VERTRUE INC
Form 4
November 22, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Ellison Alec L

(Last) (First) (Middle)

20 GLOVER AVENUE

(Street)

NORWALK, CT 06850

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
VERTRUE INC [VTRU]

3. Date of Earliest Transaction (Month/Day/Year)
11/17/2006

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/17/2006		A		1,101 (1)	A	$ 0	17,235	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Ellison Alec L 20 GLOVER AVENUE NORWALK, CT 06850	X			

Signatures

Tami Pauley, Attorney in fact for Alec Ellison	11/22/2006
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted Share Award pursuant to the 2006 Restricted Stock Plan for Non-Employee Directors.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Net periodic pension cost	$2,651	2,673	2,255

The following tables provide reconciliations of projected benefit obligations and plan assets (the net of which is our funded status), as well as the funded status and accumulated benefit obligations, of our defined benefit pension plans as of December 31, 2011 and 2010 ($ in thousands):

Change in benefit obligation:	2011	2010
Projected benefit obligation at beginning of year	$ 199,604	188,327
Service cost	3,853	2,653
Interest cost	13,590	10,196
Plan participants' contributions	828	588
Benefits paid	(5,294)	(4,412)

Actuarial loss		5,214	11,287
King Sturge Acquisition		83,439	-
Changes in currency translation rates		(5,946)	(7,697)
Other		(1,043)	(1,338)
Projected benefit obligation at end of year	$	294,245	199,604

Change in plan assets:		2011	2010
Fair value of plan assets at beginning of year	$	195,583	181,449
Actual return on plan assets		(653)	19,819
Plan contributions		20,619	7,581
Benefits paid		(5,294)	(4,412)
King Sturge Acquisition		73,339	-
Changes in currency translation rates		(5,242)	(7,516)
Other		(1,340)	(1,338)
Fair value of plan assets at end of year		277,012	195,583
Funded status and net amount recognized		(17,233)	(4,021)
Accumulated benefit obligation at end of year	$	290,344	197,584

The accumulated benefit obligation was calculated based on the actuarial present value of the vested benefits to which employees are entitled if they terminate their employment immediately.

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Defined benefit pension plan amounts recognized in the accompanying Consolidated Balance Sheets as of December 31, 2011 and 2010 include the following ($ in thousands):

	2011	2010
Pension liabilities	$(17,233)	(5,031)
Other noncurrent assets	-	1,010
Accumulated other comprehensive loss	58,710	38,818
Net amount recognized	$41,477	34,797

Amounts in accumulated other comprehensive income yet to be recognized as components of net periodic pension cost are comprised of $57.5 million of actuarial losses and $1.2 million of prior service cost as of December 31, 2011. We anticipate that $2.2 million of this accumulated other comprehensive loss will be recognized as net periodic pension cost in 2012.

The ranges of assumptions we used in developing the projected benefit obligation as of December 31 and in determining net periodic benefit cost for the years ended December 31 were as follows:

	2011	2010	2009
Discount rate used in determining present values	4.70% to 5.70%	5.35% to 6.00%	5.70% to 6.20%
Annual increase in future compensation levels	2.00% to 3.40%	2.00% to 4.85%	2.00% to 5.00%
Expected long-term rate of return on assets	5.40% to 7.00%	3.30% to 7.00%	3.30% to 6.98%

The discount rate assumptions used for these pension plans were based on the yield of investment grade bonds with durations consistent with the liabilities of these plans.

Plan assets consist of diversified portfolios principally comprised of equity and debt securities. The investments and investment policies of these defined benefit plans are controlled by trusts. The investment objective of these trusts is to invest plan assets in such a manner that members' benefit entitlements can be paid when they come due. Plan assets are invested with a long-term focus to achieve a return on investment that is based on levels of liquidity and investment risk that the trustees, in consultation with the Company's management, believe are prudent and reasonable. These trusts set investment target allocations, but generally are not prohibited by the Company from investing in certain types of assets. The pension plan assets held no derivative instruments at December 31, 2011.

The fair value of plan assets of the U.K. and Irish plans was determined using quoted market prices, Level 1 inputs, and significantly observable inputs, Level 2 inputs. The fair value of plan assets at December 31, 2011 determined using Level 1 inputs was $222.1 million and Level 2 inputs was $38.3 million. The expected long-term rate of return on these assets is based on historical trends for similar asset classes, as well as current economic conditions.

The Company's defined benefit plan in the Netherlands has its assets invested with a third party insurance company that guarantees the payments of benefits earned under this plan. The fair values of the plan assets for this plan were $16.6 million and $15.1 million at December 31, 2011 and 2010, respectively. The valuation of these assets was determined by the third party insurance company and is a Level 3 valuation.

