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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2019

OR

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

For the transition period from to

001-32975

(Commission File Number)

EVERCORE INC.

(Exact name of registrant as specified in its charter)

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

55 East 52nd Street

New York, New York 10055

(Address of principal executive offices)

Registrant's telephone number: (212) 857-3100

N/A

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

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Class A Common Stock, par value $0.01 per share	EVR	New York Stock Exchange

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of October 23, 2019 was 39,085,998. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of October 23, 2019 was 87 (excluding 13 shares of Class B common stock held by a subsidiary of the registrant).

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Financial Statements (Unaudited)

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

	September 30, 2019	December 31, 2018
Assets		
Current Assets		
Cash and Cash Equivalents	$ 304,718	$ 790,590
Investment Securities and Certificates of Deposit	620,100	304,627
Financial Instruments Owned and Pledged as Collateral at Fair Value	23,643	22,349
Securities Purchased Under Agreements to Resell	1,423	2,696
Accounts Receivable (net of allowances of $1,943 and $6,037 at September 30, 2019 and December 31, 2018, respectively)	305,672	309,075
Receivable from Employees and Related Parties	20,655	23,836
Other Current Assets	51,187	28,444
Total Current Assets	1,327,398	1,481,617
Investments	87,854	90,644
Deferred Tax Assets	275,909	241,092
Operating Lease Right-of-Use Assets	183,083	—
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $108,382 and $89,494 at September 30, 2019 and December 31, 2018, respectively)	112,929	81,069
Goodwill	129,500	131,387
Intangible Assets (net of accumulated amortization of $48,115 and $41,217 at September 30, 2019 and December 31, 2018, respectively)	3,480	10,378
Other Assets	90,950	89,480
Total Assets	$ 2,211,103	$ 2,125,667
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$ 284,422	$ 602,122
Accounts Payable and Accrued Expenses	46,779	37,948
Securities Sold Under Agreements to Repurchase	25,062	25,075
Payable to Employees and Related Parties	28,748	31,894
Operating Lease Liabilities	34,270	—
Taxes Payable	753	33,621
Other Current Liabilities	12,975	19,031
Total Current Liabilities	433,009	749,691
Operating Lease Liabilities	192,673	—
Notes Payable	372,526	168,612
Amounts Due Pursuant to Tax Receivable Agreements	94,411	94,411
Other Long-term Liabilities	115,196	105,014
Total Liabilities	1,207,815	1,117,728
Commitments and Contingencies (Note 17)		
Equity		
Evercore Inc. Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 68,573,861 and 65,872,014 issued at September 30, 2019 and December 31, 2018, respectively, and 39,436,023 and 39,748,576 outstanding at September 30, 2019 and December 31, 2018, respectively)	686	659
Class B, par value $0.01 per share (1,000,000 shares authorized, 87 and 86 issued and outstanding at September 30, 2019 and December 31, 2018, respectively)	—	—
Additional Paid-In-Capital	1,968,179	1,818,100
Accumulated Other Comprehensive Income (Loss)	(34,789)	(30,434)
Retained Earnings	479,558	364,882
Treasury Stock at Cost (29,137,838 and 26,123,438 shares at September 30, 2019 and December 31, 2018, respectively)	(1,648,951)	(1,395,087)
Total Evercore Inc. Stockholders' Equity	764,683	758,120
Noncontrolling Interest	238,605	249,819
Total Equity	1,003,288	1,007,939
Total Liabilities and Equity	$ 2,211,103	$ 2,125,667

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(dollars and share amounts in thousands, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
Investment Banking:				
Advisory Fees	$ 320,885	$ 305,949	$ 1,090,309	$ 1,047,259
Underwriting Fees	17,598	11,440	61,428	62,784
Commissions and Related Fees	46,820	45,337	137,417	139,447
Asset Management and Administration Fees	12,650	12,678	37,452	36,603
Other Revenue, Including Interest and Investments	9,911	10,058	35,886	20,826
Total Revenues	407,864	385,462	1,362,492	1,306,919
Interest Expense	5,666	4,203	13,921	13,620
Net Revenues	402,198	381,259	1,348,571	1,293,299
Expenses				
Employee Compensation and Benefits	241,702	225,452	803,657	766,537
Occupancy and Equipment Rental	16,946	15,367	51,225	43,249
Professional Fees	21,577	19,698	60,912	56,581
Travel and Related Expenses	17,589	16,880	54,650	50,858
Communications and Information Services	12,146	10,590	34,773	31,634
Depreciation and Amortization	8,419	6,815	23,123	20,209
Execution, Clearing and Custody Fees	3,265	3,068	9,483	7,818
Special Charges	1,029	1,967	3,087	3,864
Acquisition and Transition Costs	380	—	488	21
Other Operating Expenses	8,801	6,882	26,185	20,657
Total Expenses	331,854	306,719	1,067,583	1,001,428
Income Before Income from Equity Method Investments and Income Taxes	70,344	74,540	280,988	291,871
Income from Equity Method Investments	2,562	2,298	7,226	6,842
Income Before Income Taxes	72,906	76,838	288,214	298,713
Provision for Income Taxes	20,402	17,539	60,253	48,018
Net Income	52,504	59,299	227,961	250,695
Net Income Attributable to Noncontrolling Interest	9,226	9,838	35,709	36,760
Net Income Attributable to Evercore Inc.	$ 43,278	$ 49,461	$ 192,252	$ 213,935
Net Income Attributable to Evercore Inc. Common Shareholders	$ 43,278	$ 49,461	$ 192,252	$ 213,935
Weighted Average Shares of Class A Common Stock Outstanding				
Basic	39,704	40,966	40,246	40,762
Diluted	42,789	45,858	43,437	45,542
Net Income Per Share Attributable to Evercore Inc. Common Shareholders:				
Basic	$ 1.09	$ 1.21	$ 4.78	$ 5.25
Diluted	$ 1.01	$ 1.08	$ 4.43	$ 4.70

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	**2018**	**2019**	**2018**
Net Income	$ 52,504	$ 59,299	$ 227,961	$ 250,695
Other Comprehensive Income (Loss), net of tax:				
Unrealized Gain (Loss) on Securities and Investments, net	(45)	(11)	(715)	(433)
Foreign Currency Translation Adjustment Gain (Loss), net	(3,258)	2,884	(4,406)	583
Other Comprehensive Income (Loss)	(3,303)	2,873	(5,121)	150
Comprehensive Income	49,201	62,172	222,840	250,845
Comprehensive Income Attributable to Noncontrolling Interest	8,724	10,265	34,943	36,768
Comprehensive Income Attributable to Evercore Inc.	$ 40,477	$ 51,907	$ 187,897	$ 214,077

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

For the Three Months Ended September 30, 2019

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at June 30, 2019	68,508,501	$ 685	$ 1,916,503	$ (31,988)	$ 463,002	(28,643,895)	$ (1,609,916)	$ 236,549	$ 974,835
Net Income	—	—	—	—	43,278	—	—	9,226	52,504
Other Comprehensive Income (Loss)	—	—	—	(2,801)	—	—	—	(502)	(3,303)
Treasury Stock Purchases	—	—	—	—	—	(493,943)	(39,035)	—	(39,035)
Evercore LP Units Converted into Class A Common Stock	24,789	1	1,501	—	—	—	—	(1,010)	492
Equity-based Compensation Awards	40,571	—	50,175	—	—	—	—	6,993	57,168
Dividends	—	—	—	—	(26,722)	—	—	—	(26,722)
Noncontrolling Interest (Note 14)	—	—	—	—	—	—	—	(12,651)	(12,651)
Balance at September 30, 2019	68,573,861	$ 686	$ 1,968,179	$ (34,789)	$ 479,558	(29,137,838)	$ (1,648,951)	$ 238,605	$ 1,003,288

For the Nine Months Ended September 30, 2019

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at December 31, 2018	65,872,014	$ 659	$ 1,818,100	$ (30,434)	$ 364,882	(26,123,438)	$ (1,395,087)	$ 249,819	$ 1,007,939
Net Income	—	—	—	—	192,252	—	—	35,709	227,961
Other Comprehensive Income (Loss)	—	—	—	(4,355)	—	—	—	(766)	(5,121)
Treasury Stock Purchases	—	—	—	—	—	(3,014,400)	(253,864)	—	(253,864)
Evercore LP Units Converted into Class A Common Stock	281,685	3	30,828	—	—	—	—	(12,187)	18,644
Equity-based Compensation Awards	2,420,162	24	160,733	—	—	—	—	19,109	179,866
Dividends	—	—	—	—	(77,576)	—	—	—	(77,576)
Noncontrolling Interest (Note 14)	—	—	(41,482)	—	—	—	—	(53,079)	(94,561)
Balance at September 30, 2019	68,573,861	$ 686	$ 1,968,179	$ (34,789)	$ 479,558	(29,137,838)	$ (1,648,951)	$ 238,605	$ 1,003,288

For the Three Months Ended September 30, 2018

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at June 30, 2018	65,623,354	$ 656	$ 1,721,668	$ (31,486)	$ 198,815	(24,678,992)	$ (1,265,927)	$ 227,274	$ 851,000
Net Income	—	—	—	—	49,461	—	—	9,838	59,299
Other Comprehensive Income	—	—	—	2,446	—	—	—	427	2,873
Treasury Stock Purchases	—	—	—	—	—	(247,247)	(26,936)	—	(26,936)
Evercore LP Units Converted into Class A Common Stock	25,847	—	1,288	—	—	—	—	(1,001)	287
Equity-based Compensation Awards	60,292	1	41,749	—	—	—	—	4,928	46,678
Dividends	—	—	—	—	(23,649)	—	—	—	(23,649)
Noncontrolling Interest (Note 14)	—	—	—	—	—	—	—	(10,155)	(10,155)
Balance at September 30, 2018	65,709,493	$ 657	$ 1,764,705	$ (29,040)	$ 224,627	(24,926,239)	$ (1,292,863)	$ 231,311	$ 899,397

For the Nine Months Ended September 30, 2018

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	Earnings	Shares	Dollars	Interest	Equity
Balance at December 31, 2017	62,119,904	$ 621	$ 1,600,699	$ (31,411)	$ 79,461	(23,017,750)	$ (1,105,406)	$ 252,404	$ 796,368
Cumulative Effect of Accounting Change(1)	—	—	—	2,229	(2,229)	—	—	—	—

Net Income	—	—	—	—	213,935	—	—	36,760	250,695
Other Comprehensive Income	—	—	—	142	—	—	—	8	150
Treasury Stock Purchases	—	—	—	—	—	(1,908,489)	(187,457)	—	(187,457)
Evercore LP Units Converted into Class A Common Stock	1,080,554	11	58,256	—	—	—	—	(42,566)	15,701
Equity-based Compensation Awards	2,509,035	25	131,208	—	—	—	—	14,925	146,158
Dividends	—	—	—	—	(66,540)	—	—	—	(66,540)
Noncontrolling Interest (Note 14)	—	—	(25,458)	—	—	—	—	(30,220)	(55,678)
Balance at September 30, 2018	65,709,493	$ 657	$ 1,764,705	$ (29,040)	$ 224,627	(24,926,239)	$ (1,292,863)	$ 231,311	$ 899,397

(1) The cumulative adjustment relates to the adoption of ASU No. 2016-01, *"Recognition and Measurement of Financial Assets and Financial Liabilities"* on January 1, 2018, for which the Company recorded an adjustment to Retained Earnings to reflect cumulative unrealized losses, net of tax, on available-for-sale equity securities previously recorded in Accumulated Other Comprehensive Income (Loss).

