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, 2014

OR

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

For the transition period from to

001-32975
(Commission File Number)

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

Delaware	**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

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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of October 29, 2014 was 36,005,809. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of October 29, 2014 was 27 (excluding 73 shares of Class B common stock held by a subsidiary of the registrant).

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In this report, references to “Evercore”, the “Company”, “we”, “us”, “our” refer to Evercore Partners Inc., a Delaware corporation, and its consolidated subsidiaries. Unless the context otherwise requires, references to (1) “Evercore Partners Inc.” refer solely to Evercore Partners Inc., and not to any of its consolidated subsidiaries and (2) “Evercore LP” refer solely to Evercore LP, a Delaware limited partnership, and not to any of its consolidated subsidiaries. References to the “IPO” refer to our initial public offering on August 10, 2006 of 4,542,500 shares of our Class A common stock, including shares issued to the underwriters of the IPO pursuant to their election to exercise in full their overallotment option.

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PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Financial Statements (Unaudited)

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

	September 30, 2014	December 31, 2013
Assets		
Current Assets		
Cash and Cash Equivalents	$ 239,069	$ 298,453
Marketable Securities	30,751	43,407
Financial Instruments Owned and Pledged as Collateral at Fair Value	94,254	56,311
Securities Purchased Under Agreements to Resell	5,115	19,134
Accounts Receivable (net of allowances of $1,817 and $2,436 at September 30, 2014 and December 31, 2013, respectively)	103,397	83,347
Receivable from Employees and Related Parties	12,207	9,233
Deferred Tax Assets - Current	13,230	11,271
Other Current Assets	48,033	16,703
Total Current Assets	546,056	537,859
Investments	125,831	114,084
Deferred Tax Assets - Non-Current	265,010	251,613
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $31,592 and $25,992 at September 30, 2014 and December 31, 2013, respectively)	32,287	27,832
Goodwill	192,889	189,274
Intangible Assets (net of accumulated amortization of $32,446 and $27,538 at September 30, 2014 and December 31, 2013, respectively)	25,321	26,731
Assets Segregated for Bank Regulatory Requirements	10,200	10,200
Other Assets	26,157	23,190
Total Assets	$ 1,223,751	$ 1,180,783
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$ 114,158	$ 157,856
Accounts Payable and Accrued Expenses	30,291	18,365
Securities Sold Under Agreements to Repurchase	99,484	75,563
Payable to Employees and Related Parties	14,193	19,524
Taxes Payable	3,687	4,713
Other Current Liabilities	14,326	8,138
Total Current Liabilities	276,139	284,159
Notes Payable	104,755	103,226
Amounts Due Pursuant to Tax Receivable Agreements	199,217	175,771
Other Long-term Liabilities	24,851	17,664
Total Liabilities	604,962	580,820
Commitments and Contingencies (Note 15)		
Redeemable Noncontrolling Interest	15,369	36,805
Equity		
Evercore Partners Inc. Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 45,981,912 and 40,772,434 issued at September 30, 2014 and December 31, 2013, respectively, and 35,979,105 and 33,069,534 outstanding at September 30, 2014 and December 31, 2013, respectively)	460	408
Class B, par value $0.01 per share (1,000,000 shares authorized, 27 and 42 issued and outstanding at September 30, 2014 and December 31, 2013, respectively)	—	—
Additional Paid-In-Capital	912,800	799,233
Accumulated Other Comprehensive Income (Loss)	(13,493)	(10,784)
Retained Earnings (Deficit)	(33,146)	(59,896)
Treasury Stock at Cost (10,002,807 and 7,702,900 shares at September 30, 2014 and December 31, 2013, respectively)	(353,416)	(226,380)
Total Evercore Partners Inc. Stockholders' Equity	513,205	502,581
Noncontrolling Interest	90,215	60,577
Total Equity	603,420	563,158
Total Liabilities and Equity	$ 1,223,751	$ 1,180,783

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE PARTNERS 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,	
	2014	2013	2014	2013
Revenues				
Investment Banking Revenue	$ 202,178	$ 163,975	$ 522,933	$ 478,812
Investment Management Revenue	24,777	24,238	73,493	70,764
Other Revenue, Including Interest	4,170	2,934	8,861	7,466
Total Revenues	231,125	191,147	605,287	557,042
Interest Expense	3,964	3,819	11,317	10,286
Net Revenues	227,161	187,328	593,970	546,756
Expenses				
Employee Compensation and Benefits	136,561	118,328	357,299	351,714
Occupancy and Equipment Rental	9,999	8,579	29,621	25,494
Professional Fees	10,862	9,920	31,361	27,053
Travel and Related Expenses	9,576	7,801	27,058	23,251
Communications and Information Services	3,974	3,043	11,269	9,825
Depreciation and Amortization	3,508	3,582	10,866	10,730
Special Charges	3,732	—	3,732	—
Acquisition and Transition Costs	4,122	—	5,238	58
Other Operating Expenses	5,481	4,207	14,431	12,332
Total Expenses	187,815	155,460	490,875	460,457
Income Before Income from Equity Method Investments and Income Taxes	39,346	31,868	103,095	86,299
Income from Equity Method Investments	1,102	562	3,381	2,333
Income Before Income Taxes	40,448	32,430	106,476	88,632
Provision for Income Taxes	15,264	12,350	38,214	37,215
Net Income from Continuing Operations	25,184	20,080	68,262	51,417
Discontinued Operations				
Income (Loss) from Discontinued Operations	—	(2,811)	—	(4,236)
Provision (Benefit) for Income Taxes	—	(985)	—	(1,462)
Net Income (Loss) from Discontinued Operations	—	(1,826)	—	(2,774)
Net Income	25,184	18,254	68,262	48,643
Net Income Attributable to Noncontrolling Interest	875	4,292	9,120	12,286
Net Income Attributable to Evercore Partners Inc.	$ 24,309	$ 13,962	$ 59,142	$ 36,357
Net Income (Loss) Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$ 24,309	$ 14,996	$ 59,142	$ 37,890
From Discontinued Operations	—	(1,055)	—	(1,596)
Net Income Attributable to Evercore Partners Inc. Common Shareholders	$ 24,309	$ 13,941	$ 59,142	$ 36,294
Weighted Average Shares of Class A Common Stock Outstanding				
Basic	36,527	32,049	35,655	31,908
Diluted	41,873	38,409	41,819	37,880
Basic Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$ 0.67	$ 0.47	$ 1.66	$ 1.19
From Discontinued Operations	—	(0.04)	—	(0.05)
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$ 0.67	$ 0.43	$ 1.66	$ 1.14
Diluted Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$ 0.58	$ 0.39	$ 1.41	$ 1.00
From Discontinued Operations	—	(0.03)	—	(0.04)
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$ 0.58	$ 0.36	$ 1.41	$ 0.96
Dividends Declared per Share of Class A Common Stock	$ 0.25	$ 0.22	$ 0.75	$ 0.66

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE PARTNERS 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,	
	2014	2013	2014	2013
Net Income	$ 25,184	$ 18,254	$ 68,262	$ 48,643
Other Comprehensive Income (Loss), net of tax:				
Unrealized Gain (Loss) on Marketable Securities and Investments, net	(1,255)	(365)	(253)	(570)
Foreign Currency Translation Adjustment Gain (Loss), net	(5,779)	1,375	(3,147)	(804)
Other Comprehensive Income (Loss)	(7,034)	1,010	(3,400)	(1,374)
Comprehensive Income	18,150	19,264	64,862	47,269
Comprehensive Income (Loss) Attributable to Noncontrolling Interest	(486)	4,585	8,429	12,024
Comprehensive Income Attributable to Evercore Partners Inc.	$ 18,636	$ 14,679	$ 56,433	$ 35,245

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

For the Nine Months Ended September 30, 2014

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	(Deficit)	Shares	Dollars	Interest	Equity
Balance at December 31, 2013	40,772,434	$ 408	$ 799,233	$ (10,784)	$ (59,896)	(7,702,900)	$ (226,380)	$ 60,577	$ 563,158
Net Income	—	—	—	—	59,142	—	—	9,120	68,262
Other Comprehensive Income (Loss)	—	—	—	(2,709)	—	—	—	(691)	(3,400)
Treasury Stock Purchases	—	—	—	—	—	(2,550,357)	(135,137)	—	(135,137)
Evercore LP Units Converted into Class A Common Stock	1,101,851	11	12,067	—	—	—	—	(7,748)	4,330
Equity-based Compensation Awards	4,107,627	41	109,780	—	—	—	—	205	110,026
Shares Issued as Consideration for Acquisitions and Investments	—	—	2,987	—	—	131,243	4,245	3,510	10,742
Dividends and Equivalents	—	—	4,481	—	(32,392)	—	—	—	(27,911)
Noncontrolling Interest (Note 12)	—	—	(15,748)	—	—	119,207	3,856	25,242	13,350
Balance at September 30, 2014	45,981,912	$ 460	$ 912,800	$ (13,493)	$ (33,146)	(10,002,807)	$ (353,416)	$ 90,215	$ 603,420

For the Nine Months Ended September 30, 2013

	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, 2012	35,040,501	$ 350	$ 654,275	$ (9,086)	$ (77,079)	(5,463,515)	$ (139,954)	$ 62,243	$ 490,749
Net Income	—	—	—	—	36,357	—	—	12,286	48,643
Other Comprehensive Income (Loss)	—	—	—	(1,112)	—	—	—	(262)	(1,374)
Treasury Stock Purchases	—	—	—	—	—	(2,230,613)	(85,073)	—	(85,073)
Evercore LP Units Purchased or Converted into Class A Common Stock	1,615,569	16	11,928	—	—	—	—	(14,562)	(2,618)
Equity-based Compensation Awards	2,713,500	27	77,034	—	—	2,600	65	15,545	92,671
Shares Issued as Consideration for Acquisitions and Investments	—	—	365	—	—	39,341	1,129	—	1,494
Dividends and Equivalents	—	—	4,409	—	(25,623)	—	—	—	(21,214)
Noncontrolling Interest (Note 12)	—	—	(3,548)	—	—	—	—	(16,182)	(19,730)
Balance at September 30, 2013	39,369,570	$ 393	$ 744,463	$ (10,198)	$ (66,345)	(7,652,187)	$ (223,833)	$ 59,068	$ 503,548

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Nine Months Ended September 30,	
	2014	2013
Cash Flows From Operating Activities		
Net Income	$ 68,262	$ 48,643
Adjustments to Reconcile Net Income to Net Cash Provided by (Used In) Operating Activities:		
Net (Gains) Losses on Investments, Marketable Securities and Contingent Consideration	(904)	(2,790)
Equity Method Investments	5,620	4,041
Equity-Based and Other Deferred Compensation	82,857	92,313
Depreciation, Amortization and Accretion	12,716	12,237
Bad Debt Expense	1,582	417
Deferred Taxes	15,984	1,608
Decrease (Increase) in Operating Assets:		
Marketable Securities	400	166
Financial Instruments Owned and Pledged as Collateral at Fair Value	(40,853)	35,540
Securities Purchased Under Agreements to Resell	13,803	(7,333)
Accounts Receivable	(24,583)	28,172
Receivable from Employees and Related Parties	(2,973)	(5,018)
Other Assets	(29,279)	(17,955)
(Decrease) Increase in Operating Liabilities:		
Accrued Compensation and Benefits	(47,708)	(31,204)
Accounts Payable and Accrued Expenses	11,638	272
Securities Sold Under Agreements to Repurchase	27,050	(28,228)
Payables to Employees and Related Parties	(6,998)	1,989
Taxes Payable	(4,145)	(12,440)
Other Liabilities	6,782	(1,628)
Net Cash Provided by Operating Activities	89,251	118,802
Cash Flows From Investing Activities		
Investments Purchased	(10,783)	(2,327)
Distributions of Private Equity Investments	216	1,175
Marketable Securities:		
Proceeds from Sales and Maturities	31,999	26,739
Purchases	(16,549)	(29,141)
Cash Acquired from Acquisitions	—	66
Purchase of Furniture, Equipment and Leasehold Improvements	(10,223)	(1,988)
Net Cash Provided by (Used in) Investing Activities	(5,340)	(5,476)
Cash Flows From Financing Activities		
Issuance of Noncontrolling Interests	2,135	3,189
Distributions to Noncontrolling Interests	(8,553)	(17,341)
Cash Paid for Deferred and Contingent Consideration	(2,255)	—
Short-Term Borrowing	75,000	—
Repayment of Short-Term Borrowing	(75,000)	—
Purchase of Treasury Stock and Noncontrolling Interests	(137,443)	(99,730)
Excess Tax Benefits Associated with Equity-Based Awards	33,045	7,720
Dividends - Class A Stockholders	(27,911)	(21,214)
Net Cash Provided by (Used in) Financing Activities	(140,982)	(127,376)
Effect of Exchange Rate Changes on Cash	(2,313)	(1,583)
Net Increase (Decrease) in Cash and Cash Equivalents	(59,384)	(15,633)
Cash and Cash Equivalents-Beginning of Period	298,453	259,431
Cash and Cash Equivalents-End of Period	$ 239,069	$ 243,798

SUPPLEMENTAL CASH FLOW DISCLOSURE		
Payments for Interest	$ 11,518	$ 10,767
Payments for Income Taxes	$ 14,640	$ 50,187

Furniture, Equipment and Leasehold Improvements Accrued	$	857	$	621
Increase in Fair Value of Redeemable Noncontrolling Interest	$	14,616	$	123
Dividend Equivalents Issued	$	4,481	$	4,409
Notes Exchanged for Equity in Subsidiary	$	—	$	1,042
Settlement of Contingent Consideration	$	7,232	$	2,494
Receipt of Marketable Securities in Settlement of Accounts Receivable	$	2,083	$	1,730
Purchase of Noncontrolling Interest	$	7,100	$	—
Contingent Consideration Accrued	$	2,162	$	—
Reclassification to Noncontrolling Interest	$	31,268	$	—

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

Note 1 – Organization

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

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

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

Note 2 – Significant Accounting Policies

For a complete discussion of the Company's accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

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, 2013. The December 31, 2013 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, 2014.

The unaudited condensed consolidated financial statements of the Company are comprised of the consolidation of Evercore LP and Evercore LP's wholly-owned and majority-owned direct and indirect subsidiaries, including Evercore Group L.L.C. ("EGL"), 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, except for certain VIEs that qualify for accounting purposes as investment companies. The Company reviews factors, including the rights of the equity holders and obligations of equity holders to absorb losses or receive expected residual returns, to determine if the investment is a VIE. In evaluating whether the Company is the primary beneficiary, the Company evaluates its economic interests in the entity held either directly or indirectly by the Company. The consolidation analysis is generally performed qualitatively. This analysis, which requires judgment, is performed at each reporting date.

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

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

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

Performance Fees - Performance fees, or carried interest, are computed in accordance with the underlying private equity funds' partnership agreements and are based on investment performance over the life of each investment partnership. Historically, the Company recorded performance fee revenue from its managed private equity funds when the private equity funds' investment values exceeded certain threshold minimums. During the second quarter of 2014, the Company changed its method of recording performance fees such that the Company records performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. This method is considered the more preferable of the two methods accepted under ASC 605-20-S99-1, *"Revenue Recognition"*. This change in accounting policy had no effect on the prior period information included on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Financial Condition in this Form 10-Q, or the Consolidated Statements of Operations and Consolidated Statements of Financial Condition in the Company's most recent Annual Report on Form 10-K.

Note 3 – Recent Accounting Pronouncements

ASU 2013-05 – In March 2013, the Financial Accounting Standards Board ("FASB") issued ASU No. 2013-05, *"Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity"* ("ASU 2013-05"). ASU 2013-05 provides amendments to Accounting Standards Codification ("ASC") No. 830, *"Foreign Currency Matters"*, which are intended to resolve diversity in practice by clarifying the guidance for the release of the cumulative translation adjustment into net income when a parent either sells a part or all of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity. The amendments also clarify the guidance for the release of the cumulative translation adjustment into net income for business combinations achieved in stages involving a foreign entity. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2013, with early adoption permitted. The adoption of ASU 2013-05 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2013-08 – In June 2013, the FASB issued ASU No. 2013-08, *"Amendments to the Scope, Measurement, and Disclosure Requirements"* ("ASU 2013-08"). ASU 2013-08 provides amendments to ASC No. 946, *"Financial Services - Investment Companies"*, and clarifies the approach to be used for determining whether an entity is an investment company and provides new measurement and disclosure requirements. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2013, with early adoption prohibited. The adoption of ASU 2013-08 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2013-11 – In July 2013, the FASB issued ASU No. 2013-11, *"Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists"* ("ASU 2013-11"). ASU 2013-11 provides amendments to ASC No. 740, *"Income Taxes"*, which clarify the guidance for the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The amendments require that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit

carryforward. If a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction to settle any additional income taxes that would result from the disallowance of a tax position or the tax law of the applicable jurisdiction does not require the entity to use, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2013, with early adoption permitted. The adoption of ASU 2013-11 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

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

ASU 2014-09 – In May 2014, the FASB issued ASU No. 2014-09, *"Revenue from Contracts with Customers"* ("ASU 2014-09"). ASU 2014-09 provides amendments to ASC No. 605, *"Revenue Recognition"*, and creates ASC No. 606, *"Revenue from Contracts with Customers"*, which changes the requirements for revenue recognition and amends the disclosure requirements. The amendments in this update are effective either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption, during interim and annual periods beginning after December 15, 2016, 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 2014-11 – In June 2014, the FASB issued ASU No. 2014-11, *"Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures"* ("ASU 2014-11"). ASU 2014-11 provides amendments to ASC No. 806, *"Transfers and Servicing"*, which expand secured borrowing accounting for certain repurchase agreements and require that in a repurchase financing arrangement the repurchase agreement be accounted for separately from the initial transfer of the financial asset. The amendments also require additional disclosures for certain transactions accounted for as sale and repurchase agreements, and for securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings. The amendments in this update for the additional disclosures for repurchase agreements, securities lending transactions, and repurchase-to-maturity transactions accounted for as secured borrowings are effective prospectively during annual periods beginning after December 15, 2014 and interim periods beginning after March 15, 2015, and all other amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2014, with early adoption not permitted. The Company is currently assessing the impact of the adoption of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

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

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

Acquisition and Transition Costs

The Company recognized $4,122 and $5,238 for the three and nine months ended September 30, 2014, respectively, and $58 for the nine months ended September 30, 2013 as Acquisition and Transition Costs incurred in connection with acquisitions and other ongoing business development initiatives. These costs are primarily comprised of professional fees for legal and other services.

Special Charges

The Company recognized $3,732 for the three and nine months ended September 30, 2014 as Special Charges incurred related to termination benefits, primarily consisting of cash severance and the acceleration of the vesting of restricted stock units, as well as the write-off of leasehold improvements in the Institutional Equities business.

Intangible Asset Amortization

Expenses associated with the amortization of intangible assets for Investment Banking were $477 and $718 for the three and nine months ended September 30, 2014, respectively, and $204 and $612 for the three and nine months ended September 30, 2013, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations. Expenses associated with the amortization of intangible assets for Investment Management were $940 and $4,190 for the three and nine months ended September 30, 2014, respectively, and $1,793 and $4,775 for the three and nine months ended September 30, 2013, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations.

During the third quarter of 2014, the Company acquired a 100% interest in a boutique advisory business for $6,900. The Company's consideration for this transaction included the issuance of 72 LP units at closing and contingent consideration. The contingent consideration has a fair value of $3,391 and will be settled in the first quarter of 2017, based on the business exceeding certain performance targets. This transaction resulted in the Company recognizing goodwill of $3,401 and intangible assets relating to advisory backlog and client relationships of $2,450 and $1,050, respectively, recognized in the Investment Banking Segment. The intangible assets are being amortized over estimated useful lives of two years. The Company recognized $382 of amortization expense related to these intangible assets for the three months ended September 30, 2014.

Note 5 – Related Parties

Investment Management Revenue includes income from related parties earned from the Company's private equity funds for portfolio company fees, management fees, expense reimbursements and realized and unrealized gains and losses of private equity fund investments. Total Investment Management revenues from related parties amounted to $1,508 and $6,849 for the three and nine months ended September 30, 2014, respectively, and $2,113 and $9,248 for the three and nine months ended September 30, 2013, 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 $978 and $11,853 for the three and nine months ended September 30, 2013, respectively.

Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $4,195 and $5,560 as of September 30, 2014 and December 31, 2013, respectively. See Note 14 for further information.

Note 6 – Marketable Securities

The amortized cost and estimated fair value of the Company's Marketable Securities as of September 30, 2014 and December 31, 2013 were as follows:

	September 30, 2014				December 31, 2013			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Investments	$ 6,382	$ 198	$ 278	$ 6,302	$ 11,268	$ 754	$ 623	$ 11,399
Debt Securities Carried by EGL	18,743	94	5	18,832	22,542	87	1	22,628
Mutual Funds	4,638	1,055	76	5,617	7,917	1,600	137	9,380
Total	$ 29,763	$ 1,347	$ 359	$ 30,751	$ 41,727	$ 2,441	$ 761	$ 43,407

Scheduled maturities of the Company's available-for-sale debt securities within the Securities Investments portfolio as of September 30, 2014 and December 31, 2013 were as follows:

	September 30, 2014		December 31, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 204	$ 205	$ 306	$ 307
Due after one year through five years	1,356	1,371	1,250	1,264
Due after five years through 10 years	100	102	100	100
Total	$ 1,660	$ 1,678	$ 1,656	$ 1,671

Securities Investments

Securities Investments include seed capital and other equity and debt securities, which are classified as available-for-sale securities within Marketable Securities on the Unaudited Condensed Consolidated Statements of Financial Condition. These securities are stated at fair value with unrealized gains and losses included in Accumulated Other Comprehensive Income (Loss) and realized gains and losses included in earnings. The Company had net realized gains (losses) of $569 and $863 for the three and nine months ended September 30, 2014, respectively, and ($7) and ($196) for the three and nine months ended September 30, 2013, respectively.

Debt Securities Carried by EGL

EGL invests in a fixed income portfolio consisting primarily of municipal bonds. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Unaudited Condensed Consolidated Statements of Operations, as required for broker-dealers in securities. The Company had net realized and unrealized gains (losses) of ($197) and ($400) for the three and nine months ended September 30, 2014, respectively, and ($33) and ($166) for the three and nine months ended September 30, 2013, respectively.

Mutual Funds

The Company invests in a portfolio of mutual funds as an economic hedge against the Company's deferred compensation program. See Note 14 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized and unrealized gains (losses) of ($173) and $151 for the three and nine months ended September 30, 2014, respectively, and $500 and $960 for the three and nine months ended September 30, 2013, respectively.

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

The Company, through Evercore Casa de Bolsa, S.A. de C.V. ("ECB"), enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market, which the Company reflects as Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial

Condition, or by entering into reverse repurchase agreements with unrelated third parties. The Company accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions, which are carried at their contract amounts, which approximate fair value given that the contracts generally 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 1.6 years, as of September 30, 2014, 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.

As of September 30, 2014 and December 31, 2013, a summary of the Company's assets, liabilities and collateral received or pledged related to these transactions was as follows:

	September 30, 2014		December 31, 2013	
	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	$ 94,254		$ 56,311	
Securities Purchased Under Agreements to Resell	5,115	$ 5,137	19,134	$ 19,112
Total Assets	$ 99,369		$ 75,445	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (99,484)	$ (99,573)	$ (75,563)	$ (75,708)

Note 8 – Investments

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

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

The Company also has investments in G5 | Evercore and ABS Investment Management, LLC ("ABS"), which are voting interest entities. The Company's investment in Evercore Pan-Asset Capital Management ("Pan") became a VIE and was subsequently sold in December 2013. The Company's share of earnings (losses) on its investments in G5 | Evercore, ABS and Pan (prior to its consolidation on March 15, 2013) are included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Investments in Private Equity

Private Equity Funds

The Company's investments related to private equity partnerships and associated entities include investments in Evercore Capital Partners II, L.P. ("ECP II"), Discovery Americas I, L.P. (the "Discovery Fund"), Evercore Mexico Capital Partners II, L.P. ("EMCP II"), Evercore Mexico Capital Partners III, L.P. ("EMCP III"), CSI Capital, L.P. ("CSI Capital"), Trilantic Capital Partners Associates IV, L.P. ("Trilantic IV") and Trilantic Capital Partners V, L.P. ("Trilantic V"). Portfolio holdings of the private equity funds are carried at fair value. Accordingly, the Company reflects its pro rata share of the unrealized gains and

losses occurring from changes in fair value. Additionally, the Company reflects its pro rata share of realized gains, losses and carried interest associated with any investment realizations.

In 2013, the Company held a fourth and final closing on EMCP III, a private equity fund focused on middle market investments in Mexico. The total subscribed capital commitments of $201,000 included a capital commitment of $10,750 by the general partner of EMCP III, Evercore Mexico Partners III ("EMP III"), of which $1,000 relates to the Company and $9,750 relates to noncontrolling interest holders. At September 30, 2014, unfunded commitments of EMP III were $4,691, including $484 due from the Company.

A summary of the Company's investment in the private equity funds as of September 30, 2014 and December 31, 2013 was as follows:

	September 30, 2014	December 31, 2013
ECP II	$ 2,910	$ 3,251
Discovery Fund	2,673	5,015
EMCP II	12,584	11,125
EMCP III	7,264	3,852
CSI Capital	3,778	3,248
Trilantic IV	3,812	4,356
Trilantic V	2,614	1,532
Total Private Equity Funds	$ 35,635	$ 32,379

Net realized and unrealized gains on private equity fund investments were $1,671 and $5,633 for the three and nine months ended September 30, 2014, respectively, and $2,663 and $5,213 for the three and nine months ended September 30, 2013, respectively. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of September 30, 2014, the Company had $2,701 of previously received carried interest that may be subject to repayment.

General Partners of Private Equity Funds which are VIEs

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

In 2013, EMP III amended and restated its Limited Partnership Agreement and admitted certain limited partners, which are related parties of the Company. The Company viewed this modification as a reconsideration event under ASC 810-10, and concluded that EMP III is a VIE and that the Company is the primary beneficiary of this VIE. Specifically, the Company's general partner interests in EMP III provide the Company the ability to make decisions that significantly impact the economic performance of EMP III, while the limited partners do not possess substantive participating rights over EMP III. The Company's assessment of the primary beneficiary of EMP III included assessing which parties have the power to significantly impact the economic performance of EMP III and the obligation to absorb losses, which could be potentially significant to EMP III, or the right to receive benefits from EMP III that could be potentially significant. The Company had previously consolidated EMP III as a voting interest entity; accordingly, consolidating as a VIE had no impact on the assets and liabilities of the Company. The Company consolidated EMP III assets of $7,342 and liabilities of $55 at September 30, 2014 and assets of $4,287 and liabilities of $32 at December 31, 2013, in the Company's Unaudited Condensed Consolidated Statements of Financial Condition. The assets retained by EMP III are for the benefit of the interest holders of EMP III and the liabilities are generally non-recourse to the Company.

Investment in Trilantic Capital Partners

In 2010, the Company made a limited partnership investment in Trilantic in exchange for 500 Evercore LP partnership units ("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 2014, $541 of this investment was allocated to Trilantic Fund V. During 2013, $825 and $29 of this investment was allocated to Trilantic Fund V and Trilantic Fund IV, respectively. From 2010 to 2012, $1,091 of this investment was allocated to Trilantic Fund IV. This investment had a balance of $13,603 and $14,145 as of September 30, 2014 and December 31, 2013, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $3,723 was unfunded at September 30, 2014. The Company and Trilantic anticipate that the Company will participate in the successor funds to Trilantic Fund V. The Company further anticipates that participation in successor funds will be at amounts comparable to those of Trilantic Fund V.

Equity Method Investments

A summary of the Company's other investments accounted for under the equity method of accounting as of September 30, 2014 and December 31, 2013 was as follows:

	September 30, 2014	December 31, 2013
G5 ❙ Evercore	$ 33,915	$ 20,001
ABS	42,678	47,559
Total	$ 76,593	$ 67,560

G5 ❙ Evercore

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

At September 30, 2014, the Company's economic ownership interest in G5 ❙ Evercore was 49%. This investment resulted in earnings (losses) of ($25) and ($45) for the three and nine months ended September 30, 2014, respectively, and ($226) and ($42) for the three and nine months ended September 30, 2013, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

ABS

In 2011, the Company made an investment accounted for under the equity method of accounting in ABS. At September 30, 2014, the Company's economic ownership interest in ABS was 45%. This investment resulted in earnings of $1,127 and $3,426 for the three and nine months ended September 30, 2014, respectively, and $788 and $2,430 for the three and nine months ended September 30, 2013, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Pan

In 2008, the Company made an investment accounted for under the equity method of accounting of $4,158 in Pan. This investment resulted in losses of ($55) for the nine months ended September 30, 2013, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statement of Operations. In 2011 and 2012, the Company concluded that Pan was a VIE, and that the Company was not the primary beneficiary of the VIE. On March 15, 2013, the Company exchanged its notes receivable from Pan for additional common equity, increasing its common equity ownership interest to 68%, from 50%. The Company viewed this transaction as a reconsideration event and concluded that it had become the primary beneficiary of Pan, and therefore consolidated Pan in the Company's unaudited condensed consolidated financial statements as of that date. The Company determined that it was the primary beneficiary of Pan because it possessed the power to significantly impact the economic performance of Pan and maintained the obligation to absorb losses of Pan, which could be

potentially significant, or the right to receive benefits from Pan, that could be potentially significant. The assets retained by Pan are not generally available to the Company and the liabilities are generally non-recourse to the Company. The Company subsequently sold its investment on December 3, 2013. Accordingly, Pan's results are reflected in Discontinued Operations 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 $647 for the three months ended September 30, 2014 and 2013, and $1,941 for the nine months ended September 30, 2014 and 2013.

Note 9 – Fair Value Measurements

ASC 820, *"Fair Value Measurements and Disclosures"* ("ASC 820") establishes a hierarchal 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, 2014 and December 31, 2013 are based on quoted market prices provided by external pricing services.

Level III – Pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

The following table presents the categorization of investments and certain other financial assets measured at fair value on a recurring basis as of September 30, 2014 and December 31, 2013:

	September 30, 2014			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$ —	$ 33,121	$ —	$ 33,121
Securities Investments (1)	5,883	3,419	—	9,302
Mutual Funds	5,617	—	—	5,617
Financial Instruments Owned and Pledged as Collateral at Fair Value	94,254	—	—	94,254
Total Assets Measured At Fair Value	$ 105,754	$ 36,540	$ —	$ 142,294

	December 31, 2013			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$ —	$ 33,882	$ —	$ 33,882
Securities Investments (1)	12,001	2,398	—	14,399
Mutual Funds	9,380	—	—	9,380
Financial Instruments Owned and Pledged as Collateral at Fair Value	56,311	—	—	56,311
Total Assets Measured At Fair Value	$ 77,692	$ 36,280	$ —	$ 113,972

(1) Includes $17,289 and $14,254 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, 2014 and December 31, 2013, 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, 2014 or the year ended December 31, 2013.

