Evercore Partners Inc.
Form 10-Q
August 05, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2015

OR

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

For the transition period from to

001-32975
(Commission File Number)

EVERCORE PARTNERS INC.
(Exact name of registrant as specified in its charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	20-4748747 (I.R.S. Employer Identification No.)

55 East 52 nd Street
38th floor
New York, New York 10055
(Address of principal executive offices)
Registrant's telephone number: (212) 857-3100

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 ý 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 shorter period that the registrant was required to submit and post such files). Yes ý 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. (Check one):

Large accelerated filer	ý	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 ý

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of July 29, 2015 was 36,286,662. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of July 29, 2015 was 26 (excluding 74 shares of Class B common stock held by a subsidiary of the registrant).

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In this report, references to “Evercore”, the “Company”, “we”, “us”, “our” refer to Evercore Partners Inc., a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references to (1) “Evercore Partners Inc.” refer solely to Evercore Partners Inc., and not to any of its consolidated subsidiaries and (2) “Evercore LP” refer solely to Evercore LP, a Delaware limited partnership, and not to any of its consolidated subsidiaries.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Financial Statements (Unaudited)

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EVERCORE PARTNERS INC.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(UNAUDITED)
(dollars in thousands, except share data)

	June 30, 2015	December 31, 2014
Assets		
Current Assets		
Cash and Cash Equivalents	$250,079	$352,160
Marketable Securities	32,164	37,985
Financial Instruments Owned and Pledged as Collateral at Fair Value	46,470	98,688
Securities Purchased Under Agreements to Resell	33,270	7,669
Accounts Receivable (net of allowances of $1,343 and $1,362 at June 30, 2015 and December 31, 2014, respectively)	124,671	136,280
Receivable from Employees and Related Parties	17,174	17,327
Deferred Tax Assets - Current	13,464	13,096
Other Current Assets	31,918	19,751
Total Current Assets	549,210	682,956
Investments	113,061	126,587
Deferred Tax Assets - Non-Current	262,167	265,901
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $38,632 and $33,980 at June 30, 2015 and December 31, 2014, respectively)	45,163	42,527
Goodwill	217,684	218,232
Intangible Assets (net of accumulated amortization of $41,495 and $33,735 at June 30, 2015 and December 31, 2014, respectively)	61,785	69,544
Assets Segregated for Bank Regulatory Requirements	10,200	10,200
Other Assets	40,277	30,609
Total Assets	$1,299,547	$1,446,556
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$100,944	$212,334
Accounts Payable and Accrued Expenses	35,676	37,104
Securities Sold Under Agreements to Repurchase	79,784	106,499
Payable to Employees and Related Parties	31,681	18,875
Taxes Payable	2,964	2,515
Other Current Liabilities	12,104	7,753
Total Current Liabilities	263,153	385,080
Notes Payable	106,285	105,226
Subordinated Borrowings	22,550	22,550
Amounts Due Pursuant to Tax Receivable Agreements	194,772	191,253
Other Long-term Liabilities	25,305	26,200
Total Liabilities	612,065	730,309
Commitments and Contingencies (Note 15)		
Redeemable Noncontrolling Interest	3,404	4,014
Equity		
Evercore Partners Inc. Stockholders' Equity		

Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 48,769,931 and 46,414,240 issued at June 30, 2015 and December 31, 2014, respectively, and 36,160,931 and 36,255,124 outstanding at June 30, 2015 and December 31, 2014, respectively)	488	464
Class B, par value $0.01 per share (1,000,000 shares authorized, 26 and 27 issued and outstanding at June 30, 2015 and December 31, 2014, respectively)	—	—
Additional Paid-In-Capital	1,022,598	950,147
Accumulated Other Comprehensive Income (Loss)	(22,601)	(20,387)
Retained Earnings (Deficit)	(28,748)	(17,814)
Treasury Stock at Cost (12,609,000 and 10,159,116 shares at June 30, 2015 and December 31, 2014, respectively)	(484,768)	(361,129)
Total Evercore Partners Inc. Stockholders' Equity	486,969	551,281
Noncontrolling Interest	197,109	160,952
Total Equity	684,078	712,233
Total Liabilities and Equity	$1,299,547	$1,446,556

See Notes to Unaudited Condensed Consolidated Financial Statements.

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EVERCORE PARTNERS INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(dollars and share amounts in thousands, except per share data)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues				
Investment Banking Revenue	$246,550	$192,251	$464,188	$320,755
Investment Management Revenue	24,505	26,801	46,586	48,716
Other Revenue, Including Interest	1,852	2,622	4,559	4,691
Total Revenues	272,907	221,674	515,333	374,162
Interest Expense	4,811	3,978	9,254	7,353
Net Revenues	268,096	217,696	506,079	366,809
Expenses				
Employee Compensation and Benefits	173,144	129,346	336,270	220,738
Occupancy and Equipment Rental	11,684	10,138	23,914	19,622
Professional Fees	13,164	11,988	22,597	20,499
Travel and Related Expenses	13,400	10,098	26,570	17,482
Communications and Information Services	9,738	3,922	18,300	7,295
Depreciation and Amortization	6,313	3,537	12,714	7,358
Special Charges	(139)	—	5,499	—
Acquisition and Transition Costs	917	1,016	1,401	1,116
Other Operating Expenses	8,764	4,616	16,705	8,950
Total Expenses	236,985	174,661	463,970	303,060
Income Before Income from Equity Method Investments and Income Taxes	31,111	43,035	42,109	63,749
Income from Equity Method Investments	1,998	2,038	3,105	2,279
Income Before Income Taxes	33,109	45,073	45,214	66,028
Provision for Income Taxes	16,723	15,387	22,935	22,950
Net Income	16,386	29,686	22,279	43,078
Net Income Attributable to Noncontrolling Interest	5,622	5,421	7,215	8,245
Net Income Attributable to Evercore Partners Inc.	$10,764	$24,265	$15,064	$34,833
Net Income Attributable to Evercore Partners Inc. Common Shareholders	$10,764	$24,265	$15,064	$34,833
Weighted Average Shares of Class A Common Stock Outstanding				
Basic	36,445	35,744	36,584	35,208
Diluted	42,165	41,860	42,479	41,781
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
Basic	$0.30	$0.68	$0.41	$0.99
Diluted	$0.26	$0.58	$0.35	$0.83

Dividends Declared per Share of Class A Common Stock	$0.28	$0.25	$0.56	$0.50

See Notes to Unaudited Condensed Consolidated Financial Statements.

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EVERCORE PARTNERS INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(dollars in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Net Income	$16,386	$29,686	$22,279	$43,078
Other Comprehensive Income (Loss), net of tax:				
Unrealized Gain (Loss) on Marketable Securities and Investments, net	(157)	33	(983)	1,002
Foreign Currency Translation Adjustment Gain (Loss), net	1,902	2,387	(1,912)	2,632
Other Comprehensive Income (Loss)	1,745	2,420	(2,895)	3,634
Comprehensive Income	18,131	32,106	19,384	46,712
Comprehensive Income Attributable to Noncontrolling Interest	5,818	5,858	6,534	8,915
Comprehensive Income Attributable to Evercore Partners Inc.	$12,313	$26,248	$12,850	$37,797

See Notes to Unaudited Condensed Consolidated Financial Statements.

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EVERCORE PARTNERS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(UNAUDITED)
(dollars in thousands, except share data)

For the Six Months Ended June 30, 2015

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	(Deficit)	Shares	Dollars	Interest	Equity
Balance at December 31, 2014	46,414,240	$464	$950,147	$(20,387)	$(17,814)	(10,159,116)	$(361,129)	$160,952	$712,233
Net Income	—	—	—	—	15,064	—	—	7,215	22,279
Other Comprehensive Income (Loss)	—	—	—	(2,214)	—	—	—	(681)	(2,895)
Treasury Stock Purchases	—	—	—	—	—	(2,449,884)	(123,639)	—	(123,639)
Evercore LP Units Purchased or Converted into Class A Common Stock	209,080	2	3,347	—	—	—	—	(3,793)	(444)
Equity-based Compensation Awards	2,146,611	22	65,199	—	—	—	—	43,400	108,621
Dividends and Equivalents	—	—	3,295	—	(25,998)	—	—	—	(22,703)
Noncontrolling Interest (Note 12)	—	—	610	—	—	—	—	(9,984)	(9,374)
Balance at June 30, 2015	48,769,931	$488	$1,022,598	$(22,601)	$(28,748)	(12,609,000)	$(484,768)	$197,109	$684,078

For the Six Months Ended June 30, 2014

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	(Deficit)	Shares	Dollars	Interest	Equity
Balance at December 31, 2013	40,772,434	$408	$799,233	$(10,784)	$(59,896)	(7,702,900)	$(226,380)	$60,577	$563,158
Net Income	—	—	—	—	34,833	—	—	8,245	43,078
Other Comprehensive	—	—	—	2,964	—	—	—	670	3,634

Income									
Treasury Stock Purchases	—	—	—	—	—	(1,718,110)	(92,983)	—	(92,983)
Evercore LP Units Purchased or Converted into Class A Common Stock	950,672	9	10,468	—	—	—	—	(6,637)	3,840
Equity-based Compensation Awards	3,090,790	31	75,722	—	—	—	—	—	75,753
Shares Issued as Consideration for Acquisitions and Investments	—	—	2,987	—	—	131,243	4,245	—	7,232
Dividends and Equivalents	—	—	3,096	—	(20,974)	—	—	—	(17,878)
Noncontrolling Interest (Note 12)	—	—	(286)	—	—	119,207	3,856	21,669	25,239
Balance at June 30, 2014	44,813,896	$448	$891,220	$(7,820)	$(46,037)	(9,170,560)	$(311,262)	$84,524	$611,073

See Notes to Unaudited Condensed Consolidated Financial Statements.

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EVERCORE PARTNERS INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(dollars in thousands)

	For the Six Months Ended June 30,	
	2015	2014
Cash Flows From Operating Activities		
Net Income	$22,279	$43,078
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:		
Net (Gains) Losses on Investments, Marketable Securities and Contingent Consideration	2,313	(1,916)
Equity Method Investments	3,118	6,024
Equity-Based and Other Deferred Compensation	106,139	57,640
Depreciation, Amortization and Accretion	13,846	8,339
Bad Debt Expense	141	716
Deferred Taxes	9,557	10,883
Decrease (Increase) in Operating Assets:		
Marketable Securities	310	203
Financial Instruments Owned and Pledged as Collateral at Fair Value	48,004	(20,006)
Securities Purchased Under Agreements to Resell	(26,962)	19,063
Accounts Receivable	9,618	(17,169)
Receivable from Employees and Related Parties	195	(222)
Other Assets	(18,618)	(32,721)
(Decrease) Increase in Operating Liabilities:		
Accrued Compensation and Benefits	(113,581)	(90,898)
Accounts Payable and Accrued Expenses	(963)	7,498
Securities Sold Under Agreements to Repurchase	(21,135)	925
Payables to Employees and Related Parties	12,062	(3,606)
Taxes Payable	448	(475)
Other Liabilities	(437)	(30)
Net Cash Provided by (Used in) Operating Activities	46,334	(12,674)
Cash Flows From Investing Activities		
Investments Purchased	(224)	(8,107)
Distributions of Private Equity Investments	6,593	108
Marketable Securities:		
Proceeds from Sales and Maturities	20,369	20,839
Purchases	(15,704)	(11,743)
Loans Receivable	(3,500)	—
Purchase of Furniture, Equipment and Leasehold Improvements	(7,695)	(5,971)
Net Cash Provided by (Used in) Investing Activities	(161)	(4,874)
Cash Flows From Financing Activities		
Issuance of Noncontrolling Interests	307	49
Distributions to Noncontrolling Interests	(10,291)	(6,414)
Short-Term Borrowing	45,000	50,000
Repayment of Short-Term Borrowing	(45,000)	(50,000)
Purchase of Treasury Stock and Noncontrolling Interests	(123,639)	(94,459)

Excess Tax Benefits Associated with Equity-Based Awards	8,877	29,460
Dividends - Class A Stockholders	(22,703)	(17,878)
Net Cash Provided by (Used in) Financing Activities	(147,449)	(89,242)
Effect of Exchange Rate Changes on Cash	(805)	1,433
Net Increase (Decrease) in Cash and Cash Equivalents	(102,081)	(105,357)
Cash and Cash Equivalents-Beginning of Period	352,160	298,453
Cash and Cash Equivalents-End of Period	$250,079	$193,096
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Payments for Interest	$8,661	$6,400
Payments for Income Taxes	$16,841	$7,740
Increase (Decrease) in Fair Value of Redeemable Noncontrolling Interest	$(610)	$3,530
Dividend Equivalents Issued	$3,295	$3,096
Settlement of Contingent Consideration	$—	$7,232
Receipt of Securities in Settlement of Accounts Receivable	$1,079	$63
Purchase of Noncontrolling Interest	$1,123	$7,100
Contingent Consideration Accrued	$5,039	$2,243
Reclassification from Redeemable Noncontrolling Interest to Noncontrolling Interest	$—	$27,477

See Notes to Unaudited Condensed Consolidated Financial Statements.

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EVERCORE PARTNERS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

Note 1 – Organization

Evercore Partners Inc. and subsidiaries (the "Company") is an investment banking and investment management firm, incorporated in Delaware on July 21, 2005 and headquartered in New York, New York. The Company is a holding company which owns a controlling interest in Evercore LP, a Delaware limited partnership ("Evercore LP"). Subsequent to the Company's initial public offering, the Company became the sole general partner of Evercore LP. The Company operates from its offices in the United States, the United Kingdom, Mexico, Hong Kong, Canada, Singapore and, through its affiliate G5 Holdings S.A. ("G5 Evercore"), in Brazil.

The Investment Banking business includes the advisory business through which the Company provides advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, with a particular focus on advising prominent multinational corporations and substantial private equity firms on large, complex transactions. The Company also provides restructuring advice to companies in financial transition, as well as to creditors, shareholders and potential acquirers. In addition, the Company provides its clients with capital markets advice, underwrites securities offerings, raises funds for financial sponsors and provides advisory services focused on secondary transactions for private funds interests. The Investment Banking business also includes the Evercore ISI business through which the Company offers macroeconomic, policy and fundamental equity research and agency-based equity securities trading for institutional investors.

The Investment Management business includes the institutional asset management business through which the Company, directly and through affiliates, manages financial assets for sophisticated institutional investors and provides independent fiduciary services to corporate employee benefit plans and high net-worth individuals, the wealth management business through which the Company provides investment advisory and wealth management services for high net-worth individuals and associated entities, and the private equity business through which the Company, directly and through affiliates, manages private equity funds.

Note 2 – Significant Accounting Policies

For a complete discussion of the Company's accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q. As permitted by the rules and regulations of the United States Securities and Exchange Commission, the unaudited condensed consolidated financial statements contain certain condensed financial information and exclude certain footnote disclosures normally included in audited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying condensed consolidated financial statements are unaudited and are prepared in accordance with U.S. GAAP. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, including normal recurring accruals, necessary to fairly present the accompanying unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2014. The December 31, 2014 Unaudited Condensed Consolidated Statement of Financial Condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2015.

The unaudited condensed consolidated financial statements of the Company are comprised of the consolidation of Evercore LP and Evercore LP's wholly-owned and majority-owned direct and indirect subsidiaries, including Evercore Group L.L.C. ("EGL") and International Strategy & Investment Group L.L.C. ("ISI L.L.C."), registered broker-dealers in the U.S. The Company's policy is to consolidate all subsidiaries in which it has a controlling financial interest, as well as any variable interest entities ("VIEs") where the Company is deemed to be the primary beneficiary, when it has the power to make the decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb significant losses or the right to receive benefits that could potentially be significant to the VIE, except for certain VIEs that qualify for accounting purposes as investment companies. The Company reviews factors, including the rights of the equity holders and obligations of equity holders to absorb losses or receive expected residual returns, to determine if the investment is a VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company. The consolidation analysis is generally performed qualitatively. This analysis, which requires judgment, is performed at each reporting date.

In February 2010, Accounting Standards Update ("ASU") No. 2010-10, "Amendments for Certain Investment Funds", was issued. This ASU defers the application of the revised consolidation rules for a reporting entity's interest in an entity if certain conditions are met, including if the entity has the attributes of an investment company and is not a securitization or asset-backed financing entity. An entity that qualifies for the deferral will continue to be assessed for consolidation under the overall guidance on VIEs, before its amendment, and other applicable consolidation guidance. Generally, the Company would consolidate those entities when it absorbs a majority of the expected losses or a majority of the expected residual returns, or both, of the entities.