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Nine Months Ended September 30,	
	2019	2018
Cash Flows From Operating Activities		
Net Income	$ 227,961	$ 250,695
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Net (Gains) Losses on Investments, Investment Securities and Contingent Consideration	(9,330)	(26)
Equity Method Investments	2,516	2,535
Equity-Based and Other Deferred Compensation	278,422	208,858
Depreciation, Amortization and Accretion	49,174	21,432
Bad Debt Expense	2,569	2,244
Deferred Taxes	(14,621)	(1,091)
Decrease (Increase) in Operating Assets:		
Investment Securities	(459)	242
Financial Instruments Owned and Pledged as Collateral at Fair Value	(1,351)	(2,142)
Securities Purchased Under Agreements to Resell	1,299	7,457
Accounts Receivable	(1,567)	(51,341)
Receivable from Employees and Related Parties	3,153	(6,878)
Other Assets	(25,491)	(59,145)
(Decrease) Increase in Operating Liabilities:		
Accrued Compensation and Benefits	(389,446)	(51,246)
Accounts Payable and Accrued Expenses	4,059	5,379
Securities Sold Under Agreements to Repurchase	18	(5,303)
Payables to Employees and Related Parties	(3,147)	3,001
Taxes Payable	(32,868)	(11,267)
Other Liabilities	64	(2,758)
Net Cash Provided by Operating Activities	90,955	310,646
Cash Flows From Investing Activities		
Investments Purchased	(3,822)	(45)
Distributions of Private Equity Investments	1,698	2,143
Investment Securities:		
Proceeds from Sales and Maturities	376,934	162,318
Purchases	(570,783)	(304,950)
Maturity of Certificates of Deposit	100,000	63,527
Purchase of Certificates of Deposit	(211,861)	(100,000)
Purchase of Furniture, Equipment and Leasehold Improvements	(46,155)	(11,881)
Net Cash Provided by (Used in) Investing Activities	(353,989)	(188,888)
Cash Flows From Financing Activities		
Issuance of Noncontrolling Interests	600	1,165
Distributions to Noncontrolling Interests	(44,947)	(30,374)
Short-Term Borrowings	30,000	30,000
Repayment of Short-Term Borrowings	(30,000)	(30,000)
Repayment of Subordinated Borrowings	—	(6,799)
Issuance of Notes Payable	205,718	—
Debt Issuance Costs	(2,032)	—
Purchase of Treasury Stock and Noncontrolling Interests	(304,078)	(212,959)
Dividends	(73,875)	(57,448)
Net Cash Provided by (Used in) Financing Activities	(218,614)	(306,415)
Effect of Exchange Rate Changes on Cash	(4,869)	1,711
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(486,517)	(182,946)
Cash, Cash Equivalents and Restricted Cash-Beginning of Period	800,096	617,385
Cash, Cash Equivalents and Restricted Cash-End of Period	$ 313,579	$ 434,439

SUPPLEMENTAL CASH FLOW DISCLOSURE		
Payments for Interest	$ 14,750	$ 16,008
Payments for Income Taxes	$ 120,929	$ 47,989
Accrued Dividends	$ 10,903	$ 9,092
Purchase of Noncontrolling Interest		

	$ 2,701	$ —

See Notes to Unaudited Condensed Consolidated Financial Statements.

Note 1 – Organization

Evercore Inc., together with its subsidiaries (the "Company"), is an investment banking and investment management firm, incorporated in Delaware and headquartered in New York, New York. The Company is a holding company which owns a controlling interest in, and is the sole general partner of, Evercore LP, a Delaware limited partnership ("Evercore LP"). The Company operates from its offices and through its affiliates in North America, Europe, the Middle East and Asia.

The Investment Banking segment includes the advisory business through which the Company provides advice to clients on significant mergers, acquisitions, divestitures, shareholder activism 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, as well as on primary and secondary transactions for real estate oriented financial sponsors and private equity 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 segment includes the wealth management business through which the Company provides investment advisory, wealth management and fiduciary services for high net-worth individuals and associated entities, the institutional asset management business through which the Company, directly and through affiliates, manages financial assets for sophisticated institutional investors and the private equity business, which holds interests in private equity funds which are not managed by the Company.

Note 2 – Significant Accounting Policies

For a further discussion of the Company's accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q. As permitted by the rules and regulations of the United States Securities and Exchange Commission, the unaudited condensed consolidated financial statements contain certain condensed financial information and exclude certain footnote disclosures normally included in audited consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The accompanying condensed consolidated financial statements are unaudited and are prepared in accordance with U.S. GAAP. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, including normal recurring accruals, necessary to fairly present the accompanying unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2018. The December 31, 2018 Unaudited Condensed Consolidated Statement of Financial Condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP. Operating results for the interim periods are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2019.

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

Evercore LP is a VIE and the Company is the primary beneficiary. Specifically, the Company has the majority economic interest in Evercore LP and has decision making authority that significantly affects the economic performance of the entity while the limited partners have no kick-out or substantive participating rights. The assets and liabilities of Evercore LP represent substantially all of the consolidated assets and liabilities of the Company with the exception of U.S. corporate taxes and related items, which are presented on the Company's (Parent Company Only) Condensed Statements of Financial Position in Note 24 to the Company's consolidated financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Evercore ISI International Limited ("ISI U.K."), Evercore Partners International LLP ("Evercore U.K.") and Evercore (Japan) Ltd. ("Evercore Japan") are also VIEs, and the Company is the primary beneficiary of these VIEs. Specifically for ISI U.K. and Evercore Japan (as of January 1, 2019 for Evercore Japan), the Company provides financial support through transfer pricing agreements with these entities, which exposes the Company to losses that are potentially significant to these entities, and has decision making authority that significantly affects the economic performance of these entities. The Company has the majority economic interest in Evercore U.K. and has decision making authority that significantly affects the economic performance of this entity. The Company included in its Unaudited Condensed Consolidated Statements of Financial Condition ISI U.K., Evercore U.K. and Evercore Japan assets of $181,300 and liabilities of $82,039 at September 30, 2019 and ISI U.K. and Evercore U.K. assets of $190,223 and liabilities of $122,460 at December 31, 2018.

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

The Company adopted Accounting Standards Codification ("ASC") 842, "*Leases*" ("ASC 842") on January 1, 2019, using the modified retrospective method of transition. The Company did not have a cumulative-effect adjustment as of the date of adoption. The Company elected to apply the package of practical expedients, which does not require reassessment of whether contracts are or contain leases, of lease classification and of initial direct costs. The Company also elected the transition option in Accounting Standards Update ("ASU") No. 2018-11, "*Leases (Topic 842): Targeted Improvements*," ("ASU 2018-11") to not apply the new lease standard in comparative periods presented in financial statements in the year of adoption. Following the adoption of ASC 842, the Company includes all leases, including short-term leases, on its Unaudited Condensed Consolidated Statements of Financial Condition. The Company does not separate lease and non-lease components of contracts for leases for the use of office equipment. Operating leases for office space generally contain payments for real estate taxes, common area maintenance and other operating expenses in addition to rent payments; the Company does not include these as part of the lease component.

Following the adoption of ASC 842, the present value of the Company's lease commitments are reflected as long-term assets, within Operating Lease Right-of-Use Assets, with corresponding liabilities classified as current and non-current, within Operating Lease Liabilities on the Company's Unaudited Condensed Consolidated Statement of Financial Condition. The Company determines if an arrangement is a lease at inception. Right-of-use assets represent the Company's right to use the underlying assets for their lease terms and lease liabilities represent the Company's obligation to make lease payments arising from these leases. Right-of-use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. Right-of-use assets are subject to certain adjustments for lease incentives and initial direct costs. The lease terms include options to extend the lease when it is reasonably certain that the Company will exercise that option. The Company's lease agreements do not contain any residual value guarantees.

Operating lease expense is included in Occupancy and Equipment Rental on the Company's Unaudited Condensed Consolidated Statements of Operations (which did not change from the legacy U.S. GAAP presentation). See Notes 3 and 10 for further information.

Investment Securities – During the third quarter of 2019, the Company renamed "Marketable Securities and Certificates of Deposit" to "Investment Securities and Certificates of Deposit" on the Unaudited Condensed Consolidated Statements of Financial Condition.

Note 3 – Recent Accounting Pronouncements

ASU 2016-02 **–** In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-02, *"Leases (Topic 842)"* ("ASU 2016-02"). ASU 2016-02 supersedes ASC 840, *"Leases"* ("ASC 840") and includes requirements for the recognition of a right-of-use asset and lease liability on the balance sheet by lessees for those leases classified as operating leases under previous guidance. In July 2018, the FASB issued ASU 2018-11, which provides an additional transition method to initially apply the new lease standard at the adoption date and recognize a cumulative-effect adjustment to Retained Earnings for prior periods as of the beginning of the fiscal year of adoption. The amendments in these updates are effective using a modified retrospective approach as of the date of adoption, during interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company adopted ASU 2016-02 on January 1, 2019 using the modified retrospective approach. The adoption resulted in the present value of the Company's lease commitments being reflected on the Company's Unaudited Condensed Consolidated Statements of Financial Condition as a long-term asset with a corresponding liability, classified as current and non-current. Right-of-use assets are subject to certain adjustments for lease incentives and initial direct costs. The Company's lease commitments primarily relate to office space, as discussed in Note 10. The impact on the Company's earnings is not materially different from the prior expense related to leases as required under legacy U.S. GAAP, which is primarily reflected in Occupancy and Equipment Rental expense on the Unaudited Condensed Consolidated Statements of Operations, and there was no impact on the Company's cash flows. The Company recorded lease liabilities of $226,943 on its Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019, along with associated right-of-use assets of $183,083, which reflect the lease liabilities recognized, subject to certain adjustments for lease incentives and initial direct costs.

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

ASU 2018-02 **–** In February 2018, the FASB issued ASU No. 2018-02, *"Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income"* ("ASU 2018-02"). ASU 2018-02 provides amendments to ASC 220, *"Income Statement - Reporting Comprehensive Income,"* which allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The amendments in this update are effective either in the period of adoption or retrospectively, to each period (or periods) in which the effect of the change in the U.S. federal corporate income tax rate in the Tax Cuts and Jobs Act is recognized, during interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company adopted ASU 2018-02 on January 1, 2019 and did not elect to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings. As such, there was no impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2018-07 **–** In June 2018, the FASB issued ASU No. 2018-07, *"Improvements to Nonemployee Share-Based Payment Accounting"* ("ASU 2018-07"). ASU 2018-07 provides amendments to ASC 718, *"Compensation - Stock Compensation"* to align the accounting for share-based payment awards issued to employees and nonemployees, particularly surrounding the measurement date and impact of performance conditions. The amendments in this update are effective during interim and annual periods beginning after December 15, 2018, with early adoption permitted. The amendments in this update should be applied by means of a cumulative-effect adjustment to retained earnings as of the beginning of the fiscal year of adoption for liability-classified awards that have not been settled and equity-classified awards for which a measurement date has not been established by the date of adoption, and prospectively for all new awards granted after the date of adoption. The Company adopted ASU 2018-07 on January 1, 2019. The adoption of ASU 2018-07 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2018-13 **–** In August 2018, the FASB issued ASU No. 2018-13, *"Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement"* ("ASU 2018-13"). ASU 2018-13 provides amendments to ASC 820, "*Fair Value Measurements and Disclosures"* ("ASC 820"), which remove the requirements surrounding the disclosure and policy of transfers between fair value levels and the valuation processes for recurring Level 3 fair value measurements. In addition, ASU 2018-13 adds disclosure requirements for changes in unrealized gains and losses for Level 3 measurements and the range and weighted average of significant unobservable inputs used in Level 3 fair value measurements. The amendments in this update are effective during interim and annual periods beginning after December 15, 2019, with early adoption permitted. The amendments on changes in unrealized gains and losses and unobservable inputs for Level 3 measurements should be applied prospectively, and all other amendments in this update should be applied retrospectively. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2018-17 **–** In October 2018, the FASB issued ASU No. 2018-17, *"Consolidation (Topic 810) - Targeted Improvements to Related Party Guidance for Variable Interest Entities"* ("ASU 2018-17"). ASU 2018-17 provides amendments to ASC 810, "*Consolidation*" ("ASC 810"), which states that any indirect interest held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. The amendments in this update are effective during interim and annual periods beginning after December 15, 2019, with early adoption permitted. The amendments are required to be retrospectively applied with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. The Company is currently assessing the impact of this update on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

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

Note 4 – Revenue

The following table presents revenue recognized by the Company for the three and nine months ended September 30, 2019 and 2018:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment Banking:				
Advisory Fees	$ 320,885	$ 305,949	$ 1,090,309	$ 1,047,259
Underwriting Fees	17,598	11,440	61,428	62,784
Commissions and Related Fees	46,820	45,337	137,417	139,447
Total Investment Banking	$ 385,303	$ 362,726	$ 1,289,154	$ 1,249,490
Investment Management:				
Asset Management and Administration Fees:				
Wealth Management	$ 12,155	$ 11,560	$ 35,408	$ 33,826
Institutional Asset Management	495	1,118	2,044	2,777
Total Investment Management	$ 12,650	$ 12,678	$ 37,452	$ 36,603