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.

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

	Carrying Amount	September 30, 2014 Estimated Fair Value			
		Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 221,780	$ 221,780	$ —	$ —	$ 221,780
Securities Purchased Under Agreements to Resell	5,115	—	5,115	—	5,115
Accounts Receivable	103,397	—	103,397	—	103,397
Receivable from Employees and Related Parties	12,207	—	12,207	—	12,207
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 30,291	$ —	$ 30,291	$ —	$ 30,291
Securities Sold Under Agreements to Repurchase	99,484	—	99,484	—	99,484
Payable to Employees and Related Parties	14,193	—	14,193	—	14,193
Notes Payable	104,755	—	129,702	—	129,702

	Carrying Amount	December 31, 2013 Estimated Fair Value			
		Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 284,199	$ 284,199	$ —	$ —	$ 284,199
Securities Purchased Under Agreements to Resell	19,134	—	19,134	—	19,134
Accounts Receivable	83,347	—	83,347	—	83,347
Receivable from Employees and Related Parties	9,233	—	9,233	—	9,233
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 18,365	$ —	$ 18,365	$ —	$ 18,365
Securities Sold Under Agreements to Repurchase	75,563	—	75,563	—	75,563
Payable to Employees and Related Parties	19,524	—	19,524	—	19,524
Notes Payable	103,226	—	127,425	—	127,425

The following methods and assumptions were used to estimate the fair value of these financial assets and liabilities:

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

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

Note 10 – Issuance of Notes Payable and Warrants

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

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

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

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

Note 11 – Evercore Partners Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on October 20, 2014, a quarterly cash dividend of $0.28 per share, to the holders of Class A Shares as of November 28, 2014, which will be paid on December 12, 2014. During the nine months ended September 30, 2014, the Company declared and paid dividends of $0.75 per share, totaling $27,911.

Treasury Stock – During the nine months ended September 30, 2014, the Company purchased 1,612 Class A Shares primarily from employees at values ranging from $45.82 to $61.82 per share, primarily for the net settlement of stock-based compensation awards, and 938 Class A Shares at market values ranging from $48.16 to $55.00 per share pursuant to the Company's share repurchase program. The result of these purchases was an increase in Treasury Stock of $135,137 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2014. During the nine months ended September 30, 2014, the Company issued 131 Class A Shares from treasury stock as an earnout payment to certain G5 | Evercore employees and 119 Class A Shares to certain Evercore Wealth Management ("EWM") employees in exchange for their noncontrolling interest in EWM. The result of these issuances was a decrease in Treasury Stock of $8,101 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2014.

LP Units – During the nine months ended September 30, 2014, 1,102 LP Units were exchanged for Class A Shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $11 and $12,067, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2014.

Accumulated Other Comprehensive Income (Loss) – As of September 30, 2014, Accumulated Other Comprehensive Income (Loss) on the Company's Unaudited Condensed Consolidated Statement of Financial Condition includes an accumulated Unrealized Gain (Loss) on Marketable Securities and Investments, net, and a Foreign Currency Translation Adjustment Gain (Loss), net, of ($2,507) and ($10,986), respectively.

Income (Loss) from Discontinued Operations, and the Provision (Benefit) for Income Taxes from Discontinued Operations on the Unaudited Condensed Consolidated Statement of Operations for the nine months ended September 30, 2013 includes ($1,683) and ($573), respectively, reclassified from Accumulated Other Comprehensive Income (Loss) related to the recognition of a cumulative foreign exchange translation loss as a result of the consolidation of Pan.

Note 12 – Noncontrolling Interest

Noncontrolling Interest recorded in the unaudited condensed consolidated financial statements of the Company relates to an 11% interest in Evercore LP, a 28% interest in ECB, a 38% interest in EWM, a 34% equity interest in Atalanta Sosnoff Capital LLC ("Atalanta Sosnoff"), a 38% interest in Institutional Equities ("IE"), a 27% interest in Private Capital Advisory ("PCA"), a 14% interest in Evercore Trust Company, N.A. ("ETC") through the second quarter of 2013, a 32% interest in Pan (sold December 3, 2013) and other private equity partnerships. The Atalanta Sosnoff interest excludes the Series C Profits Interest, which has been reflected in Employee Compensation and Benefits Expense on the Unaudited Condensed Consolidated Statements of Operations. The Noncontrolling Interest for Evercore LP, EWM, Atalanta Sosnoff, Institutional Equities and PCA have rights, in certain circumstances, to convert into Class A Shares.

Changes in Noncontrolling Interest for the nine months ended September 30, 2014 and 2013 were as follows:

	For the Nine Months Ended September 30,	
	2014	2013
Beginning balance	$ 60,577	$ 62,243
Comprehensive income (loss)		
Net Income Attributable to Noncontrolling Interest	9,120	12,286
Other comprehensive income (loss)	(691)	(262)
Total comprehensive income	8,429	12,024
Other items		
Evercore LP Units Converted into Class A Shares	(7,748)	(14,562)
Amortization and Vesting of LP Units	205	15,545
Distributions to Noncontrolling Interests	(8,553)	(16,767)
Fair value of Noncontrolling Interest in Pan	—	1,517
Net Reclassification to/from Redeemable Noncontrolling Interest	31,268	—
Issuance of Noncontrolling Interest	5,949	3,597
Purchase of Noncontrolling Interest	(830)	(4,529)
Other	918	—
Total other items	21,209	(15,199)
Ending balance	$ 90,215	$ 59,068

Net Income (Loss) Attributable to Noncontrolling Interest related to Pan from Discontinued Operations was ($771) and ($1,178) for the three and nine months ended September 30, 2013, respectively.

Other comprehensive income (loss) attributed to Noncontrolling Interest includes Unrealized Gain (Loss) on Marketable Securities and Investments, net, of ($348) and ($155) for the three and nine months ended September 30, 2014, respectively, and ($56) and ($95) for the three and nine months ended September 30, 2013, respectively, and Foreign Currency Translation Adjustment Gain (Loss), net, of ($1,013) and ($536) for the three and nine months ended September 30, 2014, respectively, and $349 and ($167) for the three and nine months ended September 30, 2013, respectively.

In February 2010, Evercore LP issued 500 LP Units to Trilantic. The original terms were such that at December 31, 2014, at the option of the holder, these LP Units were exchangeable on a one-for-one basis for Class A Shares or may be redeemed for cash of $16,500. Accordingly, this value was being accreted to the minimum redemption value of $16,500 over the five-year period ending December 31, 2014. Accretion was $21 and $63 for the three and nine months ended September 30, 2013,

respectively. In October of 2013, the Board of Directors of the Company agreed to release the transfer restrictions associated with these LP Units and the holders of these units exchanged them into Class A Shares.

In conjunction with the Company’s purchase agreement with Atalanta Sosnoff, the Company issued a management member of Atalanta Sosnoff certain capital interests in Atalanta Sosnoff, which are redeemable for cash, at their fair value. Accordingly, these capital interests have been reflected at their fair value of $4,283 within Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statements of Financial Condition at September 30, 2014 and December 31, 2013.

In April 2014, the Company entered into a commitment to purchase 3 units, or 22%, of the aggregate amount of the outstanding EWM Class A units held by members of EWM for 119 Class A Shares and 11 LP Units of the Company, at a fair value of $7,100. This transaction settled on May 22, 2014 and resulted in an increase in the Company's ownership in EWM to 62%. In conjunction with this purchase, the Company amended the Amended and Restated Limited Liability Company Agreement of EWM. Per the amended agreement, the holders of certain EWM interests no longer have the option to redeem these capital interests for cash upon the event of the death or disability of the holder. Accordingly, the value of these interests had been reclassified from Redeemable Noncontrolling Interest to Noncontrolling Interest on the Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2014. The above transactions had the effect of reducing Redeemable Noncontrolling Interest and Treasury Stock by $34,577 and $3,856, respectively, and increasing Noncontrolling Interest and Additional Paid-in Capital by $27,477 and $3,244, respectively, at June 30, 2014. These interests were previously reflected at their fair value of $34,577 and $32,523 within Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statements of Financial Condition at March 31, 2014 and December 31, 2013, respectively.

During the third quarter of 2014, the Company committed to purchase, for cash, noncontrolling interests from certain employees who are exiting the IE business. This purchase is contingent on the closing of the Company's acquisition of International Strategy & Investment ("ISI"). This resulted in an increase to Redeemable Noncontrolling Interest of $11,086 on the Unaudited Condensed Consolidated Statement of Financial Condition at September 30, 2014. See Note 15 for further information.

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

The calculations of basic and diluted net income (loss) per share attributable to Evercore Partners Inc. common shareholders for the three and nine months ended September 30, 2014 and 2013 are described and presented below.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Basic Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders				
Numerator:				
Net income from continuing operations attributable to Evercore Partners Inc.	$ 24,309	$ 15,017	$ 59,142	$ 37,953
Associated accretion of redemption price of noncontrolling interest in Trilantic (See Note 12)	—	(21)	—	(63)
Net income from continuing operations attributable to Evercore Partners Inc. common shareholders	24,309	14,996	59,142	37,890
Net income (loss) from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(1,055)	—	(1,596)
Net income attributable to Evercore Partners Inc. common shareholders	$ 24,309	$ 13,941	$ 59,142	$ 36,294
Denominator:				
Weighted average shares of Class A common stock outstanding, including vested restricted stock units ("RSUs")	36,527	32,049	35,655	31,908
Basic net income per share from continuing operations attributable to Evercore Partners Inc. common shareholders	$ 0.67	$ 0.47	$ 1.66	$ 1.19
Basic net income (loss) per share from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(0.04)	—	(0.05)
Basic net income per share attributable to Evercore Partners Inc. common shareholders	$ 0.67	$ 0.43	$ 1.66	$ 1.14
Diluted Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders				
Numerator:				
Net income from continuing operations attributable to Evercore Partners Inc. common shareholders	$ 24,309	$ 14,996	$ 59,142	$ 37,890
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(a)	(a)	(a)	(a)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(a)	(a)	(a)	(a)
Diluted net income from continuing operations attributable to Evercore Partners Inc. common shareholders	24,309	14,996	59,142	37,890
Net income (loss) from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(1,055)	—	(1,596)
Diluted net income attributable to Evercore Partners Inc. common shareholders	$ 24,309	$ 13,941	$ 59,142	$ 36,294
Denominator:				
Weighted average shares of Class A common stock outstanding, including vested RSUs	36,527	32,049	35,655	31,908
Assumed exchange of LP Units for Class A Shares	(a)	(a)	(a)	(a)
Additional shares of the Company's common stock assumed to be issued pursuant to non-vested RSUs and deferred consideration, as calculated using the Treasury Stock Method	2,208	3,514	2,800	3,457
Shares that are contingently issuable	—	—	110	—
Assumed conversion of Warrants issued	3,138	2,846	3,254	2,515
Diluted weighted average shares of Class A common stock outstanding	41,873	38,409	41,819	37,880
Diluted net income per share from continuing operations attributable to Evercore Partners Inc. common shareholders	$ 0.58	$ 0.39	$ 1.41	$ 1.00
Diluted net income (loss) per share from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(0.03)	—	(0.04)
Diluted net income per share attributable to Evercore Partners Inc. common shareholders	$ 0.58	$ 0.36	$ 1.41	$ 0.96

(a) The Company has outstanding LP Units in its subsidiary, Evercore LP, which give the holders the right to receive Class A Shares upon exchange on a one for one basis. During the three and nine months ended September 30, 2014 and 2013, 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 (loss) per share attributable to Evercore Partners Inc. common shareholders. The units that would have been included in the denominator of the computation of diluted net income (loss) per share attributable to Evercore Partners Inc. common shareholders if the effect would have been dilutive were 4,670 and 4,823 for the three and nine months ended September 30, 2014, respectively, and 6,592 and 6,690 for the three and nine months ended September 30, 2013, 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 $3,200 and $7,987 for the three and nine months ended September 30, 2014, respectively, and $3,035 and $7,880 for the three and nine months ended September 30, 2013, respectively. In computing this adjustment, the Company assumes that all vested LP Units, and all unvested LP Units after applying the treasury stock method, are converted into Class A Shares, that all earnings attributable to those shares are attributed to Evercore Partners Inc. and, that it has adopted a conventional corporate tax structure and is taxed as a C Corporation in the U.S. at prevailing corporate tax rates. The Company does not anticipate that the LP Units will result in a dilutive computation in future periods.

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

During the nine months ended September 30, 2014, the Company granted employees 1,956 Service-based Awards. These awards had grant date fair values from $49.91 to $58.67 per share. During the nine months ended September 30, 2014, 3,099 Service-based Awards vested and 146 Service-based Awards were forfeited.

During 2011, the Company launched a deferred compensation program providing participants the ability to elect to receive a portion of their deferred compensation in cash, which is indexed to a notional investment portfolio and vests ratably over four years and requires payment upon vesting. Compensation expense related to this deferred compensation program was $878 and $2,718 for the three and nine months ended September 30, 2014, respectively, and $949 and $2,778 for the three and nine months ended September 30, 2013, respectively.

Compensation expense related to Service-based Awards, excluding compensation expense related to the amortization of LP Units, was $22,243 and $69,334 for the three and nine months ended September 30, 2014, respectively, and $19,496 and $60,723 for the three and nine months ended September 30, 2013, respectively. Compensation expense related to the amortization of the LP Units was $4,820 and $15,243 for the three and nine months ended September 30, 2013, respectively. Compensation expense related to acquisition-related Awards and deferred cash consideration was $629 and ($36), respectively, for the three months ended September 30, 2014, and $4,626 and $1,663, respectively, for the nine months ended September 30, 2014. Compensation expense related to acquisition-related Awards and deferred cash consideration was $1,867 and $1,095, respectively, for the three months ended September 30, 2013, and $9,093 and $3,359, respectively, for the nine months ended September 30, 2013.

During the third quarter of 2013, the Board of Directors of the Company approved the Long-term Incentive Plan, which provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers of the Company, who exceed defined benchmark results over a four-year performance period beginning January 1, 2013. These awards will be paid, in cash or Class A Shares, at the Company's discretion, in the two years following the performance period, to Senior Managing Directors employed by the Company at the time of payment. These awards are subject to retirement eligibility requirements. The Company periodically assesses the probability of the benchmarks being achieved and expenses the probable payout over the requisite service period of the award.

Periodically, the Company provides new and existing employees with cash payments in the form of loans and/or other cash awards which are subject to ratable vesting terms with service requirements ranging from one to five years. Generally, the terms of these awards include a requirement of either full or partial repayment of these awards based on the terms of their employment agreements with the Company. In circumstances where the employee meets the Company's minimum credit standards, the Company amortizes these awards to compensation expense over the relevant service period which is generally the period they are subject to forfeiture. Compensation expense related to these awards was $4,043 and $9,693 for the three and nine months ended September 30, 2014, respectively, and $1,558 and $4,442 for the three and nine months ended September 30, 2013, respectively. The remaining unamortized amount of these awards was $14,388 as of September 30, 2014.

Note 15 – Commitments and Contingencies

For a complete discussion of the Company's commitments, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2023. The Company reflects lease expense over the lease terms on a straight-line basis. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord. Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations includes occupancy rental expense relating to operating leases of $6,619 and $19,898 for the three and nine months ended September 30, 2014, respectively, and $5,926 and $17,787 for the three and nine months ended September 30, 2013, respectively.

During the first quarter of 2014, the Company entered into lease agreements, which expire on various dates through 2023, with annual base rental payments of approximately $2,000.

Other Commitments – As of September 30, 2014, the Company had unfunded commitments for capital contributions of $9,177 to private equity funds. These commitments will be funded as required through the end of each private equity fund's investment period, subject to certain conditions. Such commitments are satisfied in cash and are generally required to be made as investment opportunities are consummated by the private equity funds.

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

In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. At September 30, 2014, the Company had one remaining commitment for contingent consideration, related to its acquisition of Protego in 2006. Under the terms of the acquisition agreement, the Company is obligated to pay the partners that sold Protego 90% of the return proceeds and performance fees received from Protego's investment in the general partner of the Discovery Fund. During 2014, the Company received distributions from Discovery Americas Associated L.P., the general partner of the Discovery Fund. Accordingly, as of September 30, 2014, the Company recorded Goodwill of $2,162 pursuant to this agreement. The carrying value of the Company's investment in the Discovery Fund is $2,673 at September 30, 2014. See Note 8 for further information.

In 2013, Evercore Partners Services East L.L.C. ("East"), a wholly-owned subsidiary of the Company, obtained a line of credit from First Republic Bank in an aggregate principal amount of up to $25,000, to be used for working capital and other corporate activities. This facility is secured by (i) cash and cash equivalents of East held in a designated account with First Republic Bank, (ii) certain of East's intercompany receivables and (iii) third party accounts receivable of EGL. Drawings under the facility bear interest at the prime rate. The facility was renewed on June 24, 2014, and the maturity date was extended to June 27, 2015. On August 4, 2014, the Company drew down $25,000 on this facility, which was repaid on September 29, 2014.

In April 2014, the Company entered into a commitment to purchase 3 units, or 22%, of the aggregate amount of the outstanding EWM Class A units held by members of EWM for Class A Shares and LP Units of the Company, for a fair value of $7,100. This transaction settled on May 22, 2014 and increased the Company's ownership in EWM to 62%.

On August 3, 2014, the Company entered into definitive contribution and exchange agreements to acquire all of the outstanding equity interests of the operating businesses of ISI, a leading independent research-driven equity sales and agency trading firm, and to acquire the approximately 40% interest in the Company's Institutional Equities business that it does not currently own. The sellers of ISI and the Company's Institutional Equities business will receive consideration of up to an aggregate 2,583 vested and unvested Class E Units and up to an aggregate 5,437 vested and unvested Class G and H Interests in Evercore LP, as well as a currently estimated $11,086 in cash for certain sellers of the Institutional Equities business who are not receiving LP Units or Interests.

The sellers of ISI will receive vested and unvested Class E Units that are exchangeable on a one-for-one basis into Class A common stock of the Company subject to timing and other limitations, and vested and unvested Class G and H Interests in Evercore LP, which, when vested, will convert into a number of Class E Units and become exchangeable on a one-for-one basis into Class A common stock of the Company dependent on the financial performance of the combined business over the five years following closing. These units and interests will be allocated between purchase price and future compensation based on their underlying terms.

The sellers of the Institutional Equities business, who are not receiving cash, will receive vested Class E Units that are exchangeable on a one-for-one basis into Class A common stock of the Company subject to timing and other limitations, and vested Class G and H Interests in Evercore LP, which will convert into a number of Class E Units and become exchangeable on a one-for-one basis into Class A common stock of the Company dependent on the financial performance of the combined business over the five years following closing.

On October 31, 2014, the Company closed on its acquisition of ISI. Following the closing of the transactions, the Company will combine ISI's business with the Company's existing Institutional Equities business within the Investment Banking segment.

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.

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”). Beginning in the second quarter of 2013, the Company made the election to compute its minimum net capital requirement in accordance with the Alternative Net Capital Requirement, as permitted by Rule 15c3-1. Under the Alternative Net Capital Requirement, EGL's minimum net capital requirement is $250. EGL’s regulatory net capital as of September 30, 2014 and December 31, 2013 was $61,192 and $30,480, respectively, which exceeded the minimum net capital requirement by $60,942 and $30,230, 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, 2014.

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, 2014.

Note 17 – Income Taxes

The Company’s Provision for Income Taxes was $15,264 and $38,214 for the three and nine months ended September 30, 2014, respectively and $12,350 and $37,215 for the three and nine months ended September 30, 2013, respectively. The effective tax rate was 38% and 36% for the three and nine months ended September 30, 2014, respectively, and 38% and 42% for the three and nine months ended September 30, 2013. The effective tax rate for 2014 and 2013 reflects the effect of certain

nondeductible expenses, including the vesting of LP Units in 2013, as well as the noncontrolling interest associated with LP Units and other adjustments.

The Company reported an increase in deferred tax assets of $60 associated with changes in Unrealized Gain (Loss) on Marketable Securities and Investments and an increase of $1,737 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2014. The Company reported an increase in deferred tax assets of $126 associated with changes in Unrealized Gain (Loss) on Marketable Securities and an increase of $184 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2013.

As of September 30, 2014, the Company had unrecognized tax benefits of $802, $574 of which, if recognized, would affect the effective tax rate. The Company does anticipate a change of $802 in unrecognized tax positions as a result of the settlement of income tax audits for examining the Company's income tax returns during the upcoming year.

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. Related to the unrecognized tax benefits, the Company recognized $125 and $171 of interest and penalties during the three and nine months ended September 30, 2014, respectively. The Company has $310 accrued for the payment of interest and penalties as of September 30, 2014.

Note 18 – Segment Operating Results

Business Segments – The Company’s business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, as well as services related to securities underwriting, private fund placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in the Institutional Asset Management, Wealth Management and Private Equity sectors. On December 3, 2013, the Company sold its investment in Pan and the results are presented within Discontinued Operations. The following segment information reflects the Company's results from its continuing operations.

The Company’s segment information for the three and nine months ended September 30, 2014 and 2013 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: a) amortization costs associated with the modification and vesting of LP Units and certain other awards, b) the amortization of intangible assets associated with certain acquisitions, c) compensation charges associated with deferred consideration, retention awards and related compensation for The Lexicon Partnership LLP ("Lexicon") employees, d) professional fees for the expense associated with share based awards resulting from increases in the share price, which is required upon change in employment status, e) special charges incurred related to termination benefits, primarily consisting of cash severance and the acceleration of the vesting of restricted stock units, as well as the write-off of leasehold improvements in the Institutional Equities business and f) acquisition and transition costs primarily for professional fees for legal and other services incurred related to the Company’s agreement to acquire all of the outstanding equity interests of the operating businesses of ISI.

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

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

No clients accounted for more than 10% of the Company's consolidated Net Revenues for the three and nine months ended September 30, 2014.

The following information presents each segment's contribution.

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Investment Banking				
Net Revenues (1)	$ 203,028	$ 163,645	$ 522,202	$ 477,846
Operating Expenses	156,549	126,472	410,832	369,927
Other Expenses (2)	8,828	7,427	16,279	26,738
Operating Income	37,651	29,746	95,091	81,181
Income (Loss) from Equity Method Investments	(48)	—	455	460
Pre-Tax Income from Continuing Operations	$ 37,603	$ 29,746	$ 95,546	$ 81,641
Identifiable Segment Assets	$ 719,351	$ 611,266	$ 719,351	$ 611,266
Investment Management				
Net Revenues (1)	$ 24,133	$ 23,683	$ 71,768	$ 68,910
Operating Expenses	22,356	20,968	63,518	61,853
Other Expenses (2)	82	593	246	1,939
Operating Income	1,695	2,122	8,004	5,118
Income from Equity Method Investments	1,150	562	2,926	1,873
Pre-Tax Income from Continuing Operations	$ 2,845	$ 2,684	$ 10,930	$ 6,991
Identifiable Segment Assets	$ 504,400	$ 492,075	$ 504,400	$ 492,075
Total				
Net Revenues (1)	$ 227,161	$ 187,328	$ 593,970	$ 546,756
Operating Expenses	178,905	147,440	474,350	431,780
Other Expenses (2)	8,910	8,020	16,525	28,677
Operating Income	39,346	31,868	103,095	86,299
Income from Equity Method Investments	1,102	562	3,381	2,333
Pre-Tax Income from Continuing Operations	$ 40,448	$ 32,430	$ 106,476	$ 88,632
Identifiable Segment Assets	$ 1,223,751	$ 1,103,341	$ 1,223,751	$ 1,103,341

(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,	
	2014	2013	2014	2013
Investment Banking (A)	$ 850	$ (330)	$ (731)	$ (966)
Investment Management (B)	(644)	(555)	(1,725)	(1,854)
Total Other Revenue, net	$ 206	$ (885)	$ (2,456)	$ (2,820)

(A) Investment Banking Other Revenue, net, includes interest expense on the Senior Notes of $1,134 and $3,344 for the three and nine months ended September 30, 2014, respectively, and $1,098 and $3,281 for the three and nine months ended September 30, 2013, respectively.
(B) Investment Management Other Revenue, net, includes interest expense on the Senior Notes of $956 and $2,820 for the three and nine months ended September 30, 2014, respectively, and $927 and $2,770 for the three and nine months ended September 30, 2013, respectively.

(2) Other Expenses are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2014	2013	2014	2013
Investment Banking				
Amortization of LP Units and Certain Other Awards	$ —	$ 4,304	$ —	$ 13,513
Acquisition Related Compensation Charges	592	3,123	6,371	13,225
Special Charges	3,732	—	3,732	—
Intangible Asset Amortization	382	—	382	—
Professional Fees	—	—	1,672	—
Acquisition and Transition Costs	4,122	—	4,122	—
Total Investment Banking	8,828	7,427	16,279	26,738
Investment Management				
Amortization of LP Units and Certain Other Awards	—	511	—	1,693
Intangible Asset Amortization	82	82	246	246
Total Investment Management	82	593	246	1,939
Total Other Expenses	$ 8,910	$ 8,020	$ 16,525	$ 28,677

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,	
	2014	2013	2014	2013
Net Revenues: (1)				
United States	$ 127,478	$ 131,499	$ 377,907	$ 379,950
Europe and Other	89,146	37,465	173,931	112,331
Latin America	10,331	19,249	44,588	57,295
Total	$ 226,955	$ 188,213	$ 596,426	$ 549,576

(1) Excludes Other Revenue and Interest Expense.

The substantial majority of the Company's long-lived assets are located in the United States and the United Kingdom.

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

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

Forward-Looking Statements

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

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these forward-looking statements. All statements other than statements of historical fact are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. We believe these factors include, but are not limited to, those described under "Risk Factors" discussed in the Annual Report on Form 10-K for the year ended December 31, 2013. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this report. We undertake no obligation to publicly update or review any forward-looking statement. We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Key Financial Measures

Revenue

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

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. 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 revenues 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 and commissions are recorded on a trade-date basis or, in the case of payments under commission sharing arrangements, on the date earned.

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

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

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

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

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

Operating Expenses

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

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

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

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

Non-Compensation Expenses. The balance of our operating expenses includes costs for occupancy and equipment rental, professional fees, travel and related expenses, communications and information technology services, depreciation and

amortization, acquisition and transition costs and other operating expenses. We refer to all of these expenses as non-compensation expenses.

Other Expenses

Other Expenses include: a) amortization costs associated with the modification and vesting of LP Units and certain other awards, b) the amortization of intangible assets associated with certain acquisitions, c) compensation charges associated with deferred consideration, retention awards and related compensation for Lexicon employees, d) professional fees for the expense associated with share based awards resulting from increases in the share price, which is required upon change in employment status, e) special charges incurred related to termination benefits, primarily consisting of cash severance and the acceleration of the vesting of restricted stock units, as well as the write-off of leasehold improvements in the Institutional Equities business and f) acquisition and transition costs primarily for professional fees for legal and other services incurred related to the Company's agreement to acquire all of the outstanding equity interests of the operating businesses of ISI.

Income from Equity Method Investments

Our share of the income (loss) from our equity interests in G5 | Evercore, ABS and Pan (consolidated on March 15, 2013 and sold on December 3, 2013) 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.

Discontinued Operations

We completed the sale of Pan in December 2013. Accordingly, the historical results of Pan have been included within Discontinued Operations on the Unaudited Condensed Consolidated Statements of Operations.

Noncontrolling Interest

We record noncontrolling interest relating to the ownership interests of our current and former Senior Managing Directors, their estate planning vehicles and Trilantic (through October 2013) in Evercore LP, as well as the portions of our operating subsidiaries not owned by Evercore. As described in Note 12 to our unaudited condensed consolidated financial statements herein, Evercore Partners Inc. is the sole general partner of Evercore LP and has a majority economic interest in Evercore LP. As a result, Evercore Partners Inc. consolidates Evercore LP and records a noncontrolling interest for the economic interest in Evercore LP held by the limited partners.

We generally allocate net income or loss to noncontrolling interests held at Evercore LP and at the operating entity level, where required, by multiplying the vested equity ownership percentage of the noncontrolling interest holders for the period by the net income or loss of the entity to which the noncontrolling interest relates. In circumstances where the governing documents of the entity to which the noncontrolling interest relates require special allocations of profits or losses to the controlling and noncontrolling interest holders, then the net income or loss of these entities will be allocated based on these special allocations.

Results of Operations

The following is a discussion of our results from continuing operations for the three and nine months ended September 30, 2014 and 2013. 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.

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 us to predict all risks and uncertainties, nor can we assess the impact of all potentially applicable 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.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
	(dollars in thousands, except per share data)					
Revenues						
Investment Banking Revenue	$ 202,178	$ 163,975	23%	$ 522,933	$ 478,812	9%
Investment Management Revenue	24,777	24,238	2%	73,493	70,764	4%
Other Revenue	4,170	2,934	42%	8,861	7,466	19%
Total Revenues	231,125	191,147	21%	605,287	557,042	9%
Interest Expense	3,964	3,819	4%	11,317	10,286	10%
Net Revenues	227,161	187,328	21%	593,970	546,756	9%
Expenses						
Operating Expenses	178,905	147,440	21%	474,350	431,780	10%
Other Expenses	8,910	8,020	11%	16,525	28,677	(42%)
Total Expenses	187,815	155,460	21%	490,875	460,457	7%
Income Before Income from Equity Method Investments and Income Taxes	39,346	31,868	23%	103,095	86,299	19%
Income from Equity Method Investments	1,102	562	96%	3,381	2,333	45%
Income Before Income Taxes	40,448	32,430	25%	106,476	88,632	20%
Provision for Income Taxes	15,264	12,350	24%	38,214	37,215	3%
Net Income from Continuing Operations	25,184	20,080	25%	68,262	51,417	33%
Discontinued Operations						
Income (Loss) from Discontinued Operations	—	(2,811)	NM	—	(4,236)	NM
Provision (Benefit) for Income Taxes	—	(985)	NM	—	(1,462)	NM
Net Income (Loss) from Discontinued Operations	—	(1,826)	NM	—	(2,774)	NM
Net Income	25,184	18,254	38%	68,262	48,643	40%
Net Income Attributable to Noncontrolling Interest	875	4,292	(80%)	9,120	12,286	(26%)
Net Income Attributable to Evercore Partners Inc.	$ 24,309	$ 13,962	74%	$ 59,142	$ 36,357	63%
Diluted Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders						
From Continuing Operations	$ 0.58	$ 0.39	49%	$ 1.41	$ 1.00	41%
From Discontinued Operations	—	(0.03)	NM	—	(0.04)	NM
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$ 0.58	$ 0.36	61%	$ 1.41	$ 0.96	47%

As of September 30, 2014 and 2013 we employed approximately 1,050 and 1,000 people, respectively, worldwide.

