MUNICIPAL MORTGAGE & EQUITY LLC
Form 4
March 16, 2005

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
BROWN EDDIE C

(Last) (First) (Middle)

1201 NORTH CALVERT

(Street)

BALTIMORE, MD 21202

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
MUNICIPAL MORTGAGE & EQUITY LLC [MMA]

3. Date of Earliest Transaction (Month/Day/Year)
03/14/2005

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Shares (1)	03/14/2005		A		40.883	A	$ 24.46	3,185.695	D	

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

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SEC 1474 (9-02)

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

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

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BROWN EDDIE C 1201 NORTH CALVERT BALTIMORE, MD 21202	X			

Signatures

Janet E. McHugh	03/16/2005
**Signature of Reporting Person	Date

Explanation of Responses:

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

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

(1) Shares awarded in accordance with the 2001 Non-Employee Directors' Share Plan.

Remarks:
Janet E. McHugh is signing as Attorney-in-Fact.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. t;">—

—

—

—

(2,610,505
)

(66,588
)

—

(66,588
)
Evercore LP Units Purchased or Converted into Class A Common Stock
2,107,753

21

16,499

—

—

—

—

(9,867
)

6,653

Equity-based Compensation Awards
1,918,483

19

78,923

—

Explanation of Responses:

—

—

—

21,697

100,639

Shares Issued as Consideration for Acquisitions and Investments
—

—

2,618

—

—

219,948

5,641

—

8,259

Dividends and Equivalents
—

—

4,969

Explanation of Responses:

—

(29,265
)

—

—

—

(24,296
)
Noncontrolling Interest (Note 15)
—

—

(23,856
)

—

—

—

—

(19,608
)

(43,464
)
Balance at December 31, 2012
35,040,501

350

Explanation of Responses:

654,275

(9,086
)

(77,079
)

(5,463,515
)

(139,954
)

62,243

490,749

Net Income
—

—

—

—

53,262

—

—

18,760

72,022

Other Comprehensive Income (Loss)
—

—

—

(1,698
)

—

—

—

(228
)

(1,926
)
Treasury Stock Purchases
—

—

—

—

—

(2,281,326
)

(87,620
)

—

(87,620

Explanation of Responses:

)

Evercore LP Units Purchased or Converted into Class A Common Stock

2,913,266

29

28,986

—

—

—

—

(21,414
)

7,601

Equity-based Compensation Awards

2,818,667

29

100,058

—

—

2,600

65

20,365

120,517

Shares Issued as Consideration for Acquisitions and Investments
—

—

365

—

—

39,341

1,129

—

1,494

Dividends and Equivalents
—

—

5,989

—

(36,079
)

—

—

Explanation of Responses:

—

(30,090
)
Noncontrolling Interest (Note 15)
—

—

9,560

—

—

—

—

(19,149
)

(9,589
)
Balance at December 31, 2013
40,772,434

408

799,233

(10,784
)

(59,896
)

(7,702,900

Explanation of Responses:

)

(226,380
)

60,577

563,158

Net Income
—

—

—

—

86,874

—

—

20,497

107,371

Other Comprehensive Income (Loss)
—

—

—

(9,603
)

—

—

—

(2,608
)

(12,211
)
Treasury Stock Purchases
—

—

—

—

—

(2,706,666
)

(142,850
)

—

(142,850
)
Evercore LP Units Purchased or Converted into Class A Common Stock
1,421,493

14

17,235

—

—

—

—

(11,686
)

5,563

Equity-based Compensation Awards
4,220,313

42

133,354

—

—

—

—

3,593

136,989

Shares and LP Units Issued as Consideration for Acquisitions and Investments
—

—

11,073

—

—

131,243

4,245

72,344

87,662

Dividends and Equivalents
—

—

6,038

—

(44,792
)

—

—

—

(38,754
)
Noncontrolling Interest (Note 15)
—

—

(16,786
)

—

—

119,207

3,856

18,235

5,305

Balance at December 31, 2014
46,414,240

$
464

$
950,147

$
(20,387
)

$
(17,814
)

(10,159,116
)

$
(361,129
)

$
160,952

$
712,233

See Notes to Consolidated Financial Statements.

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

	For the Years Ended December 31,		
	2014	2013	2012
Cash Flows From Operating Activities			
Net Income	$107,371	$72,022	$39,479
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Net (Gains) Losses on Investments, Marketable Securities and Contingent Consideration	(2,505)	(2,172)	756
Equity Method Investments	4,476	(1,454)	(2,672)
Equity-Based and Other Deferred Compensation	111,771	121,608	115,632
Depreciation, Amortization and Accretion	18,773	16,699	18,784
Bad Debt Expense	1,027	2,099	1,803
Adjustment to Tax Receivable Agreements	—	(6,905)	—
Deferred Taxes	14,315	20,058	(7,967)
Decrease (Increase) in Operating Assets:			
Marketable Securities	550	234	674
Financial Instruments Owned and Pledged as Collateral at Fair Value	(54,032)	65,045	16,056
Securities Purchased Under Agreements to Resell	10,303	(19,578)	2,278
Accounts Receivable	(51,166)	1,460	(37,111)
Receivable from Employees and Related Parties	(6,646)	(4,542)	2,627
Other Assets	(7,651)	(19,945)	15,485
(Decrease) Increase in Operating Liabilities:			
Accrued Compensation and Benefits	27,251	12,435	2,967
Accounts Payable and Accrued Expenses	6,231	258	466
Securities Sold Under Agreements to Repurchase	43,771	(45,543)	(18,413)
Payables to Employees and Related Parties	(2,601)	4,451	(2,429)
Taxes Payable	(2,650)	(15,591)	13,694
Other Liabilities	(2,616)	(1,925)	(1,951)
Net Cash Provided by Operating Activities	215,972	198,714	160,158
Cash Flows From Investing Activities			
Investments Purchased	(10,944)	(3,012)	(2,161)
Distributions of Private Equity Investments	672	1,300	1,192
Marketable Securities:			
Proceeds from Sales and Maturities	34,719	31,106	67,958
Purchases	(28,760)	(35,187)	(23,499)
Cash Acquired for Acquisitions, net of Cash Paid	42,869	218	(6,743)
Proceeds from Sale of Business	—	1,198	—
Change in Restricted Cash	—	—	2,111
Purchase of Furniture, Equipment and Leasehold Improvements	(13,521)	(4,487)	(13,941)
Net Cash Provided by (Used in) Investing Activities	25,035	(8,864)	24,917
Cash Flows From Financing Activities			
Payments for Settlement of Debt and Capital Lease Obligations	—	—	(1,047)
Issuance of Noncontrolling Interests	2,135	3,589	469

Distributions to Noncontrolling Interests	(10,655)	(18,950)	(16,528)
Payments Under Tax Receivable Agreement	(9,086)	(7,651)	—
Cash Paid for Deferred and Contingent Consideration	(2,255)	(3,396)	(3,000)
Short-Term Borrowing	75,000	—	—
Repayment of Short-Term Borrowing	(75,000)	—	—
Purchase of Treasury Stock and Noncontrolling Interests	(156,242)	(102,277)	(66,983)
Excess Tax Benefits Associated with Equity-Based Awards	35,262	8,979	1,451
Dividends - Class A Stockholders	(38,754)	(30,090)	(24,296)
Other	—	—	(78)
Net Cash Provided by (Used in) Financing Activities	(179,595)	(149,796)	(110,012)
Effect of Exchange Rate Changes on Cash	(7,705)	(1,032)	1,463
Net Increase in Cash and Cash Equivalents	53,707	39,022	76,526
Cash and Cash Equivalents-Beginning of Period	298,453	259,431	182,905
Cash and Cash Equivalents-End of Period	$352,160	$298,453	$259,431
SUPPLEMENTAL CASH FLOW DISCLOSURE			
Payments for Interest	$13,725	$12,807	$13,962
Payments for Income Taxes	$18,283	$57,178	$9,569
Furniture, Equipment and Leasehold Improvements Accrued	$213	$1,060	$267
Increase (Decrease) in Fair Value of Redeemable Noncontrolling Interest	$3,261	$(12,985)	$27,376
Dividend Equivalents Issued	$6,038	$5,989	$4,969
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	$2,278	$—
Purchase of Noncontrolling Interest	$7,100	$—	$—
Contingent Consideration Accrued	$1,979	$—	$—
Reclassification from Redeemable Noncontrolling Interest to Noncontrolling Interest	$27,477	$—	$(3,606)
Shares and LP Units Issued as Consideration for Acquisitions and Investments	$79,576	$—	$—
Assets Acquired in Acquisitions	$106,848	$—	$11,931
Liabilities Assumed in Acquisitions	$64,864	$—	$1,678

See Notes to Consolidated Financial Statements.

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EVERCORE PARTNERS INC.
NOTES TO 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 ("IPO"), the Company became the sole general partner of Evercore LP. The Company operates from its offices in the United States, the United Kingdom, Mexico, Hong Kong, Canada, Singapore and, through its affiliate G5 Holdings S.A. ("G5 Evercore"), in Brazil.

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

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

Note 2 – Significant Accounting Policies

Basis of Presentation – The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

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

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

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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. The Consolidated Statements of Operations include the consolidated results of International Strategy & Investment ("ISI") following its acquisition in 2014. See Note 4 for further disclosure.

At the time of the formation transaction, the members of Evercore LP (the "Members") received Class A limited partnership units of Evercore LP ("Class A LP Units") in consideration for their contribution of the various entities included in the historical combined financial statements of the Company. The Class A LP Units were subject to vesting requirements and transfer restrictions and are exchangeable on a one-for-one basis for shares of Class A common stock ("Class A Shares"). At December 31, 2013, all Class A LP Units were fully vested. On October 31, 2014, in conjunction with the acquisition of the operating businesses of ISI, the Company issued vested and unvested Class E limited partnership units of Evercore LP ("Class E LP Units") and vested and unvested Class G and H limited partnership interests of Evercore LP ("Class G and H Interests"). See Note 4 for further information. The Company accounts for exchanges of LP Units for Class A Shares based on the carrying amounts of the Members' LP Units immediately before the exchange.

The Company's interest in Evercore LP is within the scope of Accounting Standards Codification ("ASC") 810-20, "Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights". The Company consolidates Evercore LP and records noncontrolling interest for the economic interest in Evercore LP held directly by others, which includes the Members.

Accounts Receivable – Accounts Receivable consists primarily of investment banking fees and expense reimbursements charged to the Company's clients. The Company records Accounts Receivable net of any allowance for doubtful accounts. The Company maintains an allowance for bad debts to provide coverage for estimated losses from its client receivables. The Company determines the adequacy of the allowance by estimating the probability of loss based on the Company's analysis of the client's creditworthiness and specifically reserves against exposure where the Company determines the receivables are impaired, which may include situations where a fee is in dispute or litigation has commenced.

Furniture, Equipment and Leasehold Improvements – Fixed assets, including office equipment, hardware and software and leasehold improvements, are stated at cost, net of accumulated depreciation and amortization. Furniture, equipment and computer hardware and software are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years. Leasehold improvements are amortized over the shorter of the term of the lease or the useful life of the asset.

Investment Banking Revenue – The Company earns investment banking fees from clients for providing advisory services on mergers, acquisitions, divestitures, leveraged buyouts, restructurings and similar corporate finance matters. The Company's Investment Banking services also include services related to securities underwriting, private fund placement services and commissions for agency-based equity trading services and equity research. It is the Company's accounting policy to recognize revenue when (i) there is persuasive evidence of an arrangement with a client, (ii) fees are fixed or determinable, (iii) the agreed-upon services have been completed and delivered to the client or the transaction or events contemplated in the engagement letter are determined to be substantially completed and (iv) collection is reasonably assured. The Company records Investment Banking Revenue on the Consolidated Statements of Operations for the following:

Advisory Fees – In general, advisory fees are paid at the time the Company signs an engagement letter, during the course of the engagement or when an engagement is completed. In some circumstances, and as a function of the terms of an engagement letter, the Company may receive retainer fees for financial advisory services concurrent with, or soon after, the execution of the engagement letter where the engagement letter will specify a future service period associated with that fee. In such circumstances, these retainer fees are initially recorded as deferred revenue, which is recorded in Other Current Liabilities on the Consolidated Statements of Financial Condition, and subsequently recognized as revenue on the Consolidated Statements of Operations during the applicable time period within which the service is rendered. Revenues related to fairness or valuation opinions are recognized when the opinion has been rendered and delivered to the client and all other requirements for revenue recognition are satisfied. Success fees for advisory services, such as merger and acquisition advice, are recognized when the transaction(s) or event(s) are determined to be completed or substantially completed and all other requirements for revenue recognition are satisfied. In the event the Company were to receive an opinion or success fee in advance of the completion conditions noted above, such fee would initially be recorded as deferred revenue and subsequently recognized as advisory fee revenue when the conditions of completion have been satisfied.

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

Placement Fees – Placement fee revenues are attributable to capital raising on both a primary and secondary basis. The Company recognizes placement advisory fees at the time of the client's acceptance of capital or capital commitments in accordance with the terms of the engagement letter.

Underwriting Fees – Underwriting fees are attributable to public and private offerings of equity and debt securities and are recognized when the offering has been deemed to be completed by the lead manager of the underwriting group. When the offering is completed, the Company recognizes the applicable management fee, selling concession and underwriting fee, the latter net of estimated offering expenses.

Commissions and Related Fees – Commissions and Related Fees include commissions received from customers for the execution of agency-based brokerage transactions in listed and over-the-counter equities and are recorded on a trade-date basis or, in the case of payments under commission sharing arrangements, when earned. The Company earns subscription fees for the sales of research. Cash received before the subscription period ends is initially recorded as deferred revenue in Other Current Liabilities on the Consolidated Statements of Financial Condition, and is recognized in Investment Banking Revenue on the Consolidated Statements of Operations ratably over the period in which the related services are rendered.

Taxes collected from customers and remitted to governmental authorities are presented on a net basis on the Consolidated Statements of Operations.

Investment Management Revenue – The Company's Investment Management business generates revenues from the management of client assets and the private equity funds.