For entities (principally funds) that the Company has concluded are not VIEs, the Company then evaluates whether the fund is a partnership or similar entity. If the fund is a partnership or similar entity, the Company evaluates the fund under the partnership consolidation guidance. Pursuant to that guidance, the Company consolidates funds in which it is the general partner and/or manages through a contract, unless presumption of control by the Company can be overcome. This presumption is overcome only when unrelated investors in the fund have the substantive ability to liquidate the fund or otherwise remove the Company as the general partner without cause, based on a simple majority vote of unaffiliated investors, or have other substantive participating rights. If the presumption of control can be overcome, the Company accounts for its interest in the fund pursuant to the equity method of accounting.

All intercompany balances and transactions with the Company's subsidiaries have been eliminated upon consolidation.

Note 3 – Recent Accounting Pronouncements

ASU 2014-08 – In April 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity" ("ASU 2014-08"). ASU 2014-08 provides amendments to Accounting Standards Codification ("ASC") No. 205, "Presentation of Financial Statements", and ASC 360, which change the requirements for reporting discontinued operations. The amendments in this update improve the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results. The amendments also require expanded disclosures for discontinued operations and also require an entity to disclose the pretax profit or loss (or change in net assets for a not-for-profit entity) of an individually significant component of an entity that does not qualify for discontinued operations reporting. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2014, with early adoption permitted. The adoption of ASU 2014-08 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2014-09 – In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" ("ASU 2014-09"). ASU 2014-09 provides amendments to ASC No. 605, "Revenue Recognition", and creates ASC No. 606, "Revenue from Contracts with Customers", which changes the requirements for revenue recognition and amends the disclosure requirements. The amendments in this update are effective either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption, during interim and annual periods beginning after December 15, 2017, with early adoption permitted beginning after December 15, 2016. The Company is currently assessing the impact of the adoption of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2014-11 – In June 2014, the FASB issued ASU No. 2014-11, "Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures" ("ASU 2014-11"). ASU 2014-11 provides amendments to ASC No. 806, "Transfers and Servicing", which expand secured borrowing accounting for certain repurchase agreements and require that in a repurchase financing arrangement the repurchase agreement be accounted for separately from the initial transfer of the financial asset. The amendments also require additional disclosures for certain transactions accounted for as sale and repurchase agreements, and for securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings. The amendments in this update for the additional disclosures for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings are effective prospectively during annual periods beginning after December 15, 2014 and interim periods beginning after March 15, 2015, and all other amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2014, with early adoption not permitted. The adoption of ASU 2014-11 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2014-12 – In June 2014, the FASB issued ASU No. 2014-12, "Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period" ("ASU 2014-12"). ASU 2014-12 provides amendments to ASC No. 718, "Compensation - Stock Compensation", which clarify the guidance for whether to treat a performance target that could be achieved after the requisite service period as a performance condition that affects vesting or as a nonvesting condition that affects the grant-date fair value of an award. The amendments require that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The amendments in this update are effective either prospectively to all awards granted or modified after the effective date or retrospectively to all awards with performance targets that are outstanding as of the beginning of the earliest annual period presented in the financial statements and to all new or modified awards thereafter, during interim and annual periods beginning after December 15, 2015, with early adoption permitted. The Company is currently assessing the impact of the adoption of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2014-17 – In November 2014, the FASB issued ASU No. 2014-17, "Pushdown Accounting" ("ASU 2014-17"). ASU 2014-17 provides amendments to ASC No. 805, "Business Combinations", which provide an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The amendments in this update were effective on November 18, 2014. The adoption of ASU 2014-17 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2015-01 – In January 2015, the FASB issued ASU No. 2015-01, "Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items" ("ASU 2015-01"). ASU 2015-01 provides amendments to ASC No. 225-20, "Income Statement - Extraordinary and Unusual Items", which eliminate the concept of extraordinary items. The amendments in this update are effective either prospectively or retrospectively during interim and annual periods beginning after December 15, 2015, with early adoption permitted. The Company is currently assessing the impact of the adoption of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2015-02 - In February 2015, the FASB issued ASU No. 2015-02, "Amendments to the Consolidation Analysis" ("ASU 2015-02"). ASU 2015-02 provides amendments to ASC No. 810, "Consolidation", which include the following: 1. Modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities, 2. Eliminate the presumption that a general partner should consolidate a limited partnership, 3. Affect the consolidation analysis of reporting entities that are involved with VIEs, and 4. Provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The amendments in this update are effective during interim and annual periods beginning after December 15, 2015, with early adoption permitted, and may be applied retrospectively or using a modified retrospective approach by recording a cumulative-effect adjustment to equity as of the beginning of the fiscal year of adoption. The Company is currently assessing the impact of the adoption of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

Note 4 – Acquisition and Transition Costs, Special Charges and Intangible Asset Amortization

Acquisition and Transition Costs

The Company recognized $917 and $1,401 for the three and six months ended June 30, 2015, respectively, and $1,016 and $1,116 for the three and six months ended June 30, 2014, respectively, as Acquisition and Transition Costs incurred in connection with acquisitions and other ongoing business development initiatives. These costs are primarily comprised of professional fees for legal and other services.

In May 2015, the Company entered into an agreement to acquire a 100% interest in Kuna & Co. KG, a Frankfurt-based investment banking advisory boutique. The Company's consideration for this transaction included the payment of €3,000, or $3,335, of cash at closing, as well as deferred and contingent cash consideration which will be settled at various dates through 2020. Payment of the contingent consideration is dependent on the business meeting certain revenue performance targets. This transaction closed on July 2, 2015.

Special Charges

The Company recognized ($139) and $5,499 for the three and six months ended June 30, 2015, respectively, as Special Charges incurred related to separation benefits and costs associated with the termination of certain contracts within the Company’s Evercore ISI business, and the finalization of a matter associated with the wind-down of the Company’s U.S. Private Equity business.

(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

Intangible Asset Amortization

Expense associated with the amortization of intangible assets for Investment Banking was $2,940 and $5,884 for the three and six months ended June 30, 2015, respectively, and $77 and $241 for the three and six months ended June 30, 2014, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations. Expense associated with the amortization of intangible assets for Investment Management was $938 and $1,876 for the three and six months ended June 30, 2015, respectively, and $1,486 and $3,250 for the three and six months ended June 30, 2014, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations.

Note 5 – Related Parties

Investment Management Revenue includes income from related parties earned from the Company's private equity funds for portfolio company fees, management fees, expense reimbursements and realized and unrealized gains and losses of private equity fund investments. Total Investment Management revenues from related parties amounted to $1,674 and $2,887 for the three and six months ended June 30, 2015, respectively, and $4,196 and $9,075 for the three and six months ended June 30, 2014, respectively.

Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $11,010 and $10,484 as of June 30, 2015 and December 31, 2014, respectively.

As of June 30, 2015, the Company had $22,550 in subordinated borrowings, principally with an executive officer of the Company. See Note 10 for further information.

Note 6 – Marketable Securities

The amortized cost and estimated fair value of the Company's Marketable Securities as of June 30, 2015 and December 31, 2014 were as follows:

	June 30, 2015				December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Investments	$6,396	$6	$3,145	$3,257	$6,354	$11	$2,173	$4,192
Debt Securities Carried by EGL	26,371	56	14	26,413	28,014	80	3	28,091
Mutual Funds	2,213	317	36	2,494	4,765	1,053	116	5,702
Total	$34,980	$379	$3,195	$32,164	$39,133	$1,144	$2,292	$37,985

Scheduled maturities of the Company's available-for-sale debt securities within the Securities Investments portfolio as of June 30, 2015 and December 31, 2014 were as follows:

	June 30, 2015		December 31, 2014	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$100	$100	$303	$305
Due after one year through five years	1,574	1,576	1,229	1,236
Due after five years through 10 years	—	—	100	101
Total	$1,674	$1,676	$1,632	$1,642

Since the Company has the ability and intent to hold available-for-sale securities until a recovery of fair value is equal to an amount approximating its amortized cost, which may be at maturity, and has not incurred credit losses on its securities, it does not consider such unrealized loss positions to be other-than-temporarily impaired at June 30, 2015.

Securities Investments

Securities Investments include equity and debt securities, which are classified as available-for-sale securities within Marketable Securities on the Unaudited Condensed Consolidated Statements of Financial Condition. These securities are stated at fair value with unrealized gains and losses included in Accumulated Other Comprehensive Income (Loss) and realized gains and losses included in earnings. The Company had net realized gains (losses) of ($12) and ($23) for the three and six months ended June 30, 2015, respectively, and $279 and $294 for the three and six months ended June 30, 2014, respectively.

Debt Securities Carried by EGL

EGL invests in a fixed income portfolio consisting primarily of municipal bonds. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Unaudited Condensed Consolidated Statements of Operations, as required for broker-dealers in securities. The Company had net realized and unrealized gains (losses) of ($187) and ($310) for the three and six months ended June 30, 2015, respectively, and ($104) and ($203) for the three and six months ended June 30, 2014, respectively.

Mutual Funds

The Company invests in a portfolio of mutual funds as an economic hedge against the Company's deferred compensation program. See Note 14 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized and unrealized gains (losses) of ($4) and $156 for the three and six months ended June 30, 2015, respectively, and $212 and $324 for the three and six months ended June 30, 2014, respectively.

Note 7 – Financial Instruments Owned and Pledged as Collateral at Fair Value, Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

The Company, through Evercore Casa de Bolsa, S.A. de C.V. ("ECB"), enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market, which the Company reflects as Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial Condition, or by entering into reverse repurchase agreements with unrelated third parties. The Company accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions, which are carried at their contract amounts, which approximate fair value given that the contracts mature the following business day. The Company records a liability on its Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. The Company records as assets on its Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where the Company has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where the Company has acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities had an estimated average time to maturity of approximately 1.1 years, as of June 30, 2015, and are pledged as collateral against repurchase agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB and permit the counterparty to pledge the securities.

ECB has procedures in place to monitor the daily risk limits for positions taken, as well as the credit risk based on the collateral pledged under these agreements against their contract value from inception to maturity date. The daily risk measure is Value at Risk ("VaR"), which is a statistical measure, at a 98% confidence level, of the potential daily losses from adverse market movements in an ordinary market environment based on a historical simulation using the prior year's historical data. ECB's Risk Management Committee (the "Committee") has established a policy to maintain VaR at levels below 0.1% of the value of the portfolio. If at any point in time the threshold is exceeded, ECB personnel are alerted by an automated interface with ECB's trading systems and begin to make adjustments in the portfolio in order to mitigate the risk and bring the portfolio in compliance. Concurrently, ECB personnel must notify the Committee of the variance and the actions taken to reduce the exposure to loss.

In addition to monitoring VaR, ECB periodically performs discrete stress tests ("Stress Tests") to assure that the level of potential losses that would arise from extreme market movements that may not be anticipated by VaR measures are within acceptable levels.

EVERCORE PARTNERS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

As of June 30, 2015 and December 31, 2014, a summary of the Company’s assets, liabilities and collateral received or pledged related to these transactions was as follows:

	June 30, 2015		December 31, 2014	
	Asset (Liability) Balance	Market Value of Collateral Received or (Pledged)	Asset (Liability) Balance	Market Value of Collateral Received or (Pledged)
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$46,470		$98,688	
Securities Purchased Under Agreements to Resell	33,270	$ 33,274	7,669	$ 7,671
Total Assets	$79,740		$106,357	
Liabilities				
Securities Sold Under Agreements to Repurchase	$(79,784)	$ (79,822)	$(106,499)	$ (106,632)

Note 8 – Investments

The Company’s investments reported on the Unaudited Condensed Consolidated Statements of Financial Condition consist of investments in private equity partnerships, Trilantic Capital Partners ("Trilantic") and other investments in unconsolidated affiliated companies. The Company’s investments are relatively high-risk and illiquid assets.

The Company’s investments in private equity partnerships consist of investment interests in private equity funds which are voting interest entities. Realized and unrealized gains and losses on the private equity investments are included within Investment Management Revenue, as the Company considers this activity integral to its Private Equity business.

The Company also has investments in G5 Evercore and ABS Investment Management, LLC ("ABS"), which are voting interest entities. The Company’s share of earnings (losses) on its investments in G5 Evercore and ABS are included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Investments in Private Equity

Private Equity Funds

The Company’s investments related to private equity partnerships and associated entities include investments in Evercore Capital Partners II, L.P. (“ECP II”), Discovery Americas I, L.P. (the “Discovery Fund”), Evercore Mexico Capital Partners II, L.P. (“EMCP II”), Evercore Mexico Capital Partners III, L.P. (“EMCP III”), CSI Capital, L.P. (“CSI Capital”), Trilantic Capital Partners Associates IV, L.P. (“Trilantic IV”) and Trilantic Capital Partners V, L.P. ("Trilantic V"). Portfolio holdings of the private equity funds are carried at fair value. Accordingly, the Company reflects its pro rata share of the unrealized gains and losses occurring from changes in fair value. Additionally, the Company reflects its pro rata share of realized gains, losses and carried interest associated with any investment realizations.

On December 31, 2014, ECP II was terminated. The Company's investment at June 30, 2015 of $1,025 is comprised of remaining interest in the general partner, including $769 in cash, $78 in cash escrow balances, $66 in a seller note and $112 in securities.

In 2013, the Company held a fourth and final closing on EMCP III, a private equity fund focused on middle market investments in Mexico. The total subscribed capital commitments of $201,000 included a capital commitment of $10,750 by the general partner of EMCP III, Evercore Mexico Partners III ("EMP III"), of which $1,000 relates to the Company and $9,750 relates to noncontrolling interest holders. At June 30, 2015, unfunded commitments of EMP III were $4,676, including $429 due from the Company.

(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

A summary of the Company's investment in the private equity funds as of June 30, 2015 and December 31, 2014 was as follows:

	June 30, 2015	December 31, 2014
ECP II	$1,025	$4,043
Discovery Fund	3,711	2,867
EMCP II	8,697	12,630
EMCP III	7,009	7,272
CSI Capital	265	3,030
Trilantic IV	3,321	3,798
Trilantic V	2,957	2,911
Total Private Equity Funds	$26,985	$36,551

Net realized and unrealized gains on private equity fund investments were $1,815 and $1,326 for the three and six months ended June 30, 2015, respectively, and $4,023 and $3,962 for the three and six months ended June 30, 2014, respectively. During the six months ended June 30, 2015, ECP II, EMCP II, CSI Capital and Trilantic IV made distributions of $3,000, $3,194, $2,750 and $1,650, respectively. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of June 30, 2015, there was no previously distributed carried interest that was subject to repayment.

General Partners of Private Equity Funds which are VIEs

The Company has concluded that Evercore Partners II, L.L.C. ("EP II L.L.C."), the general partner of ECP II, is a VIE pursuant to ASC 810, "Consolidation" ("ASC 810"). The Company owns 8%-9% of the carried interest earned by the general partner of ECP II. The Company's assessment of the design of EP II L.L.C. resulted in the determination that the Company is not acting as an agent for other members of the general partner and is a passive holder of interests in the fund, evidenced by the fact that the Company is a non-voting, non-managing member of the general partner and, therefore, has no authority in directing the management operations of the general partner. Furthermore, the Company does not have the obligation to absorb significant losses or the right to receive benefits that could potentially have a significant impact to EP II L.L.C. Accordingly, the Company has concluded that it is not the primary beneficiary of EP II L.L.C. and has not consolidated EP II L.L.C. in the Company's unaudited condensed consolidated financial statements.

In 2013, EMP III amended and restated its Limited Partnership Agreement and admitted certain limited partners, which are related parties of the Company. The Company viewed this modification as a reconsideration event under ASC 810-10, "Noncontrolling Interest in Consolidated Financial Statements - an amendment of ARB No. 51," and concluded that EMP III is a VIE and that the Company is the primary beneficiary of this VIE. Specifically, the Company's general partner interests in EMP III provide the Company the ability to make decisions that significantly impact the economic performance of EMP III, while the limited partners do not possess substantive participating rights over EMP III. The Company's assessment of the primary beneficiary of EMP III included assessing which parties have the power to significantly impact the economic performance of EMP III and the obligation to absorb losses, which could be potentially significant to EMP III, or the right to receive benefits from EMP III that could be potentially significant. The Company had previously consolidated EMP III as a voting interest entity; accordingly, consolidating as a VIE had no impact on the assets and liabilities of the Company. The Company consolidated EMP III assets of $7,218 and liabilities of $150 at June 30, 2015 and assets of $7,327 and liabilities of $75 at December 31, 2014, in the Company's Unaudited Condensed Consolidated Statements of Financial Condition. The assets retained by EMP III are for the benefit of the interest holders of EMP III and the liabilities are generally non-recourse to the Company.