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Explanation of Responses:

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The allocation of pension plan assets at December 31, 2011 and 2010 is as follows:

	2011	2010
Equity securities		
U.K. equities	16 %	24 %
Non-U.K. equities	30 %	24 %
Debt securities		
Corporate bonds	39 %	42 %
Government and other	5 %	1 %
Cash & Other	10 %	9 %
	100 %	100 %

The actual asset allocation at December 31, 2011 approximates the plan's target asset allocation percentages.

Future contributions and payments — We expect to contribute $11.1 million to our defined benefit pension plans in 2012. Additionally, the following pension benefit payments, which reflect expected future service, as appropriate, are expected to be paid ($ in millions):

	PENSION BENEFIT PAYMENTS
2012	$ 5.8
2013	6.1
2014	6.4
2015	6.7
2016	6.7
2017 to 2022	$ 38.0

(8) INCOME TAXES

For the years ended December 31, 2011, 2010 and 2009, our provision for income taxes consisted of the following ($ in thousands):

	2011	2010	2009
U.S. Federal:			
Current	$ 2,702	3,255	2,431
Deferred	22,598	(1,143)	(33,209)
	25,300	2,112	(30,778)
State and Local:			
Current	643	775	579
Deferred	5,380	(272)	(7,906)
	6,023	503	(7,327)
International:			
Current	64,554	59,114	31,273
Deferred	(39,490)	(12,691)	12,509
	25,064	46,423	43,782
Total	$ 56,387	49,038	5,677

In 2011, 2010 and 2009 our current tax expense was reduced by $22.7 million, $35.8 million, and $5.0 million, respectively, due to the utilization of prior years' net operating loss carryovers.

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Income tax expense for 2011, 2010, and 2009 differed from the amounts computed by applying the U.S. federal income tax rate of 35% to earnings before provision for income taxes as a result of the following ($ in thousands):

	2011		2010		2009	
Computed "expected" tax expense	$77,699	35.0 %	$71,217	35.0 %	$882	35.0 %
Increase (reduction) in income taxes resulting from:						
State and local income taxes, net of federal income tax benefit	4,089	1.8 %	1,659	0.8 %	(949)	(37.7 %)
Amortization of goodwill and other intangibles	(1,131)	(0.5 %)	(1,183)	(0.6 %)	(1,247)	(49.5 %)
Nondeductible expenses	680	0.3 %	898	0.4 %	720	28.6 %
International earnings taxed at varying rates	(29,174)	(13.1%)	(32,779)	(16.1%)	(22,056)	(872.8%)
Valuation allowances	3,152	1.4 %	5,722	2.8 %	19,341	767.8 %
Return to provision adjustment	(2,946)	(1.3 %)	(75)	0.0 %	5,352	212.5 %
Other, net	4,018	1.8 %	3,579	1.8 %	3,634	141.5 %
	$56,387	25.4 %	$49,038	24.1 %	$5,677	225.4 %

For the years ended December 31, 2011, 2010, and 2009 our income (loss) before taxes from domestic (U.S.) and international sources is as follows ($ in thousands):

	2011	2010	2009
Domestic	$ 97,469	36,836	(103,789)
International	124,530	166,641	106,308
Total	$ 221,999	203,477	2,519

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below ($ in thousands):

	2011	2010	2009
Deferred tax assets attributable to:			
Accrued expenses	$84,575	116,928	115,363
U.S. federal and state loss carryforwards	84,716	59,093	68,941
Allowances for uncollectible accounts	6,225	4,206	6,875
International loss carryforwards	125,121	61,144	55,737
Property and equipment	—	6,723	11,050
Investments in real estate ventures	32,588	43,384	46,605
Pension liabilities	19,399	16,946	10,400
Other	330	7,567	1,583
	$352,954	315,991	316,554
Less valuation allowances	(38,797)	(35,641)	(40,048)
	$314,157	280,350	276,506
Deferred tax liabilities attributable to:			
Property and equipment	$9,873	—	—
Intangible assets	74,836	65,974	52,398
Income deferred for tax purposes	2,980	2,008	2,073
Other	—	—	4,210
	$87,689	67,982	58,681

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We have not provided a deferred U.S. tax liability on the unremitted earnings of international subsidiaries because it is our intent to permanently reinvest such earnings outside of the United States. If repatriation of all such earnings were to occur, and if we were unable to utilize foreign tax credits due to the limitations of U.S. tax law, we estimate our maximum resulting U.S. tax liability would be $131 million, net of the benefits of utilization of U.S. federal and state carryovers.