Investment management fees for third-party clients are generally based on the value of the assets under management and any performance fees that may be negotiated with the client. These fees are generally recognized over the period that the related services are provided, based upon the beginning, ending or average value of the assets for the relevant period. Fees paid in advance of services rendered are initially recorded as deferred revenue, which is recorded in Other Current Liabilities on the Consolidated Statements of Financial Condition, and are recognized in Investment Management Revenue on the Consolidated Statements of Operations ratably over the period in which the related service is rendered. Generally, to the extent performance fee arrangements have been negotiated, these fees are earned when the return on assets exceeds certain benchmark returns.

Management fees for private equity funds are contractual and are typically based on committed capital during the private equity funds' investment period, and on invested capital, thereafter. Management fees are recognized ratably over the period during which services are provided. The management fees may provide for a management fee offset for certain portfolio company fees the Company earns. The Company also records performance fee revenue from the private equity funds when the returns on the private equity funds' investments exceed certain threshold minimums. These 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 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 Consolidated Statements of Operations and Consolidated Statements of Financial Condition in this Annual Report on Form 10-K, or the Company's 2013 Annual Report on Form 10-K.

Fees generated for serving as an independent fiduciary and/or trustee are either based on a flat fee, are pre-negotiated with the client or are based on the value of assets under administration. For ongoing engagements, fees are billed quarterly either in advance or in arrears. Fees paid in advance of services rendered are initially recorded as deferred revenue in Other Current Liabilities on the Consolidated Statements of Financial Condition, and are recognized in

Investment Management Revenue on the Consolidated Statements of Operations ratably over the period in which the related services are rendered.

Other Revenue, Including Interest and Interest Expense – Other Revenue, Including Interest and Interest Expense is derived primarily from financing transactions. These transactions are principally repurchases and resales of Mexican government securities. Revenue and expenses associated with these transactions are recognized over the term of the repurchase transaction. Other Revenue, Including Interest and Interest Expense also includes interest expense associated with the $120,000 principal amount of senior unsecured notes ("Senior Notes") and other financing arrangements, as well as income earned on marketable securities and cash deposited with financial institutions and changes in amounts due pursuant to the Company's tax receivable agreements.

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

Client Expense Reimbursement – In the conduct of its financial advisory service engagements and in advising the private equity funds, the Company receives reimbursement for certain expenses incurred by the Company on behalf of its clients and the funds. Transaction-related expenses, which are billable to clients, are recognized as revenue and recorded in Accounts Receivable on the later of the date of an executed engagement letter or the date the expense is incurred.

Noncontrolling Interest – Noncontrolling interest recorded in the consolidated financial statements of the Company relates to the portions of the subsidiaries not owned by the Company. The Company allocates net income to noncontrolling interests held at Evercore LP and at the operating entity level, where required, by multiplying the relative ownership interest of the noncontrolling interest holders for the period by the net income or loss for the entity 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 (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.

ASC 810, “Consolidation" (“ASC 810”) requires reporting entities to present noncontrolling (minority) interests as equity (as opposed to as a liability or mezzanine equity) and provides guidance on the accounting for transactions between an entity and noncontrolling interests. Noncontrolling Interest is presented as a component of Total Equity on the Consolidated Statements of Financial Condition and below Net Income on the Consolidated Statements of Operations. In addition, there is an allocation of the components of Total Comprehensive Income between controlling interests and noncontrolling interests for the years ended December 31, 2014, 2013 and 2012. Changes in a parent's ownership interest while the parent retains control of its subsidiary are accounted for as equity transactions.

Cash and Cash Equivalents – Cash and Cash Equivalents consist of short-term highly-liquid investments with original maturities of three months or less.

Fair Value of Financial Instruments – The majority of the Company’s assets and liabilities are recorded at fair value or at amounts that approximate fair value. Such assets and liabilities include cash and cash equivalents, investments, marketable securities, financial instruments owned and pledged as collateral, repurchase and reverse repurchase agreements, receivables and payables and accruals. See Note 10 for further information.

Marketable Securities – Marketable Securities include investments in corporate, municipal and other debt securities, as well as investments in readily-marketable equity securities, which are accounted for as available-for-sale under ASC 320-10, “Accounting for Certain Investments in Debt and Equity Securities”. These securities are carried at fair value on the Consolidated Statements of Financial Condition. Unrealized gains and losses are reported as net increases or decreases to Accumulated Other Comprehensive Income (Loss), net of tax, while realized gains and losses on these securities are determined using the specific identification method and are included in Other Revenue, Including Interest on the Consolidated Statements of Operations. The readily-marketable debt and equity securities are valued using quoted market prices on applicable exchanges or markets. Marketable Securities also include investments in municipal bonds held at EGL and mutual funds, which are carried at fair value, with changes in fair value recorded in Other Revenues, Including Interest on the Consolidated Statements of Operations. Marketable Securities transactions are recorded as of the trade date.

Financial Instruments Owned and Pledged as Collateral at Fair Value – The Company’s Financial Instruments Owned and Pledged as Collateral at Fair Value consist principally of foreign government obligations, which are recorded on a trade-date basis and are stated at quoted market values. Related gains and losses are reflected in Other Revenue, Including Interest on the Consolidated Statements of Operations. The Company pledges the Financial Instruments Owned and Pledged as Collateral at Fair Value to collateralize certain financing arrangements, which permits the counterparty to pledge the securities.

Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase – Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase are treated as collateralized financing transactions. The agreements provide that the transferor will receive substantially the same securities in return at the maturity of the agreement. These transactions are carried at the amounts at which the related securities will be subsequently resold or repurchased, plus accrued interest payable or receivable. As the maturities on these transactions are short-term in nature (i.e. generally mature on the next business day) and the underlying securities are debt instruments of the Mexican Governments or its agencies, their carrying amounts approximate fair value. The Company periodically assesses the collectability or credit quality related to securities purchased under agreements to resell.

Investments – The Company’s investments include investments in private equity partnerships, the Company’s equity interests in G5 Evercore, ABS Investment Management, LLC (“ABS”) and Evercore Pan-Asset Capital Management (“Pan”,

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consolidated on March 15, 2013 and sold on December 3, 2013), which are accounted for under the equity method of accounting and Trilantic Capital Partners ("Trilantic").

Private Equity – The investments of private equity funds consist primarily of investments in marketable and non-marketable securities of the portfolio companies. The underlying investments held by the private equity funds are valued based on quoted market prices or estimated fair value if there is no public market. The Company determines fair value of non-marketable securities by giving consideration to a range of factors, including but not limited to, market conditions, operating performance (current and projected) and subsequent financing transactions. Due to the inherent uncertainty in the valuation of these non-marketable securities, estimated values may materially differ from the values that would have been used had a ready market existed for these investments. Investments in publicly-traded securities held by the private equity funds are valued using quoted market prices. The Company recognizes its allocable share of the changes in fair value of the private equity funds' underlying investments as realized and unrealized gains (losses) within Investment Management Revenue in the Consolidated Statements of Operations.

Affiliates – The Company's equity interests in G5 Evercore, ABS and Pan (consolidated on March 15, 2013 and sold on December 3, 2013) include its share of the income (losses) within Income (Loss) from Equity Method Investments, as a component of Income Before Income Taxes, on the Consolidated Statements of Operations.

The Company assesses its Equity Method Investments annually for impairment, or more frequently if circumstances indicate impairment may have occurred.

The Company also maintains an investment in Trilantic. See Note 9 for further information.

Goodwill and Intangible Assets – Goodwill is tested for impairment annually, as of November 30, or more frequently if circumstances indicate impairment may have occurred. The Company assesses whether any goodwill recorded by its applicable reporting unit is impaired by comparing the fair value of each reporting unit with its respective carrying amount. For acquired businesses, contingent consideration is recognized and measured at fair value as of the acquisition date and at subsequent reporting periods.

Intangible assets with finite lives are amortized over their estimated useful lives and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable as prescribed by ASC 360, "Property, Plant, and Equipment" ("ASC 360").

The Company tests goodwill for impairment at the reporting unit level. In determining the fair value for each reporting unit the Company utilizes either a market multiple approach or a discounted cash flow methodology based on the adjusted cash flows from operations, or a weighted combination of both a market multiple approach and discounted cash flow methodology. The market multiple approach includes applying the average earnings multiples of comparable public companies for their respective reporting unit multiplied by the forecasted earnings of the respective reporting unit to yield an estimate of fair value. The discounted cash flow methodology begins with the forecasted adjusted cash flows from each of the reporting units and uses a discount rate that reflects the weighted average cost of capital adjusted for the risks inherent in the future cash flows.

See Note 4 for further information.

Compensation and Benefits – Compensation includes salaries, bonuses (discretionary awards and guaranteed amounts), severance, deferred cash and share-based compensation. Cash bonuses are accrued over the respective service periods to which they relate and deferred cash and share-based bonuses are expensed prospectively over their requisite service period.

Share-Based Payments –The Company accounts for share-based payments in accordance with ASC 718, "Compensation – Stock Compensation" ("ASC 718"). See Note 17 for further information.

Compensation expense recognized pursuant to share-based awards is based on the grant date fair value of the award. The fair value (as measured on the grant date) of awards that vest from one to five years ("Service-based Awards") is amortized over the vesting periods or requisite service periods as required under ASC 718, however, the vesting of some Service-based Awards will accelerate upon the occurrence of certain events. The Company amortizes the grant-date fair value of share-based compensation awards made to employees, who are or will become retirement eligible prior to the stated vesting date, over the expected substantive service period. For the purposes of calculating diluted net income per share attributable to Evercore Partners Inc. common shareholders, unvested Service-based Awards are included in the diluted weighted average Class A Shares outstanding using the treasury stock method. Once vested, restricted stock units ("RSUs") and restricted stock are

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included in the basic and diluted weighted average Class A Shares outstanding. Expense relating to RSUs and restricted stock is charged to Employee Compensation and Benefits within the Consolidated Statements of Operations. Compensation expense is recognized pursuant to performance-based awards if it is probable that the performance condition will be achieved. See Note 17 for a discussion of the awards issued in conjunction with the Company's acquisition of the operating businesses of ISI.

Awards classified as liabilities as required under ASC 718, such as cash settled share-based awards, are re-measured at fair value at each reporting period.

Foreign Currency Translation – Foreign currency assets and liabilities have been translated at rates of exchange prevailing at the end of the periods presented. Income and expenses transacted in foreign currency have been translated at average monthly exchange rates during the period. Translation gains and losses are included in the foreign currency translation adjustment as a component of Accumulated Other Comprehensive Income (Loss) in the Consolidated Statements of Changes in Equity and Other Comprehensive Income (Loss) in the Consolidated Statements of Comprehensive Income. Exchange gains and losses arising from translating intercompany balances of a long-term investment nature are recorded in the foreign currency translation account while transactional exchange gains and losses are included in Other Revenue, Including Interest on the Consolidated Statements of Operations.

Income Taxes –The Company accounts 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 bases of its assets and liabilities, as disclosed in Note 20.

Deferred income taxes reflect the net tax effects of temporary differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Such temporary differences are reflected on the Company’s Consolidated Statements of Financial Condition as deferred tax assets and liabilities. Deferred tax assets are reduced by a valuation allowance when it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. Significant management judgment is required in determining the Company’s provision for income taxes, deferred tax assets and liabilities and any valuation allowance recorded against the Company’s net deferred tax assets.

ASC 740 provides a benefit recognition model with a two-step approach consisting of “more-likely-than-not” recognition criteria, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. ASC 740 also requires the recognition of liabilities created by differences between tax positions taken in a tax return and amounts recognized in the financial statements. See Note 20 for further information.

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 ASC 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.

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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 740, 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 360, which change the requirements for reporting discontinued operations. The amendments in this update improve the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity’s operations and financial results. The amendments also require expanded disclosures for discontinued operations and also require an entity to disclose the pretax profit or loss (or change in net assets for a not-for-profit entity) of an individually significant component of an entity that does not qualify for discontinued operations reporting. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2014, with early adoption permitted. The 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

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impact of the adoption of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

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

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

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

Note 4 – Business Changes and Developments

International Strategy & Investment - On October 31, 2014, the Company completed its acquisition of all of the outstanding equity interests of the operating businesses of ISI, a leading independent research-driven equity sales and agency trading firm, as well as the noncontrolling interest in the Company's Institutional Equities business that it did not already own. Following the closing of the transactions, the Company combined ISI's business with the Company's existing Institutional Equities business within the Investment Banking segment. See below for a discussion of the Company's acquisition of the portion of the Company's Institutional Equities business that it did not already own.

The Company's acquisition of ISI had a purchase price of $90,234. The terms of the Company’s acquisition included consideration in the form of noncontrolling interests, specifically partnership interests of Evercore LP, of which a value of $62,614 was reflected in the purchase price of the acquisition. This consideration included 947 Class E LP Units that were vested and exchangeable into Class A common shares of the Company on a one-for-one basis and an allocation of the value, attributed to pre-combination service, of 710 Class E LP Units that were unvested and will vest ratably on October 31, 2015, 2016 and 2017 and become exchangeable once vested, subject to continued employment with the Company. The purchase price of the acquisition also included the Company's assumption of a subordinated borrowing arrangement with a value of $22,550 and other long-term liabilities with a value of $5,070.

A portion of the consideration issued by the Company was Evercore LP interests which will be treated as compensation going forward, including 710 Class E LP Units, an allocation of the value, attributed to post-combination service, of an additional 710 Class E LP Units, as well as 1,078 Class G LP Interests and 4,095

Class H LP Interests. Certain of these units/interests are vested and are subject to clawback and/or forfeiture pursuant to liquidated damages provisions and, in the case of Class G and H LP Interests, the achievement of certain earnings and operating margin targets. In addition, unvested units/interests are subject to continued employment and, in the case of Class G and H LP Interests, the achievement of certain earnings and operating margin targets. See Note 17 for further information.