Investment in Trilantic Capital Partners and Other

In 2010, the Company made a limited partnership investment in Trilantic in exchange for 500 Class A limited partnership units of Evercore LP ("Class A LP Units") having a fair value of $16,090. This investment gave the Company the right to invest in Trilantic's current and future private equity funds, beginning with Trilantic Fund IV. The Company accounts for this investment under the cost method, subject to impairment. The Company allocates the cost of this investment to its investments in current and future Trilantic funds, as the Company satisfies the capital calls of these funds. The Company bases this allocation on its expectation of Trilantic's future fundraising ability and performance. During the six months ended June 30, 2015, $36 and $3 of this investment was allocated to Trilantic Fund V and IV, respectively. During 2014, $689 of this investment was allocated to Trilantic Fund V. During 2013, $825 and $29 of this investment was allocated to Trilantic Fund V and Trilantic Fund IV, respectively. From 2010 to 2012, $1,091 of this investment was allocated to Trilantic Fund IV. This investment had a balance of $13,416 and $13,455 as of June 30, 2015 and December 31, 2014, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $3,550 was unfunded at June 30, 2015. The Company and Trilantic anticipate that the Company will participate in the successor funds to Trilantic Fund V. The Company further anticipates that participation in successor funds will be at amounts comparable to those of Trilantic Fund V.

(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

In the second quarter of 2015, the Company received an equity security in a private company of $1,079 in exchange for advisory services. This investment is accounted for on the cost basis.

Equity Method Investments

A summary of the Company’s other investments accounted for under the equity method of accounting as of June 30, 2015 and December 31, 2014 was as follows:

	June 30, 2015	December 31, 2014
G5 Evercore	$31,525	$32,756
ABS	40,056	43,825
Total	$71,581	$76,581

G5 Evercore

In 2010, the Company made an investment accounted for under the equity method of accounting in G5 Evercore. During the second quarter of 2014, the Company settled its contingent consideration arrangement entered into in conjunction with its initial investment in G5 Evercore. Accordingly, in June 2014 the Company issued 131 shares of restricted Class A common stock, with a fair value of $7,232, and $7,916 of cash to the owners of G5 Evercore.

At June 30, 2015, the Company’s economic ownership interest in G5 Evercore was 49%. This investment resulted in earnings (losses) of $708 and $651 for the three and six months ended June 30, 2015, respectively, and $817 and ($20) for the three and six months ended June 30, 2014, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

ABS

In 2011, the Company made an investment accounted for under the equity method of accounting in ABS. At June 30, 2015, the Company’s economic ownership interest in ABS was 45%. This investment resulted in earnings of $1,290 and $2,454 for the three and six months ended June 30, 2015, respectively, and $1,221 and $2,299 for the three and six months ended June 30, 2014, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Other

The Company allocates the purchase price of its equity method investments, in part, to the inherent finite-lived identifiable intangible assets of the investees. The Company’s share of the earnings of the investees has been reduced by the amortization of these identifiable intangible assets inherent in the investments of $621 and $1,242 for the three and six months ended June 30, 2015, respectively, and $647 and $1,294 for the three and six months ended June 30, 2014, respectively.

Note 9 – Fair Value Measurements

ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”) establishes a hierarchical disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily-available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by ASC 820, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.
Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The estimated fair values of the Corporate Bonds, Municipal Bonds, Other Debt Securities and Securities Investments held at June 30, 2015 and December 31, 2014 are based on quoted market prices provided by external pricing services.
Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.
The following table presents the categorization of investments and certain other financial assets measured at fair value on a recurring basis as of June 30, 2015 and December 31, 2014:

	June 30, 2015			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$—	$33,317	$—	$33,317
Securities Investments (1)	4,581	1,676	—	6,257
Mutual Funds	2,494	—	—	2,494
Financial Instruments Owned and Pledged as Collateral at Fair Value	46,470	—	—	46,470
Total Assets Measured At Fair Value	$53,545	$34,993	$—	$88,538

	December 31, 2014			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$—	$34,343	$—	$34,343
Securities Investments (1)	5,550	1,642	—	7,192
Mutual Funds	5,702	—	—	5,702
Financial Instruments Owned and Pledged as Collateral at Fair Value	98,688	—	—	98,688
Total Assets Measured At Fair Value	$109,940	$35,985	$—	$145,925

(1) Includes $9,904 and $9,252 of treasury bills, municipal bonds and commercial paper classified within Cash and Cash Equivalents on the Unaudited Condensed Consolidated Statements of Financial Condition as of June 30, 2015 and December 31, 2014, respectively.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.
The Company had no transfers between fair value levels during the six months ended June 30, 2015 or the year ended December 31, 2014.

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(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

The carrying amount and estimated fair value of the Company's financial instrument assets and liabilities, which are not measured at fair value on the Unaudited Condensed Consolidated Statements of Financial Condition, are listed in the tables below.

		June 30, 2015			
	Carrying	Estimated Fair Value			
	Amount	Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$240,175	$240,175	$—	$—	$240,175
Securities Purchased Under Agreements to Resell	33,270	—	33,270	—	33,270
Accounts Receivable	124,671	—	124,671	—	124,671
Receivable from Employees and Related Parties	17,174	—	17,174	—	17,174
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Closely-held Equity Security	1,079	—	—	1,079	1,079
Loans Receivable	3,500	—	3,500	—	3,500
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$35,676	$—	$35,676	$—	$35,676
Securities Sold Under Agreements to Repurchase	79,784	—	79,784	—	79,784
Payable to Employees and Related Parties	31,681	—	31,681	—	31,681
Notes Payable	106,285	—	128,543	—	128,543
Subordinated Borrowings	22,550	—	23,167	—	23,167

		December 31, 2014			
	Carrying	Estimated Fair Value			
	Amount	Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$342,908	$342,908	$—	$—	$342,908
Securities Purchased Under Agreements to Resell	7,669	—	7,669	—	7,669
Accounts Receivable	136,280	—	136,280	—	136,280
Receivable from Employees and Related Parties	17,327	—	17,327	—	17,327
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$37,104	$—	$37,104	$—	$37,104
Securities Sold Under Agreements to Repurchase	106,499	—	106,499	—	106,499
Payable to Employees and Related Parties	18,875	—	18,875	—	18,875

Notes Payable	105,226	—	131,340	—	131,340
Subordinated Borrowings	22,550	—	22,550	—	22,550

The following methods and assumptions were used to estimate the fair value of these financial assets and liabilities: The fair value of the Company's Notes Payable is estimated based on a present value analysis utilizing aggregate market yields obtained from independent pricing sources for similar financial instruments.

The fair value of the Company's Subordinated Borrowings as of June 30, 2015 is estimated based on a present value analysis utilizing aggregate market yields obtained from independent pricing sources for similar financial instruments. The carrying amount reported on the Unaudited Condensed Consolidated Statement of Financial Condition for Subordinated Borrowings approximated fair value as of December 31, 2014.

The fair value of the Closely-held Equity Security is based on recent comparable market transactions executed by the issuer.

The carrying amounts reported on the Unaudited Condensed Consolidated Statements of Financial Condition for Cash and Cash Equivalents, Securities Purchased Under Agreements to Resell, Securities Sold Under Agreements to Repurchase, Accounts Receivable, Receivables from Employees and Related Parties, Accounts Payable and Accrued Expenses, Payables to Employees and Related Parties, Assets Segregated for Bank Regulatory Requirements and Loans Receivable approximate fair value due to the short-term nature of these items.

Note 10 – Notes Payable, Warrants and Subordinated Borrowings

On August 21, 2008, the Company entered into a Purchase Agreement with Mizuho Corporate Bank, Ltd. ("Mizuho") pursuant to which Mizuho purchased from the Company $120,000 principal amount of Senior Notes, due 2020 with a 5.20% coupon ("Senior Notes"), and warrants to purchase 5,455 shares of the Company's Class A common stock, par value $0.01 per share ("Class A Shares") at $22.00 per share (the "Warrants") expiring in 2020. Based on their relative fair value at issuance, plus accretion, the Senior Notes and Warrants were reflected in Notes Payable and Additional Paid-In-Capital on the Unaudited Condensed Consolidated Statements of Financial Condition. The Senior Notes have an effective yield of 7.94%.

The holder of the Senior Notes may require the Company to purchase, for cash, all or any portion of the holder's Senior Notes upon a change of control of the Company for a price equal to the aggregate accreted amount of such Senior Notes, (the "Accreted Amount"), plus accrued and unpaid interest. Senior Notes held by Mizuho will be redeemable at the Accreted Amount at the option of the Company at any time within 90 days following the date on which Mizuho notifies the Company that it is terminating their strategic alliance agreement ("Strategic Alliance Agreement"). Senior Notes held by any other holder than Mizuho will be redeemable at the Accreted Amount (plus accrued and unpaid interest) at the option of the Company at any time. In the event of a default under the indenture, the trustee or holders of 33 1/3% of the Senior Notes may declare that the Accreted Amount is immediately due and payable.

Pursuant to the agreement, Mizuho may transfer (A) the Senior Notes (i) with the Company's consent, (ii) to a permitted transferee, or (iii) to the extent that such transfer does not result in any holder or group of affiliated holders directly or indirectly owning more than 15% of the aggregate principal amount of the Senior Notes, and (B) the Warrants (i) with the Company's consent, (ii) to a permitted transferee, (iii) pursuant to a tender or exchange offer, or a merger or sale transaction involving the Company that has been recommended by the Company's Board of Directors, or (iv) to the extent that such transfer is made pursuant to a widely distributed public offering or does not result in any holder or group of affiliated holders directly or indirectly owning more than 2% of the Company's voting securities and the total shares of Class A common stock transferred, together with any shares of Class A common stock (on an as-converted basis) transferred during the preceding 12 months, is less than 25% of the Company's outstanding Class A common stock. The Company has a right of first offer on any proposed transfer by Mizuho of the Warrants, Common Stock purchased in the open market or acquired by exercise of the Warrants and associated Common Stock issued as dividends.

The exercise price for the Warrants is payable, at the option of the holder of the Warrants, either in cash or by tender of Senior Notes at the Accreted Amount, at any point in time.

As of June 30, 2015, the Company had $22,550 in subordinated borrowings, principally with an executive officer of the Company, due on October 31, 2019. These borrowings had a coupon of 5.5%, payable semi-annually.

Note 11 – Evercore Partners Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on July 20, 2015, a quarterly cash dividend of $0.28 per share, to the holders of Class A Shares as of August 28, 2015, which will be paid on September 11, 2015. During the six months ended June 30, 2015, the Company declared and paid dividends of $0.56 per share, totaling $22,703.
Treasury Stock – During the six months ended June 30, 2015, the Company purchased 928 Class A Shares primarily from employees at values ranging from $47.56 to $52.85 per share, primarily for the net settlement of stock-based compensation awards, and 1,522 Class A Shares at market values ranging from $47.10 to $53.39 per share pursuant to the Company's share

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repurchase program. The result of these purchases was an increase in Treasury Stock of $123,639 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2015.

LP Units – During the six months ended June 30, 2015, 209 LP Units were exchanged for Class A Shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $2 and $4,117, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2015.

During the six months ended June 30, 2015, the Company purchased 26 LP Units and certain other rights from a noncontrolling interest holder, resulting in a decrease to Noncontrolling Interest of $353 and a decrease to Additional Paid-In Capital of $770, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2015.

Accumulated Other Comprehensive Income (Loss) – As of June 30, 2015, Accumulated Other Comprehensive Income (Loss) on the Company's Unaudited Condensed Consolidated Statement of Financial Condition includes an accumulated Unrealized Gain (Loss) on Marketable Securities and Investments, net, and a Foreign Currency Translation Adjustment Gain (Loss), net, of ($4,752) and ($17,849), respectively.

Note 12 – Noncontrolling Interest

Noncontrolling Interest recorded in the unaudited condensed consolidated financial statements of the Company relates to a 15% interest in Evercore LP, a 28% interest in ECB, a 38% interest in Evercore Wealth Management ("EWM"), a 34% equity interest in Atalanta Sosnoff Capital LLC ("Atalanta Sosnoff"), a 35% interest in Evercore Private Capital Advisory L.P. ("PCA"), a 38% interest in Institutional Equities ("IE") through October 31, 2014 and other private equity partnerships. The Atalanta Sosnoff interest excludes the Series C Profits Interest, which has been reflected in Employee Compensation and Benefits Expense on the Unaudited Condensed Consolidated Statements of Operations. The Noncontrolling Interests for Evercore LP, EWM, Atalanta Sosnoff and PCA have rights, in certain circumstances, to convert into Class A Shares.

Changes in Noncontrolling Interest for the six months ended June 30, 2015 and 2014 were as follows:

	For the Six Months Ended June 30,	
	2015	2014
Beginning balance	$160,952	$60,577
Comprehensive income (loss):		
Net Income Attributable to Noncontrolling Interest	7,215	8,245
Other comprehensive income (loss)	(681)	670
Total comprehensive income	6,534	8,915
Evercore LP Units Purchased or Converted into Class A Shares	(3,793)	(6,637)
Amortization and Vesting of LP Units/Interests	43,400	—
Other Items:		
Distributions to Noncontrolling Interests	(10,291)	(6,414)
Net Reclassification to/from Redeemable Noncontrolling Interest	—	27,477
Issuance of Noncontrolling Interest	307	268
Other, net	—	338
Total other items	(9,984)	21,669
Ending balance	$197,109	$84,524

Other comprehensive income (loss) attributed to Noncontrolling Interest includes Unrealized Gain (Loss) on Marketable Securities and Investments, net, of ($131) and ($327) for the three and six months ended June 30, 2015, respectively, and $6 and $193 for the three and six months ended June 30, 2014, respectively, and Foreign Currency Translation Adjustment Gain

(Loss), net, of $327 and ($354) for the three and six months ended June 30, 2015, respectively, and $431 and $477 for the three and six months ended June 30, 2014, respectively.

In conjunction with the Company's purchase agreement with Atalanta Sosnoff, the Company issued a management member of Atalanta Sosnoff certain capital interests in Atalanta Sosnoff, which are redeemable for cash, at their fair value. Accordingly, these capital interests have been reflected at their fair value of $3,404 and $4,014 within Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statements of Financial Condition at June 30, 2015 and December 31, 2014, respectively.

During the six months ended June 30, 2015, the Company purchased 26 LP Units and certain other rights from a noncontrolling interest holder, resulting in a decrease to Noncontrolling Interest of $353 and a decrease to Additional Paid-In Capital of $770, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2015.

On May 22, 2014, the Company purchased 3 units, or 22%, of the aggregate amount of the outstanding EWM Class A units held by members of EWM for 119 Class A Shares and 11 LP Units of the Company, at a fair value of $7,100. This transaction resulted in an increase in the Company's ownership in EWM to 62%. In conjunction with this purchase, the Company amended the Amended and Restated Limited Liability Company Agreement of EWM. Per the amended agreement, the holders of certain EWM interests no longer have the option to redeem these capital interests for cash upon the event of the death or disability of the holder. Accordingly, the value of these interests had been reclassified from Redeemable Noncontrolling Interest to Noncontrolling Interest on the Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2014. The above transactions had the effect of reducing Redeemable Noncontrolling Interest and Treasury Stock by $34,577 and $3,856, respectively, and increasing Noncontrolling Interest and Additional Paid-in Capital by $27,477 and $3,244, respectively, at June 30, 2014. These interests were reflected at their fair value of $34,577 within Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statement of Financial Condition at March 31, 2014. Changes in the fair value of these redeemable noncontrolling interests resulted in a decrease to Additional Paid-in Capital of $3,530 for the six months ended June 30, 2014.

Note 13 – Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders

The calculations of basic and diluted net income per share attributable to Evercore Partners Inc. common shareholders for the three and six months ended June 30, 2015 and 2014 are described and presented below.

