the spouse or former spouse.

1.36 "Effective Date" means April 19, 1989.

1.37 "Eligible Participant" means a Participant who is eligible to receive an allocation of the Participating Company Profit Sharing Contribution and forfeitures in a particular Plan Year, pursuant to Section 5.2(a)(2).

1.38 "Eligible Retirement Plan" means an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403 (a) of the Code, or a qualified trust described in section 401(a) of the Code, that accepts a Distributee's Eligible Rollover Distribution. However, in the case of an Eligible Rollover Distribution to the surviving spouse, an Eligible Retirement Plan is an individual retirement account or individual retirement annuity.

1.39 "Eligible Rollover Distribution" means any distribution of all or any portion of the balance to the credit of a Distributee, except that an Eligible Rollover Distribution does not include: any

distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of 10 years or more; effective for calendar years beginning on or after January 1, 1999, hardship withdrawals from Deferral Accounts; and any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

1.40 "Employee" means any person who is: (a) employed by a member of the Affiliated Group if the relationship between the member of the Affiliated Group and such person is, for federal income tax purposes, the legal relationship of employer and employee, or (b) a Leased Employee as provided in Section 2.4. For purposes of this definition of "Employee," and notwithstanding any other provisions of the Plan to the contrary, individuals who are not classified by the Company, in its discretion, as employees under Section 3121(d) of the Code (including, but not limited to, individuals classified by the Company as independent contractors and non-employee consultants) and individuals who are classified by the Company, in its discretion, as employees of any entity other than a Participating Company do not meet the definition of Eligible Employee and are ineligible for benefits under the Plan, even if the classification by the Company is determined to be erroneous, or is retroactively revised. In the event the classification of an individual who is excluded from the definition of Employee under the preceding sentence is determined to be erroneous or is retroactively revised, the individual shall nonetheless continue to be excluded from the definition of Employee and shall be ineligible for benefits for all periods prior to the date the Company determines its classification of the individual is erroneous or should be revised. The foregoing sets forth a clarification of the intention of the Company regarding participation in the Plan for any Plan Year, including Plan Years prior to the amendment of this definition of "Employee."

1.41 "Employment Commencement Date" means whichever of the following is applicable:

(a) Except as provided in subsection (b) of this section, the date on which an Employee first performs an Hour of Service in any capacity for the Affiliated Group with respect to which the Employee is compensated or is entitled to compensation by the Affiliated Group.

(b) In the case of an Employee who incurs a Period of Severance of one or more years, the term "Employment Commencement Date" shall mean the first day following the commencement of such Period of Severance on which the Employee performs an Hour of Service for the Affiliated Group with respect to which the Employee is compensated or entitled to compensation by the Affiliated Group.

1.42 "ERISA "means the Employee Retirement Income Security Act of 1974, as amended.

1.43 "Excess Aggregate Contributions" means the amount by which the Aggregate 401(m) Contributions of Highly Compensated Employees are reduced pursuant to Sections 4.13(c), 4.14 and 4. 15.

1.44 "Excess Contributions" means the amount by which the Aggregate 401(k) Contributions of Highly Compensated Employees are reduced pursuant to Sections 4.6(c), 4.7 and 4.8.

1.45 "Excess Deferrals" means the amount of a Participant's, Deferrals and other elective deferrals (within the meaning of section 402(g) (3) of the Code) that exceed the limits set forth in Section 4.5.

1.46 "Highly Compensated Employee" means

(a) Any Employee who performs services for the Company or any Affiliated Company who (i) was a 5% owner of the Company or any Affiliated Company at any time during the Plan Year or the preceding Plan Year; or (ii) for the preceding Plan Year, received compensation from the

Company or any Affiliated Company in excess of $80,000 (as adjusted pursuant to Section 415(d) of the Code).

(b) Any former Employee who separated from service (or was deemed to have separated) prior to the current Plan Year, who performs no services for the Company or any Affiliated Company during the current Plan Year, and who met the description in (a) above for the year of his separation or any year after he attained age 55.

(c) For purposes of this definition of "Highly Compensated Employee", "compensation" means compensation within the meaning of Section 415(c)(3) of the Code, but including qualified transportation fringes and elective or salary reduction contributions to a cafeteria plan, cash or deferred arrangement or tax-sheltered annuity.

(d) This definition of "Highly Compensated Employee" shall be effective for Plan Years beginning on or after January 1, 1997, except that for purposes of determining if an Employee was a Highly Compensated Employee in 1997, this definition will be treated as having been in effect in 1996.

1.47 "Hour of Service" means:

(a) Each hour for which an Employee is directly or indirectly compensated, or entitled to compensation, by the Company or an Affiliated Company or a predecessor employer as required by section 414(a)(2) of the Code and the Treasury Regulations thereunder for the performance of services. Hours of Service under this subsection will be credited to the Employee for the Computation Period in which the services are performed.

(b) Each hour for which an Employee is directly or indirectly compensated, or entitled to compensation, by the Company or an Affiliated Company on account of a period of time during which no services are performed (without regard to whether the employment relationship between the Employee and the Company or Affiliated Company has terminated) due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, military duty or leave of absence with pay. Hours of Service under this subsection will be calculated and credited pursuant to Section 2530.200b-2 of the Department of Labor Regulations which are incorporated herein by this reference.

(c) Each hour for which an Employee is directly or indirectly compensated, or entitled to compensation for, an amount as back pay (without regard to mitigation of damages) either awarded or agreed to by the Company or an Affiliated Company. Hours of Service under this subsection will be credited to the Employee for the Computation Period or Periods to which the award or agreement pertains rather than the Computation Period in which the award, agreement or payment is made.

(d) Each hour credited on the basis of applicable regulations under ERISA for unpaid periods of absence for service in the armed forces of the United States or the Public Health Service of the United States as a result of which such Employee's reemployment rights are guaranteed by law, provided that the Employee returns to employment with the Company or any Affiliated Company within the time such rights are guaranteed.

(e) If the Company or an Affiliated Company maintains a Qualified Plan of a predecessor employer, each hour credited by such predecessor employer as required by Section 414 (a) of the Code.

(f) Solely for purposes of preventing a One Year Break in Service, each hour credited in accordance with Sections 410(a)(5)(E) and 411(a)(6)(E) of the Code for unpaid periods during which an Employee is absent from work by reason of the pregnancy of the Employee, the birth of a child of the Employee, the placement of a child with the Employee in connection with the adoption of such child by the Employee, or for purposes of caring for such child for a period

beginning immediately following such birth or placement, provided-that the Employee furnishes timely information to the Company to establish that the absence from work is for one of the aforementioned reasons, and the number of days for which there was such an absence. The Hours of Service created under this subsection shall be credited in the computation Period in which the absence begins only if necessary to prevent a One Year Break in Service in that period, and in all other cases, in the immediately succeeding Computation Period.

Notwithstanding the foregoing: (1) no more than 501 Hours of Service shall be credited to an Employee under subsection (b), (c) or (f) on account of any single continuous period of time during which no services are performed; (2) an hour for which an Employee is directly or indirectly compensated or entitled to compensation by the Company or an Affiliated Company on account of a period during which no services are performed shall not constitute an Hour of Service hereunder if such compensation is paid or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, unemployment compensation or disability insurance laws; (3) Hours of Service shall not be credited for payments which solely reimburse an Employee for medical or medically related expenses; and (4) the same Hour of Service shall not be credited to an Employee both under subsection (a) or (b) and under subsection (c).

Each Employee whose Compensation is not determined on the basis of certain amounts for each hour worked (such as salaried, commission and piecework employees) and whose hours are not required to be counted and recorded by any federal law (such as the Fair Labor Standards Act) shall be credited with 10 Hours of Service daily, 45 Hours of Service weekly, 95 Hours of Service semimonthly or 190 Hours of Service monthly, if his Compensation is determined on a daily, weekly, semimonthly or monthly basis, respectively, for each such period in which the Employee would be credited with at least one Hour of Service pursuant to this Section. In addition, in lieu of counting Hours of Service for Employees whose Compensation is determined on the basis of certain amounts for each hour worked or whose hours are required to be counted and recorded by federal law, the Committee may apply one of the foregoing equivalencies for purposes of crediting such Employees with Hours of Service under this Section.

The Committee shall determine the number of Hours of Service, if any, to be credited to an Employee under the foregoing rules in a uniform and nondiscriminatory manner and in accordance with applicable federal laws and regulations including without limitation Department of Labor Regulation Section 2530.200b-2 (b) and (c).

1.48 "Key Employee" means any Employee or former Employee (and the Beneficiaries of such Employee) who at any time during the Determination Period was:

(a) an officer of the Company or any Affiliated Company, if such individual's Section 415 Compensation exceeds 50% of the amount in effect under Code Section 415(b)(1)(A),

(b) an owner (or considered an owner under Section 318 of the Code) of one of the ten largest interests in the Company or any Affiliated Company, if such individual's Section 415 Compensation exceeds the Defined Contribution Dollar Limitation,

(c) a 5% owner of the Company or any Affiliated Company, or

(d) a 1% owner of the Company or any Affiliated Company who has an annual Section 415 Compensation of more than $150,000.

The determination of who is a Key Employee will be made in accordance with Section 416(i) of the Code and the Treasury Regulations thereunder.

1.49 "Leased Employee" means a person described in Section 2.4 (a).

1.50 "Limitation Year" means the 12-consecutive-month period used by a Qualified Plan for purposes of computing the limitations on benefits and annual additions under Section 415 of the Code. The Limitation Year for this Plan is the Plan Year. If the Limitation Year is amended to a different 12-consecutive-month period, the new Limitation

Year shall begin on a date within the Limitation Year in which the amendment is made.

1.51 "Matching Profit Sharing Contributions" means the Participating Company contribution made on behalf of a Participant pursuant to Section 4.2.

1.52 "Matching Profit Sharing Contributions Account" means the Account established under Section 5.1 for each Participant, the balance of which is attributable to Matching Profit Sharing Contributions made pursuant to Section 4.2, forfeitures and earnings and losses of the Trust Fund with respect to such contributions and forfeitures.

1.53 "Maximum Annual Addition" means the limitation described in Section 5.3.

1.54 "Merger" means the merger of BLUM CB Corp., a subsidiary of CBRE Holding, Inc., into CB Richard Ellis Services, Inc.

1.55 "Minimum Allocation" means the Minimum Allocation described in Section 9.3.

1.56 "Nonhighly Compensated Employee" for any Plan Year means any active Employee who is not a Highly Compensated Employee.

1.57 "Normal Retirement Age" means the date a Participant attains age 65.

1.58 "Old Company Stock" means shares of Class B-2 Common Stock, par value $.01 per share, of the Company, as in existence prior to the Merger.

1.59 "One Year Break in Service" means, for purposes of determining vesting under Article 6, a Plan Year in which the Participant fails to complete at least one Hour of Service.

1.60 "Participant" means an Employee or former Employee who has met the applicable eligibility requirements of Article 2 and who has not yet received a distribution of the entire amount of his vested interest in the Plan.

1.61 "Participating Company" means the Company, each Affiliated Company that has adopted the Plan in the manner provided in Article 14, and each organizational unit of the Company or an Affiliated Company that is designated as a Participating Company by the Board of Directors of the Company; excluding, however, each organizational unit of the Company or any Affiliated Company that has adopted the Plan that is designated as a nonparticipating unit by the Board of Directors of the Company. For purposes of the Plan the term "organizational unit" shall include, without limitation, any division, department or office of the Company or any Affiliated Company.

1.62 "Period of Service" means a period of time computed under the "elapsed time", method, as follows:

(a) An Employee shall be credited with a Period of Service equal to the elapsed time between his Employment Commencement Date and the date on which he commences a Period of Severance.

(b) If an Employee incurs a Period of Severance and is subsequently reemployed by the Affiliated Group, he shall be credited with a Period of Service pursuant to the following rules:

(i) An Employee shall receive credit for a Period of Severance as if it were a Period of Service if such Period of Severance commences by reason of a voluntary termination of employment, discharge or retirement and the Participant is reemployed by the Affiliated Group within 12 months after the commencement of such Period of Severance.

(ii) An Employee shall receive credit for a Period of Severance as if it were a Period of Service if such Period of Severance commences by reason of a voluntary termination of employment, discharge or retirement during a time in which such Employee is absent from service for a reason other than a voluntary termination of employment, discharge or retirement and the Employee is reemployed by the Affiliated Group within 12 months after his initial absence from service.

(iii) Except as provided in subsections(b)(i) and (ii) hereof, the Period of Severance shall not be included in the Employee's Period of Service and, subject to subsection (c) hereof, all of an Employee's Periods of Service shall be aggregated for purposes of the Plan.

(c) Notwithstanding any other provision of this Plan, service performed by Employees for an Affiliated Company (or a unit or division of such Company) prior to the date as of which such entity becomes an Affiliated Company (or a unit or division of such Company) shall not be taken into account in computing Periods of Service for any purpose of this Plan, except to the extent and in the manner determined by resolution of the Board.

1.63 "Period of Severance" means:

(a) The period of time commencing on the earlier of (i) the date on which an Employee voluntarily terminates employment, retires, is discharged, or dies; or (ii) the first anniversary of the first date of a period in which an Employee remains absent from service (with or without pay) with the Company and all Affiliated Participating Companies for any reason other than a voluntary termination of employment, retirement, discharge or death (such as vacation, holiday, sickness, disability, leave of absence or layoff), and continuing until the first day, if any, on which the Participant completes one or more Hours of Service for which he is directly or indirectly paid by the Affiliated Group for the performance of duties as an Employee.

(b) In the case of an Employee who is absent from work for maternity or paternity reasons, no Period of Severance shall commence until the second anniversary of the first date of such absence. The period between the date of commencement of an absence for maternity or paternity reasons and the first anniversary thereof shall be considered a Period of Service; the period between the first and second anniversaries of the commencement of such absence shall be considered neither a Period of Service nor a Period of Severance. For purposes of this Section 1.63(b), an absence from work for maternity or paternity reasons means an absence:

(i) By reason of pregnancy of the Employee,

(ii) By reason of the birth of a child of the Employee,

(iii) By the reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or

(iv) For purposes of caring for such child for a period beginning immediately following such birth or placement.

1.64 "Permissive Aggregation Group" means the Required Aggregation Group of Qualified Plans plus any other Qualified Plan or. Qualified Plans of the Company or any Affiliated Company which, when considered as a group with the Required Aggregation Group, would continue to satisfy the "requirements of Sections 401 (a) (4) and 410 of the Code (including simplified employee pension plans).

1.65 "Plan" means, effective as of the date of the Merger, the CB Richard Ellis 401(k) Plan set forth herein, as amended from time to time.

1.66 "Plan Year" means the period with respect to which the records of the Plan are maintained, which shall be the 12-month period beginning on January 1 and ending on December 31, and includes such periods prior to the Effective Date.

1.67 "Present Value" means present value based only on the interest and mortality rates specified in a Defined Benefit Plan for purposes of the calculation of the Top-Heavy Ratio.

1.68 "Profit Sharing Contribution" means the Participating Company contribution made on behalf of a Participant pursuant to Section 4.3.

1.69 "Projected Annual Benefit," means the annual benefit described in Section 5.3(d)(3).

1.70 "QDRO" means a qualified domestic relations order as set forth in Section 15.4(b).

1.71 "Qualified Plan" means an employee benefit plan that is qualified under Section 401(a) of the Code.

1.72 "Qualified Non-Elective Contribution" means the contribution made under Section 4.10.

1.73 "Required Aggregation Group" consists of: (a) each Qualified Plan (including simplified employee pension plans) of the Company or any Affiliated Company in which at least one Key Employee participates, and (b) any other Qualified Plan (including simplified employee pension plans) of the Company or any Affiliated Company which enables a Qualified Plan described in subclause (a) to meet the requirement of Sections 401(a)(4) or 410 of the Code.

1.74 "Rollover Account" means the Account established under Section 5.1 for a Participant, the balance of which is attributable to the Participant's' rollover and transfer contributions under Section 3.3 and earnings and losses of the Trust Fund attributable to such contributions.

1.75 "Section 414 (s) Compensation" means Compensation, unless, by appropriate action of the Committee or its delegate, with respect to a Plan Year, the Committee determines that it shall consist of remuneration received by an Employee from members of the Affiliated Group in a Plan Year, or fraction of a Plan Year, while such Employee is a Participant, as determined under one of the following subsections (a) through (g), and otherwise determined in accordance with the rules of this Section 1.75:

(a) Compensation as defined in Treasury Regulation section 1.415-2(d)(2) and (d)(3) or any successor thereto.

(1) Such compensation includes:

(A) The Employee's wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Affiliated Group to the extent that the amounts are includable in gross income (including, but not limited to, commissions paid salespeople, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits, and reimbursements or other expense allowances "under a nonaccountable plan (as described in Treas. Reg. Section 1.62-2 (c)). Such wages include foreign earned income, whether or not excludable from gross income under Code Section 911, and such wages are determined without regard to the exclusions from gross income under Code Sections 931 and 933;

(B) Amounts described in Code Sections 104(a)(3), 105(a), and 105(h), but only to the extent that these amounts are includable in the gross income of the Employee;

(C) Amounts paid or reimbursed by the Affiliated Group for moving expenses incurred by an Employee, but only to the extent that at the time of the payment it is

reasonable to believe that these amounts are not deductible by the Employee under Code Section 217 or excludable by the Employee under Code Section 132;

(D) The value of a non-qualified stock option granted to an Employee by the Affiliated Group, but only to the extent that the value of the option is includable in the gross income of the Employee for the taxable year in which granted; and

(E) The amount includable in the gross income of an Employee upon making the election described in Code Section 83(b).

(F) Amounts received by the Employee pursuant to an unfunded deferred compensation plan, in the Plan Year in which includable in the Employee's gross income.

(2) Such compensation does not include:

(A) (i) Contributions made by the Affiliated to a plan of deferred compensation to the extent that, before the application of Code Section 415 limitations to that plan, the contributions are not includable in the gross income of the Employee for the taxable year in which contributed; and (ii) employer contributions made on behalf of an Employee to a simplified employee pension described in Code Section 408(k) for the taxable year in which contributed;

(B) Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by an Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture (in accordance with Code Section 83 and the regulations thereunder);

(C) Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

(D) Other amounts which receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includable in the gross income of the Employee), or contributions made by a member of the Affiliated Group (whether or not under a salary reduction agreement) towards the purchase of an annuity contract described in Code Section 403(b) (whether or not the contributions are excludable from the gross income of the Employee).

(b) Compensation as defined in Treas. Reg. Section 1.415-2 (d) (10) or any successor thereto (such compensation includes the items described in (a) (1) (A) above and excludes, to the extent otherwise applicable, those items described in (a)(1)(F) and (a)(2) above).

(c) "Wages" within the meaning of section 3401(a) and all other payments of compensation to an Employee by a member of the Affiliated Group (in the course of such employer's trade or business) for which such employer is required to furnish the Employee a written statement under sections 6041(d), 6051(a)(3), and 6052, but determined without regard to any rules under section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401 (a) (2)). (This option is "wages" as reflected on the taxable federal wages box of the Form W-2 (or the aggregate of same for an Employee receiving more than one W-2 for a taxable year from the Affiliated Group) of the Employee.)

(d) "Wages" as defined in section 3401(a) of the Code for purposes of income tax withholding at the source, but determined without regard to any rules that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in section 3401(a)(2) of the Code).

(e) Any of the definitions set forth in subsections (a), (b), (c) and (d) above, reduced by all of the following items (even if includable in gross income): reimbursements or other expense allowances, fringe benefits (cash and noncash), moving expenses, deferred compensation and welfare benefits; provided that the definition of Section 414(s) Compensation set forth in subsection (d) may be reduced by moving expenses only to the extent that at the, time of the payment it is reasonable to believe that these amounts are deductible by the Employee under section 217 of the Code;

(f) Any of the definitions set forth in subsections (a), (b), (c), (d) and (e) above, modified to include any elective contributions made by a member of the Affiliated Group on behalf of the Employee that are described in Code Section 415(c)(3)(D); or

(g) Any reasonable definition of compensation that does not by design favor Highly Compensated Employees and that satisfies the nondiscrimination requirement set forth in Treas. Reg. Section 1.414(s)-1(d)(2) or the successor thereto.

Any definition of Section 414(s) Compensation shall be used consistently to define the compensation of all Employees taken into account in satisfying the requirements of an applicable provision for the relevant determination period.

For purposes of applying the limitations of Article 4, Section 414(s) Compensation shall not include in any Plan Year amounts in excess of $150,000, as adjusted by the Commissioner of Internal Revenue to reflect increases in the cost-of-living in accordance with section 401(a)(17)(B).

The annual compensation of each Participant taken into account in determining allocations for any Plan Year beginning after December 31, 2001, shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with Section 401(a)(17)(B) of the Code. Annual compensation means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual compensation for the determination period that begins with or within such calendar year.

1.76 "Section 415 Compensation" means an Employee's remuneration described in Section 1.75(c) unless, by appropriate action of the Committee or its delegate, with respect to a Limitation Year, the Committee determines that it shall consist of any one of the definitions of remuneration described in subsections (a), (b) or (d) of Section 1.75. Any definition of Section 415 Compensation shall be used consistently, to define the compensation of all Employees taken into account in satisfying the requirements of an applicable provision of this Plan for the relevant determination period.

1.77 "Severance" means an Employee's voluntary or involuntary termination of employment with the Company and all Affiliated Companies for any reason at any time.

1.78 "TEFRA" means the Tax Equity and Fiscal Responsibility Act of 1982, as amended.