Contract Balances

The change in the Company’s contract assets and liabilities during the periods primarily reflects timing differences between the Company’s performance and the client’s payment. The Company’s receivables, contract assets and deferred revenue (contract liabilities) for the nine months ended September 30, 2019 and 2018 are as follows:

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

	For the Nine Months Ended September 30, 2019					
	Receivables (Current)(1)	Receivables (Long-term)(2)	Contract Assets (Current)(3)	Contract Assets (Long-term)(4)	Deferred Revenue (Current Contract Liabilities)(5)	Deferred Revenue (Long-term Contract Liabilities)(6)
Balance at January 1, 2019	$ 309,075	$ 60,948	$ 2,833	$ 541	$ 4,016	$ 1,731
Increase (Decrease)	(3,403)	3,628	(1,799)	1,787	912	(1,116)
Balance at September 30, 2019	$ 305,672	$ 64,576	$ 1,034	$ 2,328	$ 4,928	$ 615

	For the Nine Months Ended September 30, 2018					
	Receivables (Current)(1)	Receivables (Long-term)(2)	Contract Assets (Current)(3)	Contract Assets (Long-term)(4)	Deferred Revenue (Current Contract Liabilities)(5)	Deferred Revenue (Long-term Contract Liabilities)(6)
Balance at January 1, 2018	$ 184,993	$ 34,008	$ —	$ —	$ 3,147	$ 1,834
Increase (Decrease)	47,263	19,728	46,960	3,869	7,011	(103)
Balance at September 30, 2018	$ 232,256	$ 53,736	$ 46,960	$ 3,869	$ 10,158	$ 1,731

(1) Included in Accounts Receivable on the Unaudited Condensed Consolidated Statements of Financial Condition.
(2) Included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(3) Included in Other Current Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(4) Included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(5) Included in Other Current Liabilities on the Unaudited Condensed Consolidated Statements of Financial Condition.
(6) Included in Other Long-term Liabilities on the Unaudited Condensed Consolidated Statements of Financial Condition.

The Company recognized revenue of $3,377 and $10,870 on the Unaudited Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2019, respectively, and $3,740 and $8,984 for the three and nine months ended September 30, 2018, respectively, that was previously included in deferred revenue on the Company’s Unaudited Condensed Consolidated Statements of Financial Condition.

Generally, performance obligations under client arrangements will be settled within one year; therefore, the Company has elected to apply the practical expedient in ASC 606-10-50-14.

Note 5 – Special Charges and Intangible Asset Amortization

Special Charges

The Company recognized $1,029 and $3,087 for the three and nine months ended September 30, 2019, respectively, as Special Charges incurred related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of the Company's headquarters in New York. The Company recognized $1,967 and $3,864 for the three and nine months ended September 30, 2018, respectively, as Special Charges incurred related to separation benefits and costs for the termination of certain contracts associated with closing the Company's agency trading platform in the U.K. and separation benefits and related charges associated with the Company's businesses in Mexico, as well as the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of the Company's headquarters in New York.

Intangible Asset Amortization

Expense associated with the amortization of intangible assets for Investment Banking was $2,190 and $6,570 for the three and nine months ended September 30, 2019, respectively, and $2,191 and $6,571 for the three and nine months ended September 30, 2018, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations. Expense associated with the amortization of intangible assets for Investment Management was $109 and $328 for the three and nine months ended September 30, 2019, respectively, and $110 and $328 for the three and nine months ended September 30, 2018, respectively, included within Depreciation and Amortization expense on the Unaudited Condensed Consolidated Statements of Operations.

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

Note 6 – Related Parties

Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $14,106 and $16,359 as of September 30, 2019 and December 31, 2018, respectively.

Note 7 – Investment Securities and Certificates of Deposit

The Company's Investment Securities and Certificates of Deposit as of September 30, 2019 and December 31, 2018 were as follows:

	September 30, 2019				December 31, 2018			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt Securities	$ 114,361	$ 93	$ —	$ 114,454	$ 1,622	$ 10	$ —	$ 1,632
Equity Securities	666	—	188	478	666	—	410	256
Debt Securities Carried by Broker-Dealers	228,184	1,500	3	229,681	147,009	954	—	147,963
Investment Funds	60,172	3,454	—	63,626	56,296	402	1,922	54,776
Total Investment Securities (carried at fair value)	$ 403,383	$ 5,047	$ 191	$ 408,239	$ 205,593	$ 1,366	$ 2,332	$ 204,627
Certificates of Deposit (carried at contract value)				211,861				100,000
Total Investment Securities and Certificates of Deposit				$ 620,100				$ 304,627

Scheduled maturities of the Company's available-for-sale debt securities as of September 30, 2019 and December 31, 2018 were as follows:

	September 30, 2019		December 31, 2018	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 112,945	$ 113,000	$ 391	$ 391
Due after one year through five years	1,416	1,454	1,231	1,241
Total	$ 114,361	$ 114,454	$ 1,622	$ 1,632

Since the Company has the ability and intent to hold available-for-sale securities until a recovery of fair value is equal to an amount approximating its amortized cost, which may be at maturity, and has not incurred credit losses on its securities, it does not consider such unrealized loss positions to be other-than-temporarily impaired at September 30, 2019.

Debt Securities

Debt Securities are classified as available-for-sale securities within Investment Securities on the Unaudited Condensed Consolidated Statements of Financial Condition. These securities are stated at fair value with unrealized gains and losses included in Accumulated Other Comprehensive Income (Loss) and realized gains and losses included in earnings. The Company had net realized gains (losses) of ($3) and ($9) for the three and nine months ended September 30, 2019, respectively, and $9 and ($26) for the three and nine months ended September 30, 2018, respectively.

Equity Securities

Equity Securities are carried at fair value with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized and unrealized gains (losses) of $30 and $223 for the three and nine months ended September 30, 2019, respectively, and $114 and ($92) for the three and nine months ended September 30, 2018, respectively.

Debt Securities Carried by Broker-Dealers

EGL and other broker-dealers invest in fixed income portfolios consisting primarily of U.S. Treasury bills, municipal bonds and other debt securities. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations, as required for broker-dealers in securities. The Company had net realized and unrealized gains (losses) of ($55) and $459 for the three and nine months ended September 30, 2019, respectively, and ($207) and ($242) for the three and nine months ended September 30, 2018, respectively.

Investment Funds

The Company invests in a portfolio of exchange-traded funds and mutual funds as an economic hedge against the Company's deferred cash compensation program. See Note 16 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized and unrealized gains of $532 and $9,231 for the three and nine months ended September 30, 2019, respectively, and $3,004 and $4,120 for the three and nine months ended September 30, 2018, respectively.

Futures

In April 2019, the Company entered into three month futures contracts on a stock index fund with a notional amount of $14,815 for $680, as an economic hedge against the Company's deferred cash compensation program. These contracts settled in June 2019. In accordance with ASC 815, *"Derivatives and Hedging,"* ("ASC 815") these contracts are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. The Company had net realized gains of $59 for the nine months ended September 30, 2019.

Certificates of Deposit

At September 30, 2019, the Company held certificates of deposit of $211,861 with certain banks with original maturities of six months or less when purchased.

At December 31, 2018, the Company held certificates of deposit of $100,000 with certain banks with original maturities of six months or less when purchased. These certificates of deposit matured during the first quarter of 2019.

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 Unaudited Condensed Consolidated Statements of Financial Condition, or by entering into reverse repurchase agreements with unrelated third parties. The Company accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions, which are carried at their contract amounts, which approximate fair value given that the contracts mature the following business day. The Company records a liability on its Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. The Company records as assets on its Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where the Company has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where the Company has acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities had an estimated average time to maturity of approximately 1.0 year, as of September 30, 2019, and are pledged as collateral against repurchase agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB and permit the counterparty to pledge the securities.

ECB has procedures in place to monitor the daily risk limits for positions taken, as well as the credit risk based on the collateral pledged under these agreements against their contract value from inception to maturity date. The daily risk measure is Value at Risk ("VaR"), which is a statistical measure, at a 98% confidence level, of the potential daily losses from adverse market movements in an ordinary market environment based on a historical simulation using the prior year's historical data. ECB's Risk

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Management Committee (the "Committee") has established a policy to maintain VaR at levels below 0.1% of the value of the portfolio. If at any point in time the threshold is exceeded, ECB personnel are alerted by an automated interface with ECB's trading systems and begin to make adjustments in the portfolio in order to mitigate the risk and bring the portfolio in compliance. Concurrently, ECB personnel must notify the Committee of the variance and the actions taken to reduce the exposure to loss.

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

As of September 30, 2019 and December 31, 2018, a summary of the Company's assets, liabilities and collateral received or pledged related to these transactions was as follows:

	September 30, 2019		December 31, 2018	
	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	$ 23,643		$ 22,349	
Securities Purchased Under Agreements to Resell	1,423	$ 1,426	2,696	$ 2,701
Total Assets	$ 25,066		$ 25,045	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (25,062)	$ (25,053)	$ (25,075)	$ (25,099)

Note 9 – Investments

The Company's investments reported on the Unaudited Condensed Consolidated Statements of Financial Condition consist of investments in unconsolidated affiliated companies, other investments in private equity partnerships, equity securities in private companies and investments in G5 Holdings S.A. ("G5"), Glisco Manager Holdings LP and Trilantic Capital Partners ("Trilantic"). The Company's investments are relatively high-risk and illiquid assets.

The Company's investments in ABS Investment Management Holdings, LP and ABS Investment Management GP LLC (collectively, "ABS"), Atalanta Sosnoff Capital, LLC ("Atalanta Sosnoff") and Luminis Partners ("Luminis") are in voting interest entities. The Company's share of earnings (losses) on these investments is included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

The Company also has investments in private equity partnerships which 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 Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations.

Equity Method Investments

A summary of the Company's investments accounted for under the equity method of accounting as of September 30, 2019 and December 31, 2018 was as follows:

	September 30, 2019	December 31, 2018
ABS	$ 37,442	$ 38,699
Atalanta Sosnoff	12,536	13,291
Luminis	5,183	6,517
Total	$ 55,161	$ 58,507

ABS

On December 29, 2011, the Company made an investment accounted for under the equity method of accounting in ABS Investment Management, LLC. Effective as of September 1, 2018, ABS Investment Management, LLC underwent an internal reorganization pursuant to which the Company contributed its ownership interest in ABS Investment Management, LLC to ABS in exchange for ownership interests in ABS Investment Management Holdings LP and ABS Investment Management GP LLC.

Taken together, the ownership interests in ABS Investment Management Holdings LP and ABS Investment Management GP LLC are substantially equivalent to the contributed ownership interests in ABS Investment Management, LLC. At September 30, 2019, the Company's economic ownership interest in ABS was 46%. This investment resulted in earnings of $1,936 and $5,588 for the three and nine months ended September 30, 2019, respectively, and $1,997 and $5,760 for the three and nine months ended September 30, 2018, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Atalanta Sosnoff

On December 31, 2015, the Company amended the Operating Agreement with Atalanta Sosnoff and deconsolidated its assets and liabilities, accounting for its interest under the equity method of accounting from that date forward. At September 30, 2019, the Company's economic ownership interest in Atalanta Sosnoff was 49%. This investment resulted in earnings of $344 and $882 for the three and nine months ended September 30, 2019, respectively, and $301 and $785 for the three and nine months ended September 30, 2018, respectively, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Luminis

On January 1, 2017, the Company acquired an interest in Luminis and accounted for its interest under the equity method of accounting. At September 30, 2019, the Company's ownership interest in Luminis was 20%. This investment resulted in earnings of $282 and $756 for the three and nine months ended September 30, 2019, respectively, and $297 for the nine months ended September 30, 2018, included within Income from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Other

The Company allocates the purchase price of its equity method investments, in part, to the inherent finite-lived identifiable intangible assets of the investees. The Company's share of the earnings of the investees has been reduced by the amortization of these identifiable intangible assets of $171 and $513 for the three and nine months ended September 30, 2019, respectively, and $223 and $669 for the three and nine months ended September 30, 2018, respectively.

