

JONES LANG LASALLE INC

Form 10-Q

November 05, 2010

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United States
Securities and Exchange Commission
Washington, D.C. 20549
Form 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **September 30, 2010**

Or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File Number 1-13145

Jones Lang LaSalle Incorporated

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

36-4150422

(I.R.S. Employer Identification No.)

200 East Randolph Drive, Chicago, IL

(Address of principal executive offices)

60601

(Zip Code)

Registrant's telephone number, including area code: **312-782-5800**

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 whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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(Check one): Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer (Do not check if a smaller reporting company) ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock (par value \$0.01) as of the close of business on October 26, 2010 was 42,648,064.

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Table of Contents**Part I Financial Information****Item 1. Financial Statements****JONES LANG LASALLE INCORPORATED****Consolidated Balance Sheets****September 30, 2010 and December 31, 2009**

(\$ in thousands, except share data)

	September 30, 2010 (unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 71,717	69,263
Trade receivables, net of allowances of \$34,954 and \$36,994	638,111	669,993
Notes and other receivables	79,607	73,984
Prepaid expenses	37,665	35,689
Deferred tax assets	75,174	82,793
Other	25,279	8,196
Total current assets	927,553	939,918
Property and equipment, net of accumulated depreciation of \$331,383 and \$290,250	192,405	213,708
Goodwill, with indefinite useful lives	1,438,038	1,441,951
Identified intangibles, with finite useful lives, net of accumulated amortization of \$79,707 and \$71,422	31,306	36,791
Investments in real estate ventures	178,567	167,310
Long-term receivables, net	44,940	52,941
Deferred tax assets, net	137,431	139,406
Other	113,824	104,908
Total assets	\$ 3,064,064	3,096,933
Liabilities and Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 311,091	347,650
Accrued compensation	404,666	479,628
Short-term borrowings	29,182	23,399
Deferred tax liabilities	1,164	1,164
Deferred income	48,561	38,575
Deferred business acquisition obligations	165,885	106,330
Other	92,017	98,349
Total current liabilities	1,052,566	1,095,095
Noncurrent liabilities:		
Credit facilities	253,000	175,000
Deferred tax liabilities	10,091	3,210
Deferred compensation	18,035	27,039
Pension liabilities	6,534	8,210
Deferred business acquisition obligations	132,862	287,259
Minority shareholder redemption liability	32,372	32,475
Other	79,146	86,031
Total liabilities	1,584,606	1,714,319
Commitments and contingencies		
Company shareholders' equity:		

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Common stock, \$.01 par value per share, 100,000,000 shares authorized; 42,645,979 and 41,843,947 shares issued and outstanding	426	418
Additional paid-in capital	869,062	854,227
Retained earnings	596,314	531,456
Shares held in trust	(6,290)	(5,196)
Accumulated other comprehensive income (loss)	17,069	(1,976)
Total Company shareholders' equity	1,476,581	1,378,929
Noncontrolling interest	2,877	3,685
Total equity	1,479,458	1,382,614
Total liabilities and equity	\$ 3,064,064	3,096,933
See accompanying notes to consolidated financial statements.		

Table of Contents**JONES LANG LASALLE INCORPORATED****Consolidated Statements of Operations****For the Three and Nine Months Ended September 30, 2010 and 2009**

(\$ in thousands, except share data) (unaudited)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenue	\$ 708,379	595,302	\$ 1,969,361	1,665,651
Operating expenses:				
Compensation and benefits	463,065	380,029	1,288,854	1,103,960
Operating, administrative and other	165,336	147,744	484,830	426,020
Depreciation and amortization	17,743	18,720	52,989	64,608
Restructuring charges	385	4,181	5,501	36,608
Total operating expenses	646,529	550,674	1,832,174	1,631,196
Operating income	61,850	44,628	137,187	34,455
Interest expense, net of interest income	11,490	16,304	35,738	43,590
Equity in losses from unconsolidated ventures	(2,014)	(4,960)	(10,937)	(56,230)
Income (loss) before income taxes and noncontrolling interest	48,346	23,364	90,512	(65,365)
Provision (benefit) for income taxes	11,120	3,505	20,817	(9,806)
Net income (loss)	37,226	19,859	69,695	(55,559)
Net income attributable to noncontrolling interest	101	88	347	290
Net income (loss) attributable to the Company	37,125	19,771	69,348	(55,849)
Net income (loss) attributable to common shareholders	\$ 37,125	19,771	\$ 69,130	(56,135)
Basic earnings (loss) per common share	\$ 0.87	\$ 0.47	\$ 1.64	\$ (1.50)
Basic weighted average shares outstanding	42,568,764	41,762,451	42,175,393	37,432,242
Diluted earnings (loss) per common share	\$ 0.84	\$ 0.46	\$ 1.57	\$ (1.50)
Diluted weighted average shares outstanding	44,088,989	43,299,868	44,064,294	37,432,242
See accompanying notes to consolidated financial statements.				

Table of Contents**JONES LANG LASALLE INCORPORATED****Consolidated Statement of Changes in Equity****For the Nine Months Ended September 30, 2010**

(\$ in thousands, except share data) (unaudited)

	Company Shareholders' Equity							Total Equity
	Common Stock		Additional Paid-In Capital	Retained Earnings	Shares Held in Trust	Other		
	Shares	Amount				Comprehensive Income (Loss)	Noncontrolling Interest	
Balances at December 31, 2009	41,843,947	\$ 418	854,227	531,456	(5,196)	(1,976)	3,685	\$ 1,382,614
Net income				69,348			347	69,695
Shares issued under stock compensation programs	1,093,154	11	1,068					1,079
Shares repurchased for payment of taxes on stock awards	(291,122)	(3)	(19,334)					(19,337)
Tax adjustments due to vestings and exercises			5,580					5,580
Amortization of stock compensation			27,521					27,521
Dividends declared				(4,490)				(4,490)
Shares held in trust					(1,094)			(1,094)
Decrease in amounts due to noncontrolling interest							(1,155)	(1,155)
Foreign currency translation adjustments						19,045		19,045
Balance at September 30, 2010	42,645,979	\$ 426	869,062	596,314	(6,290)	17,069	2,877	\$ 1,479,458
See accompanying notes to consolidated financial statements.								

See accompanying notes to consolidated financial statements.

Table of Contents**JONES LANG LASALLE INCORPORATED****Consolidated Statements of Cash Flows****For the Nine Months Ended September 30, 2010 and 2009**

(\$ in thousands) (unaudited)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Cash flows from operating activities:		
Net income (loss)	\$ 69,695	(55,559)
Reconciliation of net income (loss) to net cash used in operating activities:		
Depreciation and amortization	52,989	64,608
Equity in losses from real estate ventures	10,937	56,230
Operating distributions from real estate ventures	188	
Gain on investments	(394)	(1,381)
Provision for loss on receivables and other assets	9,021	14,306
Amortization of deferred compensation	27,115	32,901
Accretion of interest on deferred business acquisition obligations	17,953	20,173
Amortization of debt issuance costs	4,632	3,524
Change in:		
Receivables	24,100	173,565
Prepaid expenses and other assets	(21,799)	(19,912)
Deferred tax assets, net	16,475	(41,595)
Excess tax benefit from share-based payment arrangements	(5,580)	
Accounts payable, accrued liabilities and accrued compensation	(97,260)	(202,999)
Net cash provided by operating activities	108,072	43,861
Cash flows from investing activities:		
Net capital additions property and equipment	(22,797)	(31,234)
Business acquisitions	(113,291)	(14,845)
Capital contributions and advances to real estate ventures	(28,688)	(26,461)
Distributions, repayments of advances and sale of investments	3,994	875
Net cash used in investing activities	(160,782)	(71,665)
Cash flows from financing activities:		
Proceeds from borrowings under credit facilities	962,787	890,290
Repayments of borrowings under credit facilities	(879,000)	(1,050,525)
Debt issuance costs	(11,455)	(11,183)
Issuance of common stock, net		217,689
Shares repurchased for payment of employee taxes on stock awards	(19,337)	(7,159)
Excess tax adjustment from share-based payment arrangements	5,580	
Common stock issued under option and stock purchase programs	1,079	3,225
Payment of dividends	(4,490)	(3,815)
Net cash provided by financing activities	55,164	38,522
Net increase in cash and cash equivalents	2,454	10,718
Cash and cash equivalents, January 1	69,263	45,893
Cash and cash equivalents, September 30	\$ 71,717	56,611

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Supplemental disclosure of cash flow information:

Cash paid during the period for:

Interest	\$	14,240	20,490
Income taxes, net of refunds		20,817	30,140
Non-cash financing activities:			
Deferred business acquisition obligations	\$		5,419

See accompanying notes to consolidated financial statements.

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JONES LANG LASALLE INCORPORATED

Notes to Consolidated Financial Statements (Unaudited)

Readers of this quarterly report should refer to the audited financial statements of Jones Lang LaSalle Incorporated (Jones Lang LaSalle, which may also be referred to as the Company or as the firm, we, us or our) for the year ended December 31, 2009, which are included in our 2009 Annual Report, filed with the United States Securities and Exchange Commission (SEC) and also available on our website (www.joneslanglasalle.com), since we have omitted from this report certain footnote disclosures which would substantially duplicate those contained in such audited financial statements. You should also refer to the Summary of Critical Accounting Policies and Estimates section within Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in this quarterly report and in our 2009 Annual Report for further discussion of our accounting policies and estimates.

(1) Interim Information

Our consolidated financial statements as of September 30, 2010 and for the three and nine months ended September 30, 2010 and 2009 are unaudited; however, in the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements for these interim periods have been included.

Historically, our revenue and profits have tended to be higher in the third and fourth quarters of each year than in the first two quarters. This is the result of a general focus in the real estate industry on completing or documenting transactions by calendar-year-end while we recognize certain expenses evenly throughout the year. Our Investment Management segment generally earns investment-generated performance fees on clients' real estate investment returns and co-investment equity gains when assets are sold, the timing of which is geared toward the benefit of our clients. Within our Real Estate Services (RES) segments, revenue for capital markets activities relates to the size and timing of our clients transactions and can fluctuate significantly from period to period. Non-variable operating expenses, which we treat as expenses when they are incurred during the year, are relatively constant on a quarterly basis. As such, the results for the periods ended September 30, 2010 and 2009 are not indicative of what our results will be for the full fiscal year.

(2) New Accounting Standards

Consolidation of Variable Interest Entities

In June 2009, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 167, Amendments to FASB Interpretation (FIN) No. 46(R). SFAS 167 amends FIN 46(R) to require an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. The analysis identifies the primary beneficiary of a variable interest entity as the enterprise that has both (i) the power to direct the activities of a variable interest entity that most significantly impact the entity's economic performance and (ii) the obligation to absorb losses of, or the right to receive benefits from, the variable interest entity that could potentially be significant to the entity. SFAS 167 also amends guidance in FIN 46(R) (i) for determining when an entity is a variable interest entity, including an additional reconsideration event for such determinations, (ii) to require ongoing reassessments of whether an enterprise is the primary beneficiary of a variable interest entity, (iii) to eliminate the quantitative approach previously required for determining the primary beneficiary, and (iv) to enhance disclosures regarding an enterprise's involvement in a variable interest entity. SFAS 167 became effective for the Company on January 1, 2010. The adoption of SFAS 167 did not have a material impact on our consolidated financial statements. See Note 6 for additional information on our accounting for investments in variable interest entities.