Three Months Ended September 30, 2014 versus September 30, 2013

Net Revenues were $227.2 million for the three months ended September 30, 2014, an increase of $39.8 million, or 21%, versus Net Revenues of $187.3 million for the three months ended September 30, 2013. Investment Banking Revenue increased 23% and Investment Management Revenue increased 2% compared to the three months ended September 30, 2013. See the segment discussion below for further information. Other Revenue for the three months ended September 30, 2014 was higher than for the three months ended September 30, 2013 primarily as a result of an expense reimbursement during the third quarter of 2014. Net Revenues include interest expense on our Senior Notes.

Total Operating Expenses were $178.9 million for the three months ended September 30, 2014, as compared to $147.4 million for the three months ended September 30, 2013, an increase of $31.5 million, or 21%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $136.0 million for the three months ended September 30, 2014,

an increase of $25.6 million, or 23%, versus expense of $110.4 million for the three months ended September 30, 2013. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses as a component of Operating Expenses were $42.9 million for the three months ended September 30, 2014, an increase of $5.8 million, or 16%, over non-compensation operating expenses of $37.1 million for the three months ended September 30, 2013. Non-compensation operating expenses increased compared to the three months ended September 30, 2013 primarily as a result of the addition of personnel, increased new business costs associated with higher levels of global transaction activity and higher professional fees associated with a limited number of investment bankers serving under consulting contracts.

Total Other Expenses of $8.9 million for the three months ended September 30, 2014 included acquisition related compensation costs of $0.6 million, special charges of $3.7 million, acquisition and transition costs of $4.1 million and amortization of intangibles of $0.5 million. Total Other Expenses of $8.0 million for the three months ended September 30, 2013 included compensation costs associated with the vesting of LP Units and certain other awards of $4.8 million, acquisition related compensation costs of $3.1 million and amortization of intangibles of $0.1 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 60% for the three months ended September 30, 2014, compared to 63% for the three months ended September 30, 2013.

Income from Equity Method Investments was $1.1 million for the three months ended September 30, 2014, as compared to $0.6 million for the three months ended September 30, 2013. The increase was primarily a result of an increase in earnings from ABS and G5 | Evercore.

The provision for income taxes for the three months ended September 30, 2014 was $15.3 million, which reflected an effective tax rate of 38%. The provision was impacted by the noncontrolling interest associated with LP Units, state, local and foreign taxes and other adjustments. The provision for income taxes for the three months ended September 30, 2013 was $12.4 million, which reflected an effective tax rate of 38%. The provision was impacted by the vesting of LP Units, which were fully vested as of December 31, 2013, as well as the noncontrolling interest associated with LP Units.

Noncontrolling Interest was $0.9 million for the three months ended September 30, 2014 compared to $4.3 million for the three months ended September 30, 2013 (which includes noncontrolling interest related to discontinued operations of ($0.8) million). The decrease reflects losses in the Institutional Equities business and a decrease in the percentage of Evercore LP not owned by the Company.

Nine Months Ended September 30, 2014 versus September 30, 2013

Net Revenues were $594.0 million for the nine months ended September 30, 2014, an increase of $47.2 million, or 9%, versus Net Revenues of $546.8 million for the nine months ended September 30, 2013. Investment Banking Revenue increased 9% and Investment Management Revenue increased 4% compared to the nine months ended September 30, 2013. See the segment discussion below for further information. Other Revenue for the nine months ended September 30, 2014 was 19% higher than for the nine months ended September 30, 2013 primarily as a result of an expense reimbursement during the third quarter of 2014. Net Revenues include interest expense on our Senior Notes.

Total Operating Expenses were $474.4 million for the nine months ended September 30, 2014, as compared to $431.8 million for the nine months ended September 30, 2013, an increase of $42.6 million, or 10%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $350.9 million for the nine months ended September 30, 2014, an increase of $27.6 million, or 9%, versus expense of $323.3 million for the nine months ended September 30, 2013. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses as a component of Operating Expenses were $123.4 million for the nine months ended September 30, 2014, an increase of $14.9 million, or 14%, over non-compensation operating expenses of $108.5 million for the nine months ended September 30, 2013. Non-compensation operating expenses increased compared to the nine months ended September 30, 2013 primarily as a result of the addition of personnel, increased new business costs associated with higher levels of global transaction activity and higher professional fees associated with a limited number of investment bankers serving under consulting contracts.

Total Other Expenses of $16.5 million for the nine months ended September 30, 2014 included acquisition related compensation costs of $6.4 million, special charges of $3.7 million, professional fees of $1.7 million, acquisition and transition costs of $4.1 million and amortization of intangibles of $0.6 million. Total Other Expenses of $28.7 million for the nine months ended September 30, 2013 included compensation costs associated with the vesting of LP Units and certain other awards of $15.2 million, acquisition related compensation costs of $13.2 million and amortization of intangibles of $0.2 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 60% for the nine months ended September 30, 2014, compared to 64% for the nine months ended September 30, 2013.

Income from Equity Method Investments was $3.4 million for the nine months ended September 30, 2014, as compared to $2.3 million for the nine months ended September 30, 2013. 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, 2014 was $38.2 million, which reflected an effective tax rate of 36%. The provision was impacted by the noncontrolling interest associated with LP Units, state, local and foreign taxes and other adjustments. The provision for income taxes for the nine months ended September 30, 2013 was $37.2 million, which reflected an effective tax rate of 42%. The provision was impacted by the vesting of LP Units, which were fully vested as of December 31, 2013, as well as the noncontrolling interest associated with LP Units and the release of valuation allowances for certain deferred tax assets.

Noncontrolling Interest was $9.1 million for the nine months ended September 30, 2014 compared to $12.3 million for the nine months ended September 30, 2013 (which includes noncontrolling interest related to discontinued operations of ($1.2) million). The decrease reflects losses in the Institutional Equities business and a decrease in the percentage of Evercore LP not owned by the Company.

Impairment of Assets

During the third quarter of 2014, there were no material changes in the facts and assumptions related to the November 30, 2013 impairment assessment that would have caused the Company to reach a different conclusion. As such, the Company considered the criteria required by ASC 350, *"Intangibles - Goodwill and Other"*, and ASC 360, *"Property, Plant, and Equipment"*, and concluded that there were no triggering events during the third quarter of 2014 that would have required a Step 1 impairment assessment.

Business Segments

The following data presents revenue, expenses and contributions from our equity method investments included within continuing operations, 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,		
	2014	2013	Change	2014	2013	Change
			(dollars in thousands)			
Revenues						
Investment Banking Revenue:						
Advisory Revenue	$ 190,863	$ 151,154	26%	$ 482,553	$ 433,371	11%
Commission Revenue	5,874	6,818	(14%)	21,643	21,406	1%
Underwriting Revenue	5,441	6,003	(9%)	18,737	24,035	(22%)
Total Investment Banking Revenue (1)	202,178	163,975	23%	522,933	478,812	9%
Other Revenue, net (2)	850	(330)	NM	(731)	(966)	24%
Net Revenues	203,028	163,645	24%	522,202	477,846	9%
Expenses						
Operating Expenses	156,549	126,472	24%	410,832	369,927	11%
Other Expenses	8,828	7,427	19%	16,279	26,738	(39%)
Total Expenses	165,377	133,899	24%	427,111	396,665	8%
Operating Income (3)	37,651	29,746	27%	95,091	81,181	17%
Income (Loss) from Equity Method Investments	(48)	—	NM	455	460	(1%)
Pre-Tax Income from Continuing Operations	$ 37,603	$ 29,746	26%	$ 95,546	$ 81,641	17%

(1) Includes client related expenses of $5.6 million and $12.6 million for the three and nine months ended September 30, 2014, respectively, and $3.4 million and $9.6 million for the three and nine months ended September 30, 2013, respectively.

(2) Includes interest expense on the Senior Notes of $1.1 million and $3.3 million for the three and nine months ended September 30, 2014, respectively, and $1.1 million and $3.3 million for the three and nine months ended September 30, 2013, respectively.

(3) Includes Noncontrolling Interest of ($2.7) million and ($4.2) million for the three and nine months ended September 30, 2014, respectively, and $0.1 million and $0.7 million for the three and nine months ended September 30, 2013, respectively.

For the three months ended September 30, 2014, the dollar value of North American announced and completed M&A activity increased 48% and 38%, respectively, compared to the three months ended September 30, 2013, while the dollar value of Global announced and completed M&A activity for the three months ended September 30, 2014 increased 32% and 39%, respectively, compared to the three months ended September 30, 2013. For the nine months ended September 30, 2014, the dollar value of North American announced and completed M&A activity increased 61% and 20%, respectively, compared to the nine months ended September 30, 2013, while the dollar value of Global announced and completed M&A activity for the nine months ended September 30, 2014 increased 59% and 6%, respectively, compared to the nine months ended September 30, 2013:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2014	2013	Change	2014	2013	Change
Industry Statistics ($ in billions) *						
Value of North American M&A Deals Announced	$ 504	$ 340	48%	$ 1,306	$ 812	61%
Value of North American M&A Deals Completed	$ 231	$ 168	38%	$ 809	$ 673	20%
Value of Global M&A Deals Announced	$ 878	$ 665	32%	$ 2,648	$ 1,663	59%
Value of Global M&A Deals Completed	$ 538	$ 388	39%	$ 1,605	$ 1,515	6%
Evercore Statistics **						
Total Number of Fee Paying Advisory Clients	162	136	19%	310	269	15%
Investment Banking Fees of at Least $1 million from Advisory Clients	50	31	61%	117	95	23%

* Source: Thomson Reuters October 1, 2014
** Includes revenue generating clients only

Investment Banking Results of Operations

Three Months Ended September 30, 2014 versus September 30, 2013

Net Investment Banking Revenues were $203.0 million for the three months ended September 30, 2014 compared to $163.6 million for the three months ended September 30, 2013, which represented an increase of 24%. We earned advisory fees from 162 clients for the three months ended September 30, 2014 compared to 136 for the three months ended September 30, 2013, representing a 19% increase. We had 50 fees in excess of $1.0 million for the three months ended September 30, 2014, compared to 31 for the three months ended September 30, 2013, representing a 61% increase. The increase in revenues from the three months ended September 30, 2013 primarily reflects an increase in Advisory revenue during the three months ended September 30, 2014 from our U.S. and U.K. businesses. Underwriting Revenue decreased 9% from the three months ended September 30, 2013 primarily due to a decrease in underwriting deals in our Mexico business.

Operating Expenses were $156.5 million for the three months ended September 30, 2014 compared to $126.5 million for the three months ended September 30, 2013, which represented an increase of $30.1 million, or 24%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $121.5 million for the three months ended September 30, 2014, as compared to $96.7 million for the three months ended September 30, 2013, an increase of $24.8 million, or 26%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $35.1 million for the three months ended September 30, 2014, as compared to $29.8 million for the three months ended September 30, 2013, an increase of $5.3 million, or 18%. Non-compensation operating expenses increased from the prior year primarily driven by the addition of personnel within the business, increased new business costs associated with high levels of global transaction activity and higher professional fees associated with a limited number of investment bankers serving under consulting contracts.

Other Expenses of $8.8 million for the three months ended September 30, 2014 included acquisition related compensation costs of $0.6 million, special charges of $3.7 million, amortization of intangibles of $0.4 million and acquisition and transition costs of $4.1 million. Other Expenses of $7.4 million for the three months ended September 30, 2013 included compensation costs associated with the vesting of LP Units and certain other awards of $4.3 million and acquisition related compensation costs of $3.1 million.

Nine Months Ended September 30, 2014 versus September 30, 2013

Net Investment Banking Revenues were $522.2 million for the nine months ended September 30, 2014 compared to $477.8 million for the nine months ended September 30, 2013, which represented an increase of 9%. We earned advisory fees from 310 clients for the nine months ended September 30, 2014 compared to 269 for the nine months ended September 30, 2013, representing a 15% increase. We had 117 fees in excess of $1.0 million for the nine months ended September 30, 2014, compared to 95 for the nine months ended September 30, 2013, representing a 23% increase. The increase in revenues from the nine months ended September 30, 2013 primarily reflects an increase in Advisory revenue during the nine months ended September 30, 2014 in our U.S. and U.K. businesses. Underwriting Revenue decreased 22% from the nine months ended September 30, 2013 primarily due to a decrease in underwriting deals in our Mexico business.

Operating Expenses were $410.8 million for the nine months ended September 30, 2014 compared to $369.9 million for the nine months ended September 30, 2013, an increase of $40.9 million, or 11%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $309.1 million for the nine months ended September 30, 2014, as compared to $282.7 million for the nine months ended September 30, 2013, an increase of $26.4 million, or 9%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses and higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $101.8 million for the nine months ended September 30, 2014, as compared to $87.2 million for the nine months ended September 30, 2013, an increase of $14.6 million, or 17%. Non-compensation operating expenses increased from the prior year primarily driven by the addition of personnel within the business, increased new business costs associated with high levels of global transaction activity and higher professional fees associated with a limited number of investment bankers serving under consulting contracts.

Other Expenses of $16.3 million for the nine months ended September 30, 2014 included acquisition related compensation costs of $6.4 million, special charges of $3.7 million, amortization of intangibles of $0.4 million, professional fees of $1.7 million and acquisition and transition costs of $4.1 million. Other Expenses of $26.7 million for the nine months ended September 30, 2013 included compensation costs associated with the vesting of LP Units and certain other awards of $13.5 million and acquisition related compensation costs of $13.2 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,		
	2014	2013	Change	2014	2013	Change
	(dollars in thousands)					
Revenues						
Investment Advisory and Management Fees:						
Wealth Management	$ 7,906	$ 7,006	13%	$ 22,592	$ 20,120	12%
Institutional Asset Management	11,778	10,700	10%	34,422	32,289	7%
Private Equity	2,055	2,351	(13%)	6,104	8,275	(26%)
Total Investment Advisory and Management Fees	21,739	20,057	8%	63,118	60,684	4%
Realized and Unrealized Gains:						
Institutional Asset Management	1,367	1,518	(10%)	4,742	4,867	(3%)
Private Equity	1,671	2,663	(37%)	5,633	5,213	8%
Total Realized and Unrealized Gains	3,038	4,181	(27%)	10,375	10,080	3%
Investment Management Revenue (1)	24,777	24,238	2%	73,493	70,764	4%
Other Revenue, net (2)	(644)	(555)	(16%)	(1,725)	(1,854)	7%
Net Investment Management Revenues	24,133	23,683	2%	71,768	68,910	4%
Expenses						
Operating Expenses	22,356	20,968	7%	63,518	61,853	3%
Other Expenses	82	593	(86%)	246	1,939	(87%)
Total Expenses	22,438	21,561	4%	63,764	63,792	—%
Operating Income (3)	1,695	2,122	(20%)	8,004	5,118	56%
Income from Equity Method Investments (4)	1,150	562	105%	2,926	1,873	56%
Pre-Tax Income from Continuing Operations	$ 2,845	$ 2,684	6%	$ 10,930	$ 6,991	56%

(1) Includes transaction-related client reimbursements of $0.1 million for the nine months ended September 30, 2014 and 2013.
(2) Includes interest expense on the Senior Notes of $1.0 million and $2.8 million for the three and nine months ended September 30, 2014, respectively, and $0.9 million and $2.8 million for the three and nine months ended September 30, 2013, respectively.
(3) Includes Noncontrolling Interest of $0.3 million and $3.1 million for the three and nine months ended September 30, 2014, respectively, and $0.6 million and $1.5 million for the three and nine months ended September 30, 2013, respectively.
(4) Equity in G5 | Evercore, ABS and Pan is classified as Income from Equity Method Investments. The Company's investment in Pan was consolidated during the first quarter of 2013.

Investment Management Results of Operations

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

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

ECP II earned management fees of 1% of invested capital through December 21, 2013, the technical termination of the fund. No management fees were earned by the Company in 2013. We earn management fees on EMCP II and EMCP III of 2.0% per annum of committed capital during its investment period, and 2.0% per annum on net funded capital thereafter. In addition, the general partner of the private equity funds earns carried interest of 20% based on the fund’s performance, provided it exceeds preferred return hurdles to its limited partners. We own 8%-9% of the carried interest earned by the general partner of

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

In the event the funds perform below certain thresholds we may be obligated to repay certain carried interest previously distributed. As of September 30, 2014, we had $2.7 million of previously received carried interest that may be subject to repayment.

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

Assets Under Management

AUM for our Investment Management business of $14.5 billion at September 30, 2014 increased from $13.6 billion at December 31, 2013. The amounts of AUM presented in the table below reflect the assets for which we charge a management fee. These assets reflect the fair value of assets managed on behalf of Institutional Asset Management and Wealth Management clients, and the amount of either the invested or committed capital of the Private Equity funds. As defined in ASC 820, valuations performed for Level I investments are based on quoted prices obtained from active markets generated by third parties and Level II investments are valued through the use of models based on either direct or indirect observable inputs in the use of models or other valuation methodologies performed by third parties to determine fair value. For both the Level I and Level II investments, we obtain both active quotes from nationally recognized exchanges and third-party pricing services to determine market or fair value quotes, respectively. Wealth Management maintained 65% and 63% of Level I investments and 35% and 37% of Level II investments as of September 30, 2014 and December 31, 2013, respectively, and Institutional Asset Management maintained 88% and 91% of Level I investments and 12% and 9% of Level II investments as of September 30, 2014 and December 31, 2013, respectively. As noted above, Private Equity AUM is not presented at fair value, but reported at either invested or committed capital in line with fee arrangements.

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

The following table summarizes AUM activity for the nine months ended September 30, 2014:

	Wealth Management	Institutional Asset Management	Private Equity	Total
	(dollars in millions)			
Balance at December 31, 2013	$ 4,874	$ 8,374	$ 385	$ 13,633
Inflows	703	2,202	—	2,905
Outflows	(393)	(2,235)	(11)	(2,639)
Market Appreciation	273	310	—	583
Balance at September 30, 2014	$ 5,457	$ 8,651	$ 374	$ 14,482
Unconsolidated Affiliates - Balance at September 30, 2014:				
G5 | Evercore	$ 2,217	$ —	$ —	$ 2,217
ABS	$ —	$ 4,533	$ —	$ 4,533

The following table represents the composition of our AUM for Wealth Management and Institutional Asset Management as of September 30, 2014:

	Wealth Management	Institutional Asset Management
Equities	60%	60%
Fixed Income	33%	36%
Liquidity (1)	6%	3%
Alternatives	1%	1%
Total	100%	100%

(1) Includes cash and 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, 2014, AUM for Wealth Management increased 12%, reflecting a 6% increase due to flows and a 6% increase due to market appreciation. Wealth Management outperformed the S&P 500 on a 1 and 3 year basis by 2% and 1%, respectively, during the period and tracked the fixed income composite. For the period, the S&P 500 was up 8%, while the fixed income composite increased by 4%.

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

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

For the nine months ended September 30, 2014, AUM for Institutional Asset Management increased 3%, reflecting a 1% decrease due to flows and a 4% increase due to market appreciation. This principally reflects an increase in AUM for ECB. ECB's AUM increase reflects strong investment performance and the continued marketing efforts to expand the market share of the business. AUM for Atalanta Sosnoff decreased, as their three year performance lagged benchmarks.

Our Private Equity business includes the assets of funds which our Private Equity professionals manage. These funds include ECP II, the Discovery Fund, EMCP II and EMCP III. AUM for Private Equity decreased 3% for the nine months ended September 30, 2014 from outflows related to the continued wind-down of the U.S. Private Equity business.

AUM from our unconsolidated affiliates increased from December 31, 2013 primarily related to positive performance in ABS.

Three Months Ended September 30, 2014 versus September 30, 2013

Net Investment Management Revenues were $24.1 million for the three months ended September 30, 2014, compared to $23.7 million for the three months ended September 30, 2013. Investment Advisory and Management Fees earned from the management of client portfolios and other investment advisory services increased 8% from the three months ended September 30, 2013, primarily reflecting an increase in AUM in Wealth Management and in Institutional Asset Management, partially offset by a decrease in Private Equity fees. Fee-based revenues included minimal revenues from performance fees during the three months ended September 30, 2014 and $0.02 million during the three months ended September 30, 2013. Realized and Unrealized Gains decreased from the prior year primarily resulting from lower gains in our private equity funds. Income from Equity Method Investments increased from the three months ended September 30, 2013 primarily as a result of an increase in earnings from our investments in ABS and G5 | Evercore.

Operating Expenses were $22.4 million for the three months ended September 30, 2014, as compared to $21.0 million for the three months ended September 30, 2013, an increase of $1.4 million, or 7%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $14.5 million for the three months ended September 30, 2014, as compared to $13.7 million for the three months ended September 30, 2013, an increase of $0.8 million, or 6%. The increase was due primarily to higher discretionary incentive compensation. Non-compensation expenses, as a component of Operating Expenses, were $7.9 million for the three months ended September 30, 2014, as compared to $7.3 million for the three months ended September 30, 2013, an increase of $0.6 million, or 8%.

Other Expenses of $0.1 million for the three months ended September 30, 2014 were related to amortization of intangibles. Other Expenses of $0.6 million for the three months ended September 30, 2013 included compensation costs associated with the vesting of LP Units and certain other awards of $0.5 million and amortization of intangibles of $0.1 million.

Nine Months Ended September 30, 2014 versus September 30, 2013

Net Investment Management Revenues were $71.8 million for the nine months ended September 30, 2014, compared to $68.9 million for the nine months ended September 30, 2013. Investment Advisory and Management Fees earned from the management of client portfolios and other investment advisory services increased 4% from the nine months ended September 30, 2013, primarily reflecting an increase in AUM in Wealth Management and in Institutional Asset Management, partially offset by a decrease in Private Equity fees. Fee-based revenues included $0.2 million of revenues from performance fees during the nine months ended September 30, 2014 compared to $0.4 million during the nine months ended September 30, 2013. Realized and Unrealized Gains increased from the prior year primarily resulting from gains in our private equity funds, which were principally driven by unrealized gains on portfolio companies in the U.S. and Mexico. Income from Equity Method Investments increased from the nine months ended September 30, 2013 primarily as a result of an increase in earnings from our investments in ABS.

Operating Expenses were $63.5 million for the nine months ended September 30, 2014, as compared to $61.9 million for the nine months ended September 30, 2013, an increase of $1.7 million, or 3%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $41.9 million for the nine months ended September 30, 2014, as compared to $40.6 million for the nine months ended September 30, 2013, an increase of $1.3 million, or 3%. The increase was due primarily to higher costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $21.7 million for the nine months ended September 30, 2014, as compared to $21.3 million for the nine months ended September 30, 2013, an increase of $0.4 million, or 2%.

Other Expenses of $0.2 million for the nine months ended September 30, 2014 were related to amortization of intangibles. Other Expenses of $1.9 million for the nine months ended September 30, 2013 included compensation costs associated with the vesting of LP Units and certain other awards of $1.7 million and amortization of intangibles of $0.2 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 Senior Notes. Investment Banking advisory fees are generally collected within 90 days of billing. However, placement fees may be collected within 180 days of billing, with certain fees being collected in a period exceeding one year. Management fees from our private equity investment management activities are generally billed in advance but collected at the end of a half year period from billing. Fees from our Wealth Management and Institutional Asset Management businesses are generally billed and collected within 90 days. We traditionally pay a substantial portion of incentive compensation to personnel in the Investment Banking business and to executive officers during the first three months of each calendar year with respect to the prior year's results. Our investing and financing cash flows are primarily influenced by activities to deploy capital to fund investments and acquisitions, raise capital through the issuance of stock or debt, repurchase of outstanding Class A shares, and/or noncontrolling interest in Evercore LP, as well as our other subsidiaries, payment of dividends and other periodic distributions to our stakeholders. We generally make dividend payments and other distributions on a quarterly basis. A summary of our operating, investing and financing cash flows is as follows:

	For the Nine Months Ended September 30,	
	2014	2013
	(dollars in thousands)	
Cash Provided By (Used In)		
Operating activities:		
Net income	$ 68,262	$ 48,643
Non-cash charges	117,855	107,826
Other operating activities	(96,866)	(37,667)
Operating activities	89,251	118,802
Investing activities	(5,340)	(5,476)
Financing activities	(140,982)	(127,376)
Effect of exchange rate changes	(2,313)	(1,583)
Net Increase (Decrease) in Cash and Cash Equivalents	(59,384)	(15,633)
Cash and Cash Equivalents		
Beginning of Period	298,453	259,431
End of Period	$ 239,069	$ 243,798

Nine Months Ended September 30, 2014. Cash and Cash Equivalents were $239.1 million at September 30, 2014, a decrease of $59.4 million versus Cash and Cash Equivalents of $298.5 million at December 31, 2013. Operating activities resulted in a net inflow of $89.3 million, primarily related to earnings, offset by a decrease in accrued compensation and benefits and an increase in other assets. Cash of $5.3 million was used in investing activities primarily related to investments purchased and purchases of furniture, equipment and leasehold improvements, partially offset by net proceeds from maturities and sales of our marketable securities. Financing activities during the period used cash of $141.0 million, primarily for the payment of dividends and distributions to noncontrolling interest holders, as well as treasury stock and noncontrolling interest purchases.

Nine Months Ended September 30, 2013. Cash and Cash Equivalents were $243.8 million at September 30, 2013, a decrease of $15.6 million versus Cash and Cash Equivalents of $259.4 million at December 31, 2012. Operating activities resulted in a net inflow of $118.8 million, primarily related to earnings, offset by a decrease in accrued compensation and benefits and taxes payable and an increase in other assets. Cash of $5.5 million was used in investing activities primarily related to net purchases of marketable securities and investments and purchases of furniture, equipment and leasehold improvements. Financing activities during the period used cash of $127.4 million, primarily for the payment of dividends, distributions to noncontrolling interest holders and treasury stock and noncontrolling interest purchases.

Liquidity and Capital Resources

General

Our current assets include Cash and Cash Equivalents, Marketable Securities and Accounts Receivable relating to Investment Banking and Investment Management revenues. Our current liabilities include accrued expenses and accrued employee compensation. 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. Cash distributions related to partnership tax allocations are made to the partners of Evercore LP 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 are paid when and if declared by the Board of Directors, which is generally quarterly.

We regularly monitor our liquidity position, including cash, other significant working capital, current assets and liabilities, long-term liabilities, lease commitments and related fixed assets, principal investment commitments related to our Investment Management business, dividends on Class A Shares, partnership distributions and other capital transactions, as well as other matters relating to liquidity and compliance with regulatory requirements. Our liquidity is highly dependent on our revenue stream from our operations, principally from our Investment Banking business, which is a function of closing transactions and earning success fees, the timing and realization of which is irregular and dependent upon factors that are not subject to our control. Our revenue stream funds the payment of our expenses, including annual bonus payments, a portion of which are guaranteed, interest expense on our Senior Notes and 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. During periods of unfavorable market or economic conditions, the number and value of M&A transactions generally decrease, and they generally increase during periods of favorable market or economic conditions. Restructuring activity generally is counter-cyclical to M&A activity. In addition, during periods of unfavorable market conditions our Investment Management business may be impacted by reduced equity valuations and generate relatively lower revenue because fees we receive typically are in part based on the market value of underlying publicly-traded securities. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame and in an amount sufficient to match any decreases in revenue relating to changes in market and economic conditions. Reduced equity valuations resulting from future adverse economic events and/or market conditions may impact our performance and may result in future net redemptions of AUM from our clients, which would generally result in lower revenues and cash flows. These adverse conditions could also have an impact on our goodwill impairment assessment, which is done annually, as of November 30th, or more frequently if circumstances indicate impairment may have occurred. For a further discussion of risks related to our business, refer to "Risk Factors" in our Form 10-K for the year ended December 31, 2013.

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

In October 2013 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 5 million Class A Shares and/or LP Units for up to $250.0 million. On October 20, 2014 our Board of Directors authorized the repurchase of additional Class A Shares and/or LP Units so that going forward Evercore will be able to repurchase an aggregate of 7 million Class A Shares and/or LP Units for up to $350.0 million. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

During the nine months ended September 30, 2014, we repurchased 952,928 shares for $48.5 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, 2014, we repurchased 1,612,037 shares for $86.7 million primarily related to minimum tax withholding requirements of share deliveries.

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

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

together with any shares of Class A common stock (on an as-converted basis) transferred during the preceding 12 months, is less than 25% of the Company's outstanding Class A common stock. The Company has a right of first offer on any proposed transfer by Mizuho of the Warrants, Common Stock purchased in the open market or acquired by exercise of the Warrants and associated Common Stock issued as dividends.

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

Pursuant to the Purchase Agreement with Mizuho, Evercore is subject to certain nonfinancial covenants. As of September 30, 2014, we were in compliance with all of these covenants.

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

In 2013, we established a $25.0 million line of credit with First Republic Bank for funding working capital and other corporate activities. This facility is secured with certain of our Accounts Receivable outstanding from the date of the agreement and/or restricted cash included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition. The interest rate on this facility is the U.S. prime rate. The facility was renewed on June 24, 2014, and the maturity date was extended to June 27, 2015. On August 4, 2014, the Company drew down $25.0 million on this facility, which was repaid on September 29, 2014.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The intra-day facility is approximately $11.1 million and is secured with trading securities when used on an overnight basis. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points and is secured with trading securities. There have been no significant monies drawn on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

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 1.6 years, as of September 30, 2014, 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

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

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

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

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

As of September 30, 2014 and December 31, 2013, a summary of ECB's assets, liabilities and risk measures related to its collateralized financing activities is as follows:

	September 30, 2014		December 31, 2013	
	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	$ 94,254		$ 56,311	
Securities Purchased Under Agreements to Resell	5,115	$ 5,137	19,134	$ 19,112
Total Assets	99,369		75,445	
Liabilities				
Securities Sold Under Agreements to Repurchase	(99,484)	$ (99,573)	(75,563)	$ (75,708)
Net Liabilities	$ (115)		$ (118)	
Risk Measures				
VaR	$ 7		$ 7	
Stress Test:				
Portfolio sensitivity to a 100 basis point increase in the interest rate	$ (93)		$ (35)	
Portfolio sensitivity to a 100 basis point decrease in the interest rate	$ 93		$ 35	

Contractual Obligations

For a complete discussion of our contractual obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

As of September 30, 2014, 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 $9.2 million and $9.9 million as of September 30, 2014 and December 31, 2013, respectively. We expect to fund these commitments with cash flows from operations. We may be required to fund these commitments at any time through June 2022, depending on the timing and level of investments by our private equity funds.