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	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Basic Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Partners Inc. common shareholders	$10,764	$24,265	$15,064	$34,833
Denominator:				
Weighted average shares of Class A common stock outstanding, including vested restricted stock units ("RSUs")	36,445	35,744	36,584	35,208
Basic net income per share attributable to Evercore Partners Inc. common shareholders	$0.30	$0.68	$0.41	$0.99
Diluted Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Partners Inc. common shareholders	$10,764	$24,265	$15,064	$34,833
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(a)	(a)	(a)	(a)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(a)	(a)	(a)	(a)
Diluted net income attributable to Evercore Partners Inc. common shareholders	$10,764	$24,265	$15,064	$34,833
Denominator:				
Weighted average shares of Class A common stock outstanding, including vested RSUs	36,445	35,744	36,584	35,208
Assumed exchange of LP Units for Class A Shares	(a)	(a)	(a)	(a)
Additional shares of the Company's common stock assumed to be issued pursuant to non-vested RSUs and deferred consideration, as calculated using the Treasury Stock Method	1,804	2,718	2,029	3,095
Shares that are contingently issuable (b)	813	130	768	166
Assumed conversion of Warrants issued	3,103	3,268	3,098	3,312
Diluted weighted average shares of Class A common stock outstanding	42,165	41,860	42,479	41,781

Diluted net income per share attributable to Evercore Partners Inc. common shareholders	$0.26	$0.58	$0.35	$0.83

(a) The Company has outstanding LP Units in its subsidiary, Evercore LP, which give the holders the right to receive Class A Shares upon exchange on a one for one basis. During the three and six months ended June 30, 2015 and 2014, the LP Units were antidilutive and consequently the effect of their exchange into Class A Shares has been excluded from the calculation of diluted net income per share attributable to Evercore Partners Inc. common shareholders. The units that would have been included in the denominator of the computation of diluted net income per share attributable to Evercore Partners Inc. common shareholders if the effect would have been dilutive were 6,712 and 6,752 for the three and six months ended June 30, 2015, respectively, and 4,719 and 4,901 for the three and six months ended June 30, 2014, respectively. The adjustment to the numerator, Diluted net income attributable to Class A common shareholders, if the effect would have been dilutive,

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would have been $2,132 and $2,815 for the three and six months ended June 30, 2015, respectively, and $3,197 and $4,786 for the three and six months ended June 30, 2014, respectively. In computing this adjustment, the Company assumes that all vested Class A LP Units and all Class E limited partnership units of Evercore LP ("Class E LP Units") are converted into Class A Shares, that all earnings attributable to those shares are attributed to Evercore Partners Inc. and, that it has adopted a conventional corporate tax structure and is taxed as a C Corporation in the U.S. at prevailing corporate tax rates. The Company does not anticipate that the LP Units will result in a dilutive computation in future periods.

(b) At June 30, 2015, the Company has outstanding Class G and H limited partnership interests of Evercore LP ("Class G and H LP Interests") which are contingently exchangeable into Class E LP Units, and ultimately Class A Shares, as they are subject to certain performance thresholds being achieved. See Note 14 for a further discussion. For the purposes of calculating diluted net income per share attributable to Evercore Partners Inc. common shareholders, the Company’s Class G and H LP Interests will be included in diluted weighted average Class A Shares outstanding as of the beginning of the period in which all necessary performance conditions have been satisfied. If all necessary performance conditions have not been satisfied by the end of the period, the number of shares that will be included in diluted weighted average Class A Shares outstanding will be based on the number of shares that would be issuable if the end of the reporting period were the end of the performance period. For the three and six months ended June 30, 2015, 813 and 768 of these interests, respectively, were assumed to be converted to an equal number of Class A Shares for purposes of computing diluted EPS.

The shares of Class B common stock have no right to receive dividends or a distribution on liquidation or winding up of the Company. The shares of Class B common stock do not share in the earnings of the Company and no earnings are allocable to such class. Accordingly, basic and diluted net income per share of Class B common stock have not been presented.

Note 14 – Share-Based and Other Deferred Compensation

Equity Grants

During the six months ended June 30, 2015, the Company granted employees 2,444 RSUs that are Service-based Awards. Service-based Awards granted during the six months ended June 30, 2015 had grant date fair values of $48.41 to $54.42 per share. During the six months ended June 30, 2015, 2,096 Service-based Awards vested and 144 Service-based Awards were forfeited.

Compensation expense related to Service-based Awards was $27,465 and $54,960 for the three and six months ended June 30, 2015, respectively, and $24,847 and $47,091 for the three and six months ended June 30, 2014, respectively.

Deferred Cash Program

The Company's deferred compensation program provides participants the ability to elect to receive a portion of their deferred compensation in cash, which is indexed to a notional investment portfolio and vests ratably over four years and requires payment upon vesting. Compensation expense related to this deferred compensation program was $448 and $1,008 for the three and six months ended June 30, 2015, respectively, and $946 and $1,840 for the three and six months ended June 30, 2014, respectively.

Acquisition-related LP Units

Equities business - In conjunction with the acquisition of the operating businesses of International Strategy & Investments ("ISI") in 2014, the Company issued Class E LP Units and Class G and H LP Interests which are treated as compensation. The Class E LP Units issued includes 710 vested Class E LP Units and an allocation of the value, attributed to post-combination service, of 710 Class E LP Units that were unvested and will vest ratably on October 31, 2015, 2016 and 2017 and become exchangeable once vested, subject to continued employment with the Company.

The units will become exchangeable into Class A Shares of the Company subject to certain liquidated damages and continued employment provisions. Compensation expense related to Class E LP Units was $4,893 and $9,961 for the three and six months ended June 30, 2015, respectively.
The Company also issued 538 vested and 540 unvested Class G LP Interests in 2014, which will vest ratably on February 15, 2016, 2017 and 2018, and 2,044 vested and 2,051 unvested Class H LP Interests in 2014, which will vest ratably on February 15, 2018, 2019 and 2020. The Company’s vested Class G LP Interests will become exchangeable in February 2016, 2017 and 2018 if certain earnings before interest and taxes, excluding underwriting, ("Management Basis EBIT") margin thresholds, within a range of 12% to 16%, are achieved for the calendar year preceding the date the interests become

exchangeable. The Company's vested Class H LP Interests will become exchangeable in February 2018, 2019 and 2020 if certain average Management Basis EBIT and Management Basis EBIT margin thresholds, within ranges of $8,000 to $48,000 and 7% to 17%, respectively, are achieved for the three calendar years preceding the date the interests become exchangeable. The amount of Class H LP Interests which become exchangeable are scaled to the threshold levels achieved.

Based on Evercore ISI's results for the first six months of 2015, the anticipated seasonality of results in the equities business and the anticipated impact of certain efficiency initiatives identified and executed during the period, the Company determined that the achievement of certain of the performance thresholds for the Class G and H LP Interests was probable at June 30, 2015. This determination was based on an assumed Management Basis EBIT margin of 15% and annual Management Basis EBIT over the performance period of $32,800 for Evercore ISI. Accordingly, $13,170 and $33,313 of expense was recorded for the three and six months ended June 30, 2015, respectively, for the Class G and H LP Interests.

Other Acquisition Related

Lexicon - Compensation expense related to the Lexicon Acquisition-related Awards and deferred cash consideration was $622 and $330, respectively, for the three months ended June 30, 2015, and $1,237 and $301, respectively, for the six months ended June 30, 2015. Compensation expense related to the Lexicon Acquisition-related Awards and deferred cash consideration was $1,757 and $767, respectively, for the three months ended June 30, 2014, and $3,998 and $1,699, respectively, for the six months ended June 30, 2014.

Long-term Incentive Plan

The Company's Long-term Incentive Plan provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers of the Company, who exceed defined benchmark results over a four-year performance period beginning January 1, 2013. These awards will be paid, in cash or Class A Shares, at the Company's discretion, in the two years following the performance period, to Senior Managing Directors employed by the Company at the time of payment. These awards are subject to retirement eligibility requirements. The Company periodically assesses the probability of the benchmarks being achieved and expenses the probable payout over the requisite service period of the award. Compensation expense related to these awards was $1,530 and $3,043 for the three and six months ended June 30, 2015, respectively, and $1,032 and $2,143 for the three and six months ended June 30, 2014, respectively.

Other

Periodically, the Company provides new and existing employees with cash payments in the form of loans and/or other cash awards which are subject to ratable vesting terms with service requirements ranging from one to five years. Generally, the terms of these awards include a requirement of either full or partial repayment of these awards based on the terms of their employment agreements with the Company. In circumstances where the employee meets the Company's minimum credit standards, the Company amortizes these awards to compensation expense over the relevant service period which is generally the period they are subject to forfeiture. Compensation expense related to these awards was $4,371 and $8,951 for the three and six months ended June 30, 2015, respectively, and $3,003 and $5,650 for the three and six months ended June 30, 2014, respectively. The remaining unamortized amount of these awards was $23,579 as of June 30, 2015.

The Company granted separation benefits to certain employees, resulting in expense included in Employee Compensation and Benefits of approximately $2,188 and $3,795 for the three and six months ended June 30, 2015, respectively, and $1,198 and $4,589 for the three and six months ended June 30, 2014, respectively. In conjunction with these arrangements, the Company distributed cash payments of $321 and $1,531 for the three and six months ended June 30, 2015, respectively, and $521 and $3,002 for the three and six months ended June 30, 2014, respectively. The Company also granted separation benefits to certain employees, resulting in expense included in Special Charges of approximately ($102) and $1,863 for the three and six months ended June 30, 2015, respectively. In conjunction with these arrangements, the Company distributed cash payments of $487 for the three and six months ended June 30, 2015. See Note 4 for further information.

Note 15 – Commitments and Contingencies

For a complete discussion of the Company’s commitments, refer to the Company’s Annual Report on Form 10-K for the year ended December 31, 2014.

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2023. The Company reflects lease expense over the lease terms on a straight-line basis. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord. Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations includes occupancy rental expense relating to operating leases of $8,488 and $17,359 for the three and six months ended June 30, 2015, respectively, and $6,895 and $13,279 for the three and six months ended June 30, 2014, respectively.

Other Commitments – As of June 30, 2015, the Company had unfunded commitments for capital contributions of $8,504 to private equity funds. These commitments will be funded as required through the end of each private equity fund’s investment period, subject to certain conditions. Such commitments are satisfied in cash and are generally required to be made as investment opportunities are consummated by the private equity funds.

The Company also has additional commitments related to its redeemable noncontrolling interests. See Note 12 for further information.

In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. At June 30, 2015, the Company had a remaining commitment for contingent consideration related to its acquisition of Protego in 2006, as well as commitments related to its acquisition of a boutique advisory business in 2014 and its acquisition of Kuna & Co. KG in July 2015.

Under the terms of the acquisition agreement for Protego, the Company is obligated to pay the partners that sold Protego 90% of the return proceeds and performance fees received from Protego's investment in the general partner of the Discovery Fund. During 2014, the Company received distributions from Discovery Americas Associated L.P., the general partner of the Discovery Fund. Accordingly, as of June 30, 2015, the Company recorded Goodwill of $1,862 pursuant to this agreement. The carrying value of the Company's investment in the Discovery Fund is $3,711 at June 30, 2015. See Note 8 for further information.

On June 26, 2015, Evercore Partners Services East L.L.C. ("East"), a wholly-owned subsidiary of the Company, increased its line of credit from First Republic Bank to an aggregate principal amount of up to $75,000, to be used for working capital and other corporate activities, including, but not limited to, the repurchase of the Company's stock from time to time. This facility is secured by (i) cash and cash equivalents of East held in a designated account with First Republic Bank, (ii) certain of East's intercompany receivables and (iii) third party accounts receivable of EGL. Drawings under this facility bear interest at the prime rate. The facility was renewed on June 26, 2015 and the maturity date was extended to June 27, 2016. The Company drew down $45,000 on this facility on February 5, 2015, which was repaid as of June 30, 2015.

During the first quarter of 2015, in conjunction with the Company entering into a strategic alliance with Luminis Partners ("Luminis"), the Company committed to loan Luminis $5,500. The Company paid Luminis $3,500 pursuant to the loan agreement during the six months ended June 30, 2015, which is included within Other Assets on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2015, with the remaining $2,000 due from the Company on demand. The Company may acquire a 20% interest in Luminis in 2017.

Contingencies

In the normal course of business, from time to time the Company and its affiliates are involved in other judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, Hong Kong, Singapore, Canadian and United States government agencies and self-regulatory organizations, as well as state securities commissions in the United States, conduct periodic examinations and initiate administrative proceedings regarding the Company’s business, including, among other matters, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, investment advisor, or its directors, officers or employees. In view of the inherent difficulty of determining whether any loss in connection with such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, the Company believes, based on current knowledge and after consultation with counsel, that it is not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with ASC 450, “Contingencies” when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

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In January 2015, Donna Marie Coburn filed a proposed class action complaint against Evercore Trust Company, N.A. ("ETC") in the U.S. District Court for the District of Columbia, in which she purports to represent a class of participants in the J.C. Penney Corporation Inc. Savings, Profit-Sharing and Stock Ownership Plan (the "Plan") whose participant accounts held J.C. Penney stock at any time between May 15, 2012 and the present. The complaint alleges that ETC breached its fiduciary duties under the Employee Retirement Income Security Act by causing the Plan to invest in J.C. Penney stock during that period and claims the Plan suffered losses of approximately $300 million due to declines in J.C. Penney stock. The plaintiff seeks the recovery of alleged Plan losses, attorneys' fees, other costs, and other injunctive and equitable relief. The Company believes that it has meritorious defenses against these claims and intends to vigorously defend against them. ETC is indemnified by J.C. Penney, and ultimately the Plan, for reasonable attorneys' fees and other legal expenses, which would be refunded should ETC not prevail.

Note 16 – Regulatory Authorities

EGL is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under the Alternative Net Capital Requirement, EGL's minimum net capital requirement is $250. EGL's regulatory net capital as of June 30, 2015 and December 31, 2014 was $82,700 and $74,080, respectively, which exceeded the minimum net capital requirement by $82,450 and $73,830, respectively.

ISI L.L.C. is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Exchange Act. Under the Alternative Net Capital Requirement, ISI L.L.C.'s minimum net capital requirement is $250. ISI L.L.C.'s regulatory net capital as of June 30, 2015 and December 31, 2014 was $12,565 and $7,548, respectively, which exceeded the minimum net capital requirement by $12,315 and $7,298, respectively.

Certain other non-U.S. subsidiaries are subject to various securities and banking regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. These subsidiaries are in excess of their local capital adequacy requirements at June 30, 2015.

ETC, which is limited to fiduciary activities, is regulated by the Office of the Comptroller of the Currency ("OCC") and is a member bank of the Federal Reserve System. The Company, Evercore LP and ETC are subject to written agreements with the OCC that, among other things, require the Company and Evercore LP to (1) maintain at least $5,000 in Tier 1 capital in ETC (or such other amount as the OCC may require), (2) maintain liquid assets in ETC in an amount at least equal to the greater of $3,500 or 90 days coverage of ETC's operating expenses and (3) provide at least $10,000 of certain collateral held in a segregated account at a third-party depository institution. The collateral is included in Assets Segregated for Bank Regulatory Requirements on the Unaudited Condensed Consolidated Statements of Financial Condition. The Company was in compliance with the aforementioned agreements as of June 30, 2015.

Note 17 – Income Taxes

The Company's Provision for Income Taxes was $16,723 and $22,935 for the three and six months ended June 30, 2015, respectively, and $15,387 and $22,950 for the three and six months ended June 30, 2014, respectively. The effective tax rate was 51% for the three and six months ended June 30, 2015 and 34% and 35% for the three and six months ended June 30, 2014, respectively. The effective tax rate for 2015 and 2014 reflects the effect of certain nondeductible expenses, including expenses related to Class E LP Units and Class G and H LP Interests in 2015, as well as the noncontrolling interest associated with LP Units and other adjustments.

The Company reported an increase in deferred tax assets of $461 associated with changes in Unrealized Gain (Loss) on Marketable Securities and an increase of $1,220 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the six months ended June 30, 2015. The Company reported a decrease in deferred tax assets of $552 associated with changes in Unrealized Gain (Loss) on Marketable Securities and a decrease of $1,453 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the six months ended June 30,

2014.
As of June 30, 2015, the Company had no unrecognized tax benefits.
The Company classifies interest relating to tax matters and tax penalties as a component of income tax expense in its Unaudited Condensed Consolidated Statements of Operations.

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Note 18 – Segment Operating Results

Business Segments – The Company's business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, as well as services related to securities underwriting, private fund placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in the Institutional Asset Management, Wealth Management and Private Equity sectors. On October 31, 2014, the Company acquired the operating businesses of ISI, which is included in the Investment Banking segment.

The Company's segment information for the three and six months ended June 30, 2015 and 2014 is prepared using the following methodology:

- Revenue, expenses and income (loss) from equity method investments directly associated with each segment are included in determining pre-tax income.
- Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount, square footage and other performance and time-based factors.
- Segment assets are based on those directly associated with each segment, or for certain assets shared across segments; those assets are allocated based on the most relevant measures applicable, including headcount and other factors.
- Investment gains and losses, interest income and interest expense are allocated between the segments based on the segment in which the underlying asset or liability is held.

Each segment's Operating Expenses include: a) employee compensation and benefits expenses that are incurred directly in support of the segment and b) non-compensation expenses, which include expenses for premises and occupancy, professional fees, travel and entertainment, communications and information services, equipment and indirect support costs (including compensation and other operating expenses related thereto) for administrative services. Such administrative services include, but are not limited to, accounting, tax, legal, facilities management and senior management activities.