Fair Value

In January 2010, the FASB issued Accounting Standards Update (ASU) No. 2010-06, Fair Value Measurements and Disclosures (Topic 820), Improving Disclosures about Fair Value Measurements (ASU No. 2010-06). ASU 2010-06 requires new disclosures about significant transfers in and out of Level 1 and Level 2 fair value measurements and the reasons for such transfers. This provision became effective for the Company on January 1, 2010. ASU 2010-06 also requires disclosures about purchases, sales, issuances and settlements in the reconciliation for Level 3 fair value measurements. The Level 3 disclosure requirements are effective for the Company January 1, 2011. See Note 9 for additional information on fair value measurements.

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(3) Revenue Recognition

We earn revenue from the following principal sources:

**Transaction commissions;
Advisory and management fees;
Incentive fees;
Project and development management fees; and
Construction management fees.**

We recognize **transaction commissions** related to tenant representation, agency leasing and capital markets services as income when we provide the related service unless future contingencies exist. If future contingencies exist, we defer recognition of this revenue until the respective contingencies have been satisfied.

We recognize **advisory and management fees** related to property management services, valuation services, corporate property services, consulting services and investment management as income in the period in which we perform the related services.

We recognize **incentive fees** when the performance of the underlying funds' investments reach contractual benchmarks and other contractual formulas.

We recognize **project and development management and construction management fees** by applying the percentage of completion method of accounting. We use (i) the efforts expended method to determine the extent of progress towards completion for project and development management fees and (ii) costs incurred to total estimated costs for construction management fees.

Construction management fees, which are gross construction services revenues net of subcontract costs, were \$2.1 million and \$2.2 million for the three months ended September 30, 2010 and 2009, respectively, and \$5.7 million and \$7.8 million for the nine months ended September 30, 2010 and 2009, respectively. Gross construction services revenues totaled \$36.3 million and \$35.1 million for the three months ended September 30, 2010 and 2009, respectively, and \$110.3 million and \$119.9 million for the nine months ended September 30, 2010 and 2009, respectively. Subcontract costs totaled \$34.2 million and \$32.9 million for the three months ended September 30, 2010 and 2009, respectively, and \$104.6 million and \$112.1 million for the nine months ended September 30, 2010 and 2009, respectively.

We include costs and earnings in excess of billings on uncompleted construction contracts of \$13.2 million and \$5.9 million in Trade receivables, and billings in excess of costs and earnings on uncompleted construction contracts of \$3.1 million and \$3.9 million in Deferred income, respectively, in our September 30, 2010 and December 31, 2009 consolidated balance sheets.

Gross and Net Accounting. In certain of our businesses, primarily those involving management services, our clients reimburse us for expenses incurred on their behalf. We base the treatment of reimbursable expenses for financial reporting purposes upon the fee structure of the underlying contracts.

Accordingly, we report a contract that provides a fixed fee billing, fully inclusive of all personnel and other recoverable expenses incurred but not separately scheduled, on a **gross basis**. When accounting on a gross basis, our reported revenues include the full billing to our client and our reported expenses include all costs associated with the client.

We account for a contract on a **net basis** when the fee structure is comprised of at least two distinct elements, namely (i) a fixed management fee and (ii) a separate component that allows for scheduled reimbursable personnel costs or other expenses to be billed directly to the client. When accounting on a net basis, we include the fixed management fee in reported revenues and net the reimbursement against expenses. We base this accounting on the following factors, which define us as an agent rather than a principal:

The property owner or client, with ultimate approval rights relating to the employment and compensation of on-site personnel, and bearing all of the economic costs of such personnel, is determined to be the primary obligor in the arrangement;

Reimbursement to Jones Lang LaSalle is generally completed simultaneously with payment of payroll or soon thereafter;

Because the property owner is contractually obligated to fund all operating costs of the property from existing cash flow or direct funding from its building operating account, Jones Lang LaSalle bears little or no credit risk; and

Jones Lang LaSalle generally earns no margin in the reimbursement aspect of the arrangement, obtaining reimbursement only for actual costs incurred.

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Most of our service contracts use the latter structure and we account for them on a net basis. We have always presented reimbursable contract costs on a net basis in accordance with U.S. GAAP. These costs aggregated approximately \$288.7 million and \$242.3 million for the three months ended September 30, 2010 and 2009, respectively, and approximately \$904.1 million and \$823.1 million for the nine months ended September 30, 2010 and 2009, respectively. This treatment has no impact on operating income, net income or cash flows.

(4) Business Segments

We manage and report our operations as four business segments:

The three geographic regions of Real Estate Services (RES):

- (i) **Americas,**
- (ii) **Europe, Middle East and Africa (EMEA),**
- (iii) **Asia Pacific; and**

(iv) Investment Management, which offers investment management services on a global basis.

Each geographic region offers our full range of Real Estate Services, including tenant representation and agency leasing, capital markets, property management, facility management, project and development services, and advisory, consulting and valuation services. We consider property management to be services provided to non-occupying property investors and facilities management to be services provided to owner-occupiers.

The Investment Management segment provides investment management services to institutional investors and high-net-worth individuals.

Operating income represents total revenue less direct and indirect allocable expenses. We allocate all expenses, other than interest and income taxes, as nearly all expenses incurred benefit one or more of the segments. Allocated expenses primarily consist of corporate global overhead. We allocate corporate global overhead expenses to the business segments based on the budgeted operating expenses of each segment.

For segment reporting we show equity in (losses) earnings from real estate ventures within our revenue line since it is an integral part of our Investment Management segment. Our measure of segment reporting results also excludes restructuring charges. The Chief Operating Decision Maker of Jones Lang LaSalle measures the segment results with Equity in (losses) earnings from real estate ventures, and without restructuring charges. We define the Chief Operating Decision Maker collectively as our Global Executive Committee, which is comprised of our Global Chief Executive Officer, Global Chief Operating and Financial Officer and the Chief Executive Officers of each of our four reporting segments.

Summarized unaudited financial information by business segment for the three and nine months ended September 30, 2010 and 2009 is as follows (\$ in thousands):

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	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Real Estate Services				
Americas				
Segment revenue:				
Revenue	\$ 309,063	238,734	832,748	688,122
Equity income (losses)	40	30	280	(1,181)
	309,103	238,764	833,028	686,941
Operating expenses:				
Compensation, operating and administrative expenses	263,140	199,816	727,806	605,390
Depreciation and amortization	8,697	9,672	26,415	38,111
Operating income	\$ 37,266	29,276	78,807	43,440
EMEA				
Segment revenue:				
Revenue	\$ 169,275	154,223	491,442	418,814
Equity income (losses)	(12)	19	(45)	(940)
	169,263	154,242	491,397	417,874
Operating expenses:				
Compensation, operating and administrative expenses	161,858	152,909	478,672	428,225
Depreciation and amortization	4,222	5,265	13,249	15,641
Operating income (loss)	\$ 3,183	(3,932)	(524)	(25,992)
Asia Pacific				
Segment revenue:				
Revenue	\$ 164,968	136,430	455,317	362,904
Equity income (losses)		1		(2,371)
	164,968	136,431	455,317	360,533
Operating expenses:				
Compensation, operating and administrative expenses	153,981	126,076	421,573	345,131
Depreciation and amortization	3,616	3,205	9,948	9,198
Operating income	\$ 7,371	7,150	23,796	6,204
Investment Management				
Segment revenue:				
Revenue	\$ 65,073	65,915	189,854	195,811
Equity losses	(2,042)	(5,010)	(11,172)	(51,738)
	63,031	60,905	178,682	144,073
Operating expenses:				
Compensation, operating and administrative expenses	49,422	48,972	145,633	151,235
Depreciation and amortization	1,208	578	3,377	1,657
Operating income (loss)	\$ 12,401	11,355	29,672	(8,819)
Segment Reconciling Items:				
Total segment revenue	\$ 706,365	590,342	1,958,424	1,609,421
Reclassification of equity losses	(2,014)	(4,960)	(10,937)	(56,230)
Total revenue	\$ 708,379	595,302	1,969,361	1,665,651
Total segment operating expenses before restructuring charges				
	646,144	546,493	1,826,673	1,594,588
Restructuring charges	385	4,181	5,501	36,608
Operating income	\$ 61,850	44,628	137,187	34,455

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In the first nine months of 2010, we made a total of \$113.3 million of payments related to various business combination matters. Of the total, we paid \$101.4 million to satisfy deferred business acquisition obligations for acquisitions completed in prior years, including the scheduled third quarter payment of approximately \$78 million related to the 2008 Staubach acquisition. We also paid (i) \$9.0 million to purchase a portion of the minority interest in our Indian operations, (ii) \$1.2 million for contingent consideration consisting primarily of earn-out payments, and (iii) \$1.7 million for various other acquisition-related activities, including the third quarter acquisition of certain U.S. mall management operations from General Growth Properties, Inc.

The General Growth Properties operations we acquired consists of the management and leasing contracts for a portfolio of 18 regional shopping malls and community centers in 11 states, totaling more than 11 million square feet. This acquisition resulted in \$1.5 million of goodwill and \$3.3 million of identifiable intangibles that will be amortized over four years.

Earn-out payments

At September 30, 2010, we had the potential to make earn-out payments on 13 acquisitions that are subject to the achievement of certain performance conditions. The maximum amount of the potential earn-out payments for these acquisitions was \$174.3 million at September 30, 2010. We anticipate that these amounts will come due at various times over the next three years assuming the achievement of the applicable performance conditions.

Goodwill and Other Intangible Assets

We have \$1.5 billion of unamortized intangibles and goodwill as of September 30, 2010. A significant portion of these unamortized intangibles and goodwill are denominated in currencies other than U.S. dollars, which means that a portion of the movements in the reported book value of these balances are attributable to movements in foreign currency exchange rates. The tables below detail the foreign exchange impact on intangible and goodwill balances. Of the \$1.5 billion of unamortized intangibles and goodwill, we will amortize the \$31.3 million of identifiable intangibles over their remaining finite useful lives, and the remaining balance represents goodwill with indefinite useful lives, which we do not amortize.

The following table sets forth, by reporting segment, the current year movements in goodwill with indefinite useful lives (\$ in thousands):

	Real Estate Services				
	Americas	EMEA	Asia Pacific	Investment Management	Consolidated
Gross Carrying Amount					
Balance as of January 1, 2010	\$ 893,884	344,638	184,885	18,544	1,441,951
Additions, net of adjustments	2,100	(82)	411		2,429
Impact of exchange rate movements	1,189	(12,409)	5,028	(150)	(6,342)
Balance as of September 30, 2010	\$ 897,173	332,147	190,324	18,394	1,438,038

The following table details, by reporting segment, the current year movements in the gross carrying amount and accumulated amortization of our intangibles with finite useful lives (\$ in thousands):

	Real Estate Services				
	Americas	EMEA	Asia Pacific	Investment Management	Consolidated
Gross Carrying Amount					
Balance as of January 1, 2010	\$ 80,269	16,309	11,510	125	108,213

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Additions		3,300				3,300
Impact of exchange rate movements		(93)	(524)	104	13	(500)
Balance as of September 30, 2010	\$	83,476	15,785	11,614	138	111,013
Accumulated Amortization						
Balance as of January 1, 2010	\$	(50,501)	(14,488)	(6,308)	(125)	(71,422)
Amortization expense		(5,097)	(1,171)	(2,395)		(8,663)
Impact of exchange rate movements		(2)	476	(83)	(13)	378
Balance as of September 30, 2010	\$	(55,600)	(15,183)	(8,786)	(138)	(79,707)
Net book value as of September 30, 2010	\$	27,876	602	2,828		31,306

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The remaining estimated future amortization expense for our intangibles with finite useful lives is as follows (\$ in millions):

2010	\$ 2.2
2011	7.8
2012	6.8
2013	5.1
2014	4.2
2015	3.6
Thereafter	1.6
Total	\$ 31.3

(6) Investments in Real Estate Ventures

As of September 30, 2010, we had total investments in real estate ventures of \$178.6 million, consisting of approximately 40 separate property or fund co-investments.

