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 September 30, 2017

OR

o **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 INC.

(Exact name of registrant as specified in its charter)

Delaware	20-4748747
(State or Other Jurisdiction of Incorporation or Organization)	(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

N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer	☒	Accelerated filer	o
Non-accelerated filer	o (Do not check if a smaller reporting company)	Smaller reporting company	o
		Emerging growth company	o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of October 25, 2017 was 38,617,437. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of October 25, 2017 was 81 (excluding 19 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 Inc., (formerly known as Evercore Partners Inc.) a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references to (1) "Evercore Inc." refer solely to Evercore 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.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Financial Statements (Unaudited)

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

	September 30, 2017	December 31, 2016
Assets		
Current Assets		
Cash and Cash Equivalents	$ 439,855	$ 558,524
Marketable Securities and Certificates of Deposit	115,752	66,487
Assets Held for Sale	29,942	—
Financial Instruments Owned and Pledged as Collateral at Fair Value	22,632	18,535
Securities Purchased Under Agreements to Resell	11,268	12,585
Accounts Receivable (net of allowances of $2,492 and $2,751 at September 30, 2017 and December 31, 2016, respectively)	206,885	230,522
Receivable from Employees and Related Parties	16,934	15,034
Other Current Assets	20,173	23,946
Total Current Assets	863,441	925,633
Investments	99,207	116,633
Deferred Tax Assets	309,883	305,424
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $65,388 and $53,668 at September 30, 2017 and December 31, 2016, respectively)	67,599	51,651
Goodwill	133,911	160,961
Intangible Assets (net of accumulated amortization of $32,115 and $24,690 at September 30, 2017 and December 31, 2016, respectively)	21,945	29,370
Assets Segregated for Bank Regulatory Requirements	10,200	10,200
Other Assets	54,849	62,474
Total Assets	$ 1,561,035	$ 1,662,346
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$ 307,125	$ 334,541
Accounts Payable and Accrued Expenses	33,001	30,723
Securities Sold Under Agreements to Repurchase	33,912	31,150
Payable to Employees and Related Parties	27,832	27,366
Taxes Payable	8,872	27,321
Liabilities Held for Sale	403	—
Other Current Liabilities	11,639	12,320
Total Current Liabilities	422,784	463,421
Notes Payable	168,282	168,097
Subordinated Borrowings	6,799	16,550
Amounts Due Pursuant to Tax Receivable Agreements	179,275	174,109
Other Long-term Liabilities	55,910	56,838
Total Liabilities	833,050	879,015
Commitments and Contingencies (Note 15)		
Equity		
Evercore Inc. Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 61,585,638 and 58,292,567 issued at September 30, 2017 and December 31, 2016, respectively, and 38,594,548 and 39,190,856 outstanding at September 30, 2017 and December 31, 2016, respectively)	616	582
Class B, par value $0.01 per share (1,000,000 shares authorized, 83 and 24 issued and outstanding at September 30, 2017 and December 31, 2016, respectively)	—	—
Additional Paid-In-Capital	1,505,824	1,368,122
Accumulated Other Comprehensive Income (Loss)	(44,966)	(50,096)
Retained Earnings	117,433	20,343
Treasury Stock at Cost (22,991,090 and 19,101,711 shares at September 30, 2017 and December 31, 2016, respectively)	(1,103,342)	(811,653)
Total Evercore Inc. Stockholders' Equity	475,565	527,298
Noncontrolling Interest	252,420	256,033
Total Equity	727,985	783,331
Total Liabilities and Equity	$ 1,561,035	$ 1,662,346

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues				
Investment Banking Revenue	$ 388,834	$ 368,434	$ 1,118,303	$ 936,234
Investment Management Revenue	18,236	17,158	48,464	57,842
Other Revenue, Including Interest	4,944	5,509	12,542	12,650
Total Revenues	412,014	391,101	1,179,309	1,006,726
Interest Expense	5,413	4,787	14,991	12,043
Net Revenues	406,601	386,314	1,164,318	994,683
Expenses				
Employee Compensation and Benefits	246,772	231,710	689,186	632,959
Occupancy and Equipment Rental	13,531	12,627	40,191	33,983
Professional Fees	16,151	15,419	43,432	39,872
Travel and Related Expenses	15,113	12,440	46,976	42,258
Communications and Information Services	10,613	10,155	30,865	29,944
Depreciation and Amortization	6,421	5,907	18,267	18,915
Special Charges	—	—	21,507	—
Acquisition and Transition Costs	599	339	976	10
Other Operating Expenses	10,331	12,632	28,253	32,927
Total Expenses	319,531	301,229	919,653	830,868
Income Before Income from Equity Method Investments and Income Taxes	87,070	85,085	244,665	163,815
Income from Equity Method Investments	1,827	1,178	5,507	4,129
Income Before Income Taxes	88,897	86,263	250,172	167,944
Provision for Income Taxes	28,815	38,980	69,566	79,390
Net Income	60,082	47,283	180,606	88,554
Net Income Attributable to Noncontrolling Interest	14,171	12,588	35,740	24,454
Net Income Attributable to Evercore Inc.	$ 45,911	$ 34,695	$ 144,866	$ 64,100
Net Income Attributable to Evercore Inc. Common Shareholders	$ 45,911	$ 34,695	$ 144,866	$ 64,100
Weighted Average Shares of Class A Common Stock Outstanding				
Basic	39,045	38,912	39,873	39,259
Diluted	44,036	43,734	44,887	44,085
Net Income Per Share Attributable to Evercore Inc. Common Shareholders:				
Basic	$ 1.18	$ 0.89	$ 3.63	$ 1.63
Diluted	$ 1.04	$ 0.79	$ 3.23	$ 1.45
Dividends Declared per Share of Class A Common Stock	$ 0.34	$ 0.31	$ 1.02	$ 0.93

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Net Income	$ 60,082	$ 47,283	$ 180,606	$ 88,554
Other Comprehensive Income (Loss), net of tax:				
Unrealized Gain (Loss) on Marketable Securities and Investments, net	24	(632)	401	(1,448)
Foreign Currency Translation Adjustment Gain (Loss), net	4,832	(3,322)	5,993	(11,861)
Other Comprehensive Income (Loss)	4,856	(3,954)	6,394	(13,309)
Comprehensive Income	64,938	43,329	187,000	75,245
Comprehensive Income Attributable to Noncontrolling Interest	15,131	11,739	37,004	21,757
Comprehensive Income Attributable to Evercore Inc.	$ 49,807	$ 31,590	$ 149,996	$ 53,488

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Nine Months Ended September 30, 2017								
	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at December 31, 2016	58,292,567	$ 582	$ 1,368,122	$ (50,096)	$ 20,343	(19,101,711)	$ (811,653)	$ 256,033	$ 783,331
Net Income	—	—	—	—	144,866	—	—	35,740	180,606
Other Comprehensive Income	—	—	—	5,130	—	—	—	1,264	6,394
Treasury Stock Purchases	—	—	—	—	—	(3,889,379)	(291,689)	—	(291,689)
Evercore LP Units Purchased or Converted into Class A Common Stock	737,739	8	27,774	—	—	—	—	(29,393)	(1,611)
Equity-based Compensation Awards	2,555,332	26	116,982	—	—	—	—	7,294	124,302
Dividends	—	—	—	—	(47,776)	—	—	—	(47,776)
Noncontrolling Interest (Note 12)	—	—	(7,054)	—	—	—	—	(18,518)	(25,572)
Balance at September 30, 2017	61,585,638	$ 616	$ 1,505,824	$ (44,966)	$ 117,433	(22,991,090)	$ (1,103,342)	$ 252,420	$ 727,985

	For the Nine Months Ended September 30, 2016								
	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, 2015	55,249,559	$ 552	$ 1,210,742	$ (34,539)	$ (27,791)	(15,626,288)	$ (644,412)	$ 202,664	$ 707,216
Net Income	—	—	—	—	64,100	—	—	24,454	88,554
Other Comprehensive Income (Loss)	—	—	—	(10,612)	—	—	—	(2,697)	(13,309)
Treasury Stock Purchases, net	—	—	—	—	—	(3,386,869)	(161,778)	—	(161,778)
Evercore LP Units Converted into Class A Common Stock	326,280	3	9,161	—	—	—	—	(9,164)	—
Equity-based Compensation Awards	2,337,432	24	87,939	—	—	—	—	66,357	154,320
Dividends and Equivalents	—	—	5,781	—	(43,474)	—	—	—	(37,693)
Noncontrolling Interest (Note 12)	—	—	(1,257)	—	—	—	—	(36,082)	(37,339)
Balance at September 30, 2016	57,913,271	$ 579	$ 1,312,366	$ (45,151)	$ (7,165)	(19,013,157)	$ (806,190)	$ 245,532	$ 699,971

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Nine Months Ended September 30,	
	2017	**2016**
Cash Flows From Operating Activities		
Net Income	$ 180,606	$ 88,554
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Net (Gains) Losses on Investments, Marketable Securities and Contingent Consideration	239	3,565
Equity Method Investments	1,863	4,118
Equity-Based and Other Deferred Compensation	163,094	177,812
Impairment of Goodwill and Equity Method Investments	21,507	—
Depreciation, Amortization and Accretion	18,453	19,033
Bad Debt Expense	2,547	1,966
Deferred Taxes	(1,849)	(2,509)
Decrease (Increase) in Operating Assets:		
Marketable Securities	707	680
Financial Instruments Owned and Pledged as Collateral at Fair Value	(1,526)	20,621
Securities Purchased Under Agreements to Resell	2,910	(11,584)
Accounts Receivable	23,423	23,414
Receivable from Employees and Related Parties	(2,102)	1,700
Other Assets	9,391	(12,991)
(Decrease) Increase in Operating Liabilities:		
Accrued Compensation and Benefits	(52,481)	(49,915)
Accounts Payable and Accrued Expenses	(96)	(9,140)
Securities Sold Under Agreements to Repurchase	(1,405)	(9,070)
Payables to Employees and Related Parties	471	(2,639)
Taxes Payable	(18,471)	10,641
Other Liabilities	(21,624)	(3,855)
Net Cash Provided by Operating Activities	325,657	250,401
Cash Flows From Investing Activities		
Investments Purchased	(857)	(1,529)
Distributions of Private Equity Investments	1,140	107
Marketable Securities:		
Proceeds from Sales and Maturities	38,436	29,482
Purchases	(22,347)	(52,851)
Purchase of Certificates of Deposit	(63,417)	—
Cash Paid for Acquisitions and Deconsolidation of Cash, net of Cash Acquired	—	(2,877)
(Increase) Decrease in Restricted Cash	—	(5,385)
Purchase of Furniture, Equipment and Leasehold Improvements	(25,142)	(8,511)
Net Cash Provided by (Used in) Investing Activities	(72,187)	(41,564)
Cash Flows From Financing Activities		
Issuance of Noncontrolling Interests	110	885
Distributions to Noncontrolling Interests	(26,315)	(25,519)
Cash Paid for Deferred and Contingent Consideration	—	(5,050)
Short-Term Borrowing	30,000	50,000
Repayment of Short-Term Borrowing	(30,000)	(50,000)
Repayment of Subordinated Borrowings	(9,751)	(6,000)
Payment of Notes Payable - Mizuho	—	(120,000)
Issuance of Notes Payable	—	170,000
Debt Issuance Costs	—	(2,084)
Purchase of Treasury Stock and Noncontrolling Interests	(301,001)	(168,260)
Dividends - Class A Stockholders	(40,723)	(37,693)
Net Cash Provided by (Used in) Financing Activities	(377,680)	(193,721)
Effect of Exchange Rate Changes on Cash	5,541	(17,851)
Net Increase (Decrease) in Cash and Cash Equivalents	(118,669)	(2,735)
Cash and Cash Equivalents-Beginning of Period	558,524	448,764
Cash and Cash Equivalents-End of Period	$ 439,855	$ 446,029

SUPPLEMENTAL CASH FLOW DISCLOSURE

Payments for Interest	$	16,745	$	11,553
Payments for Income Taxes	$	88,865	$	75,213
Accrued Dividends	$	7,054	$	5,781
Settlement of Contingent Consideration	$	10,780	$	—

See Notes to Unaudited Condensed Consolidated Financial Statements.

Note 1 – Organization

Evercore Inc. (formerly known as 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 and through its affiliates in North America, Europe, South America and Asia.

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 which holds interests in private equity funds which are not managed by the Company. The Company completed the previously announced sale of the business providing independent fiduciary services to institutions on October 18, 2017.

Note 2 – Significant Accounting Policies

For a further discussion of the Company's accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

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, 2016. The December 31, 2016 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, 2017.

The accompanying 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"), a registered broker-dealer 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. 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 2015, Accounting Standards Update ("ASU") No. 2015-02, *"Amendments to the Consolidation Analysis,"* ("ASU 2015-02") was issued. This ASU eliminates the deferral of ASU No. 2010-10, *"Amendments for Certain Investment Funds,"* which allows reporting entities with interests in certain investment funds to follow the consolidation guidance in Accounting Standards Codification ("ASC") No. 810, *"Consolidation,"* ("ASC 810") and makes other changes to the variable interest model and the voting model. ASU 2015-02 modifies the evaluation performed by reporting entities on limited partnerships and similar entities and also impacts the evaluation performed by reporting entities on VIE determination, and determination of the primary beneficiary of a VIE.

The Company adopted ASU 2015-02 on January 1, 2016. Pursuant to the provisions of ASU 2015-02, Evercore LP is a VIE and the Company is the primary beneficiary. Prior to the adoption of ASU 2015-02, the Company consolidated Evercore LP as a voting interest entity. Specifically, the Company has the majority economic interest in Evercore LP and has decision making authority that significantly affects the economic performance of the entity while the limited partners have no kick-out or substantive participating rights. The assets and liabilities of Evercore LP represent substantially all of the consolidated assets and liabilities of the Company with the exception of U.S. corporate taxes and related items, which are presented on the Company's (Parent Company Only) Condensed Statements of Financial Position in Note 23 to the Company's consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

International Strategy & Investment (U.K.) Limited ("ISI U.K.") is also a VIE pursuant to ASC 810 and the Company is the primary beneficiary of this VIE. Specifically, the Company provides financial support through a transfer pricing agreement with this entity, which exposes the Company to losses that are potentially significant to the entity, and has decision making authority that significantly affects the economic performance of the entity. Following the adoption of ASU 2015-02, the Company also concluded that Evercore Partners International LLP ("Evercore U.K.") is a VIE and that the Company is the primary beneficiary of this VIE. The Company has the majority economic interest in Evercore U.K. and has decision making authority that significantly affects the economic performance of this entity. The Company included in its Unaudited Condensed Consolidated Statements of Financial Condition ISI U.K. and Evercore U.K. assets of $123,224 and liabilities of $67,054 at September 30, 2017 and assets of $116,958 and liabilities of $90,260 at December 31, 2016.

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

Note 3 – Recent Accounting Pronouncements

ASU 2014-09 – In May 2014, the Financial Accounting Standards Board ("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. In August 2015, the FASB issued ASU No. 2015-14, "*Deferral of the Effective Date*," which provides amendments that defer the effective date of ASU 2014-09 by one year. In April 2016, the FASB issued ASU No. 2016-10, *"Identifying Performance Obligations and Licensing,"* which provides clarification to identifying performance obligations and the licensing implementation guidance in ASU 2014-09. In May 2016, the FASB issued ASU No. 2016-12, *"Narrow-Scope Improvements and Practical Expedients,"* which provides clarification on certain issues identified in the guidance on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition in ASU 2014-09. The amendments in these updates 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 anticipates that it will adopt ASU 2014-09 on January 1, 2018 using the modified retrospective method of transition, which requires a cumulative-effect adjustment as of the date of adoption. Based on the Company's initial evaluation of ASU 2014-09, success related advisory fees, for which payment is generally dependent on the closing of a strategic transaction, a financing arrangement or some other defined outcome, will be considered variable consideration as defined by the standard. ASU 2014-09 requires that revenue be recognized when it is probable that variable consideration will not be reversed in a future period. Accordingly, revenue recognition for such fees could be accelerated under ASU 2014-09 in rare circumstances, which will require careful analysis and judgment. Under current U.S. GAAP, the Company recognizes such fees upon closing regardless of the probability of the outcome. In addition, pending the outcome of interpretive guidance (see below), the recognition of certain non-refundable fees received in connection with advisory engagements may be deferred along with deal-related expenses, until success fees are recognized or the transaction is terminated. These non-refundable fees and related expenses are currently recognized over the life of the engagement. The effect of the timing of revenue and expense recognition could be material to any given reporting period. Furthermore, current U.S. GAAP allows expenses related to underwriting transactions to be reflected net in related revenues. The Company's initial evaluation of ASU 2014-09 is that those expenses would be presented gross in the results of operations.