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

Debt Security Investment

On December 31, 2017, the Company exchanged all of its outstanding equity interests in G5 for debentures of G5. The Company records its investment in G5 as a held-to-maturity debt security within Investments on the Unaudited Condensed Consolidated Statements of Financial Condition. The securities are mandatorily redeemable on December 31, 2027, or earlier, subject to the occurrence of certain events. The Company is accreting its investment to its redemption value ratably, or on an accelerated basis if certain revenue thresholds are met by G5, from December 31, 2017 to December 31, 2027. This investment is subject to currency translation from Brazilian real to the U.S. dollar, included in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations. This investment had a balance of $8,851 and $9,717 as of September 30, 2019 and December 31, 2018, respectively.

Investments in Private Equity

Private Equity Funds

The Company's investments related to private equity partnerships and associated entities include investments in Evercore Capital Partners II, L.P. ("ECP II"), Glisco Partners II, L.P. ("Glisco II"), Glisco Partners III, L.P. ("Glisco III"), Glisco Capital Partners IV ("Glisco IV"), Trilantic Capital Partners Associates IV, L.P. ("Trilantic IV"), Trilantic Capital Partners V, L.P. ("Trilantic V") and Trilantic Capital Partners VI (North America), L.P. ("Trilantic VI"). Portfolio holdings of the private equity funds are carried at fair value. Accordingly, the Company reflects its pro rata share of 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.

During the nine months ended September 30, 2019, the Company made an investment of $3,015 in Trilantic VI.

On December 31, 2014, ECP II was terminated. ECP II has been fully distributed as of September 30, 2019.

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

A summary of the Company's investments in the private equity funds as of September 30, 2019 and December 31, 2018 was as follows:

	September 30, 2019	December 31, 2018
ECP II	$ —	$ 795
Glisco II, Glisco III and Glisco IV	3,919	3,880
Trilantic IV, Trilantic V and Trilantic VI	10,532	5,125
Total Private Equity Funds	$ 14,451	$ 9,800

Net realized and unrealized gains (losses) on private equity fund investments were ($49) and ($176) for the three and nine months ended September 30, 2019, respectively, and ($337) and ($195) for the three and nine months ended September 30, 2018, respectively. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of September 30, 2019, there was no previously distributed carried interest received from the funds that was subject to repayment.

General Partners of Private Equity Funds which are VIEs

Following the Glisco transaction, the Company concluded that Glisco Capital Partners II, Glisco Capital Partners III and Glisco Manager Holdings LP are VIEs and that the Company is not the primary beneficiary of these VIEs. The Company's assessment of the primary beneficiary of these entities included assessing which parties have the power to significantly impact the economic performance of these entities and the obligation to absorb losses, which could be potentially significant to the entities, or the right to receive benefits from the entities that could be potentially significant. Neither the Company nor its related parties will have the ability to make decisions that significantly impact the economic performance of these entities. Further, as a limited partner in these entities, the Company does not possess substantive participating rights. The Company had assets of $4,754 and $5,445 included in its Unaudited Condensed Consolidated Statements of Financial Condition at September 30, 2019 and December 31, 2018, respectively, related to these unconsolidated VIEs, representing the carrying value of the Company's investments in the entities. The Company's exposure to the obligations of these VIEs is generally limited to its investments in these entities. The Company's maximum exposure to loss as of September 30, 2019 and December 31, 2018 was $7,318 and $8,048, respectively, which represents the carrying value of the Company's investments in these VIEs, as well as any unfunded commitments to the current and future funds.

Investment in Trilantic Capital Partners

In 2010, the Company made a limited partnership investment in Trilantic in exchange for 500 Class A limited partnership units of Evercore LP ("Class A LP Units") having a fair value of $16,090. This investment gave the Company the right to invest in Trilantic's current and future private equity funds, beginning with Trilantic Fund IV. The Company accounts for this investment at its cost minus impairment, if any, plus or minus changes resulting from observable price changes. The Company allocates the cost of this investment to its investments in current and future Trilantic funds as the Company satisfies the capital calls of these funds. The Company bases this allocation on its expectation of Trilantic's future fundraising ability and performance. During the nine months ended September 30, 2019, $146 and $3,015 of this investment was allocated to Trilantic Fund V and VI, respectively. From 2010 to 2018, $4,980 and $1,178 of this investment was allocated to Trilantic Fund V and IV, respectively. This investment had a balance of $6,771 and $9,932 as of September 30, 2019 and December 31, 2018, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $436 was unfunded at September 30, 2019. The Company also has a $12,000 commitment to invest in Trilantic Fund VI, of which $8,985 was unfunded at September 30, 2019. The Company funded $3,015 of this commitment during the nine months ended September 30, 2019.

Other Investments

In 2015, the Company received an equity security in a private company in exchange for advisory services. This investment is accounted for at its cost minus impairment, if any, plus or minus changes resulting from observable price changes and had a balance of $1,079 as of September 30, 2019 and December 31, 2018.

In May 2019, the Company received preferred equity securities in a private company in exchange for advisory services. This investment is accounted for at its cost minus impairment, if any, plus or minus changes resulting from observable price changes and had a balance of $642 as of September 30, 2019.

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

Following the Glisco transaction in 2016, the Company recorded an investment in Glisco Manager Holdings LP representing the fair value of the deferred consideration resulting from this transaction. This investment is accounted for at its cost minus impairment, if any, plus or minus changes resulting from observable price changes. The Company amortizes the balance of its investment as distributions are received related to the deferred consideration. This investment had a balance of $899 and $1,609 as of September 30, 2019 and December 31, 2018, respectively.

Note 10 – Leases

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2034. 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. The Company does not have any leases with variable lease payments. Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations includes occupancy rental expense relating to operating leases of $11,769 and $35,025 for the three and nine months ended September 30, 2019, respectively, and $11,470 and $32,042 for the three and nine months ended September 30, 2018, respectively.

In conjunction with the lease of office space, the Company has entered into letters of credit in the amounts of approximately $5,527 and $5,502, which are secured by cash that is included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition as of September 30, 2019 and December 31, 2018, respectively.

The Company has entered into various operating leases for the use of office equipment (primarily computers, printers, copiers and other IT related equipment). Rental expense for office equipment totaled $1,132 and $3,059 for the three and nine months ended September 30, 2019, respectively, and $939 and $2,198 for the three and nine months ended September 30, 2018, respectively. Rental expense for office equipment is included in Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations.

The Company uses its secured incremental borrowing rate to determine the present value of its right-of-use assets and lease liabilities. The determination of an appropriate incremental borrowing rate requires significant assumptions and judgment. The Company's incremental borrowing rate was calculated based on the Company's recent debt issuances and current market conditions. The Company scales the rates appropriately depending on the life of the leases.

The Company incurred net operating cash outflows of $15,778 for the nine months ended September 30, 2019 related to its operating leases, which were net of cash received from lease incentives of $12,854.

Upon adoption of ASC 842 on January 1, 2019, the Company recorded Right-of-Use Assets on its statement of financial condition of $180,935. Other information as it relates to the Company's operating leases is as follows:

	For the Nine Months Ended September 30, 2019
New Right-of-Use Assets obtained in exchange for new operating lease liabilities	$ 28,909

	September 30, 2019
Weighted-average remaining lease term - operating leases	9.0 years
Weighted-average discount rate - operating leases	5.53%

As of September 30, 2019, the maturities of the undiscounted operating lease liabilities for which the Company has commenced use are as follows:

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

2019	$	10,098
2020		43,731
2021		44,436
2022		37,702
2023		23,535
Thereafter		172,359
Total minimum lease payments		331,861
Less: Tenant Improvement Allowances		(20,885)
Less: Imputed Interest		(84,033)
Present value of lease liabilities		226,943
Less: Current lease liabilities		(34,270)
Long-term lease liabilities	$	192,673

In conjunction with the lease agreement to expand its headquarters at 55 East 52nd St., New York, New York, and lease agreements at certain other locations, the Company entered into leases for office space which have not yet commenced and thus are not yet included in the Company's Unaudited Condensed Consolidated Statements of Financial Condition as right-of-use assets and lease liabilities. The Company anticipates that it will take possession of these spaces between 2019 and 2023 with lease terms of 3 to 15 years. The additional minimum future payments under these arrangements are $255,185 as of September 30, 2019.

As of December 31, 2018, the approximate aggregate minimum future payments required on the operating leases, net of rent abatement and certain other rent credits, under legacy U.S. GAAP (ASC 840), were as follows:

2019	$	36,537
2020		39,059
2021		39,561
2022		39,585
2023		27,564
Thereafter		403,450
Total	$	585,756

Note 11 – Fair Value Measurements

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

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

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities, listed derivatives and treasury bills. 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 and Other Debt Securities held at September 30, 2019 and December 31, 2018 are based on prices provided by external pricing services.

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

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

The following table presents the categorization of investments and certain other financial assets measured at fair value on a recurring basis as of September 30, 2019 and December 31, 2018:

	September 30, 2019			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities Carried by Broker-Dealers	$ 177,652	$ 52,029	$ —	$ 229,681
Other Debt and Equity Securities(1)	115,774	2,147	—	117,921
Investment Funds	63,626	—	—	63,626
Financial Instruments Owned and Pledged as Collateral at Fair Value	23,643	—	—	23,643
Total Assets Measured At Fair Value	$ 380,695	$ 54,176	$ —	$ 434,871

	December 31, 2018			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities Carried by Broker-Dealers(2)	$ 109,577	$ 62,801	$ —	$ 172,378
Other Debt and Equity Securities(1)	6,232	1,982	—	8,214
Investment Funds	54,776	—	—	54,776
Financial Instruments Owned and Pledged as Collateral at Fair Value	22,349	—	—	22,349
Total Assets Measured At Fair Value	$ 192,934	$ 64,783	$ —	$ 257,717

(1) Includes $2,989 and $6,326 of treasury bills and notes and municipal bonds classified within Cash and Cash Equivalents on the Unaudited Condensed Consolidated Statements of Financial Condition as of September 30, 2019 and December 31, 2018, respectively.
(2) Includes $24,415 of treasury bills, municipal bonds and commercial paper classified within Cash and Cash Equivalents on the Unaudited Condensed Consolidated Statement of Financial Condition as of December 31, 2018.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Company had no transfers between fair value levels during the nine months ended September 30, 2019 or the year ended December 31, 2018.

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

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

			September 30, 2019							
	Carrying		Estimated Fair Value							
	Amount		Level I		Level II		Level III		Total	
Financial Assets:										
Cash and Cash Equivalents	$	301,729	$	301,729	$	—	$	—	$	301,729
Certificates of Deposit		211,861		—		211,861		—		211,861
Debt Security Investment		8,851		—		—		8,851		8,851
Securities Purchased Under Agreements to Resell		1,423		—		1,423		—		1,423
Receivables(1)		370,248		—		367,232		—		367,232
Contract Assets(2)		3,362		—		3,169		—		3,169
Receivable from Employees and Related Parties		20,655		—		20,655		—		20,655
Closely-held Equity Securities		1,721		—		—		1,721		1,721
Financial Liabilities:										
Accounts Payable and Accrued Expenses	$	46,779	$	—	$	46,779	$	—	$	46,779
Securities Sold Under Agreements to Repurchase		25,062		—		25,062		—		25,062
Payable to Employees and Related Parties		28,748		—		28,748		—		28,748
Notes Payable		372,526		—		381,061		—		381,061

			December 31, 2018							
	Carrying		Estimated Fair Value							
	Amount		Level I		Level II		Level III		Total	
Financial Assets:										
Cash and Cash Equivalents	$	759,849	$	759,849	$	—	$	—	$	759,849
Certificates of Deposit		100,000		—		100,000		—		100,000
Debt Security Investment		9,717		—		—		9,717		9,717
Securities Purchased Under Agreements to Resell		2,696		—		2,696		—		2,696
Receivables(1)		370,023		—		369,636		—		369,636
Contract Assets(2)		3,374		—		3,348		—		3,348
Receivable from Employees and Related Parties		23,836		—		23,836		—		23,836
Closely-held Equity Security		1,079		—		—		1,079		1,079
Financial Liabilities:										
Accounts Payable and Accrued Expenses	$	37,948	$	—	$	37,948	$	—	$	37,948
Securities Sold Under Agreements to Repurchase		25,075		—		25,075		—		25,075
Payable to Employees and Related Parties		31,894		—		31,894		—		31,894
Notes Payable		168,612		—		166,555		—		166,555

(1) Includes Accounts Receivable and Long-term receivables included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.
(2) Includes current and long-term contract assets included in Other Current Assets and Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition.