In conjunction with the Company’s acquisition of the operating businesses of ISI, the Company purchased, at fair value, the noncontrolling interest in the Company's Institutional Equities business that it did not already own. The Company

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purchased these interests, for cash of $11,086, from employees who were exiting the Institutional Equities business. The sellers of the Institutional Equities business, who did not receive cash, received 199 vested and 17 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 57 vested Class G Interests and 217 vested Class H Interests in Evercore LP. These interests will become exchangeable into Class A common shares of the Company subject to certain performance requirements that are similar to the interests issued to the sellers of ISI.
This transaction resulted in the Company recognizing goodwill of $29,638 and intangible assets of $47,320, recognized in the Investment Banking Segment. The intangible assets include client relationships, trade names and favorable leases with values of $40,000, $2,000 and $5,320, respectively, which are being amortized over estimated useful lives of 5 years, 3 years and 7 years, respectively. The Company recognized $1,571 of amortization expense related to these intangible assets for the year ended December 31, 2014.
Other Acquisitions - 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 Class A 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 meeting 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 $877 of amortization expense related to these intangible assets for the year ended December 31, 2014.
Pan and Discontinued Operations - In 2008, the Company made an equity method investment of $4,158 in Pan. This investment resulted in earnings (losses) of ($55) and $90 for the years ended December 31, 2013 and 2012, respectively, included within Income from Equity Method Investments on the Consolidated Statements 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 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 consolidation also resulted in goodwill of $3,020 and intangible assets relating to client relationships of $1,440, recognized in the Investment Management Segment. The intangible assets were being amortized over an estimated useful life of seven years.
During the third quarter of 2013, as part of an ongoing strategic initiative, the Company determined that Pan met the initial criteria to be classified as Held for Sale, which resulted in the Company reporting separately the assets and liabilities of Pan on the Consolidated Statement of Financial Condition. The Company further determined that Pan met the criteria to be classified within Discontinued Operations. The sale transaction closed on December 3, 2013. Based on the estimated fair value of Pan, the Company recorded a pretax loss of ($2,718) within Income (Loss) from Discontinued Operations on the Company’s Consolidated Statement of Operations for the year ended December 31, 2013. Further, discontinued operations includes revenues and pretax gains (losses) from Pan of $989 and ($1,542), respectively, for the year ended December 31, 2013.
Private Capital Advisory - During 2013, the Company expanded its global investment banking platform by establishing a private capital advisory business, focused on secondary transactions for private funds interests. In conjunction with the expansion, the Company formed Evercore Private Capital Advisory L.P. ("PCA"). The Company owns 69% of the common equity interest in PCA, with the remaining 31% owned by employees engaged in PCA's

business. The Company is the general partner of PCA. The Company performed an assessment under ASC 810, and concluded that PCA is a VIE and determined that the Company is the primary beneficiary of this VIE. Specifically, the Company's general partner interest provides the Company with the ability to make decisions that significantly impact the economic performance of PCA, while the limited partners do not possess substantive participating rights over PCA. The Company's assessment of the primary beneficiary included assessing which parties have the power to significantly impact the economic performance and the obligation to absorb losses, which could be potentially significant to the entity, or the right to receive benefits from the entity that could be potentially significant. The assets of PCA are not generally available to the Company and the liabilities are generally non-recourse to the Company.

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Goodwill and Intangible Assets

Goodwill associated with the Company's acquisitions is as follows:

	Investment Banking	Investment Management	Total
Balance at December 31, 2012	$86,352	$102,332	$188,684
Foreign Currency Translation and Other	676	(86)	590
Balance at December 31, 2013 (1)	87,028	102,246	189,274
Acquisitions	33,039	—	33,039
Foreign Currency Translation and Other	(6,060)	1,979	(4,081)
Balance at December 31, 2014	$114,007	$104,225	$218,232

(1) The balance includes the net effect of the goodwill related to the consolidation and disposition of Pan.

Intangible assets associated with the Company's acquisitions are as follows:

	December 31, 2014					
	Gross Carrying Amount			Accumulated Amortization		
	Investment Banking	Investment Management	Total	Investment Banking	Investment Management	Total
Client Related	$47,800	$45,830	$93,630	$4,006	$27,110	$31,116
Non-compete/Non-solicit Agreements	135	1,949	2,084	121	1,709	1,830
Other	5,320	2,245	7,565	127	662	789
Total	$53,255	$50,024	$103,279	$4,254	$29,481	$33,735

	December 31, 2013					
	Gross Carrying Amount			Accumulated Amortization		
	Investment Banking	Investment Management	Total	Investment Banking	Investment Management	Total
Client Related	$2,300	$45,830	$48,130	$1,299	$22,559	$23,858
Acquired Mandates	1,810	—	1,810	1,786	—	1,786
Non-compete/Non-solicit Agreements	135	1,949	2,084	94	1,314	1,408
Other	—	2,245	2,245	—	486	486
Total	$4,245	$50,024	$54,269	$3,179	$24,359	$27,538

Expense associated with the amortization of intangible assets was $8,007, $7,994 and $10,872 for the years ended December 31, 2014, 2013 and 2012, respectively.

Based on the intangible assets above, as of December 31, 2014, annual amortization of intangibles for each of the next five years is as follows:

2015	$15,277
2016	$13,592
2017	$12,431
2018	$11,794
2019	$10,286

The Company concluded that there was no impairment of Goodwill or Intangible Assets related to its reporting units during the year ended December 31, 2014. The Company recorded impairment charges of $2,888 for Goodwill and Intangible Assets during the year ended December 31, 2013. During December 2013, the founder and key member of management of Morse, Williams and Company, Inc. left the Company pursuant to a separation agreement, which among other provisions,

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allowed him to solicit a limited number of former clients without violating his post-employment restrictive covenant agreements. As a result, the Company experienced an outflow of client assets, and the Company performed a Step 1 impairment assessment under ASC 360 for the identifiable intangible assets that the Company recorded related to Client Relationships from the acquisition of Morse, Williams and Company, Inc., which were recognized in the Investment Management segment. The Company determined that the recoverability of the intangible assets would not be achieved and recorded an impairment charge of $170 within Special Charges on the Company's Consolidated Statement of Operations for the year ended December 31, 2013. Further, during 2013, the Company sold its interest in Pan, resulting in an impairment charge related to goodwill of $2,718 within Income (Loss) from Discontinued Operations on the Company’s Consolidated Statement of Operations for the year ended December 31, 2013. See "Pan and Discontinued Operations" above for further information.

Note 5 – Acquisition and Transition Costs and Special Charges

Acquisition and Transition Costs

The Company recognized $5,828, $58 and $840 for the years ended December 31, 2014, 2013 and 2012, respectively, as Acquisition and Transition Costs incurred in connection with acquisitions and other ongoing business development initiatives. These costs are primarily comprised of professional fees for legal and other services.

Special Charges

The Company recognized $4,893 for the year ended December 31, 2014, as Special Charges incurred related to separation benefits and certain exit costs related to combining the equities business upon the ISI acquisition during 2014 and a provision recorded in 2014 against contingent consideration due on the 2013 disposition of Pan. The Company recognized $170 for the year ended December 31, 2013, as Special Charges incurred related to the write-off of client-related intangible assets in Evercore Wealth Management ("EWM"), and $662 for the year ended December 31, 2012, as Special Charges incurred in connection with exiting facilities in the UK. See Note 4 for further information.

Note 6 – Related Parties

The Company remits payment for expenses on behalf of the private equity funds and is reimbursed accordingly. For the years ended December 31, 2014, 2013 and 2012, the Company disbursed $1,282, $1,218 and $1,098, respectively, on behalf of these entities.

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 $10,302, $11,557 and $4,781 for the years ended December 31, 2014, 2013 and 2012, 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 $1,251, $14,090 and $2,000 for the years ended December 31, 2014, 2013 and 2012, respectively.

Other Assets on the Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $10,484 and $5,560 as of December 31, 2014 and 2013, respectively.

As of December 31, 2014, the Company had $22,550 in subordinated borrowings with an executive officer of the Company. See Note 12 for further information.

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Receivable from Employees and Related Parties on the Consolidated Statements of Financial Condition consisted of the following at December 31, 2014 and 2013:

	December 31,	
	2014	2013
Advances to Employees	$14,613	$7,668
Personal Expenses Paid on Behalf of Employees and Related Parties	94	72
Receivable from Affiliates	1,589	578
Reimbursable Expenses Due From Portfolio Companies of the Company's Private Equity Funds	215	127
Reimbursable Expenses Relating to the Private Equity Funds	816	788
Receivable from Employees and Related Parties	$17,327	$9,233

Payable to Employees and Related Parties on the Consolidated Statements of Financial Condition consisted of the following at December 31, 2014 and 2013:

	December 31,	
	2014	2013
Board of Director Fees	$215	$266
Amounts Due to UK Members	7,832	10,386
Amounts Due Pursuant to Tax Receivable Agreements (a)	10,828	8,872
Payable to Employees and Related Parties	$18,875	$19,524

(a) Relates to the current portion of the Member exchange of Class A LP Units for Class A Shares. The long-term portion of $191,253 and $175,771 is disclosed in Amounts Due Pursuant to Tax Receivable Agreements on the Consolidated Statements of Financial Condition at December 31, 2014 and 2013, respectively.

Note 7 – Marketable Securities

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

	December 31, 2014				December 31, 2013			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Investments	$6,354	$11	$2,173	$4,192	$11,268	$754	$623	$11,399
Debt Securities Carried by EGL	28,014	80	3	28,091	22,542	87	1	22,628
Mutual Funds	4,765	1,053	116	5,702	7,917	1,600	137	9,380
Total	$39,133	$1,144	$2,292	$37,985	$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 December 31, 2014 and 2013 were as follows:

	December 31, 2014		December 31, 2013	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$303	$305	$306	$307
Due after one year through five years	1,229	1,236	1,250	1,264
Due after five years through 10 years	100	101	100	100
Total	$1,632	$1,642	$1,656	$1,671

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Since the Company has the ability and intent to hold available-for-sale securities until a recovery of fair value is equal to an amount approximating its amortized cost, which may be at maturity, and has not incurred credit losses on its securities, it does not consider such unrealized loss positions to be other-than-temporarily impaired at December 31, 2014.

Securities Investments

Securities Investments include equity and debt securities, which are classified as available-for-sale securities within Marketable Securities on the 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 $856, ($45) and ($85) for the years ended December 31, 2014, 2013 and 2012, 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 Consolidated Statements of Operations, as required for broker-dealers in securities. The Company had net realized and unrealized gains (losses) of ($550), ($234) and ($674) for the years ended December 31, 2014, 2013 and 2012, 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 17 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Consolidated Statements of Operations. The Company had net realized and unrealized gains of $138, $1,344 and $1,025 for the years ended December 31, 2014, 2013 and 2012, respectively.

Note 8 – 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 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 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 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 1.4 years, as of December 31, 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.

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

	December 31, 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	$98,688		$56,311	
Securities Purchased Under Agreements to Resell	7,669	$ 7,671	19,134	$ 19,112
Total Assets	$106,357		$75,445	
Liabilities				
Securities Sold Under Agreements to Repurchase	$(106,499)	$ (106,632)	$(75,563)	$ (75,708)

Note 9 – Investments

The Company’s investments reported on the Consolidated Statements of Financial Condition consist of investments in private equity partnerships, 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, which are voting interest entities. The Company's investment in 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 Consolidated Statements of Operations.

Investments in Private Equity

Private Equity Funds

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

On December 31, 2014, ECP II was terminated. The Company's investment at December 31, 2014 of $4,043 is comprised of remaining interest in the general partner, including $3,787 in cash ($3,000 of which was received by the Company in January 2015), $78 in cash escrow balances, $67 in a seller note and $111 in securities.

In 2013, the Company held a fourth and final closing on EMCP III, a private equity fund focused on middle market investments in Mexico. The total subscribed capital commitments of $201,000 included a capital commitment of $10,750 by the general partner of EMCP III, Evercore Mexico Partners III ("EMP III"), of which $1,000 relates to the Company and $9,750 relates to noncontrolling interest holders. At December 31, 2014, unfunded commitments of EMP III were $4,691, including $436 due from the Company.

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

	December 31,	
	2014	2013
ECP II	$4,043	$3,251
Discovery Fund	2,867	5,015
EMCP II	12,630	11,125
EMCP III	7,272	3,852
CSI Capital	3,030	3,248
Trilantic IV	3,798	4,356
Trilantic V	2,911	1,532
Total Private Equity Funds	$36,551	$32,379

Net realized and unrealized gains (losses) on private equity fund investments were $7,858, $8,060 and ($206) for the years ended December 31, 2014, 2013 and 2012, respectively. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of December 31, 2014, the Company had no 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. 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 consolidated financial statements.

In 2013, EMP III amended and restated its Limited Partnership Agreement and admitted certain limited partners, which are related parties of the Company. The Company viewed this modification as a reconsideration event under ASC 810-10, "Noncontrolling Interest in Consolidated Financial Statements - an amendment of ARB No. 51," and concluded that EMP III is a VIE and that the Company is the primary beneficiary of this VIE. Specifically, the Company's general partner interests in EMP III provide the Company the ability to make decisions that significantly impact the economic performance of EMP III, while the limited partners do not possess substantive participating rights over EMP III. The Company's assessment of the primary beneficiary of EMP III included assessing which parties have the power to significantly impact the economic performance of EMP III and the obligation to absorb losses, which could be potentially significant to EMP III, or the right to receive benefits from EMP III that could be potentially significant. The Company had previously consolidated EMP III as a voting interest entity; accordingly, consolidating as a VIE had no impact on the assets and liabilities of the Company. The Company consolidated EMP III assets of $7,327 and liabilities of $75 at December 31, 2014 and assets of $4,287 and liabilities of $32 at December 31, 2013, in the Company's 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 Class A LP Units having a fair value of $16,090. This investment gave the Company the right to invest in Trilantic’s current and future private equity funds, beginning with Trilantic Fund IV. The Company accounts for this investment under the cost method, subject to impairment. The Company allocates the cost of this investment to its investments in current and future Trilantic funds, as the Company satisfies the capital calls of these funds. The Company bases this allocation on its expectation of Trilantic's future fundraising ability and performance. During 2014, $689 of this investment was allocated to Trilantic Fund V. During 2013, $825 and $29 of this investment was allocated to Trilantic Fund V and Trilantic Fund IV, respectively. From 2010 to 2012, $1,091 of this investment was allocated to Trilantic Fund IV. This investment had a balance of $13,455 and $14,145 as of December 31, 2014 and 2013, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $3,574 was unfunded at December 31, 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.