We utilize two investment vehicles to facilitate the majority of our co-investment activity. LaSalle Investment Company I (LIC I) is a series of four parallel limited partnerships which serve as our investment vehicle for substantially all co-investment commitments made through December 31, 2005. LIC I is fully committed to underlying real estate ventures. At September 30, 2010, our maximum potential unfunded commitment to LIC I is euro 7.5 million (\$10.2 million). LaSalle Investment Company II (LIC II), formed in January 2006, is comprised of two parallel limited partnerships which serve as our investment vehicle for most new co-investments. At September 30, 2010, LIC II has unfunded capital commitments for future fundings of co-investments of \$321.0 million, of which our 48.78% share is \$156.6 million. The \$156.6 million commitment is part of our maximum potential unfunded commitment to LIC II at September 30, 2010 of \$335.6 million.

LIC I and LIC II invest in certain real estate ventures that own and operate commercial real estate. We have an effective 47.85% ownership interest in LIC I, and an effective 48.78% ownership interest in LIC II; primarily institutional investors hold the remaining 52.15% and 51.22% interests in LIC I and LIC II, respectively. We account for our investments in LIC I and LIC II under the equity method of accounting in the accompanying consolidated financial statements. Additionally, a non-executive Director of Jones Lang LaSalle is an investor in LIC I on equivalent terms to other investors.

LIC I's and LIC II's exposures to liabilities and losses of the ventures are limited to their existing capital contributions and remaining capital commitments. We expect that LIC I will draw down on our commitment over the next one to two years to satisfy its existing commitments to underlying funds, and we expect that LIC II will draw down on our commitment over the next four to eight years as it enters into new commitments. Our Board of Directors has endorsed the use of our co-investment capital in particular situations to control or bridge finance existing real estate assets or portfolios to seed future investments within LIC II. The purpose is to accelerate capital raising and growth in assets under management. Approvals for such activity are handled consistently with those of the firm's co-investment capital. At September 30, 2010, no bridge financing arrangements were outstanding.

As of September 30, 2010, LIC II maintains a \$35.0 million revolving credit facility (the LIC II Facility), principally for working capital needs. The revolving credit facility maintained by LIC I was repaid in full and expired during the fourth quarter of 2009.

The LIC II Facility contains a credit rating trigger and a material adverse condition clause. If either of the credit rating trigger or the material adverse condition clauses becomes triggered, the facility would be in default and outstanding borrowings would need to be repaid. Such a condition would require us to fund our pro-rata share of the then outstanding balance on LIC II, which is the limit of our liability. The maximum exposure to Jones Lang LaSalle, assuming that the LIC II Facility was fully drawn, would be \$17.1 million. The exposure is included within and cannot exceed our maximum potential unfunded commitment to LIC II of \$335.6 million. As of September 30, 2010, LIC II had \$12.4 million of outstanding borrowings on the facility.

Exclusive of our LIC I and LIC II commitment structures, we have potential obligations related to unfunded commitments to other real estate ventures, the maximum of which is \$8.7 million as of September 30, 2010.

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As of September 30, 2010, \$22.2 million of our \$178.6 million of investments in real estate ventures were in entities classified as variable interest entities (VIEs) that we analyzed for potential consolidation under SFAS 167. We evaluated each of these VIEs to determine whether we might have the power to direct the activities that most significantly impact the entity's economic performance. We determined that the key activities for each of these VIEs include purchasing, leasing, approving annual operating budgets, directing day-to-day operating activities, and selling of real estate properties. In each case, we determined that we either (a) did not have the power to direct the key activities or (b) shared power with investors, lenders, or other actively-involved third parties in directing such activities. Additionally, our exposure to loss in these VIEs is limited to the amount of our investment in the entities. Therefore, we concluded that we would not be deemed to (i) have a controlling financial interest in or (ii) be the primary beneficiary of these VIEs. Accordingly, we do not consolidate these VIEs in our consolidated financial statements.

Table of Contents**Impairment**

We review our investments in real estate ventures on a quarterly basis for indications of (i) whether the carrying value of the real estate assets underlying our investments in real estate ventures may not be recoverable or (ii) whether our investment in these co-investments is other than temporarily impaired. When events or changes in circumstances indicate that the carrying amount of a real estate asset underlying one of our investments in real estate ventures may be impaired, we review the recoverability of the carrying amount of the real estate asset in comparison to an estimate of the future undiscounted cash flows expected to be generated by the underlying asset. When the carrying amount of the real estate asset is in excess of the future undiscounted cash flows, we use a discounted cash flow approach to determine the fair value of the asset in computing the amount of the impairment. Additionally, we consider a number of factors, including our share of co-investment cash flows and the fair value of our co-investments, in determining whether or not our investment is other than temporarily impaired.

Due to declines in real estate markets, which have had an adverse impact on rental income assumptions and forecasted exit capitalization rates, we determined that certain real estate investments had become impaired in the first nine months of 2010. Included in equity losses from real estate ventures for the first nine months of 2010 are \$12.6 million of impairment charges, representing our equity share of these charges. It is reasonably possible that if real estate values continue to decline, we may sustain additional impairment charges on our investments in real estate ventures in future periods. We recognized \$47.6 million of impairment charges in the first nine months of 2009.

(7) Stock-based Compensation**Restricted Stock Unit Awards**

Along with cash base salaries and performance-based annual cash incentive awards, restricted stock unit awards represent a primary element of our compensation program for Company officers, managers and professionals.

Restricted stock unit activity for the three months ended September 30, 2010 is as follows:

	Shares (thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (\$ in millions)
Unvested at July 1, 2010	2,851.6	\$ 49.37		
Granted	32.0	77.97		
Vested	(783.2)	47.60		
Forfeited	(6.5)	59.99		
Unvested at September 30, 2010	2,093.9	\$ 50.43	1.83 years	\$ 180.6

Restricted stock unit activity for the nine months ended September 30, 2010 is as follows:

	Shares (thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (\$ in millions)
Unvested at January 1, 2010	2,680.7	\$ 47.72		
Granted	529.6	64.37		
Vested	(1,056.2)	50.68		
Forfeited	(60.2)	47.89		

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Unvested at September 30, 2010	2,093.9	\$	50.43	1.83 years	\$	180.6
Unvested shares expected to vest	2,031.1	\$	50.45	1.83 years	\$	175.2

We determined the fair value of restricted stock units based on the market price of the Company's common stock on the grant date. As of September 30, 2010, there was \$35.7 million of remaining unamortized deferred compensation related to unvested restricted stock units. We will recognize the remaining cost of unvested restricted stock units granted through September 30, 2010 over varying periods into 2015.

Shares vesting during the nine months ended September 30, 2010 and 2009 had fair values of \$53.5 million and \$53.9 million, respectively.

Table of Contents**Stock Option Awards**

We have granted stock options at the market value of our common stock on the date of grant. Our options vested at such times and conditions as the Compensation Committee of our Board of Directors determined and set forth in the related award agreements; the most recent options, granted in 2003, vested over periods of up to five years. As a result of a change in compensation strategy, we do not currently use stock option grants as part of our employee compensation program.

Stock option activity for the three months ended September 30, 2010 is as follows:

	Options (thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (\$ in millions)
Outstanding at July 1, 2010	50.9	\$ 17.45		
Exercised	(4.1)	19.14		
Forfeited				
Outstanding at September 30, 2010	46.8	\$ 17.30	1.45 years	\$ 3.2

Stock option activity for the nine months ended September 30, 2010 is as follows:

	Options (thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value (\$ in millions)
Outstanding at January 1, 2010	63.8	\$ 17.13		
Exercised	(15.0)	16.86		
Forfeited	(2.0)	15.13		
Outstanding at September 30, 2010	46.8	\$ 17.30	1.45 years	\$ 3.2
Exercisable at September 30, 2010	46.8	\$ 17.30	1.45 years	\$ 3.2

As of September 30, 2010, we have approximately 47,000 options outstanding, all of which vested prior to 2009. Accordingly, we recognized no compensation expense related to unvested options for the first nine months of 2010.

Approximately 15,000 options were exercised during the first nine months of 2010, having an intrinsic value of \$1.0 million. For the same period in 2009, approximately 33,000 options were exercised, having an intrinsic value of \$0.8 million. As a result of these exercises, we received cash of \$0.3 million and \$0.9 million for the nine months ended September 30, 2010 and 2009, respectively.

Other Stock Compensation Programs

U.S. Employee Stock Purchase Plan - Since 1998, we have provided an Employee Stock Purchase Plan (ESPP) for eligible U.S.-based employees. Since April 1, 2009, program periods are one month in length, and purchases are broker-assisted on the open market at no discount to market prices. We do not record any compensation expense with respect to this program.

SAYE The Jones Lang LaSalle Savings Related Share Option Plan (Save As You Earn or SAYE) is for eligible employees of our United Kingdom and Ireland based operations. Under this plan, employees make an election to contribute to the plan in order that their savings might be used to purchase stock at a 15% discount provided by the Company. The options to purchase stock with such savings vest over a period of three or five years. In the first quarter of 2010, the Company issued approximately 31,000 options at an exercise price of \$52.21 under the SAYE plan.

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No options were issued in the second or third quarters of 2010. The fair values of the options granted under this plan are being amortized over their respective vesting periods. At September 30, 2010, there were approximately 342,000 options outstanding under the SAYE plan.

Table of Contents**(8) Retirement Plans**

We maintain contributory defined benefit pension plans in the United Kingdom, Ireland and Holland to provide retirement benefits to eligible employees. It is our policy to fund the minimum annual contributions required by applicable regulations. We use a December 31st measurement date for our plans.

Net periodic pension cost consisted of the following for the three months and nine months ended September 30, 2010 and 2009 (\$ in thousands):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Employer service cost - benefits earned during the period	\$ 699	647	1,972	1,837
Interest cost on projected benefit obligation	2,611	2,209	7,582	6,251
Expected return on plan assets	(3,027)	(2,409)	(8,728)	(6,816)
Net amortization/deferrals	340	42	992	120
Recognized actual losses (gains)	55	(40)	169	(116)
Net periodic pension cost	\$ 678	449	1,987	1,276

The expected return on plan assets, included in net periodic pension cost, is based on forecasted long-term rates of return on plan assets of each individual plan; across our plans, expected returns range from 3.30% to 6.98%.

For the nine months ended September 30, 2010, we have made \$6.7 million in payments to our defined benefit pension plans. We expect to contribute a total of \$7.1 million to our defined benefit pension plans in 2010. We made \$6.6 million of contributions to these plans in the twelve months ended December 31, 2009.

(9) Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value in generally accepted accounting principles. ASC Topic 820 applies to accounting pronouncements that require or permit fair value measurements, except for share-based payment transactions under ASC Topic 718. ASC Topic 820 establishes a three-tier fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

Level 1. Observable inputs such as quoted prices in active markets;

Level 2. Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and

Level 3. Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. We regularly use foreign currency forward contracts to manage our currency exchange rate risk related to intercompany lending and cash management practices. We determine the fair value of these contracts based on widely accepted valuation techniques. The inputs for these valuation techniques are primarily Level 2 inputs of the hierarchy. In the third quarter of 2010, we recognized a net gain of \$10.8 million from the revaluation of these forward contracts, as well as a net loss associated with the revaluation of intercompany loans hedged by these forward contracts such that the net impact to earnings was not significant. At September 30, 2010, these forward exchange contracts had a gross notional value of \$1.2 billion (\$558.2 million on a net basis). The net receivable value of these forward contracts, \$10.8 million, was recorded on our balance sheet as a current asset of \$18.5 million and a current liability of \$7.7 million at September 30, 2010.