Note 12 – Notes Payable

On March 30, 2016, the Company issued an aggregate of $170,000 of senior notes, including: $38,000 aggregate principal amount of its 4.88% Series A senior notes due 2021 (the "Series A Notes"), $67,000 aggregate principal amount of its 5.23% Series

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

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

Interest on the 2016 Private Placement Notes is payable semi-annually and the 2016 Private Placement Notes are guaranteed by certain of the Company's domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the 2016 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2016 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2016 Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the 2016 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2016 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of September 30, 2019, the Company was in compliance with all of these covenants.

On August 1, 2019, the Company issued $175,000 and £25,000 of senior unsecured notes through private placement. These notes reflect a weighted average life of 12 years and a weighted average stated interest rate of 4.26%. These notes include: $75,000 aggregate principal amount of its 4.34% Series E senior notes due 2029 (the "Series E Notes"), $60,000 aggregate principal amount of its 4.44% Series F senior notes due 2031 (the "Series F Notes"), $40,000 aggregate principal amount of its 4.54% Series G senior notes due 2033 (the "Series G Notes") and £25,000 aggregate principal amount of its 3.33% Series H senior notes due 2033 (the "Series H Notes" and together with the Series E Notes, the Series F Notes and the Series G Notes, the "2019 Private Placement Notes"), each of which were issued pursuant to a note purchase agreement dated as of August 1, 2019 (the "2019 Note Purchase Agreement"), among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the 2019 Private Placement Notes is payable semi-annually and the 2019 Private Placement Notes are guaranteed by certain of the Company's domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the 2019 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2019 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2019 Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the 2019 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2019 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio and a minimum tangible net worth, and customary events of default. As of September 30, 2019, the Company was in compliance with all of these covenants.

The Company intends to use the proceeds from the 2019 Private Placement Notes to fund investments in its business, including facilities and technology, and for other general corporate purposes.

Notes Payable is comprised of the following as of September 30, 2019 and December 31, 2018:

Note	Maturity Date	Effective Annual Interest Rate	Carrying Value[(a)] September 30, 2019	Carrying Value[(a)] December 31, 2018
Evercore Inc. 4.88% Series A Senior Notes	3/30/2021	5.16%	$ 37,848	$ 37,776
Evercore Inc. 5.23% Series B Senior Notes	3/30/2023	5.44%	66,551	66,466
Evercore Inc. 5.48% Series C Senior Notes	3/30/2026	5.64%	47,582	47,542
Evercore Inc. 5.58% Series D Senior Notes	3/30/2028	5.72%	16,839	16,828
Evercore Inc. 4.34% Series E Senior Notes	8/1/2029	4.46%	74,265	—
Evercore Inc. 4.44% Series F Senior Notes	8/1/2031	4.55%	59,413	—
Evercore Inc. 4.54% Series G Senior Notes	8/1/2033	4.64%	39,608	—
Evercore Inc. 3.33% Series H Senior Notes	8/1/2033	3.42%	30,420	—
Total			$ 372,526	$ 168,612

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

Note 13 – Evercore Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on October 22, 2019, a quarterly cash dividend of $0.58 per share, to the holders of record of shares of Class A common stock ("Class A Shares") as of November 29, 2019, which will be paid on December 13, 2019. During the three and nine months ended September 30, 2019, the Company declared and paid dividends of $0.58 and $1.66 per share, respectively, totaling $22,944 and $66,673, respectively, and accrued deferred cash dividends on unvested restricted stock units ("RSUs"), totaling $3,778 and $10,903, respectively. The Company also paid deferred cash dividends of $134 and $7,202 during the three and nine months ended September 30, 2019, respectively. During the three and nine months ended September 30, 2018, the Company declared and paid dividends of $0.50 and $1.40 per share, respectively, totaling $20,426 and $57,448, respectively, and accrued deferred cash dividends on unvested RSUs, totaling $3,223 and $9,092, respectively.

Treasury Stock – During the three months ended September 30, 2019, the Company purchased 17 Class A Shares primarily from employees at market values ranging from $76.49 to $89.82 per share (at an average cost per share of $83.36), primarily for the net settlement of stock-based compensation awards, and 477 Class A Shares at market values ranging from $75.91 to $79.99 per share (at an average cost per share of $78.87) pursuant to the Company's share repurchase program. The aggregate 494 Class A Shares were purchased at an average cost per share of $79.03, and the result of these purchases was an increase in Treasury Stock of $39,035 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

During the nine months ended September 30, 2019, the Company purchased 1,015 Class A Shares primarily from employees at market values ranging from $71.11 to $96.22 per share (at an average cost per share of $89.45), primarily for the net settlement of stock-based compensation awards, and 1,999 Class A Shares at market values ranging from $73.18 to $92.33 per share (at an average cost per share of $81.56) pursuant to the Company's share repurchase program. The aggregate 3,014 Class A Shares were purchased at an average cost per share of $84.22, and the result of these purchases was an increase in Treasury Stock of $253,864 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

LP Units – During the three and nine months ended September 30, 2019, 25 and 282 Evercore LP partnership units ("LP Units"), respectively, were exchanged for Class A Shares. This resulted in increases to Common Stock of $1 and $3 for the three and nine months ended September 30, 2019, respectively, and Additional Paid-In-Capital of $1,010 and $12,187 for the three and nine months ended September 30, 2019, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

Accumulated Other Comprehensive Income (Loss) – As of September 30, 2019, Accumulated Other Comprehensive Income (Loss) on the Company's Unaudited Condensed Consolidated Statement of Financial Condition includes an accumulated Unrealized Gain (Loss) on Securities and Investments, net, and Foreign Currency Translation Adjustment Gain (Loss), net, of ($4,135) and ($30,654), respectively.

The application of ASU No. 2016-01, *"Recognition and Measurement of Financial Assets and Financial Liabilities"* resulted in the reclassification of $2,229 of cumulative unrealized losses, net of tax, on Investment Securities in Accumulated Other Comprehensive Income (Loss) to Retained Earnings on the Unaudited Condensed Consolidated Statement of Financial Condition as of January 1, 2018.

Note 14 – Noncontrolling Interest

Noncontrolling Interest recorded in the unaudited condensed consolidated financial statements of the Company relates to the following approximate interests in certain consolidated subsidiaries, which are not owned by the Company. In circumstances where the governing documents of the entity to which the noncontrolling interest relates require special allocations of profits or losses to the controlling and noncontrolling interest holders, then the net income or loss of these entities is allocated based on these special allocations.

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

	September 30,	
	2019	2018
Subsidiary:		
Evercore LP	12%	11%
Evercore Wealth Management ("EWM")(1)	20%	44%
Private Capital Advisory ("PCA")(2)	—%	10%
Real Estate Capital Advisory ("RECA")(3)	38%	38%

(1) Noncontrolling Interests represent a blended rate for multiple classes of interests.
(2) Noncontrolling Interests represent the Common Interests of Private Capital Advisory L.P.
(3) Noncontrolling Interests represent the Class R Interests of Private Capital Advisory L.P.

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

Changes in Noncontrolling Interest for the three and nine months ended September 30, 2019 and 2018 were as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Beginning balance	$ 236,549	$ 227,274	$ 249,819	$ 252,404
Comprehensive Income:				
Net Income Attributable to Noncontrolling Interest	9,226	9,838	35,709	36,760
Other Comprehensive Income (Loss)	(502)	427	(766)	8
Total Comprehensive Income	8,724	10,265	34,943	36,768
Evercore LP Units Converted into Class A Shares	(1,010)	(1,001)	(12,187)	(42,566)
Amortization and Vesting of LP Units	6,993	4,928	19,109	14,925
Other Items:				
Distributions to Noncontrolling Interests	(13,251)	(9,790)	(44,947)	(30,374)
Issuance of Noncontrolling Interest	600	335	3,301	1,165
Purchase of Noncontrolling Interest	—	(700)	(11,433)	(1,011)
Total Other Items	(12,651)	(10,155)	(53,079)	(30,220)
Ending balance	$ 238,605	$ 231,311	$ 238,605	$ 231,311

Other Comprehensive Income – Other Comprehensive Income attributed to Noncontrolling Interest includes Unrealized Gain (Loss) on Securities and Investments, net, of ($7) and ($105) for the three and nine months ended September 30, 2019, respectively, and ($2) and ($66) for the three and nine months ended September 30, 2018, respectively, and Foreign Currency Translation Adjustment Gain (Loss), net, of ($495) and ($661) for the three and nine months ended September 30, 2019, respectively, and $429 and $74 for the three and nine months ended September 30, 2018, respectively.

Interests Issued – During the second quarter of 2018, in conjunction with the establishment of the RECA business, certain employees of that business purchased Class R Interests, at fair value, in Private Capital Advisory L.P., resulting in an increase to Noncontrolling Interest of $770 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2018.

Interests Purchased – On May 31, 2019, the Company purchased, at fair value, the remaining 10% of the Private Capital Advisory L.P. Common Interests for $28,382. This purchase resulted in a decrease to Noncontrolling Interest of $6,674 and a decrease to Additional Paid-In-Capital of $21,708, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

On May 31, 2019, the Company also purchased, at fair value, an additional 17% of the EWM Class A Units for $24,533 (in cash of $21,832 and the issuance of 31 Class A LP Units having a fair value of $2,701). This purchase resulted in a net decrease to Noncontrolling Interest of $4,759 and a decrease to Additional Paid-In-Capital of $19,774, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019.

On March 29, 2018, the Company purchased, at fair value, an additional 15% of the Private Capital Advisory L.P. Common Interests for $25,525. This purchase resulted in a decrease to Noncontrolling Interest of $298 and a decrease to Additional Paid-In-Capital of $25,227, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2018.

Note 15 – Net Income Per Share Attributable to Evercore Inc. Common Shareholders

The calculations of basic and diluted net income per share attributable to Evercore Inc. common shareholders for the three and nine months ended September 30, 2019 and 2018 are described and presented below.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Basic Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Inc. common shareholders	$ 43,278	$ 49,461	$ 192,252	$ 213,935
Denominator:				
Weighted average Class A Shares outstanding, including vested RSUs	39,704	40,966	40,246	40,762
Basic net income per share attributable to Evercore Inc. common shareholders	$ 1.09	$ 1.21	$ 4.78	$ 5.25
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Numerator:				
Net income attributable to Evercore Inc. common shareholders	$ 43,278	$ 49,461	$ 192,252	$ 213,935
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(b)	(b)	(b)	(b)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(b)	(b)	(b)	(b)
Diluted net income attributable to Evercore Inc. common shareholders	$ 43,278	$ 49,461	$ 192,252	$ 213,935
Denominator:				
Weighted average Class A Shares outstanding, including vested RSUs	39,704	40,966	40,246	40,762
Assumed exchange of LP Units for Class A Shares(a)(b)	648	1,297	756	1,405
Additional shares of the Company's common stock assumed to be issued pursuant to non-vested RSUs and deferred consideration, as calculated using the Treasury Stock Method	2,037	3,195	2,035	2,975
Shares that are contingently issuable(c)	400	400	400	400
Diluted weighted average Class A Shares outstanding	42,789	45,858	43,437	45,542
Diluted net income per share attributable to Evercore Inc. common shareholders	$ 1.01	$ 1.08	$ 4.43	$ 4.70

(a) The Company has outstanding Class J limited partnership units of Evercore LP ("Class J LP Units"), which convert into Class E limited partnership units of Evercore LP ("Class E LP Units") and ultimately become exchangeable into Class A Shares on a one-for-one basis. During the three and nine months ended September 30, 2019 and 2018, the Class J LP Units were dilutive and consequently the effect of their exchange into Class A Shares has been included in the calculation of diluted net income per share attributable to Evercore Inc. common shareholders under the if-converted method. In computing this adjustment, the Company assumes that all Class J LP Units are converted into Class A Shares.

(b) The Company also has outstanding Class A and E LP Units in Evercore LP, which give the holders the right to receive Class A Shares upon exchange on a one-for-one basis. During the three and nine months ended September 30, 2019 and 2018, the Class A and E LP Units were antidilutive and consequently the effect of their exchange into Class A Shares has been excluded from the calculation of diluted net income per share attributable to Evercore Inc. common shareholders. The units that would have been included in the denominator of the computation of diluted net income per share attributable to Evercore Inc. common shareholders if the effect would have been dilutive were 5,310 and 5,238 for the three and nine months ended September 30, 2019, respectively, and 5,018 and 5,125 for the three and nine months ended September 30, 2018, respectively. The adjustment to the numerator, diluted net income attributable to Class A common shareholders, if the effect would have been dilutive, would have been $6,804 and $25,996 for the three and nine months ended September 30, 2019, respectively, and $6,423 and $26,881 for the three and nine months ended September 30, 2018, respectively. In computing this adjustment, the Company assumes that all vested Class A LP Units and all Class E LP Units are converted into Class A Shares, that all earnings attributable to those shares are attributed to Evercore Inc. and that the Company is subject to the statutory tax rates of a C-Corporation under a conventional corporate tax structure in the U.S. at prevailing corporate tax rates. The Company does not anticipate that the Class A and E LP Units will result in a dilutive computation in future periods.