Interpretive guidance on ASU 2014-09 continues to be issued and vetted, in particular by the AICPA industry task force on Broker-Dealers, the AICPA's Revenue Recognition Working Group and the AICPA's Financial Reporting Executive Committee (FinREC). The Company will continue to evaluate this guidance and assess the preliminary views against its initial evaluation.

ASU 2016-01 - In January 2016, the FASB issued ASU No. 2016-01, *"Recognition and Measurement of Financial Assets and Financial Liabilities"* ("ASU 2016-01"). ASU 2016-01 provides amendments to ASC No. 825, *"Financial Instruments,"* which change the requirements for certain aspects of recognition, measurement and presentation of financial assets and liabilities and amend the disclosure requirements. The amendments in this update should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The amendments related to equity securities without readily determinable fair values are effective prospectively during interim and annual periods beginning after December 15, 2017, with early adoption not 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 2016-02 - In February 2016, the FASB issued ASU No. 2016-02, *"Leases (Topic 842)"* ("ASU 2016-02"). ASU 2016-02 supersedes ASC No. 840, *"Leases,"* and includes requirements for the recognition of a right-of-use asset and lease liability on the balance sheet by lessees for those leases classified as operating leases under previous guidance. The amendments in this update are effective using a modified retrospective approach at the beginning of the earliest period presented, during interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company anticipates adopting ASU 2016-02 on January 1, 2019 using the modified retrospective approach. The adoption will result in the present value of the Company's lease commitments which have a term in excess of one year being reflected on the Company's Statements of Financial Condition as a long-term fixed asset with a corresponding long-term liability. The Company's lease commitments, as discussed in Note 15, primarily relate to office space. The lease-related assets will be amortized to expense over the life of the leases and the liability, and related interest expense, will be reduced as lease payments are made over the life of the lease. The net impact on the Company's earnings is not expected to be materially different from the current expense related to leases as required under current U.S. GAAP, which is primarily reflected in Occupancy and Equipment Rental expense on the Unaudited Condensed Consolidated Statements of Operations.

ASU 2016-07 - In March 2016, the FASB issued ASU No. 2016-07, *"Simplifying the Transition to the Equity Method of Accounting"* ("ASU 2016-07"). ASU 2016-07 provides amendments to ASC No. 323, *"Investments - Equity Method and Joint Ventures,"* which simplify the accounting for equity method investments by eliminating the requirement to adjust the investment, results of operations and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The amendments in this update are effective prospectively to increases in the level of ownership interest or degree of influence that results in the adoption of the equity method, during interim and annual periods beginning after December 15, 2016, with early adoption permitted. The adoption of ASU 2016-07 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2016-09 - In March 2016, the FASB issued ASU No. 2016-09, *"Improvements to Employee Share-Based Payment Accounting"* ("ASU 2016-09"). ASU 2016-09 provides amendments to ASC No. 718, *"Compensation - Stock Compensation,"* which simplify the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this update are effective during interim and annual periods beginning after December 15, 2016, with early adoption permitted. The application of ASU 2016-09 resulted in excess tax benefits from the delivery of Class A common stock ("Class A Shares") under share-based payment arrangements being recognized in the Company's Provision for Income Taxes for the three and nine months ended September 30, 2017, rather than in Additional Paid-In-Capital under prior U.S. GAAP. The Company used the retrospective transition method for the presentation of excess tax benefits on the Statements of Cash Flows; as such, the Company classified excess tax benefits as an operating activity within Taxes Payable on the Unaudited Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016. The application of ASU 2016-09 will result in greater volatility in the effective tax rate and could be material to the results of operations and the classifications of cash flows in future periods depending upon the level of earnings and stock price of the Company, among other things. See Note 17 for further detail, including the impact of the application of ASU 2016-09 on the current period.

ASU 2016-13 - In June 2016, the FASB issued ASU No. 2016-13, *"Measurement of Credit Losses on Financial Instruments"* ("ASU 2016-13"). ASU 2016-13 provides amendments to ASC No. 326, *"Financial Instruments - Credit Losses,"* which amend the guidance on the impairment of financial instruments and adds an impairment model (the current expected credit loss (CECL) model) that is based on expected losses rather than incurred losses. Entities will recognize an allowance for its estimate of expected credit losses as of the end of each reporting period. The amendments in this update are effective during interim and annual periods beginning after December 15, 2019, with early adoption permitted after December 15, 2018. The Company currently uses the specific identification method for establishing credit provisions and write-offs of its trade accounts receivable. The Company anticipates adopting ASU 2016-13 on January 1, 2020 and does not anticipate a material difference between the current method and the CECL model.

ASU 2016-15 - In August 2016, the FASB issued ASU No. 2016-15, *"Classification of Certain Cash Receipts and Cash Payments"* ("ASU 2016-15"). ASU 2016-15 provides amendments to ASC No. 230, "*Statement of Cash Flows*," which provide guidance on the classification of certain cash receipts and payments in the statement of cash flows. The amendments in this update are effective retrospectively, or prospectively, if retrospective application is impracticable, during interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2016-18 - In November 2016, the FASB issued ASU No. 2016-18, "*Restricted Cash*" ("ASU 2016-18"). ASU 2016-18 provides amendments to ASC No. 230, "*Statement of Cash Flows*," which require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. The amendments in this update are effective retrospectively during interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2017-01 - In January 2017, the FASB issued ASU No. 2017-01, *"Clarifying the Definition of a Business"* ("ASU 2017-01"). ASU 2017-01 provides amendments to ASC No. 805, "*Business Combinations*," which clarify the definition of a business with the objective of adding guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2017-04 - In January 2017, the FASB issued ASU No. 2017-04, *"Simplifying the Test for Goodwill Impairment"* ("ASU 2017-04"). ASU 2017-04 provides amendments to ASC No. 350, *"Intangibles - Goodwill and Other"* ("ASC 350"), which eliminate Step 2 from the goodwill impairment test. Entities should perform their goodwill impairment tests by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2019, with early adoption permitted. The Company adopted ASU 2017-04 during the second quarter of 2017. See Note 4 for further information.

ASU 2017-09 - In May 2017, the FASB issued ASU No. 2017-09, *"Scope of Modification Accounting"* ("ASU 2017-09"). ASU 2017-09 provides amendments to ASC No. 718, *"Compensation - Stock Compensation,"* which provide guidance and clarity around which changes to the terms or conditions of a share-based payment award require an entity to apply modification accounting. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

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

Business Developments

On May 8, 2017, the Company entered into an agreement to sell the Institutional Trust and Independent Fiduciary business of Evercore Trust Company, N.A. ("ETC"), which is a part of its Investment Management segment. As of September 30, 2017, the Company recorded $29,942 of Assets Held for Sale, comprised of $28,442 of goodwill, representing an allocation of goodwill based on the relative fair value of the business being sold to the total fair value of the Institutional Asset Management reporting unit, and $1,500 of accounts receivable. The Company also recorded $403 of Liabilities Held for Sale, comprised of deferred revenue. The transaction closed on October 18, 2017 at an adjusted purchase price of $34,354. The pretax gain on the transaction, which will be recognized in the fourth quarter of 2017, is estimated to be approximately $8,200.

During the second quarter of 2017, in accordance with ASC 350, the Company performed an impairment assessment of the goodwill remaining in the Institutional Asset Management reporting unit following the classification of the Institutional Trust and Independent Fiduciary business as Held for Sale. In determining the fair value of this reporting unit, the Company 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 17.5%, 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 compound annual growth rate in revenues of 11%.

As a result of the above analysis, the Company determined that the fair value of the remaining business in the Institutional Asset Management reporting unit was less than its carrying value. The Company adopted ASU 2017-04 during the second quarter of 2017. Accordingly, the Company recorded a goodwill impairment charge in the Investment Management segment of $7,107, which is included within Special Charges on the Unaudited Condensed Consolidated Statement of Operations for the nine months ended September 30, 2017. This charge resulted in a decrease of $3,694 to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the nine months ended September 30, 2017.

In addition, during the second quarter of 2017, following a sustained period of economic and political instability in Brazil and after concluding that the expected recovery in the merger and acquisition ("M&A") markets in Brazil would be delayed for the foreseeable future, management of G5 Holdings S.A. ("G5 | Evercore") experienced a decline in previously forecasted advisory backlog and revised their revenue forecast. As a result, the Company performed an assessment of the carrying value of its equity interest in G5 | Evercore for other-than-temporary impairment in accordance with ASC 323-10, *"Investments - Equity Method and Joint Ventures."* In determining the fair value of its investment, the Company 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 G5 | Evercore, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of G5 | Evercore and applied a discount rate of 17.5%, 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 slight growth in revenues and earnings by the end of 2018, and, over the longer term, assumes a compound annual growth rate in revenues of 5% from the trailing twelve month period ended May 31, 2017.

As a result of the above analysis, the Company determined that the fair value of its investment in G5 | Evercore was less than its carrying value and concluded this loss in value was other-than-temporary. Accordingly, the Company recorded an impairment charge in the Investment Banking segment of $14,400, which is included in Special Charges on the Unaudited Condensed Consolidated Statements of Operations for the nine months ended September 30, 2017, resulting in a decrease in its investment in G5 | Evercore to its fair value of $11,555 as of May 31, 2017.

Acquisition and Transition Costs

The Company recognized $599 and $976 for the three and nine months ended September 30, 2017, respectively, and $339 and $10 for the three and nine months ended September 30, 2016, respectively, as Acquisition and Transition Costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives. These costs are primarily comprised of professional fees for legal and other services. In addition, for the nine months ended September 30, 2016 acquisition and transition costs included the reversal of $733 of a provision for certain settlements previously established in the fourth quarter of 2015.

Special Charges

The Company recognized $21,507 for the nine months ended September 30, 2017, as Special Charges incurred related to an impairment charge of $7,107 associated with the impairment of goodwill in the Company's Institutional Asset Management reporting unit and an impairment charge of $14,400 associated with the impairment of the Company's investment in G5 | Evercore in the second quarter of 2017. See discussion above for further information.

Intangible Asset Amortization

Expense associated with the amortization of intangible assets for Investment Banking was $2,357 and $7,071 for the three and nine months ended September 30, 2017, respectively, and $2,582 and $8,659 for the three and nine months ended September 30, 2016, 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 $118 and $354 for the three and nine months ended September 30, 2017, respectively, and $117 and $460 for the three and nine months ended September 30, 2016, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations.

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

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 ($14) and ($96) for the three and nine months ended September 30, 2017, respectively, and $1,433 and $10,182 for the three and nine months ended September 30, 2016, respectively.

Investment Banking Revenue includes advisory fees earned from clients that have a Senior Managing Director as a member of their Board of Directors of $11,981 and $13,282 for the three and nine months ended September 30, 2016, respectively.

Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $12,803 and $17,862 as of September 30, 2017 and December 31, 2016, respectively.

The Company had $6,799 and $16,550 in subordinated borrowings, principally with an executive officer of the Company, as of September 30, 2017 and December 31, 2016, respectively. See Note 10 for further information.

Note 6 – Marketable Securities and Certificates of Deposit

The amortized cost and estimated fair value of the Company's Marketable Securities as of September 30, 2017 and December 31, 2016 were as follows:

	September 30, 2017				December 31, 2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Investments	$ 7,098	$ 6	$ 4,069	$ 3,035	$ 6,470	$ —	$ 3,945	$ 2,525
Debt Securities Carried by EGL	22,806	87	1	22,892	38,392	77	15	38,454
Investment Funds	22,307	4,167	66	26,408	23,665	1,854	11	25,508
Total	$ 52,211	$ 4,260	$ 4,136	$ 52,335	$ 68,527	$ 1,931	$ 3,971	$ 66,487

Scheduled maturities of the Company's available-for-sale debt securities within the Securities Investments portfolio as of September 30, 2017 and December 31, 2016 were as follows:

	September 30, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 101	$ 101	$ —	$ —
Due after one year through five years	1,609	1,613	1,748	1,728
Total	$ 1,710	$ 1,714	$ 1,748	$ 1,728

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 September 30, 2017.

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 losses of ($26) for the nine months ended September 30, 2017, respectively, and ($12) and ($33) for the three and nine months ended September 30, 2016, 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 losses of ($340) and ($707) for the three and nine months ended September 30, 2017, respectively, and ($341) and ($680) for the three and nine months ended September 30, 2016, respectively.

Investment Funds

The Company invests in a portfolio of exchange traded funds and 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 of $1,013 and $2,570 for the three and nine months ended September 30, 2017, respectively, and $707 and $1,232 for the three and nine months ended September 30, 2016, respectively.

Certificates of Deposit

At September 30, 2017 the Company held certificates of deposit of $63,417 with certain banks with original maturities of six months or less when purchased.

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 1.3 years, as of September 30, 2017, 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 to assure that the level of potential losses that would arise from extreme market movements that may not be anticipated by VaR ("Stress Tests") measures are within acceptable levels.

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

As of September 30, 2017 and December 31, 2016, a summary of the Company's assets, liabilities and collateral received or pledged related to these transactions was as follows:

	September 30, 2017		December 31, 2016	
	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	$ 22,632		$ 18,535	
Securities Purchased Under Agreements to Resell	11,268	$ 11,264	12,585	$ 12,601
Total Assets	$ 33,900		$ 31,120	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (33,912)	$ (33,917)	$ (31,150)	$ (31,155)

Note 8 – Investments

The Company's investments reported on the Unaudited Condensed Consolidated Statements of Financial Condition consist of investments in private equity partnerships, other investments in unconsolidated affiliated companies, an equity security in a private company and investments in Glisco Manager Holdings LP and Trilantic Capital Partners ("Trilantic"). 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.

The Company also has investments in G5 | Evercore, ABS Investment Management, LLC ("ABS"), Atalanta Sosnoff Capital, LLC ("Atalanta Sosnoff") and Luminis Partners ("Luminis"), which are voting interest entities. The Company's share of earnings (losses) on its investments in G5 | Evercore, ABS, Atalanta Sosnoff and Luminis 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"), Glisco Partners II, L.P. ("Glisco II"), Glisco Partners III, L.P. ("Glisco III"), 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 September 30, 2016, the Company completed the transfer of ownership and control of the Mexican Private Equity business to a newly formed entity, Glisco Partners Inc. ("Glisco"), which is controlled by the principals of the business.

On December 31, 2014, ECP II was terminated. The Company's investment at September 30, 2017 of $838 is comprised of its remaining interest in the general partner, including $814 in cash and $24 in securities. In addition, as of September 30, 2017, Discovery Americas I, L.P. (the "Discovery Fund"), was fully distributed.

A summary of the Company's investment in the private equity funds as of September 30, 2017 and December 31, 2016 was as follows:

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

	September 30, 2017	December 31, 2016
ECP II	$ 838	$ 933
Discovery Fund	—	7,463
Glisco II	7,854	6,897
Glisco III	671	529
Trilantic IV	293	211
Trilantic V	6,120	5,709
Total Private Equity Funds	$ 15,776	$ 21,742

Net realized and unrealized gains (losses) on private equity fund investments were $1,208 and ($985) for the three and nine months ended September 30, 2017, respectively, and $171 and $6,302 for the three and nine months ended September 30, 2016, respectively. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of September 30, 2017, there was no previously distributed carried interest received from the Company's managed funds 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. The Company owned 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.

Following the Glisco transaction, the Company concluded that Glisco Capital Partners II, Glisco Capital Partners III ("GCP III") and Glisco Manager Holdings LP are VIEs and that the Company is not the primary beneficiary of these VIEs. The Company's assessment of the primary beneficiary of these entities included assessing which parties have the power to significantly impact the economic performance of these entities and the obligation to absorb losses, which could be potentially significant to the entities, or the right to receive benefits from the entities that could be potentially significant. Neither the Company nor its related parties will have the ability to make decisions that significantly impact the economic performance of these entities. Further, as a limited partner in these entities, the Company does not possess substantive participating rights. The Company had assets of $10,696 and $9,889 included in its Unaudited Condensed Consolidated Statements of Financial Condition at September 30, 2017 and December 31, 2016, respectively, related to these unconsolidated VIEs, representing the carrying value of the Company's investments in the entities. The Company's exposure to the obligations of these VIEs is generally limited to its investments in these entities. The Company's maximum exposure to loss as of September 30, 2017 was $13,035, which represents the carrying value of the Company's investments in these VIEs, as well as any unfunded commitments to the current funds.

Investment in Trilantic Capital Partners

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 nine months ended September 30, 2017, $1,170 of this investment was allocated to Trilantic Fund V. From 2010 to 2016, $3,280 and $1,178 of this investment was allocated to Trilantic Fund V and IV, respectively. This investment had a balance of $10,462 and $11,632 as of September 30, 2017 and December 31, 2016, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $1,130 was unfunded at September 30, 2017. 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 the successor fund will be at approximately $12,000.