1.79 "Top-Heavy Plan" means one of the following conditions exists:

(a) If the Top-Heavy Ratio for the Plan exceeds 60% and the Plan is not a part of any Required Aggregation Group or Permissive-Aggregation Group of Qualified Plans.

(b) If the Plan is a part of a Required Aggregation Group but not part of a Permissive Aggregation Group of Qualified Plans and the Top-Heavy Ratio for the Required Aggregation Group exceeds 60%.

(c) If the Plan is a part of a Required Aggregation Group and part of a Permissive Aggregation Group of Qualified Plans and the Top-Heavy Ratio for the Permissive Aggregation Group exceeds 60%.

1.80 "Top-Heavy Ratio" means the following:

(a) The Top-Heavy Ratio with respect to the Qualified Plans taken into account under Section 1.79(a), (b) or (c), as applicable, is a fraction, the numerator of which is the sum of the Present Value of accrued benefits and the account balances (as required by Code Section 416) of all Key Employees with respect to such Qualified Plans as of the Determination Date (including any part of any accrued benefit or account balance distributed during the five-year period ending on the Determination Date), and the denominator of which is the sum of the Present Value of the accrued benefits and the required account balances (including any part of any accrued benefit or account balance distributed in the five-year period ending on the Determination Date) of all Employees with respect to such Qualified Plans as of the Determination Date.

(b) For purposes of subsection (a), the value of account balances and the Present Value of accrued benefits will be determined as of the most recent Top-Heavy Valuation. Date that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Section 416 of the Code and the Treasury Regulations thereunder for the first and second plan years of a Defined Benefit Plan. The account balances and accrued benefits of a participant who is not a Key

Employee but who was a Key Employee in a prior year will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, transfers and contributions unpaid as of the Determination Date are taken into account, will be made in accordance with Section 416 of the Code and the Treasury Regulations thereunder. Employee contributions described in Section 219(e)(2) of the Code will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans, the value of account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

(c) Notwithstanding the foregoing, the account balances and accrued benefits of any Employee who has not performed services for an employer maintaining any of the aggregated plans during the five-year period ending on the Determination Date shall not be taken into account for purposes of this subsection.

1.81 "Top-Heavy Valuation Date" means the last day of each Plan Year.

1.82 "Top-Paid Group" for any Plan Year means the top 20 percent (in terms of Total Compensation) of all Employees of the Affiliated Company, excluding the following:

(a) Any Employee covered by a collective bargaining agreement unless such Employee would not be excluded from becoming a Participant under Section 2.2;

(b) Any Employee who is a nonresident alien with respect to the United States who receives no income from a source within the United States from a member of the Affiliated Group;

(c) Any Employee who has not completed at least 500 Hours of Service during any six-month period at the end of the-Plan Year;

(d) Any Employee who normally works less than 17% hours per week;

(e) Any Employee who normally works no more than six months during any year; and

(f) Any Employee who has not attained the age of 21 at the end of the Plan Year 11.

1.83 "Total Compensation" means Section 415 Compensation adjusted to add back all elective deferrals in the manner described in Section 1.75(f).

1.84 "Trust Agreement" means the agreement or agreements executed by the Company and the Trustee which establishes a trust fund to provide for the investment, reinvestment, administration and

distribution of contributions made under the Plan and the earnings thereon, as amended from time to time.

1.85 "Trust Fund" means the assets of the Plan held by the Trustee pursuant to the Trust Agreement

1.86 "Trustee" means the one or more individuals or organizations who have entered into the Trust Agreement as Trustee(s), and any duly appointed successor.

1.87 "Valuation Date" means the date with respect to which the Trustee determines the fair market value of the assets comprising the Trust Fund or any portion thereof. The regular Valuation Date shall be the last day of each Plan Year. However, if the Committee determines that the fair market value of the assets comprising the Trust Fund (or any portion thereof) has changed substantially since the previous Valuation Date, or if the Committee determines it to be in the best interests of the Plan and the Participants to value the assets of the Trust Fund (or any portion thereof) at a time other than the regular Valuation Date, the Committee may fix, in a uniform and nondiscriminatory manner, one or more interim Valuation Dates. While applying the foregoing rules to Trust Fund assets other than open and investment companies, the Committee may, with respect to the latter, establish Valuation Dates (including valuations more often than once a day) which coincide with such investment companies' mandated valuations for public shareholders generally.

1.88 "Voluntary Contribution" means a contribution made to the Plan by or on behalf of a Participant pursuant to Section 3.1 that is included in the Participant's gross income for the year in which made.

1.89 "Voluntary Contribution Account" means the Account established under Section 5.1 for a Participant, the balance of which is attributable to the Participant's Voluntary Contributions and the earnings and losses of the Trust Fund with respect to such contributions.

1.90 "Welfare Benefit Fund" means an organization described in paragraph (7), (9), (17) or (20) of Section 501 (c) of the code, a trust, corporation or other organization not exempt from federal income tax, or to the extent provided. in Treasury Regulations, any account held for an employer by any person, which is part of a plan of an employer through which the employer provides benefits to employees or their beneficiaries, other than a benefit to which Sections 83(h), 404 (determined without regard to Section 404(b)(2)) or 404A applies, or to which an election under Section 463 applies.

1.91 "Year of Service" means a Plan Year in which an Employee completes at least one Hour of Service.

ARTICLE II

ELIGIBILITY TO PARTICIPATE

2.1 **Eligibility to Participate**

(a) Effective October 1, 2001, subject to the provisions of this Article 2, each Employee shall become a Participant upon such Employee's completion of a Period of Service consisting of at least one Hour of Service with a Participating Company.

(b) Effective for Plan Years ended in 2002 and thereafter, at the option of the Committee, Code Section 410(b) and Article 4 hereof may be applied in either of the following two alternative ways:

(i) By treating Employees not meeting the requirement of subsection 2.1(a) above as excludable employees within the meaning of Treas. Reg. § 1.410(b)-6(b)(1).

(ii) By treating the Plan as consisting of two plans: (A) the excludable employees under the first of which consist of Employees who, on the January 1 or July 1 falling within the Plan Year, had not completed a one-year Period of Service and attained age 21 and (B) the excludable employees under the second of which consist of Employees who have not satisfied Section 2.1(a) and Employees who, on the January 1 or July 1 falling within the Plan Year had completed a one-year Period of Service and attained age 21.

2.2 **Exclusions from Participation**

Notwithstanding the fact that an Employee would otherwise become a Participant pursuant to Section 2.1 or 2.3:

(a) Collective Bargaining Employees

An Employee shall not become a Participant if he is covered by a collective bargaining agreement that does not expressly provide for participation in the Plan, provided that the representative of the Employees with whom the collective bargaining agreement is executed has had an opportunity to bargain concerning retirement benefits for such Employees. An Employee who is ineligible to participate in the Plan solely by reason of this paragraph shall become a Participant on the first day after he is no longer covered by such a collective bargaining agreement on which he completes at least one Hour of Service with a Participating Company.

(b) Nonparticipating Affiliated Companies and Units

An Employee who is employed by a nonparticipating unit of a Participating Company or by an Affiliated Company that is not a Participating Company shall not become a Participant until the date on which he is credited with one or more Hours of Service by a Participating Company.

(c) Leaves of Absence

An Employee who is on an approved leave of absence without pay or in the service of the armed forces of the United States shall not become a Participant until the date on which he is credited with one or more Hours of Service by a Participating Company, provided that the Employee returns to employment with the Company or an Affiliated Company immediately following such leave of absence or, in the case of an Employee who is on military leave, during the period in which his reemployment rights are guaranteed by law. Notwithstanding any other provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code.

(d) Nonresident Aliens

An Employee shall not become a Participant if he is a nonresident alien who receives no earned income (within the meaning of Section 911(d) (2) of the Code) from the Company or an Affiliated Company which constitutes income from sources within the United States (within the meaning of Section 861 (a) (3) of the Code), until the date on which he receives such earned income from a Participating Company.

(e) Exclusion after Participation

A Participant who becomes ineligible under this Section shall continue to receive credit for Hours of Service for purposes of determining vesting under Section 6.1, but during the period of such ineligibility, (1) such Participant's Compensation and Hours of Service shall not be taken into account for purposes of determining the allocation of Participating Company contributions and forfeitures to his Company Contribution Account under Sections 5.2 and 5.3, (2) such Participant's Section 415 Compensation shall not be taken into account for purposes of Section 9.3, and (3) such Participant may not make Deferrals.

(f) Leased Employees

A Leased Employee described in Section 2.4 (a) shall not become a Participant.

(g) Employees Covered by Another Qualified Plan

An Employee covered by a Qualified Plan (other than this Plan) maintained by an Affiliated Company shall not become a Participant.

(h) Statutory Independent Contractors

A real estate professional having the status of independent contractor under Code Section 3508 shall not become a Participant.

(i) Effect of Koll Acquisition

Neither Koll Real Estate Services nor any entity which is a subsidiary or affiliate of Koll Real Estate Services shall become a Participating Company under the Plan or be deemed to have done so except pursuant to an adoption in accordance with Section 14.1 or Section 14.3. In the event Koll Real Estate Services or a subsidiary or affiliate thereof does become a Participating Company on or after August 28, 1997 by reason of such a proper adoption ("Koll Participating Entity"), Section 2.2 (b) (pertaining to the exclusion from participation in the Plan of Employees employed by entities other than Participating Companies) shall not apply so as to exclude any Employee of such a Koll Participating Entity provided that, as determined by the Committee, the Employee is employed primarily by such Koll Participating Entity. However, Section 2.2 (g) (excluding employees covered by another qualified plan) shall remain applicable in the case of such a Koll Participating Entity with respect to its Employees that were participants on August 28, 1997 in the Koll Company 401(k) Plus Plan ("Koll Plan"), so long as the Koll Plan remains in existence. On the other hand, any Employee of such a Koll Participating Entity not excluded under the previous two sentences shall be eligible to participate in this Plan in accordance with this Article 2, if such Employee otherwise meets the requirements for participation set forth in this Article 2. With respect to Employees described in the preceding sentence, such an Employee's "Hours of Service" as defined in Section 1.26 of the Koll Plan shall be deemed Hours of Service under this Plan for purposes of determining whether such Employee's Company Contribution Account and Matching Profit Sharing Contribution Account are 100% vested and non-forfeitable by reason of completion of 5 Years of Service under Section 6.1(a), as amended by the Second Amendment.

2.3 **Participation Upon Reemployment**

(a) An Employee who has a Severance before becoming a Participant and is then reemployed by a Participating Company shall be eligible to participate on the later of (i) the first day of the first calendar month following Employee's satisfaction of the requirements of Section 2.1, or (ii) the date he resumes employment with a Participating Company.

(b) An Employee who has a Severance after becoming a Participant shall be eligible to become a Participant again immediately upon his reemployment by a

Participating Company.

(c) Notwithstanding Section 2.3 (a) or 2.3 (b), if an Employee has a Severance and has earned no vested interest in an Account at the date of Severance, and such Employee incurs a Period of Severance equal to the greater of (i) five years or (ii) the aggregate number of years of his Period of Service before such Period of Severance, then such Employee will be treated as a new Employee for purposes of the Plan and his Period of Service prior to his Period of Severance shall be disregarded.

2.4 **Leased Employees**

(a) Definitions

A "Leased Employee" means any person (other than an Employee defined under Section 1.41(a)) who, pursuant to an agreement between the Company or an Affiliated Company ("Recipient") and any other person ("Leasing Organization"), has performed services for the Recipient or for the Recipient and "related persons" (determined in accordance with Section 414(n)(6) of the Code) on a substantially full-time basis for a period of at least one year and such services are performed under primary direction or control by the Recipient. "Leased Employee, shall not include a statutory independent contractor under Code Section 3508.

(b) Inclusion as Employee

Upon satisfaction of the requirements of Section 2.4(a), a Leased Employee shall be treated as an Employee of the Recipient, retroactive to the date upon which he first completed an Hour of Service for a Participating Company. However, contributions to or benefits under a Qualified Plan provided by the Leasing Organization which are attributable to the services performed for the Recipient shall be treated as if they had been provided by the Recipient.

(c) Exception

Subsection (b) shall not apply to any Leased Employee if such employee is covered by a money purchase pension plan sponsored by the Leasing Organization providing: (1) a nonintegrated employer contribution rate of at least 10% of compensation, (2) immediate participation, and (3) full and immediate vesting.

ARTICLE III

PARTICIPANT CONTRIBUTIONS

3.1 **Voluntary Contributions**

Each Participant who is an Employee and who is not subject to Section 2.2 may, if permitted by the Company, make Voluntary Contributions during the Plan Year through payroll deductions or in a lump sum in such amount as such Participant may elect, provided that the amount of such contributions, when added to the contributions previously made by the Participant, if any, and reduced by any amounts withdrawn under Section 3.2, does not exceed 10% of the total Compensation of the Participant since becoming a Participant, and provided, further, that if the Affiliated Group maintained or maintains any other Qualified Plan, the total amount that may be contributed by the Participant to the Plan and such other Qualified Plan shall not exceed 10% of the total Compensation of the Participant since becoming a Participant in this Plan and all other such Qualified Plans. Voluntary Contributions are also subject to the limitations set forth in Section 4.13, 5.3 and 8.1(c)(2)(A). No Voluntary Contributions can be made to the Plan on or after January 1, 2002.

3.2 **Withdrawal of Participant Contributions**

Upon application to the Committee, a Participant may withdraw an amount from his Voluntary Contribution Account not to exceed the fair market value of his Voluntary Contribution Account as of the Valuation Date preceding his application for withdrawal, excluding therefrom the unpaid principal balance of any outstanding loans to the Participant secured by his Voluntary Contribution Account pursuant to Section 11.2. Distribution of the amount requested and permitted to be distributed hereunder shall be made to the Participant as soon as it is administratively feasible to do so after Participant's application for withdrawal. Notwithstanding the foregoing, no withdrawal can be made of any portion of a Participant's Voluntary Contribution Account invested in the New Company Stock Fund.

3.3 **Rollover and Transfer Contributions**

(a) Rollover Contributions

The Committee may, in the exercise of its complete discretion in a nondiscretionary manner, direct the Trustee to accept from a Participant all or part of the cash and other property (including the sales proceeds of such property) distributed for the benefit of the Participant from another Qualified Plan or from an individual retirement account or annuity, as defined in Section 7701(a)(37) of the Code, provided the contribution to the Plan is made within 60 days after such distribution is received by the Participant. The foregoing authorization shall include direct rollovers from another Qualified Plan, as contemplated by Code Section 401(a)(31). However, the Committee shall not direct the Trustee to accept from a Participant any of the following:

(i) Any amount considered to have been contributed by the Participant to the Qualified Plan as "accumulated deductible employee contributions," as defined in Section 72(o)(5)(3) of the Code;

(ii) Any amount distributed to the Participant pursuant to a qualified domestic relations order within the meaning of Section 414(p) of the Code;

(iii) Any amount distributed from an individual retirement account or annuity unless the amount distributed represents the entire balance in such account or annuity, and such entire balance was attributable to a rollover contribution of a qualified distribution (as defined in Section 402(a)(5)(E)(i) of the Code) from a Qualified Plan; or

(iv) Any property other than U.S. dollars, unless the Committee in the exercise of its complete discretion, in a nondiscriminatory manner, determines that acceptance of the property will not create an administrative burden.

(b) Transfer Contributions

The Committee may, in the exercise of its complete discretion in a nondiscriminatory manner, direct the Trustee to accept a direct transfer of assets to the Plan on behalf of a Participant from another Qualified Plan, provided, however, that: (1) the transfer will result in the deferral of taxation on the amount transferred to the Plan, (2) the Committee shall not direct the Trustee to accept a direct transfer of assets from (a) a Defined Benefit Plan or (b) a Defined Contribution Plan that is subject to the funding standards of Section 412 of the Code or that would otherwise provide for a life annuity form of payment to the Participant, and (3) the Committee shall not direct the Trustee to accept any property other than U.S. dollars, unless the Committee in the exercise of its complete discretion, determines that acceptance of the property will not create an administrative burden. A subaccount of the Rollover Account consisting of the transfer contributions and earnings or losses of the Trust Fund attributable thereto shall be employed if the transfer contribution is subject to additional restrictions for any reason. A transfer contribution resulting from a merger into this Plan of another Qualified Plan or portion thereof which the Committee determines to consist of the Employee's elective and qualified non-elective contributions in the other Qualified Plan as contemplated by Code Section 401(k) shall be credited to the Employee's Deferral Account.

ARTICLE IV

PARTICIPATING COMPANY CONTRIBUTIONS

4.1 **Contribution of Deferrals**

Subject to the limitations set forth in this Article 4 and in Section 5.3, each Participating Company shall pay to the Trustee the Deferrals made for each Plan Year by Participants while they were employed with that Participating Company. The Committee shall establish procedures under which: (1) each Participant shall specify the portion of his Compensation which is to be deferred, and (2) such Deferrals are to be deposited with the Trustee as contributions to the Plan. The Committee has the authority and discretion to limit any Participant's individual Deferrals, if necessary to ensure compliance with this Article 4, the rules and restrictions of Sections 401(k), 404, and 415 of the Code and the regulations promulgated thereunder or, if desirable, for administrative reasons. For the latter purpose, the Committee may, without limitation, limit Deferrals to at least 1% of Compensation, or not more than 50% of Compensation, or impose other nondiscriminatory limitations.

4.2 **Matching Profit Sharing Contribution**

In addition to the contribution described in Section 4.1 and subject to the limitations set forth in this Article 4 and in Section 5.3, each Participating Company may pay to the Trustee, on behalf of each Participant who makes Deferrals during the Plan Year and is employed by the Participating Company on the last day of the Plan Year (within the meaning of Section 5.2(a)(2)(C)), a Matching Profit Sharing Contribution. Matching Profit Sharing Contributions shall equal a uniform percentage of all such Participants' Deferrals during the Plan Year, such percentage to be determined by the company in its complete discretion for such Plan Year, subject to the limitation that the Matching Profit Sharing Contribution made on behalf of a Participant for a Plan Year shall not exceed 5% of such Participant's Compensation for such Plan Year.

A Matching Profit Sharing Contribution for the Plan Year ended December 31, 2001 shall be made for Participants employed by the Fleet Management Division who were hired by that Division prior to July 1, 2001 and were actively employed by that Division on December 31, 2001. The amount of the contribution will equal the lesser of (a) 50 percent of each such Participant's Deferrals for the Plan Year or (b) 2.5 percent of such Participant's Compensation not in excess of $53,560 (for a maximum Matching Profit Sharing Contribution per Participant of $1,339).

A Matching Profit Sharing Contribution for the Plan Year ended December 31, 2002 shall be made for Participants employed by the Fleet Management Division who were hired by that Division prior to July 1, 2002 and were actively employed by that Division on December 31, 2002. The amount of the contribution will equal the lesser of (a) 50 percent of each such Participant's Deferrals for the Plan Year or (b) 2.5 percent of such Participant's Compensation for the Plan Year not in excess of $54,900 (for a maximum Matching Profit Sharing Contribution per Participant of $1,372.50).

4.3 **Discretionary Profit Sharing Contribution**

In addition to the contribution described in Sections 4.2, each Participating Company may pay to the Trustee as a Profit Sharing Contribution for a Plan Year such an amount, if any, as may be determined by the Board of Directors of such Participating Company.

4.4 **Discretionary Contributions; Form and Time of Payment**

No Participating Company shall be required to make a Matching Profit Sharing Contribution or a Profit Sharing Contribution for any Plan Year, and each Participating Company's Board of Directors shall have the sole discretion to determine whether any such Contribution shall be made for a Plan Year. Prior to the date of the Merger, Matching Profit Sharing Contributions and Company Contributions may be made in whole or in part in Old Company Stock. A Participating Company's

contribution of a Participant's Deferrals to the Plan pursuant to Section 4.1 shall be paid to the Trustee as soon as administratively possible after they are withheld from the Participant's Compensation; provided, however, that such contribution shall be made no later than the fifteenth business day of the month following the month in which such amount would otherwise have been payable to the Participant in cash, or as of such earlier or later date (in the case of any available extensions of time) as may be required or permitted by regulations issued pursuant to ERISA. A Participating Company's Contributions pursuant to Section 4 .2 or 4 .3 shall be paid to the Trustee prior to the deadline, as extended, for the filing of the Company's Federal Income Tax Return.

4.5 **Return of Excess Deferrals**

The aggregate Deferrals of any Participant for any calendar year, together with his elective deferrals under any other plan or arrangement to which section 402(g) of the Code applies and that is maintained by an Affiliated Company, shall not exceed $7,000 (or such larger amount as may be adopted by the Commissioner of Internal Revenue to reflect a cost-of - -living adjustment). To the extent necessary to satisfy this limitation for any year, (1) Deferrals and such other elective deferrals may be prospectively restricted; and (2) after any such prospective restriction, the Excess Deferrals and excess elective deferrals under such other plan or arrangement (with earnings thereon, but reduced by any amounts previously distributed as Excess Contributions for the year) shall be paid to the Participant on or before the April 15 next following the calendar year in which such contributions were made. in the event that the aggregate Deferrals of any Participant for any calendar year, together with any other elective deferrals (within the meaning of section 402(g) (3) of the Code) under all plans, contracts or arrangements of an Affiliated Company, exceed $7,000 (or such larger amount as may be adopted by the Commissioner of Internal Revenue to reflect a cost-of-living adjustment), then the Participant may designate all or a portion of such Excess Deferrals as attributable to this Plan and may request a refund of such portion by notifying the Company in writing on or before the March 1 next following the close of such calendar year. If timely notice is received by the Company, then such portion of the Excess Deferrals, and any income or loss allocable to such portion, shall be refunded to the Participant not later than the April 15 next following the close of such calendar year. Any Excess Deferrals distributed pursuant to this Section 4.5 shall not be included in Deferrals that attract a Matching Profit Sharing Contribution under Section 4.2.