(c) The Company has outstanding Class I-P units of Evercore LP ("Class I-P Units") which are contingently exchangeable into Class I limited partnership units of Evercore LP ("Class I LP Units"), and ultimately Class A Shares, and outstanding Class K-P units of Evercore LP ("Class K-P Units") which are contingently exchangeable into Class K limited partnership units of Evercore LP ("Class K LP Units"), and ultimately Class A Shares, as they are subject to certain performance thresholds being achieved. For the purposes of calculating diluted net income per share attributable to Evercore Inc. common shareholders, the Company's Class I-P and Class K-P Units are included in diluted weighted average Class A Shares outstanding as of the beginning of the period in which all necessary performance conditions have been satisfied. If all necessary performance conditions have not been satisfied by the end of the period, the number of shares that are included in diluted weighted average Class A Shares outstanding is based on the number of shares that would be issuable if the end of the reporting period were the end of the performance period. The Units that were assumed to be converted to an equal number of Class A Shares for purposes of computing diluted net income per share attributable to Evercore Inc. common shareholders were 400 for the three and nine months ended September 30, 2019 and 2018.

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 16 – Share-Based and Other Deferred Compensation

LP Units

Equities business – In conjunction with the acquisition of the operating businesses of International Strategy & Investment ("ISI") in 2014, the Company issued Evercore LP units and interests which have been treated as compensation.

In July 2017, the Company exchanged all of the previously outstanding 4,148 Class H limited partnership interests of Evercore LP ("Class H LP Interests") for 1,012 vested (963 of which were subject to certain liquidated damages and continued employment provisions) and 938 unvested Class J LP Units. These units convert into an equal amount of Class E LP Units, and become exchangeable into Class A Shares of the Company, ratably on February 15, 2018, 2019 and 2020. These Class J LP Units have the same vesting and delivery schedule, acceleration and forfeiture triggers, and distribution rights as the Class H LP Interests. In connection with this exchange, one share of Class B common stock has been issued to each holder of Class J LP Units, which entitles each holder to one vote on all matters submitted generally to holders of Class A and Class B common stock for each Class E LP Unit and Class J LP Unit held. As the number of Class J LP Units exchanged was within the number of Class H LP Interests that the Company determined were probable of being exchanged on the date of modification, the Company is expensing the previously unrecognized grant date fair value of the Class H LP Interests ratably over the remaining vesting period of the Class J LP Units. Compensation expense related to the Class J LP Units was $4,527 and $12,276 for the three and nine months ended September 30, 2019, respectively, and $3,741 and $11,313 for the three and nine months ended September 30, 2018, respectively.

On February 15, 2019, 632 Class J LP Units vested and were converted to an equal amount of Class E LP Units.

Other Performance-based Awards – In November 2016, the Company issued 400 Class I-P Units in conjunction with the appointment of the Executive Chairman. These Class I-P Units convert into a specified number of Class I LP Units, which are exchangeable on a one-for-one basis to Class A Shares, contingent on the achievement of certain market and service conditions, subject to vesting upon specified termination events (including retirement, upon satisfying certain eligibility criteria, on or following January 15, 2022, subject to a one year prior written notice requirement) or a change in control. These Class I-P Units are segregated into two groups of 200 units each, with share price threshold vesting conditions which are required to exceed a certain level for 20 consecutive trading days (which were met as of March 31, 2017). The Company determined the fair value of the award to be $24,412 and is expensing the award ratably over the implied service period, which ends on March 1, 2022. As the award contains market-based conditions, the entire expense will be recognized if the award does not vest for any reason other than the service conditions. Compensation expense related to this award was $1,164 and $3,455 for the three and nine months ended September 30, 2019 and 2018, respectively.

In November 2017, the Company issued 64 Class K-P Units to an employee of the Company. These Class K-P Units convert into a specified number of Class K LP Units, which are exchangeable on a one-for-one basis to Class A Shares, contingent upon the achievement of certain defined benchmark results and continued service through December 31, 2021. An additional 16 Class K-P Units may be issued contingent upon the achievement of certain defined benchmark results (which were probable of achievement as of September 30, 2019) and continued service through December 31, 2021. The Company determined the fair value of the award probable to vest as of September 30, 2019 to be $6,250 and records expense for these units over the service period.

In June 2019, the Company issued 220 Class K-P Units to an employee of the Company. These Class K-P Units convert into a number of Class K LP Units, which are exchangeable on a one-for-one basis to Class A Shares, contingent and based upon the achievement of certain defined benchmark results and continued service through February 4, 2023 for the first tranche, which consists of 120 Class K-P Units convertible into a number of Class K LP Units, and February 4, 2028 for the second tranche, which consists of 100 Class K-P Units convertible into a number of Class K LP Units. The Company determined the fair value of the award probable to vest as of September 30, 2019 to be $5,771 and records expense for these units over the service period.

Compensation expense related to the Class K-P Units was $1,277 and $1,911 for the three and nine months ended September 30, 2019, respectively, and $302 and $897 for the three and nine months ended September 30, 2018, respectively.

Stock Incentive Plan

During 2016, the Company's stockholders approved the Amended and Restated 2016 Evercore Inc. Stock Incentive Plan (the "2016 Plan"). The 2016 Plan, among other things, authorizes an additional 10,000 shares of the Company's Class A Shares. The 2016 Plan permits the Company to grant to key employees, directors and consultants incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, RSUs and other awards based on the Company's Class A Shares. The Company intends to use newly-issued Class A Shares to satisfy any awards under the 2016 Plan and its predecessor plan. Class A Shares underlying any award granted under the 2016 Plan that expire, terminate or are canceled or satisfied for any reason without being settled in stock again become available for awards under the plans. The total shares available to be granted in the future under the 2016 Plan was 2,869 and 5,367 as of September 30, 2019 and 2018, respectively.

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

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

Equity Grants

During the nine months ended September 30, 2019, pursuant to the 2016 Plan, the Company granted employees 2,564 RSUs that are Service-based Awards. Service-based Awards granted during the nine months ended September 30, 2019 had grant date fair values of $72.11 to $96.22 per share, with an average value of $91.24 per share. During the nine months ended September 30, 2019, 2,412 Service-based Awards vested and 87 Service-based Awards were forfeited. Compensation expense related to Service-based Awards, including RSUs granted to the Executive Chairman in November 2016, was $50,152 and $162,296 for the three and nine months ended September 30, 2019, respectively, and $41,679 and $130,785 for the three and nine months ended September 30, 2018, respectively.

Deferred Cash

The Company's deferred cash compensation program provides participants the ability to elect to receive a portion of their deferred compensation in cash, which is indexed to notional investment portfolios selected by the participant and vests ratably over four years and requires payment upon vesting. The Company granted $93,366 of deferred cash awards pursuant to the deferred cash compensation program during the first quarter of 2019.

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

The Company has the discretion to increase (by an amount up to $35,000) or decrease (by an amount up to $8,750) the total amount payable under this award.

In 2017, the Company granted deferred cash awards of $29,500 to certain employees. These awards vest in five equal installments over the period ending June 30, 2022, subject to continued employment. The Company records expense for these awards ratably over the vesting period.

Compensation expense related to deferred cash awards was $20,688 and $73,456 for the three and nine months ended September 30, 2019, respectively, and $13,147 and $41,328 for the three and nine months ended September 30, 2018, respectively.

Long-term Incentive Plan

The Company's Long-term Incentive Plan provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers of the Company, who exceed defined benchmark results over four-year performance periods beginning January 1, 2013 (the "2013 Long-term Incentive Plan") and January 1, 2017 (the "2017 Long-term Incentive Plan"). The 2013 Long-term Incentive Plan was paid in cash in installments in 2017, 2018 and the first quarter of 2019. The 2017 Long-term Incentive Plan, which aggregates $90,258 of long-term liabilities on the Unaudited Condensed Consolidated Statement of Financial Condition as of September 30, 2019, is due to be paid, in cash or Class A Shares, at the Company's discretion, in three equal installments in the first quarter of 2021, 2022 and 2023, subject to employment at the time of payment. These awards are subject to retirement eligibility requirements. The Company periodically assesses the probability of the benchmarks being achieved and expenses the probable payout over the requisite service period of the award. The compensation expense related to these awards was $8,302 and $24,928 for the three and nine months ended September 30, 2019, respectively, and $7,007 and $21,082 for the three and nine months ended September 30, 2018, respectively. In conjunction with this plan, the Company distributed cash payments of $19,516 and $4,532 for the nine months ended September 30, 2019 and 2018, respectively.

As of September 30, 2019, for the 2017 Long-term Incentive Plan, based on the Company's current assessment of the probability of the level of benchmarks being achieved, the total remaining expense to be accrued for this plan over the future vesting period ending March 15, 2023 is $69,569.

Employee Loans Receivable

Periodically, the Company provides new and existing employees with cash payments in the form of loans and/or other cash awards which are subject to ratable vesting terms with service requirements ranging from one to five years and in certain circumstances, subject to the achievement of performance requirements. Generally, the terms of these awards include a requirement of either full or partial repayment of these awards based on the terms of their employment agreements with the Company. In circumstances where the employee meets the Company's minimum credit standards, the Company amortizes these awards to compensation expense over the relevant service period which is generally the period they are subject to forfeiture. Compensation expense related to these awards was $6,631 and $15,976 for the three and nine months ended September 30, 2019, respectively, and $5,701 and $13,810 for the three and nine months ended September 30, 2018, respectively. The remaining unamortized amount of these awards was $33,392 as of September 30, 2019.

Separation and Transition Benefits

The Company granted separation benefits to certain employees, resulting in expense included in Employee Compensation and Benefits of approximately $2,762 and $7,575 for the three and nine months ended September 30, 2019, respectively, and $538 and $7,022 for the three and nine months ended September 30, 2018, respectively. In conjunction with these arrangements, the Company distributed cash payments of $1,204 and $4,461 for the three and nine months ended September 30, 2019, respectively, and $763 and $6,636 for the three and nine months ended September 30, 2018, respectively. The Company also granted separation benefits to certain employees, resulting in expense included in Special Charges of approximately $781 and $2,024 for the three and nine months ended September 30, 2018, respectively. See Note 5 for further information.

Note 17 – Commitments and Contingencies

For a further discussion of the Company's commitments, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Private Equity – As of September 30, 2019, the Company had unfunded commitments for capital contributions of $12,045 to private equity funds. These commitments will be funded as required through the end of each private equity fund's investment period, subject to certain conditions. Such commitments are satisfied in cash and are generally required to be made as investment opportunities are consummated by the private equity funds.

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

Lines of Credit – On June 24, 2016, Evercore Partners Services East L.L.C. ("East") entered into a loan agreement with PNC Bank, National Association ("PNC") for a revolving credit facility in an aggregate principal amount of up to $30,000, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants, as well as certain debt covenants that prohibit East and the Company from incurring other indebtedness, subject to specified exceptions. The Company and its consolidated subsidiaries were in compliance with these covenants as of September 30, 2019. Drawings under this facility bear interest at the prime rate. On January 2, 2018, East drew down $30,000 on this facility, which was repaid on March 2, 2018. On March 11, 2019, East drew down $30,000 on this facility, which was repaid on May 3, 2019. On June 21, 2019, East amended this facility with PNC such that, among other things, the interest rate provisions were modified to LIBOR plus 125 basis points and the maturity date was extended to October 31, 2020 (as amended, the "Existing PNC Facility").