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

Cost Method Investments

In 2015, the Company received an equity security in a private company in exchange for advisory services. This investment is accounted for under the cost method of accounting and had a balance of $1,079 as of September 30, 2017 and December 31, 2016.

Following the Glisco transaction in 2016, the Company recorded an investment in Glisco Manager Holdings LP representing the fair value of the deferred consideration resulting from this transaction. This investment is accounted for under the cost method of accounting. The Company amortizes the balance of its investment as distributions are received related to the deferred consideration. This investment had a balance of $2,172 and $2,463 as of September 30, 2017 and December 31, 2016, respectively.

Equity Method Investments

A summary of the Company's other investments accounted for under the equity method of accounting as of September 30, 2017 and December 31, 2016 was as follows:

	September 30, 2017	December 31, 2016
G5 | Evercore	$ 12,238	$ 26,016
ABS	37,501	38,982
Atalanta Sosnoff	14,368	14,719
Luminis	5,611	—
Total	$ 69,718	$ 79,717

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 2017, following a sustained period of economic and political instability in Brazil and after concluding that the expected recovery in the M&A markets would be delayed for the foreseeable future, the Company performed an impairment assessment for its investment in G5 | Evercore and concluded that an other-than-temporary impairment had occurred. The Company recorded an impairment charge of $14,400, included in Special Charges on the Unaudited Condensed Consolidated Statements of Operations for the nine months ended September 30, 2017. See Note 4 for further information. At September 30, 2017, the Company's economic ownership interest in G5 | Evercore was 49%. This investment resulted in losses of ($93) and ($144) for the three and nine months ended September 30, 2017, respectively, and ($107) and ($78) for the three and nine months ended September 30, 2016, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations. In addition, the investment is subject to currency translation from Brazilian Real to the U.S. Dollar.

ABS

In 2011, the Company made an investment accounted for under the equity method of accounting in ABS. At September 30, 2017, the Company's economic ownership interest in ABS was 45%. This investment resulted in earnings of $1,676 and $4,919 for the three and nine months ended September 30, 2017, respectively, and $1,113 and $3,687 for the three and nine months ended September 30, 2016, respectively. included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Atalanta Sosnoff

On December 31, 2015, the Company amended the Operating Agreement with Atalanta Sosnoff and deconsolidated its assets and liabilities. The Company accounted for its interest in Atalanta Sosnoff under the equity method of accounting from that date forward. At September 30, 2017, the Company's economic ownership interest in Atalanta Sosnoff was 49%. This investment resulted in earnings of $190 and $621 for the three and nine months ended September 30, 2017, respectively, and $172 and $520 for the three and nine months ended September 30, 2016, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Luminis

On January 1, 2017, the Company acquired a 19% interest in Luminis and accounted for its interest under the equity method of accounting. This investment resulted in earnings of $54 and $111 for the three and nine months ended September 30, 2017, 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 $391 and $1,172 for the three and nine months ended September 30, 2017, respectively, and $884 and $2,648 for the three and nine months ended September 30, 2016, respectively.

The Company assesses its equity method investments for impairment annually, or more frequently if circumstances indicate impairment may have occurred.

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:

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 September 30, 2017 and December 31, 2016 are based on 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 September 30, 2017 and December 31, 2016:

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

	September 30, 2017			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$ —	$ 44,736	$ —	$ 44,736
Securities Investments (1)	4,414	1,714	—	6,128
Investment Funds	26,408	—	—	26,408
Financial Instruments Owned and Pledged as Collateral at Fair Value	22,632	—	—	22,632
Total Assets Measured At Fair Value	$ 53,454	$ 46,450	$ —	$ 99,904

	December 31, 2016			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$ —	$ 44,630	$ —	$ 44,630
Securities Investments (1)	3,794	1,728	—	5,522
Investment Funds	25,508	—	—	25,508
Financial Instruments Owned and Pledged as Collateral at Fair Value	18,535	—	—	18,535
Total Assets Measured At Fair Value	$ 47,837	$ 46,358	$ —	$ 94,195

(1) Includes $24,937 and $9,173 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 September 30, 2017 and December 31, 2016, 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 nine months ended September 30, 2017 or the year ended December 31, 2016.

During the fourth quarter of 2016, the Company determined that the fair value of its equity method investment in Atalanta Sosnoff was $14,730. The fair value of the investment was estimated by utilizing both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The equity method investment was measured at fair value on a non-recurring basis as a Level III asset.

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.

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

	Carrying Amount	September 30, 2017 Estimated Fair Value Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 414,918	$ 414,918	$ —	$ —	$ 414,918
Certificates of Deposit	63,417	—	63,417	—	63,417
Securities Purchased Under Agreements to Resell	11,268	—	11,268	—	11,268
Accounts Receivable	206,885	—	206,885	—	206,885
Receivable from Employees and Related Parties	16,934	—	16,934	—	16,934
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Closely-held Equity Security	1,079	—	—	1,079	1,079
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 33,001	$ —	$ 33,001	$ —	$ 33,001
Securities Sold Under Agreements to Repurchase	33,912	—	33,912	—	33,912
Payable to Employees and Related Parties	27,832	—	27,832	—	27,832
Notes Payable	168,282	—	170,284	—	170,284
Subordinated Borrowings	6,799	—	6,968	—	6,968

	Carrying Amount	December 31, 2016 Estimated Fair Value Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 549,351	$ 549,351	$ —	$ —	$ 549,351
Securities Purchased Under Agreements to Resell	12,585	—	12,585	—	12,585
Accounts Receivable	230,522	—	230,522	—	230,522
Receivable from Employees and Related Parties	15,034	—	15,034	—	15,034
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Closely-held Equity Security	1,079	—	—	1,079	1,079
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 30,723	$ —	$ 30,723	$ —	$ 30,723
Securities Sold Under Agreements to Repurchase	31,150	—	31,150	—	31,150
Payable to Employees and Related Parties	27,366	—	27,366	—	27,366
Notes Payable	168,097	—	170,251	—	170,251
Subordinated Borrowings	16,550	—	16,803	—	16,803

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 Closely-held Equity Security is based on comparable transactions executed by the issuer.

The fair value of the Company's Notes Payable and Subordinated Borrowings is estimated based on a present value analysis utilizing aggregate market yields obtained from independent pricing sources for similar financial instruments.

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

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

Note 10 – Notes Payable and Subordinated Borrowings

On March 30, 2016, the Company issued an aggregate of $170,000 of senior notes, including: $38,000 aggregate principal amount of its 4.88% Series A senior notes due 2021 (the "Series A Notes"), $67,000 aggregate principal amount of its 5.23% Series B senior notes due 2023 (the "Series B Notes"), $48,000 aggregate principal amount of its 5.48% Series C senior notes due 2026 (the "Series C Notes") and $17,000 aggregate principal amount of its 5.58% Series D senior notes due 2028 (the "Series D Notes" and together with the Series A Notes, the Series B Notes and the Series C Notes, the "Private Placement Notes"), pursuant to a note purchase agreement (the "Note Purchase Agreement") dated as of March 30, 2016, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the Private Placement Notes is payable semi-annually and the Private Placement Notes are guaranteed by certain of the Company's domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the Private Placement Notes plus accrued and unpaid interest to the prepayment date. The Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of September 30, 2017, the Company was in compliance with all of these covenants.

The Company used $120,000 of the net proceeds from the Private Placement Notes to repay outstanding borrowings under the senior credit facility with Mizuho Bank, Ltd. ("Mizuho") on March 30, 2016 and used the remaining net proceeds for general corporate purposes.

Notes Payable is comprised of the following as of September 30, 2017 and December 31, 2016:

			Carrying Value (a)	
Note	**Maturity Date**	**Effective Annual Interest Rate**	**September 30, 2017**	**December 31, 2016**
Evercore Inc. 4.88% Series A Senior Notes	3/30/2021	5.16%	$ 37,662	$ 37,597
Evercore Inc. 5.23% Series B Senior Notes	3/30/2023	5.44%	66,330	66,254
Evercore Inc. 5.48% Series C Senior Notes	3/30/2026	5.64%	47,480	47,445
Evercore Inc. 5.58% Series D Senior Notes	3/30/2028	5.72%	16,810	16,801
Total			$ 168,282	$ 168,097

(a) Carrying value has been adjusted to reflect the presentation of debt issuance costs as a direct reduction from the related liability.

The Company has subordinated borrowings, principally with an executive officer of the Company, due on October 31, 2019. These borrowings have a coupon of 5.5%, payable semi-annually. In February and April 2017, the Company repaid $6,000 and $3,751, respectively, of the original borrowings. The Company had $6,799 and $16,550 in subordinated borrowings pursuant to these agreements as of September 30, 2017 and December 31, 2016, respectively.

Note 11 – Evercore Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on October 23, 2017, a quarterly cash dividend of $0.40 per share, to the holders of record of Class A Shares as of November 24, 2017, which will be paid on December 8, 2017. During the nine months ended September 30, 2017, the Company declared and paid or accrued dividends of $1.02 per share, totaling $47,776.

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

Treasury Stock – During the nine months ended September 30, 2017, the Company purchased 1,133 Class A Shares primarily from employees at values ranging from $50.90 to $81.52 per share (at an average cost per share of $77.89), primarily for the net settlement of stock-based compensation awards, and 2,757 Class A Shares at market values ranging from $67.37 to $78.81 per share (at an average cost per share of $73.75) pursuant to the Company's share repurchase program. The aggregate 3,889 Class A Shares were purchased at an average cost per share of $74.96 and the result of these purchases was an increase in Treasury Stock of $291,689 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2017.

LP Units – During the nine months ended September 30, 2017, 738 LP Units were exchanged for Class A Shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $8 and $27,774, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2017.

Accumulated Other Comprehensive Income (Loss) – As of September 30, 2017, 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 Foreign Currency Translation Adjustment Gain (Loss), net, of ($5,506) and ($39,460), respectively.

Note 12 – Noncontrolling Interest

Noncontrolling Interest recorded in the unaudited condensed consolidated financial statements of the Company relates to the following interests in certain consolidated subsidiaries, which are not owned by the Company:

	September 30, 2017	September 30, 2016
Subsidiary:		
Evercore LP	13%	14%
Evercore Wealth Management L.L.C. ("EWM")	38%	38%
Private Capital Advisory L.P. ("PCA")	26%	39%

The Noncontrolling Interests for Evercore LP, EWM and PCA have rights, in certain circumstances, to convert into Class A Shares.

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

Changes in Noncontrolling Interest for the nine months ended September 30, 2017 and 2016 were as follows:

	For the Nine Months Ended September 30,	
	2017	2016
Beginning balance	$ 256,033	$ 202,664
Comprehensive income (loss):		
Net Income Attributable to Noncontrolling Interest	35,740	24,454
Other comprehensive income (loss)	1,264	(2,697)
Total comprehensive income	37,004	21,757
Evercore LP Units Purchased or Converted into Class A Shares	(29,393)	(9,164)
Amortization and Vesting of LP Units/Interests	7,294	66,357
Other Items:		
Distributions to Noncontrolling Interests	(26,315)	(25,519)
Issuance of Noncontrolling Interest	8,279	885
Purchase of Noncontrolling Interest	(261)	(5,225)
Deconsolidation of GCP III	—	(5,808)
Other, net	(221)	(415)
Total other items	(18,518)	(36,082)
Ending balance	$ 252,420	$ 245,532

Other Comprehensive Income - Other comprehensive income (loss) attributed to Noncontrolling Interest includes Unrealized Gain (Loss) on Marketable Securities and Investments, net, of $5 and $79 for the three and nine months ended September 30, 2017, respectively, and ($277) and ($644) for the three and nine months ended September 30, 2016, respectively, and Foreign Currency Translation Adjustment Gain (Loss), net, of $955 and $1,185 for the three and nine months ended September 30, 2017, respectively, and ($572) and ($2,053) for the three and nine months ended September 30, 2016, respectively.

Interests Purchased - On March 3, 2017, the Company purchased, at fair value, an additional 13% of PCA for $7,071, resulting in a decrease to Noncontrolling Interest of $261 and a decrease to Additional Paid-In Capital of $6,810, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2017.

During the nine months ended September 30, 2017, the Company purchased 32 LP Units and certain other rights from noncontrolling interest holders, resulting in a decrease to Noncontrolling Interest of $2,523 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2017.

On January 29, 2016, the Company purchased, at fair value, all of the noncontrolling interest in ECB for $6,482 resulting in a decrease to Noncontrolling Interest of $5,225 and a decrease to Additional Paid-In Capital of $1,257, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2016.

GCP III - On July 19, 2016, the Company and the principals of its Mexican Private Equity business entered into an agreement to transfer ownership of its Mexican Private Equity business and related entities to Glisco. Upon the closing of this transaction, which occurred on September 30, 2016, the Company deconsolidated the noncontrolling interest in GCP III of $5,808. See Note 8 for further information.

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

The calculations of basic and diluted net income per share attributable to Evercore Inc. common shareholders for the three and nine months ended September 30, 2017 and 2016 are described and presented below.

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

	For the Three Months Ended September 30, 2017	For the Three Months Ended September 30, 2016	For the Nine Months Ended September 30, 2017	For the Nine Months Ended September 30, 2016
Basic Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Inc. common shareholders	$ 45,911	$ 34,695	$ 144,866	$ 64,100
Denominator:				
Weighted average Class A Shares outstanding, including vested restricted stock units ("RSUs")	39,045	38,912	39,873	39,259
Basic net income per share attributable to Evercore Inc. common shareholders	$ 1.18	$ 0.89	$ 3.63	$ 1.63
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Inc. common shareholders	$ 45,911	$ 34,695	$ 144,866	$ 64,100
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(b)	(b)	(b)	(b)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(b)	(b)	(b)	(b)
Diluted net income attributable to Evercore Inc. common shareholders	$ 45,911	$ 34,695	$ 144,866	$ 64,100
Denominator:				
Weighted average Class A Shares outstanding, including vested RSUs	39,045	38,912	39,873	39,259
Assumed exchange of LP Units for Class A Shares (a)(b)	1,420	—	473	—
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	2,590	2,108	2,509	1,855
Shares that are contingently issuable (c)	981	2,714	2,032	2,971
Diluted weighted average Class A Shares outstanding	44,036	43,734	44,887	44,085
Diluted net income per share attributable to Evercore Inc. common shareholders	$ 1.04	$ 0.79	$ 3.23	$ 1.45

(a) The Company has outstanding Class J limited partnership units of Evercore LP ("Class J LP Units"), which convert into Class E limited partnership units of Evercore LP ("Class E LP Units") and ultimately become exchangeable into Class A Shares on a one-for-one basis. During the three and nine months ended September 30, 2017, the LP Units were dilutive and consequently the effect of their exchange into Class A Shares has been included in the calculation of diluted net income per share attributable to Evercore Inc. common shareholders under the if-converted method. In computing this adjustment, the Company assumes that all Class J LP Units are converted into Class A Shares.

(b) The Company also has outstanding Class A and E LP Units in 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 nine months ended September 30, 2017 and 2016, 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 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 Inc. common shareholders if the effect would have been dilutive were 5,930 and 6,010 for the three and nine months ended September 30, 2017, respectively, and 6,410 and 6,440 for the three and nine months ended September 30, 2016, respectively. The adjustment to the numerator, diluted net income attributable to Class A common shareholders, if the effect would have been dilutive, would have been $6,628 and $20,746 for the three and nine months ended September 30, 2017, respectively, and $5,972 and $11,235 for the three and nine months ended September 30, 2016, respectively. In computing this adjustment, the Company assumes that all vested Class A LP Units and all Class E LP Units are converted into Class A Shares, that all earnings attributable to those shares are attributed to Evercore 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 Class A and E LP Units will result in a dilutive computation in future periods.

(c) During the three and nine months ended September 30, 2017 and 2016, the Company had outstanding Class G and H limited partnership interests of Evercore LP ("Class G and H LP Interests") which were contingently exchangeable into Class E LP Units, and ultimately Class A Shares, as well as outstanding Class I-P units of Evercore LP ("Class I-P Units") which are contingently exchangeable into Class I limited partnership units of Evercore LP ("Class I LP Units"), and ultimately Class A Shares, as they are subject to certain performance thresholds being achieved. In July 2017, the Company exchanged all of the outstanding Class H LP Interests for a number of Class J LP Units. See Note 14 for a further discussion. For the purposes of calculating diluted net income per share attributable to Evercore Inc. common shareholders, the Company's Class G and H LP Interests and Class I-P Units are 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 are included in diluted weighted average Class A Shares outstanding is based on the number of shares that would be issuable if the end of the reporting period were the end of the performance period. The Interests/Units that were assumed to be converted to an equal number of Class A Shares for purposes of computing diluted net income per share attributable to Evercore Inc. common shareholders were 981 and 2,032 for the three and nine months ended September 30, 2017, respectively, and 2,714 and 2,971 for the three and nine months ended September 30, 2016, respectively.