We also have commitments related to our redeemable noncontrolling interests. The value of our redeemable noncontrolling interests, which principally includes noncontrolling interests held by the principals of EWM and Atalanta Sosnoff, decreased from $36.8 million as of December 31, 2013 to $15.4 million as of September 30, 2014, as recorded on our Unaudited Condensed Consolidated Statements of Financial Condition. The decrease resulted from a $34.6 million decrease related to noncontrolling interests held by the principals of EWM. In April 2014, the Company entered into a commitment to purchase 3,332 units, or 22%, of the aggregate amount of the outstanding EWM Class A units held by members of EWM for Class A Shares and LP Units of the Company, for a fair value of $7.1 million. This transaction settled on May 22, 2014 and increased the Company's ownership in EWM to 62%. In conjunction with this purchase, the Company amended the Amended and Restated Limited Liability Company Agreement of EWM. Per the amended agreement, the holders of certain EWM interests no longer have the option to redeem these capital interests for cash upon the event of the death or disability of the holder. Accordingly, the value of these interests has been reclassified from Redeemable Noncontrolling Interest to Noncontrolling Interest on the Unaudited Condensed Consolidated Statement of Financial Condition as of June 30, 2014. See Note 12 to our unaudited condensed consolidated financial statements for further information. The decrease was partially offset by an increase of $11.1 million to Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2014 as a result of cash committed to purchase noncontrolling interests from certain exiting employees in the Institutional Equities business. This purchase is contingent on the closing of the acquisition of ISI. See Note 15 to our unaudited condensed consolidated financial statements for further information.

On August 3, 2014, the Company entered into definitive contribution and exchange agreements to acquire all of the outstanding equity interests of the operating businesses of ISI, a leading independent research-driven equity sales and agency trading firm, and to acquire the approximately 40% interest in the Company's Institutional Equities business that it does not currently own. The sellers of ISI and the Company's Institutional Equities business will receive consideration of up to an aggregate 2.6 million vested and unvested Class E Units and up to an aggregate 5.4 million vested and unvested Class G and H Interests in Evercore LP, as well as a currently estimated $11.1 million in cash for certain sellers of the Institutional Equities business who are not receiving LP Units or Interests.

The sellers of ISI will receive vested and unvested Class E Units that are exchangeable on a one-for-one basis into Class A common stock of the Company subject to timing and other limitations, and vested and unvested Class G and H Interests in Evercore LP, which, when vested, will convert into a number of Class E Units and become exchangeable on a one-for-one basis into Class A common stock of the Company dependent on the financial performance of the combined business over the five years following closing. These units and interests will be allocated between purchase price and future compensation based on their underlying terms.

The sellers of the Institutional Equities business, who are not receiving cash, will receive vested Class E Units that are exchangeable on a one-for-one basis into Class A common stock of the Company subject to timing and other limitations, and vested Class G and H Interests in Evercore LP, which will convert into a number of Class E Units and become exchangeable on a one-for-one basis into Class A common stock of the Company dependent on the financial performance of the combined business over the five years following closing.

On October 31, 2014, the Company closed on its acquisition of ISI. Following the closing of the transactions, the Company will combine ISI's business with the Company's existing Institutional Equities business within the Investment Banking segment.

Off-Balance Sheet Arrangements

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

Market Risk and Credit Risk

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

Market and Investment Risk

Institutional Asset Management

We invest in funds managed by EWM. These funds principally hold readily-marketable investment securities. As of September 30, 2014, the fair value of our investments with these products, based on closing prices, was $6.3 million.

We estimate that a hypothetical 10% adverse change in the market value of the investments would have resulted in a decrease in pre-tax income of approximately $0.6 million for the three months ended September 30, 2014.

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

Private Equity Funds

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

We estimate that a hypothetical 10% adverse change in the value of the private equity funds would have resulted in a decrease in pre-tax income of approximately $2.3 million for the three months ended September 30, 2014.

Exchange Rate Risk

We have foreign operations, through our subsidiaries and affiliates, primarily in Mexico and the United Kingdom, as well as provide services to clients in other jurisdictions, which creates foreign exchange rate risk. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact to our financial results. A significant portion of our Latin American revenues have been, and will continue to be, derived from contracts denominated in Mexican pesos and Evercore Partners Limited's revenue and expenses are 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, 2014, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income within the Unaudited Condensed Consolidated Statement of Comprehensive Income was ($3.1) 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. However, we believe that we are not exposed to significant credit risk due to the financial position of the depository institution in which those deposits are held.

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to our clients. Receivables are reported net of any allowance for doubtful accounts. We maintain an allowance for bad debts to provide coverage for probable losses from our customer receivables and derive the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client’s creditworthiness. As of September 30, 2014 and December 31, 2013, total receivables amounted to $103.4 million and $83.3 million, respectively, net of an allowance. The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice, with the exception of placement fees, which are generally collected within 180 days of invoice. The collection period for restructuring transactions and private

equity fee receivables may exceed 90 days. We recorded minimal bad debt expense for each of the nine months ended September 30, 2014 and 2013.

With respect to our Marketable Securities portfolio, which is comprised primarily of highly-rated corporate and municipal bonds, mutual funds and securities investments, we manage our credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of September 30, 2014, we had Marketable Securities of $30.8 million, of which 67% were corporate and municipal securities, primarily with S&P ratings ranging from AAA to BB+.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements included in this report are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding future events that affect the amounts reported in our unaudited condensed consolidated financial statements and their notes, including reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base these estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates. For a complete discussion of our critical accounting policies and estimates, refer to our Annual Report on Form 10-K for the year ended December 31, 2013.

Performance Fees - Performance fees, or carried interest, are computed in accordance with the underlying private equity funds' partnership agreements and are based on investment performance over the life of each investment partnership. Historically, the Company recorded performance fee revenue from its managed private equity funds when the private equity funds' investment values exceeded certain threshold minimums. During the second quarter of 2014, the Company changed its method of recording performance fees such that the Company records performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. This method is considered the more preferable of the two methods accepted under ASC 605-20-S99-1. This change in accounting policy had no effect on the prior period information included on the Condensed Consolidated Statements of Operations and Condensed Consolidated Statements of Financial Condition in this Form 10-Q, or the Consolidated Statements of Operations and Consolidated Statements of Financial Condition in the Company's most recent Annual Report on Form 10-K.

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, 2014, 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

General

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.

Item 1A. Risk Factors

There have not been any material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2013.

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

Unregistered Sales

None

Issuer Purchases of Equity Securities

2014	Total Number of Shares (or Units) Purchased(1)	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(2)
July 1 to July 31	7,308	$ 57.66	—	4,735,023
August 1 to August 31	489,692	49.85	485,769	4,249,254
September 1 to September 30	346,016	50.06	202,182	4,047,072
Total	843,016	$ 50.00	687,951	4,047,072

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

(2) In October 2013, our Board authorized the repurchase of additional Class A Shares and/or LP so that we will be able to repurchase an aggregate of 5 million Class A Shares and/or LP Units for up to $250.0 million. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits and Financial Statement Schedules

Exhibit Number	Description
10.1	Contribution and Exchange Agreement, dated as of August 3, 2014, among ISI Holding, Inc., ISI Holding II, Inc., ISI Management Holdings LLC, ISI Holding, LLC, Edward S. Hyman, the holders of the Management Holdings management units set forth on Annex A thereto, Evercore LP, Evercore Partners Inc. and the Founder, solely in his capacity as the holders' representative (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on August 4, 2014)
10.2	Fourth Amended and Restated Limited Partnership Agreement of Evercore LP, effective as of October 31, 2014 (filed herewith)
10.3	Supplement to Fourth Amended and Restated Limited Partnership Agreement of Evercore LP, effective as of October 31, 2014 (filed herewith)
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, 2014, are formatted in XBRL (eXtensible Business Reporting Language); (i) Condensed Consolidated Statements of Financial Condition as of September 30, 2014 and December 31, 2013, (ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2014 and 2013, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2014 and 2013, (iv) Condensed Consolidated Statements of Changes In Equity for the nine months ended September 30, 2014 and 2013, (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013, and (vi) Notes to Condensed Consolidated Financial Statements (filed herewith)

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 6, 2014

Evercore Partners Inc.

By:	/s/ RALPH SCHLOSSTEIN
Name:	**Ralph Schlosstein**
Title:	**Chief Executive Officer and Director**
By:	/s/ ROBERT B. WALSH
Name:	**Robert B. Walsh**
Title:	**Chief Financial Officer**

Exhibit Index

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Exhibit 10.2

FOURTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

EVERCORE LP

Dated as of August 3, 2014

THE PARTNERSHIP UNITS AND INTERESTS OF EVERCORE LP HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES LAWS OF ANY STATE OR ANY OTHER APPLICABLE SECURITIES LAWS AND ARE BEING SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. SUCH UNITS AND INTERESTS MUST BE ACQUIRED FOR INVESTMENT ONLY AND MAY NOT BE OFFERED FOR SALE, PLEDGED, HYPOTHECATED, SOLD, ASSIGNED OR TRANSFERRED AT ANY TIME EXCEPT IN COMPLIANCE WITH (I) THE SECURITIES ACT, ANY APPLICABLE STATE SECURITIES LAWS, AND ANY OTHER APPLICABLE SECURITIES LAWS; (II) THE TERMS AND CONDITIONS OF THIS THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT; AND (III) ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THE UNITS AND INTERESTS MAY NOT BE TRANSFERRED OF RECORD EXCEPT IN COMPLIANCE WITH SUCH LAWS, THIS THIRD AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT AND ANY OTHER TERMS AND CONDITIONS AGREED TO IN WRITING BETWEEN THE GENERAL PARTNER AND THE APPLICABLE LIMITED PARTNER. THEREFORE, PURCHASERS AND OTHER TRANSFEREES OF SUCH UNITS AND INTERESTS WILL BE REQUIRED TO BEAR THE RISK OF THEIR INVESTMENT OR ACQUISITION FOR AN INDEFINITE PERIOD OF TIME.

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FOURTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

EVERCORE LP

This FOURTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this "Agreement") of Evercore LP (the "Partnership") is made as of the 3rd day of August, 2014, by and among Evercore Partners Inc., a corporation formed under the laws of the State of Delaware, as general partner, and the Limited Partners (as defined herein) of the Partnership.

W I T N E S S E T H:

WHEREAS, the Partnership was formed as a limited partnership pursuant to the Delaware Revised Uniform Limited Partnership Act, 6 Del. C. Section 17-101, et seq., as it may be amended from time to time (the "Act"), by the filing of a Certificate of Limited Partnership (the "Certificate") with the Office of the Secretary of State of the State of Delaware on May 12, 2006;

WHEREAS, the parties hereto desire to enter into this Agreement to amend and restate the Third Amended and Restated Limited Partnership Agreement of the Partnership dated as of June 15, 2014 (the "Original Agreement") pursuant to Sections 7.01 and 11.12(a) of the Original Agreement to reflect the creation and issuance of certain additional Class E Units, Class G Interests and Class H Interests (each, as defined below), subject to certain specified terms and conditions as expressly set forth herein and the General Partner has determined that this Agreement is necessary and appropriate in connection with the creation, authorization and issuance of the Class E Units, the Class G Interests and the Class H Interests;

WHEREAS, the General Partner has agreed to issue the Class E Units, the Class G Interests and the Class H Interests pursuant to the Contribution and Exchange Agreement, dated as of the date hereof (as the same may be amended, restated or modified from time to time, the "Contribution and Exchange Agreement"), by and among the Transferor, Management Holdings, the ISI Partners, the Holding Partners, the Founder, the Partnership, the General Partner and the Holders' Representative, the Transferor has agreed to distribute the Class E Units, Class G Interests and Class H Interests to its members in liquidation of the Transferor and Management Holdings has agreed to distribute the Class E Units, Class G Interests and Class H Interests to its members in liquidation; and

WHEREAS, the parties hereto desire to enter into this Fourth Amended and Restated Limited Partnership Agreement of the Partnership.

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree, effective as of, and conditioned upon the occurrence of, the Closing (as defined in the Contribution and Exchange Agreement), to amend and restate the Original Agreement in its entirety to read as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Capitalized terms used herein without definition have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"Acceleration Trigger Event" means the consummation of any transaction or series of related transactions (including, without limitation, any merger, consolidation, sale of equity interests, sale of assets or reorganization transaction) the direct or indirect result of which is that (i) any Person or Affiliated Group of Persons (other than the General Partner, a Founding Limited Partner or any of their respective Affiliates) (1) becomes the beneficial owner, directly or indirectly, of more than 50% of the then outstanding Partnership Units, (2) becomes the beneficial owner, directly or indirectly, of more than 50% of the voting power of the General Partner's then outstanding voting securities or (3) acquires all or substantially all of the assets of the General Partner, the Partnership and their respective subsidiaries and (ii) less than 50% of the members of the board of directors of the General Partner are persons who either (1) were members of the board of directors of the General Partner as of the Closing or (2) who became directors subsequent to the Closing and whose election or nomination for election was approved by a majority of the then incumbent directors who were either directors as of the Closing or whose election or nomination for elections was previously so approved.

"Act " has the meaning set forth in the recitals of this Agreement.

"Additional Credit Amount" has the meaning set forth in Section 4.01(b)(ii) of this Agreement.

"Additional Tax Distribution" has the meaning set forth in Section 4.01(c)(i) of this Agreement.

"Adjusted Capital Account Balance" means, with respect to each Partner, the balance in such Partner's Capital Account adjusted (i) by taking into account the adjustments, allocations and distributions described in U.S. Treasury Regulations Sections 1.704-1(b)(2)(ii)(c)(4), (5) and (6); and (ii) by adding to such balance such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, determined pursuant to Regulations Sections 1.704-2(g) and 1.704-2(i)(5) any amounts such Partner is obligated to restore pursuant to any provision of this Agreement or by applicable law. The foregoing definition of Adjusted Capital Account Balance is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" means, with respect to a specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person.

"Agreement" has the meaning set forth in the preamble of this Agreement.

"Alternative Consideration Amount" shall have the meaning set forth in Section 8.03(d)(v) of this Agreement.

"Annual Budget" has the definition set forth in the Operating Principles.

"Amended Tax Amount" has the meaning set forth in Section 4.01(b)(ii) of this Agreement.

"Assignee " has the meaning set forth in Section 8.08 of this Agreement.

"Assumed Tax Rate" means the highest effective marginal combined U.S. federal, state and local income tax rate for a Fiscal Year prescribed for an individual or corporate resident in New York, New York and earning income through a Subchapter S corporation that is fully taxable in New York, New York (and thus such rate shall include the New York City corporate-level tax rate on the income of such Subchapter S corporation), (taking into account (a) the nondeductibility of expenses subject to the limitation described in Section 67(a) and Section 68 of the Code and (b) the character (e.g., long-term or short-term capital gain or ordinary or exempt income) of the applicable income, but not taking into account the deductibility of state and local income taxes for U.S. federal income tax purposes). For the avoidance of doubt, the Assumed Tax Rate will be the same for all Partners.

"Available Cash" means, with respect to any fiscal period, the amount of cash on hand which the General Partner, in its reasonable discretion, deems available for distribution to the Partners, taking into account all debts, liabilities and obligations of the Partnership then due and amounts which the General Partner, in its reasonable discretion, deems necessary to expend or retain for working capital or to place into reserves for customary and usual claims with respect to the Partnership's operations.

"Beneficial Ownership" means such term as set forth in Rule 13d-3 under the Exchange Act.

"Business Day" shall have the meaning set forth in Section 8.12 of this Agreement.

"Capital Account" means the separate capital account maintained for each Partner in accordance with Section 5.03 hereof.

"Capital Contribution" means, with respect to any Partner, the aggregate amount of money contributed to the Partnership and the Carrying Value of any property (other than money), net of any liabilities assumed by the Partnership upon contribution or to which such property is subject, contributed to the Partnership pursuant to Article V.

"Carrying Value" means, with respect to any asset of the Partnership, the asset's adjusted basis for U.S. federal income tax purposes, except that the Carrying Values of all such assets shall be adjusted to equal their respective fair market values (as reasonably determined by the General Partner) in accordance with the rules set forth in Treasury Regulations Section 1.7041(b)(2)(iv)(f), except as otherwise provided herein, immediately prior to: (a) the date of the acquisition of any additional interest in the Partnership by any new or existing Partner in exchange for more than a de minimis capital contribution to the Partnership, (b) the date of the distribution of more than a de minimis amount of Partnership property (other than a pro rata distribution) to a Partner, (c) the date of a grant of any additional interest in the Partnership to any new or existing Partner as consideration for the provision of services to or for the benefit of the Partnership, or (d) in connection with the conversion of Class G Interests or Class H Interests into Class E Units on a Class G Conversion Date or Class H Conversion Date, the end of the immediately preceding calendar year; provided, that adjustments pursuant to clauses (a), (b), (c) and (d) above shall be made only if the General Partner in good faith determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners or required by regulations. The Carrying Value of any asset distributed to any Partner shall be adjusted immediately prior to such distribution to equal its gross fair market value. The Carrying Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of the asset as of the date of its contribution thereto. In the case of any asset that has a Carrying Value that differs from its adjusted tax basis, Carrying Value shall be adjusted by the amount of depreciation calculated for purposes of the definition of "Profits and Losses" rather than the amount of depreciation determined for U.S. federal income tax purposes.

"Cause " with respect to an ISI Partner who is party to an Employment Letter Agreement, shall have the meaning set forth therein and, with respect to all other ISI Partners, the meaning set forth in the Confidentiality, Non Solicitation and Proprietary Information Agreement between such ISI Partner and Evercore Partners Services East L.L.C.

"Certificate " has the meaning set forth in the recitals of this Agreement.

"Certificate of Incorporation" means the Amended and Restated Certificate of Incorporation of the General Partner, filed on August 16, 2006 with the Secretary of State of the State of Delaware pursuant to the Delaware General Corporation Law, as such certificate may be amended from time to time.

"Charity" means any organization that is organized and operated for a purpose described in Section 170(c) of the Code (determined without reference to Code Section 170(c)(2)(A)) and described in Code Sections 2055(a) and 2522 or any organization that is organized and operates according to the Mexican Civil Code for each of the federal entities and is incorporated for the realization of a common goal, which should not be mainly of an economic nature.

"Class" means the classes into which the interests in the Partnership or other Partnership securities created in accordance with Section 7.01 may be classified or divided from time to time by the General Partner in its sole discretion pursuant to the provisions of this Agreement. As of the date of this Agreement there are Class A Units, Class E Units, Class G Interests and Class H Interests. Subclasses within a Class shall not be separate Classes for purposes of this Agreement. For all purposes hereunder and under the Act, only such Classes expressly established under this Agreement, including by the General Partner in accordance with this Agreement, shall be deemed to be a class or group of partnership interests in the Partnership.

"Class A Common Stock" means Class A common stock, par value $0.01 per share, of the General Partner.

"Class A Units" means the Units of partnership interest in the Partnership designated as the "Class A Units" herein and having the rights pertaining thereto as are set forth in this Agreement.

"Class E Units" means the Units of partnership interest in the Partnership designated as the "Class E Units" herein and having the rights pertaining thereto as are set forth in this Agreement.

"Class G Catchup Condition" has the meaning provided in Annex A to the Operating Principles.

"Class G Conversion Date" has the meaning provided in Section 8.03(f) of this Agreement.

"Class G Conversion Ratio" has the meaning provided in Annex A to the Operating Principles.

"Class G Interests" means the Interests in the Partnership designated as the "Class G Interests" herein and having the rights pertaining thereto as are set forth in this Agreement.

"Class H Conversion Date" has the meaning provided in Section 8.03(g) of this Agreement.

"Class H First Conversion Ratio" has the meaning provided in Annex A to the Operating Principles.

"Class H Interests" means the Interests in the Partnership designated as the "Class H Interests" herein and having the rights pertaining thereto as are set forth in this Agreement.

"Class H Second Conversion Ratio" has the meaning provided in Annex A to the Operating Principles.

"Class H Threshold EBIT" means (a) with respect to the February 15, 2018 Class H Conversion Date, the average of the Management Basis EBIT for calendar years 2015, 2016 and 2017; (b) with respect to the February 15, 2019 Class H Conversion Date, the average of the Management Basis EBIT for calendar years 2016, 2017 and 2018; and (c) with respect to the February 15, 2020 Class H Conversion Date, the average of the Management Basis EBIT for calendar years 2017, 2018 and 2019.

"Class H Threshold EBIT Margin" means (a) with respect to the February 15, 2018 Class H Conversion Date, the average of the Management Basis EBIT Margin for calendar years 2015, 2016 and 2017; (b) with respect to the February 15, 2019 Class H Conversion Date, the average of the Management Basis EBIT Margin for calendar years 2016, 2017 and 2018; and (c) with respect to the February 15, 2020 Class H Conversion Date, the average of the Management Basis EBIT Margin for calendar years 2017, 2018 and 2019.

"Closing " has the definition set forth in the Contribution and Exchange Agreement.

"Closing Date" has the definition set forth in the Contribution and Exchange Agreement.

"Code " means the Internal Revenue Code of 1986, as amended from time to time.

"Contingencies " has the meaning set forth in Section 9.03(a)(i) of this Agreement.

"Contribution and Exchange Agreement" has the meaning set forth in the recitals of this Agreement.

"Control " (including the terms "Controlled by" and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Credit Amount" has the meaning set forth in Section 4.01(b)(ii) of this Agreement.

"Creditable Foreign Tax" means a foreign tax paid or accrued for United States federal income tax purposes by the Partnership, in either case to the extent that such tax is eligible for credit under Section 901(a) of the Code. A foreign tax is a creditable foreign tax for these purposes without regard to whether a partner receiving an allocation of such foreign tax elects to claim a credit for such amount. This definition is intended to be consistent with the definition of "creditable foreign tax" in Treasury Regulations Section 1.704-1(b)(4)(viii), and shall be interpreted consistently therewith.

"Deal Consideration" shall have the meaning set forth in Section 8.01(g) of this Agreement.

"Disability" means, as to any Person, such Person's inability to perform in all material respects his or her duties and responsibilities to the General Partner, or any of its Affiliates, by reason of a physical or mental disability or infirmity which inability is reasonably expected to be permanent and has continued (i) for a period of six consecutive months or (ii) such shorter period as the General Partner may reasonably determine in good faith.

"Disabling Event" means the General Partner ceasing to be the general partner of the Partnership pursuant to Section 17-402 of the Act.

"Dissolution Event" has the meaning set forth in Section 9.02 of this Agreement.

"Early Conversion Discount Rate" means the quotient of (a) one, divided by (b) the sum of one and a market discount rate, as agreed by the Executive Committee and the Chief Financial Officer of the General Partner, which is 12% as of the date of this Agreement, applied on an annual compounded basis for each calendar year or portion thereof during the period from (but excluding) the date on which Class G Interests or Class H Interests are converted into Class E Units under Section 8.02(a)(iii) to (and including) the date on which such Class G Interests or Class H Interests were otherwise scheduled to convert into Class E Units under Section 8.03.

“Early Conversion Ratio” means the Class G Conversion Ratio, in the case of Class G Interests, or the product of the Class H First Conversion Ratio and the Class H Second Conversion Ratio, in the case of Class H Interests, multiplied further by the Early Conversion Discount Rate; provided, that for calendar years that have not yet been completed as of the relevant conversion date, the Management Basis EBIT and Management Basis EBIT Margin used for the calculation of such ratios for such calendar years shall be those set forth in the most recent Forecast.

“EBIT” has the definition set forth in the Operating Principles.

“Economic Compensation” has the definition set forth in the Operating Principles.

“Employment Letter Agreement” means an employment offer letter agreement dated as of the date hereof, by and among an ISI Partner and Evercore Partners Services East L.L.C.

“Encumbrance ” means any mortgage, claim, lien, encumbrance, conditional sales or other title retention agreement, right of first refusal, preemptive right, pledge, option, charge, security interest or other similar interest, easement, judgment or imperfection of title of any nature whatsoever.

“EST Business” has the definition set forth in the Operating Principles.

“Exchange Act” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Exchange Date” means the first day in the second month of each calendar quarter, or such other date determined by the General Partner, and communicated in writing by the General Partner to the Partners holding Class E Units at least 90 calendar days in advance of such date, on which Class E Units may be exchanged for shares of Class A Common Stock pursuant to Section 8.03(d) of this Agreement; provided, that there will be at least four Exchange Dates per calendar year.

“Exchange Transaction” has the meaning set forth in Section 8.03(b) of this Agreement.

“Executive Committee” has the definition set forth in the Operating Principles.

“Extraordinary Event” has the meaning set forth in Section 4.01(a) of this Agreement.

“Fair Market Value” shall have the meaning set forth in Section 8.12 of this Agreement.

“Family Members” of an ISI Partner means such ISI Partner’s or its Related Person’s spouse, domestic partner, siblings, children, grandchildren, parents and grandparents, including adoptive and step relationships.

“Family Trust” means, in respect of any Limited Partner, any trust, provided that (i) such trust is governed by the law of a state of the United States or Mexico; (ii) any trustee of such trust, during the period in which such trust holds Units or Interests, is a director or Senior Managing Director-level employee of the General Partner, the Partnership or any of its subsidiaries; (iii) the beneficiaries (other than remote contingent beneficiaries) of such trust are limited to the transferor or its Related Person, the transferor’s or its Related Person’s spouse, and the ancestors and lineal descendants of the transferor or its Related Person; and (iv) such trust prohibits distributions of Units or Interests to the beneficiaries, other than distributions to the transferor to satisfy required annuity payments. In addition, the Ralph L. Schlosstein 1998 Long-Term Trust shall be a Family Trust in respect of Ralph L. Schlosstein.

“Final Tax Amount” has the meaning set forth in Section 4.01(b)(ii) of this Agreement.

“Fiscal Year” means (i) the period commencing upon the formation of the Partnership and ending on December 31, 2005 or (ii) any subsequent twelve-month period commencing on January 1 and ending on December 31.

“Forecast” means the forecast for the EST Business reasonably prepared in a manner consistent with forecasts prepared as part of the General Partner’s routine business planning and forecasting process, updated on a quarterly basis and approved by the Executive Committee and the Chief Financial Officer of the General Partner (such approvals not to be unreasonably withheld or delayed) that includes, without limitation, projections of Management Basis EBIT and Management Basis EBIT Margin at least through calendar year 2019; provided, that if the Executive Committee and the Chief Financial Officer of the General Partner are unable to agree on a Forecast, then Forecast shall mean the most recently preceding Forecast; provided, further, that if no such Forecast exists, the Forecast shall mean the Annual Budget adjusted by the Inflation Target.

"Forfeited Unvested Units" has the meaning set forth in Section 8.02 of this Agreement.

"Founder " has the definition set forth in the Contribution and Exchange Agreement.

"Founder Class E Units" means the Class E Units distributed to the Holding Partners on the Closing Date in connection with the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

"Founder Class G Interests" means the Class G Interests distributed to the Holding Partners on the Closing Date in connection with the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

"Founder Class H Interests" means the Class H Interests distributed to the Holding Partners on the Closing Date in connection with the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

"Founding Limited Partner" means each of Mr. Roger C. Altman, Mr. Austin M. Beutner, Mr. Pedro Aspe, the Roger C. Altman 2005 Grantor Retained Annuity Trust, Roger C. Altman 1997 Family Limited Partnership, the Austin M. Beutner 2005 Grantor Retained Annuity Trust, A & N Associates, LP, the Beutner Family 2001 Long-Term Trust, the Paspro Trust and Fideicomiso F/147S, Banco Inbursa, S.A. Institucion de Banco Multiple, Grupo Financiero Imbursa, as Trustee of Inbrusa Trust F/1475.

"GAAP" means accounting principles generally accepted in the United States of America as in effect from time to time.

"General Partner" means Evercore Partners Inc. or any successor general partner admitted to the Partnership in accordance with the terms of this Agreement.

"Group " has the meaning set forth in Section 13(d) of the Exchange Act.

"Holder " has the definition set forth in the Contribution and Exchange Agreement.

"Holders' Representative" has the definition set forth in the Contribution and Exchange Agreement.

"Holding" has the definition set forth in the Contribution and Exchange Agreement.

"Holding II" has the definition set forth in the Contribution and Exchange Agreement.

"Holding Partner" means Holding, Holding II or any transferee of Units or Interests of Holding or Holding II in accordance with Section 8.05.

"Incapacity " means, with respect to any Person, the bankruptcy, dissolution, termination, entry of an order of incompetence, or the insanity, permanent disability or death of such Person.

"Incentive Plan" means any equity incentive or similar plan pursuant to which the General Partner may issue shares of Class A Common Stock from time to time.

"Inflation Target" has the definition set forth in the Operating Principles.

"Initial Allocation" of an ISI Partner means the number of Vested and Unvested Class E Units, Class G Interests or Class H Interests, as the case may be, distributed to such ISI Partner on the Closing Date pursuant to the Contribution and Exchange Agreement (excluding any Units or Interests allocated to such ISI Partner at Closing pursuant to the last paragraph of Annex A of the Contribution and Exchange Agreement).

"Interests " means the Class G Interests, Class H Interests, and any other Class of equity interests in the Partnership not denominated as "Units" that is established in accordance with this Agreement, which shall constitute interests in the Partnership as provided in this Agreement, under the Act and under United States Tax Law entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of and distributions by the Partnership at any particular time as set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as a Partner as provided in this Agreement, together with the obligations of such Partner to comply with all terms and provisions of this Agreement.

"ISI Partners" means Holding, Holding II and those Holders who were distributed Class E Units, Class G Interests or Class H Interests under the Contribution and Exchange Agreement, or any Permitted Transferee of the foregoing that holds Class E Units, Class G Interests or Class H Interests.

“Law ” means any statute, law, ordinance, regulation, rule, code, executive order, injunction, judgment, decree or other order issued or promulgated by any national, supranational, state, federal, provincial, local or municipal government or any administrative or regulatory body with authority therefrom with jurisdiction over the Partnership or any Partner, as the case may be.

“Limited Partner” means each of the Persons from time to time listed as a limited partner of the Partnership in the books and records of the Partnership.

“Liquidation Agent” has the meaning set forth in Section 9.03(a) of this Agreement.

“Management Basis EBIT” has the definition set forth in the Operating Principles.

“Management Basis EBIT Margin” has the definition set forth in the Operating Principles.

“Management Basis Net Revenues” has the definition set forth in the Operating Principles.