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Equity Method Investments

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

	December 31,	
	2014	2013
G5 Evercore	$32,756	$20,001
ABS	43,825	47,559
Total	$76,581	$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 December 31, 2014, the Company's economic ownership interest in G5 Evercore was 49%. This investment resulted in earnings (losses) of ($48), $2,126 and $1,368 for the years ended December 31, 2014, 2013 and 2012, respectively, included within Income from Equity Method Investments on the Consolidated Statements of Operations.

ABS

In 2011, the Company made an investment accounted for under the equity method of accounting in ABS. At December 31, 2014, the Company's economic ownership interest in ABS was 45%. This investment resulted in earnings of $5,228, $6,255 and $3,394 for the years ended December 31, 2014, 2013 and 2012, respectively, included within Income from Equity Method Investments on the 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 earnings (losses) of ($55) and $90 for the years ended December 31, 2013 and 2012, included within Income from Equity Method Investments on the Consolidated Statement of Operations. The Company consolidated its investment in Pan on March 15, 2013 and subsequently sold its investment on December 3, 2013. See Note 4 for further information.

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 $2,586, $2,586 and $2,696 for the years ended December 31, 2014, 2013 and 2012, respectively.

Note 10 – 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:

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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 December 31, 2014 and 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 December 31, 2014 and 2013:

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

	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 $9,252 and $14,254 of treasury bills, municipal bonds and commercial paper classified within Cash and Cash Equivalents on the Consolidated Statements of Financial Condition as of December 31, 2014 and 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 years ended December 31, 2014 or 2013.

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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 Consolidated Statements of Financial Condition, are listed in the tables below.

		December 31, 2014			
	Carrying	Estimated Fair Value			
	Amount	Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$342,908	$342,908	$—	$—	$342,908
Securities Purchased Under Agreements to Resell	7,669	—	7,669	—	7,669
Accounts Receivable	136,280	—	136,280	—	136,280
Receivable from Employees and Related Parties	17,327	—	17,327	—	17,327
Assets Segregated for Bank Regulatory Requirements	10,200	10,200	—	—	10,200
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$37,104	$—	$37,104	$—	$37,104
Securities Sold Under Agreements to Repurchase	106,499	—	106,499	—	106,499
Payable to Employees and Related Parties	18,875	—	18,875	—	18,875
Notes Payable	105,226	—	131,340	—	131,340
Subordinated Borrowings	22,550	—	22,550	—	22,550

		December 31, 2013			
	Carrying	Estimated Fair Value			
	Amount	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 amount reported on the Consolidated Statement of Financial Condition for Subordinated Borrowings approximates fair value as of December 31, 2014.

The carrying amounts reported on the 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

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Related Parties and Assets Segregated for Bank Regulatory Requirements approximate fair value due to the short-term nature of these items.

Note 11 – Furniture, Equipment and Leasehold Improvements

Furniture, Equipment and Leasehold Improvements consisted of the following:

	December 31,	
	2014	2013
Furniture and Office Equipment	$14,678	$9,366
Leasehold Improvements	45,489	32,719
Computer and Computer-related Equipment	16,340	11,739
Total	76,507	53,824
Less: Accumulated Depreciation and Amortization	(33,980)	(25,992)
Furniture, Equipment and Leasehold Improvements, Net	$42,527	$27,832

Depreciation and amortization expense for Furniture, Equipment and Leasehold Improvements totaled $8,256, $6,543 and $5,962 for the years ended December 31, 2014, 2013 and 2012, respectively.

Note 12 – Notes Payable, Warrants and Subordinated Borrowings

On August 21, 2008, the Company entered into a Purchase Agreement with Mizuho Corporate Bank, Ltd. (“Mizuho”) pursuant to which Mizuho purchased from the Company $120,000 principal amount of Senior Notes, due 2020 with a 5.20% coupon, and warrants to purchase 5,455 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 Consolidated Statements of Financial Condition. The Senior Notes have an effective yield of 7.94%.

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

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

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

As of December 31, 2014, the Company had $22,550 in subordinated borrowings with an executive officer of the Company, due on October 31, 2019. These borrowings had a coupon of 5.5%, payable semi-annually.

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As of December 31, 2014, the future payments required on the Notes Payable and Subordinated Borrowings, including principal and interest were as follows:

2015	$7,450
2016	7,450
2017	7,450
2018	7,450
2019	29,798
Thereafter	126,240
Total	$185,838

Note 13 – Employee Benefit Plans

Defined Contribution Retirement Plan – The Company, through a subsidiary, provides certain retirement benefits to employees through a qualified retirement plan. The Evercore Partners Services East L.L.C. Retirement Plan (the "Plan") is a defined contribution plan with a salary deferral feature under Section 401(k) of the Internal Revenue Code. It also includes a discretionary profit sharing feature. The Plan was formed on February 1, 1996 and subsequently amended. The Plan's year ends on December 31 of each year. The Company, at its sole discretion, determines the amount, if any, of profit to be contributed to the Plan.

The Company made no contributions for the years ended December 31, 2014, 2013 and 2012.

Evercore Europe Defined Contribution Benefit Plan – Evercore Partners Limited ("Evercore Europe") established the Evercore Partners Limited Group Personal Pension Plan (the "Evercore Europe Plan"), a defined contribution benefit plan, in November 2006 for Evercore Europe employees and members.

The Evercore Europe Plan, for employees starting between November 2006 and July 2011, has a salary deferral feature as permitted under existing tax guidelines for HM Customs and Revenue, the Inland Revenue Service in the United Kingdom. Evercore Europe employees must have elected to participate in the plan prior to July 2011, and Evercore Europe has a minimum annualized contribution of 15% to 50% of an employee's salary for all the employees who participated, depending on the respective employee's level within the Company. These employees are also eligible to contribute up to 10% of their salary to the Evercore Europe Plan and under the terms of the Evercore Europe Plan, if an employee contributes a minimum of 7.5% to 10% of their salary to the plan, Evercore Europe must make a matching contribution of 5% to 10% of the employee's salary depending on the employee's level within the Company.

The Evercore Europe Plan, for employees starting after July 2011, has a salary deferral feature as permitted under existing tax guidelines for HM Customs and Revenue, the Inland Revenue Service in the United Kingdom. Evercore Europe has a minimum annualized contribution of 17.5% of an employee's salary. Employees are also eligible to contribute a percentage of their salary to the Evercore Europe Plan; however, any contribution made does not entitle them to a matching contribution from Evercore Europe.

For employees of International Strategy & Investment (UK) Ltd., a personal pension plan is available for all employees to contribute a percentage of their salary. The Company does not contribute to this plan.

The Company made contributions to the Evercore Europe Plan for the years ended December 31, 2014, 2013 and 2012 totaling $4,167, $3,632 and $3,360, respectively.

Note 14 – Evercore Partners Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on February 2, 2015, a quarterly cash dividend of $0.28 per share, to the holders of Class A Shares as of February 27, 2015, which will be paid on March 13, 2015. During the year ended December 31, 2014, the Company declared and paid dividends of $1.03 per share, totaling $38,754. During the year ended December 31, 2013, the Company declared and paid dividends of $0.91 per share, totaling $30,090.

Treasury Stock – During the year ended December 31, 2014, the Company purchased 1,661 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 1,046 Class A Shares at market values ranging from $47.99 to $55.00 per share pursuant to the

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Company's share repurchase program. The result of these purchases was an increase in Treasury Stock of $142,850 on the Company's Consolidated Statement of Financial Condition as of December 31, 2014. During the year ended December 31, 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 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 Consolidated Statement of Financial Condition as of December 31, 2014. During 2013, the Company purchased 983 Class A Shares primarily from employees at values ranging from $22.24 to $55.12 per share primarily for the net settlement of stock-based compensation awards and 1,298 Class A Shares at market values ranging from $36.00 to $41.00 per share pursuant to the Company's share repurchase program. The result of these purchases was an increase in Treasury Stock of $87,620 on the Company's Consolidated Statement of Financial Condition as of December 31, 2013. During 2013, the Company issued 39 Class A Shares from treasury stock as payment of contingent consideration in connection with the MJC Associates Agreement and 3 Class A Shares to a former employee. The result of these issuances was a decrease in Treasury stock of $1,194 on the Company's Consolidated Statement of Financial Condition as of December 31, 2013.
LP Units – During the year ended December 31, 2014, 1,421 LP Units were exchanged for Class A Shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $14 and $16,254, respectively, on the Company's Consolidated Statement of Financial Condition as of December 31, 2014. See Note 4 for further information on the LP Units. During 2013, 2,913 LP Units were exchanged for Class A Shares (including 983 LP Units which were exchanged on December 31, 2012, where settlement did not occur until January 2013), resulting in an increase to Common Stock and Additional Paid-In-Capital of $29 and $20,222, respectively, on the Company's Consolidated Statement of Financial Condition as of December 31, 2013.

The above transactions, which increased the Company's ownership in Evercore LP and resulted in a step-up in the tax basis of the assets of Evercore LP, increased Additional Paid-In-Capital by $981 and $7,178 on the Company's Consolidated Statements of Financial Condition as of December 31, 2014 and 2013, respectively.

In 2013, the Company purchased 185 LP Units and certain other rights from a noncontrolling interest holder, resulting in a decrease to Noncontrolling Interest of $5,893 and a net increase to Additional Paid-In-Capital of $1,586, inclusive of the step-up in tax basis for the assets of Evercore LP, on the Company's Consolidated Statement of Financial Condition as of December 31, 2013.
Accumulated Other Comprehensive Income (Loss) – As of December 31, 2014, Accumulated Other Comprehensive Income (Loss) on the Company's Consolidated Statement of Financial Condition includes an accumulated Unrealized Gain (Loss) on Marketable Securities and Investments, net, and a Foreign Currency Translation Adjustment Gain (Loss), net, of ($4,096) and ($16,291), respectively.
Income (Loss) from Discontinued Operations, and the Provision (Benefit) for Income Taxes from Discontinued Operations on the Consolidated Statement of Operations for the year ended December 31, 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. Income (Loss) from Discontinued Operations, and the Provision (Benefit) for Income Taxes from Discontinued Operations on the Consolidated Statement of Operations for the year ended December 31, 2013 includes $409 and $135, respectively, reclassified from Accumulated Other Comprehensive Income (Loss) related to the recognition of a cumulative foreign exchange translation gain as a result of the sale of Pan.
Note 15 – Noncontrolling Interest
Noncontrolling Interest recorded in the consolidated financial statements of the Company relates to a 16% 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 31% interest in PCA, a 38% interest in Institutional Equities ("IE") through October 31, 2014, a 14% interest in Evercore Trust Company, N.A. ("ETC") through the second quarter of 2013, a 32% interest in Pan through 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 Consolidated Statements of Operations. The Noncontrolling Interest for Evercore LP, EWM, Atalanta Sosnoff and PCA have rights, in certain circumstances, to convert into Class A Shares.

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Changes in Noncontrolling Interest for the years ended December 31, 2014, 2013 and 2012 were as follows:

	For the Years Ended December 31,		
	2014	2013	2012
Beginning balance	$60,577	$62,243	$58,162
Comprehensive income (loss):			
Net Income Attributable to Noncontrolling Interest	20,497	18,760	10,590
Other comprehensive income (loss)	(2,608)	(228)	1,269
Total comprehensive income	17,889	18,532	11,859
Evercore LP Units Converted into Class A Shares	(11,686)	(21,414)	(9,867)
Amortization and Vesting of LP Units	3,593	20,365	21,697
Issuance of Noncontrolling Interest for Acquisitions and Investments	72,344	—	—
Other Items:			
Distributions to Noncontrolling Interests	(10,655)	(18,950)	(16,528)
Fair value of Noncontrolling Interest in Pan	—	309	—
Net Reclassification to/from Redeemable Noncontrolling Interest	27,477	—	(3,606)
Other Issuance of Noncontrolling Interest	2,449	4,021	469
Purchase of Noncontrolling Interest in ETC	—	(4,529)	—
Other, net	(1,036)	—	57
Total other items	18,235	(19,149)	(19,608)
Ending balance	$160,952	$60,577	$62,243

Net Income (Loss) Attributable to Noncontrolling Interest related to Pan from Discontinued Operations was ($1,185) for the year ended December 31, 2013.

Other comprehensive income (loss) attributed to Noncontrolling Interest includes Unrealized Gain (Loss) on Marketable Securities and Investments, net, of ($981), ($180) and $117 for the years ended December 31, 2014, 2013 and 2012, respectively, and Foreign Currency Translation Adjustment Gain (Loss), net, of ($1,627), ($48) and $1,152 for the years ended December 31, 2014, 2013 and 2012, respectively.

In conjunction with the Company's purchase agreement with Atalanta Sosnoff, the Company issued a management member of Atalanta Sosnoff certain capital interests in Atalanta Sosnoff, which are redeemable for cash, at their fair value. Accordingly, these capital interests have been reflected at their fair value of $4,014 and $4,283 within Redeemable Noncontrolling Interest on the Consolidated Statements of Financial Condition at December 31, 2014 and 2013, respectively. Changes in the fair value of these redeemable noncontrolling interests resulted in an increase (decrease) to Additional Paid-in Capital of $269 and ($286) for the years ended December 31, 2014 and 2013, respectively.

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

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Redeemable Noncontrolling Interest on the Consolidated Statements of Financial Condition at December 31, 2013. Changes in the fair value of these redeemable noncontrolling interested resulted in a decrease to Additional Paid-in Capital of $4,116 and $3,123 for the years ended December 31, 2014 and 2013, respectively.

As discussed in Note 4, the value of the Class E LP Units exchanged as consideration for the Company's acquisition of the operating businesses of ISI, as well as the value of Class E LP Units exchanged for the interest in its Institutional Equities business it did not own, resulted in an increase to Noncontrolling Interest of $68,835 as of December 31, 2014. Further, the purchase of the remaining noncontrolling interest in the Institutional Equities business, including the portion exchanged for cash, resulted in a reduction of Additional Paid-in Capital of $17,307 for the year ended December 31, 2014. Further, as discussed in Note 4, the Company's acquisition of a small advisory boutique firm resulted in an increase in Noncontrolling Interest of $3,509 as of December 31, 2014.