See Note 6, Investments in Real Estate Ventures, for discussion of our processes for evaluating investments in real estate ventures for impairment on a quarterly basis. The inputs to this quarterly impairment analysis are Level 3 inputs in the fair value hierarchy.

Fair Value of Financial Instruments

Our financial instruments include cash and cash equivalents, receivables, accounts payable, short-term borrowings, borrowings under our credit Facility and foreign currency forward contracts. The carrying values of cash and cash equivalents, receivables, accounts payable and short-term borrowings approximate their estimated fair values due to the short maturity of these instruments. The estimated fair value of our borrowings under our credit Facility approximates their carrying value due to their variable interest rate terms. The fair values of our foreign currency forward contracts are disclosed above. At September 30, 2010, we have no recurring fair value measurements for financial assets and liabilities that are based on unobservable inputs or Level 3 inputs.

Table of Contents**(10) Earnings (Loss) Per Share and Net Income (Loss) Attributable to Common Shareholders**

We calculate earnings (loss) per share by dividing net income (loss) attributable to common shareholders by weighted average shares outstanding. To calculate net income (loss) attributable to common shareholders, we subtract dividend-equivalents (net of tax) paid on outstanding but unvested shares of restricted stock units from net income (loss) in the period the dividend is declared. Included in the calculations of net income (loss) attributable to common shareholders are dividend-equivalents of \$0.2 million net of tax, declared and paid in the second quarter of 2010, and \$0.3 million net of tax, declared and paid in the second quarter of 2009.

For the three and nine months ended September 30, 2010 the difference between basic weighted average shares outstanding and diluted weighted average shares outstanding is the dilutive impact of common stock equivalents. Common stock equivalents consist primarily of shares to be issued under employee stock compensation programs and outstanding stock options whose exercise price was less than the average market price of our stock during these periods. Due to the net loss for the nine months ended September 30, 2009, basic shares were not increased by common stock equivalents in the calculation of diluted shares as the impact would have been anti-dilutive.

The following table details the calculations of basic and diluted earnings per common share for the three and nine months ended September 30, 2010 and 2009 (\$ in thousands):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net income (loss) attributable to the Company	\$ 37,125	19,771	69,348	(55,849)
Dividends on unvested common stock, net of tax benefit			218	286
Net income (loss) attributable to common shareholders	\$ 37,125	19,771	69,130	(56,135)
Basic weighted average shares outstanding	42,568,764	41,762,451	42,175,393	37,432,242
Basic income (loss) per common share before dividends on unvested common stock	\$ 0.87	0.47	1.64	(1.49)
Dividends on unvested common stock, net of tax benefit				(0.01)
Basic earnings (loss) per common share	\$ 0.87	0.47	1.64	(1.50)
Diluted weighted average shares outstanding	44,088,989	43,299,868	44,064,294	37,432,242
Diluted income (loss) per common share before dividends on unvested common stock	\$ 0.84	0.46	1.57	(1.49)
Dividends on unvested common stock, net of tax benefit				(0.01)
Diluted earnings (loss) per common share	\$ 0.84	0.46	1.57	(1.50)

Table of Contents**(11) Comprehensive Income**

For the three and nine months ended September 30, 2010 and 2009, our comprehensive income was as follows (\$ in thousands):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net income (loss)	\$ 37,226	19,859	69,695	(55,559)
Other comprehensive income:				
Foreign currency translation adjustments	68,601	32,018	19,045	88,908
Comprehensive income	105,827	51,877	88,740	33,349
Comprehensive income attributable to noncontrolling interest	101	88	347	290
Comprehensive income attributable to the Company	\$ 105,726	51,789	88,393	33,059

(12) Debt

In September 2010, we renewed our unsecured bank credit facility (the "Facility") to increase our borrowing capacity from \$840 million to \$1.1 billion, consisting of \$900 million of revolving credit and a \$200 million term loan. We also extended the maturity of the Facility from June 2012 to September 2015. In addition to our Facility, we have the capacity to borrow up to an additional \$49.5 million under local overdraft facilities. There are currently 18 banks participating in our Facility. Pricing on the Facility ranges from LIBOR plus 150 basis points to LIBOR plus 300 basis points. As of September 30, 2010, our pricing on the Facility was LIBOR plus 225 basis points. We will continue to use the Facility for working capital, co-investment activities, dividend payments and share repurchases, capital expenditures and acquisitions.

As of September 30, 2010, we had \$253.0 million outstanding on the Facility (\$53.0 million of revolving debt and \$200.0 million of term debt). We also had short-term borrowings (including capital lease obligations and local overdraft facilities) of \$29.2 million outstanding at September 30, 2010, of which \$28.4 million was attributable to local overdraft facilities.

The Facility requires us to maintain a leverage ratio not exceeding 3.50 to 1 through September 2012 and 3.25 to 1 thereafter, and a minimum cash interest coverage ratio of 2.25 to 1.

Included in debt for the calculation of the leverage ratio is the present value of deferred business acquisition obligations and included in Adjusted EBITDA (as defined in the Facility) are, among other things, (i) an add-back for stock compensation expense, (ii) the addition of the EBITDA of acquired companies earned prior to acquisition, as well as (iii) add-backs for certain impairment and non-recurring charges. Rent expense is added back to both Adjusted EBITDA and cash paid interest for the calculation of the cash interest coverage ratio. In addition, we are restricted from, among other things, incurring certain levels of indebtedness to lenders outside of the Facility and disposing of a significant portion of our assets. Lender approval or waiver is required for certain levels of cash acquisitions and co-investment. We are in compliance with all covenants as of September 30, 2010. The deferred business acquisition obligation provisions of the Staubach Merger Agreement also contain certain conditions which are considerably less restrictive than those we have under our Facility.

The Facility bears a variable rate of interest based on market rates. We are authorized to use interest rate swaps to convert a portion of the floating rate indebtedness to a fixed rate; however, we did not use any swaps during 2009 or the first nine months of 2010, and no swaps were outstanding as of September 30, 2010.

The effective interest rate on our debt was 3.9% in the third quarter of 2010, compared with 4.1% in the third quarter of 2009.

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(13) Restructuring

In the first nine months of 2010, we recognized a net \$5.5 million of restructuring charges, consisting of (i) \$4.4 million of employee termination costs, (ii) \$1.3 million of integration-related costs incurred as a result of the Staubach acquisition, and (iii) a \$0.2 million reduction in a lease termination reserve we accrued in 2009.

At December 31, 2009 we had \$11.5 million of employee termination costs accrued for restructuring activities. We paid employee termination costs of \$9.9 million in the first nine months of 2010, and have \$6.0 million of accrued employee termination costs in Accrued compensation on our consolidated balance sheet at September 30, 2010.

(14) Commitments and Contingencies

We are a defendant and plaintiff in various litigation matters arising in the ordinary course of business, some of which involve claims for damages that are substantial in amount. Many of these litigation matters are covered by insurance (including insurance provided through a captive insurance company), although they may nevertheless be subject to large deductibles or retentions and the amounts being claimed may exceed the available insurance. Although the ultimate liability for these matters cannot be determined, based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations or liquidity.

(15) Subsequent Events

The Company announced on October 26, 2010 that its Board of Directors has declared a semi-annual cash dividend of \$0.10 per share of its common stock. The dividend payment will be made on December 15, 2010, to holders of record at the close of business on November 15, 2010. A dividend-equivalent in the same per share amount will also be paid simultaneously on outstanding but unvested shares of restricted stock units granted under the Company's Stock Award and Incentive Plan.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements, including the notes thereto, for the three and nine months ended September 30, 2010, and Jones Lang LaSalle's audited consolidated financial statements and notes thereto for the fiscal year ended December 31, 2009, which are included in our 2009 Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission (SEC) and also available on our website (www.joneslanglasalle.com). You should also refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, contained in our 2009 Annual Report on Form 10-K.

The following discussion and analysis contains certain forward-looking statements which we generally identify by the words anticipates, believes, estimates, expects, plans, intends and other similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause Jones Lang LaSalle's actual results, performance, achievements, plans and objectives to be materially different from any future results, performance, achievements, plans and objectives expressed or implied by such forward-looking statements. See the Cautionary Note Regarding Forward-Looking Statements in Part II, Item 5. Other Information.

We present our quarterly Management's Discussion and Analysis in five sections, as follows:

- (1) A summary of our critical accounting policies and estimates,
- (2) Certain items affecting the comparability of results and certain market and other risks that we face,
- (3) The results of our operations, first on a consolidated basis and then for each of our business segments,
- (4) Consolidated cash flows, and
- (5) Liquidity and capital resources.

Summary of Critical Accounting Policies and Estimates

An understanding of our accounting policies is necessary for a complete analysis of our results, financial position, liquidity and trends. See Note 2 of notes to consolidated financial statements in our 2009 Annual Report for a summary of our significant accounting policies.

The preparation of our financial statements requires management to make certain critical accounting estimates that impact the stated amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting periods. These accounting estimates are based on management's judgment and are considered to be critical because of their significance to the financial statements and the possibility that future events may differ from current judgments, or that the use of different assumptions could result in materially different estimates. We review these estimates on a periodic basis to ensure reasonableness. Although actual amounts likely differ from such estimated amounts, we believe such differences are not likely to be material.

Asset Impairments

Within the balances of property and equipment used in our business, we have: computer equipment and software; leasehold improvements; furniture, fixtures and equipment; and automobiles. We have recorded goodwill and other identified intangibles from a series of acquisitions. We also invest in certain real estate ventures that own and operate commercial real estate. Typically, these are co-investments in funds that our Investment Management business establishes in the ordinary course of business for its clients. These investments include non-controlling ownership interests generally ranging from less than 1% to 48.78% of the respective ventures. We generally account for these interests under the equity method of accounting in the accompanying consolidated financial statements due to the nature of our non-controlling ownership.

Property and Equipment We review property and equipment owned or under capital lease for impairment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable. If impairment exists due to the inability to recover the carrying value of an asset group, we record an impairment loss to the extent that the carrying value exceeds the estimated fair value. We did not recognize an impairment loss related to property and equipment in the first nine months of 2010 or for the entire year of 2009.

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Goodwill We do not amortize goodwill, but instead evaluate goodwill for impairment at least annually. To accomplish this annual evaluation, in the third quarter of each year we determine the carrying value of each reporting unit by assigning assets and liabilities, including the existing goodwill, to our reporting units as of the date of evaluation. We define reporting units as Americas RES, EMEA RES, Asia Pacific RES and Investment Management. We then determine the fair value of each reporting unit based on a discounted cash flow methodology and compare it to the reporting unit's carrying value. The result of our 2010 evaluation was that the fair value of each reporting unit exceeded its carrying amount, and therefore we did not recognize an impairment loss.

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In addition to our annual impairment evaluation, we evaluate whether events or circumstances have occurred in the period subsequent to our annual impairment testing which indicate that it is more likely than not an impairment loss has occurred. We determined that no indicators of impairments existed in the first nine months of 2010, since our market capitalization has consistently exceeded our book value by a significant margin and our forecasts of EBITDA and cash flows generated by each of our reporting units appear sufficient to support the book values of net assets of each of these reporting units. As a result, we have not changed our conclusion that goodwill is not impaired. However, it is possible our determination that goodwill for a reporting unit is not impaired could change in the future if both economic conditions and our operating performance deteriorate. We will continue to monitor the relationship between the Company's market capitalization and book value, as well as the ability of our reporting units to deliver current and projected EBITDA and cash flows sufficient to support the book values of the net assets of their respective businesses.