As of December 31, 2011, the Company had an available U.S. net operating loss carryback and carryforward of $165.2 million which will begin to expire in 2029; U.S. state net operating loss carryforwards of $19.2 million, which expire at various dates through 2026; and international net operating loss carryforwards of $453.9 million, which begin to expire in 2012. The change in deferred tax balances for net operating loss carryovers from 2010 to 2011 includes increases from return-to-provision adjustments and decreases from 2011 estimated utilization.

As of December 31, 2011, we believe it is more likely than not that the net deferred tax asset of $226.5 million will be realized based upon our estimates of future income and the consideration of net operating losses, earnings trends and tax planning strategies. Valuation allowances have been provided with regard to the tax benefit of certain international net operating loss carryforwards, for which we have concluded that recognition is not yet appropriate under ASC Topic 740, “Income Taxes.” In 2011, we reduced valuation allowances by $6.1 million on some jurisdictions’ net operating losses due to the utilization or expiration of those losses, and we increased valuation allowances by $9.3 million for other jurisdictions based upon circumstances that caused us to establish or continue to provide valuation allowances on current or prior year losses in addition to those provided in prior years.

As of December 31, 2011, our net current liability for income tax was $82.6 million.

The Company or one of its subsidiaries files income tax returns in the United States including 45 states and 19 cities and the District of Columbia and Puerto Rico, the United Kingdom including England and Scotland, Australia, Germany, The Peoples’ Republic of China including Hong Kong and Macau, France, Japan, Singapore, India, The Netherlands, and Spain as well as 59 other countries. Generally, the Company’s open tax years include those from 2007 to the present, although reviews of taxing authorities for more recent years have been completed or are in process in a number of jurisdictions.

Tax examinations or other reviews were completed during 2011 in France; Germany; Russia; Hong Kong; Philippines; Hungary; Guangzhou; Ireland; and the United States. As of December 31, 2011, the Company is under examination in Ukraine; India; Indonesia; Singapore; Thailand; the United Kingdom; Korea; Hong Kong; the Philippines; Germany; the United States; and the State of Illinois.

A reconciliation of the beginning and ending amount of unrecognized tax benefits for 2011 is as follows ($ in millions):

Balance at January 1, 2011	$93.4
Additions based on tax positions related to the current year	9.6
Decrease for tax positions of prior years	(1.5)
Reductions for use of reserves	(3.4)
Settlements	(4.0)

Lapse of statue of limitations	(0.7)
Balance at December 31, 2011	$93.4

The Company believes it is reasonably possible that $62.1 million of gross unrecognized tax benefits will be settled within twelve months after December 31, 2011. This may occur due to the conclusion of an examination by tax authorities. The Company further expects that the amount of unrecognized tax benefits will continue to change as the result of ongoing operations, the outcomes of audits, and the passing of statutes of limitations. We do not expect this change to have a significant impact on the results of operations or the financial position of the Company. We do not believe that we have material tax positions for which the ultimate deductibility is highly certain, but there is uncertainty about the timing of such deductibility.

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The Company recognizes interest accrued and penalties, if any, related to income taxes as a component of income tax expense. During the years ended December 31, 2011, 2010, and 2009, the company recognized approximately $1.9 million, $2.0 million, and $3.5 million, respectively, in interest and no penalties. The Company had approximately $10.2 million and $8.3 million for the payment of interest accrued at December 31, 2011 and 2010, respectively.

(9) DEBT

In June 2011, we amended our credit facility (the "Facility") to, among other things: (1) reset pricing, (2) terminate the $195 million term loan portion of the Facility, (3) increase the $900 million revolving loan to $1.1 billion, (4) extend the maturity to June 2016 and (5) permit the add-back of certain integration and retention costs associated with King Sturge and other acquisitions to the adjusted EBITDA and EBIT that are used in certain credit facility calculations. Currently, there are 18 banks participating in the Facility and the Facility remains unsecured. As of December 31, 2011, we had $463.0 million outstanding on the Facility. The average outstanding borrowings under the Facility were $467.2 million during the twelve months ended December 31, 2011.

In addition to our Facility, we have the capacity to borrow up to an additional $47.0 million under local overdraft facilities. At December 31, 2011 we had short-term borrowings (including capital lease obligations and local overdraft facilities) of $65.1 million outstanding, of which $38.7 million was attributable to local overdraft facilities.

Pricing on the Facility ranges from LIBOR plus 112.5 basis points to LIBOR plus 225.0 basis points. As of December 31, 2011, pricing on the Facility was LIBOR plus 162.5 basis points. The effective interest rate on our debt was 1.8% in 2011, compared with 3.7% in 2010.