“Management Holdings” has the definition set forth in the Contribution and Exchange Agreement.

“Management Holdings Management Units” has the meaning set forth in the Contribution and Exchange Agreement.

“Market Price” shall have the meaning set forth in Section 8.12 of this Agreement.

“Net Taxable Income” has the meaning set forth in Section 4.01(b) of this Agreement.

“Non-Employed ISI Partner” at any time means an ISI Partner (other than a Holding Partner) who is not at that time employed by the General Partner, the Partnership or any of its applicable affiliates.

“Non-Founder Class E Units” means the Class E Units distributed to the ISI Partners that are not Holding Partners on the Closing Date in accordance with Annex A of the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

“Non-Founder Class G Interests” means the Class G Interests distributed to the ISI Partners that are not Holding Partners on the Closing Date in accordance with Annex A of the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

“Non-Founder Class H Interests” means the Class H Interests distributed to the ISI Partners that are not Holding Partners on the Closing Date in accordance with Annex A of the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

“Non-Founding Limited Partner” means each Limited Partner other than the Founding Partners.

“Nonrecourse Deductions” has the meaning set forth in Treasury Regulations Section 1.704-2(b). The amount of Nonrecourse Deductions of the Partnership for a Fiscal Year equals the net increase, if any, in the amount of Partnership Minimum Gain of the Partnership during that fiscal year, determined according to the provisions of Treasury Regulations Section 1.704-2(c).

“Operating Income” means, for each Fiscal Year or other period, the Profits and Losses of the Partnership as defined in this Agreement computed without regard to clause (d) of such definition.

“Operating Principles” means the Operating Principles attached as Annex H to the Contribution and Exchange Agreement.

“Original Agreement” has the meaning set forth in the recitals of this Agreement.

“Partners ” means, at any time, each person listed as a partner of the Partnership (including the General Partner) on the books and records of the Partnership, in each case for so long as he, she or it remains a partner of the Partnership as provided hereunder.

“Partnership” has the meaning set forth in the preamble of this Agreement.

“Partnership Minimum Gain” has the meaning set forth in Treasury Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Partner Nonrecourse Debt Minimum Gain" means an amount with respect to each partner nonrecourse debt (as defined in Treasury Regulations Section 1.704-2(b)(4)) equal to the Partnership Minimum Gain that would result if such partner nonrecourse debt were treated as a nonrecourse liability (as defined in Treasury Regulations Section 1.752-1(a)(2)) determined in accordance with Treasury Regulations Section 1.704-2(i)(3).

"Partner Nonrecourse Deductions" has the meaning ascribed to the term "partner nonrecourse deductions" set forth in Treasury Regulations Section 1.704-2(i)(2).

"Permitted Transferee" has the meaning set forth in Section 8.05 of this Agreement.

"Person " means any individual, corporation, partnership, limited partnership, limited liability company, limited company, joint venture, trust, unincorporated or governmental organization or any agency or political subdivision thereof.

"Profits" and "Losses" means, for each Fiscal Year or other period, the taxable income or loss of the Partnership, or particular items thereof, determined in accordance with the accounting method used by the Partnership for U.S. federal income tax purposes with the following adjustments: (a) all items of income, gain, loss or deduction allocated pursuant to Section 5.05 shall not be taken into account in computing such taxable income or loss; (b) any income of the Partnership that is exempt from U.S. federal income taxation and not otherwise taken into account in computing Profits and Losses shall be added to such taxable income or loss; (c) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, any gain or loss resulting from a disposition of such asset shall be calculated with reference to such Carrying Value; (d) upon an adjustment to the Carrying Value (other than an adjustment in respect of depreciation) of any asset, pursuant to the definition of Carrying Value, the amount of the adjustment shall be included as gain or loss in computing such taxable income or loss; (e) if the Carrying Value of any asset differs from its adjusted tax basis for U.S. federal income tax purposes, the amount of depreciation, amortization or cost recovery deductions with respect to such asset for purposes of determining Profits and Losses, if any, shall be an amount which bears the same ratio to such Carrying Value as the U.S. federal income tax depreciation, amortization or other cost recovery deductions bears to such adjusted tax basis (provided, that if the U.S. federal income tax depreciation, amortization or other cost recovery deduction is zero, the General Partner may use any reasonable method for purposes of determining depreciation, amortization or other cost recovery deductions in calculating Profits and Losses); and (f) except for items in (a) above, any expenditures of the Partnership not deductible in computing taxable income or loss, not properly capitalizable and not otherwise taken into account in computing Profits and Losses pursuant to this definition shall be treated as deductible items.

"Qualifying Termination" has the meaning provided in Section 8.02(a)(iii) of this Agreement.

"Reduction Number" has the meaning set forth in Section 4.01(c)(ii) of this Agreement.

"Related Person" means, with respect to any Limited Partner that holds Units or Interests by virtue of being a Family Trust or Family Member (or other permitted transferee or holding entity of Units or Interests hereunder) of a natural person that is an employee of or service provider to the Partnership or its Affiliate, such natural person. For the avoidance of doubt, as of the date hereof, the Founder is a Related Person of each of Holding and Holding II.

"Revenues" has the definition set forth in the Operating Principles.

"Restriction Alternative Consideration Amount" has the meaning provided in Section 8.03(h) of this Agreement.

"RLS Employment Agreement" means the Employment Agreement made as of May 21, 2009 by and between Evercore Partners Inc., Evercore LP and Ralph L. Schlosstein.

"RLS Investors" means Ralph L. Schlosstein and the Ralph L. Schlosstein 1998 Long-Term Trust.

"RLS Subscription Agreement" means the Subscription Agreement made as of May 21, 2009, by and among Evercore LP, Evercore Partners Inc., Ralph L. Schlosstein and Jane Hartley, as the Trustee of the Ralph L. Schlosstein 1998 Long-Term Trust.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shortfall " has the meaning set forth in Section 4.01(c)(ii) of this Agreement.

"Tax Advances" has the meaning set forth in Section 5.07 of this Agreement.

"Tax Amount" has the meaning set forth in Section 4.01(b) of this Agreement.

"Tax Distributions" has the meaning set forth in Section 4.01(b) of this Agreement.

"Tax Matters Partner" has the meaning set forth in Section 5.08 of this Agreement.

"Total Class A and E Percentage Interest" means, with respect to any Partner, the quotient obtained by dividing the number of Class A Units and Class E Units (vested or unvested) then owned by such Partner by the number of Class A Units and Class E Units (vested or unvested) then owned by all Partners.

"Total Percentage Interest" means, with respect to any Partner, the quotient obtained by dividing the number of Units and Interests (vested or unvested) then owned by such Partner by the number of Units and Interests (vested or unvested) then owned by all Partners.

"Transfer" means, in respect of any Unit or Interests, property or other asset, any sale, assignment, transfer, distribution or other disposition thereof, whether voluntarily or by operation of Law, including, without limitation, the exchange of any Unit or Interest for any other security.

"Transferred Company" has the meaning set forth in the Contribution and Exchange Agreement.

"Transferee " means any Person that is a transferee of a Partner's interest in the Partnership, or part thereof.

"Transferor " has the definition set forth in the Contribution and Exchange Agreement.

"Treasury Regulations" means the income tax regulations, including temporary regulations, promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"Units" means the Class A Units, Class E Units, and any other Class of interests in the Partnership denominated as "Units" that is established in accordance with this Agreement, which shall constitute interests in the Partnership as provided in this Agreement and under the Act, entitling the holders thereof to the relative rights, title and interests in the profits, losses, deductions and credits of the Partnership at any particular time as set forth in this Agreement, and any and all other benefits to which a holder thereof may be entitled as a Partner as provided in this Agreement, together with the obligations of such Partner to comply with all terms and provisions of this Agreement.

"Unvested Class E Units" means those Class E Units that have not vested in accordance with their terms.

"Unvested Class G Interests" means those Class G Interests that have not vested in accordance with their terms.

"Unvested Class H Interests" means those Class H Interests that have not vested in accordance with their terms.

"Unvested Interests" means those Interests that have not vested in accordance with their terms.

"Unvested Units" means those Units that have not vested in accordance with their terms.

"Vested Class E Units" means those Class E Units that have vested in accordance with their terms.

"Vested Class G Interests" means those Class G Interests that have vested in accordance with their terms.

"Vested Class H Interests" means those Class H Interests that have vested in accordance with their terms.

"Vested Percentage Interest" means, with respect to any Partner, the quotient obtained by dividing the number of Vested Units and Vested Interests then owned by such Partner by the number of Vested Units and Vested Interests then owned by all Partners.

"Vested Interests" means those Interests that have vested in accordance with their terms.

"Vested Units" means those Units that have vested in accordance with their terms.

ARTICLE II

FORMATION, TERM, PURPOSE AND POWERS

Section 2.01 Formation. The Partnership was formed as a limited partnership under the provisions of the Act by the filing on May 12, 2006 of the Certificate with the Secretary of State of the State of Delaware. If requested by the General Partner, the Limited Partners shall promptly execute all certificates and other documents consistent with the terms of this Agreement necessary for the General Partner to accomplish all filing, recording, publishing and other acts as may be appropriate to comply with all requirements for (a) the formation and operation of a limited partnership under the laws of the State of Delaware, (b) if the General Partner deems it advisable, the operation of the Partnership as a limited partnership, or partnership in which the Limited Partners have limited liability, in all jurisdictions where the Partnership proposes to operate and (c) all other filings required to be made by the Partnership.

Section 2.02 Name. The name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of, Evercore LP.

Section 2.03 Term. The term of the Partnership commenced on the date of the filing of the Certificate, and the term shall continue for a term as set forth in the Certificate, subject to the provisions set forth in Article IX and applicable Law. The existence of the Partnership as a separate legal entity shall continue until cancellation of the Certificate in the manner required by the Act.

Section 2.04 Offices. The Partnership may have offices at such places within or without the State of Delaware as the General Partner from time to time may select.

Section 2.05 Agent for Service of Process. The Partnership's registered agent for service of process in the State of Delaware shall be as set forth in the Certificate, as the same may be amended by the General Partner from time to time.

Section 2.06 Business Purpose. The Partnership was formed for the object and purpose of, and the nature of the business to be conducted by the Partnership is, engaging in any lawful act or activity for which limited partnerships may be formed under the Act.

Section 2.07 Powers of the Partnership. Subject to the limitations set forth in this Agreement, the Partnership will possess and may exercise all of the powers and privileges granted to it by the Act, by any other Law or this Agreement, together with all powers incidental thereto, so far as such powers are necessary or convenient to the conduct, promotion or attainment of the purpose of the Partnership set forth in Section 2.06.

Section 2.08 Partners; Admission of New Partners. Each of the Persons identified as Partners of the Partnership in the books and records of the Partnership, as the same may be amended from time to time in accordance with this Agreement, by virtue of the execution of this Agreement, are admitted as Partners of the Partnership. The rights, duties and liabilities of the Partners shall be as provided in the Act, except as is otherwise expressly provided herein, and the Partners consent to the variation of such rights, duties and liabilities as provided herein. Subject to Section 8.10 with respect to substitute Limited Partners, a Person may be admitted from time to time as a new Limited Partner with the written consent of the General Partner. Each new Limited Partner shall execute and deliver to the General Partner an appropriate supplement to this Agreement pursuant to which the new Limited Partner agrees to be bound by the terms and conditions of the Agreement, as it may be amended from time to time.

Section 2.09 Withdrawal. No Partner shall have the right to withdraw as a Partner of the Partnership other than following the Transfer of all Units or Interests owned by such Partner in accordance with Article VIII; provided, however, that a new General Partner or substitute General Partner may be admitted to the Partnership in accordance with Section 8.09.

ARTICLE III

MANAGEMENT

Section 3.01 General Partner.

(a) The business, property and affairs of the Partnership shall be managed under the sole, absolute and exclusive direction of the General Partner, which may from time to time delegate authority to officers or to others to act on behalf of the Partnership.

(b) Without limiting the foregoing provisions of this Section 3.01, the General Partner shall have the general power to manage or cause the management of the Partnership, which may be delegated to officers of the Partnership, including, without limitation, the following powers:

(i) to develop and prepare a business plan each year which will set forth the operating goals and plans for the Partnership;

(ii) to execute and deliver or to authorize the execution and delivery of contracts, deeds, leases, licenses, instruments of transfer and other documents on behalf of the Partnership;

(iii) to employ, retain, consult with and dismiss personnel;

(iv) to establish and enforce limits of authority and internal controls with respect to all personnel and functions;

(v) to engage attorneys, consultants and accountants for the Partnership;

(vi) to develop or cause to be developed accounting procedures for the maintenance of the Partnership's books of account; and

(vii) to do all such other acts as shall be authorized in this Agreement or by the Partners in writing from time to time.

(c) If the General Partner is an entity, it shall be organized under the laws of the United States or any political subdivision thereof. If the General Partner is an individual, it shall be a citizen of the United States.

Section 3.02 Management of the EST Business. The General Partner shall cause the Partnership to conduct the EST Business in accordance with the Operating Principles from the date of this Agreement until the last day on which the Class E Units, the Class G Interests or the Class H Interests become vested pursuant to the terms of this Agreement.

Section 3.03 Compensation. The General Partner shall not be entitled to any compensation for services rendered to the Partnership in its capacity as General Partner.

Section 3.04 Expenses. The Partnership shall bear and/or reimburse the General Partner for any expenses incurred by the General Partner.

Section 3.05 Officers. Subject to the direction of the General Partner, the day-to-day administration of the business of the Partnership may be carried out by employees and agents who may be designated as officers by the General Partner, with titles including but not limited to "chief executive officer," "president," "vice president," "treasurer," "assistant treasurer," "secretary," "assistant secretary," "general manager," "senior managing director," "managing director," "general counsel," "director" and "chief financial officer," as and to the extent authorized by the General Partner. The officers of the Partnership shall have such titles and powers and perform such duties as shall be determined from time to time by the General Partner and otherwise as shall customarily pertain to such offices. Any number of offices may be held by the same person. All officers shall be subject to the supervision and direction of the General Partner and may be removed from such office by the General Partner and the authority, duties or responsibilities of any officer of the Partnership may be suspended by the General Partner from time to time, in each case in the sole discretion of the General Partner.

Section 3.06 Authority of Partners. No Limited Partner, in its capacity as such, shall participate in or have any control over the business of the Partnership. Except as expressly provided herein, the Units and Interests do not confer any rights upon the Limited Partners to participate in the conduct, control or management of the business of the Partnership described in this Agreement, which conduct, control and management shall be vested exclusively in the General Partner. In all matters relating to or arising out of the conduct of the operation of the Partnership, the decision of the General Partner shall be the decision of the Partnership. Except as required or permitted by Law, or expressly provided in the ultimate sentence of this Section 3.06 or by separate agreement with the Partnership, no Partner who is not also a General Partner (and acting in such capacity) shall take any part in the management or control of the operation or business of the Partnership in its capacity as a Partner, nor shall any Partner who is not also a General Partner (and acting in such capacity) have any right, authority or power to act for or on behalf of or bind the Partnership in his or its capacity as a Partner in any respect or

assume any obligation or responsibility of the Partnership or of any other Partner. Notwithstanding the foregoing, the Partnership may employ one or more Partners from time to time, and such Partners, in their capacity as employees of the Partnership, may take part in the control and management of the business of the Partnership to the extent such authority and power to act for or on behalf of the Partnership has been delegated to them by the General Partner.

Section 3.07 Action by Written Consent. Any action required or permitted to be taken by the Partners pursuant to this Agreement shall be taken if all Partners whose consent is required consent thereto in writing.

ARTICLE IV

DISTRIBUTIONS

Section 4.01 Distributions.

(a) The General Partner, in its discretion, may authorize distributions by the Partnership to the Partners in accordance with the following provisions: (i) to the extent distributions are not attributable to an Extraordinary Event, to Partners holding Class A Units or Class E Units, which distributions shall be made pro rata in accordance with the Partners' respective Total Class A and E Percentage Interests, (ii) to the extent distributions are attributable to a refinancing, recapitalization or other restructuring transaction or a merger (each, an "Extraordinary Event") to all Partners that shall be made pro rata in accordance with the Partners' respective Total Percentage Interests. For the avoidance of doubt, cash distributions of the Partnership that are not related to a refinancing, recapitalization, or other restructuring transaction or a merger shall not be considered an Extraordinary Event, and (iii) any distribution permitted pursuant to clauses (i) and (ii) shall be made to all applicable Units and Interests, whether or not such Units or Interests are Vested Units or Vested Interests; provided, however, that distributable amounts (including to the extent attributable to an Extraordinary Event) made pursuant to this Section 4.01(a), but for the avoidance of doubt, not distributions pursuant to Section 4.01(b) or Section 4.01(c), with respect to any Unvested Unit or Unvested Interest shall be held in reserve by the Partnership until such Unvested Unit or Unvested Interest becomes a Vested Unit or Vested Interest pursuant to this Agreement, at which time the distributable amounts held in reserve for such Unit or Interest shall be distributed to the holder of such Unit or Interest.

(b) (i) In addition to the foregoing, if the General Partner reasonably determines that the taxable income of the Partnership for a Fiscal Year will give rise to taxable income for the Partners ("Net Taxable Income"), the General Partner shall cause the Partnership to distribute Available Cash for purposes of allowing Partners to fund their respective income tax liabilities (the "Tax Distributions"), provided that distributions pursuant to Section 4.04 and allocations pursuant to Section 5.04 related to such distributions shall not be taken into account for purposes of this Section 4.01(b). The Tax Distributions payable to each such Partner with respect to any Fiscal Year shall be computed based upon the General Partner's estimate of the Net Taxable Income allocated to such Partner multiplied by the Assumed Tax Rate (the "Tax Amount"). For purposes of computing the Tax Amount, the effect of any benefit to a Partner under Section 743(b) of the Code or any allocation of income or gain under Section 704(c) of the Code will be ignored. For the avoidance of doubt, Tax Distributions shall be computed taking into account the effect of any elections made pursuant to section 83(b) of the Code and accordingly shall be made in respect of both Vested and Unvested Class E Units, Class G Interests and Class H Interests.

(i) Tax Distributions shall be calculated and paid no later than one day prior to each quarterly due date for the payment by corporations of estimated taxes under the Code in the following manner (A) for the first quarterly period, 25% of the Tax Amount, (B) for the second quarterly period, 50% of the Tax Amount, less the prior Tax Distributions for the Fiscal Year, (C) for the third quarterly period, 75% of the Tax Amount, less the prior Tax Distributions for the Fiscal Year and (D) for the fourth quarterly period, 100% of the Tax Amount, less the prior Tax Distributions for the Fiscal Year. Following each Fiscal Year, and no later than one day prior to the due date for the payment by corporations of income taxes for such Fiscal Year, the General Partner shall make an amended calculation of the Tax Amount for such Fiscal Year (the "Amended Tax Amount"), and shall cause the Partnership to distribute a Tax Distribution, out of Available Cash, to the extent that the Amended Tax Amount so calculated exceeds the cumulative Tax Distributions previously made by the Partnership in respect of such Fiscal Year. If the Amended Tax Amount is less than the cumulative Tax Distributions previously made by the Partnership in respect of the relevant Fiscal Year, then the difference (the "Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions made to the Partners for subsequent Fiscal Years. Within 30 days following the date on which the Partnership files a tax return on Form 1065, the General Partner shall make a final calculation of the Tax Amount of such Fiscal Year (the "Final Tax Amount") and shall cause the Partnership to distribute a Tax Distribution, out of Available Cash, to the extent that the Final Tax Amount so calculated exceeds the Amended Tax Amount. If the Final Tax Amount is less than the Amended Tax Amount in respect of the relevant Fiscal Year, then the difference ("Additional Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions made to the Partners for subsequent Fiscal Years. Any Credit Amount and Additional Credit Amount applied against future Tax Distributions shall be treated as an amount actually distributed pursuant to this Section 4.01(b) for purposes of the computations herein.

(c) (i) Each ISI Partner shall be entitled to additional distributions in an amount equal to the taxable income allocated to such Partner under Section 704(c) of the Code multiplied by the Assumed Tax Rate (an "Additional Tax Distribution"). Such distributions shall be made at the times and in accordance with the principles specified in Section 4.01(b). To the extent that a Partner has received Additional Tax Distributions, the Partnership shall reduce the amount of the next succeeding distribution or distributions that would otherwise have been made to such Partner, pursuant to Section 4.01(a) (but, for avoidance of doubt, not Section 4.01(b) or Section 4.01(c)), or, if such distributions are not sufficient for such purpose, the distributions otherwise payable to such Partner pursuant to Section 9.03(a)(ii) until the cumulative amount of such reductions with respect to such Partner is equal to cumulative amount of Additional Tax Distributions with respect to such Partner. For all purposes of this Agreement other than this Section 4.01(c), the amount of any reductions pursuant to the preceding sentence shall be treated as having been received as distributions by the applicable Partner with respect to the Unit or Interest with respect to which a distribution was made pursuant to this Section 4.01(c).

(ii) To the extent that cumulative reductions pursuant to Section 4.01(c)(i) with respect to any Partner are less than the cumulative amount of Additional Tax Distributions with respect to such Partner on the date any Units would otherwise be exchanged by such Partner for Class A Common Stock (a "Shortfall"), then the number of shares of Class A Common Stock into which such Units would otherwise be exchanged shall be reduced by a number of shares of Class A Common Stock whose fair market value is equal to any remaining Shortfall on such date (such number of shares of Class A Stock, as applicable, the "Reduction Number"). A number of Units that would otherwise be exchangeable on such date equal to the Reduction Number shall be cancelled for no consideration. In the event that a Partner would be entitled to fractional shares of Class A Common Stock as a result of this Section 4.01(c)(ii), such fractional shares may be settled in cash at the election of the General Partner. When a Shortfall is reduced pursuant to this Section 4.01(c)(ii), it shall be treated as having reduced the amount of any remaining Additional Tax Distributions pursuant to Section 4.01(c)(i). For purposes of this Section 4.01(c), references to a "Partner" shall include Permitted Transferees of such Partner.

Section 4.02 Liquidation Distribution. Distributions made upon liquidation of the Partnership shall be made as provided in Section 9.03.

Section 4.03 Limitations on Distribution. Notwithstanding any provision to the contrary contained in this Agreement, the General Partner shall not make a Partnership distribution to any Partner if such distribution would violate Section 17-607 of the Act or other applicable Law.

Section 4.04 Other Distributions. Distributions to any Partner pursuant to any services arrangement shall be deemed to be with respect to such Partner's interests in the Partnership for U.S. federal income tax purposes.

ARTICLE V

CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS

Section 5.01 Initial Capital Contributions. The Partners have made, on or prior to the effective date hereof, Capital Contributions and have acquired the number of Units, Interests or other equity interests as specified in the books and records of the Partnership. The aggregate amount of the initial Capital Contributions made with respect to the Units and Interests held by the ISI Partners and the Capital Accounts of the ISI Partners as of the effective date hereof is set forth on Schedule A.

Section 5.02 No Additional Capital Contributions. Except as otherwise provided in this Article V or Article VII, no Partner shall be required to make additional Capital Contributions to the Partnership without the consent of such Partner or permitted to make additional capital contributions to the Partnership without the consent of the General Partner.

Section 5.03 Capital Accounts. A separate capital account (a "Capital Account") shall be established and maintained for each Partner in accordance with the provisions of Treasury Regulations Section 1.704-1(b)(2)(iv). The Capital Account of each Partner shall be credited with such Partner's Capital Contributions, if any, all Profits allocated to such Partner pursuant to Section 5.04 and any items of income or gain which are specially allocated pursuant to Section 5.05; and shall be debited with all Losses allocated to such Partner pursuant to Section 5.04, any items of loss or deduction of the Partnership specially allocated to such Partner pursuant to Section 5.05, and all cash and the Carrying Value of any property (net of liabilities assumed by such Partner and the liabilities to which such property is subject) distributed by the Partnership to such Partner. Any references in any section of this Agreement to the Capital Account of a Partner shall be deemed to refer to such Capital Account as the same may be credited or debited from time to time as set forth above. In the event of any transfer of any interest in the Partnership in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred interest.

Section 5.04 Allocations of Profits and Losses. Except as otherwise provided in this Agreement, Profits and Losses (and, to the extent necessary, individual items of income, gain or loss or deduction of the Partnership) shall be allocated in a manner such that the Capital Account of each Partner after giving effect to the Special Allocations set forth in Section 5.05 is, as nearly as possible, equal (proportionately) to (a) the distributions that would be made pursuant to Article IV if the Partnership were dissolved, its affairs wound up and its assets sold for cash equal to their Carrying Value, all Partnership liabilities were satisfied (limited with respect to each non-recourse liability to the Carrying Value of the assets securing such liability) and the net assets of the Partnership were distributed to the Partners pursuant to this Agreement, minus (b) such Partner's share of Partnership Minimum Gain and Partner Nonrecourse Debt Minimum Gain, computed immediately prior to the hypothetical sale of assets. For purposes of this Article V, each Unvested Unit shall be treated as a Vested Unit. For avoidance of doubt, for purposes of applying this Section 5.04 the hypothetical sale of assets described in this Section 5.04 shall not be treated as an Extraordinary Event unless, and then only to the extent, that an Extraordinary Event otherwise actually occurs. It is expected that Partners shall not receive allocations of Profit and Loss in respect of general operating activities in respect of Class G Interests and Class H Interests, except to the extent provided in Section 5.05(h) and it is intended that these provisions are interpreted in a manner consistent therewith.

Section 5.05 Special Allocations. Notwithstanding any other provision in this Article V:

(a) Minimum Gain Chargeback. If there is a net decrease in Partnership Minimum Gain or Partner Nonrecourse Debt Minimum Gain (determined in accordance with the principles of Treasury Regulations Sections 1.704-2(d) and 1.704-2(i)) during any Partnership taxable year, the Partners shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to their respective shares of such net decrease during such year, determined pursuant to Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(f). This Section 5.05(a) is intended to comply with the minimum gain chargeback requirements in such Treasury Regulations Sections and shall be interpreted consistently therewith; including that no chargeback shall be required to the extent of the exceptions provided in Treasury Regulations Sections 1.704-2(f) and 1.704-2(i)(4).

(b) Qualified Income Offset. If any Partner unexpectedly receives any adjustments, allocations, or distributions described in Treasury Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated to such Partner in an amount and manner sufficient to eliminate the deficit balance in such Partner's Adjusted Capital Account Balance created by such adjustments, allocations or distributions as promptly as possible; provided, that an allocation pursuant to this Section 5.05(b) shall be made only to the extent that a Partner would have a deficit Adjusted Capital Account Balance in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if this Section 5.05(b) were not in this Agreement. This Section 5.05(b) is intended to comply with the "qualified income offset" requirement of the Code and shall be interpreted consistently therewith.

(c) Gross Income Allocation. If any Partner has a deficit Capital Account at the end of any Fiscal Year which is in excess of the sum of (i) the amount such Partner is obligated to restore, if any, pursuant to any provision of this Agreement, and (ii) the amount such Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Section 1.704-2(g)(1) and 1.704-2(i)(5), each such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible; provided, that an allocation pursuant to this Section 5.05(c) shall be made only if and to the extent that a Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article V have been tentatively made as if Section 5.05(b) and this Section 5.05(c) were not in this Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions shall be allocated to the Partners in accordance with their respective Total Percentage Interests.

(e) Partner Nonrecourse Deductions. Partner Nonrecourse Deductions for any taxable period shall be allocated to the Partner who bears the economic risk of loss with respect to the liability to which such Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(j).

(f) Creditable Foreign Taxes. Creditable Foreign Taxes for any taxable period attributable to the Partnership, or an entity owned directly or indirectly by the Partnership, shall be allocated to the Partners in proportion to the partners' distributive shares of income (including income allocated pursuant to Section 704(c) of the Code) to which the Creditable Foreign Tax relates (under principles of Treasury Regulations Section 1.904-6). The provisions of this Section 5.05(f) are intended to comply with the provisions of Treasury Regulations Section 1.704-1(b)(4)(viii), and shall be interpreted consistently therewith.

(g) Ameliorative Allocations. Any special allocations of income or gain pursuant to Sections 5.05(b) or 5.05(c) hereof shall be taken into account in computing subsequent allocations pursuant to Section 5.04 and this Section 5.05(g), so that the net amount of any items so allocated and all other items allocated to each Partner shall, to the extent possible, be equal to the net amount that would have been allocated to each Partner if such allocations pursuant to Sections 5.05(b) or 5.05(c) had not occurred.

(h) Allocation of Operating Income. If any Partner receives a distribution described in Section 4.04 for a Fiscal Year, then such Partner shall be allocated Operating Income in such Fiscal Year in an amount equal to the amount of such distribution. If the Partnership's Operating Income for a Fiscal Year is less than the total distributions described in Section 4.04 for such Fiscal Year, the Partnership shall allocate items of gross income that are included in Operating Income in lieu of Operating Income for purposes of this subsection.

Section 5.06 Tax Allocations. For income tax purposes, each item of income, gain, loss and deduction of the Partnership shall be allocated among the Partners in the same manner as the corresponding items of Profits and Losses and specially allocated items are allocated for Capital Account purposes; provided, that in the case of any asset the Carrying Value of which differs from its adjusted tax basis for U.S. federal income tax purposes, income, gain, loss and deduction with respect to such asset shall be allocated solely for income tax purposes in accordance with the principles of Sections 704(b) and (c) of the Code (in any manner determined by the General Partner and permitted by the Code and Treasury Regulations) so as to take account of the difference between Carrying Value and adjusted basis of such asset; provided, further, that the Partnership shall use the traditional method (as such term is defined in Treas. Reg. section 1.704-3(b)(1)) for all Section 704(c) allocations and "reverse Section 704(c) allocations".

Section 5.07 Tax Advances. To the extent the Partnership reasonably believes that it is required by law to withhold or to make tax payments on behalf of or with respect to any Partner or the Partnership is subjected to tax itself by reason of the status of any Partner ("Tax Advances"), the General Partner may withhold such amounts and make such tax payments as so required. All Tax Advances made on behalf of a Partner shall be repaid by reducing the amount of the current or next succeeding distribution or distributions which would otherwise have been made to such Partner or, if such distributions are not sufficient for that purpose, by so reducing the proceeds of liquidation otherwise payable to such Partner. For all purposes of this Agreement such Partner shall be treated as having received the amount of the distribution that is equal to the Tax Advance. Each Partner hereby agrees to indemnify and hold harmless the Partnership and the other Partners from and against any liability (including, without limitation, any liability for taxes, penalties, additions to tax or interest other than any penalties, additions to tax or interest imposed as a result of the Partnership's failure to withhold or make a tax payment on behalf of such Partner which withholding or payment is required pursuant to applicable law but only to the extent amounts sufficient to pay such taxes were not timely distributed to the Partner pursuant to Section 4.01(b)) with respect to income attributable to or distributions or other payments to such Partner.