Investments in Real Estate Ventures We review investments in real estate ventures on a quarterly basis for (i) indications of whether we may not be able to recover the carrying value of the real estate assets underlying our investments in real estate ventures and (ii) whether our investment in these co-investments is other than temporarily impaired. When events or changes in circumstances indicate that the carrying amount of a real estate asset underlying one of our investments in real estate ventures may be impaired, we review the recoverability of the carrying amount of the real estate asset in comparison to an estimate of the future undiscounted cash flows expected to be generated by the underlying asset. When the carrying amount of the real estate asset is in excess of the future undiscounted cash flows, we use a discounted cash flow approach to determine the fair value of the asset in computing the amount of the impairment. We then record the portion of the impairment loss related to our investment in the reporting period. Additionally, we consider a number of factors, including our share of co-investment cash flows and the fair value of our co-investments, in determining whether or not our investment is other than temporarily impaired.

Equity losses included impairment charges of \$12.6 million in the first nine months of 2010 and \$47.6 million in the first nine months of 2009, primarily representing our equity share of the impairment charges against individual assets held by our real estate ventures. Declines in real estate markets have adversely impacted our rental income assumptions and forecasted exit capitalization rates, resulting in our determination that certain real estate investments had become impaired. It is reasonably possible that if real estate values continue to decline, we may sustain additional impairment charges on our investments in real estate ventures in future periods.

Interim Period Accounting for Incentive Compensation

An important part of our overall compensation package is incentive compensation, which we typically pay to our employees in the first or second quarter of the year after it is earned. In our interim consolidated financial statements, we accrue for most incentive compensation based on (i) a percentage of compensation costs and (ii) an adjusted operating income recorded to date, relative to forecasted compensation costs and adjusted operating income for the full year, as substantially all incentive compensation pools are based upon full year results. As noted in "Interim Information" of Note 1 of the notes to consolidated financial statements, quarterly revenues and profits have historically tended to be higher in the third and fourth quarters of each year than in the first two quarters. The impact of this incentive compensation accrual methodology is that we accrue smaller percentages of incentive compensation in the first half of the year compared to the percentage of our incentive compensation we accrue in the third and fourth quarters. We exclude incentive compensation pools that are not subject to the normal performance criteria from the standard accrual methodology and accrue for them on a straight-line basis.

Certain employees receive a portion of their incentive compensation in the form of restricted stock units of our common stock. We recognize this compensation over the vesting period of these restricted stock units, which has the effect of deferring a portion of incentive compensation to later years. We recognize the benefit of deferring certain compensation under our Stock Ownership Program in a manner consistent with the accrual of the underlying incentive compensation expense.

Given that we do not finalize individual incentive compensation awards until after year-end, we must estimate the portion of the overall incentive compensation pool that will qualify for this restricted stock program. This estimation factors in the performance of the Company and individual business units, together with the target bonuses for qualified individuals. Then, when we determine and announce compensation in the year following that to which the incentive compensation relates, we true-up the estimated stock ownership program deferral and related amortization.

The table below sets forth the deferral estimated at year end, and the adjustment made in the first quarter of the following year to true-up the deferral and related amortization (\$ in millions):

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	December 31, 2009	December 31, 2008
Deferral of compensation, net of related amortization expense	\$ 8.0	14.3
Change in estimated deferred compensation in the first quarter of the following year	(2.0)	(1.2)

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The table below sets forth the amortization expense related to the Stock Ownership Program for the three months and nine months ended September 30, 2010 and 2009 (\$ in millions):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Current compensation expense amortization for prior year programs	\$ 2.9	3.6	14.5	18.0
Current deferral of compensation net of related amortization	(1.9)	(2.6)	(6.5)	(6.1)
Self-Insurance Programs				

In our Americas business, and in common with many other American companies, we have chosen to retain certain risks regarding health insurance and workers' compensation rather than purchase third-party insurance. Estimating our exposure to such risks involves subjective judgments about future developments. We supplement our traditional global insurance program by the use of a captive insurance company to provide professional indemnity and employment practices insurance on a claims made basis. As professional indemnity claims can be complex and take a number of years to resolve, we are required to estimate the ultimate cost of claims.

Health Insurance We self-insure our health benefits for all U.S.-based employees, although we purchase stop loss coverage on an annual basis to limit our exposure. We self-insure because we believe that on the basis of our historic claims experience, the demographics of our workforce and trends in the health insurance industry, we incur reduced expense by self-insuring our health benefits as opposed to purchasing health insurance through a third party. We estimate our likely full-year health costs at the beginning of the year and expense this cost on a straight-line basis throughout the year. In the fourth quarter, we estimate the required reserve for unpaid health costs required at year-end.

Given the nature of medical claims, it may take up to 24 months for claims to be processed and recorded. The reserve balances for the program related to 2010 and 2009 are \$9.6 million and \$0.2 million, respectively, at September 30, 2010.

The table below sets out certain information related to the cost of the health insurance program for the three months and nine months ended September 30, 2010 and 2009 (\$ in millions):

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Expense to Company	\$ 6.4	6.1	19.6	18.5
Employee contributions	1.8	1.5	5.5	4.6
Adjustment to prior year reserve	(0.9)	0.2	(0.9)	(0.2)
Total program cost	\$ 7.3	7.8	24.2	22.9

Workers' Compensation Insurance Given our historical experience that our workforce has experienced lower costs than is normal for our industry, we have been self-insured for workers' compensation insurance for a number of years. We purchase stop loss coverage to limit our exposure to large, individual claims. On a periodic basis we accrue using various state rates based on job classifications. On an annual basis in the third quarter, we engage in a comprehensive analysis to develop a range of potential exposure, and considering actual experience, we reserve within that range. We accrue the estimated adjustment to income for the differences between this estimate and our reserve. The credits taken to income through the three months ended September 30, 2010 and 2009 were \$2.8 million and \$4.0 million, respectively. The credits taken to income through the nine months ended September 30, 2010 and 2009 were \$4.7 million and \$5.8 million, respectively.

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The reserves, which can relate to multiple years, were \$15.3 million and \$14.2 million, as of September 30, 2010 and December 31, 2009, respectively.

Captive Insurance Company In order to better manage our global insurance program and support our risk management efforts, we supplement our traditional insurance program by the use of a wholly-owned captive insurance company to provide professional indemnity and employment practices liability insurance coverage on a claims made basis. The level of risk retained by our captive is up to \$2.5 million per claim (depending upon the location of the claim) and up to \$12.5 million in the aggregate.

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Professional indemnity insurance claims can be complex and take a number of years to resolve. Within our captive insurance company, we estimate the ultimate cost of these claims by way of specific claim reserves developed through periodic reviews of the circumstances of individual claims, as well as reserves against current year exposures on the basis of our historic loss ratio. The increase in the level of risk retained by the captive means we would expect that the amount and the volatility of our estimate of reserves will be increased over time. With respect to the consolidated financial statements, when a potential loss event occurs, management estimates the ultimate cost of the claims and accrues the related cost when probable and estimable.

The reserves for professional indemnity insurance claims facilitated through our captive insurance company, which relate to multiple years, were \$2.3 million and \$5.7 million, net of receivables from third party insurers, as of September 30, 2010 and December 31, 2009, respectively.

Income Taxes

We account for income taxes under the asset and liability method. We recognize deferred tax assets and liabilities for the future tax consequences attributable to (i) differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and (ii) operating loss and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which we expect those temporary differences to be recovered or settled. We recognize the effect on deferred tax assets and liabilities of a change in tax rates in income in the period that includes the enactment date.

Because of the global and cross border nature of our business, our corporate tax position is complex. We generally provide for taxes in each tax jurisdiction in which we operate based on local tax regulations and rules. Such taxes are provided on net earnings and include the provision of taxes on substantively all differences between financial statement amounts and amounts used in tax returns, excluding certain non-deductible items and permanent differences.

Our global effective tax rate is sensitive to the complexity of our operations as well as to changes in the mix of our geographic profitability, as local statutory tax rates range from 10% to 42% in the countries in which we have significant operations. We evaluate our estimated annual effective tax rate on a quarterly basis to reflect forecasted changes in:

- (i) Our geographic mix of income,
- (ii) Legislative actions on statutory tax rates,
- (iii) The impact of tax planning to reduce losses in jurisdictions where we cannot recognize the tax benefit of those losses, and
- (iv) Tax planning for jurisdictions affected by double taxation.

We continuously seek to develop and implement potential strategies and/or actions that would reduce our overall effective tax rate. We reflect the benefit from tax planning actions when we believe that they meet the criteria for recognition, which usually requires that certain actions have been initiated. We provide for the effects of income taxes on interim financial statements based on our estimate of the effective tax rate for the full year.

Based on our forecasted results for the full year, we have estimated an effective tax rate of 23.0% for 2010 due to the mix of our income and the impact of tax planning activities.

Items Affecting Comparability

Macroeconomic Conditions

Our results of operations and the variability of these results are significantly influenced by macroeconomic trends, the global and regional real estate markets and the financial and credit markets. Recent restrictions on credit and the general decline of the global economy have significantly impacted the global real estate market and our results of operations. These trends have had, and may continue to have, a significant impact on the variability of our results of operations.

LaSalle Investment Management Revenues

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Our investment management business is in part compensated through the receipt of incentive fees where performance of underlying funds investments exceeds agreed-to benchmark levels. Depending upon performance and the contractual timing of measurement periods with clients, these fees can be significant and vary substantially from period to period.

Equity in (losses) earnings from real estate ventures may also vary substantially from period to period for a variety of reasons, including as a result of: (i) impairment charges, (ii) realized gains on asset dispositions, or (iii) incentive fees recorded as equity earnings. The timing of recognition of these items may impact comparability between quarters, in any one year, or compared to a prior year.

The comparability of these items can be seen in Note 4 of the notes to consolidated financial statements and is discussed further in Segment Operating Results included herein.

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Transactional-Based Revenues

Transactional-based services for real estate investment banking, capital markets activities and other transactional-based services within our RES businesses increase the variability of the revenues we receive that relate to the size and timing of our clients' transactions. For example, during 2008 and into 2009, capital market transactions decreased significantly due to deteriorating economic conditions and the global credit crisis, and have increased significantly in 2010 as economic conditions have improved. The timing and the magnitude of these fees can vary significantly from year to year and quarter to quarter.

Foreign Currency

We conduct business using a variety of currencies, but report our results in U.S. dollars, as a result of which our reported results may be positively or negatively impacted by the volatility of currencies against the U.S. dollar. This volatility can make it more difficult to perform period-to-period comparisons of the reported U.S. dollar results of operations; as such, our results may indicate a growth rate that might not have been consistent with the real underlying growth or decline rate in the local operations. As a result, we provide information about the impact of foreign currencies in the period-to-period comparisons of the reported results of operations in our discussion and analysis of financial condition in the Results of Operations section below.

Seasonality

Historically, our revenue and profits have tended to be higher in the third and fourth quarters of each year than in the first two quarters. This is the result of a general focus in the real estate industry on completing or documenting transactions by calendar-year-end and the fact that certain of our expenses are constant throughout the year.

Our Investment Management segment generally earns investment-generated performance fees on clients' real estate investment returns and co-investment equity gains when assets are sold, the timing of which is geared towards the benefit of our clients.

Within our RES segments, revenue for capital markets activities relates to the size and timing of our clients' transactions and can fluctuate significantly from period to period. Non-variable operating expenses, which we treat as expenses when they are incurred during the year, are relatively constant on a quarterly basis. Consequently, the results for the periods ended September 30, 2010 and 2009 are not indicative of the results to be obtained for the full fiscal year.

Results of Operations

Reclassifications

We report Equity in (losses) earnings from unconsolidated ventures in the consolidated statement of operations after Operating income (loss). However, for segment reporting we reflect Equity in (losses) earnings from real estate ventures within Total revenue. See Note 4 of the notes to consolidated financial statements for Equity in (losses) earnings from real estate ventures reflected within segment revenues, as well as discussion of how the Chief Operating Decision Maker (as defined in Note 4) measures segment results with Equity in (losses) earnings from real estate ventures included in segment revenues.