Effective for Plan Years beginning on or after January 1, 2002, no Participant shall be permitted to have Deferrals made under this Plan, or any other qualified plan maintained by the Company during any taxable year, in excess of the dollar limitation contained in Section 402(g) of the Code in effect for such taxable year, except to the extent permitted under any provisions of this Plan that provide for catch-up contributions under Section 414(v) of the Code, if applicable.

4.6 **Average Deferral Percentage Limitation**

The Plan shall satisfy the average deferral percentage test, as provided in section 401(k)(3) of the Code and section 1.401(k)-1 of the regulations issued thereunder. Subject to the special rules described in Section 4.11, the Aggregate 401(k) Contributions of Highly Compensated Employees shall not exceed the limits described below:

(a) An Actual Deferral Percentage shall be determined for each individual who, at any time during the Plan Year, is a Participant eligible to make Deferrals (without regard to any suspension under Section 8 .1 (c)), which Actual Deferral Percentage shall be the ratio, computed to the nearest one-hundredth of one percent, of the individual's Aggregate 401(k) Contributions for the Plan Year to the individual's Section 414(s) Compensation for the Plan Year;

(b) The Actual Deferral Percentages (including zero percentages) of Highly Compensated Employees and Nonhighly Compensated Employees shall be separately averaged to determine each group's Average Deferral Percentage; and

(c) Effective for Plan Years beginning on and after January 1, 1997, the Average Deferral Percentage for Highly Compensated Employees in any Plan Year (the "High Average") when compared with the Average Deferral Percentage for Nonhighly Compensated Employees in the preceding Plan Year (the "Low Average") must meet one of the following requirements:

(i) The High Average is no greater than 1.25 times the Low Average; or

(ii) The High Average is no greater than two times the Low Average, and the High Average is no greater than the Low Average plus two percentage points.

Notwithstanding the foregoing, this Section 4.6(c) will be applied for Plan Year 1998 by determining the Average Deferral Percentage for Nonhighly Compensated Employees for the same Plan Year.

(d) If, at the end of a Plan Year, a Participant or class of Participants has Excess Contributions, then the Committee may elect, at its discretion, to pursue any of the following courses of action or any combination thereof:

(i) Excess Contributions for a Plan Year may be redesignated as after-tax contributions and accounted for separately within the $2^1/2$ month period following the close of the Plan Year to which the Excess Contributions relate. Excess Contributions, however, may not be redesignated as after-tax employee contributions with respect to a Highly Compensated Employee to any extent that such redesignated after-tax employee contributions would exceed the limits of Section 4.13 when combined with the Voluntary Contributions of that Employee for the Plan Year. Adjustments to withhold any federal, state, or local taxes due on such amounts may be made by the Company against Compensation yet to be paid to the Participant during that taxable year.

(ii) Excess Contributions, and any earnings attributable thereto through the last day of the Plan Year for which the excess occurred, (but not including earnings for the "gap period" between the end of such Plan Year and the date of distribution), may be distributed to the Participant (as set forth in subsection (e)) within the $2^1/2$ month period following the close of the Plan Year to which the Excess Contributions relate to the extent feasible, but in all events no later than 12 months after the close of such Plan Year.

(iii) The Committee may authorize a suspension or reduction of Deferrals made pursuant to Section 4.1 in accordance with rules promulgated by the Committee. These rules may include provisions authorizing the suspension or reduction of Deferrals above a specified dollar amount or percentage of Compensation.

(iv) The Company, in its discretion, may make a contribution to the Plan, which will be allocated as a fixed dollar amount among the Accounts of some or all non-Highly Compensated Employees (as determined by the Company) who have met the requirements of Section 2.1 or 2.3, as applicable. Such contributions shall be fully (100%) vested at all times, and shall be subject to the withdrawal restrictions that are applicable to Deferrals. Such contributions shall be considered "Qualified Non-Elective Contributions" under applicable Treasury Regulations.

4.7 **Allocation of Excess Contributions to Highly Compensated Employees.**

Excess Contributions for Plan Years beginning on or after January 1, 1997 shall be determined by the Committee in accordance with this Section 4.7. The Committee shall calculate a tentative reduction amount to the Deferrals of the Highly Compensated Employee(s) with the highest Actual Deferral Percentage equal to the amount which, if it were actually reduced, would enable the Plan to meet the limits in Section 4.6(c) above, or to cause the Actual Deferral Percentage of such Highly Compensated Employee(s) to equal the Actual Deferral Percentage of the Highly Compensated Employee(s) with the

next-highest Actual Deferral Percentage, and the process shall be repeated until the limits in Section 4.6(c) above are satisfied. The aggregate amount of the tentative reduction amounts in the preceding sentence shall constitute "Refundable Contributions." The entire aggregate amount of the Refundable Contributions shall be refunded to Highly Compensated Employees (as set forth in Section 4.6(d)(ii)), or recharacterized as after-tax contributions (as set forth in Section 4.6(d)(i)). The amount to be refunded to each Highly Compensated Employee (or recharacterized) (which shall constitute his Excess Contributions) shall be determined as follows: (i) the Deferrals of the Highly Compensated Employee(s) with the highest dollar amount of Deferrals shall be refunded (or recharacterized) to the extent that there are Refundable Contributions or to the extent necessary to cause the dollar amount of Deferrals of such Highly Compensated Employee(s) to equal the dollar amount of Deferrals of the Highly Compensated Employee(s) with the next-highest Deferrals, and (ii) the process in the foregoing clause shall be repeated until the total amount of Deferrals refunded (or recharacterized) equals the total amount of Refundable Contributions. The Committee will not be liable to any Participant (or his Beneficiary, if applicable) for any losses caused by inaccurately estimating or calculating the amount of any Participant's Excess Contributions and earnings attributable to the Deferrals.

4.8 **Distribution of Excess Contributions**

Excess Contributions allocated to Highly Compensated Employees for the Plan Year pursuant to Section 4.7, together with any income or loss allocable to such Excess Contributions, shall be distributed to such Highly Compensated Employees not later than March is next following the close of such Plan Year (in order to avoid a 10% excise tax under Section 4979 of the Code), if possible, and in any event not later than December 31 next following the close of such Plan Year. The distributed Excess Contributions shall be reduced by any Excess Deferrals previously distributed pursuant to Section 4.5 to such Highly Compensated Employee for the Plan Year of the Excess Contributions. Any Deferrals distributed pursuant to this Section 4.8 shall not be included in the Deferrals that attract a Matching Profit Sharing Contribution under Section 4.2 of the Plan.

4.9 **Qualified Matching Profit Sharing Contributions**

The Company, in its sole discretion, may include all or a portion of the Matching Profit Sharing Contribution for a Plan Year in Aggregate 401(k) Contributions taken into account in applying the Average Deferral Percentage limitation described in Section 4.6 for such Plan Year, provided that the requirements of Treasury Regulation section 1.401(k)-1(b)(5) are satisfied.

4.10 **Corrective Qualified Non-Elective Contributions**

In order to satisfy (or partially satisfy) the Average Deferral Percentage limitation described in Section 4.6, the Average Contribution Percentage limitation described in Section 4.13 or the multiple-use limitation described in Section 4.20 (or more than one of such limitations) the Company, in its sole discretion, may make a Qualified Non-Elective Contribution to the Plan. Any such Qualified Non-Elective Contribution contributed anew to the Plan shall be allocated, in a manner determined by the Company, to the Deferral Accounts of such Non-highly Compensated Employees as the Company selects. Such Qualified Non-Elective Contributions shall be paid to the Trustee no later than 12 months after the end of the Plan Year that is taken into account in determining the applicable percentage for Non-highly Compensated Employees under Section 4.6(c) or Section 4.13(c), whichever is applicable, and shall be allocated to the Accounts of Non-highly Compensated Employees as of the last day of such Plan Year. Qualified Non-Elective Contributions contributed anew to the Plan shall be 100% vested and nonforfeitable. Qualified Non-Elective Contributions shall be subject to the same distribution restrictions as Participant Deferrals. As an alternative to making a new Qualified Non-Elective Contribution to the Plan, the Company may redesignate a vested Profit-Sharing Contribution as a Qualified Non-Elective Contribution under the Plan; provided that the redesignated Profit-Sharing Contribution shall remain credited to the Account of the Participant whose Profit-

Sharing Contribution is being redesignated. The Company, in its sole discretion, may include all or a portion of the Qualified Non-Elective Contributions for a Plan Year in Aggregate 401(k) Contributions taken into account in applying the Average Deferral Percentage limitation described in Section 4.6 for such Plan Year, provided that the requirements of Treasury Regulation section 1.401(k)1(b)(5) are satisfied.

4.11 **Special Rules**

The following special rules shall apply for purposes of this Article 4:

(a) For purposes of applying the limitation described in Section 4.5, Deferrals taken into account for the calendar year for any Participant shall not include any Excess Contributions previously distributed to such Participant for the Plan Year ending within such calendar year;

(b) For purposes of applying the limitation described in Section 4.6, the Aggregate 401(k) Contributions taken into account for the Plan Year for any Participant shall include the Excess Deferrals distributed to such Participant, less the Excess Deferrals that are distributed to such Participant under the second sentence of Section 4.5 if such Participant is a Nonhighly Compensated Employee;

(c) For purposes of applying the limitation described in Section 4.6, the Actual Deferral Percentage of any Highly Compensated Employee who is eligible to make Deferrals and to make elective deferrals (within the meaning of section 402(g)(3) of the Code) under any other plans, contracts or arrangements of an Affiliated Company shall be determined as if all such Deferrals elective deferrals were made under a single arrangement;

(d) The amount of Excess Contributions to be distributed to a Participant pursuant to Section 4.8 shall be reduced by the amount of any Excess Deferrals previously distributed to such Participant for the Plan Year; provided, however, that plans, contracts and arrangements shall not be treated as a single arrangement to the extent that Treasury Regulation section 1.401(k)-1(b)(3)(ii)(B) prohibits aggregation;

(e) In the event that this Plan is aggregated with one or more other plans in order to satisfy the requirements of Code section 401(a)(4), 401(k) or 410(b), then all such aggregated plans, including the Plan, shall be treated as a single plan for all purposes under all such Code sections (except for purposes of the average benefit percentage provision of Code section 410(b)(2)(A)(ii)); and

(f) Income (and loss) allocable to Excess Contributions for the Plan Year and, if the Company elects to return this amount, income (and loss) for the period between the end of the Plan Year and the date of distribution of such Excess Contributions shall be determined pursuant to Treasury Regulation section 1.401(k)-1(f)(4) or the successor thereto.

4.12 **Recordkeeping**

The Company shall maintain records to demonstrate compliance with the nondiscrimination requirements of section 401(k) of the Code, including the extent to which Qualified Non-Elective Contributions and Qualified Matching Profit Sharing Contributions are taken into account.

4.13 **Average Contribution Percentage Limitation**

The Plan shall satisfy the average contribution percentage test, as provided in section 401(m)(2) of the Code and section 1.401(m)-l of the regulations issued thereunder. Subject to the special rules

described in Section 4.18, the Aggregate 401(m) Contributions of Highly Compensated Employees shall not exceed the limits described below:

(a) An Actual Contribution Percentage shall be determined for each individual who, at any time during the Plan Year, is a Participant eligible to make Deferrals (without regard to any suspension under Section 8.1(c)(2)), which Actual Contribution Percentage shall be the ratio, computed to the nearest one-hundredth of one percent, of the individual's Aggregate 401(m) Contributions for the Plan Year to the individual's Section 414(s) Compensation for the Plan Year;

(b) The Actual Contribution Percentages (including zero percentages) of Highly Compensated Employees and Nonhighly Compensated Employees shall be separately averaged to determine each group's Average Contribution Percentage; and

(c) Effective for Plan Years beginning on and after January 1, 1997, the Average Contribution Percentage for Highly Compensated Employees in any Plan Year (the "High Average") when compared with the Average Contribution Percentage for Nonhighly Compensated Employees in the preceding Plan Year (the "Low Average") must meet one of the following requirements:

(i) The High Average is no greater than 1.25 times the Low Average; or

(ii) The High Average is no greater than two times the Low Average, and the High Average is no greater than the Low Average plus two percentage points.

Notwithstanding the foregoing, this Section 4.13(c) will be applied for Plan Year 1998 by determining the Average Contribution Percentage for Nonhighly Compensated Employees for the same Plan Year. Notwithstanding Section 4.13(a), no Actual Contribution Percentage shall be determined for an individual who did not receive any Matching Profit Sharing Contribution for the Plan Year because the Plan requires that the individual perform a certain amount of service or be employed on the last day of the Plan Year and such individual failed to meet such requirement. Such an individual shall be disregarded in performing the test under this section.

4.14 **Allocation of Excess Aggregate Contributions to Highly Compensated Employees**

Excess Aggregate Contributions for Plan Years beginning on or after January 1, 1997 shall be determined by the Committee in accordance with this Section 4.14. The Committee shall calculate a tentative reduction amount to the Matching Profit Sharing Contributions and/or Voluntary Contributions made with respect to the Highly Compensated Employee(s) with the highest contribution percentage equal to the amount which, if it were actually reduced, would enable the Plan to meet the limits in Section 4.13(c) above, or to cause the Actual Contribution Percentage of such Highly Compensated Employee(s) to equal the Actual Contribution Percentage of the Highly Compensated Employee(s) with the next-highest contribution percentage, and the process shall be repeated until the limits in Section 4.13 (c) above are satisfied. The aggregate amount of the tentative reduction amounts in the preceding sentence shall constitute "Refundable Company Contributions". The entire aggregate amount of the Refundable Company Contributions shall be refunded to Highly Compensated Employees. The amount to be refunded to each Highly Compensated Employee (which shall constitute his excess Matching Profit Sharing Contributions and/or Voluntary Contributions) shall be determined as follows: (i) the Matching Profit Sharing Contributions and/or Voluntary Contributions made with respect to the Highly Compensated Employee(s) with the highest dollar amount of Matching Profit Sharing Contributions and/or Voluntary Contributions shall be refunded to the extent that there are Refundable Company Contributions or to the extent necessary to cause the dollar amount of Matching Profit Sharing Contributions and/or Voluntary Contributions of such Highly Compensated Employee(s) to equal the dollar amount of Matching Profit Sharing Contributions and/or Voluntary Contributions made with respect to the Highly Compensated Employee(s) with the next-highest Matching Profit Sharing Contributions and/or Voluntary Contributions, and (ii) the process in the foregoing clause shall

be repeated until the total amount of Matching Profit Sharing Contributions and/or Voluntary Contributions refunded equals the total amount of Refundable Company Contributions. The earnings attributable to excess contributions will be determined in accordance with Treasury Regulations. The Committee will not be liable to any Participant (or to his Beneficiary, if applicable) for any losses caused by inaccurately estimating or calculating the amount of any Participant's excess contributions and earnings attributable to the contributions. The amount of Excess Aggregate Contributions for a Plan Year shall be determined only after first determining the amount of Excess Contributions that are treated as after-tax employee contributions due to recharacterization.

4.15 **Distribution or Forfeiture of Excess Aggregate Contributions**

Vested Excess Aggregate Contributions allocated to Highly Compensated Employees for the Plan Year pursuant to Section 4.14, together with any income or loss allocable to such Excess Aggregate Contributions, shall be distributed to such Highly Compensated Employees not later than the March 15 next following the close of such Plan Year, if possible, and in any event no later than the December 31 next following the close of such Plan Year. Nonvested Excess Aggregate Contributions shall be forfeited.

4.16 **Use of Deferrals**

The Company, in its sole discretion, may include all or a portion of the Deferrals for a Plan Year in Aggregate 401(m) Contributions taken into account in applying the Average Contribution Percentage limitation described in Section 4.13 for such Plan Year, provided that the requirements of Treasury Regulation section 1.401(m)-l(b)(5) are satisfied.

4.17 **Corrective Qualified Non-Elective Contributions**

The Company, in its sole discretion, may include all or a portion of the Qualified Non-Elective contributions authorized under Section 4.10 for a Plan Year in Aggregate 401(m) Contributions taken into account in applying the Average Contribution Percentage limitation described in Section 4.13 for such Plan Year, provided that the requirements of Treasury Regulation section 1.401(m)-l(b)(5) are satisfied. Such Qualified Non-Elective Contributions shall be paid to the Trustee no later than 12 months after the end of the Plan Year which is taken into account in determining the applicable percentage for Non-highly Compensated Employees under Section 4.13(c) and shall be allocated to the Accounts of Non-highly Compensated Employees as of the last day of such Plan Year.

4.18 **Special Rules**

The following special rules shall apply for purposes of this Article 4:

(a) For purposes of applying the limitation described in Section 4.13, the Actual Contribution Percentage of any Highly Compensated Employee who is eligible to participate in the Plan and to make employee contributions or receive an allocation of matching contributions (within the meaning of section 401(m)(4)(A) of the Code) under any other plans, contracts or arrangements of an Affiliated Company shall be determined as if Matching Profit Sharing Contributions allocated to such Highly Compensated Employee's Accounts and all such employee contributions and matching contributions were made under a single arrangement; provided, however, that plans, contracts and arrangements shall not be treated as a single arrangement "to the extent that Treasury Regulation section 1.401(m)-1(b)(3)(ii) prohibits aggregation;

(b) In the event that this Plan is aggregated with one or more other plans in order to satisfy the requirements of Code section 401(a) (4), 401(m) or 410(b), then all such aggregated plans, including the Plan, shall be treated as a single plan for all purposes under all such Code sections (except for purposes of the average benefit percentage provisions of Code section 410(b)(2)(A)(ii)); and

(c) Income (and loss) allocable to Excess Aggregate Contributions for the Plan Year and, if the Company elects to return this amount, income (and loss) for the period between the end of the Plan Year and the date of distribution of such Excess Aggregated Contributions shall be determined pursuant to Proposed Treasury Regulation section 1.401(m)-1(e) (3) or the successor thereto.

4.19 **Applicability of the Multiple-Use Limitation**

The limitation described in Section 4.20 shall apply only if, for a Plan Year, after the other limitations of this Article are applied as follows:

(a) The Average Deferral Percentage of Highly Compensated Employees (1) exceeds 125 percent of the Average Deferral Percentage of Nonhighly Compensated Employees, but (2) does not exceed the lesser of (A) 200 percent of the Average Deferral Percentage of Nonhighly Compensated Employees or (B) the Average Deferral Percentage of Nonhighly Compensated Employees plus two percentage points; and

(b) The Average Contribution Percentage of Highly Compensated Employees (1) exceeds 125 percent of the Average Contribution Percentage of Nonhighly Compensated Employees, but (2) does not exceed the lesser of (A) 200 percent of the Average Contribution Percentage of Nonhighly Compensated Employees or (B) the Average Contribution Percentage of Nonhighly Compensated Employees plus two percentage points.

4.20 **Multiple-Use Limitation**

The sum of the Average Deferral Percentage and Average Compensation Percentage of Highly Compensated Employees shall not exceed the greater of (a) or (b) below.

(a) This limit equals the sum of:

(i) 1.25 times the greater of the Average Deferral Percentage or Average Contribution Percentage of Nonhighly Compensated Employees; and

(ii) The lesser of (A) 200 percent of the lesser of the Average Deferral Percentage or Average Contribution Percentage of Nonhighly Compensated Employees, or (B) the lesser of the Average Deferral Percentage or Average Contribution Percentage of Nonhighly Compensated Employees plus two percentage points.

(b) This limit equals the sum of:

(i) 1.25 times the lesser of the Average Deferral Percentage or Average Contribution Percentage of Nonhighly Compensated Employees; and

(ii) The lesser of (A) 200 percent of the greater of the Average Deferral Percentage or Average Contribution Percentage of Nonhighly Compensated Employees, or (B) the greater of the Average Deferral Percentage or Average Contribution Percentage of Nonhighly Compensated Employees plus two percentage points.

The multiple use test described in Treasury Regulation Section 1.401(m)-2 and this Section 4.20 of the Plan shall not apply for Plan Years beginning after December 31, 2001.

4.21 **Correction of Multiple-Use Limitation**

To the extent necessary, the limitation of section 4.20 shall be satisfied by one or more of the following methods: (a) the allocation of corrective "Qualified Non-Elective Contributions in the manner set forth in Sections 4.10 and 4.17, or (b) the distribution or forfeiture of Aggregate 401(m) Contributions (and income or loss allocable thereto) to Highly Compensated Employees in the manner set forth in Sections 4.14 and 4.15, followed by the distribution of Aggregate 401(k) Contributions (and

income or loss allocable thereto) to Highly Compensated Employees in the manner set forth in Sections 4.7 and 4.8.

ARTICLE V

ACCOUNTING FOR PARTICIPANT'S INTERESTS

5.1 **Establishment of Accounts**

The Committee shall establish for each Participant each of the applicable Accounts set forth in Section 1.1. In addition, the committee may establish one or more subaccounts of a Participant's Account, if the Committee determines that such subaccounts are necessary or appropriate in administering the Plan.

5.2 **Allocation of Contributions and Forfeitures**

(a) Allocation of Profit Sharing Contributions and Forfeitures of Profit Sharing Contributions

(i) Method of Allocation

Subject to the provisions of Sections 5.3, 9.2 and 9.3, each Profit Sharing Contribution made by a Participating company with respect to a Plan Year, and all forfeitures arising during that Plan Year from Company Contribution Accounts, shall be allocated to Eligible Participants' Company Contribution Accounts in the ratio that the Compensation for the Plan Year of each Participant who is an Eligible Participant bears to the total Compensation for the Plan Year of all Participants who are Eligible Participants.