Other Expenses include the following:

- Amortization of LP Units/Interests and Certain Other Awards - Includes amortization costs associated with the vesting of Class E LP Units and Class G and H LP Interests issued in conjunction with the acquisition of ISI and certain other related awards.
- Other Acquisition Related Compensation Charges - Includes compensation charges associated with deferred consideration, retention awards and related compensation for The Lexicon Partnership LLP ("Lexicon") employees.
- Special Charges - Includes expenses primarily related to separation benefits and costs associated with the termination of certain contracts within the Company's Evercore ISI business, and the finalization of a matter associated with the wind-down of the Company's U.S. Private Equity business.
- Intangible Asset and Other Amortization - Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.
- Acquisition and Transition Costs - Includes professional fees for legal and other services incurred related to the Company's acquisition of all of the outstanding equity interests of the operating businesses of ISI, as well as costs related to transitioning ISI's infrastructure.

The Company evaluates segment results based on net revenues and pre-tax income, both including and excluding the impact of the Other Expenses.

No client accounted for more than 10% of the Company's consolidated Net Revenues for the three and six months ended June 30, 2015.

The following information presents each segment's contribution.

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	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Investment Banking				
Net Revenues (1)	$244,377	$191,323	$460,957	$319,174
Operating Expenses	194,271	148,751	365,635	254,283
Other Expenses (2)	22,802	4,237	55,037	7,451
Operating Income	27,304	38,335	40,285	57,440
Income from Equity Method Investments	803	813	766	503
Pre-Tax Income	$28,107	$39,148	$41,051	$57,943
Identifiable Segment Assets	$848,750	$671,290	$848,750	$671,290
Investment Management				
Net Revenues (1)	$23,719	$26,373	$45,122	$47,635
Operating Expenses	19,819	21,591	39,775	41,162
Other Expenses (2)	93	82	3,523	164
Operating Income	3,807	4,700	1,824	6,309
Income from Equity Method Investments	1,195	1,225	2,339	1,776
Pre-Tax Income	$5,002	$5,925	$4,163	$8,085
Identifiable Segment Assets	$450,797	$476,607	$450,797	$476,607
Total				
Net Revenues (1)	$268,096	$217,696	$506,079	$366,809
Operating Expenses	214,090	170,342	405,410	295,445
Other Expenses (2)	22,895	4,319	58,560	7,615
Operating Income	31,111	43,035	42,109	63,749
Income from Equity Method Investments	1,998	2,038	3,105	2,279
Pre-Tax Income	$33,109	$45,073	$45,214	$66,028
Identifiable Segment Assets	$1,299,547	$1,147,897	$1,299,547	$1,147,897

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EVERCORE PARTNERS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

(1) Net revenues include Other Revenue, net, allocated to the segments as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Investment Banking (A)	$(2,173)	$(928)	$(3,231)	$(1,581)
Investment Management (B)	(786)	(428)	(1,464)	(1,081)
Total Other Revenue, net	$(2,959)	$(1,356)	$(4,695)	$(2,662)

(A) Investment Banking Other Revenue, net, includes interest expense on the Senior Notes, subordinated borrowings and line of credit of $1,793 and $3,437 for the three and six months ended June 30, 2015, respectively, and $1,105 and $2,210 for the three and six months ended June 30, 2014, respectively.

(B) Investment Management Other Revenue, net, includes interest expense on the Senior Notes and line of credit of $959 and $1,912 for the three and six months ended June 30, 2015, respectively, and $932 and $1,864 for the three and six months ended June 30, 2014, respectively.

(2) Other Expenses are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Investment Banking				
Amortization of LP Units / Interests and Certain Other Awards	$18,193	$—	$44,143	$—
Other Acquisition Related Compensation Charges	952	2,565	1,537	5,779
Special Charges	(139)	—	2,151	—
Intangible Asset and Other Amortization	2,890	—	5,816	—
Professional Fees	—	1,672	—	1,672
Acquisition and Transition Costs	906	—	1,390	—
Total Investment Banking	22,802	4,237	55,037	7,451
Investment Management				
Special Charges	—	—	3,348	—
Acquisition and Transition Costs	11	—	11	—
Intangible Asset and Other Amortization	82	82	164	164
Total Investment Management	93	82	3,523	164
Total Other Expenses	$22,895	$4,319	$58,560	$7,615

Geographic Information – The Company manages its business based on the profitability of the enterprise as a whole. The Company's revenues were derived from clients and private equity funds located and managed in the following geographical areas:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2015	2014	2015	2014
Net Revenues: (1)				
United States	$203,186	$142,502	$365,008	$250,429
Europe and Other	56,927	47,997	128,138	84,785
Latin America	10,942	28,553	17,628	34,257
Total	$271,055	$219,052	$510,774	$369,471

(1) Excludes Other Revenue and Interest Expense.

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(dollars and share / unit amounts in thousands, except per share amounts, unless otherwise noted)

The Company's total assets are located in the following geographical areas:

	June 30, 2015	December 31, 2014
Total Assets:		
United States	$970,784	$1,099,363
Europe and Other	173,340	160,934
Latin America	155,423	186,259
Total	$1,299,547	$1,446,556

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

The following discussion should be read in conjunction with Evercore Partners Inc.'s unaudited condensed consolidated financial statements and the related notes included elsewhere in this Form 10-Q.

Forward-Looking Statements

This report contains or incorporates by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act, which reflect our current views with respect to, among other things, our operations and financial performance. In some cases, you can identify these forward-looking statements by the use of words such as "outlook", "believes", "expects", "potential", "continues", "may", "should", "seeks", "approximately", "predicts", "intends", "plans", "estimates", "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties.

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these forward-looking statements. All statements other than statements of historical fact are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. We believe these factors include, but are not limited to, those described under "Risk Factors" discussed in the Annual Report on Form 10-K for the year ended December 31, 2014. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this report. We undertake no obligation to publicly update or review any forward-looking statement. We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Key Financial Measures

Revenue

Total revenues reflect revenues from our Investment Banking and Investment Management business segments that include fees for services, transaction-related client reimbursements plus other revenue. Net revenues reflect total revenues less interest expense related to repurchase agreements, the Senior Notes and other financing arrangements.

Investment Banking. Our Investment Banking business earns fees from our clients for providing advice on mergers, acquisitions, divestitures, leveraged buyouts, restructurings and similar corporate finance matters, and from underwriting and private placement activities, as well as commissions from our sales and trading activities. The amount and timing of the fees paid vary by the type of engagement or services provided. In general, advisory fees are paid at the time we sign an engagement letter, during the course of the engagement or when an engagement is completed. The majority of our investment banking revenue consists of advisory fees that are dependent on the successful completion of a transaction. A transaction can fail to be completed for many reasons, including failure of parties to agree upon final terms with the counterparty, to secure necessary board or shareholder approvals, to secure necessary financing or to achieve necessary regulatory approvals. In the case of bankruptcy engagements, fees are subject to approval of the court. Underwriting fees are recognized when the offering has been deemed to be completed, placement fees are generally recognized at the time of the client's acceptance of capital or capital commitments. Commissions and Related Fees includes commissions, which are recorded on a trade-date basis or, in the case of payments under commission sharing arrangements, on the date earned. Commissions and Related Fees also include subscription fees for the sales of research. Cash received before the subscription period ends is initially recorded as deferred revenue and recognized as revenue over the remaining subscription period.

Revenue trends in our advisory business generally are correlated to the volume of merger and acquisition ("M&A") activity and/or restructuring activity, which tends to be counter-cyclical to M&A. However, deviations from this trend can occur in any given year or quarter for a number of reasons. For example, changes in our market share or the ability of our clients to close certain large transactions can cause our revenue results to diverge from the level of overall

M&A or restructuring activity. Revenue trends in our equities business are correlated to market volumes, which generally decrease in periods of unfavorable market or economic conditions.

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Investment Management. Our Investment Management business includes operations related to the management of the Institutional Asset Management, Wealth Management and Private Equity businesses. Revenue sources primarily include management fees, which include fees earned from portfolio companies, fiduciary and consulting fees, performance fees (including carried interest) and gains (or losses) on our investments.

Management fees for third party clients generally represent a percentage of assets under management ("AUM"). Fiduciary and consulting fees, which are generally a function of the size and complexity of each engagement, are individually negotiated. Management fees from private equity operations are generally a percentage of committed capital or invested capital at rates agreed with the investment funds we manage or with the individual client. Performance fees, or carried interest, from private equity funds are earned when specified benchmarks are exceeded. In certain circumstances, such fees are subject to “claw-back” provisions. During the second quarter of 2014, the Company changed its method of recording performance fees such that the Company records performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. Portfolio company fees include monitoring, director and transaction fees associated with services provided to the portfolio companies of the private equity funds we manage. Gains and losses include both realized and unrealized gains and losses on principal investments, including those arising from our equity interest in investment partnerships.

Transaction-Related Client Reimbursements. In both our Investment Banking and Investment Management segments, we make various transaction-related expenditures, such as travel and professional fees, on behalf of our clients. Pursuant to the engagement letters with our advisory clients or the contracts with the limited partners in the private equity funds we manage, these expenditures may be reimbursable. We define these expenses as transaction-related expenses and record such expenditures as incurred and record revenue when it is determined that clients have an obligation to reimburse us for such transaction-related expenses. Client expense reimbursements are recorded as revenue on the Unaudited Condensed Consolidated Statements of Operations on the later of the date an engagement letter is executed or the date we pay or accrue the expense.

Other Revenue and Interest Expense. Other Revenue and Interest Expense is derived primarily from investing customer funds in financing transactions. These transactions are principally repurchases and resales of Mexican government and government agency securities. Revenue and expenses associated with these transactions are recognized over the term of the repurchase or resale transaction. Other Revenue includes income earned on marketable securities, cash and cash equivalents and assets segregated for regulatory purposes, as well as adjustments to amounts due pursuant to our tax receivable agreements, subsequent to its initial establishment, related to changes in state and local tax rates. Interest Expense includes interest expense associated with the Senior Notes and other financing arrangements.

Operating Expenses

Employee Compensation and Benefits Expense. We include all payments for services rendered by our employees, as well as profits interests in our businesses that have been accounted for as compensation, in employee compensation and benefits expense.

We maintain compensation programs, including base salary, cash, deferred cash and equity bonus awards and benefits programs and manage compensation to estimates of competitive levels based on market conditions and performance. Our level of compensation reflects our plan to maintain competitive compensation levels to retain key personnel, and it reflects the impact of newly-hired senior professionals, including related grants of equity awards which are generally valued at their grant date.

Increasing the number of high-caliber, experienced senior level employees is critical to our growth efforts. In our advisory businesses, these hires generally do not begin to generate significant revenue in the year they are hired.

Our annual compensation program includes share-based compensation awards and deferred cash awards as a component of the annual bonus awards for certain employees. These awards are generally subject to annual vesting requirements over a four-year period beginning at the date of grant, which occurs in the first quarter of each year; accordingly, the expense is generally amortized over the stated vesting period. With respect to the annual awards granted in February 2012 and thereafter, the Company adopted new retirement eligibility criteria, which stipulates that if an employee has at least five years of continuous service, is at least 55 years of age and has a combined age and years of service of at least 65 years, the employee is eligible for retirement (prior year's awards required combined years of service and age of at least 70 years). Retirement eligibility allows for continued vesting of awards after employees depart from the Company, provided they give the minimum advance notice, which is generally one year. As a consequence of these changes, a greater number of employees will become

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retirement eligible and the related requisite service period over which we will expense these awards will be shorter than the stated vesting period.
Non-Compensation Expenses. The balance of our operating expenses includes costs for occupancy and equipment rental, professional fees, travel and related expenses, communications and information technology services, depreciation and amortization and other operating expenses. We refer to all of these expenses as non-compensation expenses.
Other Expenses
Other Expenses include the following:

- Amortization of LP Units/Interests and Certain Other Awards - Includes amortization costs associated with the vesting of Class E LP Units and Class G and H LP Interests issued in conjunction with the acquisition of ISI and certain other related awards.
- Other Acquisition Related Compensation Charges - Includes compensation charges associated with deferred consideration, retention awards and related compensation for Lexicon employees.
- Special Charges - Includes expenses primarily related to separation benefits and costs associated with the termination of certain contracts within the Company's Evercore ISI business, and the finalization of a matter associated with the wind-down of the Company's U.S. Private Equity business.
- Intangible Asset and Other Amortization - Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.
- Acquisition and Transition Costs - Includes professional fees for legal and other services incurred related to the Company's acquisition of all of the outstanding equity interests of the operating businesses of ISI, as well as costs related to transitioning ISI's infrastructure.

Income from Equity Method Investments
Our share of the income (loss) from our equity interests in G5 Evercore and ABS are included within Income from Equity Method Investments, as a component of Income Before Income Taxes, on the Unaudited Condensed Consolidated Statements of Operations.
Provision for Income Taxes
We account for income taxes in accordance with ASC 740, "Income Taxes" ("ASC 740"), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of our assets and liabilities.
Noncontrolling Interest
We record noncontrolling interest relating to the ownership interests of our current and former Senior Managing Directors and other officers, their estate planning vehicles and Trilantic (through October 2013) in Evercore LP, as well as the portions of our operating subsidiaries not owned by Evercore. As described in Note 12 to our unaudited condensed consolidated financial statements herein, Evercore Partners Inc. is the sole general partner of Evercore LP and has a majority economic interest in Evercore LP. As a result, Evercore Partners Inc. consolidates Evercore LP and records a noncontrolling interest for the economic interest in Evercore LP held by the limited partners.
We generally allocate net income or loss to noncontrolling interests held at Evercore LP and at the operating entity level, where required, by multiplying the relative ownership interest of the noncontrolling interest holders for the period by the net income or loss of the entity to which the noncontrolling interest relates. In circumstances where the governing documents of the entity to which the noncontrolling interest relates require special allocations of profits or losses to the controlling and noncontrolling interest holders, then the net income or loss of these entities will be allocated based on these special allocations.
Results of Operations
The following is a discussion of our results from operations for the three and six months ended June 30, 2015 and 2014. For a more detailed discussion of the factors that affected the revenue and operating expenses of our Investment Banking and Investment Management business segments in these periods, see the discussion in "Business Segments" below.

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
	(dollars in thousands, except per share data)					
Revenues						
Investment Banking Revenue	$246,550	$192,251	28 %	$464,188	$320,755	45 %
Investment Management Revenue	24,505	26,801	(9 %)	46,586	48,716	(4 %)
Other Revenue	1,852	2,622	(29 %)	4,559	4,691	(3 %)
Total Revenues	272,907	221,674	23 %	515,333	374,162	38 %
Interest Expense	4,811	3,978	21 %	9,254	7,353	26 %
Net Revenues	268,096	217,696	23 %	506,079	366,809	38 %
Expenses						
Operating Expenses	214,090	170,342	26 %	405,410	295,445	37 %
Other Expenses	22,895	4,319	430 %	58,560	7,615	669 %
Total Expenses	236,985	174,661	36 %	463,970	303,060	53 %
Income Before Income from Equity Method Investments and Income Taxes	31,111	43,035	(28 %)	42,109	63,749	(34 %)
Income from Equity Method Investments	1,998	2,038	(2 %)	3,105	2,279	36 %
Income Before Income Taxes	33,109	45,073	(27 %)	45,214	66,028	(32 %)
Provision for Income Taxes	16,723	15,387	9 %	22,935	22,950	— %
Net Income	16,386	29,686	(45 %)	22,279	43,078	(48 %)
Net Income Attributable to Noncontrolling Interest	5,622	5,421	4 %	7,215	8,245	(12 %)
Net Income Attributable to Evercore Partners Inc.	$10,764	$24,265	(56 %)	$15,064	$34,833	(57 %)
Diluted Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$0.26	$0.58	(55 %)	$0.35	$0.83	(58 %)

As of June 30, 2015 and 2014 we employed approximately 1,340 and 1,030 people, respectively, worldwide.

Three Months Ended June 30, 2015 versus June 30, 2014

Net Revenues were $268.1 million for the three months ended June 30, 2015, an increase of $50.4 million, or 23%, versus Net Revenues of $217.7 million for the three months ended June 30, 2014. Investment Banking Revenue increased 28% and Investment Management Revenue decreased 9% compared to the three months ended June 30, 2014. Investment Banking Revenue includes the results of ISI following its acquisition on October 31, 2014. See the segment discussion below for further information. Other Revenue for the three months ended June 30, 2015 was 29% lower than for the three months ended June 30, 2014 primarily as a result of foreign exchange fluctuations. Net Revenues include interest expense on our Senior Notes.