Under the Facility, we must maintain a leverage ratio not exceeding 3.50 to 1 through September 2013 and 3.25 to 1 thereafter, and a minimum cash interest coverage ratio of 3.00 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, (1) an add-back for stock compensation expense, (2) the addition of the EBITDA of acquired companies earned prior to acquisition, as well as (3) add-backs for certain impairment and non-recurring charges. 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. 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. We remain in compliance with all covenants as of December 31, 2011.

We will continue to use the Facility for working capital needs (including payment of accrued incentive compensation), co-investment activities, dividend payments, share repurchases, capital expenditures and acquisitions.

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(10) LEASES
We lease office space in various buildings for our own use. The terms of these non-cancelable operating leases provide for us to pay base rent and a share of increases in operating expenses and real estate taxes in excess of defined amounts. We also lease equipment under both operating and capital lease arrangements.

Minimum future lease payments (e.g., base rent for leases of office space) due in each of the next five years ending December 31 and thereafter are as follows ($ in thousands):

	OPERATING LEASES	
2012	$	116,377
2013		102,762
2014		89,191
2015		80,106
2016		69,310
Thereafter		135,245
Minimum lease payments	$	592,991

As of December 31, 2011, we have accrued liabilities related to excess lease space of $12.3 million, including $7.9 million related to excess lease space as a result of combining King Sturge's offices with our offices. The total of minimum rentals to be received in the future under noncancelable operating subleases as of December 31, 2011 was $29.7 million.

Total rent expense including office space and other rentals was $124.4 million, $110.5 million and $109.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

(11) TRANSACTIONS WITH AFFILIATES
As part of our co-investment strategy we have equity interests in real estate ventures, some of which have certain of our officers as trustees or board of director members, and from which we earn advisory and management fees. Included in the accompanying Consolidated Financial Statements are revenue of $132.3 million, $163.2 million and $166.8 million for 2011, 2010 and 2009, respectively, as well as receivables of $11.2 million, $14.2 million and $15.9 million at December 31, 2011, 2010 and 2009, respectively, related to transactions with affiliates that are primarily a result of transactions with the real estate ventures in which we have equity interests.

The outstanding balance of loans to employees at December 31, 2011 and 2010 are shown in the following table ($ in millions). (1)

	2011	2010
Loans related to co-investments (2)	$ 4.0	$ 3.1
Travel, relocation and other miscellaneous advances	55.6	44.7
	$ 59.6	$ 47.8

(1) The Company has not extended or maintained credit, arranged for the extension of credit or renewed the extension of credit, in the form of a personal loan to or for any director or executive officer of the Company since the enactment of the Sarbanes-Oxley Act of 2002.

(2) These loans have been made to allow employees the ability to participate in investment fund opportunities. All of these loans are nonrecourse loans.

(12) COMMITMENTS AND CONTINGENCIES

We are a defendant 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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In order to better manage our global insurance program and support our risk management efforts, we supplement our traditional insurance coverage 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.

When a potential loss event occurs, management estimates the ultimate cost of the claim and accrues the related cost when probable and estimable. The accrual for professional indemnity insurance claims facilitated through our captive insurance company, which relate to multiple years, were $0.7 million and $2.1 million, net of receivables, as of December 31, 2011 and 2010, respectively.

(13) RESTRUCTURING

In 2011, we recognized $56.1 million of restructuring and acquisition integration costs. These costs were mainly associated with the King Sturge acquisition and consisted of (1) employee retention bonuses of $15.7 million, (2) lease termination charges of $9.1 million and (3) other transaction costs of $17.9 million. Additionally, $13.4 million of employee termination costs unrelated to King Sturge were recognized in 2011.

In 2010, we recognized $6.4 million of restructuring charges, net, consisting of (1) $5.0 million of employee termination costs, (2) $1.6 million of integration-related costs incurred as a result of the Staubach acquisition, and (3) a $0.2 million reduction in a lease termination reserve we accrued in 2009.

In 2009, we recognized $47.4 million of restructuring charges, consisting of (1) $38.7 million of employee termination costs, (2) $6.9 million of integration-related costs incurred as a result of the Staubach acquisition for office moving costs, employee retention payments, training, re-branding and other transition-related costs, and (3) $1.8 million of lease exit costs.

The following table shows the restructuring charges and the related payment activity for the years ending December 31, 2011, 2010 and 2009 ($ in thousands).