Table of Contents**Three and Nine Months September 30, 2010 Compared to Three and Nine Months Ended September 30, 2009**

In order to provide more meaningful year-to-year comparisons of our reported results, we have included in the table below the U.S. dollar and local currency movements in the consolidated statements of earnings (\$ in millions).

	Three Months		Three Months		% Change	
	Ended	Ended	Change in		in Local	
	September 30, 2010	September 30, 2009	U.S. dollars		Currency	
Revenue	\$ 708.4	595.3	113.1	19%		20%
Compensation and benefits	463.1	380.1	83.0	22%		23%
Operating, administrative and other	165.3	147.7	17.6	12%		13%
Depreciation and amortization	17.7	18.7	(1.0)	(5%)		(5%)
Restructuring charges	0.4	4.2	(3.8)	n.m.		n.m.
Total operating expenses	646.5	550.7	95.8	17%		18%
Operating income	\$ 61.9	44.6	17.3	39%		38%

	Nine Months		Nine Months		% Change	
	Ended	Ended	Change in		in Local	
	September 30, 2010	September 30, 2009	U.S. dollars		Currency	
Revenue	\$ 1,969.4	1,665.7	303.7	18%		17%
Compensation and benefits	1,288.9	1,104.0	184.9	17%		15%
Operating, administrative and other	484.8	426.0	58.8	14%		12%
Depreciation and amortization	53.0	64.6	(11.6)	(18%)		(19%)
Restructuring charges	5.5	36.6	(31.1)	n.m.		n.m.
Total operating expenses	1,832.2	1,631.2	201.0	12%		11%
Operating income	\$ 137.2	34.5	102.7	n.m.		n.m.

(n.m. - not meaningful)

Revenue for the third quarter of 2010 was \$708 million, an increase of 19%, reflecting continued year-over-year growth in all Real Estate Services (RES) segments due to year-over-year increases in Leasing, Capital Markets and Hotels, and Property & Facilities Management of 36%, 34% and 10%, respectively, on a local currency basis. Our LaSalle Investment Management segment was the only segment that did not show year-over-year growth, with revenues decreasing 1% on a local currency basis, due to a decrease in transaction and incentive fees.

Revenue for the first nine months of 2010 was \$2.0 billion, an increase of 18% in U.S. dollars and 17% in local currency. Consistent with the second quarter, revenue growth for the first nine months of 2010 was driven by strong growth in Leasing, Capital Markets and Hotels, and Property & Facilities Management across all RES segments.

Operating expenses excluding Restructuring charges were \$646 million for the third quarter, compared with \$546 million in 2009. On a local currency basis, operating expenses excluding restructuring charges increased 19%, primarily as a result of increased incentive compensation related to transactional revenue and costs associated with new business pursuits. Total compensation as a percentage of firm revenue for the third quarter was 65.4%, compared with 63.8% in the third quarter of last year. The increase resulted from recent Corporate Solutions wins that required start-up hiring and transition costs in the third quarter in advance of revenue generation to begin in the fourth quarter, adding new clients for which reimbursed payroll costs are reported on a gross basis, and differences in timing of certain incentive compensation accruals between years.

Year-to-date operating expenses excluding Restructuring charges were \$1.8 billion, an increase of 13% in local currency compared with the first nine months of 2009. Total compensation as a percent of firm revenue on a year-to-date basis was 65.4% in 2010, compared with 66.3% for the first nine months of 2009.

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Operating income margin, adjusting for restructuring charges, improved to 8.8% in the third quarter, compared with an 8.2% margin in the same period of 2009. Year-to-date adjusted operating income margin was 7.2%, up from 4.3 percent in the first nine months of 2009.

Equity in losses from real estate ventures were \$2 million in the third quarter of 2010 and \$11 million for the first nine months of 2010, compared to losses of \$5 million in the third quarter of 2009 and \$56 million for the first nine months of 2009. The losses both in 2010 and 2009 were primarily due to non-cash impairment charges.

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The effective tax rate for the third quarter and first nine months of 2010 was 23.0% based on our forecasted results for the full year.

Segment Operating Results

We manage and report our operations as four business segments:

The three geographic regions of Real Estate Services (RES):

- (i) Americas,
- (ii) Europe, Middle East and Africa (EMEA),
- (iii) Asia Pacific; and

(iv) Investment Management, which offers investment management services on a global basis.

Each geographic region offers our full range of Real Estate Services, including: tenant representation and agency leasing, capital markets, property management, facility management, project and development services, and advisory, consulting and valuation services. We consider property management to be services provided to non-occupying property investors and facilities management to be services provided to owner-occupiers.

The Investment Management segment provides investment management services to institutional investors and high-net-worth individuals.

We have not allocated Restructuring charges to the business segments for segment reporting purposes; therefore, we do not include these costs in the discussions below. Also, for segment reporting we show Equity in (losses) earnings from real estate ventures within our revenue line since it is an integral part of our Investment Management segment.

Real Estate Services**Americas**

(\$ in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change in U.S. dollars		Change in Local Currency
Revenue	\$ 309.1	238.8	70.3	29%	29%
Operating expense	271.8	209.5	62.3	30%	29%
Operating income	\$ 37.3	29.3	8.0	27%	28%

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change in U.S. dollars		Change in Local Currency
Revenue	\$ 833.0	686.9	146.1	21%	21%
Operating expense	754.2	643.5	110.7	17%	17%
Operating income	\$ 78.8	43.4	35.4	82%	83%

Third-quarter revenue in the Americas region was \$309 million, an increase of 29% in US dollars and local currency over the prior year, driven by increased transactional activities, both in Leasing, which increased 38% in local currency year-over-year, and Capital Markets and Hotels.

Operating expenses were \$272 million in the third quarter, 29% higher in local currency than a year ago, driven primarily by transition costs supporting recent wins from which the firm will begin to earn revenue in the fourth quarter, as well as higher incentive compensation expenses related to increased transaction revenue. Year-to-date operating expenses were \$754 million, compared with \$644 million for the same period in 2009, a 17% increase in local currency.

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EMEA

(\$ in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change in U.S. dollars	Change in Local Currency
Revenue	\$ 169.3	154.2	15.1 10%	18%
Operating expense	166.1	158.1	8.0 5%	13%
Operating income (loss)	\$ 3.2	(3.9)	7.1 n.m.	n.m.

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change in U.S. dollars	Change in Local Currency
Revenue	\$ 491.4	417.9	73.5 18%	21%
Operating expense	491.9	443.9	48.0 11%	13%
Operating loss	\$ (0.5)	(26.0)	25.5 n.m.	n.m.

(n.m. - not meaningful)

EMEA's third-quarter revenue was \$169 million in 2010 compared with \$154 million in 2009, an increase of 10%, 18% in local currency, with the most significant contribution to the increase coming from Leasing. The growth in EMEA was led by France and England, which were up 32% and 28%, respectively, in local currency compared with the third quarter of 2009. Year-to-date revenue in the region was \$491 million in 2010 compared with \$418 million in 2009, an increase of 18%, 21% in local currency.

Operating expenses were \$166 million in the third quarter, an increase of 5% from the prior year, 13% in local currency, primarily due to increased variable compensation expense related to improved year-over-year performance. Year-to-date operating expenses were \$492 million, an increase of 11%, 13% in local currency.

Asia Pacific

(\$ in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change in U.S. dollars	Change in Local Currency
Revenue	\$ 165.0	136.4	28.6 21%	15%
Operating expense	157.6	129.3	28.3 22%	16%
Operating income	\$ 7.4	7.1	0.3 4%	(5%)

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change in U.S. dollars	Change in Local Currency
Revenue	\$ 455.3	360.5	94.8 26%	17%
Operating expense	431.5	354.3	77.2 22%	13%
Operating income (loss)	\$ 23.8	6.2	17.6 n.m.	n.m.

(n.m. - not meaningful)

Revenue in the Asia Pacific region was \$165 million for the third quarter of 2010, compared with \$136 million for the same period in 2009, an increase of 21%, 15% in local currency. The year-over-year increase was principally driven by transactional revenue improvement across most countries in the region compared with a year ago. Project & Development Services (PDS) revenue was \$19 million for the third quarter of 2010, an increase of 69% from the third quarter of 2009, due to expansion of corporate outsourcing, including \$6 million of revenue from gross contracts, where reimbursed costs were included as both revenue and expense. Year-to-date revenue in the region was \$455 million in 2010, an increase of 26% compared with 2009, 17% in local currency.

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Operating expenses for the region were \$158 million for the quarter, compared with \$129 million in 2009, an increase of 16% year over year in local currency primarily due to increased revenue and additional PDS costs. Operating expenses were \$432 million for the first nine months of 2010, compared with \$354 million in 2009, an increase of 13% in local currency.

Table of Contents**Investment Management**

(\$ in millions)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Change in U.S. dollars		Change in Local Currency
Revenue	\$ 65.0	65.9	\$ (0.9)	(1%)	(1%)
Equity losses	(2.0)	(5.0)	3.0	(60%)	(60%)
Total revenue	63.0	60.9	2.1	3%	3%
Operating expense	50.6	49.5	1.1	2%	3%
Operating income	\$ 12.4	11.4	\$ 1.0	9%	5%

	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change in U.S. dollars		Change in Local Currency
Revenue	\$ 189.9	195.8	\$ (5.9)	(3%)	(5%)
Equity losses	(11.2)	(51.7)	40.5	n.m.	n.m.
Total revenue	178.7	144.1	34.6	24%	21%
Operating expense	149.0	152.9	(3.9)	(3%)	(4%)
Operating income (loss)	\$ 29.7	(8.8)	\$ 38.5	n.m.	n.m.

(n.m. - not meaningful)

LaSalle Investment Management's third-quarter Advisory fees were \$62 million, up 1% compared with last year in both US dollars and local currency. Year-to-date Advisory fees were \$176 million, compared with \$180 million through the first nine months of 2009, a decrease of 4% in local currency. Our advisory fees have remained relatively steady as our account takeover success has largely offset asset dispositions and value declines. Equity losses decreased in 2010, compared to 2009, due to a decrease in impairment charges as the values of our equity investments stabilized during 2010.

During the quarter, LaSalle Investment Management raised net capital of \$1.0 billion, bringing the year-to-date net capital raise to \$5.3 billion. Investments totalled \$1.7 billion during the third quarter, \$2.5 billion year-to-date. At the end of the third quarter assets under management were \$40.2 billion.

Consolidated Cash Flows**Cash Flows Provided By Operating Activities**

During the first nine months of 2010, we generated \$108 million of cash from operating activities, an increase of \$64 million from the \$44 million generated in the first nine months of 2009. The year-over-year increase in cash generated from operating activities was primarily due to a \$125 million increase in net income, off-set by decreases in non-cash charges for equity losses of \$45 million and depreciation and amortization of \$12 million, and by a \$7 million decrease in cash used for changes in working capital.

Cash Flows Used In Investing Activities

We used \$161 million of cash for investing activities in the first nine months of 2010, an \$89 million increase from the \$72 million used in the first nine months of 2009. The \$89 million increase was due to a \$98 million increase in cash used for business acquisitions, partially off-set by an \$8 million decrease in capital expenditures. In the first nine months of 2010, we made a total of \$113 million of payments related to various business combination matters including: (i) \$101 million to satisfy deferred business acquisition obligations for acquisitions completed in prior years, including the scheduled third quarter payment of \$78 million related to the 2008 Staubach acquisition, (ii) \$9 million to purchase a portion of the minority interest in our Indian operations, and (iii) \$3 million for various other acquisition related activities, including earn-out payments and the third quarter acquisition of certain U.S. mall management operations from General Growth Properties, Inc.