Total Operating Expenses were $214.1 million for the three months ended June 30, 2015, as compared to $170.3 million for the three months ended June 30, 2014, an increase of $43.7 million, or 26%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $154.0 million for the three months ended June 30, 2015, an increase of $27.2 million, or 21%, versus expense of $126.8 million for the three months ended June 30, 2014. The increase was primarily due to the acquisition of ISI and other increased compensation costs resulting from the expansion of our businesses, and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses as a component of Operating Expenses were $60.1 million for the three months ended June 30, 2015, an increase of $16.6 million, or 38%, over non-compensation operating expenses of $43.5 million for the three months ended June 30, 2014. Non-compensation operating expenses increased compared to the three months ended June 30, 2014 primarily driven by the acquisition of ISI, as well as increased headcount, increased new business costs associated with higher levels of global transaction activity and higher professional fees.

Total Other Expenses of $22.9 million for the three months ended June 30, 2015 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $18.2 million, primarily related to units and interests granted in conjunction with the acquisition of ISI, other acquisition related compensation costs of $1.0 million, special charges of ($0.1) million, acquisition and transition costs of $0.9 million and intangible asset and other amortization of $3.0 million.

Total Other Expenses of $4.3 million for the three months ended June 30, 2014 included other acquisition related compensation costs of $2.6 million, professional fees of $1.7 million and amortization of intangible assets of $0.1 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 65% for the three months ended June 30, 2015, compared to 59% for the three months ended June 30, 2014.

Income from Equity Method Investments was $2.0 million for the three months ended June 30, 2015, a decrease of 2% as compared to the three months ended June 30, 2014. The decrease was a result of a decrease in earnings from G5 Evercore.

The provision for income taxes for the three months ended June 30, 2015 was $16.7 million, which reflected an effective tax rate of 51%. The provision for income taxes for the three months ended June 30, 2014 was $15.4 million, which reflected an effective tax rate of 34%. The provision for income taxes for 2015 and 2014 reflects the effect of certain nondeductible expenses, including expenses related to Class E LP Units and Class G and H LP Interests in 2015, as well as the noncontrolling interest associated with LP Units and other adjustments.

Noncontrolling Interest was $5.6 million for the three months ended June 30, 2015 compared to $5.4 million for the three months ended June 30, 2014.

Six Months Ended June 30, 2015 versus June 30, 2014

Net Revenues were $506.1 million for the six months ended June 30, 2015, an increase of $139.3 million, or 38%, versus Net Revenues of $366.8 million for the six months ended June 30, 2014. Investment Banking Revenue increased 45% and Investment Management Revenue decreased 4% compared to the six months ended June 30, 2014. Other Revenue for the six months ended June 30, 2015 was 3% lower than for the six months ended June 30, 2014 primarily as a result of foreign exchange fluctuations. See the segment discussion below for further information. Net Revenues include interest expense on our Senior Notes.

Total Operating Expenses were $405.4 million for the six months ended June 30, 2015, as compared to $295.4 million for the six months ended June 30, 2014, an increase of $110.0 million, or 37%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $290.6 million for the six months ended June 30, 2015, an increase of $75.6 million, or 35%, versus expense of $215.0 million for the six months ended June 30, 2014. The increase was primarily due to the acquisition of ISI and other increased compensation costs resulting from the expansion of our businesses, and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses as a component of Operating Expenses were $114.8 million for the six months ended June 30, 2015, an increase of $34.4 million, or 43%, over non-compensation operating expenses of $80.4 million for the six months ended June 30, 2014. Non-compensation operating expenses increased compared to the six months ended June 30, 2014 primarily driven by the acquisition of ISI, as well as increased headcount, increased new business costs associated with higher levels of global transaction activity and higher professional fees.

Total Other Expenses of $58.6 million for the six months ended June 30, 2015 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $44.1 million, primarily related to units and interests granted in conjunction with the acquisition of ISI, other acquisition related compensation costs of $1.5 million, special charges of $5.5 million, acquisition and transition costs of $1.4 million and intangible asset and other amortization of $6.0 million. Total Other Expenses of $7.6 million for the six months ended June 30, 2014 included other acquisition related compensation costs of $5.8 million, professional fees of $1.7 million and amortization of intangible assets of $0.2 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 66% for the six months ended June 30, 2015, compared to 60% for the six months ended June 30, 2014.

Income from Equity Method Investments was $3.1 million for the six months ended June 30, 2015, as compared to $2.3 million for the six months ended June 30, 2014. The increase was a result of an increase in earnings from ABS and G5 Evercore.

The provision for income taxes for the six months ended June 30, 2015 was $22.9 million, which reflected an effective tax rate of 51%. The provision for income taxes for the six months ended June 30, 2014 was $23.0 million, which reflected an effective tax rate of 35%. The provision for income taxes for 2015 and 2014 reflects the effect of certain nondeductible expenses, including expenses related to Class E LP Units and Class G and H LP Interests in

2015, as well as the noncontrolling interest associated with LP Units and other adjustments.
Noncontrolling Interest was $7.2 million for the six months ended June 30, 2015 compared to $8.2 million for the six months ended June 30, 2014.

Impairment of Assets

During the second quarter of 2015, the Company's Institutional Asset Management segment experienced continued net outflows of AUM that were not anticipated at the time of the Company's annual impairment assessment, as well as an unanticipated change in the fee rate earned on one of Atalanta Sosnoff's products. As a result, the Company determined that this met the criteria for a Step 1 impairment assessment required by ASC 350, "Goodwill and Other Intangible Assets", for the goodwill in its Institutional Asset Management reporting unit as of April 30, 2015. We concluded that the fair value of our Institutional Asset Management reporting unit exceeded its carrying value by 8% as of April 30, 2015, in comparison to 11% as of November 30, 2014. The decrease in excess fair value from prior year primarily reflects lower forecasted earnings for our Institutional Asset Management businesses.

The amount of Goodwill allocated to the Institutional Asset Management reporting unit was $94.7 million as of April 30, 2015, of which a portion is related to noncontrolling interest. In determining the fair value of this reporting unit, we utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The market multiple approach included applying the average earnings multiples of comparable public companies, multiplied by the forecasted earnings of the reporting unit, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of the reporting unit and applied a discount rate of 15%, which reflected the weighted average cost of capital adjusted for the risks inherent in the future cash flows. The forecast inherent in the valuation assumes a stabilization of AUM flows by the end of 2015, with AUM from client flows beginning to increase in the first half of 2016 and, over the longer term, assumes a compound annual growth rate in revenues of 9% from the trailing twelve month period ended April 30, 2015.

We used our best judgment and the information available to us at the time to perform this valuation. Because assumptions and estimates are used in projecting future earnings as part of the valuation, actual results could differ. We estimate that an assumed 3% decrease in forecasted AUM and related revenue throughout the entire forecasted period, would result in the fair value of the Institutional Asset Management reporting unit to be below its book value. Deterioration in these assumptions, including a period of sustained decline in the equity markets, would cause the estimated fair value of the reporting unit to decline, which may result in an impairment charge to earnings in a future period related to some portion of the associated goodwill. If a charge for impairment of goodwill in the Institutional Asset Management reporting unit were required in a future period, it would be allocated, in part, to noncontrolling interest.

Business Segments
The following data presents revenue, expenses and contributions from our equity method investments by business segment.
Investment Banking
The following table summarizes the operating results of the Investment Banking segment.

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
	(dollars in thousands)					
Revenues						
Investment Banking Revenue:						
Advisory Fees	$172,288	$175,238	(2%)	$331,090	$291,690	14%
Commissions and Related Fees	53,031	7,513	606%	106,099	15,769	573%
Underwriting Fees	21,231	9,500	123%	26,999	13,296	103%
Total Investment Banking Revenue (1)	246,550	192,251	28%	464,188	320,755	45%
Other Revenue, net (2)	(2,173)	(928)	(134%)	(3,231)	(1,581)	(104%)
Net Revenues	244,377	191,323	28%	460,957	319,174	44%
Expenses						
Operating Expenses	194,271	148,751	31%	365,635	254,283	44%
Other Expenses	22,802	4,237	438%	55,037	7,451	639%
Total Expenses	217,073	152,988	42%	420,672	261,734	61%
Operating Income (3)	27,304	38,335	(29%)	40,285	57,440	(30%)
Income from Equity Method Investments	803	813	(1%)	766	503	52%
Pre-Tax Income	$28,107	$39,148	(28%)	$41,051	$57,943	(29%)

(1) Includes client related expenses of $4.3 million and $8.0 million for the three and six months ended June 30, 2015, respectively, and $4.5 million and $7.0 million for the three and six months ended June 30, 2014, respectively.
(2) Includes interest expense on the Senior Notes, subordinated borrowings and line of credit of $1.8 million and $3.4 million for the three and six months ended June 30, 2015, respectively, and $1.1 million and $2.2 million for the three and six months ended June 30, 2014, respectively.
(3) Includes Noncontrolling Interest of $0.4 million and $0.1 million for the three and six months ended June 30, 2015, respectively, and ($0.7) million and ($1.5) million for the three and six months ended June 30, 2014, respectively.

For the three months ended June 30, 2015, the dollar value of North American announced and completed M&A activity increased 54% and 43%, respectively, compared to the three months ended June 30, 2014, while the dollar value of Global announced and completed M&A activity for the three months ended June 30, 2015 each increased 42% compared to the three months ended June 30, 2014. For the six months ended June 30, 2015, the dollar value of North American announced and completed M&A activity increased 58% and 14%, respectively, compared to the six months ended June 30, 2014, while the dollar value of Global announced and completed M&A activity for the six months ended June 30, 2015 increased 42% and 34%, respectively, compared to the six months ended June 30, 2014:

	For the Three Months Ended June 30,				For the Six Months Ended June 30,			
	2015	2014	Change		2015	2014	Change	
Industry Statistics ($ in billions) *								
Value of North American M&A Deals Announced	$648	$420	54	%	$1,041	$659	58	%
Value of North American M&A Deals Completed	$328	$229	43	%	$665	$585	14	%
Value of Global M&A Deals Announced	$1,388	$978	42	%	$2,222	$1,562	42	%
Value of Global M&A Deals Completed	$741	$521	42	%	$1,474	$1,104	34	%
Evercore Statistics **								
Total Number of Fee Paying Advisory Clients	179	150	19	%	261	215	21	%
Investment Banking Fees of at Least $1 million from Advisory Clients	42	40	5	%	77	72	7	%

* Source: Thomson Reuters July 1, 2015
** Includes revenue generating clients only

Investment Banking Results of Operations

Three Months Ended June 30, 2015 versus June 30, 2014

Net Investment Banking Revenues were $244.4 million for the three months ended June 30, 2015 compared to $191.3 million for the three months ended June 30, 2014, which represented an increase of 28%. We earned advisory fees from 179 clients for the three months ended June 30, 2015 compared to 150 for the three months ended June 30, 2014, representing a 19% increase. We had 42 fees in excess of $1.0 million for the three months ended June 30, 2015, compared to 40 for the three months ended June 30, 2014, representing a 5% increase. The increase in revenues from the three months ended June 30, 2014 primarily reflects an increase in our Commissions and Related Fees following our acquisition of ISI on October 31, 2014 and an increase in Underwriting Fees in our U.S. and Mexico businesses.

Operating Expenses were $194.3 million for the three months ended June 30, 2015 compared to $148.8 million for the three months ended June 30, 2014, an increase of $45.5 million, or 31%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $140.6 million for the three months ended June 30, 2015, as compared to $112.1 million for the three months ended June 30, 2014, an increase of $28.5 million, or 25%. The increase was primarily due to the acquisition of ISI and other increased compensation costs resulting from the expansion of our businesses, and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $53.7 million for the three months ended June 30, 2015, as compared to $36.7 million for the three months ended June 30, 2014, an increase of $17.0 million, or 46%. Non-compensation operating expenses increased from the prior year primarily driven by the acquisition of ISI, as well as increased headcount within the business, increased new business costs associated with higher levels of global transaction activity and higher professional fees.

Other Expenses of $22.8 million for the three months ended June 30, 2015 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $18.2 million, primarily related to units and interests granted in conjunction with the acquisition of ISI, other acquisition related compensation costs of $1.0 million, special charges of ($0.1) million, intangible asset and other amortization of $2.9 million and acquisition and transition costs of $0.9 million. Other Expenses of $4.2 million for the three months ended June 30, 2014 included other acquisition related compensation costs of $2.6 million and professional fees of $1.7 million.

Six Months Ended June 30, 2015 versus June 30, 2014
Net Investment Banking Revenues were $461.0 million for the six months ended June 30, 2015 compared to $319.2 million for the six months ended June 30, 2014, which represented an increase of 44%. We earned advisory fees from 261 clients for the six months ended June 30, 2015 compared to 215 for the six months ended June 30, 2014, representing a 21% increase. We had 77 fees in excess of $1.0 million for the six months ended June 30, 2015, compared to 72 for the six months ended June 30, 2014, representing a 7% increase. The increase in revenues from the six months ended June 30, 2014 primarily reflects an increase in our Commissions and Related Fees following our acquisition of ISI on October 31, 2014 and an increase in Advisory fees.
Operating Expenses were $365.6 million for the six months ended June 30, 2015 compared to $254.3 million for the six months ended June 30, 2014, an increase of $111.4 million, or 44%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $262.6 million for the six months ended June 30, 2015, as compared to $187.6 million for the six months ended June 30, 2014, an increase of $75.0 million, or 40%.The increase was primarily due to the acquisition of ISI and other increased compensation costs resulting from the expansion of our businesses, and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $103.0 million for the six months ended June 30, 2015, as compared to $66.7 million for the six months ended June 30, 2014, an increase of $36.3 million, or 54%. Non-compensation operating expenses increased from the prior year primarily driven by the acquisition of ISI, as well as increased headcount within the business, increased new business costs associated with higher levels of global transaction activity and higher professional fees.
Other Expenses of $55.0 million for the six months ended June 30, 2015 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $44.1 million, primarily related to units and interests granted in conjunction with the acquisition of ISI, other acquisition related compensation costs of $1.5 million, special charges of $2.2 million, intangible asset and other amortization of $5.8 million and acquisition and transition costs of $1.4 million. Other Expenses of $7.5 million for the six months ended June 30, 2014 included other acquisition related compensation costs of $5.8 million and professional fees of $1.7 million.

Investment Management

The following table summarizes the operating results of the Investment Management segment.

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
	2015	2014	Change	2015	2014	Change
	(dollars in thousands)					
Revenues						
Investment Advisory and Management Fees:						
Wealth Management	$8,733	$7,519	16 %	$17,178	$14,686	17 %
Institutional Asset Management	11,721	11,503	2 %	22,814	22,644	1 %
Private Equity	1,414	2,024	(30 %)	2,822	4,049	(30 %)
Total Investment Advisory and Management Fees	21,868	21,046	4 %	42,814	41,379	3 %
Realized and Unrealized Gains:						
Institutional Asset Management	822	1,732	(53 %)	2,446	3,375	(28 %)
Private Equity	1,815	4,023	(55 %)	1,326	3,962	(67 %)
Total Realized and Unrealized Gains	2,637	5,755	(54 %)	3,772	7,337	(49 %)
Investment Management Revenue (1)	24,505	26,801	(9 %)	46,586	48,716	(4 %)
Other Revenue, net (2)	(786)	(428)	(84 %)	(1,464)	(1,081)	(35 %)
Net Investment Management Revenues	23,719	26,373	(10 %)	45,122	47,635	(5 %)
Expenses						
Operating Expenses	19,819	21,591	(8 %)	39,775	41,162	(3 %)
Other Expenses	93	82	13 %	3,523	164	NM
Total Expenses	19,912	21,673	(8 %)	43,298	41,326	5 %
Operating Income (3)	3,807	4,700	(19 %)	1,824	6,309	(71 %)
Income from Equity Method Investments (4)	1,195	1,225	(2 %)	2,339	1,776	32 %
Pre-Tax Income	$5,002	$5,925	(16 %)	$4,163	$8,085	(49 %)

(1) Includes transaction-related client reimbursements of $0.01 million for the six months ended June 30, 2015 and $0.01 million and $0.02 million for the three and six months ended June 30, 2014, respectively.

(2) Includes interest expense on the Senior Notes and line of credit of $1.0 million and $1.9 million for the three and six months ended June 30, 2015, respectively, and $0.9 million and $1.9 million for the three and six months ended June 30, 2014, respectively.

(3) Includes Noncontrolling Interest of $0.8 million and $1.4 million for the three and six months ended June 30, 2015, respectively, and $1.3 million and $2.7 million for the three and six months ended June 30, 2014, respectively.

(4) Equity in G5 Evercore and ABS is classified as Income from Equity Method Investments.