(ii) Eligible Participants

For purposes of paragraph (i), the following Participants are Eligible Participants for a Plan Year:

(1) Each Participant (other than a Participant subject to Section 2.2) who is employed by a Participating Company on the last day of the Plan Year and who completed at least 1,000 Hours of Service during the Plan Year; and

(2) Each Participant employed by the Company or an Affiliated Company on the last day of the Plan Year who became subject to Section 2.2 during the Plan Year and completed at least 1,000 Hours of Service with a Participating Company during the Plan Year before becoming subject to Section 2.2.

(3) A Participant shall be considered employed on the last day of a Plan Year if the Participant completes at least one Hour of Service during the Plan Year, on or after December 20 of the Plan Year, with the applicable Participating Company or Affiliated Company.

(b) Allocation of Deferrals, Qualified Non-Elective Contributions, Matching Profit Sharing Contributions and Forfeitures of Matching Profit Sharing Contributions

Each Participant's Deferrals, and the Participating Company's Matching Profit Sharing Contributions made with respect to such Deferrals in accordance with Section 4.2, shall be allocated to such Participant's respective Deferral Account and Matching Profit Sharing Contribution Account. A Participant, s Qualified Non-Elective Contributions allocated under Section 4.10 shall be allocated to the Participant's Deferral Account. Forfeitures arising during a Plan Year from Matching Profit Sharing Contribution Accounts shall be considered Matching Profit Sharing Contributions allocated as described in Section 4.2.

(c) Allocation of Voluntary Contributions

Voluntary Contributions of a Participant referred to in Section 3.1 shall be allocated to the Participant's Voluntary Contribution Account.

(d) Allocation of Rollover Contributions

Each rollover or transfer contribution made by a Participant pursuant to Section 3.3 shall be Allocated to the Participant's Rollover Account.

(e) Allocation of Old Company Stock Contributions

With respect to periods prior to the Merger, the Committee in its complete discretion may devise nondiscriminatory procedures for allocation of Old Company Stock contributed such that allocations to Accounts are in whole shares of Old Company Stock.

5.3 **Code Section 415 Limitation**

(a) Notwithstanding any provision of the Plan to the contrary, but subject to subsection (d), if the Annual Addition (as hereinafter defined) of a Participant for any Limitation Year exceeds the lesser of the Defined Contribution Dollar Limitation or 25% of the Section 415 Compensation of such Participant for the Limitation Year (the "Maximum Annual Addition"), the excess Annual Addition attributable to this Plan shall not be allocated to the Participant's Accounts for the Plan Year, but shall be subject to the provisions of subsection (c). Each Participant entitled to share in the allocations under Section 5.2 for a Limitation Year shall be subject to this Section for such Limitation Year. The limitations contained in this Section shall apply on an aggregate basis to all Defined Contribution Plans and all Defined Benefit Plans (whether or not any of such plans have terminated) established by the Company and all Affiliated Companies.

Effective for limitation years beginning after December 31, 2001 and except to the extent permitted by any provision of the Plan that provides for catch-up contributions under Section 414(v) of the Code, if applicable, the Annual Addition that may be contributed or allocated to a Participant's Accounts under the Plan for any limitation year shall not exceed the lesser of:

(1) $40,000, as adjusted for increases in the cost-of-living under section 415(d) of the Code, or

(b) 100 percent of the Participant's Section 415 Compensation for the limitation year.

The Section 415 Compensation referred to in paragraph (b) above shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an Annual Addition.

(b) Annual Addition

The Annual Addition of each Participant for a Limitation Year shall equal the sum of the following amounts with respect to all Qualified Plans and Welfare Benefit Funds maintained by the Company or any Affiliated Company:

(1) The amount of Company and Affiliated Company contributions with respect to the Limitation Year allocated to the Participant's account;

(2) The amount of any forfeitures for the Limitation Year allocated to the Participant's account;

(3) The amount, if any, carried forward pursuant to subsection (c) or a similar provision in another Qualified Plan and allocated to the Participant's account;

(4) The amount of a Participant's voluntary nondeductible contributions for the Limitation Year;

(5) The amount allocated to an individual medical account (as defined in Section 415(l) (2) of the Code) which is part of a Defined Benefit Plan; and

(6) The amount derived from contributions paid or accrued which are attributable to post-retirement medical benefits allocated to the separate account of a key employee (as defined in Section 419A(d)(3) of the Code) under a Welfare Benefit Fund.

A Participant's Annual Addition for a Limitation Year shall not include any amounts allocated to his Rollover Account for the Limitation Year or any amounts repaid to the Plan as principal or interest on a loan pursuant to Section 11.3. A corrective allocation pursuant to Section 10.14 shall be considered an Annual Addition for the Limitation Year to which it relates.

(c) Excess Allocations

(i) If the Participant is not covered under another Defined Contribution Plan or a Welfare Benefit Fund maintained by the Company or any Affiliated Company during the Limitation Year and the amount otherwise allocable to the Participant's Accounts exceeds the Maximum Annual Addition prescribed in subsection (a), the Participant's Voluntary Contributions for the Limitation Year, together with the earnings attributable thereto, will be refunded to the extent necessary to reduce the Participant's Annual Addition for the Limitation Year to the Maximum Annual Addition. If the excess amounts cannot be eliminated by the foregoing procedure, the Participating Company contributions under Sections 4.2 and 4.3 and forfeitures which cause the Participant's Annual Addition to exceed the maximum Annual Addition shall be successively allocated in the manner described in Section 5.2 among the Accounts of Eligible Participants whose Annual Additions do not exceed the maximum allowable amount. If, after such allocations have been made, there remain Participating Company contributions or forfeitures which cannot be allocated without causing the Annual Addition of a Participant to exceed the Maximum Annual Addition, the forfeitures which cause the Annual Addition to exceed the Maximum Annual Addition and the Participating Company contributions which result from a reasonable error in estimating the Participant's Section 415 Compensation or from any other limited facts and circumstances which the Commissioner of Internal Revenue finds justifiable under Section 1.415-6(b) (6) of the Treasury Regulations, and which cause the Participant's Annual Addition to exceed the Maximum Annual Addition shall be held in a suspense account in the Trust Fund to be carried forward and allocated in subsequent Limitation Years as provided in Section 5.2. Such suspense account shall not participate in the allocation of the net income or net loss of the Trust Fund under Section 5.4.

(ii) This paragraph applies if, in addition to this Plan, the Participant is covered under another Defined Contribution Plan or a Welfare Benefit Fund maintained by the Company or any Affiliated Company during the Limitation Year.

(1) The Annual Addition which may be credited to a Participant's Company Contribution Account under this Plan for any such Limitation Year will not exceed the Maximum Annual Addition reduced by the Annual Addition credited to a Participant's accounts under the other Defined Contribution Plans and Welfare Benefit Funds for the same Limitation Year. If the Annual Addition with respect to the Participant under the other Defined Contribution Plans and Welfare Benefit Funds maintained by the Company or any Affiliated Company is less than the Maximum Annual Addition and the Participating Company contribution that would otherwise be contributed or allocated to the Participant's Company Contribution Account under this Plan would cause the Annual

Addition for the Limitation Year to exceed the Maximum Annual Addition, the amount contributed or allocated will be reduced so that the Annual Addition under all such Defined Contribution Plans and Welfare Benefit Funds for the Limitation Year will equal the Maximum Annual Addition. If the aggregate Annual Addition with respect to the Participant under such other Defined Contribution Plans and Welfare Benefit Funds is equal to or greater than the Maximum Annual Addition, no amount will be contributed or allocated to the Participant's Company Contribution Account under this Plan for the Limitation Year. An excess Annual Addition will be reduced in the manner described in subparagraph (B).

(2) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Annual Addition for the Limitation Year will be determined on the basis of the Participant's actual Section 415 Compensation for the Limitation Year. if a Participant's Annual Addition under this Plan and such other Defined Contribution Plans and Welfare Benefit Funds would result in the Annual Addition exceeding the Maximum Annual Addition for the Limitation Year, the excess amount will be deemed to consist of the Annual Addition last allocated. In making this determination, the Annual Addition attributable to a Welfare Benefit Fund shall be deemed to have been allocated first regardless of the actual date of allocation. If an excess amount was allocated to a Participant on an allocation date of this Plan that coincides with an allocation date of another plan, the excess amount attributed to this Plan will be the product of:

(iii) The total excess amount allocated as of such date, multiplied by the ratio of the Annual Addition allocated to the Participant for the Limitation Year as of such date under this Plan to the total Annual Addition allocated to the Participant for the Limitation Year as of such date under this and all the other Defined Contribution Plans. Any excess amount attributed to this Plan will be disposed of in the manner described in paragraph (1).

(d) Aggregate Benefit Limitation

This Section 5.3(d) applies only to Plan Years beginning before January 1, 2000. If the Company or an Affiliated Company maintains, or at any time maintained, one or more Defined Benefit Plans covering any Participant in this Plan, the sum of the Defined Benefit Fraction (defined in paragraph (1)) and the Defined Contribution Fraction (defined in paragraph (2)) for any Limitation Year shall equal no more than one (1.0). The rate of accrual under the Defined Benefit Plans will be reduced first, if necessary to meet this limitation.

(i) "Defined Benefit Fraction" shall mean a fraction, the numerator of which is the Projected. Annual Benefit (as defined in paragraph M) of the Participant under all Defined Benefit Plans maintained by the Company or any Affiliated Company determined as of the "close of the Limitation Year pursuant to Treasury Regulations under Section 415 of the Code, and the denominator of which is the lesser of: (A) 140% of the Participant's average Section 415 Compensation for the three consecutive Years of Service that produce the highest average Section 415 compensation, or (B) 125% of the Defined Benefit Dollar Limitation, determined as of the close of the Limitation Year.

(ii) "Defined Contribution Fraction" shall mean a fraction, the numerator of which is the sum of the Annual Additions allocated to the Participant's accounts for the applicable Limitation Year and each prior Limitation Year, and the denominator of which is the sum of the lesser of the following products for each Limitation Year in which' the Participant was an Employee (regardless of whether a Defined Contribution Plan was in existence for such Limitation Year): (A) the Defined Contribution Dollar Limitation effective for the Limitation Year, multiplied by 125%, or (B) 35% of the "Participant's Section 415 Compensation for such Limitation Year.

(iii) For purposes of this subsection, the term "Projected Annual Benefit" means the annual benefit (as defined in Section 415(b) (2) of the Code) to which a Participant would be entitled under the terms of a Defined Benefit Plan maintained by the Company or an Affiliated Company, assuming:

(1) The Participant will continue employment until his normal retirement age under the Defined Benefit Plan (or current age, if later); and

(A) The Participant's Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Defined Benefit Plan will remain constant for all future Limitation Years.

(2) For purposes of this subsection, a Participant's voluntary nondeductible contributions to a Defined Benefit Plan shall be treated as being part of a separate Defined Contribution Plan.

(e) Aggregation of Plans

For purposes of this Section, all Defined Benefit Plans ever maintained by the Company or an Affiliated Company shall be treated as one Defined Benefit Plan, and all Defined Contribution Plans ever maintained by the Company or an Affiliated Company shall be treated as one Defined Contribution Plan.

5.4 **Accounting for Trust Fund Income or Losses**

The Committee, through its accounting records, shall clearly segregate each Account hereunder and each subaccount thereof established pursuant to Section 5.1, and shall maintain a separate and distinct record of all income and losses of the Trust Fund attributable to each such Account or subaccount. For purposes of this Section, income or loss of the Trust Fund shall include any unrealized increase or decrease in the fair market value of the assets of the Trust Fund as such values are determined by the Trustee pursuant to Section 5.5.

Except as provided in Section 5.7, the share of net income or net loss of the Trust Fund to be credited to, or deducted from, each Account of each Participant shall be the allocable portion of the net income or net loss of the Trust Fund attributable to each such Account determined by the Committee as of each Valuation Date in a uniform and nondiscriminatory manner based upon the ratio that the balance of each such Account as of the previous Valuation Date bears to all such Account balances after adjustment for withdrawals, distributions and other additions or subtractions that may be appropriate.

The share of net income or net loss to be credited to, or deducted from, any subaccount established for a Participant shall be-an allocable portion of the net income or net loss credited to or deducted from the Account under which such subaccount is established.

5.5 **Valuation of Trust Fund**

Except as provided in Section 5.7, the fair market value of the total net assets comprising the Trust Fund shall be determined by the Trustee as of each Valuation Date. The Participating Companies, the Committee and the Trustee do not guarantee the Participants or their Beneficiaries against loss or depreciation or fluctuation of the value of the assets comprising the Trust Fund.

5.6 **Annual Statement of Accounts**

The Committee shall furnish each Participant or his Beneficiary, at least annually, a statement (referred to as the "Annual Statement") showing: (a) the value of his Accounts at the end of the Plan Year, (b) the allocations to and distributions from his Accounts during the Plan Year, and (c) his vested and nonforfeitable interest in his Accounts at the end of the Plan Year, provided, however, that no

Annual Statement shall be provided to a Participant or his Beneficiary after such Participant's entire vested and nonforfeitable interest in his Accounts has been distributed to the Participant or his Beneficiary. In addition, the Annual Statement shall include other information required to be furnished to each Participant or his Beneficiary under applicable disclosure or reporting laws.

5.7 **Directed Accounts and Investment Options**

Until otherwise provided by written resolution of the Committee, each Participant shall be permitted to direct the investment of all of his respective Accounts or subaccounts thereof as among investment vehicles created within the Trust Fund by the Committee. Such Accounts or subaccounts shall constitute Directed Accounts, and shall be subject to Participant investment direction under such procedures established by the Committee which are nondiscriminatory and acceptable to the Trustee. Such Accounts and subaccounts will be credited with only the income or losses directly attributable to their respective assets, including income and losses from the investment vehicles established by the Committee, and selected by the Participant for investment of Directed Accounts, in which case income or losses of such subfunds shall be allocated ratably to Directed Accounts invested therein, except as otherwise provided herein. Neither the Company, the Committee, nor the Trustee warrant, guarantee, or represent that the value of a Participant's Accounts at any time will equal or exceed the amount previously allocated or contributed thereto.

5.8 **Investment Funds**

The assets of this Plan shall be invested in such categories of assets as shall be determined by the Committee and announced and made available on an equal basis to all Participants. Investment vehicles shall be designated only by the Committee. When the Trustee receives funds to be invested, such funds may be held as uninvested cash pending investment in one or more of the investment vehicles designated by the Committee.

5.9 **Old Company Stock Fund**

(a) Until the date of the Merger, one of the investment funds established thereunder shall be the Old Company Stock Fund, which shall be invested in Old Company Stock. In connection with the Merger, the Old Company Stock Fund will be liquidated and eliminated as an investment alternative. Participants will be permitted to direct the investment of the cash proceeds received from such liquidation among the other investment vehicles created within the Trust Fund. The following provisions of this Section 5.9 and Section 5.11 will not be effective after the date of the Merger. Investment in, and withdrawals from, the Old Company Stock Fund shall be limited in accordance with this Section 5.9 and nondiscriminatory procedures adopted by the Committee, in the Committee's complete discretion, under Section 10.8(e). Subject to the Committee's authority to eliminate, limit or modify the Old Company Stock Fund, for purposes of ERISA Section 407(d)(3)(B), up to 100% of the assets of the Trust Fund may be invested in Old Company Stock through the Old Company Stock Fund.

(b) Subject to complying with Section 5.9(g) below, each Participant may voluntarily elect to have all or a portion of his Account used to purchase units of the Old Company Stock Fund (each such unit representing a share of Old Company Stock on a one-for-one basis), but not to exceed such limit as may be set yearly by the Committee, or to direct the sale of units of the Old Company Stock Fund and invest the proceeds of such sale in any one or more of the other investment funds.

(c) A Participant entitled to a distribution in accordance with Article 8 shall elect within such time as designated by the Committee to either: (1) have the Trustee convert all units of the Old Company Stock Fund held for his account into, and receive, such Old Company Stock in-kind, or (2) have the Trustee sell units of the Old Company Stock Fund allocated to his Account and receive such distribution in cash.

(d) In order to implement Participants' directions under Section 5.9(b) and pursuant to such administrative procedures as the Committee may establish, all purchases and sales of Old Company Stock shall be at the market price of the Old Company Stock at the time of such purchase or sale.

(e) All earnings received or earned on the Old Company Stock Fund prior to an election period designated by the Committee shall be invested in an investment vehicle designated by the Committee until the next election period whereupon a Participant may direct the investment of such earnings.

(f) Except for the in-kind distribution right provided in Section 5.9(c) above, no Participant shall have any ownership in any shares of Old Company Stock held by the Trust Fund.

(g) Notwithstanding any other provision herein, from November 25, 1996 through May 25, 1997, no sales or purchases of Old Company Stock shall be made by the Plan, no participant may elect to have any portion of his Account used to purchase units of the Old Company Stock Fund. During this period, however, the Trustee may make distributions of Old Company Stock in-kind in accordance with the provisions hereof governing distributions.

5.10 **Investment Direction for all Funds**

Each Participant shall instruct the Trustee at the time and on the form prescribed by the Committee as to the investment of all future contributions allocated to his Accounts which are available to be invested in investment vehicles. The initial investments made at the direction of the Participant shall continue until changed by the Participant in a subsequent election period.

5.11 **Voting Rights**

The voting rights to stock held in the Old Company Stock Fund shall be exercised by the Trustee in accordance with the direction of the Participants holding units in the Old Company Stock Fund with respect to the Old Company Stock underlying such units on the basis of one vote for each whole unit so held. With respect to the election of directors and the appointment of the Company's independent accountants, the Committee, subject to its duties under ERISA, shall direct the Trustee to vote the shares of Old Company Stock for which the Trustee does not receive a Participant's direction in the same proportion as the shares of Old Company Stock for which the Trustee did receive Participants' directions. With respect to other matters for which stockholder approval is solicited, the Executive Committee of the Board shall, in its sole discretion, direct the Trustee with respect to the voting of shares of Old Company Stock for which the Trustee does not receive a Participant's direction. This solicitation of the direction of the Participants shall be at the time and in such manner as shall be in accordance with procedures set by the Company from time to time providing adequate time to the extent possible to receive a reply from all such Participants holding an interest in such Funds.

5.12 **ERISA 404(c) Requirements**

The Plan is intended to comply with ERISA Section 404(c). Accordingly, the Plan is intended to satisfy, among other requirements, subsections (a), (b) and (c) below. Notwithstanding the foregoing, ERISA Section 404(c)(1)(B) will not apply to a Participant's election to acquire or dispose of interests in the New Company Stock Fund before New Company Stock is publicly traded on a national exchange or other generally recognized market and is traded with sufficient frequency and in sufficient volume to assure that Participant directions to buy or sell interests in the New Company Stock Fund may be acted upon promptly and efficiently.

(a) Choice of Broad Range of Investment Alternatives

The Participant or Beneficiary must be able to choose from at least three investment alternatives. The alternatives must constitute a broad range of alternatives ("core alternatives")

which: (1) are diversified, (2) demonstrate materially different risk and return characteristics, (3) in the aggregate, enable a Participant to achieve a portfolio with risk and return characteristics at any point within the range normally appropriate by choosing among the core alternatives, and (4) tend to minimize, through diversification and in combination with the other alternatives, the overall risk to the Participant's portfolio.

(b) Frequency of Investment Instructions

The Participant or Beneficiary must be able to give investment instructions to a person designated by the Company as an agent for this purpose. The person is obligated to comply with the instructions of the Participant or Beneficiary, except as permitted by law. The Participant or Beneficiary must be able to give investment instructions for each investment alternative as frequently as is appropriate given the volatility of the investment, but no less frequently than once within every three-month period.

(c) Provision of Sufficient Information to Participant or Beneficiary

The Participant or Beneficiary shall be provided information sufficient to make informed decisions regarding the investment alternatives under the Plan. Such information shall: (1) explain that the Plan is intended to be in compliance with ERISA section 404(c) and that Plan fiduciaries may be relieved of liability for losses that arise from the Participant's investment choices; (2) describe all investment alternatives, including a general description of the investment objectives of each alternative and the level of diversification in each alternative; (3) explain that Participants may review any prospectuses or similar materials made available to the Plan for each alternative; (4) identify any designated investment manager; (5) explain the circumstances under which a Participant may give investment instructions along with any limitations on those instructions; (6) describe any transaction fees, charges or expenses to a Participant's Accounts in connection with the purchase or sale of any investment alternative; (7) provide the name, address and telephone number of the Plan fiduciary responsible for providing information on request with a description of such information available upon request; (8) explain the established procedures designed to provide for the confidentiality of information concerning the purchase, holding or sale of Company common stock (if any); (9) provide a copy of the most recent prospectus in the case of an initial purchase in an alternative subject to the Securities Act of 1933; and (10) provide any materials provided to the Plan which relate to the exercise of voting, tender or similar rights passed through to Participants. Information which must be provided on request in accordance with Department of Labor Regulation 2550.404c-1(b)(2) includes certain information relating to financial reports of investment alternatives, operating expenses of the alternative portfolio assets of the alternatives, overall investment performance of the alternatives, and information relating to the shares of an investment in the requesting Participants' Accounts. Additional information may be available upon request.