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Cash Flows Provided By Financing Activities

Financing activities provided \$55 million of net cash in the first nine months of 2010, a \$16 million increase from the \$39 million provided by financing activities in the first nine months of 2009. In the first nine months of 2010, net borrowings under our credit facilities were \$84 million, a \$244 million increase over the net repayments of \$160 million in the first nine months of 2009. The impact of the \$244 million increase in net borrowing was largely off-set by the impact of the \$218 million of cash generated in the prior year from the Company's June 2009 stock offering. The Company also spent \$12 million more in 2010, compared to 2009, on the repurchase of shares for the payment of taxes on stock awards as a result of an increase in both the number of shares issued for awards vesting and an increase in the stock price.

Liquidity and Capital Resources

Historically, we have financed our operations, co-investment activities, dividend payments and share repurchases, capital expenditures and acquisitions with internally generated funds, issuances of our common stock and borrowings under our credit facilities.

Credit Facilities

In July 2008, we exercised the accordion feature on our unsecured revolving credit facility to increase it from \$575 million to \$675 million. In addition, we entered into a \$200 million term loan agreement (which was fully drawn and required eight quarterly principal payments of \$5 million commencing December 31, 2008, six quarterly principal payments of \$7.5 million commencing December 31, 2010 and the balance payable June 6, 2012), with terms and pricing similar to our existing revolving credit facility. As a result of these changes, the total capacity of both the revolving facility and term loan (together the Facilities) increased to \$875 million.

In December 2008, we amended the Facilities to increase the maximum allowable leverage ratio to 3.50 to 1, from 3.25 to 1, provide additions to Adjusted EBITDA for certain non-recurring charges and modify certain other definitions and pricing while keeping the borrowing capacity and the maturity, June 6, 2012, unchanged.

In June 2009, we amended the Facilities to (i) increase the maximum allowable leverage ratio to 3.75 to 1 through March 2011, at which point the maximum allowable leverage ratio will decrease to 3.50 to 1 through September 2011 and 3.25 to 1 thereafter, (ii) increase the permitted additions to Adjusted EBITDA for certain non-recurring charges and (iii) modify certain other definitions and pricing while keeping the unsecured borrowing capacity and the maturity, June 6, 2012, unchanged.

In September 2010, we renewed and extended our unsecured credit Facility (hereafter the Facility) to increase the borrowing capacity to \$1.1 billion, consisting of \$900 million of revolving credit and a \$200 million term loan, and extended the maturity to September 28, 2015. The term loan was fully drawn and requires twelve quarterly principal repayments of \$2.5 million commencing December 31, 2010, four quarterly principal payments of \$5 million commencing December 31, 2013, three principal repayments of \$6.25 million commencing December 31, 2014 and the balance payable September 28, 2015. The Facility remains unsecured.

Under the Facility, we must maintain a leverage ratio not exceeding 3.50 to 1 through September 2012 and 3.25 to 1 thereafter, and a minimum cash interest coverage ratio of 2.25 to 1.

Included in debt for the calculation of the leverage ratio is the present value of deferred business acquisition obligations and included in Adjusted EBITDA (as defined in the Facility) are, among other things, (i) an add-back for stock compensation expense, (ii) the addition of the EBITDA of acquired companies earned prior to acquisition, as well as (iii) add-backs for certain impairment and non-recurring charges. Rent expense is added back to both Adjusted EBITDA and cash paid interest for the calculation of the cash interest coverage ratio. In addition, we are restricted from, among other things, incurring certain levels of indebtedness to lenders outside of the Facility and disposing of a significant portion of our assets. Lender approval or waiver is required for certain levels of co-investment as well as certain levels of cash acquisitions. We are in compliance with all covenants as of September 30, 2010.

The deferred business acquisition obligation provisions of the Staubach Merger Agreement also contain certain conditions which are considerably less restrictive than those we have under our Facility.

As of September 30, 2010, pricing on the Facility was LIBOR plus 225 basis points. We will continue to use the Facility for working capital needs (including payment of accrued incentive compensation), co-investment activities, dividend payments and share repurchases, capital

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expenditures and acquisitions. Interest and principal payments on outstanding borrowings against the revolving facility will fluctuate based on our level of borrowing needs.

We also have capacity to borrow an additional \$49.5 million under local overdraft facilities.

As of September 30, 2010, we had \$253.0 million outstanding on the Facility (\$53.0 million of revolving credit and \$200.0 million of term debt). The average borrowing rate was 3.9% in the third quarter of 2010 as compared with an average borrowing rate of 4.1% in the third quarter of 2009. We also had short-term borrowings (including capital lease obligations and local overdraft facilities) of \$29.2 million outstanding at September, 2010, with \$28.4 million attributable to local overdraft facilities.

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The Facility bears a variable rate of interest based on market rates. We are authorized to use interest rate swaps to convert a portion of the floating rate indebtedness to a fixed rate; however, none were used during 2009 or the first nine months of 2010, and none were outstanding as of September 30, 2010.

We believe that the Facility, together with our local borrowing facilities and cash flow generated from operations, will provide adequate liquidity and financial flexibility to meet our current needs.

Co-investment Activity

As of September 30, 2010, we had total investments in real estate ventures of \$178.6 million, consisting of approximately 40 separate property or fund co-investments.

We utilize two investment vehicles to facilitate the majority of our co-investment activity. LaSalle Investment Company I (LIC I) is a series of four parallel limited partnerships which serve as our investment vehicle for substantially all co-investment commitments made through December 31, 2005. LIC I is fully committed to underlying real estate ventures. At September 30, 2010, our maximum potential unfunded commitment to LIC I is euro 7.5 million (\$10.2 million). LaSalle Investment Company II (LIC II), formed in January 2006, is comprised of two parallel limited partnerships which serve as our investment vehicle for most co-investments. At September 30, 2010, LIC II has unfunded capital commitments for future fundings of co-investments of \$321.0 million, of which our 48.78% share is \$156.6 million. The \$156.6 million commitment is part of our maximum potential unfunded commitment to LIC II at September 30, 2010 of \$335.6 million.

LIC I and LIC II invest in certain real estate ventures that own and operate commercial real estate. We have an effective 47.85% ownership interest in LIC I, and an effective 48.78% ownership interest in LIC II; primarily institutional investors hold the remaining 52.15% and 51.22% interests in LIC I and LIC II, respectively. We account for our investments in LIC I and LIC II under the equity method of accounting in the accompanying consolidated financial statements. Additionally, a non-executive Director of Jones Lang LaSalle is an investor in LIC I on equivalent terms to other investors.

LIC I's and LIC II's exposures to liabilities and losses of the ventures are limited to their existing capital contributions and remaining capital commitments. We expect that LIC I will draw down on our commitment over the next one to two years to satisfy its existing commitments to underlying funds, and we expect that LIC II will draw down on our commitment over the next four to eight years as it enters into new commitments. Our Board of Directors has endorsed the use of our co-investment capital in particular situations to control or bridge finance existing real estate assets or portfolios to seed future investments within LIC II. The purpose is to accelerate capital raising and growth in assets under management. Approvals for such activity are handled consistently with those of the firm's co-investment capital. At September 30, 2010, no bridge financing arrangements were outstanding.

As of September 30, 2010, LIC II maintains a \$35.0 million revolving credit facility (the LIC II Facility), principally for working capital needs. The revolving credit facility maintained by LIC I was repaid in full and expired during the fourth quarter of 2009.

The LIC II Facility contains a credit rating trigger and a material adverse condition clause. If either of the credit rating trigger or the material adverse condition clauses becomes triggered, the facility would be in default and outstanding borrowings would need to be repaid. Such a condition would require us to fund our pro-rata share of the then outstanding balance on LIC II, which is the limit of our liability. The maximum exposure to Jones Lang LaSalle, assuming that the LIC II Facility was fully drawn, would be \$17.1 million. The exposure is included within and cannot exceed our maximum potential unfunded commitment to LIC II of \$335.6 million. As of September 30, 2010, LIC II had \$12.4 million of outstanding borrowings on the facility.

We expect to continue to pursue co-investment opportunities with our real estate investment management clients in the Americas, EMEA and Asia Pacific. Co-investment remains very important to the continued growth of Investment Management.

Exclusive of our LIC I and LIC II commitment structures, we have potential obligations related to unfunded commitments to other real estate ventures, the maximum of which is \$8.7 million as of September 30, 2010.

Share Repurchase and Dividend Programs

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Since October 2002, our Board of Directors has approved five share repurchase programs. At September 30, 2010, we have 1,563,100 shares that we are authorized to repurchase under the current share repurchase program. We made no share repurchases in 2009 or in the first nine months of 2010. Our current share repurchase program allows the Company to purchase our common stock in the open market and in privately negotiated transactions. The repurchase of shares is primarily intended to offset dilution resulting from both stock and stock option grants made under our existing stock plans.

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The Company paid a cash dividend of \$0.10 per share on its common stock on June 15, 2010, to holders of record at the close of business on May 14, 2010. A dividend-equivalent of \$0.2 million in the same per share amount was also paid simultaneously on outstanding but unvested shares of restricted stock units granted under the Company's Stock Award and Incentive Plan.

The Company announced on October 26, 2010 that its Board of Directors had declared a semi-annual cash dividend of \$0.10 per share on its common stock. The dividend payment was made on December 15, 2010, to holders of record at the close of business on November 15, 2010. A dividend-equivalent in the same per share amount will also be paid simultaneously on outstanding but unvested shares of restricted stock units granted under the Company's Stock Award and Incentive Plan.

There can be no assurance that future dividends will be declared since the actual declaration of future dividends and the establishment of record and payment dates remains subject to final determination by the Company's Board of Directors.

Capital Expenditures and Business Acquisitions

Capital expenditures for the first nine months of 2010 were \$23 million, net, compared to \$31 million for the same period in 2009. Our capital expenditures are primarily for ongoing improvements to computer hardware and information systems and improvements to leased space. Capital expenditures have decreased significantly from 2008, as we completed the implementation of several global information systems in 2008 and have spent less on capital items related to acquisition integrations.

In the first nine months of 2010, we used \$113 million in connection with acquisitions, primarily for deferred payments and earn-out payments related to acquisitions we completed in prior years. Terms for our acquisitions completed in prior years and the 2010 acquisition of certain mall management operations from General Growth Properties Inc. have included cash paid at closing with provisions for additional consideration and earn-outs subject to certain contract provisions and performance. Deferred business acquisition obligations totaling \$299 million at September 30, 2010 on our consolidated balance sheet represent the current discounted values of payments to sellers of businesses for which our acquisition has closed as of the balance sheet date and for which the only remaining condition on those payments is the passage of time. At September 30, 2010, we had the potential to make earn-out payments on 13 acquisitions that are subject to the achievement of certain performance conditions. The maximum amount of the potential earn-out payments for these acquisitions was \$174 million at September 30, 2010. We anticipate that these amounts will come due at various times over the next three years assuming the achievement of the applicable performance conditions.

Our 2007 acquisition of Indian real estate services company Trammell Crow Meghraj (TCM) has provisions for a payment to be made in 2012 for the repurchase of shares exchanged in the legal merger of TCM into the Company's India operations. This payment will be based on formulas and independent valuations, and accordingly is not quantifiable at this time. An estimate of this obligation based on the original value of shares exchanged is reflected on our balance sheet within the Minority shareholder redemption liability.

In light of the continuing broad market recovery, we expect increasing acquisition opportunities to emerge. We are considering, and will continue to consider, acquisitions that we believe will strengthen our market position, increase our profitability and supplement our organic growth.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market and Other Risk Factors

Market Risk

The principal market risks (namely, the risk of loss arising from adverse changes in market rates and prices) we face are:

Interest rates on our credit Facility; and

Foreign exchange risks

In the normal course of business, we manage these risks through a variety of strategies, including hedging transactions using various derivative financial instruments such as foreign currency forward contracts. We enter into derivative instruments with high credit-quality counterparties

and diversify our positions across such counterparties in order to reduce our exposure to credit losses.