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

LP Units

Equities business - In conjunction with the acquisition of the operating businesses of International Strategy & Investment ("ISI") in 2014, the Company issued Evercore LP units and interests which have been treated as compensation, including 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 vest ratably on October 31, 2015, 2016 and 2017 and become exchangeable once vested. 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 $4,835 and $15,273 for the three and nine months ended September 30, 2017, respectively, and $5,133 and $15,683 for the three and nine months ended September 30, 2016, respectively.

The Company also issued 538 vested and 540 unvested Class G LP Interests, which vest ratably on February 15, 2016, 2017 and 2018. The Company's vested Class G LP Interests become exchangeable into Class A Shares of the Company 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. In the event of death, disability or termination of employment without cause, unvested Class G LP Interests will be canceled or may vest based on determination of expected performance, based on a decision by Management.

In February 2017 and 2016, 368 and 371 Class G LP Interests achieved their performance targets and were converted to the same number of Class E LP Units, respectively.

In addition, in conjunction with the acquisition of ISI, the Company also issued 2,044 vested and 2,051 unvested Class H LP Interests, which would have vested ratably on February 15, 2018, 2019 and 2020. Subject to continued employment, the Company's vested Class H LP Interests would have 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, were achieved for the three calendar years preceding the date the interests become exchangeable. In the event of death, disability or termination of employment without cause, unvested Class H LP Interests will be canceled or may vest based on determination of expected performance, based on a decision by Management.

In July 2017, the Company exchanged all of the outstanding 4,148 Class H LP Interests for 1,012 vested and 938 unvested Class J LP Units. These units will convert into an equal amount of Class E LP Units, and ultimately become exchangeable into Class A Shares of the Company, ratably on February 15, 2018, 2019 and 2020. These Class J LP Units have the same vesting and delivery schedule, acceleration and forfeiture triggers, and distribution rights as the Class H LP Interests. In connection with this exchange, one share of Class B common stock has been issued to each holder of Class J LP Units, which will entitle each holder to one vote on all matters submitted generally to holders of Class A and Class B common stock for each Class E LP Unit and Class J LP Unit held. As the number of Class J LP Units exchanged was within the number of Class H LP Interests that the Company determined were probable of being exchanged on the date of modification, the Company will expense the previously unrecognized fair value of the Class H LP Interests ratably over the remaining vesting period. Compensation expense related to the Class J LP Units was $2,315 for the three and nine months ended September 30, 2017.

Based on Evercore ISI's results for the first nine months of 2017, as well as the Company's revised outlook for the Evercore ISI business, including strategic decisions to increase the compensation ratio for this business, the Company determined that the achievement of the remaining performance thresholds for the remaining Class G LP Interests was no longer probable at March 31, 2017, June 30, 2017 or September 30, 2017. Prior to the exchange into Class J LP Units, the Company had determined that the achievement of the remaining performance thresholds for certain of the Class H LP Interests was probable at March 31, 2017 and June 30, 2017. This determination assumed a Management Basis EBIT margin of 11.7% and an annual Management Basis EBIT of $26,904 being achieved in 2017 and a Management Basis EBIT margin of 14.0% and an annual Management Basis EBIT of $34,357 being achieved in 2018 and 2019 for Evercore ISI, which would have resulted in 2,005 Class H LP Interests vesting and becoming exchangeable into Class E LP Units. For the nine months ended September 30, 2016, the Company had determined that the achievement of certain of the remaining performance thresholds for the Class G and H LP Interests was probable and assumed a Management Basis EBIT margin of 15.9% and an annual Management Basis EBIT of $37,960 being achieved over the performance period for Evercore ISI. Accordingly, $2,003 of expense was recorded and $12,897 of expense was reversed for the three and nine months ended September 30, 2017, respectively, and $8,629 and $50,379 of expense was recorded for the three and nine months ended September 30, 2016, respectively, for the Class G and H LP Interests.

Assuming the maximum thresholds for the Class G LP Interests were considered probable of achievement at September 30, 2017, an additional $16,349 of expense would have been incurred in the third quarter ended September 30, 2017 and the remaining expense to be accrued over the future vesting period extending from October 1, 2017 to February 15, 2018 would be $2,456. In that circumstance, the total number of remaining Class G LP Interests that would vest and become exchangeable to Class E LP Units would be 366.

During the first quarter of 2017, the Company modified the terms of 19 Class E LP Units, 14 Class G LP Interests and 162 Class H LP Interests. The modification resulted in expense, included within compensation expense related to the Class E LP Units and Class G and H LP Interests above, of $3,532 for the nine months ended September 30, 2017, reflecting the reversal of all previous expense related to these awards and the subsequent amortization of the awards at the modified grant date fair value of $14,891. These awards were amortized ratably through June 30, 2017.

Other Performance-based Awards - In November 2016, the Company issued 400 Class I-P Units in conjunction with the appointment of the Executive Chairman. These Class I-P Units convert into a specified number of Class I LP Units, which are exchangeable on a one-for-one basis to Class A Shares, contingent on the achievement of certain market and service conditions, subject to vesting upon specified termination events (including retirement, upon satisfying certain eligibility criteria, on or following January 15, 2022, subject to a one year prior written notice requirement) or a change in control. These Class I-P Units are segregated into two groups of 200 units each, with share price threshold vesting conditions which are required to exceed a certain level for 20 consecutive trading days (which were met as of March 31, 2017). The Company determined the fair value of the award to be $24,412 and is expensing the award ratably over the implied service period, which ends on March 1, 2022. As the award contains market-based conditions, the entire expense will be recognized if the award does not vest for any reason other than the service conditions. Compensation expense related to this award was $1,164 and $3,455 for the three and nine months ended September 30, 2017, respectively.

Stock Incentive Plan

During 2016, the Company's stockholders approved the Amended and Restated 2016 Evercore Inc. Stock Incentive Plan (the "2016 Plan"). The 2016 Plan, among other things, authorizes an additional 10,000 shares of the Company's Class A Shares. The 2016 Plan permits the Company to grant to key employees, directors and consultants incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, RSUs and other awards based on the Company's Class A Shares. The Company intends to use newly-issued Class A Shares to satisfy any awards under the 2016 Plan and its predecessor plan. Class A Shares underlying any award granted under the 2016 Plan that expire, terminate or are canceled or satisfied for any reason without being settled in stock again become available for awards under the plans. The total shares available to be granted in the future under the 2016 Plan was 7,412 as of September 30, 2017.

The Company also grants, at its discretion, dividend equivalents, in the form of unvested RSU awards, or cash dividends, concurrently with the payment of dividends to the holders of Class A Shares, on all unvested RSU grants awarded in conjunction with annual bonuses as well as new hire awards.

The Company estimates forfeitures in the aggregate compensation cost to be amortized over the requisite service period of its awards. The Company periodically monitors its estimated forfeiture rate and adjusts its assumptions to the actual occurrence of forfeited awards. A change in estimated forfeitures is recognized through a cumulative catch-up adjustment in the period of the change.

Equity Grants

During the nine months ended September 30, 2017, pursuant to the 2016 Plan, the Company granted employees 2,620 RSUs that are Service-based Awards. Service-based Awards granted during the nine months ended September 30, 2017 had grant date fair values of $69.10 to $81.52 per share. During the nine months ended September 30, 2017, 2,424 Service-based Awards vested and 127 Service-based Awards were forfeited. Compensation expense related to Service-based Awards, including RSUs granted to the Executive Chairman in November 2016, was $38,124 and $116,363 for the three and nine months ended September 30, 2017, respectively, and $29,505 and $86,783 for the three and nine months ended September 30, 2016, respectively.

Deferred Cash

The Company's deferred cash compensation program provided 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. The Company granted $3,750, $41,147 and $3,926 of deferred cash awards pursuant to the deferred cash compensation program during 2017, 2016 and 2012, respectively.

In November 2016, the Company granted a restricted cash award in conjunction with the appointment of the Executive Chairman with a target payment amount of $35,000, of which $11,000 is schedule to vest on March 1, 2019 and $6,000 is scheduled to vest on each of the first four anniversaries of March 1, 2019, provided that the Executive Chairman continues to remain employed through each such vesting date, subject to vesting upon specified termination events (including retirement, upon satisfying certain eligibility criteria, on or following May 1, 2019, subject to a six month prior written notice requirement) or a change in control. The Company has the discretion to increase (by an amount up to $35,000) or decrease (by an amount up to $8,750) the total amount payable under this award.

In July 2017, the Company granted deferred cash awards of $27,500 to certain employees. These awards vest in five equal installments over the period ending June 30, 2022, subject to continued employment. The Company will record expense for these awards ratably over the vesting period.

Compensation expense related to deferred cash awards was $8,599 and $18,419 for the three and nine months ended September 30, 2017, respectively, and $4,281 and $11,399 for the three and nine months ended September 30, 2016, respectively.

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 four-year performance periods beginning January 1, 2013 and January 1, 2017. These awards, which aggregate $49,400 of liabilities on the Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2017, will be paid, in cash or Class A Shares, at the Company's discretion, in three equal installments in the first quarter of 2017, 2018 and 2019 (for the performance period beginning on January 1, 2013) and in the first quarter of 2021, 2022 and 2023 (for the performance period beginning on January 1, 2017), subject to employment 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. The compensation expense related to these awards was $6,721 and $19,279 for the three and nine months ended September 30, 2017, respectively, and $6,117 and $13,595 for the three and nine months ended September 30, 2016, respectively. In conjunction with this plan, the Company distributed cash payments of $19,401 for the nine months ended September 30, 2017.

Employee Loans Receivable

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 and in certain circumstances, subject to the achievement of performance requirements. 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 $5,021 and $14,050 for the three and nine months ended September 30, 2017, respectively, and $4,246 and $14,777 for the three and nine months ended September 30, 2016, respectively. The remaining unamortized amount of these awards was $27,468 as of September 30, 2017.

Separation Benefits

The Company granted separation benefits to certain employees, resulting in expense included in Employee Compensation and Benefits of approximately $953 and $4,421 for the three and nine months ended September 30, 2017, respectively, and $845 and $4,068 for the three and nine months ended September 30, 2016, respectively. In conjunction with these arrangements, the Company distributed cash payments of $54 and $2,399 for the three and nine months ended September 30, 2017, respectively, and $617 and $2,379 for the three and nine months ended September 30, 2016, respectively.

Note 15 – Commitments and Contingencies

For a further discussion of the Company's commitments, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2025. 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 $9,905 and $29,793 for the three and nine months ended September 30, 2017, respectively, and $9,311 and $25,065 for the three and nine months ended September 30, 2016, respectively.

Private Equity – As of September 30, 2017, the Company had unfunded commitments for capital contributions of $3,529 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.

Under the terms of the acquisition agreement for Protego Casa de Bolsa, S.A. de C.V., the Company was 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. Beginning in 2014, the Company received distributions from Discovery Americas Associated L.P., the general partner of the Discovery Fund. Accordingly, as of September 30, 2017, the Company recorded Goodwill of $13,558 pursuant to this agreement. The Company’s investment in the Discovery Fund was fully distributed as of September 30, 2017. See Note 8 for further information.

Lines of Credit

On June 24, 2016, Evercore Partners Services East L.L.C. ("East") entered into a loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $30,000, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants as well as certain debt covenants that prohibit East and the Company from incurring other indebtedness subject to specified exceptions. The Company was in compliance with these covenants as of September 30, 2017. Drawings under this facility bear interest at the prime rate. On February 2, 2017, East drew down $30,000 on this facility, which was repaid on March 10, 2017. The facility was renewed on June 14, 2017, and the maturity date was extended to June 22, 2018.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $10,994 and is secured by trading securities. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points.

There have been no significant draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

Other Commitments

In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. At September 30, 2017, the Company had a remaining commitment for contingent consideration related to its acquisition of Kuna & Co. KG in 2015.

Contingencies

In the normal course of business, from time to time the Company and its affiliates are involved in 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.

On September 19, 2016, EGL was named as a defendant in the First Amended and Supplemented Verified Class Action Complaint (the "Complaint"), filed in the Chancery Court of the State of Delaware in a case entitled City of Daytona Beach Police and Fire Pension Fund v. ExamWorks Group, Inc., et al. (C.A. No. 12481-VCL). The Complaint was brought on behalf of a purported class consisting of all ExamWorks common stockholders and purports to assert a claim against EGL for aiding and abetting breaches of fiduciary duties by ExamWorks officers and directors in connection with a merger transaction between ExamWorks and affiliates of Leonard Green & Partners, L.P. that was agreed to on April 26, 2016 and consummated on July 27, 2016. The Complaint seeks certification as a class action and unspecified compensatory damages plus interest and attorneys' fees. The parties reached an agreement in principle to settle the case prior to trial which would result in no liability to EGL. The settlement has been approved by the court.

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 September 30, 2017 and December 31, 2016 was $192,300 and $119,644, respectively, which exceeded the minimum net capital requirement by $192,050 and $119,394, 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 September 30, 2017.

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 September 30, 2017.

Note 17 – Income Taxes

The Company's Provision for Income Taxes was $28,815 and $69,566 for the three and nine months ended September 30, 2017, respectively, and $38,980 and $79,390 for the three and nine months ended September 30, 2016, respectively. The effective tax rate was 32% and 28% for the three and nine months ended September 30, 2017, respectively, and 45% and 47% for the three and nine months ended September 30, 2016, respectively. The effective tax rate for the three and nine months ended September 30, 2017 reflects the application of ASU 2016-09, which was adopted effective January 1, 2017. ASU 2016-09 requires that the tax deduction associated with the appreciation in the Company's share price upon vesting of employee share-based awards above the original grant price be reflected in income tax expense. The application of ASU 2016-09 resulted in excess tax benefits from the delivery of Class A Shares under share-based payment arrangements of ($23,663) being recognized in the Company's Provision for Income Taxes for the nine months ended September 30, 2017 and resulted in a reduction in the effective tax rate of 9 percentage points for the nine months ended September 30, 2017. The effective tax rate for 2017 and 2016 also reflects the effect of certain nondeductible expenses, including expenses related to Class E, J and I-P LP Units and Class G and H LP Interests, as well as the noncontrolling interest associated with LP Units and other adjustments. In addition, the effective tax rate for the nine months ended September 30, 2017 was impacted by a valuation allowance on deferred tax assets related to Evercore Brazil.

The Company reported a decrease in deferred tax assets of $218 associated with changes in Unrealized Gain (Loss) on Marketable Securities and a decrease of $3,244 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2017. The Company reported an increase in deferred tax assets of $519 associated with changes in Unrealized Gain (Loss) on Marketable Securities and an increase of $6,306 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2016.

As of September 30, 2017, 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.

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 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 September 30, 2016, the Company deconsolidated the assets and liabilities of its Mexican Private Equity business, which was in the Investment Management segment.

The Company's segment information for the three and nine months ended September 30, 2017 and 2016 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:

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

- *Amortization of LP Units/Interests and Certain Other Awards* - Includes amortization costs or the reversal of expenses associated with the vesting of Class E LP Units, Class G and H LP Interests, and Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Special Charges* - Includes expenses in 2017 related to the impairment of goodwill in the Company's Institutional Asset Management reporting unit and the impairment of the Company's investment in G5 | Evercore.
- *Acquisition and Transition Costs* - Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services, as well as the reversal of a provision for certain settlements in 2016 which was previously established in the fourth quarter of 2015.
- *Fair Value of Contingent Consideration* - Includes expense associated with changes in the fair value of contingent consideration issued to the sellers of certain of the Company's acquisitions.
- *Intangible Asset and Other Amortization* - Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

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

One client accounted for more than 10% of the Company's consolidated Net Revenues for the three months ended September 30, 2017.

The following information presents each segment's contribution.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Investment Banking				
Net Revenues (1)	$ 388,299	$ 368,634	$ 1,115,478	$ 936,504
Operating Expenses	293,264	268,666	844,573	707,846
Other Expenses (2)	11,748	17,422	26,663	75,854
Operating Income	83,287	82,546	244,242	152,804
Income (Loss) from Equity Method Investments	(75)	(112)	(111)	(94)
Pre-Tax Income	$ 83,212	$ 82,434	$ 244,131	$ 152,710
Identifiable Segment Assets	$ 1,239,812	$ 1,114,565	$ 1,239,812	$ 1,114,565
Investment Management				
Net Revenues (1)	$ 18,302	$ 17,680	$ 48,840	$ 58,179
Operating Expenses	14,027	14,843	40,441	46,357
Other Expenses (2)	492	298	7,976	811
Operating Income	3,783	2,539	423	11,011
Income from Equity Method Investments	1,902	1,290	5,618	4,223
Pre-Tax Income	$ 5,685	$ 3,829	$ 6,041	$ 15,234
Identifiable Segment Assets	$ 321,223	$ 347,065	$ 321,223	$ 347,065
Total				
Net Revenues (1)	$ 406,601	$ 386,314	$ 1,164,318	$ 994,683
Operating Expenses	307,291	283,509	885,014	754,203
Other Expenses (2)	12,240	17,720	34,639	76,665
Operating Income	87,070	85,085	244,665	163,815
Income from Equity Method Investments	1,827	1,178	5,507	4,129
Pre-Tax Income	$ 88,897	$ 86,263	$ 250,172	$ 167,944
Identifiable Segment Assets	$ 1,561,035	$ 1,461,630	$ 1,561,035	$ 1,461,630

(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 September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Investment Banking (A)	$ (535)	$ 200	$ (2,825)	$ 270
Investment Management (B)	66	522	376	337
Total Other Revenue, net	$ (469)	$ 722	$ (2,449)	$ 607

(A) Investment Banking Other Revenue, net, includes interest expense on the Notes Payable, subordinated borrowings and the line of credit of $2,488 and $7,494 for the three and nine months ended September 30, 2017, respectively, and $2,592 and $6,946 for the three and nine months ended September 30, 2016, respectively.
(B) Investment Management Other Revenue, net, includes interest expense on the Notes Payable and the line of credit of $670 for the nine months ended September 30, 2016.