5.13 **Allocation of 2000 Restoration Payments**

The Company's contributions, and earnings thereof, during Plan Year 2000 (the "2000 Restoration Amount') to reimburse Participant loan fees to certain Participants shall be allocated to Participants' Deferral Accounts, as deemed earnings for Plan Year 2000 as of December 31, 2000, which allocation shall not be deemed part of the Annual Addition for Plan Year 2000, in the manner set forth in this Section 5.13. The Committee shall determine in good faith the number of Participant loans originated under the Plan from January 1, 1993 through July 31, 1998, and the Participant to whom each loan was made. The 2000 Restoration Amount shall be divided by the number of such loans, and the result shall be allocated to the Deferral Account of each Participant associated with each such loan.

ARTICLE VI

VESTING

6.1 **Company Contribution Accounts**

(a) Years of Service

Subject to subsection (b), the interest of each Participant in his Company Contribution Account and Matching Profit Sharing Contribution Account shall become 100% vested and nonforfeitable upon the Participant's completion of five years of Service, provided that a Participant who commenced employment with the Coldwell Banker Commercial Group, Inc. prior to 1989 and who has four years of Service shall be 100% vested in such Accounts.

(b) Certain Events

A Participant's interest in his Company Contribution Account and Matching Profit Sharing Contribution Account shall become 100% vested and nonforfeitable without regard to his Years of Service (1) if he is an Employee on or after his Normal Retirement Age, (2) on the death of the Participant while an Employee or (3) by reason of the Participant's Disability. All amounts credited to Company Contribution Accounts and Matching Profit Sharing Contribution Accounts as of the date of the Merger will become 100% vested and nonforfeitable without regard to Years of Service as of the date of the Merger.

(c) References to the Company Contribution Account in Sections 6.2 and 6.6 shall include the Matching Profit Sharing Contribution Account.

(d) Effective January 1, 2002, the Company Contribution Account and Matching Profit Sharing Contribution Account of a Participant who completes at least one Hour of Service with a Participating Company on or after January 1, 2002, shall be 100% vested at all times.

6.2 **Aggregation of Years of Service for Vesting**

(a) Vested Participants

If a Participant who has a nonforfeitable right to all or a portion of his Company Contribution Account has a Severance and again becomes an Employee, the Participant's Years of service prior to hint Severance shall be included in determining his vested and nonforfeitable interest in his Company Contribution Account after he again becomes an Employee.

(b) Nonvested Employees and Participants

(i) If an Employee or a Participant who does not have any nonforfeitable right to his Company Contribution Account balance has a Severance and again becomes an Employee before incurring the number of consecutive one Year Breaks in Service specified in paragraph (ii), his Years of Service prior to his Severance shall be included in determining his vested and nonforfeitable interest after he again becomes an Employee.

(ii) If an Employee or a Participant who does not have any nonforfeitable right to his Company Contribution Account balance has a Severance and again becomes an Employee after incurring a number of consecutive One Year Breaks in Service equal to the greater of five or the number of his Years of Service at his severance, his Years of Service completed prior to his One Year Breaks in Service shall be disregarded for purposes of determining his vested and nonforfeitable interest in his Company Contribution Account. The aggregate number of Years of Service before such One Year Breaks in Service shall not include any Years of Service disregarded under this Section by reason of a prior period of One Year Breaks in Service.

6.3 **Other Accounts**

The interest of each Participant in his Accounts, other than the Accounts referenced in Section 6.1, if one or more such Accounts have been established for the Participant pursuant to Section 5.1, shall at all times be 100% vested and nonforfeitable.

6.4 **Forfeiture of Nonvested Amounts**

(a) Forfeiture

(i) Subject to paragraph (ii) below, any nonvested amounts in the Company Contribution Account of a Participant who receives a distribution pursuant to Section 8.1(a) shall be forfeited on the earlier of (1) the date of the Participant's final distribution, or (2) the date the Participant incurs five consecutive One Year Breaks in Service.

(ii) If the Participant has consented to a distribution of less than the entire vested balance in his Company Contribution Account, the part of the nonvested portion of such Account that will be treated as a forfeiture is the total nonvested portion multiplied by a fraction, the numerator of which is the amount of the distribution from such Account and the denominator of which is the total vested portion of such Account.

(iii) For purposes of this subsection, if the nonforfeitable interest in the Participant's Company Contribution Account is zero, the Participant shall be deemed to have received a distribution of his entire vested Account balance as of the date the Participant terminates employment.

(b) Buy-Back Option

The following rules apply with respect to a Participant who receives a distribution on account of Severance:

(i) If an Employee receives or is deemed to receive a distribution and resumes participation under Section 2.3, the Employee's Company Contribution Account will be restored to the balance on the date of the distribution if the Employee repays to the Plan the full amount of the distribution from such Account within five years of his reemployment with the Participating Company and before the Employee incurs after such distribution five consecutive One Year Breaks in Service.

(ii) Restoration of the Employee's Company Contribution Account balance under paragraph (i) shall be made first out of forfeitures otherwise available for allocation and then Participating Company contributions. Assets representing the restoration must be provided to the Plan by the end of the Plan Year following the Plan Year in which repayment occurs.

(iii) The repayment by the employee and restoration of his Company Contribution Account balance shall not be treated as part of the annual Addition under Section 5.3(b).

(iv) If a Participant is deemed to receive a distribution pursuant to subsection 6.4(a)(iii), and the Participant resumes employment covered under this Plan before the date the Participant incurs 5 consecutive One Year Breaks in Service, upon the reemployment of such Participant, the Participant's Company Contribution Account will be restored to the amount on the date of such deemed distributions.

(c) Distribution When Partially Vested

If a distribution is made at the time when a Participant has a nonforfeitable right to less than 100 percent of his Company Contribution Account and the Participant may increase (after reemployment or otherwise) the nonforfeitable percentage in his Account:

(i) Separate subaccount will be established for the Participant's remaining interest in his Company Contribution Account as of the time of the distribution, and

(ii) At any relevant time the Participant's nonforfeitable portion of the separate subaccount will be equal to an amount ("X") determined by the formula:

$$X = P\ (AB + R \times D)\ (R \times D)$$

For purposes of applying the formula, P is the nonforfeitable percentage at the relevant time, AB is the subaccount balance at the relevant time, D is the amount of the distribution, and R is the ratio of the subaccount balance at the relevant time to the account balance after distribution.

(iii) Deferred Distribution

If (i) a Participant is reemployed by the Company or an Affiliated Company after incurring five consecutive One Year Breaks in Service, (ii) such Participant did not have a 100% vested and nonforfeitable interest in his Company Contribution Account at his Severance and (iii) the Participant's vested and nonforfeitable interest in his Company Contribution Account was not entirely distributed to him prior to his reemployment, then the Committee shall establish a subaccount of the Participant's Company Contribution Account, which shall represent the Participant's vested and nonforfeitable interest in his Company contribution Account prior to his reemployment. The Participant shall have thereafter a 100% vested and nonforfeitable interest in the subaccount, and the vesting schedule shall apply only to amounts which are allocated to the Participant's Company Contribution Account after his reemployment.

6.5 **Unclaimed Benefits**

If the Committee, acting upon information available to it, cannot locate a person entitled to receive a benefit under the Plan within a reasonable period of time (as determined by the Committee in its sole discretion) after the benefit becomes payable and such person has not contacted the Committee or the Trustee concerning the distribution by the end of such period, the amount of the benefit shall be treated as a forfeiture and shall be applied in the manner described in Section 6.6. If, prior to the date final distributions are made from the Trust Fund following termination of the Plan, a person who was entitled to a benefit which has been forfeited pursuant to this Section makes a claim to the Committee or the Trustee for such benefit, such person shall be entitled to receive the amount of such benefit as soon as administratively feasible after such claim is received. The amount of the previously forfeited benefit shall be reinstated.

6.6 **Application of Forfeited Amounts**

Subject to Section 6.4(b) (iii), the amount of a Participant's Company Contribution Account which is forfeited pursuant to Section 6.4 or 6.5 shall be allocated in accordance with Section 5.2 among the Company Contribution Accounts of Eligible Participants for the Plan Year in which the forfeiture occurs. The amount forfeited from Matching Profit Sharing Contribution Accounts shall be allocated as provided in Section 5.2(b).

ARTICLE VII

DESIGNATION OF BENEFICIARY

7.1 **Designation of Beneficiary**

(a) Designation by Participant

Subject to subsection (b), each Participant shall have the right to designate a Beneficiary or Beneficiaries to receive his distributable interest (if any) in the Trust Fund upon his death. The designation shall be made on forms prescribed by the Committee and shall be effective upon delivery to the Committee. A Participant shall have the right to change or revoke from time to time any such designation by filing a new designation or notice of revocation with the Committee, but such revised designation or revocation shall be effective only upon receipt by the Committee.

(b) Consent of Spouse

A Participant who is married may not designate a Beneficiary other than, or in addition to, his spouse unless his spouse consents to such designation by means of a writing that is signed by the spouse, contains an acknowledgment by the spouse of the effect of such consent, and is witnessed by. a member of the Committee (other than the Participant) or by a notary public. Such designation shall only be effective with respect to the consenting spouse, whose consent shall be irrevocable.

7.2 **Failure to Designate Beneficiary**

Effective January 1, 1996, in the event a Participant has not designated a Beneficiary, or in the event no Beneficiary survives a Participant, the distribution of the Participant's interest in the Trust Fund (if any) upon his death shall be made: (a) to the Participant's spouse, if living, (b) if his spouse is not then living, to his then living issue by right of representation, (c) if neither his spouse nor his issue are then living, to his then living parents, and (d) if none of the above are then living, to his estate. In the event a Participant's death occurs prior to January 1, 1996, the order of any such distribution shall be subject to the provisions of the prior plan document.

ARTICLE VIII

DISTRIBUTIONS FROM THE TRUST FUND

8.1 **Events Permitting Distributions**

(a) Severance, Disability, Death or Attainment of Age 70 1/2.

Subject to the provisions of subsections (b), (c) and (d), and Section 8.2 (b) and (c), a Participant's vested Account balances become distributable only after his Severance, Disability, death or attainment of age 70-1/2. The timing and form of the distribution shall be in accordance with this Article.

(b) Withdrawals After Age 59-1/2.

A Participant who has attained age 59-1/2 may at any time request to withdraw a portion or all of his vested Accounts, provided that his employment with the Company has not terminated. Disbursement of withdrawals shall be made in a single cash lump sum payment and, if the Participant's Accounts include investments in the Old Company Stock Fund, shares of Old Company Stock in-kind, as soon as administratively practicable after receiving the prescribed withdrawal request form. Except as provided in subsection (c), a Participant shall be limited to four withdrawals under this subsection (b) per Plan Year. Subject to reasonable administrative limitations established by the Committee, a Participant may designate the proportion of a distribution to be made in-kind (in the form of Old Company Stock), provided that such in-kind

distribution shall not exceed the number of vested Old Company Stock Fund units allocated to his Accounts as of the date his withdrawal request is received by the Claims Coordinator. Notwithstanding the foregoing, no withdrawal can be made of any portion of a Participant's Accounts pursuant to this Section 8.1(b) that are invested in the New Company Stock Fund.

(c) Hardship Withdrawal

(i) Reason for Hardship Withdrawal

Upon written request from a Participant, the Committee may authorize a distribution to a Participant from his Deferrals (but not earnings on such Deferrals) prior to his Severance if the Participant can demonstrate that he is suffering from a hardship. The Company shall act upon requests for withdrawals in a uniform and nondiscriminatory manner, consistent with the requirements of Sections 401(a), 401(k) and related provisions of the Code. A hardship withdrawal may be made only if it is required on account of one or more of the following:

(1) The construction or purchase (excluding mortgage payments) of a principal residence of the Participant;

(2) The payment of tuition, related educational fees, and room and board expenses for the next 12 months of post-secondary education for the Participant or for the Participant's spouse, children or dependents;

(3) The payment of medical expenses described in section 213 (d) of the Code incurred or to be incurred by the Participant or the Participant's spouse or dependents;

(4) The prevention of the eviction of the Participant from his or her principal residence or foreclosure on a mortgage on the Participant's principal residence. For purposes of this Section 8.1(c), the term "dependent" shall be defined as set forth in Section 152 of the Code.

(ii) Amount of Hardship Withdrawal

The minimum amount of a hardship withdrawal shall not be less than $500. The maximum amount of a hardship withdrawal shall not exceed the Participant's immediate and heavy financial need (including amounts necessary to pay income taxes and penalties reasonably anticipated to result from the distribution), determined after the Participant has obtained all distributions, other than hardship distributions, and all nontaxable loans currently available under all plans of Affiliated Companies.

A Participant who receives a distribution of Deferrals after December 31, 2001, on account of hardship shall be prohibited from making Deferrals under this and all other plans of the Affiliated Group (other than a health or welfare benefit plan) for six months after receipt of the distribution. A Participant who receives a distribution of Deferrals in calendar year 2001 on account of hardship shall be prohibited from making Deferrals under this and all other plans (other than a health or welfare benefit plan) of the Affiliated Group for six months after receipt of the distribution or until January 1, 2002, if later.

Additional methods under which the amount of a hardship withdrawal will be deemed necessary to meet the Participant's immediate and heavy financial need shall be made available to the extent provided in a ruling, notice or other document of general applicability issued under the authority of the Commissioner of Internal Revenue. Notwithstanding the foregoing, no withdrawal can be made of any portion of a Participant's Accounts pursuant to this Section 8.1(c) that are invested in the New Company Stock Fund.

(d) Sale of Subsidiary or Assets

Distributions shall be made to the Participants described in Subsections (1) or (2) below pursuant to the provisions of this Article as if such Participants terminated employment on the closing date of the sale therein described; provided further that the distribution must be a lump sum distribution within the meaning of Section 402(d)(4) of the Code without regard to clauses (i), (ii), (iii) and (iv) of subparagraph (A), subparagraph (B), or subparagraph (F); provided further that Company continues to maintain this Plan in accordance with Code Section 401(k)(10)(C).

(i) Upon the sale to an entity that is not a member of the Affiliated Group of substantially all the assets used by a Participating Company in the trade or business of such Participating Company, a Participant who continues employment with the entity acquiring such assets shall be entitled to have his or her vested Account balances paid to him or her.

(ii) Upon the sale by a Participating Company of such Participating Company's interest in a subsidiary to an entity that is not a member of the Affiliated Group, a Participant who continues employment with the subsidiary shall be entitled to have his or her vested Account balances paid to him or her.

This Section 8.1(d) will not apply in Plan Years beginning on or after January 1, 2002.

(e) Withdrawals from Prior Plan Rollover Account.

A Participant with a balance in the "Prior Plan Rollover Account' maintained for Participants with amounts transferred from the Koll Plan may at any time request to withdraw all or a portion of such account. Except as provided in subsection (c), a Participant shall be limited to four withdrawals under this subsection (e) per Plan Year. Notwithstanding the foregoing, no withdrawal can be made of any portion of a Participant's Prior Plan Rollover Account pursuant to this Section 8.1(e) that is invested in the New Company Stock Fund. No withdrawal pursuant to this Section 8.1(e) shall be permissible unless the Participant's spouse, if any, consents in writing to such withdrawal in accordance with such procedures as are established by the Committee. Effective January 1, 2002, the spousal written consent requirement shall apply only to the extent that the Prior Plan Rollover Account includes assets directly transferred from a defined benefit pension plan or a defined contribution plan subject to the funding standards of Section 412 of the Code. The accounts transferred from the Koll Plan shall continue to be subject to the provisions of Section 2.2(j)(4) and (5) of the Plan in effect prior to July 20, 2001 until December 31, 2001.

8.2 **Rules Governing Distributions**

(a) Form of Distributions

Distribution of a Participant's Accounts shall, subject to the Participant's election in accordance with Section 5.9(c) or Section 16.8, be made to the Participant (or, in the event of his death, to his Beneficiary) in a single lump sum cash payment. Notwithstanding the foregoing, if a Participant with an interest in the New Company Stock Fund elects, in accordance with Section 16.8, that the Trustee sell the Participant's interest in the New Company Stock Fund and receive the proceeds in cash, then the Participant can also elect that his interest in the Plan, other than the portion invested in the New Company Stock Fund, be distributed prior to such sale at such time that is otherwise permissible under the terms of the Plan. Except as set forth in the prior sentence with respect to distributions of proceeds from the sale of New Company Stock, any distribution form previously available under the Plan, other than a single sum distribution, will not be available to a Participant or Beneficiary (including a surviving spouse) who has not commenced to receive a distribution under the Plan prior to January 1, 2002. The prior sentence applies to the accounts of all Participants who are participants in the Plan unless with respect to a Participant the Plan was a direct or indirect transferee of a defined benefit plan or a defined contribution plan subject to the funding standards of Section 412 of the Code.

(b) Restrictions on Certain Payments and Repayments Thereof

If the amount of a Participant's vested Account balance derived from employer contributions and nondeductible employee contributions exceeds $5,000 ($3,500 for distributions prior to January 1, 1998), the Committee shall not distribute the Participant's vested Account balances to him unless the Participant consents to such payment. If the amount of a Participant's vested Account balance derived from employer contributions and nondeductible employee contributions does not exceed $5,000 ($3,500 for distributions prior to January 1, 1998), the Committee may distribute the benefit in a single lump sum.

(c) Commencement of Benefits

Unless the Participant elects otherwise, in writing, distributions will be made no later than the 60th day after the close of the Plan Year in which occurs the latest of:

(i) His attainment of age 65;

(ii) The 10th anniversary of the Plan Year in which he commenced participation in the Plan;

or

(iii) His Severance.

If the Participant elects to receive his distribution earlier, or if the distribution to be paid to the Participant is less than $5,000 ($3,500 for distributions prior to January 1, 1998), such distribution shall be paid within six months after the end of the Plan Year in which such distribution is payable (unless the Committee determines that extraordinary circumstances exist requiring later payment).

Subject to subsection (d), a Participant may elect, with the Committee's approval, to have distribution commence at a later date by submitting to the Committee a written request therefor. If the Participant is married, his spouse must consent in writing to such deferred distribution.

(d) Restrictions on Delay of Distribution

Distribution of a Participant's entire vested interest will be made not later than April 1 of the calendar year following the later of (1) the calendar year in which the Participant attains age $70^1/2$ or (2), effective January 1, 1997, the calendar year in which the Participant retires. Clause (2) of the preceding sentence shall not apply in the case of any Participant who is a 5% owner (as defined in Code Section 416) in the calendar year in which he attains age $70^1/2$.

(e) Restrictions in the Event of Death

If the Participant dies before distribution of his interest is made, the Participant's entire interest will be distributed no later than 5 years after the Participant's death.

(f) Delayed Payments

If the amount of a distribution required to be made on a date determined under this Section cannot be ascertained by such date, or if it is not possible to make such payment on such date because the Committee has been unable to locate the Participant after making reasonable efforts to do so, a payment retroactive to such date may be made no later than 60 days after the earliest date on which the amount of such payment can be ascertained or the date on which the Participant is located (whichever is applicable).

(g) Reemployment of Participant

If a Participant who had a Severance becomes reemployed with the, Company or any Affiliated Company, no distribution from the Trust Fund shall be made to the Participant while he is so employed except as provided in Section 8.1(b) or (c). Any amounts which the Participant was entitled to receive on his prior Severance shall be held in the Trust Fund until he or his Beneficiary is again entitled to a distribution under the terms of the Plan.

8.3 **Valuation of Interest**

The interest of a Participant in his Accounts and any subaccounts thereof which shall have become distributable hereunder shall be valued as of the Valuation Date immediately preceding the date such interest is to be distributed, provided, however, that there shall be added to the value of the Participant's Accounts the fair market value of any amounts allocated to his Accounts pursuant to Article 5 after such Valuation Date. Section 5.9 shall govern the valuation of Old Company Stock for valuation purposes.

8.4 **Characterization of Disability Distribution**

In the event that a Participant receives a distribution by reason of the Participant's Disability, the benefit he receives hereunder shall be considered a payment for the loss of use of a bodily function unrelated to the period of his absence from work under Section 105(c) of the Code. The benefit shall be distributed to the Participant as soon as possible under the Plan, consistent with any requests or elections made hereunder by the Participant.

8.5 **Payment of Benefits to Alternate Payee**

(a) Immediate Distribution

Any distribution to an Alternate Payee pursuant to a domestic relations order, including any interest in a Participant's Accounts awarded to an Alternate Payee by a domestic relations order, shall be made as soon as reasonably practicable after such order is determined to be a QDRO (as defined in Section 15.4(b)), if:

(i) The value of such distribution (determined as of the Valuation Date coinciding with or immediately preceding such distribution) does not exceed $5,000 ($3,500 in the case of a distribution before January 1, 1998);

(ii) The QDRO specifies such time of distribution; or

(iii) The Alternate Payee has consented in writing to such time of distribution.

Notwithstanding the foregoing, no distribution can be made of any portion of a Participant's Accounts pursuant to this Section 8.5 that are invested in the New Company Stock Fund before the Participant experiences a Liquidation Event, as defined in Section 16.1.

(b) Alternate Payee Accounts

In all cases where Subsection (a) above is not applicable, separate "Alternate Payee Accounts" shall be established for the Alternate Payee at such time as the Company shall determine. The portion of each of the Participant's Accounts that was assigned or made payable to the Alternate Payee by the QDRO shall be transferred to such Alternate Payee Accounts. Unless the QDRO otherwise provides, the transfers to the Alternate Payee Accounts shall be made pro rata from the Participant's Accounts. Alternate Payees shall not make withdrawals from their Alternate Payee Accounts under Section 8.1 nor borrow from such Accounts under Section 11.3.

(c) Death of Alternate Payee

Alternate Payees shall not designate beneficiaries. Upon the death of an Alternate Payee, the entire balance in his or her Alternate Payee Accounts shall be distributed to his or her estate (unless the QDRO otherwise provides).