Interest Rates

We centrally manage our debt, considering investment opportunities and risks, tax consequences and overall financing strategies. We are primarily exposed to interest rate risk on our Facility, which had average outstanding borrowings of \$345.2 million during the three months ended September 30, 2010, and the effective interest rate was 3.9%. As of September 30, 2010, we had \$253.0 million outstanding under the Facility. The Facility bears a variable rate of interest based on market rates. The interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower the overall borrowing costs. To achieve this objective, in the past we have entered into derivative financial instruments such as interest rate swap agreements when appropriate and we may do so in the future. We entered into no such agreements in 2009 or the first nine months of 2010, and we had no such agreements outstanding at September 30, 2010.

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Foreign Exchange

Foreign exchange risk is the risk that we will incur economic losses due to adverse changes in foreign currency exchange rates. Our revenue outside of the United States totaled 56% and 55% of our total revenue for the nine months ended September 30, 2010 and 2009, respectively. Operating in international markets means that we are exposed to movements in foreign exchange rates, primarily the euro (13% of revenues for the nine months ended September 30, 2010) and the British pound (11% of revenues for the nine months ended September 30, 2010).

We mitigate our foreign currency exchange risk principally by establishing local operations in the markets we serve and invoicing customers in the same currency as the source of the costs; that is, the impact of translating expenses incurred in foreign currencies back into U.S. dollars tends to offset the impact of translating revenues earned in foreign currencies back into U.S. dollars. In addition, British pound and Singapore dollar expenses incurred as a result of our regional headquarters being located in London and Singapore, respectively, act as a partial operational hedge against our translation exposures to British pounds and Singapore dollars.

We enter into forward foreign currency exchange contracts to manage currency risks associated with intercompany loan balances. In the third quarter of 2010, we recognized a net gain of \$10.8 million from the revaluation of these forward contracts, as well as a net loss associated with the revaluation of intercompany loans hedged by these forward contracts such that the net impact to earnings was not significant. At September 30, 2010, these forward exchange contracts had a gross notional value of \$1.2 billion (\$558.2 million on a net basis). The net receivable value of these forward contracts, \$10.8 million, was recorded on our balance sheet as a current asset of \$18.5 million and a current liability of \$7.7 million at September 30, 2010.

Disclosure of Limitations

As the information presented above includes only those exposures that exist as of September 30, 2010, it does not consider those exposures or positions which could arise after that date. The information we present has limited predictive value. As a result, the ultimate realized gain or loss with respect to interest rate and foreign currency fluctuations will depend on the exposures that arise during the period, the hedging strategies at the time and interest and foreign currency rates.

For other risk factors inherent in our business, see Item 1A. Risk Factors in our 2009 Annual Report on Form 10-K.

Item 4. Controls and Procedures

The Company has established disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to the officers who certify the Company's financial reports and to the other members of senior management and the Board of Directors.

Under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report. There were no changes in the Company's internal control over financial reporting during the quarter ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

We are a defendant or plaintiff in various litigation matters arising in the ordinary course of business, some of which involve claims for damages that are substantial in amount. Many of these litigation matters are covered by insurance (including insurance provided through a captive insurance company), although they may nevertheless be subject to large deductibles or retentions and the amounts being claimed may exceed the available insurance. Although the ultimate liability for these matters cannot be determined, based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial position, results of operations or liquidity.

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Item 1A. Risk Factors

The description below supersedes in its entirety the description of the risk factor entitled **REAL ESTATE SERVICES AND INVESTMENT MANAGEMENT MARKETS ARE HIGHLY COMPETITIVE** previously disclosed in **Part I, Item 1A. Risk Factors** of our 2009 Annual report on Form 10-K.

REAL ESTATE SERVICES AND INVESTMENT MANAGEMENT MARKETS ARE HIGHLY COMPETITIVE.

We provide a broad range of commercial real estate and investment management services, and there is significant competition on an international, regional and local level with respect to many of these services and in commercial real estate services generally. Depending on the service, we face competition from other real estate service providers, institutional lenders, insurance companies, investment banking firms, investment managers, accounting firms, technology firms, consulting firms, firms providing outsourcing of various types (including technology, catering and building products) and companies bringing their real estate services in-house (any of which may be a global, regional or local firm).

Many of our competitors are local or regional firms, which, although substantially smaller in overall size, may be larger in a specific local or regional market. Some of our competitors have expanded the services they offer in an attempt to gain additional business. Some may be providing outsourced facilities management services in order to sell products to clients (such as HVAC systems) that we do not offer. Some of our competitors may have greater financial, technical and marketing resources, larger customer bases, and more established relationships with their customers and suppliers than we have. Larger or better-capitalized competitors may be able to respond faster to the need for technological changes, price their services more aggressively, compete more effectively for skilled professionals, finance acquisitions more easily, develop innovative products more effectively and generally compete more aggressively for market share.

New competitors or alliances among competitors that increase their ability to service clients could emerge and gain market share, develop a lower cost structure, adopt more aggressive pricing policies or provide services that gain greater market acceptance than the services we offer. In order to respond to increased competition and pricing pressure, we may have to lower our prices or loosen contractual terms (such as liability limitations), which may have an adverse effect on our revenue and profit margins. As we are in a consolidating industry, there exists the inherent risk that competitive firms may be more successful than we are at growing through merger and acquisition activity. While we have successfully grown organically and through a series of acquisitions, sourcing and completing acquisitions are complex and sensitive activities. In light of the continuing broad market recovery, we expect increasing acquisition opportunities to emerge and may increase our acquisition activity compared to recent years. We are considering, and will continue to consider, acquisitions that we believe will strengthen our market position, increase our profitability and supplement our organic growth. However, there is no assurance that we will be able to continue our acquisition activity in the future at the same pace as we have in the past.

The recent severe global economic downturn may have increased instability at our competitors and this may lead to a willingness on their part to engage in aggressive pricing, advertising or hiring practices in order to maintain market shares or client relationships. If this occurs, it will increase the competitive risks we face although it will differ from one competitor to another given their different positions within the marketplace and their different financial situations.

We are substantially dependent on long-term client relationships and on revenue received for services under various service agreements. Many of these agreements may be canceled by the client for any reason with as little as 30 to 60 days' notice, as is typical in the industry. In this competitive market, if we are unable to maintain these relationships or are otherwise unable to retain existing clients and develop new clients, our business, results of operations and/or financial condition will be materially adversely affected. We believe that the recent global economic downturn has led to additional pricing pressure from clients as they themselves come under financial pressure, participate in governmental bail-out programs or file for bankruptcy or insolvency protection, as some significant clients have done.

Given the value and premium status of our brand, which is one of our most important assets, an inherent risk in our business is that we may fail to successfully differentiate the scope and quality of our service and product offerings from those of our competitors, or that we may fail to sufficiently innovate or develop improved products or services that will be attractive to our clients. Additionally, given the rigors of the competitive marketplace in which we operate, there is the risk that we may not be able to continue to find ways to operate more cost-effectively, including by achieving economies of scale, or that we will be limited in our ability to further reduce the costs required to operate on a globally coordinated platform.

Item 5. Other Information

Corporate Governance

Our policies and practices reflect corporate governance initiatives that we believe comply with the listing requirements of the New York Stock Exchange, on which our common stock is traded, the corporate governance requirements of the Sarbanes-Oxley Act of 2002 as currently in effect, various regulations issued by the United States Securities and Exchange Commission and certain provisions of the General Corporation Law in the State of Maryland, where Jones Lang LaSalle is incorporated.

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We maintain a corporate governance section on our public website which includes key information about our corporate governance initiatives, such as our Corporate Governance Guidelines, Charters for the three Committees of our Board of Directors, a Statement of Qualifications of Members of the Board of Directors and our Code of Business Ethics. The Board of Directors regularly reviews corporate governance developments and modifies our Guidelines and Charters as warranted. The corporate governance section can be found on our website at www.joneslanglasalle.com by clicking Investor Relations and then Board of Directors and Corporate Governance.

Corporate Officers

The names and titles of our corporate executive officers are as follows:

Global Executive Committee

Colin Dyer

Chief Executive Officer and President

Lauralee E. Martin

Executive Vice President, Chief Operating and Financial Officer

Alastair Hughes

Chief Executive Officer, Asia Pacific

Jeff A. Jacobson

Chief Executive Officer, LaSalle Investment Management

Peter C. Roberts

Chief Executive Officer, Americas

Christian Ulbrich

Chief Executive Officer, Europe, Middle East and Africa

Additional Global Corporate Officers

Charles J. Doyle

Chief Marketing and Communications Officer

Mark K. Engel

Controller

James S. Jasionowski

Chief Tax Officer

David A. Johnson

Chief Information Officer

J. Corey Lewis

Director of Internal Audit

Mark J. Ohringer

General Counsel and Corporate Secretary

Nazneen Razi

Chief Human Resources Officer

Joseph J. Romenesko

Treasurer

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Cautionary Note Regarding Forward-Looking Statements

Certain statements in this filing and elsewhere (such as in reports, other filings with the United States Securities and Exchange Commission, press releases, presentations and communications by Jones Lang LaSalle or its management and written and oral statements) regarding, among other things, future financial results and performance, achievements, plans and objectives, dividend payments and share repurchases may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Jones Lang LaSalle's actual results, performance, achievements, plans and objectives to be materially different from any of the future results, performance, achievements, plans and objectives expressed or implied by such forward-looking statements.

We discuss those risks, uncertainties and other factors in (i) our Annual Report on Form 10-K for the year ended December 31, 2009 in Item 1A. Risk Factors; Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations; Item 7A. Quantitative and Qualitative Disclosures About Market Risk; Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements; and elsewhere, (ii) in this Quarterly Report on Form 10-Q in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations; Item 3. Quantitative and Qualitative Disclosures About Market Risk; and elsewhere, and (iii) the other reports we file with the United States Securities and Exchange Commission. Important factors that could cause actual results to differ from those in our forward-looking statements include (without limitation):

- The effect of political, economic and market conditions and geopolitical events;
- The logistical and other challenges inherent in operating in numerous different countries;
- The actions and initiatives of current and potential competitors;
- The level and volatility of real estate prices, interest rates, currency values and other market indices;
- The outcome of pending litigation; and
- The impact of current, pending and future legislation and regulation.

Moreover, there can be no assurance that future dividends will be declared since the actual declaration of future dividends, and the establishment of record and payment dates, remain subject to final determination by the Company's Board of Directors.

Accordingly, we caution our readers not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Jones Lang LaSalle expressly disclaims any obligation or undertaking to update or revise any forward-looking statements to reflect any changes in events or circumstances or in its expectations or results.

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Signature

Pursuant to the requirements of Section 13 or 15(d) 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, on the 5th day of November, 2010.

JONES LANG LASALLE INCORPORATED

/s/ Lauralee E. Martin

By: Lauralee E. Martin
*Executive Vice President and
Chief Operating and Financial Officer
(Authorized Officer and
Principal Financial Officer)*

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Item 6. Exhibits

Exhibit Number	Description
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheet at September 30, 2010 and December 31, 2009 (ii) Consolidated Statement of Operations for the three and nine months ended September 30, 2010 and 2009, (iii) Consolidated Change in Equity for the nine months ended September 30, 2010, (iv) Statement of Cash Flows for the nine months ended September 30, 2010 and 2009, and (v) Notes to Condensed Consolidated Financial Statements, tagged as block of text.

*Filed herewith