In addition, Noncontrolling Interest was reduced and Additional Paid-in Capital was increased by the net effect of $1,124 as of December 31, 2014, reflecting other adjustments resulting from changes in ownership in the Company's subsidiaries.

During 2013, the Company had an issuance of noncontrolling interest related to EMP III. See Note 9 for further information.

During 2013, the Company purchased, at fair value, all of the noncontrolling interest in ETC for $7,890. This purchase was settled on July 19, 2013. The purchase of this noncontrolling interest resulted in a decrease to Additional Paid-in Capital of $3,362 for the year ended December 31, 2013.

In February 2010, Evercore LP issued 500 Class A LP Units to Trilantic. The original terms were such that at December 31, 2014, at the option of the holder, these Class A 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 $68 and $84 for the years ended December 31, 2013 and 2012, respectively. In October of 2013, the Board of Directors of the Company agreed to release the transfer restrictions associated with these Class A LP Units and the holders of these units exchanged them into Class A Shares. See Note 14 for a further discussion of exchanges of LP Units for Class A Shares of the Company.

Note 16 – 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 years ended December 31, 2014, 2013 and 2012 are described and presented below.

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	For the Years Ended December 31,		
	2014	2013	2012
Basic Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders			
Numerator:			
Net income from continuing operations attributable to Evercore Partners Inc.	$86,874	$54,867	$28,889
Associated accretion of redemption price of noncontrolling interest in Trilantic (See Note 15)	—	(68)	(84)
Net income from continuing operations attributable to Evercore Partners Inc. common shareholders	86,874	54,799	28,805
Net income (loss) from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(1,605)	—
Net income attributable to Evercore Partners Inc. common shareholders	$86,874	$53,194	$28,805
Denominator:			
Weighted average shares of Class A common stock outstanding, including vested RSUs	35,827	32,208	29,275
Basic net income per share from continuing operations attributable to Evercore Partners Inc. common shareholders	$2.42	$1.70	$0.98
Basic net income (loss) per share from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(0.05)	—
Basic net income per share attributable to Evercore Partners Inc. common shareholders	$2.42	$1.65	$0.98
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	$86,874	$54,799	$28,805
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(a)	(a)	(a)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(a)	(a)	(a)
Diluted net income from continuing operations attributable to Evercore Partners Inc. common shareholders	86,874	54,799	28,805
Net income (loss) from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(1,605)	—
Diluted net income attributable to Evercore Partners Inc. common shareholders	$86,874	$53,194	$28,805
Denominator:			
Weighted average shares of Class A common stock outstanding, including vested RSUs	35,827	32,208	29,275
Assumed exchange of LP Units for Class A Shares	(a)	(a)	(a)
	2,723	3,585	2,386

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			
Shares that are contingently issuable (b)	88	—	—
Assumed conversion of Warrants issued	3,205	2,688	887
Diluted weighted average shares of Class A common stock outstanding	41,843	38,481	32,548
Diluted net income per share from continuing operations attributable to Evercore Partners Inc. common shareholders	$2.08	$1.42	$0.89
Diluted net income (loss) per share from discontinued operations attributable to Evercore Partners Inc. common shareholders	—	(0.04)	—
Diluted net income per share attributable to Evercore Partners Inc. common shareholders	$2.08	$1.38	$0.89

(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 years ended December 31, 2014, 2013 and 2012, 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 5,161, 6,433 and 8,695 for the years ended

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December 31, 2014, 2013 and 2012, 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 $12,912, $12,804 and $8,135 for the years ended December 31, 2014, 2013 and 2012, respectively. In computing this adjustment, the Company assumes that all vested Class A LP Units and all Class E LP Units are converted into Class A Shares, all unvested Class A LP Units (as of December 31, 2013 all Class A LP Units were fully vested) 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.

(b) At December 31, 2014, the Company has outstanding Evercore LP G and H Interests which are contingently exchangeable into Class A shares, subject to certain performance thresholds being achieved. See Note 17 for a further discussion. For the purposes of calculating diluted net income per share attributable to Evercore Partners Inc. common shareholders, the Company's Class G and H LP Interests will be included in diluted weighted average Class A Shares outstanding as of the beginning of the period in which all necessary performance conditions have been satisfied. If all necessary performance conditions have not been satisfied by the end of the period, the number of shares that will be included in diluted weighted average Class A shares outstanding will be based on the number of shares that would be issuable if the end of the reporting period were the end of the performance period. For the year ended December 31, 2014, none of these interests were assumed to be converted for purposes of computing diluted EPS.

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

Note 17 – Share-Based and Other Deferred Compensation

LP Units

Class A

At the time of the Company's formation and IPO, collectively referred to as the reorganization ("Reorganization"), Members and certain trusts benefiting certain of their families received 13,548 vested and 9,589 unvested Class A LP Units. The Class A LP Units are exchangeable into Class A Shares of the Company on a one-for-one basis once vested.

The unvested Class A LP Units vested ratably on December 31, 2011, 2012 and 2013 so long as the equity holder remained employed with Evercore Partners Inc., Evercore LP or their affiliates on such dates. The Class A LP Units were all fully vested as of December 31, 2013. The Company expensed the fair value of the awards, prospectively, over the service period. Expense related to the amortization of these Class A LP Units was $20,063 and $20,971 for the years ended December 31, 2013 and 2012, respectively.

Acquisition-related

Equities business - In conjunction with the acquisition of the operating businesses of ISI, the Company issued Evercore LP interests which will be treated as compensation going forward, including 710 vested Class E LP Units and an allocation of the value, attributed to post-combination service, of 710 Class E LP Units that were unvested and will vest ratably on October 31, 2015, 2016 and 2017 and become exchangeable once vested, subject to continued employment with the Company. The units will become exchangeable into Class A common shares of the Company subject to certain liquidated damages and continued employment provisions.

The Company also issued 538 vested and 540 unvested Class G LP Interests, which will vest ratably on February 15, 2016, 2017 and 2018, and 2,044 vested and 2,051 unvested Class H LP Interests, which will vest ratably on February 15, 2018, 2019 and 2020. The Company's vested Class G and Class H LP Interests will become exchangeable into

Class A common shares of the Company subject to the achievement of certain performance targets. The Company's vested Class G Interests will become exchangeable in February 2016, 2017 and 2018 if certain earnings before interest and taxes ("EBIT") margin thresholds are achieved for the calendar year preceding the date the interests become exchangeable. The Company's vested Class H Interests will become exchangeable February 2018, 2019 and 2020 if certain average EBIT and EBIT margin thresholds are achieved for the three calendar years preceding the date the interests become exchangeable.

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As of December 31, 2014, the Company determined that the achievement of the above performance thresholds associated with the Class G and H Interests was not probable. Accordingly, no expense was recorded for the year ended December 31, 2014 for the Class G and H Interests.

The following tables summarize activity related to the Acquisition-related Awards for the Company's equities business during the year ended December 31, 2014. In these tables, awards whose performance conditions have not yet been achieved are reflected as unvested:

	Class E LP Units	
	Number of Units	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2014	—	$—
Granted	1,174	60,012
Modified	(1)	(35)
Forfeited	—	—
Vested/Performance Achieved	—	—
Unvested Balance at December 31, 2014	1,173	$59,977

	Class G LP Interests		Class H LP Interests	
	Number of Interests	Grant Date Weighted Average Fair Value	Number of Interests	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2014	—	$ —	—	$ —
Granted	1,078	55,792	4,095	212,005
Modified	(1)	(54)	(4)	(204)
Forfeited	—	—	—	—
Vested/Performance Achieved	—	—	—	—
Unvested Balance at December 31, 2014	1,077	$ 55,738	4,091	$ 211,801

Compensation expense related to Acquisition-related Awards for the Company's equities business was $3,399 for the year ended December 31, 2014. As of December 31, 2014, the total compensation cost not yet recognized related to these Acquisition-related Awards, including awards which are subject to performance conditions, was $316,456. The weighted-average period over which this compensation cost is expected to be recognized is 49 months.

Other Acquisition Related

Lexicon - During 2011, in connection with the acquisition of The Lexicon Partnership LLP ("Lexicon"), the Company committed to issue 1,883 restricted Class A Shares, including dividend equivalent units, (“Acquisition-related Awards”) and deferred cash consideration. Compensation expense related to the Acquisition-related Awards and deferred cash consideration was $5,255 and $1,626, respectively, for the year ended December 31, 2014, $10,960 and $3,937, respectively, for the year ended December 31, 2013, and $18,749 and $7,216, respectively, for the year ended December 31, 2012.

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The following table summarizes activity related to Lexicon Acquisition-related Awards during the year ended December 31, 2014:

	Lexicon Acquisition-related Awards	
	Number of Shares	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2014	1,127	$26,164
Granted	13	726
Modified	—	—
Forfeited	—	—
Vested	(680)	(16,242)
Unvested Balance at December 31, 2014	460	$10,648

As of December 31, 2014, the total compensation cost related to unvested Acquisition-related Awards and deferred cash consideration not yet recognized was $1,572. The weighted-average period over which this compensation cost is expected to be recognized is 6 months.

In addition, certain Lexicon employees received deferred compensation of $1,892, which vests over two years. Compensation expense related to these awards was $211 and $875 for the years ended December 31, 2013 and 2012, respectively.

In February 2015, the Company agreed to release the transfer restrictions on £3,190 in deferred cash consideration paid and 531 shares granted in connection with the acquisition of Lexicon, in each case which vested on June 30, 2014 and would otherwise become freely transferable on June 30, 2015.

2006 Stock Incentive Plan

In 2006 the Company’s stockholders and board of directors adopted the Evercore Partners Inc. 2006 Stock Incentive Plan (the “2006 Plan”). The 2006 Plan permits the Company to grant to key employees, directors and consultants incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, RSUs and other awards based on the Company’s Class A Shares. The total number of Class A Shares which may be issued under the 2006 Plan is 20,000 and the Company intends to use newly-issued Class A Shares to satisfy any awards under the 2006 Plan. Class A Shares underlying any award granted under the 2006 Plan that expire, terminate or are canceled or satisfied for any reason without being settled in stock again become available for awards under the 2006 Plan. During the second quarter of 2013, the Company's stockholders approved the amended and restated 2006 Evercore Partners Inc. Stock Incentive Plan. The amended and restated plan, among other things, authorizes an additional 5,000 shares of the Company's Class A Shares. The total shares available to be granted in the future under the 2006 Plan were 5,392 and 7,323 as of December 31, 2014 and 2013, respectively.

The Company also grants dividend equivalents, in the form of unvested RSU awards, concurrently with the payment of dividends to the holders of Class A Shares, on all unvested RSU grants awarded in conjunction with annual bonuses as well as new hire awards granted after April 2012. The dividend equivalents have the same vesting and delivery terms as the underlying RSU award.

The Company had 224 RSUs which were fully vested but not delivered as of December 31, 2014.

Deferred Cash Program

During the first quarter of 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. The Company awarded deferred cash compensation of $3,926 and $9,153, during the first quarters of 2012 and 2011, respectively, which will vest ratably over four years and require payment upon vesting. Compensation expense related to this deferred compensation program was $3,683, $3,804 and $4,210 for the years ended December 31, 2014, 2013 and 2012, respectively. As of December 31, 2014, the total compensation cost related to the deferred compensation program not yet recognized was $949. The weighted-average period over which this compensation cost is expected to be recognized is 3 months.

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Long-term Incentive Plan
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. The compensation expense related to these awards was $5,700 and $1,584 for the years ended December 31, 2014 and 2013, respectively.
Equity Grants
2014 Equity Grants. During 2014, pursuant to the 2006 Plan, the Company granted employees 2,071 RSUs that are Service-based Awards. Service-based Awards granted during 2014 had grant date fair values of $46.59 to $58.67 per share. During 2014, 3,245 Service-based Awards vested and 158 Service-based Awards were forfeited. Compensation expense related to Service-based Awards was $90,597 for the year ended December 31, 2014.
The following table summarizes activity related to Service-based Awards during the year ended December 31, 2014:

	Service-based Awards	
	Number of Shares	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2014	6,680	$181,602
Granted	2,071	111,766
Modified	—	—
Forfeited	(158)	(5,596)
Vested	(3,245)	(79,140)
Unvested Balance at December 31, 2014	5,348	$208,632

As of December 31, 2014, the total compensation cost related to unvested Service-based Awards, excluding Acquisition-related Awards, not yet recognized was $121,771. The ultimate amount of such expense is dependent upon the actual number of Service-based Awards that vest. The Company periodically assesses the forfeiture rates used for such estimates. A change in estimated forfeiture rates would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described herein. The weighted-average period over which this compensation cost is expected to be recognized is 13 months.
2013 Equity Grants. During 2013, pursuant to the 2006 Plan, the Company granted employees 2,398 RSUs that are Service-based Awards. Service-based Awards granted during 2013 had grant date fair values of $26.60 to $55.24 per share. During 2013, 2,188 Service-based Awards vested and 60 Service-based Awards were forfeited. Compensation expense related to Service-based Awards, excluding compensation expense related to the amortization of LP Units, was $79,678 for the year ended December 31, 2013.
2012 Equity Grants. During 2012, pursuant to the 2006 Plan, the Company granted employees 3,163 RSUs that are Service-based Awards. Service-based Awards granted during 2012 had grant date fair values of $22.62 to $29.19 per share. During 2012, 1,760 Service-based Awards vested and 256 Service-based Awards were forfeited. Compensation expense related to Service-based Awards, excluding compensation expense related to the amortization of LP Units, was $62,840 for the year ended December 31, 2012.
Other
Periodically, the Company provides new and existing employees with cash payments in the form of loans and/or other cash awards which are subject to ratable vesting terms with service requirements ranging from one to five years. Generally, the terms of these awards include a requirement of either full or partial repayment of these awards based on

the terms of their employment agreements with the Company. In circumstances where the employee meets the Company's minimum credit standards, the Company amortizes these awards to compensation expense over the relevant service period which is generally the period they are subject to forfeiture. Compensation expense related to these awards was $13,851 and $7,433 for the years

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ended December 31, 2014 and 2013, respectively. The remaining unamortized amount of these awards was $23,869 as of December 31, 2014.