(d) Distributions From Alternate Payee Accounts

Distributions to Alternate Payees from their Alternate Payee Accounts shall be made as soon as reasonably practicable after the earliest of:

(i) The date when the Alternate Payee consents in writing to the distribution;

(ii) The date specified in the QDRO; or

(iii) The date when the Participant's remaining Plan Benefit is distributed pursuant to this Article 8.

(e) Definition of Alternate Payee

"Alternate Payee" means any spouse, former spouse, child or other dependent of the Participant who is recognized by a domestic relations order as having a right to receive all or a portion of the benefits payable under the Plan with respect to the Participant.

8.6 **Direct Rollovers**

(a) The Direct Rollover Option

Effective for distributions made on or after January 1, 1993, a Distributee may elect, at the time and in the manner prescribed by the Committee, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover. Notwithstanding the foregoing, amounts distributed in the form of New Company Stock can be rolled over only to an Eligible Retirement Plan that agrees to accept a distribution in such form.

(b) Time of Notice

The notice to be given under Code Section 402(f) explaining the Direct Rollover option will be provided to a Participant no less than 30 days and no more than 90 days before the date the distribution is to occur. However, a distribution may commence less than 30 days after such notice is given, provided that:

(i) The Committee clearly informs the Participant that the Participant has a right to a period of at least 30 days after receiving the notice to consider the decision of whether or not to elect a distribution, and

(ii) The Participant, after receiving the notice, affirmatively elects a distribution.

(c) Special Rule for Years after 2001.

This sub-section (c) shall apply to distributions made after December 31, 2001. An Eligible Retirement Plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relation order, as defined in Section 414(p) of the Code. Any amount that is distributed on account of hardship shall not be an Eligible Rollover Distribution and the Distributee may not

elect to have any portion of such a distribution paid directly to an Eligible Retirement Plan. A portion of a distribution shall not fail to be an Eligible Rollover Distribution merely because the portion consists of Voluntary Contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in Section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

ARTICLE IX

TOP-HEAVY PROVISIONS

9.1 **Priority over other Plan Provisions**

If the Plan is or becomes a Top-Heavy Plan, the provisions of this Article 9 will supersede any conflicting provisions of the Plan. However, the provisions of this Article shall not operate to increase the rights or benefits of Participants under the Plan except to the extent required by Section 416 of the Code and other provisions of law and the Treasury Regulations applicable to "top-heavy" plans, as that term is defined in Section 416(g) of the code, taking into account amendments of Section 416 of the Code and such other provisions of law which are enacted after TEFRA.

9.2 **Compensation Taken Into Account**

For any Plan Year in which the Plan is a Top-Heavy Plan, the amount of each Participant's Compensation taken into account for purposes of determining allocations under the Plan shall not exceed the first $200,000 (effective January 1, 1994, $150,000, or such larger amount as may be prescribed by the Secretary of the Treasury or his delegate) of such Participant's Section 415 Compensation for such Plan Year.

9.3 **Minimum Allocation**

(a) Calculation of Minimum Allocation

Notwithstanding any other provision in this Plan except subsections (b) and (c) and Section 9.4, for any Plan Year in which this Plan is a Top-Heavy Plan, each Participant who is not a Key Employee will receive an allocation of Participating Company contributions and forfeitures of not less than the lesser of 3% of his Section 415 Compensation for such Plan Year or, in the event that the Company and Affiliated Companies maintain no Defined Benefit Plan which covers a Participant in this Plan, the percentage of Section 415 Compensation that equals the largest percentage of Participating Company contributions and forfeitures allocated to a Key Employee expressed as a percentage of the first $150,000 ($200,000 for Plan Years beginning prior to January 1, 1994) of Section 415 Compensation received by such Key Employee in that Plan Year (the "Minimum Allocation"). The Minimum Allocation is determined without regard to any Social Security contribution. The Minimum Allocation applies even though under other Plan provisions the Participant would not otherwise be entitled to receive an allocation, or would have received a lesser allocation for the Plan Year because: (1) the non-Key Employee fails to make mandatory contributions to the Plan, (2) the non-Key Employee's Compensation is less than a stated amount, or (3) the non-Key Employee fails to complete 1,000 Hours of Service in the Plan Year. For purposes of this Section, Deferrals for Participants who are not Key Employees shall not be taken into consideration as Participating Company contributions. To the extent Matching Profit Sharing Contributions are used to satisfy the Minimum Allocation, such matching Profit Sharing Contributions shall not be used to satisfy the requirements of Sections 401(k) or 401(m) of the Code.

(b) Limitation on Minimum Allocation

No Minimum Allocation shall be provided pursuant to subsection (a) to a Participant who is not employed by the Company or any Affiliated Company on the last day of the Plan Year.

(c) Minimum Allocation When Participant is Covered by Another Qualified Plan

(i) If the Company or any Affiliated Company maintains one or more other Defined Contribution Plans covering Employees who are Participants in this Plan, the Minimum Allocation shall be provided under this Plan, unless such other Defined Contribution Plans make explicit reference to this Plan and provide that the Minimum Allocation shall not be provided under this Plan, in which case the provisions of subsection (a) shall not apply to any Participant covered under such other Defined Contribution Plans.

(ii) If the Company or any Affiliated Company maintains one or more Defined Benefit Plans covering Employees who are Participants in this Plan, and such Defined Benefit Plan(s) provide that Employees who are participants therein shall accrue the minimum benefit applicable to top-heavy Defined Benefit Plans notwithstanding their participation in this Plan (making explicit reference to this Plan), then the provisions of subsection (a) shall not apply to any Participant covered under such Defined Benefit Plan(s).

(iii) If the Company or any Affiliated Company maintains one or more Defined Benefit Plans covering Employees who are Participants in this Plan, and the provisions of paragraph (2) do not apply, then each Participant who is not a Key Employee and who is covered by such Defined Benefit Plan(s) shall receive a Minimum Allocation determined by applying the provisions of subsection (a) with the substitution of "5%" in each place that "3%" occurs therein.

(d) Nonforfeitability

The Participant's Minimum Allocation required under this Section, to the extent required to be nonforfeitable under Section 416(b) of the Code and the special vesting schedule provided in Section 9.5, may not be forfeited under Sections 411(a)(3)(B) (relating to suspension of benefits on reemployment) or 411(a)(3)(D) (relating to withdrawal of mandatory contributions) of the Code.

9.4 **Modification of Aggregate Benefit Limit**

(a) Modification

Subject to the provisions of subsection (b), in any Plan Year in which the Top-Heavy Ratio exceeds 60%, the aggregate benefit limit described in Section 5.3 (d) shall be modified by substituting "100%" for "125%" in paragraphs (1) and (2) of Section 5.3(d).

(b) Exception

The modification of the aggregate benefit limit described in subsection (a) shall not be required if the Top-Heavy Ratio does not exceed 90% and one of the following conditions is met:

(i) Employees who are not Key Employees do not participate in both a Defined Benefit Plan and a Defined Contribution Plan which are in the Required Aggregation Group " and the Minimum Allocation requirements of Section 9.3 (a) are met when such requirements are applied with the substitution of "4%" in each place that "3%" occurs therein;

(ii) The Minimum Allocation requirements of Section 9.3(c)(3) are met when such requirements are applied with the substitution of "7 1/2%" in each place that "5%" occurs therein; or

(iii) Employees who are not Key Employees accrue a benefit for such Plan Year of not less than three percent of his or her average Section 415 Compensation for the five consecutive Plan Years in which the Participant had the highest Section 415 Compensation (not to exceed a total such benefit of 30 percent), expressed as a life annuity commencing at the Participant's normal retirement age in a Defined Benefit Plan which is in the Required Aggregation Group.

9.5 **Minimum Vesting**

The vesting schedule set forth below shall apply for any Plan Year in which Plan is a Top-Heavy Plan:

Completed Years of Service	Percentage
2	20%
3	40%
4	60%
5	100%

No decrease in a Participant's vested Percentage shall occur in the event the Plan's status as a Top-Heavy Plan changes for any Plan Year.

Notwithstanding the above, this Section shall not apply to the Account balances of any Employee who does not have an Hour of Service after the Plan has initially become a Top-Heavy Plan. Such Employee's vested Account shall be determined without regard to this section.

ARTICLE X

ADMINISTRATIVE PROCEDURES

10.1 **Appointment of Committee Members**

The Board shall appoint an Administrative Committee consisting of three or more members, to hold office at the pleasure of the Board. Members of the Committee shall not be required to be Employees or Participants. Any member may resign by giving notice in writing, filed with the Board. Notwithstanding the above, if any Committee member ceases to be an Employee while a member, such individual shall cease to be a Committee member upon such individual's date of termination or retirement unless otherwise determined by the Board.

10.2 **Officers and Employees of the Committee**

Unless designated by the Board, the Committee shall choose from its members a Chairman and a Secretary. The Chairman may appoint one or more Assistant Secretaries for the Committee who may, but need not, be members of the Committee. The Secretary (or an Assistant Secretary) shall keep a record of the Committee's proceedings and all dates, records and documents pertaining to the Committee's administration of the Plan. The Committee may employ and suitably compensate such persons or organizations to render advice with respect to the duties of the Committee under the Plan as the Committee determines to be necessary or appropriate.

10.3 **Action of the Committee**

Action of the Committee may be taken with or without a meeting of Committee members, provided, however, that any action shall be taken only upon the vote or other affirmative expression of a majority of the Committee's members qualified to vote with respect to such action. The Chairman or the Secretary of the Committee may execute any certificate or other written direction on behalf of the Committee. In the event the Committee members qualified to vote on any question are unable to determine such question by a majority vote or other affirmative expression of a majority of the

Committee members qualified to vote on such question, such question shall be determined by the Board, or some person designated by the Board.

10.4 **Disqualification of Committee Member**

A member of the Committee who is a Participant shall not vote on any question relating specifically to himself.

10.5 **Expenses of the Committee**

The expenses of the Committee properly and actually incurred in the performance of its duties under the Plan shall be paid from the Trust Fund, unless the Participating Companies in their discretion pay such expenses.

10.6 **Bonding and Compensation**

The members of the Committee shall serve without bond, except as may be required by ERISA, and without compensation for their services as Committee members.

10.7 **General Powers and Duties of the Committee**

The committee shall have full power to administer the Plan and the Trust Agreement and to construe and apply their provisions. For purposes of ERISA, the Committee shall be the named fiduciary with respect to the operation and administration of the Plan and the Trust Agreement. In addition, the Committee shall have the powers and authority granted by the terms of the Trust Agreement.

The Committee, and all other persons with discretionary control respecting the operation, administration, control, and/or management of the Plan, the Trust Agreement, and/or the Trust Fund, shall perform their duties under the Plan and the Trust Agreement solely in the interests of Participants and their Beneficiaries, and shall use the care, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

10.8 **Specific Powers and Duties of the Committee**

The Committee shall administer the Plan and have all powers necessary to accomplish that purpose, including the following:

(a) Resolving all questions relating to the eligibility of Employees to become Participants;

(b) Determining the amount of benefits payable to Participants or their Beneficiaries, and determining the time and manner in which such benefits are to be paid;

(c) Authorizing and directing all disbursements by the Trustee from the Trust Fund;

(d) Engaging any administrative, legal, medical, accounting, clerical, or other services it may deem appropriate to effectuate the Plan or the Trust Agreement;

(e) Construing and interpreting the Plan and the Trust Agreement and adopting rules for administration of the Plan and the Trust Agreement which are not inconsistent with the terms of such documents;

(f) Compiling and maintaining all records it determines to be necessary, appropriate or convenient in connection with the administration of the Plan and the Trust Agreement;

(g) Determining the disposition and distribution of assets in the Trust Fund in the event the Plan is terminated;

(h) Reviewing the performance of the Trustee with respect to the Trustee's administrative duties, responsibilities and obligations under the Plan and the Trust Agreement as such administrative duties, responsibilities and obligations are set forth in the Trust Agreement; reporting to the Board regarding such administrative performance of the Trustee; and recommending to the Board, if necessary, the removal of the Trustee and the appointment of a successor Trustee;

(i) Performing such other functions that are delegated to the Committee under the Trust Agreement.

10.9 **Allocation of Fiduciary Responsibility**

The Committee from time to time may allocate to one or more of its members and/or may delegate to any other persons or organizations any of its rights, powers, duties and responsibilities of the Committee with respect to the operation and administration of the Plan and the Trust Agreement that are permitted to be so delegated under ERISA. Any such allocation or delegation shall be made in writing, shall be reviewed periodically by the Committee, and shall be terminable upon such notice as the Committee in its discretion deems reasonable and proper under the circumstances.

Whenever a person or organization (the "Delegating Party") has the power and authority under the Plan or the Trust Agreement to delegate discretionary power and authority respecting the control, management, operation or administration of the Plan or any portion of the Trust Fund to another person or organization (the "Appointee"), the Delegating Party's responsibility with respect to such delegation is limited to the selection of the Appointee and the periodic review of the Appointee's performance and compliance with applicable law and regulations. Any breach of fiduciary responsibility by the Appointee which is not proximately caused by the Delegating Party's failure to properly select or supervise the Appointee, and in which breach the Delegating Party does not otherwise participate, will not be considered a breach by the Delegating Party.

10.10 **Information to be Submitted to the Committee**

To enable the Committee to perform its functions, the Participating Companies shall supply full and timely information to the Committee on all matters relating to Employees and Participants as the Committee may require, and shall maintain such other records as the Committee may determine are necessary, including:

(a) Compiling and maintaining all records it determines to be necessary, appropriate or convenient in connection with the administration of the Plan and the Trust Agreement;

(b) Determining the disposition and distribution of assets in the Trust Fund in the event the Plan is terminated;

(c) Reviewing the performance of the Trustee with respect to the Trustee's administrative duties, responsibilities and obligations under the Plan and the Trust Agreement as such administrative duties, responsibilities and obligations are set forth in the Trust Agreement; reporting to the Board regarding such administrative performance of the Trustee; and recommending to the Board, if necessary, the removal of the Trustee and the appointment of a successor Trustee;

(d) Performing such other functions that are delegated to the Committee under the Trust Agreement.

10.11 **Allocation of Fiduciary Responsibility**

The Committee from time to time may allocate to one or more of its members and/or may delegate to any other persons or organizations any of its rights, powers, duties and responsibilities of the Committee with respect to the operation and administration of the Plan and the Trust Agreement

that are permitted to be so delegated under ERISA. Any such allocation or delegation shall be made in writing, shall be reviewed periodically by the Committee, and shall be terminable upon such notice as the Committee in its discretion deems reasonable and proper under the circumstances.

Whenever a person or organization (the "Delegating Party") has the power and authority under the Plan or the Trust Agreement to delegate discretionary' power and authority respecting the control, management, operation or administration of the Plan or any portion of the Trust Fund to another person or organization (the "Appointee"), the Delegating Party, s responsibility with respect to such delegation is limited to the selection of the Appointee and the periodic review of the Appointee's performance and compliance with applicable law and regulations. Any breach of fiduciary responsibility by the Appointee which is not proximately caused by the Delegating Party's failure to properly select or supervise the Appointee, and in which breach the Delegating Party does not otherwise participate, will not be considered a breach by the Delegating Party.

10.12 **Information to be Submitted to the Committee**

To enable the Committee to perform its functions, the Participating Companies shall supply full and timely information to the Committee on all matters relating to Employees and Participants as the Committee may require, and shall maintain such other records as the Committee may determine are necessary in order to determine the benefits due or which may become due to Participants or their Beneficiaries under the Plan. In addition, the Committee shall make arrangements to obtain from other Affiliated Companies such records and other information with respect to each Employee as are necessary for the Committee to determine benefits hereunder.

10.13 **Notices, Statements and Reports**

The Company shall be the "administrator" of the Plan as defined in Section 3(16) (A) of ERISA for purposes of the reporting and disclosure requirements imposed by ERISA and the Code. The committee shall assist the Company, as requested, in complying with such reporting and disclosure requirements.

10.14 **Claims Procedure**

(a) Filing Claim for Benefits

If an individual (hereinafter referred to as the "Applicant," which reference shall include where appropriate the authorized representative, if any, of the individual) does not receive the timely payment of the benefits which he believes he is entitled to receive under the Plan, he may make a claim for benefits in the manner hereinafter provided.

All claims for benefits under the Plan shall be made in writing and shall be signed by the Applicant. Claims shall be submitted to a representative designated by the Committee and hereinafter referred to as the "Claims Coordinator." The Claims Coordinator may, but need not, be an Employee or a member of the Committee. If the Applicant does not furnish sufficient information with the claim for the Claims Coordinator to determine the validity of the claim, the Claims Coordinator shall indicate to the Applicant any additional information which is necessary for the Claims Coordinator to determine the validity of the claim.

Each claim hereunder shall be acted on and approved or disapproved by the Claims Coordinator within 90 days following the receipt by the Claims Coordinator of the information necessary to process the claim.

In the event the Claims Coordinator denies a claim for benefits in whole or in part, the Claims Coordinator shall notify the Applicant in writing of the denial of the claim and notify such Applicant of his right to a review of the Claims Coordinator's decision by the Committee. Such notice by the Claims Coordinator shall also set forth, in a manner calculated to be understood by

the Applicant, the specific reason for such denial, the specific Plan provisions on which the denial is based, a description of any additional material or information necessary to perfect the claim with an explanation of why such material or information is necessary, and an explanation of the Plan's claim review procedure as set forth in this Section.

If no action is taken by the Claims Coordinator on an Applicant's claim within 90 days after receipt by the Claims Coordinator, such application will be deemed to be denied for purposes of the following appeals procedure.

(b) Appeals Procedure

Any Applicant whose claim for benefits is denied in whole or in part (such Applicant being hereinafter referred to as the "Claimant") may appeal from such denial to the Committee for a review of the decision by the entire Committee. Such appeal must be made within three months after the denial provided above. An appeal must be submitted in writing within such period and must:

(i) Request a review by the entire Committee of the claim for benefits under the Plan;

(ii) Set forth all of the grounds upon which the Claimant's request for review is based and any facts in support thereof; and

(iii) Set forth any issues or comments which the Claimant deems pertinent to the appeal.

The Committee shall regularly review appeals by Claimants. The Committee shall act upon each appeal within 60 days after receipt thereof unless special circumstances require an extension of the time for processing, in which case a decision shall be rendered by the Committee as soon as possible but not later than 120 days after the appeal is received by the Committee.

The Committee shall make a full and fair review of each appeal and any written materials submitted by the Claimant and/or the Participating Company in connection therewith. The Committee may require the Claimant and/or the Participating Company to submit such additional facts, documents or other evidence as the Committee in its discretion deems necessary or advisable in making its review. The Claimant shall be given the opportunity to review pertinent documents or materials upon submission of a written request to the Committee, provided the Committee finds the requested documents or materials are pertinent to the appeal.

On the basis of its review, the Committee shall make an independent determination of the Claimant's eligibility for benefits under the Plan. The decision of the Committee on any claim for benefits shall be final and conclusive upon all parties thereto.

In the event the Committee denies an appeal in whole or in part, the Committee shall give written notice of the decision to the Claimant, which notice shall set forth in a manner calculated to be understood by the Claimant the specific reasons for such denial and which shall make specific reference to the pertinent Plan provisions on which the Committee decision was based.

(c) Review of Annual Statement

If a Participant or Beneficiary believes the Annual statement or any other statement he receives regarding his interest the Plan is incorrect, such Participant or Beneficiary may submit a written request for correction or verification of such Annual Statement to the Claims Coordinator, and the Claims Coordinator shall respond in writing to such request in the same manner as a claim for benefits by an Applicant. If the Participant Beneficiary believes the Claims Coordinator's response is correct, the Participant or Beneficiary may request in writing within 60 days of the response that the entire Committee review -h statement, and the Committee shall follow the same procedure h respect to such request as provided above for a Claimant.

(d) If an error or omission is discovered in the Accounts of a Participant (other than as a result of a failure to follow a Participant's applicable and permissible investment instructions), or in the amount distributed to a Participant, the Committee shall make such equitable adjustments in the records of the Plan as may be necessary or appropriate to correct such error or omission. In the case of a failure to follow a Participant's last applicable and permissible investment instruction, a correction to comply with such instruction shall be made retroactively to the beginning of the quarter immediately preceding the quarter in which the Participant informs the Claims Coordinator in writing of the error. Further, a Participating Company may, in its discretion, make a special contribution to the Plan which shall be allocated by the Committee only to the Accounts of one or more Participants to correct an error or omission.

10.15 **Service of Process**

The Committee may from time to time designate an agent of the n for the service of legal process. The Committee shall cause h agent to be identified in materials it distributes or causes to be distributed when such identification is required under applicable law. In the absence of such a designation, the Company shall be the agent of the Plan for the service of legal process.

10.16 **Correction of Participants' Accounts**

If an error or omission is discovered in the Accounts of a participant, or in the amount distributed to a Participant, the Committee shall make such equitable adjustments in the records of the Plan as may be necessary or appropriate to correct such error omission as of the Plan Year in which such error or omission is covered. Further, a Participating Company may, in its discretion, make a special contribution to the Plan which shall be allocated by the Committee only to the Accounts of one or more Participants to correct such error or omission.

10.17 **Payment to Minors or Persons Under Legal Disability**

If any benefit becomes payable to a minor or to a person under legal disability, payment of such benefit shall be made only to the conservator or the guardian of the estate of such person appointed by a court of competent jurisdiction or such other person in such other manner as the Committee determines is necessary to ensure that the payment will legally discharge the Plan's obligation to such person.