	SEVERANCE	RETENTION BONUSES	LEASE TERMINATION	ACQUISITION AND OTHER COSTS
December 31, 2008	$ 9,430	-	470	-
Accruals	38,635	-	1,857	6,913
Payments made	(36,590)	-	(482)	(6,913)
December 31, 2009	11,475	-	1,845	-
Accruals	5,005	-	(249)	1,630
Payments made	(12,213)	-	(1,050)	(1,630)
December 31, 2010	4,267	-	546	-
Accruals	13,415	15,727	9,058	17,927
Payments made	(5,970)	(8,172)	(1,692)	(13,149)
December 31, 2011	$ 11,712	7,555	7,912	4,778

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QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The tables on the following pages set forth certain unaudited consolidated statements of operations data for each of our past eight quarters. In our opinion, this information has been presented on the same basis as the audited consolidated financial statements appearing elsewhere in this report, and includes all adjustments, consisting only of normal recurring adjustments and accruals, that we consider necessary for a fair presentation. The unaudited consolidated quarterly information should be read in conjunction with our Consolidated Financial Statements and the notes thereto as well as the "Summary of Critical Accounting Policies and Estimates" section within "Management's Discussion and Analysis of Financial Condition and Results of Operations." The operating results for any quarter are not necessarily indicative of the results for any future period.

We note the following points regarding how we prepare and present our financial statements on a periodic basis.

Periodic Accounting for Incentive Compensation

An important part of our overall compensation package is incentive compensation, which we typically pay to employees in the year after it is earned. In our interim financial statements, we have accrued for incentive compensation based on the percentage of compensation costs and adjusted operating income 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. The impact of this incentive compensation accrual methodology is that we accrue less compensation in the first six months of the year, with the majority of our incentive compensation accrued in the second half of the year, particularly in the fourth quarter. We adjust the incentive compensation accrual in those unusual cases where earned incentive compensation has been paid to employees.

In addition, we exclude from the standard accrual methodology incentive compensation pools that are not subject to the normal performance criteria. These pools are accrued for 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 during the period including both the incentive compensation year and the vesting period of these restricted stock units, which has the effect of deferring a portion of current year incentive compensation to later years. We recognize the benefit of deferring certain compensation under the stock ownership program in a manner consistent with the accrual of the underlying incentive compensation expense.

The following table reflects the estimates of compensation to be deferred to future years under the stock ownership program for each year-to-date period in 2011 and 2010 ($ in millions):

	2011	2010
Three months ended March 31,	$ 1.5	1.9
Six months ended June 30,	4.4	4.6
Nine months ended September 30,	6.4	6.5
Twelve months ended December 31,	12.4	9.8

Income Taxes

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. We assess our effective tax rate on a quarterly basis and reflect the benefit from tax planning actions when we believe it is probable they will be successful. We account for the cumulative catch-up impact of any change in estimated effective tax rate in the quarter that a change is made.

Seasonality

Our quarterly revenue and profits tend to grow progressively by quarter throughout the year. This is a result of a general focus in the real estate industry on completing or documenting transactions by calendar-year-end and the fact that certain expenses are constant through the year. Historically, we have reported an operating loss or a relatively small profit in the first quarter and then increasingly larger profits during each of the following three quarters, excluding the recognition of investment-generated performance fees and co-investment equity gains (both of which can be particularly unpredictable). Such performance fees and co-investment equity gains are generally earned when assets are sold, the timing of which is geared toward the benefit of our clients. Non-variable operating expenses, which are treated as expenses when they are incurred during the year, are relatively constant on a quarterly basis.

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JONES LANG LASALLE INCORPORATED QUARTERLY INFORMATION—2011 (UNAUDITED)

($ IN THOUSANDS, EXCEPT SHARE DATA)	MARCH 31	JUNE 30	SEPT. 30	DEC. 31	YEAR 2011
Revenue:					
Real Estate Services:					
Americas	$288,098	348,387	379,307	509,497	$1,525,289
EMEA	168,132	217,981	247,302	340,295	973,710
Asia Pacific	165,450	214,472	200,592	235,965	816,479
Investment Management	64,213	68,593	76,523	66,122	275,451
Less:					
Equity in earnings (losses) from real estate ventures	(1,971)	4,138	514	3,704	6,385
Total revenue	687,864	845,295	903,210	1,148,175	3,584,544
Operating expenses:					
Real Estate Services:					
Americas	279,465	315,911	342,156	425,085	1,362,617
EMEA	181,219	211,563	246,679	306,329	945,790
Asia Pacific	159,944	192,878	186,691	210,797	750,310
Investment Management	55,170	53,264	57,299	52,762	218,495
Plus:					
Restructuring charges	-	6,112	16,031	33,984	56,127
Total operating expenses	675,798	779,728	848,856	1,028,957	3,333,339
Operating income	12,066	65,567	54,354	119,218	251,205
Net earnings available to common shareholders	$1,490	43,860	33,880	84,767	$163,997
Basic earnings per common share	$0.03	1.02	0.78	1.95	$3.80
Diluted earnings per common share	$0.03	0.99	0.76	1.91	$3.70