Section 5.08 Tax Matters. The General Partner shall be the initial "tax matters partner" within the meaning of Section 6231(a)(7) of the Code (the "Tax Matters Partner"). The Partnership shall file as a partnership for federal, state and local income tax purposes, except where otherwise required by Law. All elections required or permitted to be made by the Partnership, and all other tax decisions and determinations relating to federal, state or local tax matters of the Partnership, shall be made by the Tax Matters Partner, in consultation with the Partnership's attorneys and/or accountants. Subject to the Contribution and Exchange Agreement and the Operating Principles, tax audits, controversies and litigations shall be conducted under the direction of the Tax Matters Partner. Subject to the Contribution and Exchange Agreement and the Operating Principles, the Tax Matters Partner shall keep the other Partners reasonably informed as to any tax actions, examinations or proceedings relating to the Partnership and shall submit to the other Partners, for their review and comment, any settlement or compromise offer with respect to any disputed item of income, gain, loss, deduction or credit of the Partnership. As soon as reasonably practicable after the end of each Fiscal Year, the Partnership shall send to each Partner a copy of U.S. Internal Revenue Service Schedule K-1, and any comparable statements required by applicable state or local income tax Law, with respect to such Fiscal Year. The Partnership also shall provide the Partners with such other information as may be reasonably requested for purposes of allowing the Partners to prepare and file their own tax returns. The General Partner shall file (or cause to be filed) an election pursuant to Section 754 for the Partnership and each of the other entities treated as a partnership for U.S. federal income tax purposes in which it is the General Partner for the year in which a qualifying transfer or disposition occurs.

Section 5.09 Other Allocation Provisions. Certain of the foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b) and shall be interpreted and applied in a manner consistent with such regulations. Sections 5.03, 5.04 and Section 5.05 may be amended at any time by the General Partner if necessary, in the opinion of the Partnership's tax advisor, to comply with such regulations, so long as any such amendment does not materially change the relative economic interests of the Partners.

Section 5.10 Section 83(b) Election. Each ISI Partner to whom Unvested Class E Units, Unvested Class G Interests and Unvested Class H Interests are issued shall timely file an election under Section 83(b) of the Code, in respect of such Unvested Class E Units, Unvested Class G Interests and Unvested Class H Interests, as applicable, and shall provide a copy of such election to the Partnership, within thirty (30) days after the date of such election.

ARTICLE VI

BOOKS AND RECORDS; REPORTS

Section 6.01 Books and Records. At all times during the continuance of the Partnership, the Partnership shall prepare and maintain separate books of account for the Partnership in accordance with GAAP.

(a) The Partnership shall keep at its principal office the following:

(i) a current list of the full name and the last known street address of each Partner;

(ii) a copy of the Certificate and this Agreement and all amendments thereto;

(iii) copies of the Partnership's federal, state and local income tax returns and reports, if any, for the three most recent years; and

(iv) copies of any financial statements, if any, of the Partnership for the six most recent Fiscal Years.

(b) The General Partner may keep confidential from the Limited Partners, for such period of time as the General Partner determines in its sole discretion, (i) any information that the General Partner reasonably believes to be in the nature of trade secrets or (ii) other information the disclosure of which the General Partner believes is not in the best interests of the Partnership, could damage the Partnership or its business or that the Partnership is required by law or by agreement with any third party to keep confidential.

ARTICLE VII

PARTNERSHIP UNITS

Section 7.01 Partnership Interests. Interests in the Partnership shall be represented by Units, Interests, such other Class or Classes of equity interests in the Partnership, or such other Partnership securities, as the General Partner may establish in its sole discretion in accordance with the terms hereof. As of the date of this Agreement, there are Class A Units, Class E Units, Class G Interests, and Class H Interests outstanding. The General Partner may establish other Classes of Units, Interests, other equity interests in the Partnership or other Partnership securities from time to time in accordance with such procedures and subject to such conditions and restrictions and with such rights, obligations, powers, designations, preferences and other terms, which may be senior to any then existing or future Classes of Units, Interests, other equity interests in the Partnership or other Partnership securities, as the General Partner shall determine from time to time in its sole discretion, without the vote or consent of any Limited Partner or any other Person, including (i) the right of such Units, Interests, other equity interests or other Partnership securities to share in Profits and Losses or items thereof; (ii) the right of such Units, Interests, other equity interests or other Partnership securities to share in Partnership distributions; (iii) the rights of such Units, Interests, other equity interests or other Partnership securities upon dissolution and liquidation of the Partnership; (iv) whether, and the terms and conditions upon which, the Partnership may or shall be required to redeem such Units, Interests or other equity interests or other Partnership securities (including sinking fund provisions); (v) whether such Units, Interests or other equity interests or other Partnership securities are issued with the privilege of conversion or exchange and, if so, the terms and conditions of such conversion or exchange; (vi) the terms and conditions upon which such Units, Interests or other equity interests or other Partnership securities will be issued, evidenced by certificates and assigned or transferred; (vii) the method for determining the Total Percentage Interest or Vested Percentage Interest as to such Units, Interests or other equity interests or other Partnership securities; (viii) the terms and conditions of the issuance of such Units, Interests or other equity interests or other Partnership securities; and (ix) the right, if any, of the holder of such Units, Interests or other equity interests or other Partnership securities to vote on Partnership matters, including matters relating to the relative designations, preferences, rights, powers and duties of such Units, Interests or other equity interests or other Partnership securities. The General Partner, without the vote or consent of any Limited Partner or any other Person, is authorized (i) to issue any Units, Interests, other equity interests in the Partnership or other Partnership securities of any such newly established Class or any existing Class and (ii) to amend this Agreement to reflect the creation of any such new Class, the issuance of Units, Interests, other equity interests in the Partnership or other Partnership securities associated with such Class, and the admission of any Person as a Limited Partner which has received Units, Interests or other equity interests of any such Class, in accordance with Sections 2.08, 8.09 and Section 11.12(a). Except as expressly provided in this Agreement to the contrary, any reference to “Units” shall include the Class A Units, Class E Units and any other Classes of Units that may be established in accordance with this Agreement, and any reference to “Interests” shall include the Class G Interests, the Class H Interests and any other Classes of Interests that may be established in accordance with this Agreement. All Units or Interests of a particular Class shall have identical rights in all respects as all other Units or Interests of such Class, except, in each case, as otherwise specified in this Agreement.

Section 7.02 Register. The register of the Partnership shall be the definitive record of ownership of each Unit and Interest and all relevant information with respect to each Partner. Unless the General Partner shall determine otherwise, Units and Interests shall be uncertificated and recorded in the books and records of the Partnership.

Section 7.03 Splits, Distributions and Reclassifications. The Partnership shall not in any manner subdivide (by any Unit or Interest split, Unit or Interest distribution, reclassification, recapitalization or otherwise) or combine (by reverse Unit or Interest split, reclassification, recapitalization or otherwise) the outstanding Class A Units, Class E Units, Class G Interests or Class H Interests unless an identical event is occurring with respect to the Class A Common Stock, in which event the Class A Units, Class E Units, Class G Interests and Class H Interests shall be subdivided or combined concurrently with and in the same manner as
the Class A Common Stock. For the avoidance of doubt, this Section 7.03 shall operate in a manner that is without duplication of any distribution in respect of an Extraordinary Event under Section 4.01(a)(ii).

Section 7.04 Cancellation of Class A Common Stock and Units. At any time a share of Class A Common Stock is redeemed, repurchased, acquired, cancelled or terminated by the General Partner, one (1) Class A Unit registered in the name of the General Partner will automatically be cancelled for no consideration by the Partnership so that the number of Class A Units held by the General Partner at all times equals the number of shares of Class A Common Stock outstanding.

Section 7.05 Incentive Plans. At any time the General Partner issues a share of Class A Common Stock pursuant to an Incentive Plan (whether pursuant to the exercise of a stock option or the grant of a restricted share award or otherwise), the following shall occur: (a) the General Partner shall be deemed to contribute to the capital of the Partnership an amount of cash equal to the current per share market price of a share of Class A Common Stock on the date such share is issued (or, if earlier, the date the related option is exercised) and the Capital Account of the General Partner shall be adjusted accordingly; (b) the Partnership shall be deemed to purchase from the General Partner a share of Class A Common Stock for an amount of cash equal to the amount of cash deemed contributed by the General Partner to the Partnership in clause (a) above (and such share is deemed delivered to its owner under the Incentive Plan); (c) the net proceeds (including the amount of any payments made on a loan with respect to a stock purchase award) received by the General Partner with respect to such share, if any, shall be concurrently transferred and paid to the Partnership (and such net proceeds so transferred shall not constitute a Capital Contribution); and (d) the Partnership shall issue to the General Partner one (1) Class A Unit registered in the name of the General Partner. The Partnership shall retain any net proceeds that are paid directly to the Partnership.

Section 7.06 Offerings of Class A Common Stock. At any time the General Partner issues a share of Class A Common Stock other than pursuant to an Incentive Plan, the net proceeds received by the General Partner with respect to such share, if any, shall be concurrently transferred to the Partnership and the Partnership shall issue to the General Partner one (1) Class A Unit registered in the name of the General Partner.

Section 7.07 Registered Partners. The Partnership shall be entitled to recognize the exclusive right of a Person registered on its records as the owner of Units for all purposes and shall not be bound to recognize any equitable or other claim to or interest in Units on the part of any other Person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Act.

ARTICLE VIII

VESTING; FORFEITURE AND ALLOCATION OF INTERESTS; TRANSFER RESTRICTIONS

Section 8.01 Vesting of Unvested Units and Unvested Interests.

(a) Unvested Units, Unvested Interests or other equity interests shall vest and shall thereafter be Vested Units, Vested Interests or other equity interests for all purposes of this Agreement as provided herein or as agreed to in writing between the General Partner and the applicable Limited Partner and reflected in the books and records of the Partnership.

(b) In addition, the General Partner may authorize the earlier vesting of all or a portion of Unvested Units, Unvested Interests or other equity interests owned by any one or more Limited Partners at any time and from time to time, and in such event, such Unvested Units, Unvested Interests or other equity interests shall vest and thereafter be Vested Units, Vested Interests or other equity interests for all purposes of this Agreement. Any such determination in the General Partner’s discretion in respect of Unvested Units, Unvested Interests or other equity interests shall be final and binding. Such determinations need not be uniform and may be made selectively among Limited Partners, whether or not such Limited Partners are similarly situated, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise.

(c) Upon the vesting of any Unvested Units, Unvested Interests or other equity interests in accordance with this Section 8.01, the General Partner shall amend the books and records of the Partnership to reflect such vesting.

(d) Subject to Section 8.02 and except as otherwise agreed to in writing between the General Partner and the applicable Partner, the Class E Units shall vest and shall thereafter be Vested Class E Units for all purposes of this Agreement as follows:

(i) All of the Founder Class E Units delivered on the Closing Date shall vest and thereafter be Vested Units for all purposes of this Agreement upon Closing;

(ii) 40% of the non-Founder Class E Units distributed to each ISI Partner on the Closing Date in accordance with Annex A of the Contribution and Exchange Agreement shall vest and thereafter be Vested Units for all purposes of this Agreement upon Closing;

(iii) 20% of the non-Founder Class E Units distributed to each ISI Partner on the Closing Date in accordance with Annex A of the Contribution and Exchange Agreement shall vest and thereafter be Vested Units for all purposes of this Agreement on each of the first, second and third anniversary dates of Closing; and

(iv) Class E Units delivered upon conversion of Class G Interests and Class H Interests pursuant to Section 8.03 shall be Vested Units for all purposes of this Agreement upon delivery.

(e) Subject to Section 8.02 and except as otherwise agreed to in writing between the General Partner and the applicable Partner, the Class G Interests shall vest as follows:

(i) All of the Founder Class G Interests delivered on the Closing Date shall be Vested Interests for all purposes of this Agreement upon Closing, until they are converted into Class E Units as set forth in Section 8.03(f); and

(ii) One third of the non-Founder Class G Interests distributed to each ISI Partner on the Closing Date shall vest on February 15 of each of 2016, 2017 and 2018.

(f) Subject to Section 8.02 and except as otherwise agreed to in writing between the General Partner and the applicable Partner, the Class H Interests shall vest as follows:

(i) All of the Founder Class H Interests delivered on the Closing Date shall be Vested Interests for all purposes of this Agreement upon Closing, until they are converted into Class E Units as set forth in Section 8.03(g); and

(ii) One third of the non-Founder Class H Interests distributed to each ISI Partner on the Closing Date shall vest on February 15 of each of 2018, 2019 and 2020.

(g) If an Acceleration Trigger Event occurs prior to the fifth anniversary of the Closing and, following the consummation of such Acceleration Trigger Event, the Founder and ISI Partners holding at least 50% of the Class G Interests and Class H Interests then held by all ISI Partners determine that such Acceleration Trigger Event has significantly diminished the business opportunities and prospects of the EST Business, then the Executive Committee shall have the right, upon notice to the Partnership delivered no earlier than 90 calendar days and no later than 180 calendar days after the consummation of such Acceleration Trigger Event, to determine that all outstanding Unvested Class E Units shall immediately be deemed vested and all outstanding Class G Interests and Class H Interests shall immediately be converted into Class E Units, in which case:

(i) all Class E Units shall immediately be deemed Vested Class E Units for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03; provided, that the Founder Class E Units shall immediately be exchangeable on an Exchange Date following such determination); and

(ii) all Class G Interests and Class H Interests shall immediately convert into a number of Class E Units, if any, equal to (i) the number of such Class G Interests and Class H Interests, as the case may be, multiplied by (ii) the applicable Early Conversion Ratio, with such Class E Units being deemed Vested Units immediately upon conversion for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03; provided, that the Founder Class E Units shall immediately be exchangeable on an Exchange Date following such determination);

provided, further, that if such Acceleration Trigger Event involved all holders of shares of Class A Common Stock receiving consideration (the “Deal Consideration”) in exchange for such shares then the Executive Committee, if specified in the notice provided pursuant to this Section 8.01(g), may require the Partnership to redeem from each ISI Partner the Class E Units for which vesting or conversion was accelerated pursuant to Section 8.01(g)(i) and (ii) for a redemption price per Class E Unit equal to the Deal Consideration per share received by holders of Class A Common Stock in connection with the Acceleration Trigger Event. Any definitive agreement relating to an Acceleration Trigger Event involving the payment of Deal Consideration to which the General Partner or the Partnership is a party shall provide for the delivery of Deal Consideration in satisfaction of the Partnership’s obligations under this Section 8.01(g).

Section 8.02 Forfeiture of Units and Interests; Treatment Upon Termination.

(a) Except as otherwise agreed to in writing between the General Partner and the applicable Limited Partner:

(i) if the employment of any Limited Partner by the General Partner, the Partnership or any of its affiliates, as applicable, terminates for any reason other than such Limited Partner's death or Disability, such Limited Partner's Unvested Class A Units shall be immediately forfeited without any consideration, and such Limited Partner shall cease to own or have any rights with respect to such Unvested Class A Units;

(ii) if the employment of any ISI Partner (excluding, for the avoidance of doubt, Holding, Holding II and the Founder) by the General Partner, the Partnership or any of its affiliates, as applicable, terminates for any reason other than in a Qualifying Termination, such ISI Partner's Unvested Units or Unvested Interests shall be immediately forfeited without any consideration, and such ISI Partner shall cease to own or have any rights with respect to such Unvested Units or Unvested Interests;

(iii) if the employment of any ISI Partner by the General Partner, the Partnership or any of its affiliates, as applicable, is terminated without Cause or due to such ISI Partner's death or Disability (or, with respect to an ISI Partner who is party to an Employment Letter Agreement, if such ISI Partner resigns for Good Reason (as defined in such agreement)) (a "Qualifying Termination"), then:

(A) such ISI Partner's Unvested Class E Units shall immediately be deemed Vested Units for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03; provided, that the Founder Class E Units shall immediately be exchangeable on an Exchange Date following such Qualifying Termination); and

(B) such ISI Partner's Unvested Class G Interests and Unvested Class H Interests shall be immediately forfeited without any consideration, and such ISI Partner shall cease to own or have any rights with respect to such Interests, unless the Executive Committee determines, in its sole discretion, that such ISI Partner's Unvested Class G Interests and Unvested Class H Interests should not be forfeited, in which case such Class G Interests and Class H Interests shall immediately convert into a number of Class E Units, if any, equal to (i) the number of such Class G Interests and Class H Interests, as the case may be, multiplied by (ii) the applicable Early Conversion Ratio, with such Class E Units being deemed Vested Units immediately upon conversion for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03); and

(iv) if the employment of any Limited Partner by the General Partner, the Partnership or any of its affiliates, as applicable, terminates for any reason (including without limitation voluntary termination by such Limited Partner), any Vested Class G Interests and Vested Class H Interests held by such Limited Partner shall convert into a number of Class E Units, if any, equal to (i) the number of such Class G Interests and Class H Interests, as the case may be, multiplied by (ii) the applicable Early Conversion Ratio, with such Class E Units being deemed Vested Units immediately upon conversion for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03).

(b) Immediately following the forfeiture of any Unvested Class E Units, Unvested Class G Interests or Unvested Class H Interests pursuant to clause (a) above, the Partnership shall cause such forfeited Unvested Units or Interests to be reallocated among the ISI Partners (other than any Non-Employed ISI Partner) so that additional Class E Units, Class G Interests or Class H Interests are held by the ISI Partners (other than any Non-Employed ISI Partners), as described in the following sentence. As a result of any such reallocation, each ISI Partner (other than any Non-Employed ISI Partner and ISI Partners who are no longer eligible for reallocation pursuant to this Section 8.02(b)) shall be reallocated a number of additional Class E Units, Class G Interests or Class H Interests, in each case, that is equal to the product of (x) the number of forfeited Unvested Class E Units, forfeited Unvested Class G Interests or forfeited Unvested Class H Interests multiplied by (y) the fraction obtained by dividing the Units or Interests of such class received by such ISI Partner (other than any Non-Employed ISI Partner and ISI Partners who are no longer eligible for reallocation pursuant to this Section 8.02(b)) in such ISI Partner's Initial Allocation, by the total number of the respective class of Units or Interests received by all ISI Partners (other than any Non-Employed ISI Partner) in proportion to their respective Initial Allocations; provided, however, that the number of additional Class E Units, Class G Interests or Class H Interests reallocated to any ISI Partner (other than any Non-Employed ISI Partner) shall be reduced as necessary (unless the Chief Executive Officer of the General Partner and the chairman of the EST Business agree otherwise) to ensure that the aggregate number of additional Class E Units, Class G Interests or Class H Interests allocated to any ISI Partner through all reallocations under this Section 8.02(b), together with any Units or Interests allocated to such ISI Partner at Closing pursuant to the last paragraph of Annex A of the Contribution and Exchange Agreement, does not exceed 15% of such ISI Partner's Initial Allocation of such class of Units or Interests. Any forfeited Unvested Class E Units, forfeited Unvested Class G Interests or forfeited Unvested Class H Interests in excess of the applicable 15% cap shall not be reallocated for the benefit of any Limited Partner. If any ISI Partner (other than any Non-Employed ISI Partner) forfeits Unvested Class E Units, Unvested Class G Interests or Unvested Class H Interests pursuant to clause (a)(ii) above at a time when there is no other ISI Partner that is not a Non-Employed ISI Partner, such forfeited Unvested Class E Units, forfeited Unvested Class G Interests or forfeited Unvested Class H Interests shall revert to the Holding Partners pro rata, subject to the applicable 15% cap described in this

Section 8.02(b). All Interests and Units allocated to an ISI Partner (other than a Holding Partner) pursuant to this Section 8.02(b) shall be Unvested Class E Units, Unvested Class G Interests or Unvested Class H Interests, as the case may be, until such time as such Units or Interests are or become vested pursuant to Section 8.01(d), (e), (f) or (g) as if such Units or Interests were distributed as of the Closing Date or are forfeited pursuant to clause (a) above. All Units or Interests allocated pursuant to this Section 8.02 to any Holding Partner shall be Vested Class E Units, Vested Class G Interests or Vested Class H Interests, as the case may be, for all purposes of this Agreement and shall be or become exchangeable as if distributed to the Holding Partners as of the Closing Date. For the avoidance of doubt, a forfeiture of Units or Interests of a particular class shall result in a reallocation of such forfeited Units or Interests in respect of only that class. Any allocation of Units or Interests pursuant to this Section 8.02(b) shall, if requested in writing by the applicable ISI Partner, be made to the Permitted Transferee of such ISI Partner as and to the extent provided in such request.

(c) Upon the forfeiture of any Unvested Units or Interests in accordance with this Section 8.02, the General Partner shall amend the books and records of the Partnership to reflect such forfeiture.

(d) It is intended that no party shall recognize any amount of income, gain, deduction or loss for tax purposes by reason of the operation of this Section 8.02 and the Partnership shall not take any position with any taxing authority or on any tax return that is inconsistent with such tax position and shall cooperate fully with respect to the reporting and defense of such tax position.

Section 8.03 Limited Partner Transfers.

(a) Except as provided in clauses (b) and (c) of this Section 8.03 or in Section 8.05, no Limited Partner or Assignee thereof may Transfer all or any portion of its Units or Interests (or beneficial interest therein) without the prior written consent of the General Partner, which consent may be given or withheld, or made subject to such conditions (including, without limitation, the receipt of such legal opinions and other documents that the General Partner may require) as are determined by the General Partner, in each case in the General Partner's sole discretion. Any purported Transfer of Units or Interests that is not in accordance with, or subsequently violates, this Agreement shall be null and void.

(b) Notwithstanding clause (a) above, and subject to clause (d) below, and except as otherwise agreed to in writing between the General Partner and the applicable Limited Partner, each Limited Partner may exchange Vested Units owned by such Limited Partner for shares of Class A Common Stock pursuant to, and in accordance with, Article V of the Certificate of Incorporation or, if the General Partner and the exchanging Limited Partner or Permitted Transferee shall mutually agree, Transfer such Vested Units to the General Partner, the Partnership or any of its subsidiaries for other consideration (in each case, an "Exchange Transaction"). Exchange Transactions and/or Transfers of shares of Class A Common Stock received thereupon pursuant to the first sentence of this clause (b) shall be subject to lock-up periods, if any, imposed by the underwriters of any underwritten public offering of shares of Class A Common Stock no longer than those imposed upon the General Partner. Notwithstanding the foregoing, exchanges of Class E Units are subject to the additional limitations and conditions set forth in Section 8.03(d).

(c) Notwithstanding clause (a) above and except as otherwise agreed to in writing between the General Partner and the applicable Limited Partner, (i) after the fifth anniversary of the date of the RLS Subscription Agreement or (ii) upon Ralph L. Schlosstein's death, Disability, termination without Cause or resignation for Good Reason (as each of Disability, Cause and Good Reason is defined in the RLS Employment Agreement) or a Change in Control (as defined in the General Partner's 2006 Stock Incentive Plan), the RLS Investors (and each Permitted Transferee of the RLS Investors) may Transfer all or a portion of the Units issued pursuant to the RLS Subscription Agreement and owned by the RLS Investors or such Permitted Transferee in an Exchange Transaction.

(d) Notwithstanding clause (b) above, Exchange Transactions are subject to the following additional limitations and conditions:

(i) Exchanges of Class E Units for shares of Class A Common Stock shall occur only on an Exchange Date (unless the General Partner shall agree in writing otherwise and subject to the General Partner's mandatory exchange right in clause (iii) below) as follows:

(a) Vested Class E Units that are Non-Founder Class E Units may be exchanged for Class A Common Stock only on an Exchange Date occurring on or after the date on which they become vested pursuant to Section 8.01(d);

(b) 40% of the Founder Class E Units delivered to each of the Holding Partners on the Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the Closing;

(c) 20% of the Founder Class E Units delivered to each of the Holding Partners on the Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the first anniversary date of the Closing;

(d) 20% of the Founder Class E Units delivered to each of the Holding Partners on the Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the second anniversary date of the Closing;

(e) 20% of the Founder Class E Units delivered to each of the Holding Partners on the Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the third anniversary date of the Closing; and

(f) Class E Units delivered upon conversion of Class G Interests and Class H Interests pursuant to Section 8.03 may be exchanged into shares of Class A Common Stock only on an Exchange Date following their delivery.

(ii) The General Partner shall determine each Exchange Date in its sole discretion, consistent with the definition thereof; provided, that only one Exchange Date shall occur in each fiscal quarter of the General Partner. In order to effect an exchange of Class E Units on an Exchange Date, a Partner must notify the General Partner in writing of the number of Units that it desires to exchange on such Exchange Date at least 60 calendar days prior to such Exchange Date and must otherwise satisfy all reasonable conditions (including, without limitation, the receipt of such legal opinions and other documents that the General Partner may require) as are determined by the General Partner, in each case in the General Partner's sole discretion.

(iii) Notwithstanding the foregoing, the General Partner shall have the right, in its sole discretion, whether or not on an Exchange Date, to cause all of the Class E Units held by any Non-Employed ISI Partner to be exchanged for shares of Class A Common Stock if, at that time, (a) the General Partner reasonably believes that such Non-Employed ISI Partner is competing with, or is employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries; (b) the Non-Employed ISI Partner holds less than 15% of the Class E Units previously delivered to such ISI Partner; (c) all Class E Units held by ISI Partners are held by Non-Employed ISI Partners; or (d) all ISI Partners in the aggregate hold less than 15% of the Class E Units previously delivered to all ISI Partners in the aggregate; provided, however, that in the case of clauses (c) and (d) the right to cause an exchange shall not apply to an ISI Partner whose termination of employment was, in the reasonable judgment of the General Partner, due to retirement and who is not competing with, or employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries.

(iv) The exchange of Class E Units into shares of Class A Common Stock (other than any Class E Units received upon conversion of Class G Interests or Class H Interests) shall be subject to Section 10.7 of the Contribution and Exchange Agreement.

(v) Notwithstanding anything to the contrary in this Partnership Agreement, the Partnership shall have the right, in its discretion acting reasonably and in good faith, following ten (10) Business Days' notice to the applicable Partners, to deliver alternative consideration in lieu of some or all of the shares of Class A Common Stock otherwise deliverable to a Partner in any Exchange Transaction to the extent that the Partnership determines, in its reasonable discretion upon the reasonable advice of its external counsel, that there is a significant risk that delivery of such shares of Class A Common Stock, together with all other Exchange Transactions occurring on the same Exchange Date, would require any Partner, the Partnership, the General Partner or any of their respective affiliates to give notice to, or obtain approval from, any governmental organization or any agency or political subdivision, including without limitation notice to the Office of the Comptroller of the Currency pursuant to 12 C.F.R. §5.50. The value of the alternative consideration delivered shall be equal to the Market Price of the Class A Common Stock as of the Exchange Date multiplied by the number of shares of Class A Common Stock in lieu of which the alternative consideration is being delivered (the "Alternative Consideration Amount") and shall be in the form of either cash, freely marketable securities or other freely marketable property, or a senior unsubordinated debt instrument or loan guaranteed by the General Partner with a term of six months or less. In determining the form and terms of such alternative consideration, the Partnership will use its reasonable efforts to take into account the tax and financial reporting consequences to the Limited Partners and the Partnership and its Affiliates. The Executive Committee will have the right to cause a third party valuation firm reasonably acceptable to the Executive Committee and the General Partner to determine the value of such alternative consideration (including any liquidity discount) and the value determined by such third party valuation firm shall be binding upon the General Partner, the Partnership and the applicable Partner. If such third party valuation firm determines that the value of such alternative consideration is less than the Alternative Consideration Amount, then the Partnership shall promptly deliver to the applicable Partner additional alternative consideration with a value equal to the difference between the value of the alternative consideration as determined by the third party valuation firm and the Alternative Consideration Amount.

(e) Except as provided in Section 8.05, no Limited Partner or Assignee thereof may Transfer all or any portion of the Class G Interests or Class H Interests (or beneficial interest therein) without the prior written consent of the General Partner, which consent may be given or withheld, or made subject to such conditions (including, without limitation, the receipt of such legal opinions and other documents that the General Partner may require) as are determined by the General Partner, in each case in the General Partner's sole discretion. Any purported Transfer of Interests that is not in accordance with, or subsequently violates, this Agreement shall be null and void.

(f) Except as otherwise agreed to in writing between the General Partner and the applicable Partner, and subject to earlier conversion under Section 8.01(g) or Section 8.02(a)(iii), Class G Interests will automatically convert into a number of Class E Units on February 15 of each of 2016, 2017 and 2018 (the "Class G Conversion Dates"), as follows (with interest and Unit amounts rounded to the nearest whole number):

(i) On February 15, 2016, one third of the Class G Interests held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units, if any, to be received by a Partner equal to (a) the number of such Partner's Class G Interests being converted, multiplied by (b) the Class G Conversion Ratio for such Class G Conversion Date;

(ii) On February 15, 2017, one half of the remaining Class G Interests held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units, if any, to be received by a Partner equal to (a) the number of such Partner's Class G Interests being converted, multiplied by (b) the Class G Conversion Ratio for such Class G Conversion Date;

(iii) On February 15, 2018, all of the remaining Class G Interests held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units, if any, to be received by a Partner equal to (a) the number of such Partner's Class G Interests being converted, multiplied by (b) the Class G Conversion Ratio for such Class G Conversion Date; provided, however, that if and only if the Class G Catchup Condition is satisfied, then the product of (a) and (b) above shall be further multiplied by (1) 300% if no Class E Units were delivered under clause (i) above and no Class E Units were delivered under clause (ii) above; (2) 200% if Class E Units were delivered under clause (i) above or clause (ii) above but not both; or (3) 100% if Class E Units were delivered under both clauses (i) and (ii) above.

(g) Except as otherwise agreed to in writing between the General Partner and the applicable Partner and subject to earlier conversion under Section 8.01(g) or Section 8.02(a)(iii) Class H Interests will automatically convert into a number of Class E Units on February 15 of each of 2018, 2019 and 2020 (the "Class H Conversion Dates"), as follows (with Unit amounts rounded to the nearest whole number):

(i) On February 15, 2018, one third of the Class H Interests held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units, if any, to be received by a Partner equal to (a) the number of such Partner's Class H Interests being converted, multiplied by (b) the Class H First Conversion Ratio for such Class H Conversion Date, multiplied by (c) the Class H Second Conversion Ratio for such Class H Conversion Date;

(ii) On February 15, 2019, one half of the remaining Class H Interests held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units, if any, to be received by a Partner equal to (a) the number of such Partner's Class H Interests being converted, multiplied by (b) the Class H First Conversion Ratio for such Class H Conversion Date, multiplied by (c) the Class H Second Conversion Ratio for such Class H Conversion Date;

(iii) On February 15, 2020, all of the remaining Class H Interests held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units, if any, to be received by a Partner equal to (a) the number of such Partner's Class H Interests, held on behalf of the Founder, being converted, multiplied by (b) the Class H First Conversion Ratio for such Class H Conversion Date, multiplied by (c) the Class H Second Conversion Ratio for such Class H Conversion Date.