Investment Management Results of Operations

Our Wealth Management business includes the results of EWM. Our Institutional Asset Management business includes the results of ETC, ECB and Atalanta Sosnoff. Fee-based revenues from EWM, Atalanta Sosnoff and ECB are primarily earned on a percentage of AUM, while ETC primarily earns fees from negotiated trust services and fiduciary consulting arrangements.

In 2013, the Company held a fourth and final closing on EMCP III, a private equity fund focused on middle market investments in Mexico. See Note 8 of our unaudited condensed consolidated financial statements for further information.

We earn management fees on EMCP II and EMCP III of 2.0% per annum of committed capital during its investment period, and 2.0% per annum on net funded capital thereafter. In addition, the general partner of the private equity funds earns carried interest of 20% based on the fund’s performance, provided it exceeds preferred return hurdles to its limited partners. We owned 8%-9% of the carried interest earned by the general partner of ECP II up until the fund's termination on December 31,

2014. A significant portion of any gains recognized related to ECP II, EMCP II and EMCP III, and any carried interest recognized by them, are distributed to certain of our private equity professionals.

In the event the funds perform below certain thresholds we may be obligated to repay certain carried interest previously distributed. As of June 30, 2015, there was no previously distributed carried interest that was subject to repayment.

We made investments accounted for under the equity method of accounting in G5 Evercore and ABS during the fourth quarters of 2010 and 2011, respectively, the results of which are included within Income from Equity Method Investments.

Assets Under Management

AUM for our Investment Management business of $14.1 billion at June 30, 2015 increased slightly compared to $14.0 billion at December 31, 2014. The amounts of AUM presented in the table below reflect the assets for which we charge a management fee. These assets reflect the fair value of assets managed on behalf of Institutional Asset Management and Wealth Management clients, and the amount of either the invested or committed capital of the Private Equity funds. As defined in ASC 820, "Fair Value Measurements and Disclosures" ("ASC 820"), valuations performed for Level I investments are based on quoted prices obtained from active markets generated by third parties and Level II investments are valued through the use of models based on either direct or indirect observable inputs in the use of models or other valuation methodologies performed by third parties to determine fair value. For both the Level I and Level II investments, we obtain both active quotes from nationally recognized exchanges and third-party pricing services to determine market or fair value quotes, respectively. Wealth Management maintained 67% and 66% of Level I investments and 33% and 34% of Level II investments as of June 30, 2015 and December 31, 2014, respectively, and Institutional Asset Management maintained 86% and 87% of Level I investments and 14% and 13% of Level II investments as of June 30, 2015 and December 31, 2014, respectively. As noted above, Private Equity AUM is not presented at fair value, but reported at either invested or committed capital in line with fee arrangements.

The fees that we receive for providing investment advisory and management services are primarily driven by the level and composition of AUM. Accordingly, client flows, market movements, foreign currency fluctuations and changes in our product mix will impact the level of management fees we receive from our investment management businesses. Fees vary with the type of assets managed and the channel in which they are managed, with higher fees earned on equity assets, alternative investment funds, such as hedge funds and private equity funds, and lower fees earned on fixed income and cash management products. Clients will increase or reduce the aggregate amount of AUM that we manage for a number of reasons, including changes in the level of assets that they have available for investment purposes, their overall asset allocation strategy, our relative performance versus competitors offering similar investment products and the quality of our service. The fees we earn are also impacted by our investment performance, as the appreciation or depreciation in the value of the assets that we manage directly impacts our fees.

The following table summarizes AUM activity for the six months ended June 30, 2015:

	Wealth Management	Institutional Asset Management	Private Equity	Total
	(dollars in millions)			
Balance at December 31, 2014	$5,665	$8,067	$316	$14,048
Inflows	589	919	1	1,509
Outflows	(230)	(1,218)	(13)	(1,461)
Market Appreciation (Depreciation)	41	(60)	—	(19)
Balance at June 30, 2015	$6,065	$7,708	$304	$14,077
Unconsolidated Affiliates - Balance at June 30, 2015:				
G5 Evercore	$2,009	$—	$—	$2,009
ABS	$—	$5,004	$—	$5,004

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The following table represents the composition of our AUM for Wealth Management and Institutional Asset Management as of June 30, 2015:

	Wealth Management		Institutional Asset Management	
Equities	59	%	61	%
Fixed Income	33	%	35	%
Liquidity (1)	7	%	3	%
Alternatives	1	%	1	%
Total	100	%	100	%

(1) Includes cash, cash equivalents and U.S. Treasury securities.

Our Wealth Management business serves individuals, families and related institutions delivering customized investment management, financial planning, and trust and custody services. Investment portfolios are tailored to meet the investment objectives of individual clients and reflect a blend of equity, fixed income and other products. Fees charged to clients reflect the composition of the assets managed and the services provided. Investment performance in the Wealth Management businesses is measured against appropriate indices based on the AUM, most frequently the S&P 500 and a composite fixed income index principally reflecting BarCap and MSCI indices.

For the six months ended June 30, 2015, AUM for Wealth Management increased 7%, reflecting a 6% increase due to flows and a 1% increase due to market appreciation. Wealth Management outperformed the S&P 500 on a 1 and 3 year basis by 4% during the period and tracked the fixed income composite. For the period, the S&P 500 was up 1%, while the fixed income composite increased by 40 basis points.

Our Institutional Asset Management business reflects assets managed by Atalanta Sosnoff and ECB. Atalanta Sosnoff manages large-capitalization U.S. equity and balanced products, while, ECB primarily manages Mexican Government and corporate fixed income securities. ECB also manages equity products.

Atalanta Sosnoff principally utilizes the S&P 500 Index as a benchmark in reviewing their performance and managing their investment decisions, while ECB utilizes the IPC Index, which is a capitalization weighted index of leading equities traded on the Mexican Stock Exchange and the Cetes 28 Index, which is an index of Treasury Bills issued by the Mexican Government.

For the six months ended June 30, 2015, AUM for Institutional Asset Management decreased 4%, primarily reflecting a 3% decrease due to flows and a 1% decrease due to market depreciation. This reflects a decrease in AUM for Atalanta Sosnoff, partially offset by an increase in AUM for ECB. ECB's AUM increase primarily reflects net inflows, partially offset by the impact of the fluctuation of foreign currency. AUM for Atalanta Sosnoff decreased primarily related to negative flows, as their three year performance continued to lag the benchmarks.

Our Private Equity business includes the assets of funds which our Private Equity professionals manage. These funds include ECP II (terminated on December 31, 2014), the Discovery Fund, EMCP II and EMCP III. AUM for Private Equity decreased 4% for the six months ended June 30, 2015 from net outflows related to the continued wind-down of the U.S. Private Equity business.

AUM from our unconsolidated affiliates increased from December 31, 2014 primarily related to positive performance in ABS.

Three Months Ended June 30, 2015 versus June 30, 2014

Net Investment Management Revenues were $23.7 million for the three months ended June 30, 2015, compared to $26.4 million for the three months ended June 30, 2014. Investment Advisory and Management Fees earned from the management of client portfolios and other investment advisory services increased 4% from the three months ended June 30, 2014, primarily reflecting an increase in AUM in Wealth Management, partially offset by a decrease in Private Equity fees. Fee-based revenues included $0.3 million of revenues from performance fees during the three months ended June 30, 2015 compared to $0.2 million during the three months ended June 30, 2014. Realized and Unrealized Gains decreased 54% from the prior year primarily resulting from lower gains in our private equity funds. Income from Equity Method Investments decreased from the three months ended June 30, 2014 as a result of a decrease in earnings from our investment in G5   Evercore.

Operating Expenses were $19.8 million for the three months ended June 30, 2015, as compared to $21.6 million for the three months ended June 30, 2014, a decrease of $1.8 million, or 8%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $13.4 million for the three months ended June 30, 2015, as compared to $14.7 million for the three months ended June 30, 2014, a decrease of $1.3 million, or 9%. The decrease was due primarily to lower discretionary incentive compensation. Non-compensation expenses, as a component of Operating Expenses, were $6.4 million for the three months ended June 30, 2015, as compared to $6.9 million for the three months ended June 30, 2014, a decrease of $0.5 million, or 7%.

Other Expenses of $0.1 million for the three months ended June 30, 2015 included acquisition and transition costs of $0.01 million and intangible asset and other amortization of $0.1 million. Other Expenses of $0.1 million for the three months ended June 30, 2014 were related to amortization of intangible assets.

Six Months Ended June 30, 2015 versus June 30, 2014

Net Investment Management Revenues were $45.1 million for the six months ended June 30, 2015, compared to $47.6 million for the six months ended June 30, 2014. Investment Advisory and Management Fees earned from the management of client portfolios and other investment advisory services increased 3% from the six months ended June 30, 2014, primarily reflecting an increase in AUM in Wealth Management, partially offset by a decrease in Private Equity fees. Fee-based revenues included $0.4 million of revenues from performance fees during the six months ended June 30, 2015 compared to $0.2 million during the six months ended June 30, 2014. Realized and Unrealized Gains decreased 49% from the prior year primarily resulting from lower gains in our private equity funds. Income from Equity Method Investments increased from the six months ended June 30, 2014 as a result of an increase in earnings from our investments in ABS and G5   Evercore.

Operating Expenses were $39.8 million for the six months ended June 30, 2015, as compared to $41.2 million for the six months ended June 30, 2014, a decrease of $1.4 million, or 3%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $28.0 million for the six months ended June 30, 2015, as compared to $27.4 million for the six months ended June 30, 2014, an increase of $0.6 million, or 2%. Non-compensation expenses, as a component of Operating Expenses, were $11.8 million for the six months ended June 30, 2015, as compared to $13.8 million for the six months ended June 30, 2014, a decrease of $2.0 million, or 14%.

Other Expenses of $3.5 million for the six months ended June 30, 2015 included special charges of $3.3 million, acquisition and transition costs of $0.01 million and intangible asset and other amortization of $0.2 million. Other Expenses of $0.2 million for the six months ended June 30, 2014 were related to amortization of intangible assets.

Cash Flows

Our operating cash flows are primarily influenced by the timing and receipt of investment banking and investment management fees, and the payment of operating expenses, including bonuses to our employees and interest expense on our Senior Notes. Investment Banking advisory fees are generally collected within 90 days of billing. However, placement fees may be collected within 180 days of billing, with certain fees being collected in a period exceeding one year. Management fees from our private equity investment management activities are generally billed in advance but collected at the end of a half year period from billing. Fees from our Wealth Management and Institutional Asset Management businesses are generally billed and collected within 90 days. We traditionally pay a substantial portion of incentive compensation to personnel in the Investment Banking business and to executive officers during the first three months of each calendar year with respect to the prior year's results. Our investing and financing cash flows are primarily influenced by activities to deploy capital to fund investments and acquisitions, raise capital through the issuance of stock or debt, repurchase of outstanding Class A Shares, and/or noncontrolling interest in Evercore LP, as well as our other subsidiaries, payment of dividends and other periodic distributions to our stakeholders. We generally make dividend payments and other distributions on a quarterly basis. We periodically draw down on our line of credit to balance the timing of our operating, investing and financing cash flow needs. A summary of our operating, investing and financing cash flows is as follows:

	For the Six Months Ended June 30, 2015	2014
	(dollars in thousands)	
Cash Provided By (Used In)		
Operating activities:		
Net income	$22,279	$43,078
Non-cash charges	135,114	81,686
Other operating activities	(111,059)	(137,438)
Operating activities	46,334	(12,674)
Investing activities	(161)	(4,874)
Financing activities	(147,449)	(89,242)
Effect of exchange rate changes	(805)	1,433
Net Increase (Decrease) in Cash and Cash Equivalents	(102,081)	(105,357)
Cash and Cash Equivalents		
Beginning of Period	352,160	298,453
End of Period	$250,079	$193,096

Six Months Ended June 30, 2015. Cash and Cash Equivalents were $250.1 million at June 30, 2015, a decrease of $102.1 million versus Cash and Cash Equivalents of $352.2 million at December 31, 2014. Operating activities resulted in a net inflow of $46.3 million, primarily related to earnings, partially offset by a decrease in accrued compensation and benefits. Cash of $0.2 million was used in investing activities primarily related to loans receivable and purchases of furniture, equipment and leasehold improvements, partially offset by distributions from private equity investments and net proceeds from maturities and sales of our marketable securities. Financing activities during the period used cash of $147.4 million, primarily for the payment of dividends and distributions to noncontrolling interest holders, as well as treasury stock purchases.

Six Months Ended June 30, 2014. Cash and Cash Equivalents were $193.1 million at June 30, 2014, a decrease of $105.4 million versus Cash and Cash Equivalents of $298.5 million at December 31, 2013. Operating activities resulted in a net outflow of $12.7 million, primarily related to a decrease in accrued compensation and benefits, offset by earnings. Cash of $4.9 million was used in investing activities primarily related to investments purchased and purchases of furniture, equipment and leasehold improvements, partially offset by net proceeds from maturities and sales of our marketable securities. Financing activities during the period used cash of $89.2 million, primarily for the payment of dividends and distributions to noncontrolling interest holders, as well as treasury stock and noncontrolling interest purchases.

Liquidity and Capital Resources

General

Our current assets include Cash and Cash Equivalents, Marketable Securities and Accounts Receivable relating to Investment Banking and Investment Management revenues. Our current liabilities include accrued expenses, accrued employee compensation and short-term borrowings. We traditionally have made payments for employee bonus awards and year-end distributions to partners in the first quarter of the year with respect to the prior year's results. From time to time, advances may also be made in satisfaction of commitments to new employees, at or near the date they begin employment. Cash distributions related to partnership tax allocations are made to the partners of Evercore LP and Evercore Wealth Management in accordance with our corporate estimated payment calendar; these payments are made prior to the end of each calendar quarter. In addition, dividends on Class A Shares, and related distributions to partners of Evercore LP, are paid when and if declared by the Board of Directors, which is generally quarterly.

We regularly monitor our liquidity position, including cash, other significant working capital, current assets and liabilities, long-term liabilities, lease commitments and related fixed assets, principal investment commitments related to our Investment Management business, dividends on Class A Shares, partnership distributions and other capital transactions, as well as other matters relating to liquidity and compliance with regulatory requirements. Our liquidity is highly dependent on our revenue stream from our operations, principally from our Investment Banking business, which is a function of closing transactions and earning success fees, the timing and realization of which is irregular and dependent upon factors that are not subject to our control. Our revenue stream funds the payment of our expenses, including annual bonus payments, a portion of which are guaranteed, interest expense on our Senior Notes and other financing arrangements and income taxes. Payments made for income taxes may be reduced by deductions taken for the increase in tax basis of our investment in Evercore LP.

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These tax deductions, when realized, require payment under our long-term liability, Amounts Due Pursuant to Tax Receivable Agreements. We intend to fund these payments from cash and cash equivalents on hand, principally derived from cash flows from operations. These tax deductions, when realized, will result in cash otherwise required to satisfy tax obligations becoming available for other purposes. Our Management Committee meets regularly to monitor our liquidity and cash positions against our short and long-term obligations, as well as our capital requirements and commitments. The result of this review contributes to management's recommendation to the Board of Directors as to the level of quarterly dividend payments, if any.

As a financial services firm, our businesses are materially affected by conditions in the global financial markets and economic conditions throughout the world. Revenue generated by our advisory activities is related to the number and value of the transactions in which we are involved. In addition, revenue related to our equities business is driven by market volumes. During periods of unfavorable market or economic conditions, the number and value of M&A transactions, as well as market volumes in equities, generally decrease, and they generally increase during periods of favorable market or economic conditions. Restructuring activity generally is counter-cyclical to M&A activity. In addition, during periods of unfavorable market conditions our Investment Management business may be impacted by reduced equity valuations and generate relatively lower revenue because fees we receive typically are in part based on the market value of underlying publicly-traded securities. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame and in an amount sufficient to match any decreases in revenue relating to changes in market and economic conditions. Reduced equity valuations resulting from future adverse economic events and/or market conditions may impact our performance and may result in future net redemptions of AUM from our clients, which would generally result in lower revenues and cash flows. These adverse conditions could also have an impact on our goodwill impairment assessment, which is done annually, as of November 30th, or more frequently if circumstances indicate impairment may have occurred. For a further discussion of risks related to our business, refer to "Risk Factors" in our Form 10-K for the year ended December 31, 2014.

We periodically repurchase Class A Shares and/or LP Units into Treasury in order to reduce the dilutive effect of equity awards granted. In addition, we may from time to time, purchase noncontrolling interests in subsidiaries.

In October 2014, our Board of Directors authorized the repurchase of additional Class A Shares and/or LP Units so that going forward Evercore will be able to repurchase an aggregate of 7 million Class A Shares and/or LP Units for up to $350.0 million. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date. During the six months ended June 30, 2015, we repurchased 1,546,938 shares/units for $77.6 million pursuant to our repurchase program.