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JONES LANG LASALLE INCORPORATED QUARTERLY INFORMATION—2010 (UNAUDITED)

($ IN THOUSANDS, EXCEPT SHARE DATA)	MARCH 31	JUNE 30	SEPT. 30	DEC. 31	YEAR 2010
Revenue:					
Real Estate Services:					
Americas	$ 228,404	295,521	309,103	428,461	$ 1,261,489
EMEA	151,387	170,747	169,263	237,376	728,773
Asia Pacific	135,645	154,704	164,968	223,190	678,507
Investment Management	59,099	56,551	63,031	66,784	245,465
Less:					
Equity in losses from real estate ventures	(6,127)	(2,796)	(2,014)	(442)	(11,379)
Total revenue	580,662	680,319	708,379	956,253	2,925,613
Operating expenses:					
Real Estate Services:					
Americas	219,306	263,078	271,837	358,930	1,113,150
EMEA	160,978	164,862	166,080	217,284	709,204
Asia Pacific	130,338	143,588	157,597	197,590	629,113
Investment Management	50,925	47,454	50,630	58,093	207,102
Plus:					
Restructuring charges	1,120	3,996	385	885	6,386
Total operating expenses	562,667	622,978	646,529	832,782	2,664,955
Operating income	17,995	57,341	61,850	123,471	260,658
Net earnings available to common shareholders	$ 246	31,757	37,125	84,396	$ 153,524
Basic earnings per common share	$ 0.01	0.76	0.87	1.98	$ 3.63
Diluted earnings per common share	$ 0.01	0.72	0.84	1.91	$ 3.48

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES
EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES
Jones Lang LaSalle (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 members of senior management and the Board of Directors.

Based on management's evaluation as of December 31, 2011, the principal executive officer and principal financial officer of the Company have concluded that 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) are effective.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our evaluation under the framework in Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2011.

KPMG LLP, the Independent Registered Public Accounting Firm that audited the consolidated financial statements included in this Annual Report on Form 10-K, issued an audit report on the Company's internal control over financial reporting. That Report of Independent Registered Public Accounting Firm is included in Item 8. Financial Statements and Supplementary Data, and is incorporated by reference herein.

CHANGES IN INTERNAL CONTROLS OVER FINANCIAL REPORTING
There were no changes to the Company's internal controls over financial reporting during the quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT
The information required by this item is incorporated by reference to the material in Jones Lang LaSalle's Proxy Statement for the 2012 Annual Meeting of Shareholders (the "Proxy Statement") under the captions "Directors and Executive Officers," and "Section 16(a) Beneficial Ownership Reporting Compliance" and in Item 1 of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION
The information required by this item is incorporated by reference to the material in the Proxy Statement under the caption "Executive Compensation."

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ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by this item is incorporated by reference to the material in the Proxy Statement under the caption "Common Stock Security Ownership of Certain Beneficial Owners and Management."

The following table provides information as of December 31, 2011 with respect to Jones Lang LaSalle's common shares issuable under our equity compensation plans (in thousands, except exercise price):

PLAN CATEGORY	NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (A)	WEIGHTED AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS (B)	NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A)) (C)
Equity compensation plans approved by security holders			
SAIP (1)	1,337	$ 65.98	1,867
ESPP (2)	n/a	n/a	113
Subtotal	1,337		1,980
Equity compensation plans not approved by security holders			
SAYE (3)	288	$ 27.36	781
Subtotal	288		781
Total	1,625		2,761

Notes:

(1) In 1997, we adopted the 1997 Stock Award and Incentive Plan ("SAIP"), which provides for the granting of options to purchase a specified number of shares of common stock and other stock awards to eligible participants of Jones Lang LaSalle.

(2) In 1998, we adopted an Employee Stock Purchase Plan ("ESPP") for eligible U.S. based employees. Under this plan, employee contributions for stock purchases are enhanced through an additional contribution of a 5% discount on the purchase price. Effective April 1, 2009, the 5% discount has been discontinued and purchases are broker-assisted on the open market.

(3) In November 2001, we adopted the Jones Lang LaSalle Savings Related Share Option (U.K.) Plan ("Save As You Earn" or "SAYE") for eligible employees of our U.K. based operations. In November 2006, the SAYE plan was extended to employees in our Ireland operations. Under this plan, employee contributions for stock purchases are

enhanced by us through an additional contribution of a 15% discount on the purchase price. Options granted under the SAYE plan vest over a period of three to five years. The original SAYE plan was not approved by shareholders since such approval was not required under applicable rules at the time of the adoption of this plan. In 2006, our shareholders approved an amendment to the SAYE plan that increased the number of shares reserved for issuance by 500,000.