During the fourth quarter of 2013, the Board of Directors of the Company agreed to release the transfer restrictions associated with 1,267 Class A LP Units and 610 Restricted Class A Shares held by certain employees of the Company.

The total income tax benefit related to share-based compensation arrangements recognized in the Company's Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012 was $34,375, $29,497 and $26,773, respectively.

During the first quarter of 2015, as part of the 2014 bonus awards, the Company granted to certain employees approximately 2,200 unvested RSUs pursuant to the 2006 Plan. These awards will generally vest over four years. In addition, during the first quarter of 2015, the Company granted approximately $7,400 of deferred cash to certain employees, a portion of which is subject to claw-back provisions.

The Company granted separation benefits to certain employees, resulting in expense included in Employee Compensation and Benefits of approximately $5,671, $4,834 and $7,273 for the years ended December 31, 2014, 2013 and 2012, respectively. In conjunction with these arrangements, the Company distributed cash payments of $3,415, $3,314 and $5,135 for the years ended December 31, 2014, 2013 and 2012, respectively. The Company also granted separation benefits to certain employees, resulting in expense included in Special Charges of approximately $3,372 for the year ended December 31, 2014. In conjunction with these arrangements, the Company distributed cash payments of $238 for the year ended December 31, 2014. See Note 5 for further information.

Note 18 – Commitments and Contingencies

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 Consolidated Statements of Operations includes occupancy rental expense relating to operating leases of $27,375, $23,905 and $22,714 for the years ended December 31, 2014, 2013 and 2012, respectively.

During 2014, the Company entered into lease agreements, which expire on various dates through 2023, with annual base rental payments of approximately $3,100. In connection with the Company's acquisition of ISI, the Company's annual base rental payments will increase approximately $3,700.

In conjunction with the lease of office space, the Company has entered into letters of credit in the amounts of approximately $3,308 and $3,660, which are secured by cash and included in Other Assets on the Company's Consolidated Statements of Financial Condition as of December 31, 2014 and 2013, respectively.

The Company has entered into various operating leases for the use of certain office equipment. Rental expense for office equipment totaled $1,640, $1,049 and $627 for the years ended December 31, 2014, 2013 and 2012, respectively. Rental expense for office equipment is included in Occupancy and Equipment Rental on the Consolidated Statements of Operations.

As of December 31, 2014, the approximate aggregate minimum future payments required on the operating leases are as follows:

2015	$26,915
2016	28,098
2017	25,299
2018	24,263
2019	23,491
Thereafter	64,506
Total	$192,572

Other Commitments – As of December 31, 2014, the Company had unfunded commitments for capital contributions of $8,711 to private equity funds. These commitments will be funded as required through the end of each private equity fund’s

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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.

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 $10,179 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 draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

As of December 31, 2014, the Company estimates the contractual obligations related to the Tax Receivable Agreements to be $202,081. The Company expects to pay to the counterparties to the Tax Receivable Agreements $10,828 within one year or less, $22,424 in one to three years, $23,967 in three to five years and $144,862 after five years.

On February 11, 2010, the Company announced the formation of a strategic alliance to pursue private equity investment opportunities with Trilantic and to collaborate on the future growth of Trilantic's business. See Note 9 for further information.

The Company also has additional commitments related to its redeemable noncontrolling interests. See Note 15 for further information.

In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. At December 31, 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 December 31, 2014, the Company recorded Goodwill of $1,979 pursuant to this agreement. The carrying value of the Company's investment in the Discovery Fund is $2,867 at December 31, 2014. See Note 9 for further information.

In 2014, Evercore Partners Services East L.L.C. ("East"), a wholly-owned subsidiary of the Company, increased its line of credit from First Republic Bank to an aggregate principal amount of up to $50,000, to be used for working capital and other corporate activities, including, but not limited to, the repurchase of the Company's stock from time to time. This facility is secured by (i) cash and cash equivalents of East held in a designated account with First Republic Bank, (ii) certain of East's intercompany receivables and (iii) third party accounts receivable of EGL. Drawings under this facility bear interest at the prime rate and the maturity date is June 27, 2015. During 2014, the Company made three drawings of $25,000 on this facility, each of which was repaid as of December 31, 2014. On February 5, 2015, the Company drew down $45,000.

On October 31, 2014, the Company closed on its acquisition of the operating businesses of ISI. Following the closing of the transactions, the Company combined ISI's business with the Company's existing Institutional Equities business within the Investment Banking segment. See Note 4 for further information related to our commitment in this transaction.

Contingencies

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

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

Note 19 – 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 December 31, 2014 and 2013 was $74,080 and $30,480, respectively, which exceeded the minimum net capital requirement by $73,830 and $30,230, respectively.

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

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 December 31, 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 Consolidated Statements of Financial Condition. The Company was in compliance with the aforementioned agreements as of December 31, 2014.

Note 20 – Income Taxes

As a result of the Reorganization, the operating business entities of the Company were restructured and a portion of the Company's income is subject to U.S. federal, state, local and foreign income taxes and is taxed at the prevailing corporate tax rates. Taxes Payable as of December 31, 2014 and 2013 were $2,515 and $4,713, respectively.

The following table presents the U.S. and non-U.S. components of Income before income tax expense:

	For the Years Ended December 31,		
	2014	2013	2012
U.S.	$124,747	$89,821	$45,226
Non-U.S.	30,883	28,735	14,571
Income before Income Tax Expense (a)	$155,630	$118,556	$59,797

(a) From continuing operations, net of Noncontrolling Interest from continuing operations.

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The components of the provision for income taxes from continuing operations reflected on the Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012 consist of:

	For the Years Ended December 31,		
	2014	2013	2012
Current:			
Federal	$33,814	$24,607	$24,956
Foreign	10,513	11,982	6,007
State and Local	10,114	7,541	7,912
Total Current	54,441	44,130	38,875
Deferred:			
Federal	15,104	5,992	(2,458)
Foreign	(3,080)	4,733	(4,756)
State and Local	2,291	8,834	(753)
Total Deferred	14,315	19,559	(7,967)
Total	$68,756	$63,689	$30,908

A reconciliation between the federal statutory income tax rate from continuing operations and the Company's effective income tax rate for the years ended December 31, 2014, 2013 and 2012 is as follows:

	For the Years Ended December 31,		
	2014	2013	2012
Reconciliation of Federal Statutory Tax Rates:			
U.S. Statutory Tax Rate	35.0 %	35.0 %	35.0 %
Increase Due to State and Local Taxes	6.0 %	5.3 %	6.8 %
Rate Benefits as a Limited Liability Company/Flow Through	(4.2)%	(7.0)%	(6.9)%
Foreign Taxes	0.4 %	3.2 %	2.2 %
Non-Deductible Expenses (1)	1.1 %	3.4 %	9.4 %
Valuation Allowances	0.9 %	— %	(2.0)%
Write Down of Deferred Tax Asset	— %	6.8 %	1.6 %
Other Adjustments	(0.2)%	(0.7)%	(2.2)%
Effective Income Tax Rate	39.0 %	46.0 %	43.9 %

(1) Primarily related to non-deductible share-based compensation expense.

Undistributed earnings of certain foreign subsidiaries totaled approximately $4,719 as of December 31, 2014. Deferred taxes have not been provided on the undistributed earnings of certain foreign subsidiaries, as the Company considers these amounts to be indefinitely reinvested to finance international growth and expansion. As of December 31, 2014, unrecognized net deferred tax liability attributable to those reinvested earnings would have aggregated approximately $1,437. In the event that such amounts were ever remitted, loaned to the Company, or if the stock in the foreign subsidiary was sold, these earnings could become subject to U.S. Federal tax and an income tax provision, if any, would be recognized at that time.

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Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Statements of Financial Condition. These temporary differences result in taxable or deductible amounts in future years. Details of the Company's deferred tax assets and liabilities as of December 31, 2014 and 2013 were as follows:

	December 31,	
	2014	2013
Current Deferred Tax Assets:		
Step up in tax basis due to the exchange of LP Units for Class A Shares	$13,096	$11,271
Total Current Deferred Tax Asset	$13,096	$11,271
Long-term Deferred Tax Assets:		
Depreciation and Amortization	$25,978	$20,604
Compensation and Benefits	32,535	31,735
Step up in tax basis due to the exchange of LP Units for Class A Shares	208,970	192,811
Other	27,419	21,396
Total Long-term Deferred Tax Assets	$294,902	$266,546
Long-term Deferred Tax Liabilities:		
Goodwill, Intangible Assets and Other	$27,396	$14,933
Total Long-term Deferred Tax Liabilities	$27,396	$14,933
Net Long-term Deferred Tax Assets Before Valuation Allowance	$267,506	$251,613
Valuation Allowance	(1,605)	—
Net Long-term Deferred Tax Assets	$265,901	$251,613

The increase in net deferred tax assets from December 31, 2013 to December 31, 2014 was primarily attributable to an increase in the tax basis of the tangible and intangible assets of Evercore LP, which resulted from the 2014 LP Unit exchanges. During 2014, the LP holders exchanged 1,162 Class A LP Units for Class A Shares, which resulted in an increase in the tax basis of the tangible and intangible assets of Evercore LP. Further, the exchange of 1,162 of such Class A LP Units triggered an additional liability under the tax receivable agreement that was entered into in 2006 between the Company and the LP Unit holders. The agreement provides for a payment to the LP Unit holders of 85% of the cash tax savings (if any), resulting from the increased tax benefits from the exchange and for the Company to retain 15% of such benefits. Accordingly, Deferred Tax Assets – Non-Current, Amounts Due Pursuant to Tax Receivable Agreements and Additional Paid-In-Capital increased $31,200, $26,520 and $4,680, respectively, on the Company's Consolidated Statement of Financial Condition as of December 31, 2014. See Note 14 for further discussion.

Additionally, the increase in net deferred tax assets from December 31, 2013 to December 31, 2014 was also attributable to an increase of $5,374 related to the depreciation of fixed assets and amortization of intangible assets. There was a net increase of $12,463 in the deferred tax liabilities from December 31, 2013 to December 31, 2014, primarily related to the identified intangible assets acquired in the ISI acquisition. The acquisition was structured as a tax-free exchange under Internal Revenue Code Section 721 and therefore no tax basis step-up was reported in the acquired assets.

The Company reported an increase in deferred tax assets of $1,072 associated with changes in Unrealized Gain (Loss) on Marketable Securities and an increase of $5,129 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the year ended December 31, 2014.

The Company reported an increase in deferred tax assets of $182 associated with changes in Unrealized Gain (Loss) on Marketable Securities and a decrease of $307 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the year ended December 31, 2013.

The Company’s net operating loss and tax credit carryforwards primarily relate to loss carryforwards from the UK, which were fully utilized at December 31, 2014. The Company's affiliates generated approximately $5,054 of NYC unincorporated business tax credit carryforwards, which are set to expire in 2017. Management has weighed both the positive and negative evidence and determined that it was appropriate to establish a valuation allowance of $1,605 on the amount of credits that are not expected to be realized.

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A reconciliation of the changes in tax positions for the years ended December 31, 2014, 2013 and 2012 is as follows:

	December 31,		
	2014	2013	2012
Beginning unrecognized tax benefit	$624	$98	$1,109
Additions for tax positions of prior years	276	526	—
Reductions for tax positions of prior years	—	—	—
Lapse of Statute of Limitations	(98)	—	(1,011)
Decrease due to settlement with Taxing Authority	(802)	—	—
Ending unrecognized tax benefit	$—	$624	$98

The Company classifies interest relating to tax matters and tax penalties as a component of income tax expense in its Consolidated Statements of Operations. Related to the unrecognized tax benefits, the Company recognized $191 of interest and penalties during the year ended December 31, 2014, prior to the settlement of the NYC UBT audit. The Company has $229 accrued for the payment of interest and penalties as of December 31, 2014, prior to the settlement of the audit. The Company recognized $166 of interest and penalties during the year ended December 31, 2013. The Company has $215 accrued for the payment of interest and penalties as of December 31, 2013.

The Company is subject to taxation in the U.S. and various state, local and foreign jurisdictions. The Company's tax years for 2011 to present are subject to examination by the taxing authorities. The Company is currently under examination by New York City for tax years 2011 through 2013. With a few exceptions, the Company is no longer subject to U.S. federal, state, local or foreign examinations by taxing authorities for years before 2011.

Note 21 – Concentrations of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents, marketable securities, foreign government obligations and receivables from clients. The Company has placed substantially all of its Cash and Cash Equivalents in interest-bearing deposits in U.S. commercial banks and U.S. investment banks that meet certain rating and capital requirements. The Company's foreign subsidiaries maintain substantially all of their Cash and Cash Equivalents in interest bearing accounts at large commercial banking institutions domiciled in their respective countries of operation. Concentrations of credit risk are limited due to the quality of the Company's clients.

Credit Risks

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

As of December 31, 2014, the Company has securities purchased under agreements to resell of $7,669 for which the Company has received collateral with a fair value of $7,671. Additionally, the Company has securities sold under agreements to repurchase of $106,499, for which the Company has pledged collateral with a fair value of $106,632. The Company has established risk management procedures to monitor the exposure to concentrations of credit from Securities Purchased Under Agreements to Resell. The collateral for the receivables is primarily secured by Mexican government bonds and the Company monitors the collateral pledged under these agreements against their contract value from inception to maturity date.

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to clients. Receivables are reported net of any allowance for doubtful accounts. The Company maintains an allowance for bad debts to provide coverage for probable losses from customer receivables and derives the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client's creditworthiness. At December 31, 2014 and 2013 total receivables amounted to $136,280 and $83,347, respectively, net of an allowance. The Investment Banking and

Investment Management receivables collection periods generally are within 90 days of invoice. The collection period for restructuring transactions and private equity fee receivables may exceed 90 days. The Company recorded bad debt expense of approximately $1,027, $2,099 and $1,803 for the years ended December 31, 2014, 2013 and 2012, respectively.

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With respect to the Company's Marketable Securities portfolio, which is comprised of highly-rated corporate and municipal bonds, mutual funds and Seed Capital Investments, the Company manages its credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of December 31, 2014, the Company had Marketable Securities of $37,985, of which 74% were corporate and municipal securities, primarily with S&P ratings ranging from AAA to BB+, and 26% were Seed Capital Investments and mutual funds.