On July 26, 2019, East entered into an additional loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $20,000, to be used for working capital and other corporate activities. The facility is unsecured and matures on October 31, 2020, subject to an extension agreed to between East and PNC. In addition, the agreement contains certain reporting requirements and debt covenants consistent with the Existing PNC Facility. The Company and its consolidated subsidiaries were in compliance with these covenants as of September 30, 2019. Drawings under this facility bear interest at LIBOR plus 150 basis points. East is only permitted to borrow under this facility if there is no undrawn availability under the Existing PNC Facility and must repay indebtedness under this facility prior to repaying indebtedness under the Existing PNC Facility. There have been no drawings under this facility as of September 30, 2019.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $7,599 and is secured by trading securities. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points. There have been no significant draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

Other Commitments – In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. The Company paid $2,008 of its commitment for contingent consideration related to its acquisition of Kuna & Co, KG during the nine months ended September 30, 2019. At September 30, 2019, the Company had a remaining commitment of $312 for contingent consideration related to its acquisition of Kuna & Co. KG.

The Company also had a commitment at September 30, 2019 for contingent consideration related to an arrangement with the former employer of certain RECA employees, which provides for contingent consideration to be paid to the former employer of up to $4,463, based on the completion of certain client engagements. The Company recognized expenses of $2,938 and $3,971 for the three and nine months ended September 30, 2018, respectively, in Professional Fees on the Company's Unaudited Condensed Consolidated Statements of Operations pursuant to this arrangement.

Restricted Cash – The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statements of financial position that sum to the total of amounts shown in the Unaudited Condensed Consolidated Statements of Cash Flows:

	September 30,	
	2019	**2018**
Cash and Cash Equivalents	$ 304,718	$ 425,152
Restricted Cash included in Other Assets	8,861	9,287
Total Cash, Cash Equivalents and Restricted Cash shown in the Statement of Cash Flows	$ 313,579	$ 434,439

Restricted Cash included in Other Assets on the Unaudited Condensed Consolidated Statements of Financial Condition primarily represents letters of credit which are secured by cash as collateral for the lease of office space and security deposits for certain equipment. The restrictions will lapse when the leases end.

Foreign Exchange – On occasion, the Company enters into foreign currency exchange forward contracts as an economic hedge against exchange rate risk for foreign currency denominated accounts receivable in EGL.

The Company entered into foreign currency exchange forward contracts to sell 3.8 billion Japanese yen for $35,598 during the first quarter of 2019 as an economic hedge against the exchange rate risk for Japanese yen denominated accounts receivable in EGL. These contracts settled in April 2019.

Contingencies

In the normal course of business, from time to time, the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, Hong Kong, Singapore, Canadian, Dubai 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 (including the matter described below), 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*" ("ASC 450") when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

Beginning on or about November 16, 2016, several putative securities class action complaints were filed against Adeptus Health Inc. ("Adeptus") and certain others, including EGL as underwriter, in connection with Adeptus' June 2014 initial public offering and May 2015, July 2015 and June 2016 secondary public offerings. The cases were consolidated in the U.S. District Court for the Eastern District of Texas where a consolidated complaint was filed asserting, in part, that the offering materials issued in connection with the four public offerings violated the U.S. Securities Act of 1933 by containing alleged misstatements and omissions. On April 19, 2017, Adeptus filed for Chapter 11 bankruptcy and was subsequently removed as a defendant. On November 21, 2017, the plaintiffs filed a consolidated complaint, and the defendants filed motions to dismiss on February 5, 2018. On September 12, 2018, the defendants' motions to dismiss were granted as to the claims relating to the initial public offering and the May 2015 secondary public offering, but denied as to the claims relating to the July 2015 and June 2016 secondary public offerings. EGL underwrote approximately 293 shares of common stock in the July 2015 secondary public offering, representing an aggregate offering price of approximately $30,800, but did not underwrite any shares in the June 2016 secondary public offering. On September 25, 2018, the plaintiffs filed an amended complaint relating only to the July 2015 and June 2016 secondary public offerings. On December 7, 2018, the plaintiffs filed a motion for class certification, and the defendants filed briefs in opposition. On February 16, 2019, the plaintiffs filed a second amended complaint after having been granted leave to amend by the court. On March 4, 2019, the defendants filed a motion to dismiss as to the second amended complaint.

Note 18 – Regulatory Authorities

EGL is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under the Alternative Net Capital Requirement, EGL's minimum net capital requirement is $250. EGL's regulatory net capital as of September 30, 2019 and December 31, 2018 was $253,013 and $331,097, respectively, which exceeded the minimum net capital requirement by $252,763 and $330,847, respectively.

Certain other non-U.S. subsidiaries are subject to various securities and banking regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. These subsidiaries are in excess of their local capital adequacy requirements at September 30, 2019.

Evercore Trust Company, N.A. ("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 maintain at least $5,000 in Tier 1 capital in ETC (or such other amount as the OCC may require) and maintain liquid assets in ETC in an amount at least equal to the greater of $3,500 or 180 days coverage of ETC's operating expenses. The Company was in compliance with the aforementioned agreements as of September 30, 2019.

Note 19 – Income Taxes

The Company's Provision for Income Taxes was $20,402 and $60,253 for the three and nine months ended September 30, 2019, respectively, and $17,539 and $48,018 for the three and nine months ended September 30, 2018, respectively. The effective tax rate was 28% and 21% for the three and nine months ended September 30, 2019, respectively, and 23% and 16% for the three and nine months ended September 30, 2018, respectively. The effective tax rate reflects net excess tax benefits associated with the appreciation or depreciation in the Company's share price upon vesting of employee share-based awards above or below the original grant price of $12,176 and $22,830 being recognized in the Company's Provision for Income Taxes for the nine months ended September 30, 2019 and 2018, respectively, and resulted in a reduction in the effective tax rate of 4 and 8 percentage points for the nine months ended September 30, 2019 and 2018, respectively. The effective tax rate for 2019 and 2018 also reflects the effect of certain nondeductible expenses, including expenses related to Class E and J LP Units and Class I-P and K-P Units, as well as the noncontrolling interest associated with LP Units and other adjustments.

Additionally, the Company expects to recognize the income tax effects associated with the new global intangible low-taxed income ("GILTI") provisions in the period incurred. For the three and nine months ended September 30, 2019, no additional income tax expense associated with the GILTI provisions has been reported and it is not expected to be material to the Company’s effective tax rate for the year.

The Company reported an increase in deferred tax assets of $219 associated with changes in Unrealized Gain (Loss) on Investment Securities and an increase of $1,333 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2019. The Company reported an increase in deferred tax assets of $133 associated with changes in Unrealized Gain (Loss) on Investment Securities and an increase of $73 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the nine months ended September 30, 2018.

As of September 30, 2019, there were $494 of unrecognized tax benefits that, if recognized, $402 would affect the effective tax rate. The Company classifies interest relating to tax matters and tax penalties as a component of income tax expense in its Unaudited Condensed Consolidated Statements of Operations. Related to the unrecognized tax benefits, the Company accrued interest and penalties of $18 and $1, respectively, during the three months ended September 30, 2019, and $202 and $12, respectively, during the nine months ended September 30, 2019.

Note 20 – Segment Operating Results

Business Segments – The Company's business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, as well as services related to securities underwriting, private placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in Institutional Asset Management and Wealth Management and interests in private equity funds which are not managed by the Company.

The Company's segment information for the three and nine months ended September 30, 2019 and 2018 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.

Other Revenue, net, included in each segment's Net Revenues includes interest income and income (losses) earned on investment securities, including our investment funds which are used as an economic hedge against our deferred cash compensation program, certificates of deposit, cash and cash equivalents and on the Company’s debt security investment in G5, as well as adjustments to amounts due pursuant to the Company’s tax receivable agreement, subsequent to its initial establishment related to changes in enacted tax rates, and gains (losses) resulting from foreign currency fluctuations, principal trading and realized and unrealized gains and losses on interests in Private Equity funds which are not managed by the Company. Other Revenue, net, also includes interest expense associated with the Company’s Notes Payable, subordinated borrowings and lines of credit, as well as revenue and expenses associated with repurchase or resale transactions.

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, execution, clearing and custody fees, 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, technology, human capital, 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 vesting of Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Special Charges* – Includes expenses in 2019 related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of the Company's headquarters in New York. Includes expenses in 2018 related to separation benefits and costs for the termination of certain contracts associated with closing the Company's agency trading platform in the U.K. and separation benefits and related charges associated with the Company's businesses in Mexico, as well as the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of the Company's headquarters in New York.
- *Acquisition and Transition Costs* – Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services.
- *Intangible Asset and Other Amortization* – Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

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

One client accounted for more than 10% of the Company's Consolidated Net Revenues for the three months ended September 30, 2019.

The following information presents each segment's contribution.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment Banking				
Net Revenues[1]	$ 388,012	$ 366,834	$ 1,305,586	$ 1,252,709
Operating Expenses	311,697	287,809	1,008,985	946,629
Other Expenses[2]	7,917	7,888	22,084	21,805
Operating Income	68,398	71,137	274,517	284,275
Income from Equity Method Investments	282	—	756	297
Pre-Tax Income	$ 68,680	$ 71,137	$ 275,273	$ 284,572
Identifiable Segment Assets	$ 2,018,087	$ 1,294,106	$ 2,018,087	$ 1,294,106
Investment Management				
Net Revenues[1]	$ 14,186	$ 14,425	$ 42,985	$ 40,590
Operating Expenses	12,040	11,022	36,206	32,973
Other Expenses[2]	200	—	308	21
Operating Income	1,946	3,403	6,471	7,596
Income from Equity Method Investments	2,280	2,298	6,470	6,545
Pre-Tax Income	$ 4,226	$ 5,701	$ 12,941	$ 14,141
Identifiable Segment Assets	$ 193,016	$ 411,501	$ 193,016	$ 411,501
Total				
Net Revenues[1]	$ 402,198	$ 381,259	$ 1,348,571	$ 1,293,299
Operating Expenses	323,737	298,831	1,045,191	979,602
Other Expenses[2]	8,117	7,888	22,392	21,826
Operating Income	70,344	74,540	280,988	291,871
Income from Equity Method Investments	2,562	2,298	7,226	6,842
Pre-Tax Income	$ 72,906	$ 76,838	$ 288,214	$ 298,713
Identifiable Segment Assets	$ 2,211,103	$ 1,705,607	$ 2,211,103	$ 1,705,607

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment Banking[(A)]	$ 2,709	$ 4,108	$ 16,432	$ 3,219
Investment Management	1,536	1,747	5,533	3,987
Total Other Revenue, net	$ 4,245	$ 5,855	$ 21,965	$ 7,206

(A) Investment Banking Other Revenue, net, includes interest expense on the Notes Payable, subordinated borrowings and lines of credit of $3,786 and $8,354 for the three and nine months ended September 30, 2019, respectively, and $2,300 and $6,861 for the three and nine months ended September 30, 2018, respectively.

(2) Other Expenses are as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Investment Banking				
Amortization of LP Units and Certain Other Awards	$ 4,551	$ 3,764	$ 12,346	$ 11,470
Special Charges	1,029	1,967	3,087	3,864
Acquisition and Transition Costs	180	—	180	—
Intangible Asset and Other Amortization	2,157	2,157	6,471	6,471
Total Investment Banking	7,917	7,888	22,084	21,805
Investment Management				
Acquisition and Transition Costs	200	—	308	21
Total Investment Management	200	—	308	21
Total Other Expenses	$ 8,117	$ 7,888	$ 22,392	$ 21,826

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 located and managed in the following geographical areas:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net Revenues:[(1)]				
United States	$ 317,203	$ 290,944	$ 977,870	$ 1,023,686
Europe and Other	77,779	82,063	337,207	239,226
Latin America	2,971	2,397	11,529	23,181
Total	$ 397,953	$ 375,404	$ 1,326,606	$ 1,286,093

(1) Excludes Other Revenue, Including Interest and Investments, and Interest Expense.

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

	September 30, 2019	December 31, 2018
Total Assets:		
United States	$ 1,867,620	$ 1,757,589
Europe and Other	280,056	298,917
Latin America	63,427	69,161
Total	$ 2,211,103	$ 2,125,667

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

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

Forward-Looking Statements

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

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. All statements other than statements of historical fact are forward-looking statements and, based on various underlying assumptions and expectations, are subject to known and unknown risks, uncertainties and assumptions and may include projections of our future financial performance based on our growth strategies and anticipated trends in Evercore's business. We believe these factors include, but are not limited to, those described under "Risk Factors" discussed in the Annual Report on Form 10-K for the year ended December 31, 2018. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included or incorporated by reference in this report. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise except as required by law.