(h) Notwithstanding Sections 8.03(f) and (g) above, the Class G Interests or Class H Interests shall not convert into Class E Units if the General Partner determines in good faith upon obtaining the reasonable advice of its external counsel that such conversion is prohibited by applicable Law; provided, that the General Partner and the Partnership shall, at their sole cost and expense, use their respective reasonable best efforts to cause such prohibition to be removed and take all actions (including making any petitions, inquiries or filings with governmental entities to remove such prohibition) as are necessary or advisable in connection therewith. Immediately following the removal of such prohibition, Class G Interests or Class H Interests shall convert into Class E Units to the extent otherwise provided pursuant to Sections 8.03(f) and (g) above. If a holder of Class G Interests or Class H Interests is unable to convert such holder's Class G Interests or Class H Interests for Class E Units as a result of such prohibition, to the extent such holder requests in writing to the Partnership, the Partnership shall redeem such portion indicated in such request of the Class G Interests or Class H Interests, as applicable, that are subject to such prohibition, in exchange for alternative consideration, the value of which shall be equal to the Market Price of the Class A Common Stock as of the Exchange Date immediately following the date on which such Class G Interests or Class H Interests would have been convertible into Class E Units pursuant to this Section 8.03 multiplied by the number of shares of Class A Common Stock for which the Class E Units that the applicable Class G Interests or Class H Interests would have been convertible into but for such prohibition would be exchangeable in an Exchange Transaction (the "Restriction Alternative Consideration Amount"), and which alternative consideration shall be in the form of either cash, freely marketable securities or other freely marketable property, or a senior unsubordinated debt instrument or loan guaranteed by the General Partner with a term of six months or less. The Executive Committee will have the right to cause a third party valuation firm reasonably acceptable to the Executive Committee and the General Partner to determine the value of such alternative consideration and the value determined by such third party valuation firm shall be binding upon the General Partner, the Partnership and the applicable Partner. If such third party valuation firm determines that the value of such alternative consideration is less than the Restriction Alternative Consideration Amount, then the Partnership shall deliver to the applicable Partner additional alternative consideration with a value equal to the difference between the value of the alternative consideration as determined by the third party valuation firm and the

Restriction Alternative Consideration Amount. As promptly as practicable following the conversion of Interests or payment of alternative consideration in lieu of such conversion in the manner provided herein, the books and records of the Partnership shall be amended to reflect the issuance of Class E Units, if any, and the cancellation of the Class G Interests and Class H Interests so converted or in respect of which a payment of alternative consideration has been made. Upon the conversion date or payment of alternative consideration with respect to Class G Interests or Class H Interests, such interests shall cease to be outstanding without further action on the part of any person, and all rights of the holder of such interests as such holder shall cease.

Section 8.04 Related Persons. With respect to each Limited Partner that holds Units or Interests by virtue of being a Family Trust or Family Member (or other permitted transferee or holding entity of Units or Interests hereunder) of a Related Person (including, in the case of the Founder, each Holding Partner), any reference to an employment agreement or other employment-related matter with respect to such Limited Partner (including the event of any termination of employment) shall be deemed to refer to such Limited Partner's Related Person.

Section 8.05 Permitted Transferees. Notwithstanding clause (a) of Section 8.03 and subject to Section 8.07, subject to the policies and procedures that the General Partner may promulgate from time to time in its sole discretion, each Limited Partner may:

(i) Transfer all or a portion of the Vested Units or Vested Interests owned by such Limited Partner to a Family Trust or, in the case of Class E Units, Class G Interests and Class H Interests, a Family Member or Family Trust of such Limited Partner or its Related Person for estate or tax planning purposes, provided that any Vested Units or Vested Interests so Transferred remain subject to the same restrictions on Transfer to which such Units or Interests would be subject if such Units or Interests had not been so Transferred;

(ii) Transfer as a gratuitous transfer to one or more Charities Vested Class A Units that are permitted to be Transferred by such Limited Partner in an Exchange Transaction pursuant to clauses (b) or (c) of Section 8.03;

(iii) in any calendar year, Transfer as a gratuitous transfer to one or more Charities an aggregate number of Vested Class A Units that does not exceed the product of (A).10 multiplied by (B) the number of Vested Class A Units owned by such Limited Partner as of the first day of such calendar year that were not as of such day permitted to be Transferred in an Exchange Transaction pursuant to clauses (b) or (c) of Section 8.03; and

(iv) Transfer by Holding II to Holding, including by merger of Holding II into Holding or a liquidation of Holding II.

Any Family Trust, or in the case of Class E Units, Class G Interests and Class H Interests, a Family Member or Family Trust, Charity or any other Person to which Vested Units or Vested Interests are Transferred by a Limited Partner or their Related Persons in accordance with this Section 8.05, are referred to herein as a "Permitted Transferee" of such Limited Partner or its Related Person. Any Charity that receives Vested Units or Vested Interests in accordance with this Section 8.05 may Transfer such Vested Units or Vested Interests in an Exchange Transaction at any time if such Charity has agreed in writing that any Transfers of shares of Class A Common Stock received thereupon shall be subject to the restrictions set forth in the final sentence of clause (b) of Section 8.03. Before any Transfer of Vested Units or Vested Interests by any Limited Partner (or any Permitted Transferee of any Limited Partner) except Transfers by a Charity in an Exchange Transaction in accordance with the immediately preceding sentence, the proposed transferee of such Vested Units or Vested Interests must enter into a written acknowledgement and agreement with the General Partner and the Partnership that such transferee will receive such Vested Units or Vested Interests subject to, and such transferee will be bound by, the transfer restrictions set forth in this Article 8. Furthermore, before any Permitted Transferee ceases to be a Permitted Transferee of the relevant Limited Partner, it shall transfer full legal and beneficial ownership of such Vested Units or Vested Interests back to the relevant Limited Partner or, subject to this Article VIII, another Permitted Transferee of the relevant Limited Partner or, if such Permitted Transferee is a Charity, in an Exchange Transaction in accordance with the second preceding sentence. Each of the Holding Partners shall be permitted to Transfer its Units or Interests to the any stockholder of Holding or Holding II, as applicable, as of the date hereof, any Permitted Transferee of such stockholder of Holding or Holding II, as applicable, and any successor entity of Holding or Holding II, as applicable. The rights and obligations of Holding or Holding II, as applicable, hereunder shall be transferred to any such Transferee of Holding's or Holding II's Units or Interests, as applicable.

Section 8.06 Encumbrances. No Limited Partner or Assignee may create an Encumbrance with respect to all or any portion of its Units or Interests (or any beneficial interest therein) unless the General Partner consents in writing thereto, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in the General Partner's sole discretion. Any purported Encumbrance that is not in accordance with this Agreement shall be null and void.

Section 8.07 Further Restrictions. Notwithstanding any contrary provision in this Agreement, in no event may any Transfer of a Unit, Interest or other interest in the Partnership be made by any Limited Partner or Assignee if:

(a) such Transfer is made to any Person who lacks the legal right, power or capacity to own such Unit, Interest or other interest in the Partnership;

(b) such Transfer would require the registration of such transferred Unit, Interest or other interest in the Partnership or of any class of Unit, Interest or other interest in the Partnership pursuant to any applicable United States federal or state securities laws (including, without limitation, the Securities Act or the Exchange Act) or other foreign securities laws or would constitute a non-exempt distribution pursuant to applicable state securities laws;

(c) such Transfer would cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to the regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, or any successor regulations;

(d) such Transfer would cause any portion of the assets of the Partnership to become "plan assets" of any benefit plan investor within the meaning of regulations issued by the U.S. Department of Labor at Section 2510.3-101 of Part 2510 of Chapter XXV, Title 29 of the Code of Federal Regulations, or any successor regulations, or to be regulated under the Employee Retirement Income Security Act of 1974, as amended from time to time; or

(e) to the extent requested by the General Partner, the Partnership does not receive such legal and/or tax opinions and written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as an Assignee) that are in a form satisfactory to the General Partner, as determined in the General Partner's sole discretion.

In addition, notwithstanding any contrary provision in this Agreement, to the extent the General Partner shall determine that interests in the Partnership do not meet the requirements of Treas. Reg. section 1.7704-1(h), the General Partner may impose such restrictions on Transfer of interests in the Partnership as the General Partner may determine to be necessary or advisable so that the Partnership is not treated as a publicly traded partnership taxable as a corporation under Section 7704 of the Code. Any restrictions on Transfer imposed pursuant to the foregoing shall apply to all holders of Units, all holders of Interests and all holders of other interests equally, to the extent applicable.

Section 8.08 Rights of Assignees. Subject to Section 8.07, the transferee of any permitted Transfer pursuant to this Article VIII (other than a Transfer in an Exchange Transaction) will be an assignee only ("Assignee"), and only will receive, to the extent Transferred, the distributions and allocations of income, gain, loss, deduction, credit or similar item to which the Partner which Transferred its Units or Interests would be entitled, and such Assignee will not be entitled or enabled to exercise any other rights or powers of a Partner, such other rights, and all obligations relating to, or in connection with, such interest in the Partnership remaining with the transferring Partner. The transferring Partner will remain a Partner even if it has Transferred all of its Units or Interests to one or more Assignees until such time as the Assignee(s) is admitted to the Partnership as a Partner pursuant to Section 8.10.

Section 8.09 Admissions, Withdrawals and Removals. The General Partner may admit any Person as an additional Limited Partner upon such terms and conditions, including, without limitation, such Person's consent to be bound by the terms of this Agreement in its capacity as a Limited Partner, as are determined by the General Partner in its sole discretion. No Person may be admitted to the Partnership as an additional General Partner or substitute General Partner without the prior written consent or ratification by Partners whose Percentage Interests exceed 50% of the Vested Percentage Interests of the Partners, and each Limited Partner agrees to provide a written consent or ratification to such admission of substitution as requested by the General Partner. No Limited Partner will be removed or entitled to withdraw from being a Partner of the Partnership except in accordance with Section 8.11. A General Partner will not be entitled to Transfer all of its Units or to withdraw from being a General Partner of the Partnership unless another General Partner shall have been admitted hereunder (and not have previously been removed or withdrawn). Except as otherwise provided in Article IX, no admission, substitution, withdrawal or removal of a Partner will cause the dissolution of the Partnership. To the fullest extent permitted by law, any purported admission, withdrawal or removal that is not in accordance with this Agreement shall be null and void.

Section 8.10 Admission of Assignees as Substitute Limited Partners. An Assignee will become a substitute Limited Partner only if and when each of the following conditions is satisfied:

(a) the General Partner consents in writing to such admission, which consent may be given or withheld, or made subject to such conditions as are determined by the General Partner, in each case in the General Partner's sole discretion;

(b) if required by the General Partner, the General Partner receives written instruments (including, without limitation, copies of any instruments of Transfer and such Assignee's consent to be bound by this Agreement as a substitute Limited Partner) that are in a form satisfactory to the General Partner (as determined in its sole discretion);

(c) if required by the General Partner, the General Partner receives an opinion of counsel satisfactory to the General Partner to the effect that such Transfer is in compliance with this Agreement and all applicable laws; and

(d) if required by the General Partner, the parties to the Transfer, or any one of them, pays all of the Partnership's reasonable expenses connected with such Transfer (including, but not limited to, the reasonable legal and accounting fees of the Partnership).

Section 8.11 Withdrawal of Certain Partners. If a Partner ceases to hold any Units, Interests or other equity interests, then such Partner shall withdraw from the Partnership and shall cease to be a Partner and to have the power to exercise any rights or powers of a Partner when all of such Partner's Assignees have been admitted as Partners in accordance with Section 8.10.

Section 8.12 Partnership's Right to Purchase. If Ralph L. Schlosstein's employment with the General Partner, the Partnership or any of its subsidiaries is terminated by the General Partner, the Partnership or any of its subsidiaries for Cause (as such term is defined in the RLS Employment Agreement) or if Ralph L. Schlosstein resigns without Good Reason (as such term is defined in the RLS Employment Agreement), then the Partnership shall have the right and option, exercisable by written notice to the RLS Investors within 90 days following such termination or resignation, to purchase any or all Units then held by the RLS Investors (and each Permitted Transferee of the RLS Investors) at a price per Unit equal to Fair Market Value. For the avoidance of doubt, the Partnership's purchase right described in this Section 8.12 shall not apply in the case of the termination of Ralph L. Schlosstein's employment due to death, Disability, termination without Cause or resignation for Good Reason (as each of Disability, Cause and Good Reason is defined in the RLS Employment Agreement). If the Partnership delivers such a notice to an RLS Investor (or a Permitted Transferee of an RLS Investor) pursuant to this Section 8.12, the settlement date for the purchase notified therein shall be on the 60th day following the date of such notice (or, if such date is not a Business Day, on the first Business Day thereafter); provided, however, that if such notice is delivered pursuant clause (b) of this Section 8.12, then such RLS Investor (or such Permitted Transferee of such RLS Investor) may elect to exchange the Units subject to such notice for shares of Class A Common Stock pursuant to, and in accordance with, Article V of the Certificate of Incorporation or, if the General Partner and such RLS Investor or Permitted Transferee shall mutually agree, Transfer such Units to the General Partner, the Partnership or any of its subsidiaries for other consideration, at any time during the first 30 days following the Partnership's delivery of such purchase notice, and, for the avoidance of doubt, Units so exchanged will no longer be subject to purchase by the Partnership.

For purposes of this Section 8.12, "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in the City of New York are authorized or obligated by law to close.

For purposes of this Section 8.12, "Fair Market Value" shall be based on the price at which all of the business and assets, subject to all of the liabilities, of the General Partner would likely be sold in an arm's-length transaction between a willing and able buyer under no compulsion to buy and a willing and able seller under no compulsion to sell, and such buyer and seller being apprised of and considering all relevant facts, circumstances and factors, and shall mean the Market Price.

For purposes of this Section 8.12, the "Market Price" shall mean, on a given date, (i) if there should be a public market for the Class A Common Stock on such date, the average of the arithmetic means of the high and low prices of a share of Class A Common Stock as reported on such date by the principal national securities exchange on which such shares are listed or admitted to trading, or, if the shares are not listed or admitted on any national securities exchange, the average of the arithmetic means of the per share closing bid price and per share closing asked price, in each case, over the 10 trading days immediately preceding and including such date as quoted on the primary market in which such prices are regularly quoted, or, if no sale of shares shall have been reported by any national securities exchange or quoted on such other primary market on such date, then over the 10 trading days immediately preceding and including the immediately preceding date on which sales of the shares have been so reported or quoted shall be used, and (ii) if there should not be a public market for the shares on such date, the Market Price shall be the per share value of a share of Class A Common Stock established by the Committee in good faith based on the price at which all of the business and assets, subject to all of the liabilities, of the General Partner would likely be sold in an arm's-length transaction between a willing and able buyer under no compulsion to buy and a willing and able seller under no compulsion to sell, and such buyer and seller being apprised of and considering all relevant facts, circumstances and factors.

ARTICLE IX

DISSOLUTION, LIQUIDATION AND TERMINATION

Section 9.01 No Dissolution. The Partnership shall not be dissolved by the admission of additional Partners in accordance with the terms of this Agreement. The Partnership may be dissolved, wound-up and terminated only pursuant to the provisions of this Article IX, and the Partners hereby irrevocably waive any and all other rights they may have to cause a dissolution of the Partnership or a sale or partition of any or all of the Partnership assets.

Section 9.02 Events Causing Dissolution. The Partnership shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events (each, a "Dissolution Event"):

(a) The expiration of the term of the Partnership as provided in Section 2.03.

(b) the entry of a decree of judicial dissolution of the Partnership under Section 17-802 of the Act;

(c) at any time there are no limited partners of the Partnership, unless the business of the Partnership is continued in accordance with this Agreement or the Act; or

(d) the Incapacity or removal of the General Partner or the occurrence of a Disabling Event with respect to the General Partner; provided, that the Partnership will not be dissolved or required to be wound up in connection with any of the events specified in this Section 9.02(d) if: (i) at the time of the occurrence of such event there is at least one other general partner of the Partnership who is hereby authorized to, and elects to, carry on the business of the Partnership; or (ii) all remaining Limited Partners consent to or ratify the continuation of the business of the Partnership and the appointment of another general partner of the Partnership within 90 days following the occurrence of any such Incapacity or removal, which appointment shall be effective as of the occurrence of the event specified in this Section 9.02(d), which consent shall be deemed (and if requested each Limited Partner shall provide a written consent for ratification) to have been given for all Limited Partners if the holders of more than two-thirds of the Vested Units then outstanding agree in writing to so continue the business of the Partnership.

Section 9.03 Distribution upon Dissolution.

(a) Upon dissolution, the Partnership shall not be terminated and shall continue until the winding up of the affairs of the Partnership is completed. Upon the winding up of the Partnership, the General Partner, or any other Person designated by the General Partner (the "Liquidation Agent"), shall take full account of the assets and liabilities of the Partnership and shall, unless the General Partner determines otherwise, liquidate the assets of the Partnership as promptly as is consistent with obtaining the fair value thereof. Upon the dissolution of the Partnership, the assets of the Partnership shall be applied and distributed in the following order:

(i) First, to the satisfaction of debts and liabilities of the Partnership (including payment of all indebtedness to Partners and/or their Affiliates to the extent otherwise permitted by law), including the expenses of liquidation, by payment or by making reasonable provision for payment, including through the establishment of any reserve which the Liquidation Agent shall deem reasonably necessary for any contingent, conditional or unmatured liabilities or obligations of the Partnership ("Contingencies"). Such reserve may be paid over by the Liquidation Agent to any attorney-at-law, or acceptable party, as escrow agent, to be held for disbursement in payment of any Contingencies and, at the expiration of such period as shall be deemed advisable by the Liquidation Agent for application of the balance in the manner provided in this Section 9.03; and

(ii) the balance, if any, shall be applied and distributed in accordance with Section 4.01.

(b) Distribution Upon Dissolution Solely in Respect of Vested Units. Upon dissolution of the Partnership, the Partners shall be entitled to distributions solely in respect of any Vested Units held by such Partner at such time. Immediately upon dissolution of the Partnership, all Unvested Class E Units shall immediately be deemed vested and all outstanding Class G Interests and Class H Interests shall immediately be converted into Class E Units, in which case, (i) all Class E Units shall immediately be deemed Vested Class E Units for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03; provided, that the Founder Class E Units shall immediately be exchangeable on an Exchange Date following such dissolution), (ii) the Partnership shall distribute pursuant to Section 9.03(a)(ii) an amount equal to the operating income of the Partnership for such calendar year that has not previously been distributed, and (ii) all Class G Interests and Class H Interests shall then immediately convert into a number of Class E Units equal to (x) the number of such Class G Interests and Class H Interests, as the case may be, multiplied by (y) the applicable Early Conversion Ratio, with such Class E Units being deemed Vested Units immediately upon conversion for all purposes of this Agreement, (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03).

Section 9.04 Time for Liquidation. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Partnership and the discharge of liabilities to creditors so as to enable the Liquidation Agent to minimize the losses attendant upon such liquidation.

Section 9.05 Termination. The Partnership shall terminate when all of the assets of the Partnership, after payment of or due provision for all debts, liabilities and obligations of the Partnership, shall have been distributed to the Partners in the manner provided for in this Article IX, and the Certificate shall have been cancelled in the manner required by the Act.

Section 9.06 Claims of the Partners. The Partners shall look solely to the Partnership's assets for the return of their Capital Contributions, and if the assets of the Partnership remaining after payment of or due provision for all debts, liabilities and obligations of the Partnership are insufficient to return such Capital Contributions, the Partners shall have no recourse against the Partnership or any other Partner or any other Person. No Partner with a negative balance in such Partner's Capital Account shall have any obligation to the Partnership or to the other Partners or to any creditor or other Person to restore such negative balance during the existence of the Partnership, upon dissolution or termination of the Partnership or otherwise.

Section 9.07 Survival of Certain Provisions. Notwithstanding anything to the contrary in this Agreement, the provisions of Section 10.02 and Section 11.09 shall survive the termination of the Partnership.

ARTICLE X

LIABILITY AND INDEMNIFICATION

Section 10.01 Liability of Partners.

(a) No Limited Partner shall be liable for any debt, obligation or liability of the Partnership or of any other Partner or have any obligation to restore any deficit balance in its Capital Account solely by reason of being a Limited Partner of the Partnership.

(b) Notwithstanding any other provision of this Agreement or any duty otherwise existing at law, in equity or otherwise, the parties hereby agree that the General Partner and its Affiliates, shall, to the maximum extent permitted by law, including Section 17-1101(d) of the Act, owe no duties (including fiduciary duties) to the Partnership, the other Partners or any other Person bound by this Agreement; provided, however, that nothing contained in this Section 10.01(b) shall eliminate the implied contractual covenant of good faith and fair dealing.

(c) To the extent that, at law or in equity, any Partner (including without limitation, the General Partner) has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or to another Partner, the Partners (including without limitation, the General Partner) acting under this Agreement will not be liable to the Partnership or to any such other Partner for their good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they expand or restrict the duties and liabilities of any Partner (including without limitation, the General Partner) otherwise existing at law or in equity, are agreed by the Partners to modify to that extent such other duties and liabilities of the Partners (including without limitation, the General Partner).

(d) The General Partner may consult with legal counsel, accountants and financial or other advisors and any act or omission suffered or taken by the General Partner on behalf of the Partnership or in furtherance of the interests of the Partnership in good faith in reliance upon and in accordance with the advice of such counsel, accountants or financial or other advisors will be full justification for any such act or omission, and the General Partner will be fully protected in so acting or omitting to act so long as such counsel or accountants or financial or other advisors were selected with reasonable care.

Section 10.02 Indemnification.

(a) Indemnification. To the fullest extent permitted by law, the Partnership 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 Partnership 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 Partner (including without limitation, the General Partner) or a director, officer or agent of a Partner (including without limitation, the General Partner) or the Partnership or, while a director, officer or agent of a Partner (including without limitation, the General Partner) or the Partnership, is or was serving at the request of the Partnership 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; provided, that such person shall not be entitled to indemnification

hereunder only to the extent such person's conduct constituted fraud, bad faith or willful misconduct. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.02(c), the Partnership 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 General Partner.

(b) Advancement of Expenses. To the fullest extent permitted by law, the Partnership shall promptly pay expenses (including attorneys' fees) incurred by any person described in Section 10.02(a) 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 Section 10.02 or otherwise. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.02(c), the Partnership 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 General Partner.

(c) Unpaid Claims. If a claim for indemnification (following the final disposition of such action, suit or proceeding) or advancement of expenses under this Section 10.02 is not paid in full within thirty (30) days after a written claim therefor by any person described in Section 10.02(a) has been received by the Partnership, 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 Partnership shall have the burden of proving that such person is not entitled to the requested indemnification or advancement of expenses under applicable law.

(d) Insurance. To the fullest extent permitted by law, the Partnership may purchase and maintain insurance on behalf of any person described in Section 10.02(a) against any liability asserted against such person, whether or not the Partnership would have the power to indemnify such person against such liability under the provisions of this Section 10.02 or otherwise.

(e) Non-Exclusivity of Rights. The provisions of this Section 10.02 shall be applicable to all actions, claims, suits or proceedings made or commenced after the date of this Agreement, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Section 10.02 shall be deemed to be a contract between the Partnership and each person entitled to indemnification under this Section 10.02 (or legal representative thereof) who serves in such capacity at any time while this Section 10.02 and the relevant provisions of applicable law, if any, are in effect, and any amendment, modification 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 Section 10.02 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 Section 10.02 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 Partnership Agreement 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 Partnership that indemnification of any person whom the Partnership is obligated to indemnify pursuant to Section 10.02(a) shall be made to the fullest extent permitted by law.

For purposes of this Section 10.02, 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 Partnership" shall include any service as a director, officer, employee or agent of the Partnership 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 Section 10.02 shall not limit the right of the Partnership, 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 10.02(a).

ARTICLE XI

MISCELLANEOUS

Section 11.01 Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 11.02 Notices. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specification notice given in accordance with this Section 11.02):

(a) If to the Partnership, to:

Evercore LP
c/o Evercore Partners Inc.
55 East 52nd Street, 38th Floor
New York, New York 10055
Attention: General Counsel
Fax: (212) 857-3101

(b) If to any Partner, to:

Evercore LP
c/o Evercore Partners Inc.
55 East 52nd Street, 38th Floor
New York, New York 10055
Attention: General Counsel Fax: (212) 857-3101

(c) If to the General Partner, to:

Evercore Partners Inc.
55 East 52nd Street, 38th Floor
New York, New York 10055
Attention: General Counsel
Fax: (212) 857-3101

(d) If to any holder of Class E Units, Class G Interests, or Class H Interests, to:

c/o International Strategy & Investment Group LLC
666 Fifth Avenue
11th Floor
New York, NY 10103
Attention: Vinayak Singh
Facsimile: (212) 355-2094

and

c/o International Strategy & Investment Group LLC
666 Fifth Avenue
11th Floor
New York, NY 10103
Attention: Vinayak Singh
Facsimile: (212) 355-2094

Section 11.03 Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by Law.

Section 11.04 Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the parties and, to the extent permitted by this Agreement, their successors, executors, administrators, heirs, legal representatives and assigns.

Section 11.05 Interpretation. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever shall be applicable. Unless otherwise specified, all references herein to “Articles,” “Sections” and paragraphs shall refer to corresponding provisions of this Agreement.

Section 11.06 Counterparts. This Agreement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts for purposes of this Section 11.06.

Section 11.07 Further Assurances. Each Limited Partner shall perform all other acts and execute and deliver all other documents as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

Section 11.08 Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 11.09 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware.

Section 11.10 Submission to Jurisdiction; Waiver of Jury Trial.

(a) Any and all disputes which cannot be settled amicably, including any ancillary claims of any party to this Agreement, arising out of, relating to or in connection with the validity, negotiation, execution, interpretation, performance or non-performance of this Agreement (including the validity, scope and enforceability of this arbitration provision) shall be finally settled by arbitration conducted by a single arbitrator in New York in accordance with the then existing Rules of Arbitration of the International Chamber of Commerce. If the parties to the dispute fail to agree on the selection of an arbitrator within thirty (30) days of the receipt of the request for arbitration, the International Chamber of Commerce shall make the appointment. The arbitrator shall be a lawyer and shall conduct the proceedings in the English language. Performance under this Agreement shall continue if reasonably possible during any arbitration proceedings.

(b) Notwithstanding the provisions of paragraph (a), the General Partner may bring, or may cause the Partnership to bring, on behalf of the General Partner or the Partnership or on behalf of one or more Partners, an action or special proceeding in any court of competent jurisdiction for the purpose of compelling a party to arbitrate, seeking temporary or preliminary relief in aid of an arbitration hereunder, and/or enforcing an arbitration award and, for the purposes of this paragraph (b), each Partner (i) expressly consents to the application of paragraph (c) of this Section 11.10 to any such action or proceeding, (ii) agrees that proof shall not be required that monetary damages for breach of the provisions of this Agreement would be difficult to calculate and that remedies at law would be inadequate, and (iii) irrevocably appoints the General Partner as such Partner’s agent for service of process in connection with any such action or proceeding and agrees that service of process upon such agent, who shall promptly advise such Partner of any such service of process, shall be deemed in every respect effective service of process upon the Partner in any such action or proceeding.

(c) EACH PARTNER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF COURTS LOCATED IN NEW YORK, NEW YORK FOR THE PURPOSE OF ANY JUDICIAL PROCEEDING BROUGHT IN ACCORDANCE WITH THE PROVISIONS OF PARAGRAPH (B) OF THIS SECTION 11.10, OR ANY JUDICIAL PROCEEDING ANCILLARY TO AN ARBITRATION OR CONTEMPLATED ARBITRATION ARISING OUT OF OR RELATING TO OR CONCERNING THIS AGREEMENT. Such ancillary judicial proceedings include any suit, action or proceeding to compel arbitration, to obtain temporary or preliminary judicial relief in aid of arbitration, or to confirm an arbitration award. The parties acknowledge that the fora designated by this paragraph (c) have a reasonable relation to this Agreement, and to the parties’ relationship with one another. The parties hereby waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter may have to personal jurisdiction or to the laying of venue of any such ancillary suit, action or proceeding brought in any court referred to in this paragraph (c) and such parties agree not to plead or claim the same.

Section 11.11 Expenses. Except as otherwise specified in this Agreement, the Partnership shall be responsible for all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with its operation.

Section 11.12 Amendments and Waivers.