(2) Other Expenses are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Investment Banking				
Amortization of LP Units / Interests and Certain Other Awards	$ 9,249	$ 13,859	$ 4,980	$ 66,356
Special Charges	—	—	14,400	—
Acquisition and Transition Costs	107	41	107	(692)
Fair Value of Contingent Consideration	—	984	—	1,671
Intangible Asset and Other Amortization	2,392	2,538	7,176	8,519
Total Investment Banking	11,748	17,422	26,663	75,854
Investment Management				
Special Charges	—	—	7,107	—
Acquisition and Transition Costs	492	298	869	702
Intangible Asset and Other Amortization	—	—	—	109
Total Investment Management	492	298	7,976	811
Total Other Expenses	$ 12,240	$ 17,720	$ 34,639	$ 76,665

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 September 30,		For the Nine Months Ended September 30,	
	2017	2016	2017	2016
Net Revenues: (1)				
United States	$ 305,258	$ 322,128	$ 842,907	$ 714,983
Europe and Other	94,705	54,690	314,205	247,371
Latin America	7,107	8,774	9,655	31,722
Total	$ 407,070	$ 385,592	$ 1,166,767	$ 994,076

(1) Excludes Other Revenue and Interest Expense.

(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:

	September 30, 2017	December 31, 2016
Total Assets:		
United States	$ 1,280,698	$ 1,376,101
Europe and Other	207,605	190,380
Latin America	72,732	95,865
Total	$ 1,561,035	$ 1,662,346

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

The following discussion should be read in conjunction with Evercore 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, and our management may otherwise make, 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", "backlog", "believes", "expects", "potential", "probable", "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, 2016. 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.

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 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. Revenue trends in our equities business may also be impacted by new regulation, such as the Markets in Financial Instruments

Directive II ("MiFID II"), which could impact the manner and degree in which institutional clients will pay for research going forward, including paying for research outright rather than through trade execution.

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. 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 hold interests in. 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 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 also includes income earned on marketable securities and certificates of deposit, 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 and gains (losses) resulting from foreign currency fluctuations.

Interest Expense also includes interest expense associated with our Notes Payable, subordinated borrowings and the line of credit.

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, including deferred 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, subject to retirement eligibility. With respect to annual awards, the Company's retirement eligibility criteria 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. 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.

The Company estimates forfeitures in the aggregate compensation cost to be amortized over the requisite service period of its awards. The Company periodically monitors its estimated forfeiture rate and adjusts its assumptions to the actual occurrence of forfeited awards. A change in estimated forfeitures is recognized through a cumulative catch-up adjustment in the period of the change.

Our Long-term Incentive Plan provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers, who exceed defined benchmark results over four-year performance periods beginning January 1, 2013 and January 1, 2017. These awards will be paid, in cash or Class A Shares, at our discretion, in three equal installments in the first quarter of 2017, 2018 and 2019 (for the performance period beginning on January 1, 2013) and in the first quarter of 2021, 2022 and 2023 (for the performance period beginning on January 1, 2017), subject to employment at the time of payment. These awards are subject to retirement eligibility requirements.

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, acquisition and transition costs 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 or the reversal of expenses associated with the vesting of Class E LP Units, Class G and H LP Interests and Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Special Charges* - Includes expenses in 2017 related to the impairment of goodwill in our Institutional Asset Management reporting unit and the impairment of our investment in G5 | Evercore.
- *Acquisition and Transition Costs* - Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services, as well as the reversal of a provision for certain settlements in 2016 which was previously established in the fourth quarter of 2015.
- *Fair Value of Contingent Consideration* - Includes expense associated with changes in the fair value of contingent consideration issued to the sellers of certain of our acquisitions.
- *Intangible Asset and Other Amortization* - Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

Income from Equity Method Investments

Our share of the income (loss) from our equity interests in G5 | Evercore, ABS, Atalanta Sosnoff and Luminis 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. We adopted ASU 2016-09 on January 1, 2017, which resulted in excess tax benefits and deficiencies from the delivery of Class A Shares under share-based payment arrangements being recognized in the Company's Provision for Income Taxes, rather than in Additional Paid-In-Capital under prior U.S. GAAP. See Note 17 to our unaudited condensed consolidated financial statements for further information.

Noncontrolling Interest

We record noncontrolling interest relating to the ownership interests of our current and former Senior Managing Directors and other officers and their estate planning vehicles 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 Inc. is the sole general partner of Evercore LP and has a majority economic interest in Evercore LP. As a result, Evercore 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 participating 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 is allocated based on these special allocations.

Results of Operations

The following is a discussion of our results of operations for the three and nine months ended September 30, 2017 and 2016. 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 September 30,			For the Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
	(dollars in thousands, except per share data)					
Revenues						
Investment Banking Revenue	$ 388,834	$ 368,434	6%	$ 1,118,303	$ 936,234	19%
Investment Management Revenue	18,236	17,158	6%	48,464	57,842	(16%)
Other Revenue, Including Interest	4,944	5,509	(10%)	12,542	12,650	(1%)
Total Revenues	412,014	391,101	5%	1,179,309	1,006,726	17%
Interest Expense	5,413	4,787	13%	14,991	12,043	24%
Net Revenues	406,601	386,314	5%	1,164,318	994,683	17%
Expenses						
Operating Expenses	307,291	283,509	8%	885,014	754,203	17%
Other Expenses	12,240	17,720	(31%)	34,639	76,665	(55%)
Total Expenses	319,531	301,229	6%	919,653	830,868	11%
Income Before Income from Equity Method Investments and Income Taxes	87,070	85,085	2%	244,665	163,815	49%
Income from Equity Method Investments	1,827	1,178	55%	5,507	4,129	33%
Income Before Income Taxes	88,897	86,263	3%	250,172	167,944	49%
Provision for Income Taxes	28,815	38,980	(26%)	69,566	79,390	(12%)
Net Income	60,082	47,283	27%	180,606	88,554	104%
Net Income Attributable to Noncontrolling Interest	14,171	12,588	13%	35,740	24,454	46%
Net Income Attributable to Evercore Inc.	$ 45,911	$ 34,695	32%	$ 144,866	$ 64,100	126%
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders	$ 1.04	$ 0.79	32%	$ 3.23	$ 1.45	123%

As of September 30, 2017 and 2016 we employed approximately 1,575 and 1,500 people, respectively, worldwide.

Three Months Ended September 30, 2017 versus September 30, 2016

Net Revenues were $406.6 million for the three months ended September 30, 2017, an increase of $20.3 million, or 5%, versus Net Revenues of $386.3 million for the three months ended September 30, 2016. Investment Banking Revenue increased 6% and Investment Management Revenue increased 6% compared to the three months ended September 30, 2016. On September 30, 2016, we transferred ownership of our Mexican Private Equity business and related entities to Glisco. The results of the Mexican Private Equity business were consolidated for the three months ended September 30, 2016, which included Net Revenues of $1.5 million and Total Expenses of $0.9 million. Other Revenue for the three months ended September 30, 2017 was 10% lower than for the three months ended September 30, 2016, which was partially attributable to a gain recorded during the three months ended September 30, 2016 resulting from the transfer of ownership of the Mexican Private Equity business on September 30, 2016.

Total Operating Expenses were $307.3 million for the three months ended September 30, 2017, as compared to $283.5 million for the three months ended September 30, 2016, an increase of $23.8 million, or 8%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $237.5 million for the three months ended September 30, 2017, an increase of $19.7 million, or 9%, versus expense of $217.8 million for the three months ended September 30, 2016. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred and incentive compensation arrangements. Headcount increased 5% from September 30, 2016 to September 30, 2017. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 14 to our unaudited condensed consolidated financial statements for further information. Non-compensation expenses as a component of Operating Expenses were $69.8 million for the three months ended September 30, 2017, an increase of $4.1 million, or 6%, versus non-compensation operating expenses of $65.7 million for the three months ended September 30, 2016. Non-compensation operating expenses increased compared to the three months ended September 30, 2016 primarily driven by increased headcount, increased new business costs associated with higher levels of global transaction activity and higher professional fees. Non-compensation operating expenses for the three months ended September 30, 2017 included execution and clearing costs of $3.3 million, compared to $3.8 million for the three months ended September 30, 2016.

Total Other Expenses of $12.2 million for the three months ended September 30, 2017 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $9.2 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of $0.6 million and intangible asset and other amortization of $2.4 million. Total Other Expenses of $17.7 million for the three months ended September 30, 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $13.9 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of $0.3 million, changes to the fair value of contingent consideration of $1.0 million and intangible asset and other amortization of $2.5 million.

Assuming the maximum thresholds for the Class G LP Interests were considered probable of achievement at September 30, 2017, an additional $16.3 million of expense would have been incurred for the three months ended September 30, 2017 and the remaining expense to be accrued over the future vesting period extending from October 1, 2017 to February 15, 2018 would be $2.5 million. In that circumstance, the total number of Class G LP Interests that would vest and become exchangeable to Class E LP Units would be 0.4 million.

In July 2017, the Company exchanged all of the outstanding 4.1 million Class H LP Interests for 1.0 million vested and 0.9 million unvested Class J LP Units. These units will convert into an equal number of Class E LP Units, and ultimately become exchangeable into Class A Shares of the Company, ratably on February 15, 2018, 2019 and 2020. These Class J LP Units have the same vesting and delivery schedule, acceleration and forfeiture triggers, and distribution rights as the Class H LP Interests. In connection with this exchange, one share of Class B common stock has been issued to each holder of Class J LP Units, which will entitle each holder one vote on all matters submitted generally to holders of Class A and Class B common stock for each Class E LP Unit and Class J LP Unit held. As the number of Class J LP Units exchanged was within the number of Class H LP Interests that the Company determined were probable of being exchanged on the date of modification, the Company will expense the previously unrecognized fair value of the Class H LP Interests ratably over the remaining vesting period.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 61% for the three months ended September 30, 2017, compared to 60% for the three months ended September 30, 2016.

Income from Equity Method Investments was $1.8 million for the three months ended September 30, 2017, as compared to $1.2 million for the three months ended September 30, 2016. The increase was primarily a result of an increase in earnings from ABS.

The provision for income taxes for the three months ended September 30, 2017 was $28.8 million, which reflected an effective tax rate of 32%. The provision for income taxes for the three months ended September 30, 2016 was $39.0 million, which reflected an effective tax rate of 45%. The provision for income taxes for 2017 and 2016 reflects the effect of certain nondeductible expenses, including expenses related to Class E, J and I-P LP Units and Class G and H LP Interests, as well as the noncontrolling interest associated with LP Units and other adjustments.

Net Income Attributable to Noncontrolling Interest was $14.2 million for the three months ended September 30, 2017 compared to $12.6 million for the three months ended September 30, 2016. The increase in Net Income Attributable to Noncontrolling Interest reflects higher income allocated to PCA during the three months ended September 30, 2017.

Nine Months Ended September 30, 2017 versus September 30, 2016

Net Revenues were $1.2 billion for the nine months ended September 30, 2017, an increase of $169.6 million, or 17%, versus Net Revenues of $994.7 million for the nine months ended September 30, 2016. Investment Banking Revenue increased

19% and Investment Management Revenue decreased 16% compared to the nine months ended September 30, 2016. The results of the Mexican Private Equity business were consolidated for the nine months ended September 30, 2016, which included Net Revenues of $10.4 million and Total Expenses of $2.5 million. Other Revenue for the nine months ended September 30, 2017 was 1% lower than for the nine months ended September 30, 2016.

Total Operating Expenses were $885.0 million for the nine months ended September 30, 2017, as compared to $754.2 million for the nine months ended September 30, 2016, an increase of $130.8 million, or 17%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $684.2 million for the nine months ended September 30, 2017, an increase of $117.6 million, or 21%, versus expense of $566.6 million for the nine months ended September 30, 2016. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred compensation arrangements as well as increased annual incentive compensation related to the 17% increase in Net Revenues. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 14 to our unaudited condensed consolidated financial statements for further information. Non-compensation expenses as a component of Operating Expenses were $200.8 million for the nine months ended September 30, 2017, an increase of $13.2 million, or 7%, over non-compensation operating expenses of $187.6 million for the nine months ended September 30, 2016. Non-compensation operating expenses increased compared to the nine months ended September 30, 2016 primarily driven by increased headcount, increased new business costs associated with higher levels of global transaction activity and higher professional fees. Non-compensation operating expenses for the nine months ended September 30, 2017 included execution and clearing costs of $10.5 million, compared to $12.9 million for the nine months ended September 30, 2016.

Total Other Expenses of $34.6 million for the nine months ended September 30, 2017 included Special Charges of $21.5 million, related to an impairment charge of $14.4 million associated with the impairment of our investment in G5 | Evercore and an impairment charge of $7.1 million related to the impairment of goodwill in the Institutional Asset Management reporting unit in the second quarter of 2017. Other Expenses for the nine months ended September 30, 2017 also included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $5.0 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI. The Company incurred an expense reversal in the first quarter of 2017 associated with Evercore LP Interests granted in conjunction with the acquisition of ISI, as the achievement of certain of the remaining performance thresholds for the remaining Class G and H LP Interests was no longer probable at March 31, 2017. This assessment was based on management's revised outlook for the Evercore ISI business, including strategic decisions to increase the compensation ratio for this business. See Note 14 to our unaudited condensed consolidated financial statements for further information. Other Expenses for the nine months ended September 30, 2017 also included Acquisition and Transition Costs of $1.0 million and intangible asset and other amortization of $7.2 million. Total Other Expenses of $76.7 million for the nine months ended September 30, 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $66.4 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of $0.01 million, changes to the fair value of contingent consideration of $1.7 million and intangible asset and other amortization of $8.6 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 59% for the nine months ended September 30, 2017, compared to 64% for the nine months ended September 30, 2016.

Income from Equity Method Investments was $5.5 million for the nine months ended September 30, 2017, as compared to $4.1 million for the nine months ended September 30, 2016. The increase was primarily a result of an increase in earnings from ABS.

The provision for income taxes for the nine months ended September 30, 2017 was $69.6 million, which reflected an effective tax rate of 28%. The provision for income taxes for the nine months ended September 30, 2016 was $79.4 million, which reflected an effective tax rate of 47%. The effective tax rate for the nine months ended September 30, 2017 reflects the application of ASU 2016-09, which was adopted effective January 1, 2017. ASU 2016-09 requires that the tax deduction associated with the appreciation in the Company's share price upon vesting of employee share-based awards above the original grant price be reflected in income tax expense. The application of ASU 2016-09 resulted in excess tax benefits from the delivery of Class A Shares under share-based payment arrangements of ($23.7) million being recognized in the Company's Provision for Income Taxes for the nine months ended September 30, 2017, and resulted in a reduction in the effective tax rate of 9 percentage points for the period. The provision for income taxes for 2017 and 2016 also reflects the effect of certain nondeductible expenses, including expenses related to Class E, J and I-P LP Units and Class G and H LP Interests, as well as the noncontrolling interest associated with LP Units and other adjustments. In addition, the effective tax rate for the nine months ended September 30, 2017 was impacted by a valuation allowance on deferred tax assets related to Evercore Brazil.

Net Income Attributable to Noncontrolling Interest was $35.7 million for the nine months ended September 30, 2017 compared to $24.5 million for the nine months ended September 30, 2016. The increase in Net Income Attributable to Noncontrolling Interest reflects higher income allocated to Evercore LP during the nine months ended September 30, 2017.

Impairment of Assets

During the second quarter of 2017, in accordance with ASC 350, the Company performed an impairment assessment of the goodwill remaining in the Institutional Asset Management reporting unit following the classification of the Institutional Trust and Independent Fiduciary business of ETC as Held for Sale. In determining the fair value of this reporting unit, the Company 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 17.5%, 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 compound annual growth rate in revenues of 11%.