Periodically, the Company provides compensation to new and existing employees in the form of loans and/or other cash awards, which include a requirement of either full or partial repayment of these awards based on the terms of their employment agreements with the Company. See Note 17 for further information.

Note 22 – Segment Operating Results

Business Segments – The Company's business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, as well as services related to securities underwriting, private fund placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in the Institutional Asset Management, Wealth Management and Private Equity sectors. On October 31, 2014, the Company acquired the operating businesses of ISI, which is included in the Investment Banking segment. 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 years ended December 31, 2014, 2013 and 2012 is prepared using the following methodology:

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

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

Other Expenses include the following:

- Amortization of LP Units and Certain Other Awards - Includes amortization costs associated with the modification and vesting of Class A LP Units and certain other awards, and the vesting of Class E LP Units issued in conjunction with the acquisition of ISI.
- Other Acquisition Related Compensation Charges - Includes compensation charges associated with deferred consideration, retention awards and related compensation for Lexicon employees.
- Special Charges - Includes expenses primarily related to separation benefits and certain exit costs related to combining the equities business upon the ISI acquisition during 2014, a provision recorded in 2014 against contingent consideration due on the 2013 disposition of Pan, the write-off of intangible assets in 2013 from the Company's acquisition of Morse, Williams and Company, Inc. and charges incurred in connection with exiting facilities in the UK in 2012.

- Intangible Asset and Other Amortization - Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.
- Professional Fees - Includes professional fees associated with share-based awards resulting from an increase in share price, which is required upon change in employment status.

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- Acquisition and Transition Costs - Includes professional fees for legal and other services incurred during 2014 related to the Company's acquisition of 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.
The following information presents each segment's contribution.

	For the Years Ended December 31,		
	2014	2013	2012
Investment Banking			
Net Revenues (1)	$819,637	$670,785	$565,219
Operating Expenses	632,927	516,921	444,510
Other Expenses (2)	25,109	33,740	50,774
Operating Income	161,601	120,124	69,935
Income from Equity Method Investments	495	2,906	2,258
Pre-Tax Income from Continuing Operations	$162,096	$123,030	$72,193
Identifiable Segment Assets	$934,648	$693,890	$624,977
Investment Management			
Net Revenues (1)	$96,221	$94,643	$77,154
Operating Expenses	86,547	81,885	78,876
Other Expenses (2)	328	2,707	2,678
Operating Income (Loss)	9,346	10,051	(4,400)
Income from Equity Method Investments	4,685	5,420	2,594
Pre-Tax Income (Loss) from Continuing Operations	$14,031	$15,471	$(1,806)
Identifiable Segment Assets	$511,908	$486,893	$520,241
Total			
Net Revenues (1)	$915,858	$765,428	$642,373
Operating Expenses	719,474	598,806	523,386
Other Expenses (2)	25,437	36,447	53,452
Operating Income	170,947	130,175	65,535
Income from Equity Method Investments	5,180	8,326	4,852
Pre-Tax Income from Continuing Operations	$176,127	$138,501	$70,387
Identifiable Segment Assets	$1,446,556	$1,180,783	$1,145,218

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

	For the Years Ended December 31,		
	2014	2013	2012
Investment Banking (A)	$(1,722)	$3,979	$(3,019)
Investment Management (B)	(2,530)	(1,116)	(2,636)
Total Other Revenue, net	$(4,252)	$2,863	$(5,655)

(A) Investment Banking Other Revenue, net, includes interest expense on the Senior Notes of $4,470, $4,386 and $4,312 for the years ended December 31, 2014, 2013 and 2012, respectively, and changes in amounts due pursuant to the Company's tax receivable agreement of $5,524 for the year ended December 31, 2013.

(B) Investment Management Other Revenue, net, includes interest expense on the Senior Notes of $3,770, $3,702 and $3,643 for the years ended December 31, 2014, 2013 and 2012, respectively, and changes in amounts due pursuant to the

Company's tax receivable agreement of $1,381 for the year ended December 31, 2013.

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(2) Other Expenses are as follows:

	For the Years Ended December 31,		
	2014	2013	2012
Investment Banking			
Amortization of LP Units and Certain Other Awards	$3,399	$17,817	$18,601
Other Acquisition Related Compensation Charges	7,939	15,923	28,163
Special Charges	4,893	—	662
Intangible Asset and Other Amortization	2,494	—	3,348
Professional Fees	1,672	—	—
Acquisition and Transition Costs	4,712	—	—
Total Investment Banking	25,109	33,740	50,774
Investment Management			
Amortization of LP Units and Certain Other Awards	—	2,209	2,350
Special Charges	—	170	—
Intangible Asset and Other Amortization	328	328	328
Total Investment Management	328	2,707	2,678
Total Other Expenses	$25,437	$36,447	$53,452

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 Years Ended December 31,		
	2014	2013	2012
Net Revenues: (1)			
United States	$608,631	$532,615	$452,594
Europe and Other	248,815	145,267	151,261
Latin America	62,664	84,683	44,173
Total	$920,110	$762,565	$648,028

(1) Excludes Other Revenue and Interest Expense.

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

	For the Years Ended December 31,	
	2014	2013
Total Assets:		
United States	$1,099,363	$899,602
Europe and Other	160,934	131,847
Latin America	186,259	149,334
Total	$1,446,556	$1,180,783

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Note 23 – Evercore Partners Inc. (Parent Company Only) Financial Statements
EVERCORE PARTNERS INC.
(parent company only)
CONDENSED STATEMENTS OF FINANCIAL CONDITION

	December 31, 2014	2013
ASSETS		
Equity Investment in Subsidiary	$571,649	$531,380
Deferred Tax Asset	270,373	254,486
Other Assets	18,638	6,656
TOTAL ASSETS	$860,660	$792,522
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Payable to Related Party	$10,833	$8,881
Amounts Due Pursuant to Tax Receivable Agreement	191,253	175,771
Long-term Debt - Notes Payable	105,226	103,226
Other Liabilities	2,067	2,063
TOTAL LIABILITIES	309,379	289,941
Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 46,414,240 and 40,772,434 issued at December 31, 2014 and 2013, respectively, and 36,255,124 and 33,069,534 outstanding at December 31, 2014 and 2013, respectively)	464	408
Class B, par value $0.01 per share (1,000,000 shares authorized, 27 and 42 issued and outstanding at December 31, 2014 and 2013, respectively)	—	—
Additional Paid-In-Capital	950,147	799,233
Accumulated Other Comprehensive Income (Loss)	(20,387)	(10,784)
Retained Earnings (Deficit)	(17,814)	(59,896)
Treasury Stock at Cost (10,159,116 and 7,702,900 shares at December 31, 2014 and 2013, respectively)	(361,129)	(226,380)
TOTAL STOCKHOLDERS' EQUITY	551,281	502,581
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$860,660	$792,522

See notes A to E to parent company only financial statements.

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EVERCORE PARTNERS INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

EVERCORE PARTNERS INC.

(parent company only)

CONDENSED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2014	2013	2012
REVENUES			
Interest Income	$8,341	$14,993	$7,955
TOTAL REVENUES	8,341	14,993	7,955
Interest Expense	8,341	8,088	7,955
NET REVENUES	—	6,905	—
EXPENSES			
TOTAL EXPENSES	—	—	—
OPERATING INCOME	—	6,905	—
Equity in Income of Subsidiary	141,612	87,317	53,229
Provision for Income Taxes	54,738	40,960	24,340
NET INCOME	$86,874	$53,262	$28,889

See notes A to E to parent company only financial statements.

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

EVERCORE PARTNERS INC.
(parent company only)
CONDENSED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$86,874	$53,262	$28,889
Undistributed Income of Subsidiary	(141,612)	(87,317)	(53,229)
Deferred Taxes	(15,887)	(28,745)	—
Accretion on Long-term Debt	2,000	1,851	1,711
(Increase) Decrease in Operating Assets:			
Other Assets	3,255	(6,656)	14,310
Increase (Decrease) in Operating Liabilities:			
Taxes Payable	—	11,872	11,872
Other Liabilities	—	1,706	(3,101)
Net Cash Provided by (Used in) Operating Activities	(65,370)	(54,027)	452
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Subsidiary	105,600	90,949	24,239
Net Cash Provided by Investing Activities	105,600	90,949	24,239
CASH FLOWS FROM FINANCING ACTIVITIES			
Purchase of Evercore LP Units	(1,476)	(6,832)	(395)
Dividends	(38,754)	(30,090)	(24,296)
Net Cash Provided by (Used in) Financing Activities	(40,230)	(36,922)	(24,691)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	—	—
CASH AND CASH EQUIVALENTS—Beginning of Year	—	—	—
CASH AND CASH EQUIVALENTS—End of Year	$—	$—	$—

See notes A to E to parent company only financial statements.

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

EVERCORE PARTNERS INC.
(parent company only)
NOTES TO CONDENSED FINANCIAL STATEMENTS

Note A – Organization

Evercore Partners Inc. (the "Company") was incorporated as a Delaware corporation on July 21, 2005. The Company did not begin meaningful operations until the reorganization discussed below. Pursuant to a reorganization into a holding company structure, the Company became a holding company and its sole asset is a controlling equity interest in Evercore LP. As the sole general partner of Evercore LP, the Company operates and controls all of the business and affairs of Evercore LP and, through Evercore LP and its subsidiaries, continues to conduct the business now conducted by these subsidiaries.

Note B – Significant Accounting Policies

Basis of Presentation. The Statements of Financial Condition, Operations and Cash Flows have been prepared in accordance with U.S. GAAP.

Equity in Income of Subsidiary. The Equity in Income of Subsidiary represents the Company's share of income from Evercore LP.

Note C – Stockholders' Equity

The Company is authorized to issue 1,000,000 Class A Shares, par value $0.01 per share, and 1,000 shares of Class B common stock, par value $0.01 per share. All Class A Shares and shares of Class B common stock vote together as a single class. At December 31, 2014, the Company has issued 46,414 Class A Shares. The Company canceled 15 shares of Class B common stock in exchange for $1.00, which were held by certain limited partners of Evercore LP during the twelve months ended December 31, 2014. During 2014, the Company purchased 1,661 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 1,046 Class A Shares at market values ranging from $47.99 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 $142,850 on the Company's Statement of Financial Condition as of December 31, 2014. During 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 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 Statement of Financial Condition as of December 31, 2014. During the year ended December 31, 2014, the Company declared and paid dividends of $1.03 per share, totaling $38,754 which were wholly funded by the Company's sole subsidiary, Evercore LP.

As discussed in Note 17 to the consolidated financial statements, both the LP Units and RSUs are exchangeable into Class A Shares on a one-for-one basis once vested.

Note D – Issuance of Notes Payable and Warrants

On August 21, 2008, the Company entered into a Purchase Agreement with Mizuho pursuant to which Mizuho purchased from the Company Senior Notes and Warrants expiring 2020. See Note 12 to the consolidated financial statements.

Note E – Commitments and Contingencies

As of December 31, 2014, as discussed in Note 12 to the consolidated financial statements, the Company estimates the contractual obligations related to the Senior Notes to be $157,440. Pursuant to the Senior Notes, we expect to make payments to the notes' holder of $6,240 within one year or less, $12,480 in one to three years, $12,480 in three to five years and $126,240 after five years.

As of December 31, 2014, as discussed in Note 18 to the consolidated financial statements, the Company estimates the contractual obligations related to the Tax Receivable Agreements to be $202,081. The company expects to pay to the counterparties to the Tax Receivable Agreement $10,828 within one year or less, $22,424 in one to three years, $23,967 in three to five years and $144,862 after five years.

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

SUPPLEMENTAL FINANCIAL INFORMATION
(dollars in thousands, except per share data)
Consolidated Quarterly Results of Operations (unaudited)
The following represents the Company’s unaudited quarterly results for the years ended December 31, 2014 and 2013. These quarterly results were prepared in accordance with U.S. GAAP and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results. The amounts below reflect the reclassification of the historical results of Pan to Discontinued Operations.

	For the Three Months Ended			
	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
Net Revenues	$321,888	$227,161	$217,696	$149,113
Total Expenses	254,036	187,815	174,661	128,399
Income Before Income from Equity Method Investments and Income Taxes	67,852	39,346	43,035	20,714
Income from Equity Method Investments	1,799	1,102	2,038	241
Income Before Income Taxes	69,651	40,448	45,073	20,955
Provision for Income Taxes	30,542	15,264	15,387	7,563
Net Income from Continuing Operations	39,109	25,184	29,686	13,392
Net Income (Loss) from Discontinued Operations	—	—	—	—
Net Income	39,109	25,184	29,686	13,392
Net Income Attributable to Noncontrolling Interest	11,377	875	5,421	2,824
Net Income Attributable to Evercore Partners Inc.	$27,732	$24,309	$24,265	$10,568
Basic Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$0.76	$0.67	$0.68	$0.30
From Discontinued Operations	—	—	—	—
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$0.76	$0.67	$0.68	$0.30
Diluted Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$0.66	$0.58	$0.58	$0.25
From Discontinued Operations	—	—	—	—
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$0.66	$0.58	$0.58	$0.25
Dividends Declared Per Share of Class A Common Stock	$0.28	$0.25	$0.25	$0.25

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

	For the Three Months Ended			
	December 31, 2013	September 30, 2013	June 30, 2013	March 31, 2013
Net Revenues	$218,672	$187,328	$206,797	$152,631
Total Expenses	174,796	155,460	168,616	136,381
Income Before Income from Equity Method Investments and Income Taxes	43,876	31,868	38,181	16,250
Income from Equity Method Investments	5,993	562	1,015	756
Income Before Income Taxes	49,869	32,430	39,196	17,006
Provision for Income Taxes	26,474	12,350	17,130	7,735
Net Income from Continuing Operations	23,395	20,080	22,066	9,271
Net Income (Loss) from Discontinued Operations	(16)	(1,826)	(55)	(893)
Net Income	23,379	18,254	22,011	8,378
Net Income Attributable to Noncontrolling Interest	6,474	4,292	5,585	2,409
Net Income Attributable to Evercore Partners Inc.	$16,905	$13,962	$16,426	$5,969
Basic Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$0.51	$0.47	0.52	$0.20
From Discontinued Operations	—	(0.04)	—	(0.01)
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$0.51	$0.43	$0.52	$0.19
Diluted Net Income (Loss) Per Share Attributable to Evercore Partners Inc. Common Shareholders:				
From Continuing Operations	$0.42	$0.39	$0.44	$0.17
From Discontinued Operations	—	(0.03)	—	(0.01)
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders	$0.42	$0.36	$0.44	$0.16
Dividends Declared Per Share of Class A Common Stock	$0.25	$0.22	$0.22	$0.22

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 except for the matter noted below in Management's Report on Internal Control Over Financial Reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is identified in Exchange Act Rules 13a-15(f). Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2014 based on criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the "COSO" criteria. Internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In making the assessment, management used the framework in "Internal Control - Integrated Framework" (2013) promulgated by the Committee of Sponsoring Organizations of the Treadway Commission. The internal control over financial reporting of International Strategy & Investment ("ISI") was excluded from the evaluation of the Company's effectiveness of its disclosure controls and procedures as of December 31, 2014. ISI, for the period following the acquisition, represented approximately 5% of total assets, net revenues and net income of the consolidated financial statement amounts as of and for the year ended December 31, 2014. Except for the preceding matter, our Chief Executive Officer and Chief Financial Officer have concluded that our internal controls over financial reporting were effective as of December 31, 2014.