(a) This Agreement (including the Annexes hereto) may be amended, supplemented, waived or modified by the written consent of the General Partner; provided, that any amendment that would have a material adverse effect on the rights or preferences of any Class of Units in relation to other Classes must be approved by the holders of not less than a majority of the Vested Percentage Interests of the Class affected; provided, further, however, that the General Partner may, without the written consent of any Limited Partner or any other Person, amend, supplement, waive or modify any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect: (i) any amendment, supplement, waiver or modification that the General Partner determines to be necessary or appropriate in connection with the creation, authorization or issuance of any Class of Units or other equity interests in the Partnership or other Partnership securities in accordance with this Agreement; (ii) the admission, substitution, withdrawal or removal of Partners in accordance with this Agreement; (iii) a change in the name of the Partnership, the location of the principal place of business of the Partnership, the registered agent of the Partnership or the registered office of the Partnership; (iv) any amendment, supplement, waiver or modification that the General Partner determines in its sole discretion to be necessary or appropriate to address changes in U.S. federal income tax regulations, legislation or interpretation; or (v) a change in the Fiscal Year or taxable year of the Partnership and any other changes that the General Partner determines to be necessary or appropriate as a result of a change in the Fiscal Year or taxable year of the Partnership including a change in the dates on which distributions are to be made by the Partnership; provided, further, that the books and records of the Partnership shall be deemed amended from time to time to reflect the admission of a new Partner, the withdrawal or resignation of a Partner, the adjustment of the Units resulting from any forfeiture and reallocation of Unvested Units, the vesting of Unvested Units, and the adjustment of the Units resulting from any Transfer or other disposition of a Unit, in each case that is made in accordance with the provisions hereof; provided, further, that all Limited Partners shall be deemed to have provided their consent or ratification to any amendment, if such amendment has been approved by the holders of not less than a majority of the Vested Percentage Interest of the Class affected.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder (other than a failure or delay beyond a period of time specified herein) shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

(c) Notwithstanding anything to the contrary herein, the parties hereto acknowledge and agree that, to the fullest extent permissible by Law, (i) the Class A Units and the Class E Units shall be deemed a single Class of Units for purposes of clause (a) above and for all other purposes for which the consent of a class or group of partnership interests may be required under the Delaware Revised Uniform Limited Partnership Act, at Law, in equity or otherwise, and in no event shall holders of the Class E Units, as such, be entitled to consent on any matter as a separate class or group of partnership interests or Partners, except that any amendment to or waiver (including an amendment effected by means of a merger or consolidation) of Sections 8.01, 8.02, 8.03, 8.07, 9.03, 11.12(c), 11.17 or Article IV or Article V of this Agreement or the definitions related thereto that would explicitly (including by explicit exception), disproportionately and adversely affect the specific rights, preferences, privileges and interests of the Class E Units specified in such sections (in relation to any other class of Units after taking into account or giving effect to the relative rights, preferences, privileges and interests of such other class of Units) hereunder in any material respect, must be approved by the holders of not less than a majority of the Class E Units; (ii) the holders of Class G Interests and Class H Interests, as such, shall not be entitled to consent, either as a separate class or otherwise, on any matter involving or relating to the Partnership, except that any amendment to or waiver (including an amendment effected by means of a merger or consolidation) of Sections 8.01, 8.02, 8.03, 8.07, 9.03, 11.12(c), 11.17 or Article IV or Article V of this Agreement or the definitions related thereto that would explicitly (including by explicit exception), disproportionately and adversely affect the specific rights, preferences, privileges and interests of the Class G Interests or the Class H Interests specified in such sections (in relation to any other class of Units or interests after taking into account or giving effect to the relative rights, preferences, privileges and interests of such other class of Units or interests) hereunder in any material respect, must be approved by the holders of not less than a majority of the Class G Interests or Class H Interests, as applicable; and (iii) any amendment to or waiver (including an amendment effected by means of a merger or consolidation) of Section 3.02 or the Operating Principles must be approved in writing by the Executive Committee, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, any amendment or waiver (including an amendment effected by means of a merger or consolidation) that would alter the rights of the Class E Units, Class G Interests or Class H Interests to exchange partnership interests for Class A Common Stock (e.g., the ability to exchange for Class A Common Stock, the ability to convert into Class E Units, the conversion ratios or conversion or exchange mechanics) must be approved by the holders of not less than a majority of the Class E Units, Class G Interests or Class H Interests, as the case may be, so affected by such amendment or waiver.

(d) The General Partner may, in its sole discretion, unilaterally amend this Agreement on or before the effective date of the final regulations to provide for (i) the election of a safe harbor under Proposed Treasury Regulation Section 1.83-3(l) (or any similar provision) under which the fair market value of a partnership interest that is transferred is treated as being equal to the liquidation value of that interest, (ii) an agreement by the Partnership and each of its Partners to comply with all of the requirements set forth in such regulations and Notice 2005-43 (and any other guidance provided by the Internal Revenue Service with respect to such election) with respect to all partnership interests transferred in connection with the performance of services while the election remains effective, (iii) the allocation of items of income, gains, deductions and losses required by the final regulations similar to Proposed Treasury Regulation Section 1.704-1(b)(4)(xii)(b) and (c), and (iv) any other related amendments.

(e) Except as may be otherwise required by law in connection with the winding-up, liquidation, or dissolution of the Partnership, each Partner hereby irrevocably waives any and all rights that it may have to maintain an action for judicial accounting or for partition of any of the Partnership's property.

(f) In the event of a property settlement or separation agreement between a Limited Partner and his or her spouse, such Limited Partner agrees that he or she shall use reasonable efforts to retain all of his or her Units or Interests and shall reimburse his or her spouse for any interest he or she may have in the Partnership out of funds, assets or proceeds separate and distinct from his or her interest in the Partnership. To the extent that such Limited Partner is unable, despite his or her exercise of reasonable efforts, to retain all of his or her Units or Interests, such Limited Partner shall use reasonable efforts to transfer to his or her spouse only the economic interests of such Limited Partner's Units or Interests, retaining for himself or herself all voting rights relating to his or her Units or Interests. Notwithstanding the foregoing, if a spouse or former spouse of a Limited Partner acquires any Units or Interests as a registered owner as a result of any such proposed settlement or separation agreement, such spouse or former spouse shall be entitled only to allocation and distributions with respect to his or her Units or Interests and shall have no right to vote his or her Units or Interests, to participate in the management of the Partnership or to any accounting or information concerning the affairs of the Partnership and shall not have any other rights of a Partner under this Agreement.

Section 11.13 No Third Party Beneficiaries. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and successors and nothing herein, express or implied, is intended to or shall confer upon any other Person or entity, any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. Without limiting the foregoing, any obligation of the Partners to make Capital Contributions to the Partnership under this Agreement is an agreement only between the Partners and no other person or entity, including the Partnership, shall have any rights to enforce such obligations.

Section 11.14 Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

Section 11.15 Construction. Each party hereto acknowledges and agrees it has had the opportunity to draft, review and edit the language of this Agreement and that no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any dispute relating to, in connection with or involving this Agreement. Accordingly, the parties hereby waive the benefit of any rule of Law or any legal decision that would require that in cases of uncertainty, the language of a contract should be interpreted most strongly against the party who drafted such language.

Section 11.16 Power of Attorney. Each Limited Partner, by its execution hereof, hereby irrevocably makes, constitutes and appoints the General Partner as its true and lawful agent and attorney in fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (a) this Agreement and any amendment to this Agreement that has been adopted as herein provided; (b) the original certificate of limited partnership of the Partnership and all amendments thereto required or permitted by law or the provisions of this Agreement; (c) all certificates and other instruments (including consents and ratifications which the Limited Partners have agreed to provide upon a matter receiving the agreed support of Limited Partners) deemed advisable by the General Partner to carry out the provisions of this Agreement and Law or to permit the Partnership to become or to continue as a limited partnership or partnership wherein the Limited Partners have limited liability in each jurisdiction where the Partnership may be doing business; (d) all instruments that the General Partner deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including, without limitation, the admission of additional Limited Partners or substituted Limited Partners pursuant to the provisions of this Agreement; (e) all conveyances and other instruments or papers deemed advisable by the General Partner to effect the liquidation and termination of the Partnership; and (f) all fictitious or assumed name certificates required or permitted (in light of the Partnership's activities) to be filed on behalf of the Partnership.

Section 11.17 Partnership Status. The parties intend to treat the Partnership as a partnership for U.S. federal income tax purposes.

Section 11.18 Separate Agreements; Schedules. Notwithstanding any other provision of this Agreement, including Section 11.12, the General Partner may, or may cause the Partnership to, without the approval of any Limited Partner or other Person, enter into separate agreements with individual Limited Partners with respect to any matter, which have the effect of establishing rights under, or altering, supplementing or amending the terms of, this Agreement or of any subscription agreement. The parties hereto agree that any terms contained in any such separate agreement shall govern with respect to such Limited Partner(s) party thereto notwithstanding the provisions of this Agreement or of any subscription agreement. The General Partner may from time to time execute and deliver to Limited Partners schedules which set forth information contained in the books and records of the Partnership and any other matters deemed appropriate by the General Partner. Such schedules shall be for information purposes only and shall not be deemed to be part of this Agreement for any purpose whatsoever.

Section 11.19 Admission of Limited Partners at Closing. On the Closing Date, each ISI Partner will be admitted to the Partnership as a Limited Partner with respect to the Class E Units, Class G Interests and Class H Interests held by such ISI Partner and the books and records of the Partnership shall be amended to reflect the issuance of Class E Units, Class G Interests and Class H Interests, to list the Class E Units, Class G Interests and Class H Interests as Vested or Unvested and reflect the admission of each ISI Partner as a Limited Partner (subject in all cases to the provisions of this Agreement, including without limitation Section 11.12(c)). For the avoidance of doubt the ownership of Class E Units, Class G Interests and Class H Interests does not provide any right to receive, or voting rights with respect to, shares of Class B Common Stock of the General Partner.

Section 11.20 Effectiveness. This Agreement, and the amendment and restatement of the Original Agreement effected hereby, shall take effect immediately, and without any further action by any Person, only upon the Closing (as defined in the Contribution and Exchange Agreement). Prior to the Closing, the Original Agreement shall remain in effect in accordance with its terms. Any ISI Partner (other than a Holding Partner), all the Management Holdings Management Units of whom are forfeited prior to the Closing as a result of the termination of such ISI Partner's employment with a Transferred Company prior to the Closing, shall automatically cease to be a party hereto with no continuing liability or rights hereunder.

IN WITNESS WHEREOF, the parties hereto have entered into this Agreement or have caused this Agreement to be duly executed by their respective authorized officers, in each case as of the date first above stated.

EVERCORE PARTNERS INC.

By: /s/ Robert B. Walsh

Name: Robert B. Walsh

Title: Chief Financial Officer

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

LIMITED PARTNERS:

By: Evercore Partners Inc., as attorney-in-fact for the Limited Partners

By: /s/ Robert B. Walsh

Name: Robert B. Walsh

Title: Chief Financial Officer

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

ISI HOLDING, INC.

By: /s/ Edward S. Hyman

Name: Edward S. Hyman

Title: President

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

ISI HOLDING II, INC.

By: /s/ Edward S. Hyman

Name: Edward S. Hyman

Title: President

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

ISI MANAGEMENT HOLDINGS LLC

By: ISI HOLDING, INC., its Managing Member

By: /s/ Edward S. Hyman

Name: Edward S. Hyman

Title: President

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

ISI HOLDING, LLC

By: ISI HOLDING, INC., its Managing Member

By: /s/ Edward S. Hyman

Name: Edward S. Hyman

Title: President

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

The undersigned hereby enters into and agrees to be bound by the terms of this Fourth Amended and Restated Limited Partnership Agreement of Evercore LP in its capacity as a limited partner of Evercore LP, effective as of the Closing Date.

/s/ Vinayak Singh
Vinayak Singh

/s/ Mark Schoenebaum
Mark Schoenebaum

/s/ Bill Foley
Bill Foley

/s/ David Raso
David Raso

/s/ Doug Terreson
Doug Terreson

/s/ Greg Gordon
Greg Gordon

/s/ Greg Melich
Greg Melich

/s/ Steve Sakwa
Steve Sakwa

/s/ Barney Hallingby
Barney Hallingby

/s/ Oscar Sloterbeck
Oscar Sloterbeck

/s/ Krishna Guha
Krishna Guha

/s/ Omar Saad
Omar Saad

/s/ Glenn Schorr
Glenn Schorr

/s/ Ross Muken
Ross Muken

/s/ Brian Devlin
Brian Devlin

/s/ Dennis Debusschere
Dennis Debusschere

/s/ Arndt Ellinghorst
Arndt Ellinghorst

/s/ Brad Kott
Brad Kott

/s/ Colin Crowley
Colin Crowley

/s/ Vijay Jayant
Vijay Jayant

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

/s/ Robert Ottenstein

Robert Ottenstein

/s/ Renee Chang Marquardt

Renee Chang Marquardt

/s/ Bill Whyman

Bill Whyman

/s/ Donald Straszheim

Donald Straszheim

/s/ Stephen East

Stephen East

/s/ Daniel Fox

Daniel Fox

/s/ Anthony Rose

Anthony Rose

/s/ Daisuke Nakajima

Daisuke Nakajima

/s/ Pankaj Patel

Pankaj Patel

/s/ Carolina Campbell

Carolina Campbell

/s/ Dick Hokenson

Dick Hokenson

/s/ Chad Doerge

Chad Doerge

/s/ Charlie Roberson

Charlie Roberson

/s/ Matt Brittain

Matt Brittain

/s/ Mike Pizzi

Mike Pizzi

/s/ Neal Griffin

Neal Griffin

/s/ Keith Boran

Keith Boran

/s/ Ryan Dawson

Ryan Dawson

/s/ David Ascioti

David Ascioti

/s/ David Browne

David Browne

/s/ Mark DiBenedetto

Mark DiBenedetto

/s/ Michael McClory

Michael McClory

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

/s/ Robert Merrill

Robert Merrill

/s/ Mike Liotti

Mike Liotti

/s/ Danny Maida

Danny Maida

/s/ Robert Andrews

Robert Andrews

/s/ Francesc Lleal

Francesc Lleal

/s/ Scott Manahan

Scott Manahan

/s/ Jonathan Stenzler

Jonathan Stenzler

/s/ Matt McGinley

Matt McGinley

/s/ Judy deFazio

Judy deFazio

/s/ Oliver Wintermantel

Oliver Wintermantel

/s/ Marian Rupp

Marian Rupp

/s/ Michael Montani

Michael Montani

[Signature Page to Fourth Amended and Restated Limited Partnership Agreement]

Exhibit 10.3

SUPPLEMENT
TO
FOURTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
EVERCORE LP

This Supplement (the “Supplement”) to the Fourth Amended and Restated Limited Partnership Agreement, dated as of August 3, 2014 and effective as of and conditioned upon the Closing (as defined therein) (the “Existing Partnership Agreement” and collectively with the Supplement, as amended, supplemented or modified from time to time, the “Partnership Agreement”), of Evercore LP, a Delaware limited partnership (the “Partnership”), by and among Evercore Partners Inc., a Delaware corporation, as general partner of the Partnership (the “General Partner”), and the Limited Partners (as defined therein) of the Partnership, is made of the 3rd day of August, 2014. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Existing Partnership Agreement.

W I T N E S S E T H

WHEREAS, the General Partner desires to amend and supplement the Existing Partnership Agreement to reflect the issuance of certain additional Class E Units, Class G Interests and Class H Interests, in each case, subject to certain specified terms and conditions as expressly set forth herein, pursuant to the Contribution and Exchange Agreement, dated as of August 3, 2014 (as amended from time to time, the “IE Exchange Agreement”), by and among the Partnership, the General Partner and the holders listed on Annex A thereto;

WHEREAS, this Supplement is adopted pursuant to Sections 7.01 and 11.12(a) of the Existing Partnership Agreement and the General Partner has determined that this Supplement is necessary and appropriate in connection with the authorization and issuance of the additional Class E Units, Class G Interests and Class H Interests;

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree, effective, as of and conditioned upon the occurrence of, the IE Closing (as defined below), to amend and supplement the Existing Partnership Agreement as follows:

1) Definitions. Article I of the Existing Partnership agreement is hereby amended by:

(i) replacing the definition of “Cause” in its entirety with the following:

“Cause ” means: (i) with respect to a ISI Partner who is party to an Employment Letter Agreement, the meaning set forth therein; (ii) with respect to all other ISI Partners, the meaning set forth in the Confidentiality, Non Solicitation and Proprietary Information Agreement between such ISI Partner and Evercore Partners Services East L.L.C.; and (iii) with respect to an IE Partner, the meaning set forth in the Confidentiality, Non Solicitation and Proprietary Information Agreement between such IE Partner and Evercore Partners Services East L.L.C.

(ii) adding the following definitions in proper alphabetical order:

"Award Agreement", "Award Agreement Class A Units" and "BD Investco" have the respective meanings set forth in the IE Exchange Agreement.

"IE Closing" and "IE Closing Date" have the respective meanings ascribed to the terms "Closing" and "Closing Date" in the IE Exchange Agreement.

"IE Award Agreement Class E Units" means the IE 2015 Award Agreement Class E Units and the IE 2016 Award Agreement Class E Units.

"IE 2015 Award Agreement Class E Units" means the unvested Class E Units distributed to IE Partners on the IE Closing Date, in accordance with the IE Exchange Agreement, in exchange for Award Agreement Class A Units of BD Investco that were subject to forfeiture provisions through July 1, 2015 pursuant to an Award Agreement.

"IE 2016 Award Agreement Class E Units" means the unvested Class E Units distributed to IE Partners on the IE Closing Date, in accordance with the IE Exchange Agreement, in exchange for Award Agreement Class A Units of BD Investco that were subject to forfeiture provisions through July 1, 2016 pursuant to an Award Agreement.

"IE Class E Units" means the Class E Units distributed to the IE Partners on the IE Closing Date, in accordance with the IE Exchange Agreement.

"IE Class G Interests" means the Class G Interests distributed to the IE Partners on the IE Closing Date, in accordance with the IE Exchange Agreement.

"IE Class H Interests" means the Class H Interests distributed to the IE Partners on the IE Closing Date, in accordance with the IE Exchange Agreement.

"IE Exchange Agreement" means the Contribution and Exchange Agreement, dated as of August 3, 2014 by and among the Partnership, the General Partner and the holders listed on Annex A thereto.

"IE Partners" means those persons who were distributed Class E Units, Class G Interests or Class H Interests on the IE Closing Date, in accordance with the IE Exchange Agreement.

"Non-Employed IE Partner" at any time means an IE Partner who is not at that time employed by the General Partner, the Partnership or any of its applicable subsidiaries.

2) Additional Tax Distributions. Section 4.01(c)(i) of the Existing Partnership Agreement is hereby amended by adding the words "and IE Partner" after "ISI Partner" in the first line thereof.

3) Treatment of IE Award Agreement Class E Units.

(i) Section 4.01 of the Existing Partnership Agreement is hereby amended by adding the following as new Section 4.01(d):

(d) Notwithstanding anything to the contrary in this Agreement, the IE Award Agreement Class E Units shall not be considered issued and outstanding for the purposes of Sections 4.01(b) or 4.01(c) above, and shall be disregarded for purposes of all calculations and distributions thereunder, until the earlier of (a) the date on which a duly and timely filed election under Section 83(b) becomes effective with respect to such Units and (b) the date such Units become Vested Units hereunder.

(ii) Article V of the Existing Partnership Agreement is hereby amended by adding the following as new Section 5.11:

Section 5.11. Treatment of IE Award Agreement Class E Units. Notwithstanding anything to the contrary in this Agreement, the IE Award Agreement Class E Units shall not be considered issued and outstanding for the purposes of Sections 5.01, 5.03, 5.04, 5.05, 5.06 or 5.08 of this Agreement, and shall be disregarded for purposes of all calculations and allocations thereunder, until the earlier of (a) the date on which a duly and timely filed election under Section 83(b) becomes effective with respect to such Units and (b) the date such Units become Vested Units hereunder.

4) Vesting. Section 8.01 of the Existing Partnership Agreement is hereby amended by:

(i) deleting the word "and" at the end of Section 8.01(d)(iii), renumbering clause (iv) of Section 8.01(d) as clause (vii) and adding the following as new Sections 8.01(d)(iv), (iv) and (vi):

(iv) All of the IE Class E Units delivered on the IE Closing Date (other than the IE Award Agreement Class E Units) shall vest and thereafter be Vested Units for all purposes of the Partnership Agreement upon the IE Closing;

(v) The IE 2015 Award Agreement Class E Units delivered on the IE Closing Date shall vest and thereafter be Vested Units for all purposes of the Partnership Agreement on July 1, 2015;

(vi) The IE 2016 Award Agreement Class E Units delivered on the IE Closing Date shall vest and thereafter be Vested Units for all purposes of the Partnership Agreement on July 1, 2016; and

(ii) deleting the word “and” at the end of Section 8.01(e)(i), replacing the period at the end of Section 8.01(e)(ii) with “; and” and adding the following as new Section 8.01(e)(iii):

(iii) All of the IE Class G Interests delivered on the IE Closing Date shall vest and thereafter be Vested Interests for all purposes of the Partnership Agreement upon the IE Closing, until they are converted into Class E Units as set forth herein.

(iii) deleting the word “and” at the end of Section 8.01(f)(i), replacing the period at the end of Section 8.01(f)(ii) with “; and” and adding the following as new Section 8.01(f)(iii):

(iii) All of the IE Class H Interests delivered on the IE Closing Date shall vest and thereafter be Vested Interests for all purposes of the Partnership Agreement upon the IE Closing, until they are converted into Class E Units as set forth herein.

(iv) adding the following as new Sections 8.01(h) and 8.01(i):

(h) The acceleration of vesting and conversion of Units and Interests following an Acceleration Trigger Event pursuant to Section 8.01(g) shall apply to Units and Interests held by IE Partners only upon the approval of at least 50% of the Class G Interests and Class H Interests held by all IE Partners, in which case, concurrently with any acceleration of vesting and conversion of Units and Interests held by ISI Partners pursuant to Section 8.01(g):

(i) each IE Partner’s IE Award Agreement Class E Units shall immediately be deemed Vested Class E Units for all purposes of this Agreement and each IE Partner’s Class E Units and IE Award Agreement Class E Units shall immediately be exchangeable on an Exchange Date following such acceleration (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03); and

(ii) each IE Partner’s Class G Interests and Class H Interests shall immediately convert into a number of Class E Units, if any, equal to (i) the number of such Class G Interests and Class H Interests, as the case may be, multiplied by (ii) the applicable Early Conversion Ratio, with such Class E Units being deemed Vested Units immediately upon conversion for all purposes of this Agreement (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03).

(i) In the event of a redemption of Class E Units held by ISI Partners following an Acceleration Trigger Event, the Partnership shall also offer to redeem from each IE Partner the Class E Units for which vesting or conversion was accelerated pursuant to Section 8.01(h) for the same redemption price as the ISI Holders.

5) Forfeiture of Units; Treatment Upon Termination. Section 8.02 of the Existing Partnership Agreement is hereby amended by deleting the word “and” at the end of Section 8.02(a)(iii), replacing the period at the end of Section 8.02(a)(iv) with “;” and adding the following as new Sections 8.02(a)(v) and (vi):

v) If the employment of any IE Partner by the General Partner, the Partnership or any of its affiliates, as applicable, terminates for any reason other than in an IE Qualifying Termination, such IE Partner’s IE Award Agreement Class E Units that are Unvested Units at the time of termination shall be immediately forfeited without any consideration, and such IE Partner shall cease to own or have any rights with respect to such Unvested Units; and

vi) if the employment of any IE Partner by the General Partner, the Partnership or any of its subsidiaries, as applicable, is terminated without Cause or due to such IE Partner’s death or Disability (an “IE Qualifying Termination”), then such IE Partner’s IE Award Agreement Class E Units that are Unvested Units shall immediately be deemed Vested Units for all purposes of this Agreement and all of such IE Partner’s Class E Units shall immediately be exchangeable on an Exchange Date following such IE Qualifying Termination (subject, however, to the same limitations and conditions on exchange set forth in Section 8.03).

6) Limited Partner Transfers. Section 8.03 of the Existing Partnership Agreement is hereby amended by:

i) deleting the word “and” at the end of Section 8.03(d)(i)(e), renumbering clause (f) of Section 8.03(d)(i) as clause (j) and adding the following as new Sections 8.03(d)(i)(f)-(i):

(f) 40% of the IE Class E Units delivered to each IE Partner on the IE Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the IE Closing;

(g) 20% of the IE Class E Units delivered to each IE Partner on the IE Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the first anniversary date of the IE Closing;

(h) 20% of the IE Class E Units delivered to each IE Partner on the IE Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the second anniversary date of the IE Closing;

(i) 20% of the IE Class E Units delivered to each IE Partner on the IE Closing Date may be exchanged into shares of Class A Common Stock only on an Exchange Date following the third anniversary date of the IE Closing; and

ii) adding the following as new Sections 8.03(d)(vi) and (v):

(vi) Notwithstanding Section 8.03(d)(i), no IE Award Agreement Class E Unit may be exchanged into shares of Class A Common Stock until the first Exchange Date following the date on which it becomes a Vested Unit, and to the extent that an IE Partner holds fewer Vested Class E Units than would otherwise become exercisable on a date specified in Section 8.03(d)(i)(f)-(i), then the exercisability date shall be delayed accordingly.

(v) If the employment of any IE Partner by the General Partner, the Partnership or any of its subsidiaries, as applicable, terminates for any reason (including, without limitation, termination for Cause or voluntary termination by such IE Partner) other than in an IE Qualifying Termination, then, notwithstanding Section 8.03(d)(i), all Class E Units held by such IE Partner at the time of such termination (including any Class E Units that are delivered to such IE Partner upon acceleration of conversion of Class G and Class H Interests under Section 8.02(a)(iv)) may be exchanged into shares of Class A Common Stock only on an Exchange Date following the seventh anniversary date of the IE Closing; notwithstanding the foregoing, in the case of an IE Partner's voluntary resignation of employment between the 6-month and 24-month anniversaries of the IE Closing, such IE Partner shall be eligible to exchange such Class E Units into shares of Class A Common Stock on the same schedule that would have applied had the IE Partner remained employed with the General Partner, the Partnership or any of its subsidiaries, as applicable, through the applicable Exchange Date, provided that such IE Partner has, as of such Exchange Date, fulfilled (to the satisfaction of the Partnership) notice and all other applicable requirements under such IE Partner's Confidentiality, Non-Solicitation and Proprietary Information Agreement.

7) Mandatory Exchange for IE Partners. Article VIII of the Existing Partnership Agreement is hereby amended by adding the following as new Section 8.13:

8.13 Mandatory Exchange for IE Partners. Notwithstanding anything to the contrary in Section 8.03, the General Partner shall have the right, in its sole discretion, whether or not on an Exchange Date, to cause all of the Class E Units held by any Non-Employed IE Partner to be exchanged for shares of Class A Common Stock if, at that time:

(a) the General Partner reasonably believes that such Non-Employed IE Partner is competing with, or is employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries;

(b) the employment of the IE Partner by the General Partner, the Partnership or any of its subsidiaries, as applicable, has been terminated for Cause;

(c) the Non-Employed IE Partner holds less than 15% of the Class E Units previously delivered to such IE Partner;

(d) all Class E Units held by IE Partners are held by Non-Employed IE Partners; provided, that in the case of this clause (c) the right to cause an exchange shall not apply to an IE Partner whose termination of employment was, in the reasonable judgment of the General Partner, due to retirement and who is not competing with, or employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries; or

(e) all IE Partners in the aggregate hold less than 15% of the Class E Units previously delivered to all IE Partners in the aggregate; provided, that in the case of this clause (d) the right to cause an exchange shall not apply to an IE Partner whose termination of employment was, in the reasonable judgment of the General Partner, due to retirement and who is not competing with, or employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries.

8) Continuation of Partnership Agreement. The Existing Partnership Agreement and this Supplement shall be read together and shall have the same force and effect as if the provisions of the Existing Partnership Agreement and this Supplement were contained in one document. Except as expressly amended or supplemented by this Supplement, the provisions of the Existing Partnership Agreement as in effect immediately prior to the execution hereof shall remain in full force and effect.

9) Admission of Limited Partners. Section 11.19 of the Existing Partnership Agreement is hereby amended by adding the following after the first sentence thereof:

On the IE Closing Date, each IE Partner will be admitted to the Partnership as a Limited Partner with respect to the Class E Units, Class G Interests and Class H Interests held by such IE Partner and the books and records of the Partnership shall be amended to reflect the issuance of Class E Units, Class G Interests and Class H Interests, to list the Class E Units,

Class G Interests and Class H Interests as Vested and reflect the admission of each IE Partner as a Limited Partner (subject in all cases to the provisions of this Agreement, including without limitation Section 11.12(c)).

10) Miscellaneous.

(a) This Supplement may be executed and delivered (including by facsimile transmission) in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement. Copies of executed counterparts transmitted by telecopy or other electronic transmission service shall be considered original executed counterparts.

(b) This Supplement shall be governed by, and construed in accordance with, the laws of the State of Delaware.

(c) If any term or other provision of this Supplement is held to be invalid, illegal or incapable of being enforced by any rule of Law, or public policy, all other conditions and provisions of this Supplement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Supplement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

11) Effectiveness. This Supplement, and the amendment of the Existing Partnership Agreement effected hereby, shall take effect immediately, and without any further action by any Person, only upon the IE Closing. Prior to the IE Closing, the Existing Partnership, if effective, shall remain in effect in accordance with its terms. Any IE Partner that does not receive Class E Units, Class G Interests or Class H Interests in the IE Closing shall automatically cease to be a party hereto with no continuing liability or rights hereunder.

IN WITNESS WHEREOF, the parties hereto have entered into this Supplement or have caused this Supplement to be duly executed by their respective authorized officers, in each case as of the date first above stated.

EVERCORE PARTNERS INC.

By: /s/ Robert B. Walsh

Name: Robert B. Walsh

Title: Chief Financial Officer

LIMITED PARTNERS:

By: Evercore Partners Inc.,

as attorney-in-fact for the Limited Partners

By: /s/ Robert B. Walsh

Name: Robert B. Walsh

Title: Chief Financial Officer

[Signature Page to the Limited Partnership Agreement Supplement]

The undersigned hereby enters into and agrees to be bound by the terms of the Fourth Amended and Restated Limited Partnership Agreement of Evercore LP, as amended by this Supplement thereto, in its capacity as a limited partner of Evercore LP, effective as of the IE Closing Date.

/s/ James Birle, Jr.

James Birle, Jr.

/s/ Terri Fortuna

Terri Fortuna

/s/ Jordan Webb

Jordan Webb

/s/ Stewart Kirk Materne III

Stewart Kirk Materne III

/s/ Charles Myers

Charles Myers

/s/ John Pancari

John Pancari

/s/ Angela Dalton

Angela Dalton

/s/ Jonathan Schildkraut

Jonathan Schildkraut

/s/ Edwin Roseberry

Edwin Roseberry

/s/ Bradley Ball

Bradley Ball

/s/ Scott Barishaw

Scott Barishaw

/s/ Robert Manning

Robert Manning

/s/ David Togut

David Togut

/s/ Andrew Crossfield

Andrew Crossfield

/s/ Kenneth Sena

Kenneth Sena

/s/ Patrick Marvin

Patrick Marvin

/s/ Jonathan Chappell

Jonathan Chappell

/s/ Sheila McGrath

Sheila McGrath

/s/ Christopher Allen

Christopher Allen

/s/ Douglas Arthur

Douglas Arthur

[Signature Page to the Limited Partnership Agreement Supplement]

/s/ Robert Cihra

Robert Cihra

/s/ Douglas DePietro

Douglas DePietro

/s/ Vinay Misquith

Vinay Misquith

/s/ Ashley Griffith

Ashley Griffith

/s/ Duane Pfennigwerth

Duane Pfennigwerth

/s/ Gregory Spano

Gregory Spano

/s/ James Byrnes

James Byrnes

/s/ Greg Smiechowski

Greg Smiechowski

[Signature Page to the Limited Partnership Agreement Supplement]

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 Partners 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 6, 2014

/ 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 Partners 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 6, 2014

/ 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 Partners 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 6, 2014

/ 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 Partners 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 6, 2014

/ 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.