10.18 **Uniform Application of Rules and Policies**

The Committee in exercising its discretion granted under any the provisions of the Plan or the Trust Agreement shall do so in accordance with rules and policies established by it which 11 be uniformly applicable to all Participants.

10.19 **Funding Policy**

The Plan is to be funded through Participating Company contributions, voluntary Participant contributions, and earnings on such contributions; and benefits shall be paid to Participants and Beneficiaries as provided in the Plan. The Committee shall determine investment policies from time to time that are consistent with the consistent of the Plan.

ARTICLE XI

INVESTMENT OF PLAN ASSETS

11.1 **Trust Fund Investments**

The investment and reinvestment of Plan assets held in the Trust Fund shall be governed by the terms of the Trust Agreement executed in connection with the Plan.

11.2 **Loans to Participants**

Upon application to the Committee on a form provided by the Committee, any Participant that is actively employed by a Participating Company may request a loan from his Accounts, the terms and conditions of which shall be determined pursuant to the provisions of this Section. If the Committee approves such application, the loan shall be made from the Participant's Accounts in accordance with the order of priority established by the Committee, and shall be withdrawn from each investment vehicle in which an Account is invested in proportion to the current balance of the investment vehicles within such Account. Notwithstanding the foregoing, no loan can be made from any portion of a Participant's Accounts that are invested in the New Company Stock Fund.

(a) Amount

The Committee shall not approve an application for a loan in an amount that, when added to the unpaid balance of all outstanding loans to the Participant from the Plan or any other Qualified Plan maintained by the Company or any Affiliated Company, exceeds the lesser of:

(i) $50,000, less the amount by which such aggregate balance has been reduced through repayments during the period of 12 months ending on the day before the new loan is made; or

(ii) One-half of the Participant's vested interest in his or her Accounts.

(b) Security

Each loan shall be evidenced by the Participant's promissory note and shall be adequately secured. For purposes of this Section, a loan shall be "adequately secured" if the value of the Participant's vested interest in his Accounts which equals or exceeds the principal amount of the loan at the time of the initiation of the loan is pledged as security for repayment of the loan.

(c) Interest Rate

The interest rate to be charged on the principal amount outstanding of any loan hereunder shall be a reasonable rate of interest as determined by the Committee, provided that such rate shall be comparable to that which is charged on similar commercial loans by persons in the business of lending money for loans made under similar circumstances.

(d) Repayment

The promissory note of a Participant evidencing a loan shall provide for level amortization of the loan with repayments of principal and interest to be made monthly. The loan shall be repaid over a period not to exceed three years from the date the note was executed. No penalty shall be imposed for prepayment of any principal amount due under a Participant's promissory note.

(e) Default on Loan

A Participant loan shall be in default if a scheduled payment of principal or interest under the promissory note is delinquent. In the event a Participant is in default more than 30 days, the Committee shall notify the Participant in writing of the default. If the default is not cured within the period stated in the notice, the amount, if any, of the Participant's Company Contribution Account, Matching Profit Sharing Contribution Account, Rollover Account, and Voluntary Contribution Account (in that order) pledged as security for the loan shall be reduced by the unpaid balance of the loan plus interest, whether or not such amount would be distributable under Article 8, and the Participant's indebtedness shall be discharged to the extent of the reduction. If this action is insufficient to fully discharge the Participant's indebtedness, then the Participant's Deferral Account pledged as security for the loan shall be used to reduce the Participant's indebtedness at such time as the Participant is entitled to a distribution pursuant to Section 8.1.

(f) Rules

The Committee shall adopt and follow loan procedures which shall be uniformly applicable to all Participants to administer this Section. Such procedures shall include provisions necessary to assure that loans are made available to all Participants on a reasonably equivalent basis and that loans are not made available to a Participant who is a member of the Committee, a highly compensated Employee, or an officer or shareholder of a Participating Company in an amount greater (as a percentage of the value of his vested interest in his Accounts) than the amount available to other Participants. The Committee may adopt loan procedures which provide for more restrictive terms and conditions for Participant loans than provided in this Article 11.

ARTICLE XII

TERMINATION, PARTIAL TERMINATION AND COMPLETE DISCONTINUANCE OF CONTRIBUTIONS

12.1 **Continuance of Plan**

The Participating Companies expect to continue this Plan indefinitely, but they do not assume an individual or collective contractual obligation to do so, and the right is reserved to the Company, by action of the Board, through adoption of a resolution in accordance with the Company's bylaws to terminate the Plan or to reduce, suspend or completely discontinue contributions thereto at any time. Any failure by the Company to contribute to the Trust in any year when no contribution is required under this Plan shall not of itself be a discontinuance of contributions under this Plan. In addition, subject to Section 12.4, any Participating Company at any time may discontinue its participation in the Plan with respect to its Employees.

12.2 **Complete Vesting**

If the Plan is terminated, or if there is a complete discontinuance of contributions under the Plan by the Participating Companies, the amounts allocated or to be allocated to the Company Contribution Accounts and Matching Accounts of all affected Participants shall become 100% vested and nonforfeitable without regard to their Years of Service.

In the event of a partial termination of the Plan, the amounts allocable to the Company Contribution Accounts and Matching Accounts of those Participants who cease to participate on account of the facts and circumstances which result in the partial termination shall become 100% vested and nonforfeitable without regard to their Years of Service.

12.3 **Disposition of the Trust Fund**

If the Plan is terminated, or if there is complete discontinuance of contributions to the Plan, the Committee shall instruct the Trustee either: (a) to continue to administer the Plan and pay benefits in accordance with the Plan until the Trust Fund has been depleted, or (b) to liquidate the assets remaining in the Trust Fund. if the Trust Fund is liquidated, the Committee shall make, after deducting estimated expenses for liquidation and distribution, the allocations required under the Plan as though the date of completion of liquidation were a Valuation Date. The Trustee shall distribute to each Participant the amount credited to his Accounts as of the date of completion of the liquidation.

12.4 **Withdrawal by Participating Company**

A Participating Company may withdraw from participation in the Plan or completely discontinue contributions to the Plan only with the approval of the Board. If any Participating Company withdraws from the Plan or completely discontinues contributions to the Plan, a copy of the resolutions of the Board of Directors of such Participating Company adopting such action, certified by the secretary of such Board of Directors and reflecting approval by the Board, shall be delivered to the Committee as soon as it is administratively feasible to do so, and the Committee shall communicate such action to the Trustee and to the Employees of the Participating Company.

ARTICLE XIII

AMENDMENT OR TERMINATION OF THE PLAN

13.1 **Right of Company to Amend Plan**

The Company reserves the right to amend the Plan in the manner set forth in Section 13.2 at any time and from time to time to the extent it may deem advisable or appropriate, provided, however, that:

(a) No amendment shall increase the duties or liabilities of the Trustee or the Committee without their respective written consent;

(b) No amendment shall contravene the provisions of Section 15.1;

(c) No amendment shall have-the effect of reducing the percentage of the vested and nonforfeitable interest of any Participant in his Accounts nor shall the vesting provisions of the Plan be amended unless each Participant with at least three (3) Years of Service (including Years of Service disregarded pursuant to Section 6.3(b)) is permitted to elect to continue to have the prior vesting provisions apply to him, within 60 days after the latest of: the date on which the amendment is adopted, the date on which the amendment is effective, or the date on which the Participant is issued written notice of the amendment; and

(d) No amendment shall be effective to the extent that it has the effect of decreasing a Participant's Account balances or eliminating an optional form of distribution as it applies to an existing Account balance. Notwithstanding the preceding sentence, a Participant's Company Contribution Account balance may be reduced to the extent permitted under Section 412(c)(8) of the Code.

13.2 **Amendment Procedure**

Any amendment to the Plan shall be made by adoption of same pursuant to resolutions of the Board adopted in accordance with the Company's bylaws. A certified copy of the resolutions adopting any amendment and a copy of the adopted amendment as executed by the individual authorized by the resolutions on behalf of the Company shall be delivered to the Committee and to the Trustee.

Upon such action by the Board, the Plan shall be deemed amended as of the date specified as the effective date by such Board action or in the instrument of amendment. The effective date of any amendment may be before, on or after the date of such Board action.

The Board may delegate to an officer of the Company by written resolution the power to amend the Plan by such officer's execution of a written amendment.

13.3 **Effect on Other Participating Companies**

Unless an amendment expressly provides otherwise, all Participating Companies shall be bound by any amendment adopted pursuant to this Article 13.

13.4 **Company Not Liable for Benefits**

No member of the Affiliated Group shall not be liable for the payments of any benefits under this Plan and all benefits hereunder shall be payable solely from the assets of the Trust except as otherwise required by ERISA.

ARTICLE XIV

ADOPTION OF PLAN BY AFFILIATED COMPANIES

14.1 **Adoption Procedure**

Any Affiliated Company may become a Participating Company under the Plan provided that:

(a) The Board approves the adoption of the Plan by the Affiliated Company and designates such Affiliated Company as a Participating Company;

(b) The Affiliated Company agrees in writing to adopt the Plan together with all amendments then in effect, and to be bound thereby as though it were an original signatory hereto, and such agreement is authorized by appropriate resolutions of the Board of Directors of the Affiliated Company;

(c) The Affiliated Company agrees in writing to adopt the Trust Agreement together with all amendments thereto then in effect, and to be bound thereby as though it were an original signatory thereto, and such agreement is authorized by appropriate resolutions of the Board of Directors of the Affiliated Company; and

(d) The Affiliated Company agrees in writing to be bound by any other terms and conditions which may be required by the Board, provided that such terms and conditions are not inconsistent with the purposes of the Plan.

14.2 **Effect of Adoption by Affiliated Company**

An Affiliated Company which adopts the Plan pursuant to Section 14.1 shall be deemed to be a Participating Company for all purposes hereunder, unless otherwise specified in the resolutions of the Board designating the Affiliated Company as a Participating Company. In addition, the Board may provide, in its discretion and by appropriate resolutions, that the Employees of the Affiliated Company shall receive credit for their employment with the Affiliated Company prior to the date it became an Affiliated Company for purposes of determining either or both the eligibility of such Employees to participate in the Plan and the vested and nonforfeitable interest of such Employees as Participants under Article 6, provided, however, that such credit shall be applied in a uniform and nondiscriminatory manner with respect to all such Employees.

14.3 **Additional Adoption Procedure**

An Affiliated Company may also become a Participating Company under the Plan by means of completion and execution of a signature block as set forth on a form to be determined by the Committee, entitled "Adoption and Execution the CB Richard Ellis 401(k) Plan and Trust." Such complete execution shall be deemed to have the same effect as adoption and designation by the Board pursuant to Section 14.1(a) and shall constitute the agreement of the Affiliated Company in accordance with sections 14.1(b), (c) and (d). The effect of such completion and execution of such form shall be as described in Section 14.1 and the crediting of past service with an Affiliated Company referred to in Section 14.2 may also be implemented by a written amendment executed by an authorized officer as permitted by the last sentence of Section 13.2.

ARTICLE XV

MISCELLANEOUS

15.1 **Reversion Prohibited**

(a) General Rule

Except as provided in subsections (b), (c) and (d), it shall be impossible for any part of the Trust Fund either: (1) to be used for or diverted to purposes other than those which are for the exclusive benefit of Participants and their Beneficiaries (except for the payment of taxes and administrative expenses), or (2) to revert to the Company or any Affiliated Company.

(b) Disallowed Contributions

Each contribution of the Participating Companies under the Plan is expressly conditioned upon the deductibility of the contribution under Section 404 of the Code. If all or part of a Participating Company's contribution is disallowed as a deduction under the Code, and the contribution of the disallowed amount was due to a good faith mistake in determining the deductibility of the contribution, then such disallowed amount (reduced by any Trust Fund losses attributable thereto) may be returned to the Participating Company with respect to which the deduction was disallowed within one year after the disallowance upon the adoption of appropriate resolutions by the Board of Directors of the Participating Company.

(c) Mistaken Contributions

If a contribution is made by a Participating Company by reason of a mistake of fact which was made in good faith, then so much of the contribution as was made as a result of the mistake (reduced by any Trust Fund losses attributable thereto) may be returned to such Participating Company within one year after the mistaken contribution was made upon the adoption of appropriate resolutions by the Board of Directors of the Participating Company.

(d) Failure to Qualify

In the event the Internal Revenue Service determines that the Plan and the Trust Agreement, as amended by amendments acceptable to the Company, initially fail to constitute a qualified plan and establish a tax exempt trust under the Code, then notwithstanding any other provisions of the Plan or the Trust Agreement, the contributions made by the Participating companies prior to the date. of such determination may be returned to the Participating Companies upon adoption of appropriate resolutions by the Board of Directors of each Participating Company, provided (1) such contributions are returned within one year after the date the initial qualification is denied, and (2) the application for the qualification has made by the time prescribed by law for filing the employer's return for the taxable year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

15.2 **Bonding, Insurance and Indemnity**

(a) Bonding

To the extent required under the ERISA or any other applicable federal or state law of similar import, the Participating Companies shall obtain, pay for and keep current a bond or bonds with respect to each Committee member and each Employee who receives, handles, disburses, or otherwise exercises custody or control of, any of the assets of the Plan.

(b) Insurance

The Participating Companies, in their discretion, may obtain, pay for and keep current a policy or policies of insurance, insuring the Committee members, the members of the Board of

Directors of each Participating Company and other Employees to whom any fiduciary responsibility with respect to the administration of the Plan has been delegated against any and all costs, expenses and liabilities (including attorneys, fees) incurred by such persons as a result of any act, or omission to act, in connection with the performance of their duties, responsibilities and obligations under the Plan and any applicable law.

(c) Indemnity

To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Board of Directors, the Operating Committee of the Company and each member thereof, the Committee and each member thereof, and any Employee to whom any duties respecting the Plan are delegated, against any and all expenses, liabilities, and claims, including legal fees to defend against such liabilities and claims (as and when such expenses, liabilities, claims and fees are incurred), arising out of their discharge in good faith of responsibilities under or incident to the Plan, excepting only expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the company or provided by the Company under any bylaw, agreement, vote of stockholders or disinterested directors or otherwise, as such indemnities are permitted under state law. Payments with respect to any indemnity and payment of expenses or fees under this Section 15.2 shall be made only from assets of the Company and shall not be made directly or indirectly from Trust assets.

15.3 **Merger, Consolidation or Transfer of Assets**

(a) In General

There shall be no merger or consolidation of all or any part of the Plan with, or transfer of the assets or liabilities of all or any part of the Plan to, any other Qualified Plan unless each Participant who remains a Participant hereunder and each Participant who becomes a participant in the other Qualified Plan would receive a benefit immediately after the merger, consolidation or transfer (determined as if the other Qualified Plan and the Plan were then terminated) which is equal to or greater than the benefit, they would have been entitled to receive under the Plan immediately before the merger, consolidation or transfer if the Plan had then terminated.

(b) Merger of Westmark Real Estate Investment Services 401(k) Retirement Plan

Effective January 1, 1996, the merger of the Westmark Real Estate Investment Services 401(k) Retirement Plan and the trust forming a part thereof ("Westmark Plan") into this Plan is hereby ratified and affirmed, and the adoption of the Third Amendment to this Plan shall also constitute an amendment to the Westmark Plan effectuating its merger into this Plan. Such merger shall meet the requirements of subsection (a) of this section 15.3. Any Participant under this Plan that had an account balance under the Westmark Plan which account balance forms a part of such Participant's Account balances under this Plan as a result of the merger of the Westmark Plan into this Plan shall have the entire balance of his Company Contribution Account and Matching Profit Sharing Contribution Account hereunder deemed 100% vested and non-forfeitable notwithstanding that it would otherwise not be 100% non-forfeitable by reason of Section 6.l(a)'s five Years of Service requirement.

15.4 **Spendthrift Clause**

(a) General Rule

Except as provided in Section 11. 3 and subsection (b) the rights of any Participant or Beneficiary to and in any benefits under the Plan shall not be subject to assignment or alienation, and no Participant or Beneficiary shall have the power to assign, transfer or dispose of such rights,

nor shall any such rights to benefits be subject to attachment,. execution, garnishment, sequestration, the laws of bankruptcy or any other legal or equitable process.

(b) Qualified Domestic Relations Order

Subsection (a) shall not apply to a "qualified domestic relations order." A "qualified domestic relations order" (or "QDRO") means a judgment, decree or order made pursuant to a state domestic relations law which relates to the provision of child support, alimony payments or marital property rights to a spouse, former spouse, child or other dependent of a Participant; creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable with respect to a Participant under the Plan; and meets the following additional requirements:

(i) Such order clearly specifies:

(1) The name and the last known mailing address (if any) of the Participant and the name and mailing address of each alternate payee covered by the order,

(2) The amount or percentage of the Participant's benefits to be paid by the Plan to each such alternate payee, or the manner in which such amount or percentage is to be determined,

(3) The number of payments or period to which such order applies,

(4) Each plan to which such order applies; and

(ii) Such order does not require:

(1) The provision of any type or form of benefit, or any option, not otherwise provided under the Plan,

(2) The provision of increased benefits, (determined on the basis of actuarial value), and

(3) Does not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to be a qualified domestic relations order.

15.5 **Rights of Participants**

Participation in the Plan shall not give any Participant the right to be retained in the employ of the Company or any Affiliated Company or any right or interest in the Plan or the Trust Fund except as expressly provided herein.

15.6 **Gender, Tense and Headings**

Whenever any words are used herein in the masculine gender, they shall be construed as though they were also used in the feminine gender in all cases where they would so apply. Whenever any words used herein are in the singular form, they shall be construed as though they were also used in the plural form in all cases where they would so apply.

Headings of Articles, Sections and subsections as used herein are inserted solely for convenience and reference and constitute no part of the Plan.

15.7 **Governing Law**

The Plan shall be construed and governed in all respects in accordance with applicable federal law and, to the extent not preempted by such federal law, in accordance with the laws of the State of California.

ARTICLE XVI

NEW COMPANY STOCK FUND

16.1 **Definitions.**

The following terms used in this Article XVI will have the meanings set forth below.

(a) "Liquidation Event" means, with respect to New Company Stock allocated to a Participant's Account under the Plan, the earliest of: (1) the Participant's termination of employment with the Company and all Affiliated Companies which results in the Participant's entitlement to receive a distribution from the Plan; (2) termination of the Plan; or (3) any circumstance under which the Participant or a Beneficiary is required by applicable law to receive a distribution of that portion of his interest in the Trust Fund which is invested in New Company Stock.

(b) "Merger Date Participant" means a Participant in the Plan who is actively employed by a Participating Company on the date of the Merger.

(c) "New Company Stock" means the Class A common stock, $.01 par value per share, of CBRE Holding, Inc., a Delaware corporation.

(d) "New Company Stock Fund" means a fund to be invested in New Company Stock.

(e) "Purchase Date" means the date of the Merger.

(f) "Purchase Price" means $16.00 per share.

(g) "Repurchase Date" means the date determined by the Committee for the repurchase of New Company Stock from the Account of a Participant who has experienced a Liquidation Event and elected to receive distribution of his interest in the New Company Stock Fund in cash.

(h) "Value" means the fair market value of New Company Stock as determined in good faith by the Trustee based upon an appraisal provided at least annually by an independent appraiser selected by the Trustee.

16.2 **Establishment of New Company Stock Fund.**

The New Company Stock Fund is hereby established under the Trust as of the date of the Merger. The New Company Stock Fund is in addition to the investment funds established for investment of the Trust Fund. Dividends or other distributions received in cash with respect to New Company Stock will be invested in one of the other investment funds in accordance with Participant directions. Dividends and other distributions received in the form of New Company Stock will be held in the New Company Stock Fund. The Company will provide a statement, at least annually, reflecting the most recent valuation of New Company Stock allocated to a Participant's account.

16.3 **Direction to Purchase Stock.**

A Merger Date Participant can direct that up to fifty percent of the assets allocated to his Account under the Plan as of June 1, 2001, be invested in the New Company Stock Fund. The direction must specify a whole numbers of shares of New Company Stock to be allocated to each Participant's Account. If a Merger Date Participant provides a direction with respect to more shares of New Company Stock than can be purchased with fifty percent of the assets allocated to his Account as of June 1, 2001, the direction will be effective only with respect to the maximum number of whole shares that can be purchased with such assets. The direction will not be effective unless it is in writing on forms provided by the Company and received by the Company on or before such date as the Company designates.

16.4 **Purchase of Stock by Trustee.**

The Trustee will purchase from CBRE Holding, Inc. the aggregate number of shares of New Company Stock set forth in effective directions received from Merger Date Participants at the Purchase Price, provided that all of the following conditions have been satisfied:

(a) The Trustee has determined that such purchase is not inconsistent with ERISA.

(b) The Trustee has received an opinion from an independent financial advisor selected by the Trustee that the Purchase Price does not exceed fair market value and that the purchase of New Company Stock is fair and reasonable to the Plan from a financial point of view.

(c) No commission is charged with respect to the purchase.

16.5 **Maximum Number of Shares.**

Notwithstanding the foregoing, the number of shares of New Company Stock that can be purchased by the Trustee under the Plan cannot exceed 889,819 shares.

16.6 **Allocation of New Company Stock to Participants Accounts.**

The Trustee will allocate to the accounts of each Merger Date Participant providing an effective direction pursuant to Section 16.3 the number of shares of New Company Stock subject to such direction that have been purchased by the Trustee. If the number of shares subject to effective directions by Merger Date Participants exceeds the maximum number of shares that can be purchased under Section 16.5, the number of shares to be allocated to each Merger Date Participant's accounts will be determined by multiplying the number of shares elected by each Merger Date Participant by a fraction the numerator of which is the maximum number of shares that can be purchased under Section 16.5 and the denominator of which is the aggregate number of shares subject to effective directions. The amounts allocated to the other investment funds within the Merger Date Participant's Account immediately after the Merger will be reduced pro rata by the amount needed to purchase New Company Stock. The number of shares of New Company Stock allocated to a Participant's Account shall be adjusted as appropriate if there is a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of New Company Stock.