As a result of the above analysis, the Company determined that the fair value of the remaining business in the Institutional Asset Management reporting unit was less than its carrying value. The Company adopted ASU 2017-04 during the second quarter of 2017. Accordingly, the Company recorded a goodwill impairment charge in the Investment Management segment of $7.1 million, which is included within Special Charges on the Unaudited Condensed Consolidated Statement of Operations for the nine months ended September 30, 2017. This charge resulted in a decrease of $3.7 million to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the nine months ended September 30, 2017.

In addition, during the second quarter of 2017, following a sustained period of economic and political instability in Brazil and after concluding that the expected recovery in the M&A markets in Brazil would be delayed for the foreseeable future, management of G5 | Evercore experienced a decline in previously forecasted advisory backlog and revised their revenue forecast. As a result, the Company performed an assessment of the carrying value of its equity interest in G5 | Evercore for other-than-temporary impairment in accordance with ASC 323-10. In determining the fair value of its investment, the Company 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 G5 | Evercore, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of G5 | Evercore and applied a discount rate of 17.5%, 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 slight growth in revenues and earnings by the end of 2018, and, over the longer term, assumes a compound annual growth rate in revenues of 5% from the trailing twelve month period ended May 31, 2017.

As a result of the above analysis, the Company determined that the fair value of its investment in G5 | Evercore was less than its carrying value and concluded this loss in value was other-than-temporary. Accordingly, the Company recorded an impairment charge in the Investment Banking segment of $14.4 million, which is included in Special Charges on the Consolidated Statement of Operations for the nine months ended September 30, 2017, resulting in a decrease in its investment in G5 | Evercore to its fair value of $11.6 million as of May 31, 2017.

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 September 30,			For the Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
			(dollars in thousands)			
Revenues						
Investment Banking Revenue:						
Advisory Fees	$ 332,753	$ 306,993	8%	$ 939,841	$ 743,853	26%
Commissions and Related Fees	45,047	53,512	(16%)	148,292	167,908	(12%)
Underwriting Fees	11,034	7,929	39%	30,170	24,473	23%
Total Investment Banking Revenue (1)	388,834	368,434	6%	1,118,303	936,234	19%
Other Revenue, net (2)	(535)	200	NM	(2,825)	270	NM
Net Revenues	388,299	368,634	5%	1,115,478	936,504	19%
Expenses						
Operating Expenses	293,264	268,666	9%	844,573	707,846	19%
Other Expenses	11,748	17,422	(33%)	26,663	75,854	(65%)
Total Expenses	305,012	286,088	7%	871,236	783,700	11%
Operating Income (3)	83,287	82,546	1%	244,242	152,804	60%
Income (Loss) from Equity Method Investments (4)	(75)	(112)	33%	(111)	(94)	(18%)
Pre-Tax Income	$ 83,212	$ 82,434	1%	$ 244,131	$ 152,710	60%

(1) Includes client related expenses of $7.9 million and $16.8 million for the three and nine months ended September 30, 2017, respectively, and $5.9 million and $16.4 million for the three and nine months ended September 30, 2016, respectively.

(2) Includes interest expense on the Notes Payable, subordinated borrowings and the line of credit of $2.5 million and $7.5 million for the three and nine months ended September 30, 2017, respectively, and $2.6 million and $6.9 million for the three and nine months ended September 30, 2016, respectively.

(3) Includes Noncontrolling Interest of $1.9 million and $2.3 million for the three and nine months ended September 30, 2017, respectively, and $0.2 million and $0.6 million for the three and nine months ended September 30, 2016, respectively.

(4) Equity in G5 | Evercore - Advisory and Luminis is classified as Income (Loss) from Equity Method Investments.

For the three months ended September 30, 2017, the dollar value of North American announced and completed M&A activity decreased 7% and increased 1%, respectively, compared to the three months ended September 30, 2016, while the dollar value of Global announced and completed M&A activity for the three months ended September 30, 2017 increased 4% and decreased 10%, respectively, compared to the three months ended September 30, 2016. For the nine months ended September 30, 2017, the dollar value of North American announced and completed M&A activity decreased 10% and 5%, respectively, compared to the nine months ended September 30, 2016, while the dollar value of Global announced and completed M&A activity increased 2% and decreased 8%, respectively, compared to the nine months ended September 30, 2016:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
Industry Statistics ($ in billions) *						
Value of North American M&A Deals Announced	$ 336	$ 363	(7%)	$ 976	$ 1,087	(10%)
Value of North American M&A Deals Announced between $1 - 5 billion	$ 115	$ 134	(14%)	$ 372	$ 361	3%
Value of North American M&A Deals Completed	$ 436	$ 433	1%	$ 1,176	$ 1,237	(5%)
Value of Global M&A Deals Announced	$ 832	$ 800	4%	$ 2,408	$ 2,352	2%
Value of Global M&A Deals Announced between $1 - 5 billion	$ 256	$ 272	(6%)	$ 770	$ 726	6%
Value of Global M&A Deals Completed	$ 742	$ 820	(10%)	$ 2,222	$ 2,418	(8%)
Evercore Statistics **						
Total Number of Fees From Advisory Client Transactions	210	211	—%	429	418	3%
Investment Banking Fees of at Least $1 million from Advisory Client Transactions	67	65	3%	181	164	10%

* Source: Thomson Reuters October 5, 2017
** Includes revenue generating clients only

Investment Banking Results of Operations

Three Months Ended September 30, 2017 versus September 30, 2016

Net Investment Banking Revenues were $388.3 million for the three months ended September 30, 2017 compared to $368.6 million for the three months ended September 30, 2016, which represented an increase of 5%. We earned advisory fees from 210 clients for the three months ended September 30, 2017 compared to 211 for the three months ended September 30, 2016. We had 67 fees in excess of $1.0 million for the three months ended September 30, 2017, compared to 65 for the three months ended September 30, 2016, representing a 3% increase. The increase in revenues from the three months ended September 30, 2016 primarily reflects an increase of $25.8 million, or 8%, in Advisory fees, principally driven by the number and composition of fees in excess of $1 million, taking into account the size and type of transaction and the nature of services provided, in our U.S. and U.K. businesses as well as higher fees earned from advising on capital transactions for private funds. The increase in revenues was also attributed to an increase of $3.1 million, or 39%, in Underwriting Fees, principally driven by higher volume in our U.S. business. These increases were partially offset by a decrease of $8.5 million, or 16%, in our Commissions and Related Fees, principally driven by institutional clients adjusting the level and composition of trading volumes in light of the broad movement to passive investing strategies and lower levels of volatility, impacting both payments for research and execution services.

Operating Expenses were $293.3 million for the three months ended September 30, 2017 compared to $268.7 million for the three months ended September 30, 2016, an increase of $24.6 million, or 9%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $227.4 million for the three months ended September 30, 2017, as compared to $207.6 million for the three months ended September 30, 2016, an increase of $19.8 million, or 10%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred and incentive compensation arrangements. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 14 to our unaudited condensed consolidated financial statements for further information. Non-compensation expenses, as a component of Operating Expenses, were $65.9 million for the three months ended September 30, 2017, as compared to $61.1 million for the three months ended September 30, 2016, an increase of $4.8 million, or 8%. Non-compensation operating expenses increased from the prior year primarily driven by increased headcount within the business and increased new business costs associated with higher levels of global transaction activity.

Other Expenses of $11.7 million for the three months ended September 30, 2017 included compensation costs associated with the vesting of LP Units and certain other awards of $9.2 million primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of $0.1 million and intangible asset and other amortization of $2.4 million. Other Expenses of $17.4 million for the three months ended September 30, 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $13.9 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of $0.04 million, changes to the fair value of contingent consideration of $1.0 million and intangible asset and other amortization of $2.5 million.

Nine Months Ended September 30, 2017 versus September 30, 2016

Net Investment Banking Revenues were $1.1 billion for the nine months ended September 30, 2017, compared to $936.5 million for the nine months ended September 30, 2016, which represented an increase of 19%. We earned advisory fees from 429 clients for the nine months ended September 30, 2017, compared to 418 for the nine months ended September 30, 2016, representing a 3% increase. We had 181 fees in excess of $1.0 million for the nine months ended September 30, 2017, compared to 164 for the nine months ended September 30, 2016, representing a 10% increase. The increase in revenues from the nine months ended September 30, 2016 primarily reflects an increase of $196.0 million, or 26%, in Advisory fees, principally driven by the number and composition of fees in excess of $1 million, taking into account the size and type of transaction and the nature of services provided, in our U.S. and U.K. businesses as well as higher fees earned from advising on capital transactions for private funds. The increase in revenues was also attributed to an increase of $5.7 million, or 23%, in Underwriting Fees, principally related to higher volume in our U.S. business. These increases were partially offset by a decrease of $19.6 million, or 12%, in our Commissions and Related Fees, principally driven by institutional clients adjusting the level and composition of trading volumes in light of the broad movement to passive investing strategies and lower levels of volatility, impacting both payments for research and execution services.

Operating Expenses were $844.6 million for the nine months ended September 30, 2017 compared to $707.8 million for the nine months ended September 30, 2016, an increase of $136.7 million, or 19%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $655.3 million for the nine months ended September 30, 2017, as compared to $533.6 million for the nine months ended September 30, 2016, an increase of $121.7 million, or 23%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred and incentive compensation arrangements, as well as increased annual incentive compensation related to the 19% increase in Net Revenues. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 14 to our unaudited condensed consolidated financial statements for further information. Non-compensation expenses, as a component of Operating Expenses, were $189.3 million for the nine months ended September 30, 2017, as compared to $174.2 million for the nine months ended September 30, 2016, an increase of $15.1 million, or 9%. Non-compensation operating expenses increased from the prior year primarily driven by increased headcount within the business, increased new business costs associated with higher levels of global transaction activity and higher professional fees.

Other Expenses of $26.7 million for the nine months ended September 30, 2017 included Special Charges of $14.4 million, associated with the impairment of our investment in G5 | Evercore, intangible asset and other amortization of $7.2 million, Acquisition and Transition Costs of $0.1 million and compensation costs associated with the vesting of LP Units and Interests and certain other awards of $5.0 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI. The Company incurred an expense reversal in the first quarter of 2017 associated with Evercore LP Interests granted in conjunction with the acquisition of ISI, as the achievement of certain of the remaining performance thresholds for the remaining Class G and H LP Interests was no longer probable at March 31, 2017. This assessment was based on management's revised outlook for the Evercore ISI business, including strategic decisions to increase the compensation ratio for this business. Other Expenses of $75.9 million for the nine months ended September 30, 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $66.4 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of ($0.7) million, primarily reflecting the reversal of a provision for certain settlements in 2016 previously established in the fourth quarter of 2015, changes to the fair value of contingent consideration of $1.7 million and intangible asset and other amortization of $8.5 million.

Investment Management

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

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2017	2016	Change	2017	2016	Change
	(dollars in thousands)					
Revenues						
Investment Advisory and Management Fees:						
Wealth Management	$ 10,232	$ 9,311	10%	$ 29,736	$ 27,180	9%
Institutional Asset Management	6,052	6,105	(1%)	17,301	17,690	(2%)
Private Equity	—	760	NM	—	3,457	NM
Total Investment Advisory and Management Fees	16,284	16,176	1%	47,037	48,327	(3%)
Realized and Unrealized Gains (Losses):						
Institutional Asset Management	744	811	(8%)	2,412	3,213	(25%)
Private Equity	1,208	171	606%	(985)	6,302	NM
Total Realized and Unrealized Gains	1,952	982	99%	1,427	9,515	(85%)
Investment Management Revenue (1)	18,236	17,158	6%	48,464	57,842	(16%)
Other Revenue, net (2)	66	522	(87%)	376	337	12%
Net Investment Management Revenues	18,302	17,680	4%	48,840	58,179	(16%)
Expenses						
Operating Expenses	14,027	14,843	(5%)	40,441	46,357	(13%)
Other Expenses	492	298	65%	7,976	811	883%
Total Expenses	14,519	15,141	(4%)	48,417	47,168	3%
Operating Income (3)	3,783	2,539	49%	423	11,011	(96%)
Income from Equity Method Investments (4)	1,902	1,290	47%	5,618	4,223	33%
Pre-Tax Income	$ 5,685	$ 3,829	48%	$ 6,041	$ 15,234	(60%)

(1) Includes client related expenses of $0.2 million for the three and nine months ended September 30, 2017 and $0.3 million and $0.7 million for the three and nine months ended September 30, 2016, respectively.
(2) Includes interest expense on the Notes Payable and the line of credit of $0.7 million for the nine months ended September 30, 2016.
(3) Includes Noncontrolling Interest of $0.9 million and $2.4 million for the three and nine months ended September 30, 2017, respectively, and $0.8 million and $2.1 million for the three and nine months ended September 30, 2016, respectively.
(4) Equity in G5 | Evercore - Wealth Management, ABS and Atalanta Sosnoff is classified as Income from Equity Method Investments.

Investment Management Results of Operations

Our Wealth Management business includes the results of EWM and Evercore Trust Company of Delaware ("ETCDE"). Our Institutional Asset Management business includes the results of ETC and ECB. Fee-based revenues from EWM and ECB are primarily earned on a percentage of AUM, while ETC and ETCDE primarily earn fees from negotiated trust services and fiduciary consulting arrangements.

On May 8, 2017, we entered into an agreement to sell the Institutional Trust and Independent Fiduciary business, which is a part of ETC. This transaction closed on October 18, 2017. See Note 4 to our unaudited condensed consolidated financial statements for further information.

In 2016, the Company and the principals of its Mexican Private Equity business entered into an agreement to transfer ownership of its Mexican Private Equity business and related entities to Glisco. This transaction closed on September 30, 2016. See Note 8 to our unaudited condensed consolidated financial statements for further information.

Prior to the Glisco transaction, we earned management fees on Glisco II and Glisco III of 2.25% and 2.0%, respectively, per annum of committed capital during its investment period, and 2.25% and 2.0%, respectively, per annum on net funded capital thereafter. In addition, the general partner of the private equity funds earned carried interest of 20% based on the fund's performance, provided it exceeded 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, Glisco II and Glisco III, and any carried interest recognized by them, were distributed to certain of our private equity professionals.

The Company's investment in the Discovery Fund was fully distributed as of September 30, 2017.

In the event the private equity funds perform below certain thresholds we may be obligated to repay certain carried interest previously distributed. As of September 30, 2017, there was no previously distributed carried interest received from our managed funds 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. On December 31, 2015, we amended the Operating Agreement of Atalanta Sosnoff, resulting in the deconsolidation of its assets and liabilities, and we accounted for its interest as an equity method investment from that date forward.

Assets Under Management

AUM for our Investment Management businesses of $9.0 billion at September 30, 2017 increased compared to $8.0 billion at December 31, 2016. 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. As defined in 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. For Level III investments, 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. Wealth Management maintained 66% and 64% of Level I investments, 30% and 32% of Level II investments and 4% of Level III investments as of September 30, 2017 and December 31, 2016, respectively. Institutional Asset Management maintained 83% and 82% of Level I investments and 17% and 18% of Level II investments as of September 30, 2017 and December 31, 2016, respectively.

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 nine months ended September 30, 2017:

	Wealth Management	Institutional Asset Management	Total
		(dollars in millions)	
Balance at December 31, 2016	$ 6,473	$ 1,526	$ 7,999
Inflows	736	1,396	2,132
Outflows	(751)	(1,118)	(1,869)
Market Appreciation	496	203	699
Balance at September 30, 2017	$ 6,954	$ 2,007	$ 8,961
Unconsolidated Affiliates - Balance at September 30, 2017:			
Atalanta Sosnoff	$ —	$ 5,526	$ 5,526
G5 | Evercore	$ 2,050	$ —	$ 2,050
ABS	$ —	$ 5,110	$ 5,110

The following table represents the composition of our AUM for Wealth Management and Institutional Asset Management as of September 30, 2017:

	Wealth Management	Institutional Asset Management
Equities	58%	15%
Fixed Income	30%	85%
Liquidity (1)	7%	—%
Alternatives	5%	—%
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 nine months ended September 30, 2017, AUM for Wealth Management increased 7%, primarily reflecting an increase due to market appreciation. Wealth Management outperformed the S&P 500 on a 1 year basis by 1% and lagged the S&P 500 on a 3 year basis by 2% during the period and lagged the fixed income composite on a 1 year basis by 10 basis points and tracked the fixed income composite on a 3 year basis. For the period, the S&P 500 was up 14%, while the fixed income composite increased by 4%.

Our Institutional Asset Management business reflects assets managed by ECB, which primarily manages Mexican Government and corporate fixed income securities, as well as equity products. 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, as benchmarks in reviewing their performance and managing their investment decisions.

For the nine months ended September 30, 2017, AUM for Institutional Asset Management increased 32%, reflecting a 18% increase due to flows and a 14% increase due to market appreciation. ECB's AUM increase from market appreciation partially reflects the impact of the fluctuation of foreign currency.