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated by reference to the material appearing in the Proxy Statement under the caption “Certain Relationships and Related Transactions.”

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this item is incorporated by reference to the material appearing in the Proxy Statement under the caption “Information about the Independent Registered Public Accounting Firm.”

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as part of this report:

1. Financial Statements. See Index to Consolidated Financial Statements in Item 8 of this report.
2. Financial Statement Schedules. No financial statement schedules are included because they are not required or are not applicable, or the required information is set forth in the applicable statements or related notes.
3. Exhibits. A list of exhibits is set forth in the Exhibit Index, which immediately precedes the exhibits and is incorporated by reference herein.

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 this report in (1) 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, and (2) 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 including the continuation of the worldwide financial crisis and credit contraction;
- 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, remains 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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Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that each of Jones Lang LaSalle Incorporated, a Maryland corporation, and the undersigned Directors and officers of Jones Lang LaSalle Incorporated, hereby constitutes and appoints Colin Dyer, Lauralee E. Martin and Mark K. Engel its, his or her true and lawful attorneys-in-fact and agents, for it, him or her and in its, his or her name, place and stead, in any and all capacities, with full power to act alone, to sign any and all amendments to this report, and to file each such amendment to this report, with all exhibits thereto, and any and all documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as it, he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

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Signatures

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 27th day of February, 2012.

JONES LANG LASALLE INCORPORATED

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated on the 27th day of February, 2012.

Signature	Title
/s/ Sheila A. Penrose Sheila A. Penrose	Chairman of the Board of Directors and Director
/s/ Colin Dyer Colin Dyer	President and Chief Executive Officer and Director (Principal Executive Officer)
/s/ Lauralee E. Martin Lauralee E. Martin	Executive Vice President and Chief Operating and Financial Officer and Director (Principal Financial Officer)
/s/ Hugo Bagué Hugo Bagué	Director
/s/ Darryl Hartley-Leonard Darryl Hartley-Leonard	Director
/s/ DeAnne Julius DeAnne Julius	Director
/s/ Ming Lu Ming Lu	Director
s/ Martin H. Nesbitt Martin H. Nesbitt	Director
/s/ David B. Rickard David B. Rickard	Director
/s/ Roger T. Staubach Roger T. Staubach	Director

/s/ Thomas C. Theobald Thomas C. Theobald	Director
/s/ Mark K. Engel Mark K. Engel	Executive Vice President and Global Controller (Principal Accounting Officer)

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EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation of Jones Lang LaSalle Incorporated (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-4 (File No. 333-48074-01))
3.2	Articles of Amendment to the Articles of Incorporation of Jones Lang LaSalle Incorporated (Incorporated by reference to Exhibit 3.3 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2005)
3.3*	Articles of Amendment to the Articles of Incorporation of Jones Lang LaSalle Incorporated dated November 1, 2011
3.4*	Amended and Restated Bylaws of the Registrant dated as of February 15, 2012
4.1	Form of certificate representing shares of Jones Lang LaSalle Incorporated common stock (Incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q for the quarter ended March 31, 2001)
10.1	Multicurrency Credit Agreement dated as of September 28, 2010 (Incorporated by reference to Exhibit 99.1 to the Report on Form 8-K dated September 28, 2010)
10.2	First Amendment to Multicurrency Credit Agreement dated as of June 24, 2011 (Incorporated by reference to Exhibit 99.1 to the Report on Form 8-K dated June 27, 2011)
10.3	Agreement and Plan of Merger by and among Jones Lang LaSalle Incorporated, Jones Lang LaSalle Tenant Representation, Inc. and Staubach Holdings, Inc. dated June 16, 2008 (Incorporated by reference to Exhibit 2.1 to the Report on Form 8-K dated June 16, 2008)
10.4	Amended and Restated Stock Award and Incentive Plan dated as of May 29, 2008, as approved by the Shareholders of Jones Lang LaSalle Incorporated on May 29, 2008 and as filed on April 14, 2008 as part of the Proxy Statement for the 2008 Annual Meeting of Shareholders on Schedule 14A and Incorporated herein by reference.
10.5	Form of Jones Lang LaSalle Incorporated Restricted Stock Unit Agreement (Under the Amended and Restated Stock Award and Incentive Plan) used for the Non Executive Directors' 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 Annual Grants (Incorporated by reference to Exhibit 10.4 to the Annual Report on Form 10-K for the year ended December 31, 2004)
10.6	Jones Lang LaSalle Incorporated Stock Ownership Program Shares Agreement (Under the Amended and Restated Stock Award and Incentive Plan) (Incorporated by reference to Exhibit 10.5 to the Annual Report on Form 10-K for the year ended December 31, 2004)