The Company's independent registered public accounting firm has issued its written attestation report on the Company's internal control over financial reporting, as included below.

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Report of Independent Registered Public Accounting Firm
To the Board of Directors and Stockholders of Evercore Partners Inc.:

We have audited the internal control over financial reporting of Evercore Partners Inc. and subsidiaries (the "Company") as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management’s Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at International Strategy and Investment Group (“ISI”) which was acquired on October 31, 2014 and whose financial statements constitute approximately 5% of total assets, net revenues, and net income of the consolidated financial statement amounts as of and for the year ended December 31, 2014. Accordingly, our audit did not include the internal control over financial reporting at ISI. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.
We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.
A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.
Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.
In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.
We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014 of the Company and our report dated February 27, 2015 expressed an unqualified opinion on those financial statements.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 27, 2015

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Changes in Internal Controls over Financial Reporting

We acquired ISI on October 31, 2014, and the addition of ISI's financial systems and processes included changes from our internal controls over financial reporting. There were no other changes in internal control over financial reporting during the fiscal fourth quarter ended December 31, 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).

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Item 9B. Other Information

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information regarding directors and executive officers set forth under the caption "Election of Directors" and "Executive Officers" in the Proxy Statement is incorporated herein by reference.

The information regarding compliance with Section 16(a) of the Exchange Act set forth under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the Proxy Statement is incorporated herein by reference.

The information regarding our Code of Business Conduct and Ethics, our audit committee and our audit committee financial expert under the caption "Corporate Governance" in the Proxy Statement is incorporated herein by reference.

The Company posts its Code of Business Conduct and Ethics on the Corporate Governance webpage within the Investor Relations section of its website at http://ir.evercore.com under the link "Governance Documents". The Company's Code of Business Conduct and Ethics applies to all directors, officers and employees, including our chairmans, president and chief executive officer, our chief financial officer and our principal accounting officer. We will post any amendments to the Code of Business Conduct and Ethics, and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE, on our website within the required periods.

Item 11. Executive Compensation

The information contained in the sections captioned "Compensation of Our Named Executive Officers", "Director Compensation" and "Compensation Committee Report" of the Proxy Statement is incorporated herein by reference.

Information regarding our compensation committee and compensation committee interlocks under the caption "Corporate Governance – Committees of the Board" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance under Equity Compensation Plans at December 31, 2014

	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights(1)	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by shareholders	5,602,242	—	5,391,886
Equity compensation plans not approved by shareholders	—	—	—
Total	5,602,242	—	5,391,886

(1) To date, we have issued RSUs which by their nature have no exercise price.

The information contained in the section captioned "Security Ownership of Certain Beneficial Owners and Management" of the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information contained in the sections captioned "Related Person Transactions and Other Information" and "Corporate Governance-Director Independence" in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The information regarding our independent registered public accounting firm fees and services in the section captioned "Ratification of Independent Registered Public Accounting Firm" of the Proxy Statement is incorporated herein by reference.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

1. Financial Statements

The consolidated financial statements required to be filed in the Form 10-K are listed in Part II, Item 8 hereof.

2. Financial Data Schedules

All schedules have been omitted because they are not applicable, not required, or the information required is included in the financial statements or notes thereto.

3. Exhibits

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

Exhibit Index

Exhibit Number	Description
2.1	Deed, dated as of June 7, 2011, by and between Evercore Partners Inc. and the Sellers named therein, regarding the sale and purchase of The Lexicon Partnership LLP(22)
3.1	Amended and Restated Certificate of Incorporation of the Registrant(1)
3.2	Amended and Restated Bylaws of the Registrant(13)
4.1	Equity Holders Agreement by and between Evercore Partners Inc. and Mizuho Corporate Bank, dated as of August 21, 2008(10)
4.2	Indenture between Evercore Partners Inc. and The Bank of New York Mellon, as trustee, dated as of August 28, 2008(11)
4.3	Warrant, dated as of August 28, 2008(11)
10.1	Tax Receivable Agreement, dated as of August 10, 2006(2)
10.2	Registration Rights Agreement, dated as of August 10, 2006(2)
10.3	*Employment Agreement between the Registrant and Roger C. Altman(2)
10.4	*Employment Agreement between the Registrant and Pedro Aspe(2)
10.5	*Employment Agreement between the Registrant and Robert B. Walsh(6)

10.6	*Evercore Partners Inc. 2006 Stock Incentive Plan(1)
10.7	*Evercore Partners Inc. 2006 Stock Incentive Plan(3)
10.8	*Evercore Partners Inc. 2006 Annual Incentive Plan(1)
10.9	*Employment Agreement between the Registrant and Adam B. Frankel(1)
10.10	Form of Indemnification Agreement between the Registrant and each of its directors(1)
10.11	Evercore Partners II L.L.C. Limited Liability Company Agreement(1)
10.12	*Service Agreement between Bernard J. Taylor and Braveheart Financial Services Limited, dated as of July 31, 2006(9)
10.13	Amended and Restated Limited Partnership Agreement with Evercore Mexico Partners II, L.P.(15)
10.14	*Amendment to Employment Agreement dated November 7, 2008 with Dr. Pedro Carlos Aspe Armella(12)
10.15	*Amendment to Employment Agreement dated February 12, 2008 with Roger C. Altman(8)
10.16	*Amendment to Employment Agreement dated February 12, 2008 with Austin M. Beutner(8)
10.17	* Amendment to Restricted Stock Unit Award Agreement with Adam B. Frankel(15)
10.18	Purchase Agreement by and between Evercore Partners Inc. and Mizuho Corporate Bank, dated as of August 21, 2008(10)
10.19	*Amendment to Employment Agreement dated March 26, 2009 with Roger C. Altman and Pedro Aspe(16)
10.20	Subscription Agreement between the Registrant and Ralph L. Schlosstein(17)
10.20.1	*Employment Agreement between the Registrant and Ralph L. Schlosstein(17)
10.21	Contribution and Exchange Agreement, dated February 11, 2010(18)
10.22	Purchase and Sale Agreement, dated as of March 4, 2010, by and among Evercore Partners Inc., Atalanta Sosnoff Capital LLC (“Atalanta Sosnoff”), Representative, LLC, in its capacity as the representative, the sellers and Martin T. Sosnoff(19)
10.23	Registration Rights Agreement, dated May 28, 2010(20)
10.24	*2011 Form Cash Unit Award Agreement(21)
10.25	

Amended and Restated Limited Liability Partnership Deed In Relation to Evercore Partners International LLP and Lexicon Partnership LLP, dated August 19, 2011(23)

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10.26	Purchase and Sale Agreement, dated as of November 11, 2011, by and among Evercore, the Company, the Representative, in its capacity as the representative and the Sellers, regarding the purchase of a non-controlling interest in ABS Investment Management, LLC(24)
10.27	*2012 Form Restricted Stock Unit Award Agreement for U.S. Employees(25)
10.28	*2012 Form Restricted Stock Unit Award Agreement for the members of Evercore Partners International LLP(25)
10.29	*2012 Form Restricted Stock Unit Award Agreement for non-U.S. Employees and non-members of Evercore Partners International LLP(25)
10.30	*2012 Confidentiality, Non-Solicitation and Proprietary Information Agreement for Senior Managing Directors(25)
10.31	*2012 Form Cash Unit Award Agreement(25)
10.32	*Employment Agreement between the Registrant and Andrew Sibbald(27)
10.33	Second Amended and Restated Limited Partnership Agreement with Evercore Mexico Partners III, L.P.(29)
10.34	*Restricted Stock Unit Award Agreement effective as of January 29, 2013 between Evercore Partners Inc. and Ralph L. Schlosstein(26)
10.35	*Amended and Restated Evercore Partners Inc. 2006 Stock Incentive Plan(28)
10.36	*Form Restricted Stock Unit Award Agreement for U.S. Employees(29)
10.37	*Form Restricted Stock Unit Award Agreement for the members of Evercore Partners International LLP(29)
10.38	*Form Restricted Stock Unit Award Agreement for non-U.S. Employees and non-members of Evercore Partners International LLP(29)
10.39	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(30)
10.40	Fourth Amended and Restated Limited Partnership Agreement of Evercore LP, effective as of October 31, 2014(31)
10.41	Supplement to Fourth Amended and Restated Limited Partnership Agreement of Evercore LP, effective as of October 31, 2014(31)

10.42	*Employment Agreement between the Registrant and Edward S. Hyman (filed herewith)
11	Not included as a separate exhibit - earnings per share can be determined from Note 16 to the consolidated financial statements included in Item 8 – Financial Statements and Supplemental Data.

21.1	Subsidiaries of the Registrant (filed herewith)
23.1	Consent of Deloitte & Touche LLP (filed herewith)
24.1	Power of Attorney (included on signature page hereto)
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 Annual Report on Form 10-K for the year ended December 31, 2014, are formatted in XBRL (eXtensible Business Reporting Language); (i) Consolidated Statements of Financial Condition as of December 31, 2014 and 2013, (ii) Consolidated Statements of Operations for the years ended December 31, 2014, 2013 and 2012, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2014, 2013 and 2012, (iv) Consolidated Statements of Changes In Equity for the years ended December 31, 2014, 2013 and 2012, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2014, 2013 and 2012, and (vi) Notes to Consolidated Financial Statements (filed herewith)

(1) Incorporated by Reference to the Registrant’s Registration Statement on Form S-1 (Registration No. 333-134087), as amended, originally filed with the SEC on May 12, 2006.

(2) Incorporated by Reference to the Registrant’s Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended June 30, 2006.

(3) Incorporated by Reference to the Registrant’s Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended September 30, 2006.

(4) Incorporated by Reference to the Registrant’s Current Report on Form 8-K, filed with the Securities and Exchange Commission on December 21, 2006.

(5) Incorporated by Reference to the Registrant’s Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended March 31, 2007.

(6) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 8, 2007.

(7) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on July 6, 2007.

(8) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on February 12, 2008.

(9) Incorporated by Reference to the Registrant’s Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on March 14, 2008.

(10) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 21, 2008.

(11) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 28, 2008.

(12) Incorporated by Reference to the Registrant's Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended September 30, 2008.

(13) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on February 6, 2009.

(14) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on July 27, 2009.

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(15) Incorporated by Reference to the Registrant’s Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on March 13, 2009.

(16) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on March 27, 2009.

(17) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on May 22, 2009.

(18) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on February 16, 2010.

(19) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on March 5, 2010.

(20) Incorporated by Reference to the Registrant’s Registration Statement on Form S-3 (Registration No. 833-171487), as amended, originally filed with the SEC on December 30, 2010.

(21) Incorporated by Reference to the Registrant’s Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on March 9, 2011.

(22) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 9, 2011.

(23) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 25, 2011.

(24) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on November 14, 2011.

(25) Incorporated by Reference to the Registrant’s Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 29, 2012.

(26) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on January 29, 2013.

(27) Incorporated by Reference to the Registrant’s Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 27, 2013.

(28) Incorporated by Reference to the Registrant’s Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 20, 2013.

(29) Incorporated by Reference to the Registrant’s Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 28, 2014.

(30) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 4, 2014.

(31) Incorporated by Reference to the Registrant’s Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended September 30, 2014.

* Management contract or compensatory plan.

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SIGNATURES

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

Evercore Partners Inc.

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

Date: February 27, 2015

Each of the officers and directors of Evercore Partners Inc. whose signature appears below, in so signing, also makes, constitutes and appoints each of Ralph Schlosstein, Roger C. Altman, Robert B. Walsh, Adam B. Frankel and Paul Pensa, and each of them, his true and lawful attorneys-in-fact, with full power and substitution, for him in any and all capacities, to execute and cause to be filed with the SEC any and all amendments to the Report on Form 10-K, with exhibits thereto and other documents connected therewith and to perform any acts necessary to be done in order to file such documents, and hereby ratifies and confirms all that said attorneys-in-fact or their substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the 27th day of February, 2015.

Signature	Title
/s/ RALPH SCHLOSSTEIN Ralph Schlosstein	Chief Executive Officer (Principal Executive Officer) and Director
/s/ ROGER C. ALTMAN Roger C. Altman	Co-Chairman
/s/ PEDRO ASPE Pedro Aspe	Co-Chairman
/s/ RICHARD I. BEATTIE Richard I. Beattie	Director
/s/ FRANCOIS DE ST. PHALLE Francois de St. Phalle	Director
/s/ GAIL BLOCK HARRIS Gail Block Harris	Director
/s/ CURT HESSLER Curt Hessler	Director
/s/ ROBERT B. MILLARD Robert B. Millard	Director
/s/ WILLARD J. OVERLOCK, JR.	Director

Willard J. Overlock, Jr.

/s/ WILLIAM J. WHEELER William J. Wheeler	Director
/s/ ROBERT B. WALSH Robert B. Walsh	Chief Financial Officer (Principal Financial Officer)
/s/ PAUL PENSA Paul Pensa	Controller (Principal Accounting Officer)

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