AUM from our unconsolidated affiliates increased 9% from December 31, 2016, related to positive performance in Atalanta Sosnoff, G5 | Evercore and ABS.

Three Months Ended September 30, 2017 versus September 30, 2016

Net Investment Management Revenues were $18.3 million for the three months ended September 30, 2017, compared to $17.7 million for the three months ended September 30, 2016. Investment Advisory and Management Fees earned from the management of client portfolios and other investment advisory services increased 1% from the three months ended September 30, 2016, primarily reflecting higher fees in Wealth Management of $0.9 million related to growth in AUM, partially offset by a lack of fees in Private Equity during the third quarter of 2017. Fee-based revenues included $0.01 million of revenues from performance fees for the three months ended September 30, 2017, compared to $0.04 million of revenues from performance fees for the three months ended September 30, 2016. Realized and Unrealized Gains increased from the prior year primarily resulting from higher gains in Private Equity in the third quarter of 2017. Income from Equity Method Investments increased from the three months ended September 30, 2016 primarily as a result of an increase in earnings from ABS.

Operating Expenses were $14.0 million for the three months ended September 30, 2017, as compared to $14.8 million for the three months ended September 30, 2016, a decrease of $0.8 million, or 5%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $10.2 million for the three months ended September 30, 2017, as compared to $10.3 million for the three months ended September 30, 2016, a decrease of $0.1 million, or 1%. The decrease was primarily due to the transfer of ownership of our Mexican Private Equity business and related entities to Glisco on September 30, 2016. Non-compensation expenses, as a component of Operating Expenses, were $3.8 million for the three months ended September 30, 2017, as compared to $4.5 million for the three months ended September 30, 2016, a decrease of $0.7 million, or 16%.

Other Expenses of $0.5 million and $0.3 million were related to Acquisition and Transition Costs for the three months ended September 30, 2017 and 2016, respectively.

Nine Months Ended September 30, 2017 versus September 30, 2016

Net Investment Management Revenues were $48.8 million for the nine months ended September 30, 2017, compared to $58.2 million for the nine months ended September 30, 2016. Investment Advisory and Management Fees earned from the management of client portfolios and other investment advisory services decreased 3% from the nine months ended September 30, 2016, primarily reflecting a lack of Private Equity fees during the nine months ended September 30, 2017, partially offset by higher fees in Wealth Management of $2.6 million related to growth in AUM. Fee-based revenues included $0.01 million of revenues from performance fees during the nine months ended September 30, 2017, compared to $0.2 million during the nine months ended September 30, 2016. Realized and Unrealized Gains decreased from the prior year primarily resulting from losses related to the wind-down of a Private Equity fund in Mexico in 2017. Income from Equity Method Investments increased from the nine months ended September 30, 2016, primarily as a result of an increase in earnings from our investment in ABS.

Operating Expenses were $40.4 million for the nine months ended September 30, 2017, as compared to $46.4 million for the nine months ended September 30, 2016, a decrease of $5.9 million, or 13%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $29.0 million for the nine months ended September 30, 2017, as compared to $33.0 million for the nine months ended September 30, 2016, a decrease of $4.0 million, or 12%. The decrease was primarily due to the transfer of ownership of our Mexican Private Equity business and related entities to Glisco on September 30, 2016. Non-compensation expenses, as a component of Operating Expenses, were $11.4 million for the nine months ended September 30, 2017, as compared to $13.4 million for the nine months ended September 30, 2016, a decrease of $2.0 million, or 15%.

Other Expenses of $8.0 million for the nine months ended September 30, 2017 included Special Charges of $7.1 million related to the impairment of goodwill in the Institutional Asset Management reporting unit in the second quarter of 2017 and Acquisition and Transition Costs of $0.9 million. Other Expenses of $0.8 million for the nine months ended September 30, 2016 included Acquisition and Transition Costs of $0.7 million and intangible asset and other amortization of $0.1 million.

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 repurchase agreements, Notes Payable, subordinated borrowings and the line of credit. 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. Commissions earned from our agency trading activities are generally received from our clearing broker within 11 days. 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 Nine Months Ended September 30,	
	2017	2016
	(dollars in thousands)	
Cash Provided By (Used In)		
Operating activities:		
Net income	$ 180,606	$ 88,554
Non-cash charges	205,854	203,985
Other operating activities	(60,803)	(42,138)
Operating activities	325,657	250,401
Investing activities	(72,187)	(41,564)
Financing activities	(377,680)	(193,721)
Effect of exchange rate changes	5,541	(17,851)
Net Increase (Decrease) in Cash and Cash Equivalents	(118,669)	(2,735)
Cash and Cash Equivalents		
Beginning of Period	558,524	448,764
End of Period	$ 439,855	$ 446,029

Nine Months Ended September 30, 2017. Cash and Cash Equivalents were $439.9 million at September 30, 2017, a decrease of $118.7 million versus Cash and Cash Equivalents of $558.5 million at December 31, 2016. Operating activities resulted in a net inflow of $325.7 million, primarily related to earnings, partially offset by a decrease in accrued compensation and benefits. Cash of $72.2 million was used in investing activities primarily related to purchases of certificates of deposit, furniture, equipment and leasehold improvements, which were partially offset by net proceeds from sales and maturities of marketable securities. Financing activities during the period used cash of $377.7 million, primarily for purchases of treasury stock and noncontrolling interest, the payment of dividends, distributions to noncontrolling interest holders and the repayment of outstanding subordinated borrowings.

Nine Months Ended September 30, 2016. Cash and Cash Equivalents were $446.0 million at September 30, 2016, a decrease of $2.7 million versus Cash and Cash Equivalents of $448.8 million at December 31, 2015. Operating activities resulted in a net inflow of $250.4 million, primarily related to earnings, partially offset by a decrease in accrued compensation and benefits. Cash of $41.6 million was used in investing activities primarily related to net purchases of our marketable securities, purchases of furniture, equipment and leasehold improvements and an increase in restricted cash. Financing activities during the period used cash of $193.7 million, primarily for the payment of dividends and distributions to noncontrolling interest holders, treasury stock purchases and the repayment of the outstanding borrowings under the senior credit facility with Mizuho, partially offset by the issuance of the Private Placement Notes.

Liquidity and Capital Resources

General

Our current assets include Cash and Cash Equivalents, Marketable Securities and Certificates of Deposit 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. In addition, payments in respect of deferred cash compensation arrangements are also made in the first quarter. From time to time, advances and/or commitments may also be granted to new employees at or near the date they begin employment, or to existing employees for the purpose of incentive or retention. Cash distributions related to partnership tax allocations are made to the partners of Evercore LP and EWM 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, deferred compensation arrangements, interest expense on our repurchase agreements, Notes Payable, subordinated borrowings, the line of credit 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. 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, either directly or through our affiliates, 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.

Changes in regulation, market structure or business activity arising from the ongoing discussions over the U.K.'s implementation of its separation from the EU may have a negative impact on our business operations in the U.K., and globally, over the intermediate term. We will continue to monitor and manage the potential implications of the separation, including assessing opportunities that may arise, as the potential impact on the U.K. and European economy becomes more evident.

We assess our equity method investments for impairment annually, or more frequently if circumstances indicate impairment may have occurred. These circumstances could include unfavorable market conditions or the loss of key personnel of the investee.

For a further discussion of risks to our business, refer to "Risk Factors" in our Form 10-K for the year ended December 31, 2016.

Treasury and Noncontrolling Interest Repurchases

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.

On April 25, 2016, 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 7.5 million Class A Shares and/or LP Units for up to $450.0 million. Further, on October 23, 2017, 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 the lesser of $750.0 million worth of Class A

Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. 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, economic and market conditions and the objective to reduce the dilutive effect of equity awards granted. This program may be suspended or discontinued at any time and does not have a specified expiration date. During the nine months ended September 30, 2017, we repurchased 2,788,830 Class A Shares and LP Units, at an average cost per share/unit of $73.81, for $205.8 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 nine months ended September 30, 2017, we repurchased 1,132,602 Class A Shares, at an average cost per share of $77.89 for $88.2 million primarily related to minimum tax withholding requirements of share deliveries.

The aggregate 3,921,432 Class A Shares and LP Units repurchased during the nine months ended September 30, 2017 were acquired for aggregate purchase consideration of $294.1 million, at an average cost per share/unit of $74.99.

On March 3, 2017, the Company purchased, at fair value, an additional 13% of PCA for $7.1 million.

Private Placement

On March 30, 2016, we issued an aggregate $170.0 million of senior notes, including: $38.0 million aggregate principal amount of its 4.88% Series A Notes, $67.0 million aggregate principal amount of its 5.23% Series B Notes, $48.0 million aggregate principal amount of its 5.48% Series C Notes and $17.0 million aggregate principal amount of its 5.58% Series D Notes, pursuant to the Note Purchase Agreement dated as of March 30, 2016, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the Private Placement Notes is payable semi-annually and the Private Placement Notes are guaranteed by certain of our domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the Private Placement Notes plus accrued and unpaid interest to the prepayment date. The Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of September 30, 2017, we were in compliance with all of these covenants.

We used $120.0 million of the net proceeds from the Private Placement Notes to repay outstanding borrowings under the senior credit facility with Mizuho on March 30, 2016 and used the remaining net proceeds for general corporate purposes.

Lines of Credit

On June 24, 2016, East entered into a loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $30.0 million, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants as well as certain debt covenants that prohibit East and the Company from incurring other indebtedness subject to specified exceptions. The Company was in compliance with these covenants as of September 30, 2017. Drawings under this facility bear interest at the prime rate. On February 2, 2017, East drew down $30.0 million on this facility, which was repaid on March 10, 2017. The facility was renewed on June 14, 2017 and the maturity date was extended to June 22, 2018.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $11.0 million and is secured by trading securities. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points. There have been no significant draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

Other Commitments

We have subordinated borrowings, principally with an executive officer of the Company, due on October 31, 2019. These borrowings have a coupon of 5.5%, payable semi-annually. In February and April 2017, we repaid $6.0 million and $3.8 million, respectively, of the original borrowings. As of September 30, 2017, we had $6.8 million in subordinated borrowings pursuant to these agreements.

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

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 1.3 years, as of September 30, 2017, 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 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 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. 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 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 September 30, 2017 and December 31, 2016, a summary of ECB's assets, liabilities and risk measures related to its collateralized financing activities is as follows:

	September 30, 2017		December 31, 2016	
	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	$ 22,632		$ 18,535	
Securities Purchased Under Agreements to Resell	11,268	$ 11,264	12,585	$ 12,601
Total Assets	33,900		31,120	
Liabilities				
Securities Sold Under Agreements to Repurchase	(33,912)	$ (33,917)	(31,150)	$ (31,155)
Net Liabilities	$ (12)		$ (30)	
Risk Measures				
VaR	$ 1		$ 5	
Stress Test:				
Portfolio sensitivity to a 100 basis point increase in the interest rate	$ (1)		$ (9)	
Portfolio sensitivity to a 100 basis point decrease in the interest rate	$ 1		$ 9	

Contractual Obligations

For a further discussion of our contractual obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2016.

As of September 30, 2017, 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 $3.5 million and $4.6 million as of September 30, 2017 and December 31, 2016, 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 2023, depending on the timing and level of investments by our private equity funds.

On May 8, 2017, we entered into an agreement to sell the Institutional Trust and Independent Fiduciary business, which is a part of ETC. This transaction closed on October 18, 2017. See Note 4 to our unaudited condensed consolidated financial statements for further information.

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

We hold equity securities and invest in exchange traded funds and mutual funds, principally as an economic hedge against our deferred compensation program. As of September 30, 2017, the fair value of our investments with these products, based on closing prices, was $27.7 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 $2.8 million for the three months ended September 30, 2017.

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

Private Equity Funds

Through our principal investments in 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. Valuations and analysis regarding our investments in Trilantic and Glisco 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 $1.2 million for the three months ended September 30, 2017.

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 Brazilian real and Evercore Partners Limited's revenue and expenses are 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 nine months ended September 30, 2017, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income within the Unaudited Condensed Consolidated Statement of Comprehensive Income was $6.0 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 doubtful accounts 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 September 30, 2017 and December 31, 2016, total receivables amounted to $206.9 million and $230.5 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 nine months ended September 30, 2017 and 2016.

With respect to our Marketable Securities portfolio, which is comprised primarily of highly-rated corporate and municipal bonds, exchange traded funds, mutual funds and securities investments, we manage our credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of September 30, 2017, we had Marketable Securities of $52.3 million, of which 47% 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 discussion of our critical accounting policies and estimates, refer to our Annual Report on Form 10-K for the year ended December 31, 2016.

The Company adopted ASU 2016-09 effective January 1, 2017. ASU 2016-09 requires that the tax deduction associated with the appreciation in the Company's share price upon vesting of employee share-based awards above the original grant price be reflected in income tax expense. See Note 3 to our unaudited condensed consolidated financial statements for further information.

The Company adopted ASU 2017-04 effective April 1, 2017. ASU 2017-04 eliminates Step 2 from the goodwill impairment test and requires companies to recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value. See Note 3 to our unaudited condensed consolidated financial statements for further information.

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 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

We have not made any changes during the three months ended September 30, 2017 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).

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 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.

On September 19, 2016, EGL was named as a defendant in the First Amended and Supplemented Verified Class Action Complaint (the "Complaint"), filed in the Chancery Court of the State of Delaware in a case entitled City of Daytona Beach Police and Fire Pension Fund v. ExamWorks Group, Inc., et al. (C.A. No. 12481-VCL). The Complaint was brought on behalf of a purported class consisting of all ExamWorks common stockholders and purports to assert a claim against EGL for aiding and abetting breaches of fiduciary duties by ExamWorks officers and directors in connection with a merger transaction between ExamWorks and affiliates of Leonard Green & Partners, L.P. that was agreed to on April 26, 2016 and consummated on July 27, 2016. The Complaint seeks certification as a class action and unspecified compensatory damages plus interest and attorneys' fees. The parties reached an agreement in principle to settle the case prior to trial which would result in no liability to EGL. The settlement has been approved by the court.

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

Issuer Purchases of Equity Securities

2017	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)(3)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(2)
January 1 to January 31	118,716	$ 70.67	—	6,475,103
February 1 to February 28	958,748	78.91	—	6,475,103
March 1 to March 31	30,231	77.25	13,881	6,461,222
Total January 1 to March 31	1,107,695	$ 77.99	13,881	6,461,222
April 1 to April 30	138,797	$ 74.73	138,787	6,322,435
May 1 to May 31	1,618,725	73.47	1,616,932	4,705,503
June 1 to June 30	257,321	69.09	250,891	4,454,612
Total April 1 to June 30	2,014,843	$ 72.99	2,006,610	4,454,612
July 1 to July 31	13,101	$ 71.50	1,690	4,452,922
August 1 to August 31	639,932	76.87	624,412	3,828,510
September 1 to September 30	145,861	71.85	142,237	3,686,273
Total July 1 to September 30	798,894	$ 75.87	768,339	3,686,273
Total January 1 to September 30	3,921,432	$ 74.99	2,788,830	3,686,273

(1) Includes the repurchase of 1,093,814, 8,233 and 30,555 shares in treasury transactions arising from net settlement of equity awards to satisfy minimum tax obligations during the three months ended March 31, 2017, June 30, 2017 and September 30, 2017, respectively.

(2) On April 25, 2016, 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 7.5 million Class A Shares and/or LP Units for up to $450.0 million. Further, on October 23, 2017, 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 the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. 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.

(3) Includes the purchase of 30,363 and 1,690 LP Units from noncontrolling interest holders during the three months ended June 30, 2017 and September 30, 2017, respectively.

Item 6. Exhibits and Financial Statement Schedules

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Evercore Inc., as filed with the Secretary of State of the State of Delaware on October 17, 2017 (filed herewith)
3.2	Amended and Restated By-Laws, dated August 29, 2017 (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on September 1, 2017)
10.1	Sixth Amended and Restated Limited Partnership Agreement of Evercore LP, dated as of July 26, 2017, by and among Evercore Partners Inc., as general partner, and the Limited Partners (as defined therein) of the Partnership (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on July 28, 2017)
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 September 30, 2017, are formatted in XBRL (eXtensible Business Reporting Language); (i) Condensed Consolidated Statements of Financial Condition as of September 30, 2017 and December 31, 2016, (ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2017 and 2016, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2017 and 2016, (iv) Condensed Consolidated Statements of Changes in Equity for the nine months ended September 30, 2017 and 2016, (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2017 and 2016, and (vi) Notes to Condensed Consolidated Financial Statements (filed herewith)

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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: November 2, 2017

Evercore 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**

Exhibit 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

EVERCORE INC.