In addition, periodically, we buy shares into treasury from our employees in order to allow them to satisfy their minimum tax requirements for share deliveries under our share equity plan. During the six months ended June 30, 2015, we repurchased 928,317 shares for $47.1 million primarily related to minimum tax withholding requirements of share deliveries.

On August 21, 2008, we entered into a Purchase Agreement with Mizuho pursuant to which Mizuho purchased from us $120.0 million principal amount of Senior Notes and Warrants to purchase 5,454,545 Class A Shares at $22.00 per share expiring in 2020. The holder of the Senior Notes may require us to purchase, for cash, all or any portion of the holder's Senior Notes upon a change of control of the Company for a price equal to the Accreted Amount, plus accrued and unpaid interest. Senior Notes held by Mizuho will be redeemable at the Accreted Amount at our option at any time within 90 days following the date on which Mizuho notifies us that it is terminating their Strategic Alliance Agreement. Senior Notes held by any holder other than Mizuho will be redeemable at the Accreted Amount (plus accrued and unpaid interest) at our option at any time. In the event of a default under the indenture, the trustee or holders of 33 1/3% of the Senior Notes may declare that the Accreted Amount is immediately due and payable.

Pursuant to the agreement, Mizuho may transfer (A) the Senior Notes (i) with the Company's consent, (ii) to a permitted transferee, or (iii) to the extent that such transfer does not result in any holder or group of affiliated holders directly or indirectly owning more than 15% of the aggregate principal amount of the Senior Notes, and (B) the Warrants (i) with the Company's consent, (ii) to a permitted transferee, (iii) pursuant to a tender or exchange offer, or a merger or sale transaction involving the Company that has been recommended by the Company's Board of Directors, or (iv) to the extent that such transfer is made pursuant to a widely distributed public offering or does not result in any holder or group of affiliated holders directly or indirectly owning more than 2% of the Company's voting securities and the total shares of Class A common stock transferred, together with any shares of Class A common stock (on an as-converted basis) transferred during the preceding 12 months, is less than 25% of the Company's outstanding Class A common stock. The Company has a right of first offer on any proposed

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transfer by Mizuho of the Warrants, Common Stock purchased in the open market or acquired by exercise of the Warrants and associated Common Stock issued as dividends.

The exercise price for the Warrants is payable, at the option of the holder of the Warrants, either in cash or by tender of Senior Notes at the Accreted Amount, at any point in time.

Pursuant to the Purchase Agreement with Mizuho, Evercore is subject to certain nonfinancial covenants. As of June 30, 2015, we were in compliance with all of these covenants.

As of June 30, 2015, the Company had $22.6 million in subordinated borrowings, principally with an executive officer of the Company, due on October 31, 2019. These borrowings had a coupon of 5.5%, payable semi-annually.

We have made certain capital commitments, with respect to our investment activities, as well as commitments related to redeemable noncontrolling interest and contingent consideration from our acquisitions, which are included in the Contractual Obligations section below.

On June 26, 2015, Evercore Partners Services East L.L.C. ("East"), a wholly-owned subsidiary of the Company, increased its line of credit from First Republic Bank to an aggregate principal amount of up to $75.0 million, to be used for working capital and other corporate activities, including, but not limited to, the repurchase of the Company's stock from time to time. This facility is secured by (i) cash and cash equivalents of East held in a designated account with First Republic Bank, (ii) certain of East's intercompany receivables and (iii) third party accounts receivable of EGL. Drawings under this facility bear interest at the prime rate. The facility was renewed on June 26, 2015 and the maturity date was extended to June 27, 2016. The Company drew down $45.0 million on this facility on February 5, 2015, which was repaid as of June 30, 2015.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The intra-day facility is approximately $9.6 million and is secured with trading securities when used on an overnight basis. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points and is secured with trading securities. There have been no significant monies drawn on ECB’s line of credit since August 10, 2006. The line of credit is renewable annually.

During the first quarter of 2015, in conjunction with the Company entering into a strategic alliance with Luminis, the Company committed to loan Luminis $5.5 million. The Company paid Luminis $3.5 million pursuant to the loan agreement during the six months ended June 30, 2015, with the remaining $2.0 million due from the Company on demand. The Company may acquire a 20% interest in Luminis in 2017.

Pursuant to deferred compensation and deferred consideration arrangements, we are obligated to make cash payments in future periods. For further information see Note 14 to our unaudited condensed consolidated financial statements.

Certain of our subsidiaries are regulated entities and are subject to capital requirements. For further information see Note 16 to our unaudited condensed consolidated financial statements.

Collateralized Financing Activity at ECB

ECB enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market or by entering into reverse repurchase agreements with unrelated third parties. We account for these repurchase and reverse repurchase agreements as collateralized financing transactions. We record a liability on our Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. We record as assets on our Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where we have acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where we have acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities included in Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated

Statements of Financial Condition have an estimated average time to maturity of approximately 1.1 years, as of June 30, 2015, and are pledged as collateral against repurchase agreements, which are collateralized financing agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are

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primarily with institutional customer accounts managed by ECB, generally mature within one business day and permit the counterparty to pledge the securities. Increases and decreases in asset and liability levels related to these transactions are a function of growth in ECB's AUM, as well as clients' investment allocations requiring positioning in repurchase transactions.

ECB has procedures in place to monitor the daily risk limits for positions taken, as well as the credit risk based on the collateral pledged under these agreements against their contract value from inception to maturity date. The daily risk measure is Value at Risk ("VaR"), which is a statistical measure, at a 98% confidence level, of the potential daily losses from adverse market movements in an ordinary market environment based on a historical simulation using the prior year's historical data. ECB's Risk Management Committee (the "Committee") has established a policy to maintain VaR at levels below 0.1% of the value of the portfolio. If at any point in time the threshold is exceeded, ECB personnel are alerted by an automated interface with ECB's trading systems and begin to make adjustments in the portfolio in order to mitigate the risk and bring the portfolio in compliance. Concurrently, ECB personnel must notify the Committee of the variance and the actions taken to reduce the exposure to loss.

In addition to monitoring VaR, ECB periodically performs discrete stress tests ("Stress Tests") to assure that the level of potential losses that would arise from extreme market movements that may not be anticipated by VaR measures are within acceptable levels. The table below includes a key stress test monitored by the Committee, noted as the sensitivity to a 100 basis point change in interest rates. This analysis assists ECB in understanding the impact of an extreme move in rates, assuring the Collateralized Financing portfolio is structured to maintain risk at an acceptable level, even in extreme circumstances.

The Committee meets monthly to analyze the overall market risk exposure based on positions taken, as well as the credit risk, based on the collateral pledged under these agreements against the contract value from inception to maturity date. In these meetings the Committee evaluates risk from an operating perspective, VaR, and an exceptional perspective, Stress Tests, to determine the appropriate level of risk limits in the current environment.

We periodically assess the collectability or credit quality related to securities purchased under agreements to resell.

As of June 30, 2015 and December 31, 2014, a summary of ECB's assets, liabilities and risk measures related to its collateralized financing activities is as follows:

	June 30, 2015		December 31, 2014	
	Amount	Market Value of Collateral Received or (Pledged)	Amount	Market Value of Collateral Received or (Pledged)
	(dollars in thousands)			
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$46,470		$98,688	
Securities Purchased Under Agreements to Resell	33,270	$ 33,274	7,669	$ 7,671
Total Assets	79,740		106,357	
Liabilities				
Securities Sold Under Agreements to Repurchase	(79,784)	$ (79,822)	(106,499)	$ (106,632)
Net Liabilities	$(44)		$(142)	
Risk Measures				
VaR	$22		$29	
Stress Test:				
Portfolio sensitivity to a 100 basis point increase in the interest rate	$(38)		$(70)	
	$38		$70	

Portfolio sensitivity to a 100 basis point decrease in the interest rate

Contractual Obligations

For a complete discussion of our contractual obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2014.

As of June 30, 2015, we were unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority per ASC 740, hence, unrecognized tax benefits have been excluded from this disclosure.

We had total commitments (not reflected on our Unaudited Condensed Consolidated Statements of Financial Condition) relating to future capital contributions to private equity funds of $8.5 million and $8.7 million as of June 30, 2015 and December 31, 2014, respectively. We expect to fund these commitments with cash flows from operations. We may be required to fund these commitments at any time through June 2022, depending on the timing and level of investments by our private equity funds.

We also have commitments related to our redeemable noncontrolling interests. The value of our redeemable noncontrolling interests, which principally includes noncontrolling interests held by the principals of Atalanta Sosnoff, was $3.4 million and $4.0 million as of June 30, 2015 and December 31, 2014, respectively, as recorded on our Unaudited Condensed Consolidated Statements of Financial Condition.

Off-Balance Sheet Arrangements

We do not invest in any off-balance sheet vehicles that provide liquidity, capital resources, market or credit risk support, or engage in any leasing activities that expose us to any liability that is not reflected in our unaudited condensed consolidated financial statements.

Market Risk and Credit Risk

We, in general, are not a capital-intensive organization and as such, are not subject to significant market or credit risks. Nevertheless, we have established procedures to assess both the market and credit risk, as well as specific investment risk, exchange rate risk and credit risk related to receivables.

Market and Investment Risk

Institutional Asset Management

We invest in funds managed by EWM which principally hold equity securities. As of June 30, 2015, the fair value of our investments with these products, based on closing prices, was $1.6 million.

We estimate that a hypothetical 10% adverse change in the market value of the investments would have resulted in a decrease in pre-tax income of approximately $0.2 million for the three months ended June 30, 2015.

See “-Liquidity and Capital Resources” above for a discussion of collateralized financing transactions at ECB.

Private Equity Funds

Through our principal investments in our private equity funds and our ability to earn carried interest from these funds, we face exposure to changes in the estimated fair value of the companies in which these funds invest. Our professionals devote considerable time and resources to work closely with the portfolio company’s management to assist in designing a business strategy, allocating capital and other resources and evaluating expansion or acquisition opportunities. On a quarterly basis, we perform a comprehensive analysis and valuation of all of the portfolio companies. Our analysis includes reviewing the current market conditions and valuations of each portfolio company. Valuations and analysis regarding our investments in CSI Capital and Trilantic are performed by their respective professionals, and thus we are not involved in determining the fair value for the portfolio companies of such funds.

We estimate that a hypothetical 10% adverse change in the value of the private equity funds would have resulted in a decrease in pre-tax income of approximately $1.7 million for the three months ended June 30, 2015.

Exchange Rate Risk

We have foreign operations, through our subsidiaries and affiliates, primarily in Mexico and the United Kingdom, as well as provide services to clients in other jurisdictions, which creates foreign exchange rate risk. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact to our financial results. A significant portion of our Latin American revenues have been, and will continue to be, derived from contracts denominated in Mexican pesos and Evercore Partners Limited's revenue and expenses are

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denominated primarily in British pounds sterling and euro. Historically, the value of these foreign currencies has fluctuated relative to the U.S. dollar. For the six months ended June 30, 2015, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income within the Unaudited Condensed Consolidated Statement of Comprehensive Income was ($1.9) million. It is currently not our intention to hedge our foreign currency exposure, and we will reevaluate this policy from time to time.

Credit Risks

We maintain cash and cash equivalents with financial institutions with high credit ratings. At times, we may maintain deposits in federally insured financial institutions in excess of federally insured ("FDIC") limits or enter into sweep arrangements where banks will periodically transfer a portion of the Company's excess cash position to a money market fund. However, we believe that we are not exposed to significant credit risk due to the financial position of the depository institution or investment vehicles in which those deposits are held.

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to our clients. Receivables are reported net of any allowance for doubtful accounts. We maintain an allowance for bad debts to provide coverage for probable losses from our customer receivables and derive the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client's creditworthiness. As of June 30, 2015 and December 31, 2014, total receivables amounted to $124.7 million and $136.3 million, respectively, net of an allowance. The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice, with the exception of placement fees, which are generally collected within 180 days of invoice. The collection period for restructuring transactions and private equity fee receivables may exceed 90 days. We recorded minimal bad debt expense for each of the six months ended June 30, 2015 and 2014.

With respect to our Marketable Securities portfolio, which is comprised primarily of highly-rated corporate and municipal bonds, mutual funds and securities investments, we manage our credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of June 30, 2015, we had Marketable Securities of $32.2 million, of which 87% were corporate and municipal securities, primarily with S&P ratings ranging from AAA to BB+.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements included in this report are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding future events that affect the amounts reported in our unaudited condensed consolidated financial statements and their notes, including reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base these estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates. For a complete discussion of our critical accounting policies and estimates, refer to our Annual Report on Form 10-K for the year ended December 31, 2014.

Recently Issued Accounting Standards

For a discussion of recently issued accounting standards and their impact or potential impact on the Company's consolidated financial statements, see Note 3 to our unaudited condensed consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk and Credit Risk." We do not believe we face any material interest rate risk, foreign currency exchange risk, equity price risk or other market risk except as disclosed in Item 2 " – Market Risk and Credit Risk" above.

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by this report. Based upon that evaluation and

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subject to the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective to accomplish their objectives at the reasonable assurance level.

Changes in Internal Controls over Financial Reporting

As noted in the 2014 Form 10-K, Part II, Item 9A filed on February 27, 2015, the Company continues to address the integration of ISI's financial systems and processes. There were no other changes during the three months ended June 30, 2015, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, from time to time the Company and its affiliates are involved in other judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, Hong Kong, Singapore, Canadian and United States government agencies and self-regulatory organizations, as well as state securities commissions in the United States, conduct periodic examinations and initiate administrative proceedings regarding the Company’s business, including, among other matters, accounting and operational matters, that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer, investment advisor, or its directors, officers or employees. In view of the inherent difficulty of determining whether any loss in connection with such matters is probable and whether the amount of such loss can be reasonably estimated, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot estimate the amount of such loss or range of loss, if any, related to such matters, how or if such matters will be resolved, when they will ultimately be resolved, or what the eventual settlement, fine, penalty or other relief, if any, might be. Subject to the foregoing, the Company believes, based on current knowledge and after consultation with counsel, that it is not currently party to any material pending proceedings, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with Accounting Standards Codification ("ASC") 450, “Contingencies” when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

In January 2015, Donna Marie Coburn filed a proposed class action complaint against ETC in the U.S. District Court for the District of Columbia, in which she purports to represent a class of participants in the J.C. Penney Corporation Inc. Savings, Profit-Sharing and Stock Ownership Plan (the "Plan") whose participant accounts held J.C. Penney stock at any time between May 15, 2012 and the present. The complaint alleges that ETC breached its fiduciary duties under the Employee Retirement Income Security Act by causing the Plan to invest in J.C. Penney stock during that period and claims the Plan suffered losses of approximately $300 million due to declines in J.C. Penney stock. The plaintiff seeks the recovery of alleged Plan losses, attorneys’ fees, other costs, and other injunctive and equitable relief. The Company believes that it has meritorious defenses against these claims and intends to vigorously defend against them. ETC is indemnified by J.C. Penney, and ultimately the Plan, for reasonable attorneys’ fees and other legal expenses, which would be refunded should ETC not prevail.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Unregistered Sales

None

Issuer Purchases of Equity Securities

2015	Total Number of Shares (or Units) Purchased(1)	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(2)
April 1 to April 30	385,705	$48.24	380,820	5,672,532
May 1 to May 31	314,630	49.17	307,000	5,365,532
June 1 to June 30	28,103	51.22	20,000	5,345,532

Total	728,438	$48.76	707,820	5,345,532

(1) These include treasury transactions arising from net settlement of equity awards to satisfy minimum tax obligations.

(2) In October 2014, our Board authorized the repurchase of additional Class A Shares and/or LP Units so that we will be able to repurchase an aggregate of 7 million Class A Shares and/or LP Units for up to $350.0 million. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

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Item 6. Exhibits and Financial Statement Schedules

Exhibit Number	Description
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, are formatted in XBRL (eXtensible Business Reporting Language); (i) Condensed Consolidated Statements of Financial Condition as of June 30, 2015 and December 31, 2014, (ii) Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2015 and 2014, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2015 and 2014, (iv) Condensed Consolidated Statements of Changes In Equity for the six months ended June 30, 2015 and 2014, (v) Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2015 and 2014, and (vi) Notes to Condensed Consolidated Financial Statements (filed herewith)

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SIGNATURES

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

Date: August 5, 2015

Evercore Partners Inc.

By: /s/ RALPH SCHLOSSTEIN
Name: Ralph Schlosstein
Title: Chief Executive Officer and Director

By: /S/ ROBERT B. WALSH
Name: Robert B. Walsh
Title: Chief Financial Officer

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Exhibit Index

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