10.7	Form of Jones Lang LaSalle Incorporated Restricted Stock Unit Agreement (Under the Amended and Restated Stock Award and Incentive Plan) used for Employees’ 2004, 2005, 2006, 2007, 2008, 2009, 2010 and 2011 Annual Grants (Incorporated by reference to Exhibit 10.6 to the Annual Report on Form 10-K for the year ended December 31, 2004)
10.8	Form of Indemnification Agreement with Executive Officers and Directors (Incorporated by Reference to Exhibit 10.14 to the Annual Report on Form 10-K for the year ended December 31, 1998)
10.9*	Amended and Restated Severance Pay Plan effective July 1, 2010
10.10	Senior Executive Services Agreement with Alastair Hughes dated as of March 9, 1999 (Incorporated by reference to Exhibit 10.17 to the Annual Report on Form 10-K for the year ended December 31, 2005)

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EXHIBIT NUMBER	DESCRIPTION
10.11	Letter Agreement between Colin Dyer and Jones Lang LaSalle Incorporated dated as of July 16, 2004 and accepted July 19, 2004 (Incorporated by reference to Exhibit 99.2 to the Periodic Report on Form 8-K dated July 21, 2004)
10.12	Amendment No. 1 to Letter Agreement between Colin Dyer and Jones Lang LaSalle Incorporated dated as of August 30, 2004 (Incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.13	Amendment No. 2 to Letter Agreement between Colin Dyer and Jones Lang LaSalle Incorporated dated as of December 1, 2005 (Incorporated by reference to Exhibit 10.20 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.14	Letter Agreement Regarding Compensation of the Chairman of the Board of Directors dated as of January 1, 2005 (Incorporated by reference to Exhibit 99.1 to the Periodic Report on Form 8-K dated January 10, 2005)
10.15	Amended and Restated Jones Lang LaSalle Incorporated Co-Investment Long Term Incentive Plan dated December 16, 2005 (Incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.16	LaSalle Investment Management Long Term Incentive Compensation Program, as amended and restated as of December 15, 2004, under the Amended and Restated Stock Award and Incentive Plan (Incorporated by reference to Exhibit 10.23 to the Annual Report on Form 10-K for the year ended December 31, 2004)
10.17	LaSalle Investment Management Long Term Incentive Compensation Program, effective as of January 1, 2008, under the Amended and Restated Stock Award and Incentive Plan (Incorporated by reference to Exhibit 10.19 to the Annual Report on Form 10-K for the year ended December 31, 2007)
10.18	Jones Lang LaSalle Incorporated Deferred Compensation Plan, as amended and restated effective January 1, 2009 (Incorporated by reference to Exhibit 10.25 to the Annual Report on Form 10-K for the year ended December 31, 2008)
10.19*	Jones Lang LaSalle Incorporated Non-Executive Director Compensation Plan Summary of Terms and Conditions, Amended and Restated as of January 1, 2012
10.20	LIM Funds Personal Co-Investment Agreement for International and Regional Directors (in connection with elections under the Stock Ownership Program) (Incorporated by reference to Exhibit 10.27 to the Annual Report on Form 10-K for the year ended December 31, 2005)

10.21	LIM Funds Personal Co-Investment Agreement for International and Regional Directors (not in connection with elections under the Stock Ownership Program) (Incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K for the year ended December 31, 2005)
10.22*	Jones Lang LaSalle Incorporated Stock Ownership Program, effective as of March 31, 2011
10.23	Jones Lang LaSalle Incorporated GEC 2010-2014 Long-Term Incentive Compensation Program (effective as of January 1, 2010). (Incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q the quarter ended June 30, 2010)
11	Statement concerning computation of per share earnings (filed in Item 8, Note 2 of the Notes to Consolidated Financial Statements)

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EXHIBIT NUMBER	DESCRIPTION
12.1*	Computation of Ratio of Earnings to Fixed Charges
21.1*	List of Subsidiaries
23.1*	Consent of Independent Registered Public Accounting Firm
24.1*	Power of Attorney (Set forth on page preceding signature page of this report)
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 Annual Report on Form 10-K for the year ended December 31, 2011, formatted in XBRL (eXtensible Business Reporting Language): (1) Consolidated Balance Sheet at December 31, 2011 and 2010 (2) Consolidated Statement of Operations for the years ended December 31, 2011, 2010 and 2009, (3) Consolidated Statement of Equity at December 31, 2011, 2010 and 2009, (4) Consolidated Statement of Cash Flows for the years ended December 31, 2011, 2010 and 2009, and (5) Notes to Condensed Consolidated Financial Statements.

*Filed with this Annual Report on Form 10-K for the fiscal year ended December 31, 2011