16.7 **Repurchase of New Company Stock.**

The Trustee will not have the right to sell the New Company Stock allocated to a Participant's accounts to the Company or an Affiliated Company prior to a Liquidation Event, although the Committee can establish a mechanism for the purchase and sale of New Company Stock between the Accounts of electing Participants. If a Liquidation Event occurs and the Participant elects to have his interest in the New Company Stock Fund distributed in cash, the Company or an Affiliated Company will repurchase the New Company Stock allocated to the applicable Participant's accounts from the Trustee as of the Repurchase Date. The Company or an Affiliated Company will repurchase such New Company Stock for cash at a price per share equal to the Value as of the Repurchase Date. No commission can be charged with respect to the repurchase and the repurchase will satisfy the other requirements of Department of Labor Regulations Section 2550.408e.

16.8 **Plan Distributions.**

If a Participant who is entitled to receive a distribution from the Plan following a Liquidation Event has a portion of this Account balance invested in the New Company Stock Fund, the Participant can elect within such time as designated by the Committee: (1) to have the Trustee convert the Participant's interest in the New Company Stock Fund into, and receive, such New Company Stock in-kind (with cash for any fractional shares), or (2) to have the Trustee sell the Participant's interest in the New Company Stock Fund and receive such distribution in cash. A Participant cannot elect to receive a distribution of New Company Stock, rather than cash, at any time prior to the earlier of the

tenth anniversary of the Merger or 180 days after an underwritten initial public offering of New Company Stock after which New Company Stock is listed on a national securities exchange or the Nasdaq National Market, unless the Participant agrees to sign a stockholders' agreement in a form to be determined by the Company.

Notwithstanding the foregoing, any portion of a Participant's accounts under the Plan invested in the New Company Stock Fund will not be available for distribution pursuant to Section 3.2 (relating to withdrawals from the Voluntary Contribution Account), Section 8.1(b) (relating to distributions to Participants who have attained age $59^{1}/_{2}$ but not terminated employment) or Section 8.1(c) (relating to hardships), distribution to an Alternate Payee pursuant to Section 8.5 prior to a Liquidation Event or loan to the Participant pursuant to Section 11.2. Any distributions under this Section 16.8 shall satisfy the requirements of Section 401(a)(9) of the Code and regulations issued thereunder.

16.9 **Voting of New Company Stock.**

The Trustee will vote any New Company Stock held in the Trust Fund in accordance with the provisions of this Section 16.9. Within a reasonable time before each annual or special meeting of shareholders of New Company Stock, the Company or its delegate will send to each Participant who has an investment in the New Company Stock Fund a copy of the applicable proxy solicitation material, together with a form requesting instructions for the Trustee on how to vote New Company Stock allocated to such Participant's accounts. Such Participants will also receive a notice from the Trustee explaining (i) that all shares of New Company Stock will be voted or not voted by the Trustee only in accordance with instructions provided by Participants acting in their capacity as named fiduciaries; (ii) the implications under the fiduciary responsibility provisions of ERISA of the Participant agreeing to become a named fiduciary; (iii) that by returning the proxy solicitation and pursuant thereto specifically directing the Trustee how the shares are to be voted, such Participant is consenting to his appointment as named fiduciary hereunder with respect to the shares of New Company Stock allocated to his account and, a proportionate number of shares of New Company Stock allocated to the accounts of Participants who fail to consent to their appointment as named fiduciaries; (iv) that a Participant's consent to appointment as a named fiduciary or failure to consent to such appointment shall be binding only with respect to the specific proxy solicitation; (v) that, if voting instructions for the shares of New Company Stock allocated to the Participant's account are not timely received, the Trustee shall treat the non-receipt as a refusal by the Participant to be appointed as named fiduciary with respect to that proxy solicitation. The disclosure materials provided to each Participant must include an explanation that, when the Participant agrees to become a named fiduciary with respect to the New Company Stock allocated to his account, he also is agreeing to become a named fiduciary with respect to a proportionate number of shares of New Company Stock allocated to the accounts of Participants who have declined their appointment as named fiduciaries. Upon receipt of instructions, the Trustee will vote the shares as instructed. The Trustee will maintain the instructions of each Participant in confidence. The Trustee will vote New Company Stock for which it does not receive timely voting instructions with respect to such transaction in the same proportion as the Trustee votes New Company Stock for which it does receive timely instructions; provided, however, that the Trustee will in all events exercise its voting obligations consistent with the Trustee's fiduciary duties under ERISA.

16.10 **Tender of New Company Stock.**

The Trustee will notify each Participant whose accounts are invested in the New Company Stock Fund of each tender or exchange offer for one percent or more of the New Company Stock and will use its best efforts to distribute or cause to be distributed to each such Participant in a timely manner all information distributed to shareholders of New Company Stock in connection with any such tender or exchange offer. Each Participant will have the right from time to time with respect to the New Company Stock allocated to his accounts to instruct the Trustee in writing as to the manner in which to respond to any tender or exchange offer which shall be pending or which may be made in the future

for all such shares or any portion thereof. Any Participant's instructions will remain in force until superseded in writing by the Participant. Such Participants will also receive a notice from the Trustee explaining that (i) all shares of New Company Stock allocated to such Participant's account and subject to the offer will be tendered or exchanged or will not be tendered or exchanged by the Trustee only in accordance with decisions made by Participants acting in their capacity as named fiduciaries; (ii) by timely returning the form and pursuant thereto specifically directing that the shares subject to the decision of the Participant either be tendered or exchanged or not tendered or exchanged, such

Participant is consenting to his appointment as named fiduciary hereunder; and (iii) a Participant's consent to appointment as a named fiduciary or failure to consent to such appointment shall be binding only with respect to the specific tender or exchange offer described in the materials sent to the Participant by the Trustee. The Trustee will tender or exchange whole shares only as and to the extent so instructed and will aggregate Participants' responses with respect to fractional shares and tender or exchange fractional shares in a manner designed to comply as closely as reasonably possible with the aggregate responses of all Participants with respect to such fractional shares. Except as provided by law, if the Trustee does not receive instructions from a Participant regarding any tender or exchange offer for New Company Stock allocated to such Participant's accounts, the Trustee will have no discretion in such matter and will not tender or exchange any such shares in response thereto. Unless and until shares are tendered or exchanged, the individual instructions received by the Trustee from Participants will be held by the Trustee in strict confidence and will not be divulged or released to any person, including officers or employees of the Company or any Affiliated Company, or any other company unless consented to by the Participant or otherwise required by law; provided, however that the Trustee will advise the Company at any time upon request of the total number of shares of New Company Stock held by the Trustee not subject to instructions or tender.

16.11 **General Provisions.**

The provisions of this Article XVI supersede any provisions of the Trust Agreement or Plan which are inconsistent with this Article XVI. To the extent, if any, permitted by ERISA, each Participant will be a named fiduciary with respect to the exercise of voting and tender or exchange offer rights for New Company Stock held in such Participant's account. Notwithstanding any provision of this Trust Agreement to the contrary and subject to all federal and state securities laws, the terms of any stockholders agreement to which the Trustee is a party and all applicable provisions of ERISA, the Trustee can sell New Company Stock to any person, including any person deemed to be a "party in interest" within the meaning of ERISA Section 3(14) or a "disqualified person" within the meaning of Code Section 4975, if the Trustee determines that such sale is necessary to fulfill the Trustee's fiduciary obligations under ERISA. The Trustee shall comply with all federal and state securities laws and with all applicable provisions of ERISA when selling such New Company Stock, including, if required, the conditions that such sale or purchase be for "adequate consideration" (as defined in Section 3(18) of ERISA), and no commission be charged when a sale of New Company Stock is made with a "party in interest" or a "disqualified person." The Company will pay any reasonable expenses incurred as a result of such sale including without limitation any expenses related to compliance with applicable law.

Executed this ______ day of ____________, 2001.

"Company"

CB Richard Ellis Services, Inc.

By ______________________________

APPENDIX I

to the CB Richard Ellis 401(k) Plan

The following provisions shall be in effect from April 19, 1989 through the earlier of any date indicated in such provision or December 31, 1995, and shall be deleted from the Plan effective January 1, 1996:

1. *Compensation Limit Through 1993.* In any Plan Year commencing prior to January 1, 1994, neither "Compensation" nor "Section 414(s) Compensation" shall include amounts in excess of $200,000, as adjusted by the Commissioner of Internal Revenue to reflect increases in the cost-of-living in accordance with Code Section 415(d), as then in effect.

2. *Initial Plan Year Top Heavy Determination Date.* Section 1.31 shall include at the end thereof the following sentence: "The Determination Date for the 1989 Plan Year shall be December 31, 1989."

3. *Previous Eligibility.* Subject to the provisions of Article 2, each Employee who was a participant in the Coldwell Banker Commercial Group, Inc. Capital Accumulation Plan on the day prior to the Effective Date shall be a Participant in this Plan as of the Effective Date if he was employed by a Participating Company on the Effective Date, and not excluded under Section 2.2. Section 2.1 shall be effective June 1, 1992, and prior to such date, but after the Effective Date, Section 2.1 shall provide that an Employee who did not become a Participant under the preceding sentence shall become a Participant on the January 1 or July 1 next following his attainment of age 21 and completion of a one-year Period of Service, if then employed by a Participating Company, and not excluded under Section 2.2.

4. *Past Voluntary Contributions.* Section 3.1 shall include the following sentence at the end thereof: "Non-deductible voluntary contributions and earnings thereon transferred to the Plan from the Coldwell Banker Commercial Group, Inc. Capital Accumulation Plan shall be allocated to the relevant Participant's Voluntary Contribution Account and distributed therefrom in accordance with non-discriminatory procedures of the Committee."

5. *Sears Stock Fund.* The Sears Stock Fund shall contain only that Sears Stock which was transferred or rolled over to this Plan from the Prior Plan. This Fund shall provide for separate accounting for all shares. Participants may sell shares in the manner prescribed by the Committee but are prohibited from purchasing any further shares. All earnings received or earned on the Sears Stock Fund prior to an election period designated by the Committee shall be invested in one of the investment vehicles listed above or another investment vehicle designated by the Committee until the next election period whereupon a Participant may direct the - investment of such earnings in accordance with Section 5.7.

APPENDIX II

PREAMBLE

This Appendix II to the Plan, along with certain provisions of the Plan previously adopted, reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA"). This Appendix II and the applicable provisions of the Plan previously adopted are intended as good faith compliance with the requirements of EGTRRA and are to be construed in accordance with EGTRRA and guidance issued thereunder. Except as otherwise provided, this Appendix II shall be effective as of January 1, 2002. This Appendix II shall supersede the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Appendix II.

1. CATCH-UP CONTRIBUTIONS

Effective for Plan Years beginning on or after January 1, 2003, all Employees who are eligible to make elective deferrals under this Plan and who have attained age 50 before the close of the Plan Year shall be eligible to make catch-up contributions in accordance with, and subject to the limitations of, Section 414(v) of the Code. Such catch-up contributions shall not be taken into account for purposes of the provisions of the Plan implementing the required limitations of Sections 402(g) and 415 of the Code. The Plan shall not be treated as failing to satisfy the provisions of the Plan implementing the requirements of Section 401(k)(3), 401(k)(11), 401(k)(12), 410(b), or 416 of the Code, as applicable, by reason of the making of such catch-up contributions.

2. ROLLOVERS FROM OTHER PLANS

The Plan will accept Participant rollover contributions and/or direct rollovers of distributions made after December 31, 2002, from the following types of plans, beginning on January 1, 2003.

Direct Rollovers: The Plan will accept a Direct Rollover of an Eligible Rollover Distribution from: (a) a qualified plan described in Section 401(a) or 403(a) of the Code, including after-tax employee contributions; (b) an annuity contract described in Section 403(b) of the Code, excluding after-tax employee contributions; and (c) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Participant Rollover Contributions from Other Plans: The Plan will accept a Participant contribution of an Eligible Rollover Distribution from: (a) a qualified plan described in Section 401(a) or 403(a) of the Code; (b) an annuity contract described in Section 403(b) of the Code; and (c) an eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state.

Participant Rollover Contributions from IRAs: The Plan will accept a Participant rollover contribution of the portion of a distribution from an individual retirement account or annuity described in Section 408(a) or 408(b) of the Code that is eligible to be rolled over and would otherwise be includible in gross income.

3. MODIFICATION OF TOP-HEAVY RULES

1. Effective date. This section shall apply for purposes of determining whether the Plan is a Top-Heavy Plan under Section 416(g) of the Code for Plan Years beginning after December 31, 2001, and whether the Plan satisfies the minimum benefits requirements of Section 416(c) of the Code for such years. This section amends the sections of the Plan that set forth the rules applicable to Top-Heavy Plans.

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2. Determination of top-heavy status.

2.1 Key Employee. Key Employee means any Employee or former Employee (including any deceased Employee) who at any time during the Plan Year that includes the determination date was an officer of the Company having annual compensation greater than $130,000 (as adjusted under Section 416(i)(1) of the Code for Plan Years beginning after December 31, 2002), a 5-percent owner of the Company, or a 1-percent owner of the Company having annual compensation of more than $150,000. For this purpose, annual compensation means compensation within the meaning of Section 415(c)(3) of the Code. The determination of who is a Key Employee will be made in accordance with Section 416(i)(1) of the Code and the applicable regulations and other guidance of general applicability issued thereunder.

2.2 Determination of amounts. This Section 2.2 shall apply for purposes of determining the amounts of account balances of Employees as of the Determination Date.

2.2.1 Distributions during year ending on the Determination Date. The amounts of account balances of an Employee as of the Determination Date shall be increased by the distributions made with respect to the Employee under the Plan and any plan aggregated with the Plan under Section 416(g)(2) of the Code during the 1-year period ending on the Determination Date. The preceding sentence shall also apply to distributions under a terminated Plan which, had it not been terminated, would have been aggregated with the Plan under Section 416(g)(2)(A)(i) of the Code. In the case of a distribution made for a reason other than separation from service, death, or disability, this provision shall be applied by substituting "5-year period" for "1-year period."

2.2.2 Employees not performing services during year ending on the Determination Date. The accounts of any individual who has not performed services for the Company during the 1-year period ending on the Determination Date shall not be taken into account.

3. Minimum benefits. Company matching contributions shall be taken into account for purposes of satisfying the minimum contribution requirements of Section 416(c)(2) of the Code and the Plan. The preceding sentence shall apply with respect to matching contributions under the Plan or, if the Plan provides that the minimum contribution requirement shall be met in another Plan, such other Plan. Company matching contributions that are used to satisfy the minimum contribution requirements shall be treated as matching contributions for purposes of the actual contribution percentage test and other requirements of Section 401(m) of the Code.

4. TREATMENT OF ROLLOVERS WITH RESPECT TO INVOLUNTARY CASH-OUTS

The Company does not elect to exclude rollover contributions in determining the value of the Participant's nonforfeitable account balance for purposes of the Plan's involuntary cash-out rules.

5. DISTRIBUTION UPON SEVERANCE FROM EMPLOYMENT

A Participant's elective deferrals, qualified nonelective contributions, qualified matching contributions, and earnings attributable to these contributions shall be distributed on account of the Participant's severance from employment. However, such a distribution shall be subject to the other provisions of the Plan regarding distributions, other than provisions that require a separation from service before such amounts may be distributed. This paragraph shall apply to distributions after December 31, 2001, regardless of when the severance from employment occurred.

APPENDIX III

MINIMUM DISTRIBUTION REQUIREMENTS

Section 1. General Rules

1.1. Effective Date. The provisions of this Appendix III will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2. Precedence. The requirements of this Appendix III will take precedence over any inconsistent provisions of the Plan, provided that this Appendix shall not be considered to allow a Participant or Beneficiary to delay a distribution or elect an optional form of benefit not otherwise provided in the Plan.

1.3. Requirements of Treasury Regulations Incorporated. All distributions required under this Appendix III will be determined and made in accordance with the Treasury regulations under Section 401(a)(9) of the Internal Revenue Code.

1.4. TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Appendix III, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

Section 2. Time and Manner of Distribution.

2.1. Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's Required Beginning Date.

2.2. Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(a) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age $70^{1}/2$, if later.

(b) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(c) If there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(d) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 2.2, other than Section 2.2(a), will apply as if the surviving spouse were the Participant.

For purposes of this Section 2.2 and Section 4, unless Section 2.2(d) applies, distributions are considered to begin on the Participant's Required Beginning Date. If Section 2.2(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 2.2(a). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's Required Beginning Date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse

under Section 2.2(a)), the date distributions are considered to begin is the date distributions actually commence.

2.3. Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 3 and 4 of this article. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code and the Treasury regulations.

Section 3. Required Minimum Distributions During Participant's Lifetime.

3.1. Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:

(a) the quotient obtained by dividing the Participant's Account Balance by the distribution period in the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's age as of the Participant's birthday in the Distribution Calendar Year; or

(b) if the Participant's sole designated Beneficiary for the Distribution Calendar Year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the Distribution Calendar Year.

3.2. Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 3 beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Participant's date of death.

Section 4. Required Minimum Distributions After Participant's Death.

4.1. Death On or After Date Distributions Begin

(a) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining Life Expectancy of the Participant or the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as follows:

(1) The Participant's remaining Life Expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole Designated Beneficiary, the remaining Life Expectancy of the surviving spouse is calculated for each Distribution Calendar Year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving spouse's death, the remaining Life Expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(b) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining Life Expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

4.2. Death Before Date Distributions Begin.

(a) Participant Survived by Designated Beneficiary. If the Participant dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining Life Expectancy of the Participant's Designated Beneficiary, determined as provided in Article VII.

(b) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(c) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole Designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 2.2(a), this Section 4.2 will apply as if the surviving spouse were the Participant.

Section 5. Definitions.

5.1. Designated Beneficiary. The individual who is designated as the Beneficiary under Article VII of the Plan and is the designated beneficiary under Section 401(a)(9) of the Internal Revenue Code and Section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

5.2. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Participant's Required Beginning Date. For distributions beginning after the Participant's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section 2.2. The required minimum distribution for the Participant's first Distribution Calendar Year will be made on or before the Participant's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Participant's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.

5.3. Life Expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

5.4. Participant's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date. The account balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

5.5 Required Beginning Date. The date specified in Section 8.2(d) of the Plan.

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EXHIBIT 12

CBRE HOLDING, INC.
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED DIVIDENDS
(Dollars in thousands)

	Company	Company	Predecessor	Predecessor	Predecessor	Predecessor
	CBRE Holding, Inc.	CBRE Holding, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.	CB Richard Ellis Services, Inc.
	Twelve Months Ended December 31, 2002	February 20, 2001 (inception) through December 31, 2001	Period from January 1, 2001 through July 20, 2001	Twelve Months Ended December 31, 2000	Twelve Months Ended December 31, 1999	Twelve Months Ended December 31, 1998
Income (loss) before provision for income taxes	$ 48,833	$ 35,442	$ (32,910)	$ 68,139	$ 39,461	$ 50,483
Less: Equity income from unconsolidated subsidiaries	8,968	1,661	2,854	7,112	7,528	3,443
Add: Distributed earnings of unconsolidated subsidiaries	10,417	2,408	2,844	8,389	12,662	2,267
Fixed charges	83,019	38,618	31,063	59,985	56,524	42,089
Total earnings before fixed charges	$ 133,301	$ 74,807	$ (1,857)	$ 129,401	$ 101,119	$ 91,396
Fixed charges:						
Portion of rent expense representative of the interest factor(1)	$ 22,518	$ 8,901	$ 10,760	$ 18,285	$ 17,156	$ 11,042
Interest expense	60,501	29,717	20,303	41,700	39,368	31,047
Total fixed charges	$ 83,019	$ 38,618	$ 31,063	$ 59,985	$ 56,524	$ 42,089
Ratio of earnings to fixed charges	1.61	1.94	n/a(2)	2.16	1.79	2.17

(1) Represents one-third of operating lease costs, which approximates the portion that relates to the interest portion.

(2) The ratio of earnings to fixed charges was negative for the period from January 1, 2001 to July 20, 2001. Additional earnings of $32.9 million would be needed to have a one-to-one ratio.

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EXHIBIT 21

SUBSIDIARIES OF CBRE HOLDING, INC.

At December 31, 2002

NAME	State (or Country) of Incorporation
CB Commercial Ltd.	United Kingdom
CB Richard Ellis, Inc.	Delaware
CB Richard Ellis Services, Inc.	Delaware
CBRE Stewardship	United Kingdom

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EXHIBIT 23

INDEPENDENT AUDITORS CONSENT

We consent to the incorporation by reference in the following Registration Statements of CBRE Holding, Inc.: Form S-8 (No. 33-39436), Form S-8 (No. 33-73236), Form S-8 (No. 333-21599), Form S-8 (No. 333-43433) and Form S-8 (No. 333-64644), of our report dated March 21, 2003, relating to the consolidated financial statements of CBRE Holding, Inc. as of and for the twelve months ended December 31, 2002, (which report expresses an unqualified opinion and includes an explanatory paragraph concerning the application of procedures relating to certain disclosures of financial statement amounts related to the 2001 and 2000 financial statements that were audited by other auditors who have ceased operations), appearing in this Annual Report on Form 10-K of CBRE Holding, Inc. for the twelve months ended December 31, 2002.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Los Angeles, California
March 21, 2003