The present name of the corporation is Evercore Inc. (the "Corporation"). The Corporation was incorporated under the name "Evercore Partners Inc." by the filing of its original certificate of incorporation with the Secretary of State of the State of Delaware on July 21, 2005. This Restated Certificate of Incorporation restates and does not further amend the provisions of the certificate of incorporation of the Corporation as heretofore amended or supplemented. There is no discrepancy between the provisions of this Restated Certificate of Incorporation and the provisions of the certificate of incorporation of the Corporation as heretofore amended or supplemented. This Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Section 245 of the General Corporation Law of the State of Delaware. The text of the certificate of incorporation is hereby restated to read in its entirety as follows:

ARTICLE I

Section 1.1. Name. The name of the Corporation is Evercore Inc. (the "Corporation").

ARTICLE II

Section 2.1. Address. The registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801; and the name of the Corporation's registered agent at such address is The Corporation Trust Company.

ARTICLE III

Section 3.1. Purpose. The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "DGCL").

ARTICLE IV

Section 4.1. Capitalization. The total number of shares of all classes of stock that the Corporation is authorized to issue is 1,101,000,000 shares, consisting of (i) 100,000,000 shares of Preferred Stock, par value $.01 per share ("Preferred Stock"), (ii) 1,000,000,000 shares of Class A Common Stock, par value $.01 per share ("Class A Common Stock"), and (iii) 1,000,000 shares of Class B Common Stock, par value $.01 per share ("Class B Common Stock" and, together with the Class A Common Stock, the "Common Stock"). The number of authorized shares of any of the Class A Common Stock, Class B Common Stock or Preferred

Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority in voting power of the stock of the Corporation entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL (or any successor provision thereto), and no vote of the holders of any of the Class A Common Stock, Class B Common Stock or Preferred Stock voting separately as a class shall be required therefor.

Section 4.2. Preferred Stock.

(A) The Board of Directors of the Corporation (the "Board") is hereby expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers (if any) of the shares of such series, and the powers, preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding.

(B) Except as otherwise required by law, holders of a series of Preferred Stock, as such, shall be entitled only to such voting rights, if any, as shall expressly be granted thereto by this Restated Certificate of Incorporation (including any certificate of designations relating to such series).

Section 4.3. Common Stock.

(A) Voting Rights.

(1) Each holder of Class A Common Stock, as such, shall be entitled to one vote for each share of Class A Common Stock held of record by such holder on all matters on which stockholders generally are entitled to vote; provided, however, that to the fullest extent permitted by law, holders of Class A Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL.

(2) Each holder of Class B Common Stock shall be entitled, as such, without regard to the number of shares of Class B Common Stock (or fraction thereof) held by such holder, to a number of votes that is equal to the product of (A) the quotient of (x) the number of Class A Units (defined below) held of record by such holder divided by (y) the total number of Class A Units outstanding (excluding Class A Units held by the

Corporation) multiplied by (B) the product of (x) the total number of Partnership Units (defined below) outstanding (excluding Partnership Units held by the Corporation) multiplied by (y) the Exchange Rate (defined below) on all matters on which stockholders are generally entitled to vote; provided, however, that, from and after the time that the Founding Limited Partners (defined below), collectively, cease to beneficially own, in the aggregate, at least 90% of the Class A Units held by such Founding Limited Partners on the date of the Partnership Agreement (defined below), each holder of Class B Common Stock shall be entitled, as such, without regard to the number of shares of Class B Common Stock (or fraction thereof) held by such holder, to a number of votes that is equal to the product of (x) the total number of Partnership Units held of record by such holder multiplied by (y) the Exchange Rate, on all matters on which stockholders generally are entitled to vote; provided, further, that, to the fullest extent permitted by law, holders of Class B Common Stock, as such, shall have no voting power with respect to, and shall not be entitled to vote on, any amendment to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) or pursuant to the DGCL. For purposes of calculating the quotient in clause (A) of the immediately preceding sentence only, a holder of Class A-1 Units (defined below) shall also be deemed to hold the Class A-2 Units (defined below) held by a Related Partner (defined below) of such person, and such Related Partner shall be deemed not to hold such Class A-2 Units for the purpose of this calculation. "Partnership Unit" means a partnership unit in Evercore LP, a Delaware limited partnership, or any successor entity thereto, issued under its partnership agreement, as amended ("Partnership Agreement"). "Class A Unit", "Class A-1 Unit", "Class A-2 Unit", "Founding Limited Partner" and "Related Partner", each has the meaning set forth in the Partnership Agreement.

(3) Except as otherwise required in this Restated Certificate of Incorporation or by applicable law, the holders of Common Stock shall vote together as a single class on all matters (or, if any holders of Preferred Stock are entitled to vote together with the holders of Common Stock, as a single class with such holders of Preferred Stock).

(B) Dividends. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Class A Common Stock with respect to the payment of dividends, dividends may be declared and paid on the Class A Common Stock out of the assets of the Corporation that are by law available therefor at such times and in such amounts as the Board in its discretion shall determine. Dividends shall not be declared or paid on the Class B Common Stock.

(C) Liquidation, Dissolution or Winding Up. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, after payment or provision for payment of the debts and other liabilities of the Corporation and of the preferential and other amounts, if any, to which the holders of Preferred Stock shall be entitled, the holders of all outstanding shares of Class A Common Stock shall be entitled to receive the remaining assets of the Corporation available for distribution ratably in proportion to the number of shares held by each such stockholder. The holders of shares of Class B Common Stock, as such, shall not be entitled to receive any assets of the Corporation in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

(D) Retirement of Class B Common Stock. In the event that any outstanding share of Class B Common Stock shall cease to be held by a holder of Partnership Units, such share shall automatically and without further action on the part of the Corporation or any holder of Class B Common Stock be transferred to the Corporation and thereupon shall be retired.

ARTICLE V

Section 5.1. Partnership Units.

(A) Exchange of Partnership Units.

(1) Subject to adjustment as provided in this Article V and subject to the provisions of the Partnership Agreement, each holder of a Partnership Unit (other than the Corporation) shall be entitled to exchange, at any time and from time to time, any or all of such holder's Partnership Units, on a one-for-one basis, for the same number of shares of Class A Common Stock (the number of shares of Class A Common Stock for which a Partnership Unit is entitled to be exchanged referred to herein as the "Exchange Rate"). Such right shall be exercised by a written notice to the Corporation from the holder of such Partnership Units stating that such holder desires to exchange a stated number of Partnership Units into an equal number of shares of Class A Common Stock, accompanied by instruments of transfer to the Corporation, in form satisfactory to the Corporation and to the Corporation's transfer agent (the "Transfer Agent"), duly executed by such holder or such holder's duly authorized attorney, and transfer tax stamps or funds therefor, if required pursuant to this Article V, in respect of the Partnership Units to be exchanged, in each case delivered during normal business hours at the principal executive offices of the Corporation or at the office of the Transfer Agent. Notwithstanding the foregoing, no holder of a Partnership Unit shall be entitled to exchange such Partnership Unit for a share of Class A Common Stock if such exchange would be prohibited under applicable federal or state securities laws or regulations.

(2) As promptly as practicable following the surrender for exchange of Partnership Units in the manner provided in this Article V and the payment in cash of any amount required by the provisions of this Article V, the Corporation shall deliver or cause to be delivered at the principal executive offices of the Corporation or at the office of the Transfer Agent the number of shares of Class A Common Stock issuable upon such

exchange, issued in such name or names as such holder may direct. Upon the date any such Partnership Units are surrendered for exchange, all rights of the holder of such Partnership Units as such holder shall cease, and the person or persons in whose name or names the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock.

(B) Stock Splits, Stock Dividends and Reclassifications. The Exchange Rate shall be adjusted accordingly if there is: (1) any subdivision (by any unit split, unit distribution, reclassification, recapitalization or otherwise) or combination (by reverse unit split, reclassification, recapitalization or otherwise) of the Partnership Units that is not accompanied by an identical subdivision or combination of the Class A Common Stock; or (2) any subdivision (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combination (by reverse stock split, reclassification, recapitalization or otherwise) of the Class A Common Stock that is not accompanied by an identical subdivision or combination of the Partnership Units. In the event of a reclassification or other similar transaction as a result of which the shares of Class A Common Stock are converted into another security, then a holder of Partnership Units shall be entitled to receive upon exchange the amount of such security that such holder would have received if such exchange had occurred immediately prior to the effective date of such reclassification or other similar transaction. Except as may be required in the immediately preceding sentence, no adjustments in respect of dividends shall be made upon the exchange of any Partnership Unit; provided, however, that if a Partnership Unit shall be exchanged subsequent to the record date for the payment of a dividend or other distribution on Partnership Units but prior to the date of such payment, then the registered holder of such Partnership Unit at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such Partnership Unit on such payment date notwithstanding the exchange thereof or the default in payment of the dividend or distribution due on such payment date.

(C) Shares Reserved for Issuance. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon exchange of the Partnership Units, such number of shares of Class A Common Stock that shall be issuable upon the exchange of all such outstanding Partnership Units; provided, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the exchange of the Partnership Units by delivery of purchased shares of Class A Common Stock which are held in the treasury of the Corporation. The Corporation covenants that if any shares of Class A Common Stock require registration with or approval of any governmental authority under any federal or state law before such shares of Class A Common Stock may be issued upon exchange, the Corporation shall use commercially reasonable efforts to cause such shares to be duly registered or approved, as the case may be. The Corporation shall use commercially reasonable efforts to list the shares of Class A Common Stock required to be delivered upon exchange prior to such delivery upon each national securities exchange or inter-dealer quotation system upon which the outstanding Class A Common Stock may be listed or traded at the time of such delivery. The Corporation covenants that all shares of Class A Common Stock that shall be issued upon exchange of the Partnership Units will, upon issue, be validly issued, fully paid and non-assessable.

(D) Taxes. The issuance of shares of Class A Common Stock upon exchange of Partnership Units shall be made without charge to the holders of such Partnership Units for any stamp or other similar tax in respect of such issuance; provided, however, that if any such shares to be issued in a name other than that of the holder of the Partnership Units exchanged, then the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid or is not payable.

Section 5.2. Amendment of Article V. Notwithstanding anything to the contrary contained in this Restated Certificate of Incorporation, and in addition to any other vote required by the DGCL or this Restated Certificate of Incorporation, the affirmative vote of the holders of at least a majority in voting power of the Class B Common Stock, voting separately as a class, shall be required to alter, amend or repeal this Article V or to adopt any provision inconsistent therewith.

ARTICLE VI

Section 6.1. By-Laws. In furtherance and not in limitation of the powers conferred by the DGCL, the Board is expressly authorized to make, amend, alter, change, add to or repeal the by-laws of the Corporation without the assent or vote of the stockholders in any manner not inconsistent with the law of the State of Delaware or this Restated Certificate of Incorporation. Notwithstanding anything to the contrary contained in this Restated Certificate of Incorporation, the affirmative vote of the holders of at least 80% of the voting power of all the then outstanding shares of stock of the Corporation entitled to vote generally in the election of directors, voting together as a single class, shall be required for the stockholders to make, amend, alter, change, add to or repeal any provision of the by-laws of the Corporation.

ARTICLE VII

Section 7.1. Board of Directors.

(A) The business and affairs of the Corporation shall be managed by or under the direction of the Board, with the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the Board.

(B) Notwithstanding the foregoing, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately as a series or separately as a class with one or more such other series, to elect directors at an annual or special meeting of stockholders, the election, term of office, removal and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation (including any certificate of designations relating to any series of Preferred Stock) applicable thereto. The number of directors that may be elected by the holders of any such series of Preferred Stock shall be in addition to the number fixed pursuant to Section 7.1(A) hereof.

(C) Directors of the Corporation need not be elected by written ballot unless the by-laws of the Corporation shall so provide.

ARTICLE VIII

Section 8.1. Meetings of Stockholders. Any action required or permitted to be taken by the holders of stock of the Corporation must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders; provided, however, that any action required or permitted to be taken by the holders of Class B Common Stock, voting separately as a class, or, to the extent expressly permitted by the certificate of designation relating to one or more series of Preferred Stock, by the holders of such series of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares of the relevant class or series having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Except as otherwise required by law and subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders of the Corporation may be called only by or at the direction of the Board, the Chairman of the Board or the Chief Executive Officer of the Corporation.

ARTICLE IX

Section 9.1. Limited Liability of Directors. No director of the Corporation will have any personal liability to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or hereafter may be amended. Neither the amendment nor the repeal of this Article IX shall eliminate or reduce the effect thereof in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article IX, would accrue or arise, prior to such amendment or repeal.

ARTICLE X

Section 10.1. Indemnification. To the fullest extent permitted by the law of the State of Delaware as it presently exists or may hereafter be amended, the Corporation shall indemnify any person (and such person’s heirs, executors or administrators) who was or is made or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding (brought in the right of the Corporation or otherwise), whether civil, criminal, administrative or investigative, and whether formal or informal, including appeals, by reason of the fact that such person, or a person for whom such person was the legal representative, is or was a director or officer of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, limited liability company, nonprofit entity or other enterprise, for and against all loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement reasonably incurred by such person or such heirs, executors or administrators in connection with such action, suit or proceeding, including appeals. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.3 hereof, the Corporation shall be required to indemnify a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the Board.

Section 10.2. Advance of Expenses. To the fullest extent permitted by the laws of the State of Delaware, the Corporation shall promptly pay expenses (including attorneys' fees) incurred by any person described in Section 10.1 hereof in appearing at, participating in or defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of an undertaking on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified under this Article X or otherwise. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.3 hereof, the Corporation shall be required to pay expenses of a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the Board.

Section 10.3. Unpaid Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Article X is not paid in full within thirty (30) days after a written claim therefor by any person described in Section 10.1 has been received by the Corporation, such person may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that such person is not entitled to the requested indemnification or advancement of expenses under applicable law.

Section 10.4. Insurance. To the fullest extent permitted by the law of the State of Delaware, the Corporation may purchase and maintain insurance on behalf of any person described in Section 10.1 against any liability asserted against such person, whether or not the Corporation would have the power to indemnify such person against such liability under the provisions of this Article X or otherwise.

Section 10.5. Non-Exclusivity of Rights. The provisions of this Article X shall be applicable to all actions, claims, suits or proceedings made or commenced after the adoption hereof, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Article X shall be deemed to be a contract between the Corporation and each director or officer (or legal representative thereof) who serves in such capacity at any time while this Article X and the relevant provisions of the law of the State of Delaware and other applicable law, if any, are in effect, and any alteration, amendment or repeal hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Article X shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Article X shall neither be exclusive of, nor be deemed in limitation of, any rights to which any person may otherwise be or become entitled or permitted by contract, this Restated Certificate of Incorporation, the by-laws of the Corporation, vote of stockholders or directors or otherwise, or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity, it being the policy of the Corporation that indemnification of any person whom the Corporation is obligated to indemnify pursuant to Section 10.1 hereof shall be made to the fullest extent permitted by law.

For purposes of this Article X, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries.

This Article X shall not limit the right of the Corporation, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, persons other than persons described in Section 10.1 hereof.

ARTICLE XI

Section 11.1. Severability. If any provision or provisions of this Restated Certificate of Incorporation shall be held to be invalid, illegal or unenforceable as applied to any circumstance for any reason whatsoever: (i) the validity, legality and enforceability of such provisions in any other circumstance and of the remaining provisions of this Restated Certificate of Incorporation (including, without limitation, each portion of any paragraph of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Restated Certificate of Incorporation (including, without limitation, each such portion of any paragraph of this Restated Certificate of Incorporation containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to permit the Corporation to protect its directors, officers, employees and agents from personal liability in respect of their good faith service to or for the benefit of the Corporation to the fullest extent permitted by law.

* * *

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be signed by Adam B. Frankel, its Corporate Secretary and General Counsel, this 17th day of October, 2017.

EVERCORE INC.

By: /s/ Adam B. Frankel

Name: Adam B. Frankel

Title: Corporate Secretary and General Counsel

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ralph Schlosstein, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evercore Inc. (the "Registrant");

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

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: November 2, 2017

/ s / RALPH SCHLOSSTEIN

Ralph Schlosstein
Chief Executive Officer and Director

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Robert B. Walsh, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Evercore Inc. (the "Registrant");

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

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

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Dated: November 2, 2017

/ s / ROBERT B. WALSH

Robert B. Walsh
Chief Financial Officer
(Principal Financial Officer)

Exhibit 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

In connection with the Quarterly Report of Evercore Inc. (the “Company”) on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ralph Schlosstein, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2017

/ s / RALPH SCHLOSSTEIN

Ralph Schlosstein
Chief Executive Officer and Director

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

Exhibit 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

In connection with the Quarterly Report of Evercore Inc. (the “Company”) on Form 10-Q as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert B. Walsh, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 2, 2017

/ s / ROBERT B. WALSH

Robert B. Walsh
Chief Financial Officer

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.