We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Key Financial Measures

Revenue

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

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

Revenue trends in our advisory business generally are correlated to the volume of merger and acquisition ("M&A") activity and/or restructuring activity, which tends to be counter-cyclical to M&A. However, deviations from this trend can occur in any given year or quarter for a number of reasons. For example, changes in our market share or the ability of our clients to close certain large transactions can cause our revenue results to diverge from the level of overall M&A or restructuring activity. Revenue trends in our equities business are correlated to market volumes, which generally decrease in periods of low market volatility or unfavorable market or economic conditions. Revenue trends in our equities business may also be impacted by new regulation, such as the Markets in Financial Instruments Directive II ("MiFID II"), which could impact the demand for our research and trading services from EU investors, as well as the manner in which institutional clients pay for research, including paying for research in cash rather than through trading commissions.

Investment Management. Our Investment Management business includes operations related to the Wealth Management and Institutional Asset Management businesses and interests in private equity funds which we do not manage. Revenue sources primarily include management fees, which include fees earned from portfolio companies, fiduciary fees, performance fees (including carried interest) and gains (or losses) on our investments.

Management fees for third party clients generally represent a percentage of assets under management ("AUM"). Fiduciary fees, which are generally a function of the size and complexity of each engagement, are individually negotiated. We record performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. Portfolio company fees include monitoring, director and transaction fees associated with services provided to the portfolio companies of the private equity funds we hold interests in. Gains and losses include both realized and unrealized gains and losses on principal investments, including those arising from our equity interest in investment partnerships.

Transaction-Related Client Reimbursements. In both our Investment Banking and Investment Management segments, we incur various transaction-related expenditures, such as travel and professional fees, in the course of performing our services. Pursuant to the engagement letters with our advisory clients, these expenditures may be reimbursable. We define these expenses, which are associated with revenue activities earned over time, as transaction-related expenses and record such expenditures as incurred and record revenue when it is determined that clients have an obligation to reimburse us for such transaction-related expenses. Client expense reimbursements are recorded as revenue on the Unaudited Condensed Consolidated Statements of Operations on the later of the date an engagement letter is executed or the date we pay or accrue the expense.

Other Revenue and Interest Expense. Other Revenue and Interest Expense is derived from investing customer funds in financing transactions. These transactions are principally repurchases and resales of Mexican government and government agency securities. Revenue and expenses associated with these transactions are recognized over the term of the repurchase or resale transaction.

Other Revenue also includes interest income and income (losses) earned on investment securities, including our investment funds which are used as an economic hedge against our deferred cash compensation program, certificates of deposit, cash and cash equivalents and on our debt security investment in G5, as well as adjustments to amounts due pursuant to our tax receivable agreement, subsequent to its initial establishment related to changes in enacted tax rates, and gains (losses) resulting from foreign currency fluctuations, principal trading and realized and unrealized gains and losses on interests in private equity funds which we do not manage.

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

Operating Expenses

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

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

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

Our annual compensation program includes share-based compensation awards and deferred cash awards as a component of the annual bonus awards for certain employees. These awards are generally subject to annual vesting requirements over a four-year period beginning at the date of grant, which occurs in the first quarter of each year; accordingly, the expense is generally amortized over the stated vesting period, subject to retirement eligibility. With respect to annual awards, our retirement eligibility criteria stipulates that if an employee has at least five years of continuous service, is at least 55 years of age and has a combined age and years of service of at least 65 years, the employee is eligible for retirement. Beginning in 2019, we implemented additional retirement eligibility qualifying criteria, for awards issued in 2019 and after, that stipulates if an employee has at least 10 years of continuous service and is at least 60 years of age, the employee is also eligible for retirement. Retirement eligibility allows for continued vesting of awards after employees depart from the Company, provided they give the minimum advance notice, which is generally six months to one year.

We estimate forfeitures in the aggregate compensation cost to be amortized over the requisite service period of its awards. We periodically monitor our estimated forfeiture rate and adjust our assumptions to the actual occurrence of forfeited awards. A change in estimated forfeitures is recognized through a cumulative adjustment in the period of the change.

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

From time to time, we also grant performance awards to certain individuals which include both performance and service based vesting requirements. See Note 16 to our unaudited condensed consolidated financial statements for further information.

Non-Compensation Expenses. The balance of our operating expenses includes costs for occupancy and equipment rental, professional fees, travel and related expenses, communications and information technology services, depreciation and amortization, execution, clearing and custody fees, acquisition and transition costs and other operating expenses. We refer to all of these expenses as non-compensation expenses.

Other Expenses

Other Expenses include the following:

- *Amortization of LP Units and Certain Other Awards* – Includes amortization costs associated with the vesting of Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Special Charges* – Includes expenses in 2019 related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York. Includes expenses in 2018 related to separation benefits and costs for the termination of certain contracts associated with closing our agency trading platform in the U.K. and separation benefits and related charges associated with our businesses in Mexico, as well as the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York.
- *Acquisition and Transition Costs* – Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services.
- *Intangible Asset and Other Amortization* – Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

Income from Equity Method Investments

Our share of the income (loss) from our equity interests in ABS, Atalanta Sosnoff and Luminis are included within Income from Equity Method Investments, as a component of Income Before Income Taxes, on the Unaudited Condensed Consolidated Statements of Operations.

Provision for Income Taxes

We account for income taxes in accordance with ASC 740, *"Income Taxes"* which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of our assets and liabilities. Excess tax benefits and deficiencies associated with the appreciation or depreciation in our share price upon vesting of employee share-based awards above or below the original grant price are recognized in our Provision for Income Taxes. In addition, net deferred tax assets are impacted by changes to statutory tax rates in the period of enactment.

Noncontrolling Interest

We record noncontrolling interest relating to the ownership interests of certain of our current and former Senior Managing Directors and other officers and their estate planning vehicles in Evercore LP, as well as the portions of our operating subsidiaries not owned by Evercore. As described in Note 14 to our unaudited condensed consolidated financial statements herein, Evercore Inc. is the sole general partner of Evercore LP and has a majority economic interest in Evercore LP. As a result, Evercore Inc. consolidates Evercore LP and records a noncontrolling interest for the economic interest in Evercore LP held by the limited partners.

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

Results of Operations

The following is a discussion of our results of operations for the three and nine months ended September 30, 2019 and 2018. For a more detailed discussion of the factors that affected the revenue and operating expenses of our Investment Banking and Investment Management business segments in these periods, see the discussion in "Business Segments" below.

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
	(dollars in thousands, except per share data)					
Revenues						
Investment Banking:						
Advisory Fees	$ 320,885	$ 305,949	5%	$ 1,090,309	$ 1,047,259	4%
Underwriting Fees	17,598	11,440	54%	61,428	62,784	(2%)
Commissions and Related Fees	46,820	45,337	3%	137,417	139,447	(1%)
Asset Management and Administration Fees	12,650	12,678	—%	37,452	36,603	2%
Other Revenue, Including Interest and Investments	9,911	10,058	(1%)	35,886	20,826	72%
Total Revenues	407,864	385,462	6%	1,362,492	1,306,919	4%
Interest Expense	5,666	4,203	35%	13,921	13,620	2%
Net Revenues	402,198	381,259	5%	1,348,571	1,293,299	4%
Expenses						
Operating Expenses	323,737	298,831	8%	1,045,191	979,602	7%
Other Expenses	8,117	7,888	3%	22,392	21,826	3%
Total Expenses	331,854	306,719	8%	1,067,583	1,001,428	7%
Income Before Income from Equity Method Investments and Income Taxes	70,344	74,540	(6%)	280,988	291,871	(4%)
Income from Equity Method Investments	2,562	2,298	11%	7,226	6,842	6%
Income Before Income Taxes	72,906	76,838	(5%)	288,214	298,713	(4%)
Provision for Income Taxes	20,402	17,539	16%	60,253	48,018	25%
Net Income	52,504	59,299	(11%)	227,961	250,695	(9%)
Net Income Attributable to Noncontrolling Interest	9,226	9,838	(6%)	35,709	36,760	(3%)
Net Income Attributable to Evercore Inc.	$ 43,278	$ 49,461	(13%)	$ 192,252	$ 213,935	(10%)
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders	$ 1.01	$ 1.08	(6%)	$ 4.43	$ 4.70	(6%)

As of September 30, 2019 and 2018, we employed approximately 1,900 and 1,700 people, respectively, worldwide.

Three Months Ended September 30, 2019 versus September 30, 2018

Net Revenues were $402.2 million for the three months ended September 30, 2019, an increase of $20.9 million, or 5%, versus Net Revenues of $381.3 million for the three months ended September 30, 2018. Advisory Fees increased 5%, Underwriting Fees increased 54% and Commissions and Related Fees increased 3% compared to the three months ended September 30, 2018. Asset Management and Administration Fees were flat compared to the three months ended September 30, 2018. Other Revenue, Including Interest and Investments, for the three months ended September 30, 2019 decreased 1% compared to the three months ended September 30, 2018.

Total Operating Expenses were $323.7 million for the three months ended September 30, 2019, as compared to $298.8 million for the three months ended September 30, 2018, an increase of $24.9 million, or 8%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $237.2 million for the three months ended September 30, 2019, an increase of $15.5 million, or 7%, versus expense of $221.7 million for the three months ended September 30, 2018. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred compensation arrangements. Headcount increased 12% from September 30, 2018 to September 30, 2019. Non-compensation expenses, as a component of Operating Expenses, were $86.5 million for the three months ended September 30, 2019, an increase of $9.4 million, or 12%, versus $77.1 million for the three months ended September 30, 2018. Non-compensation operating expenses increased compared to the three months ended September 30, 2018, primarily driven by increased headcount, increased occupancy costs, principally related to higher expenses associated with the expansion of our headquarters in New York, increased costs related to technology initiatives and increased professional fees.

Total Other Expenses of $8.1 million for the three months ended September 30, 2019 included compensation costs of $4.6 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $1.0 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York, Acquisition and Transition Costs of $0.4 million and intangible asset and other amortization of $2.2 million. Total Other Expenses of $7.9 million for the three months ended September 30, 2018 included compensation costs of $3.8 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $2.0 million related to separation benefits and related charges associated with our businesses in Mexico, as well as the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and intangible asset and other amortization of $2.2 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 60% for the three months ended September 30, 2019, compared to 59% for the three months ended September 30, 2018.

Income from Equity Method Investments was $2.6 million for the three months ended September 30, 2019, as compared to $2.3 million for the three months ended September 30, 2018. The increase was primarily a result of an increase in earnings from Luminis during the three months ended September 30, 2019.

The provision for income taxes for the three months ended September 30, 2019 was $20.4 million, which reflected an effective tax rate of 28%. The provision for income taxes for the three months ended September 30, 2018 was $17.5 million, which reflected an effective tax rate of 23%. The provision for income taxes for the three months ended September 30, 2019 and 2018 reflects the impact of the deduction associated with the appreciation or depreciation in the Company's share price upon vesting of employee share-based awards above or below the original grant price of $0.05 million and $0.6 million, respectively, the effect of certain nondeductible expenses, including expenses related to Class E and J LP Units and Class I-P and K-P Units, as well as the noncontrolling interest associated with LP Units and other adjustments.

Net Income Attributable to Noncontrolling Interest was $9.2 million for the three months ended September 30, 2019 compared to $9.8 million for the three months ended September 30, 2018. The decrease in Net Income Attributable to Noncontrolling Interest primarily reflects lower income allocated to EWM and Private Capital Advisory L.P. during the three months ended September 30, 2019, as a result of the purchases of additional EWM Class A Units and the remaining Private Capital Advisory L.P. Common Interests during 2019.

Nine Months Ended September 30, 2019 versus September 30, 2018

Net Revenues were $1.35 billion for the nine months ended September 30, 2019, an increase of $55.3 million, or 4%, versus Net Revenues of $1.29 billion for the nine months ended September 30, 2018. Advisory Fees increased 4%, Underwriting Fees decreased 2% and Commissions and Related Fees decreased 1% compared to the nine months ended September 30, 2018. Asset Management and Administration Fees increased 2% compared to the nine months ended September 30, 2018. Other Revenue, Including Interest and Investments, for the nine months ended September 30, 2019 increased 72% compared to the nine months ended September 30, 2018, which was primarily attributable to gains on the investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program.

Total Operating Expenses were $1.05 billion for the nine months ended September 30, 2019, as compared to $979.6 million for the nine months ended September 30, 2018, an increase of $65.6 million, or 7%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $791.3 million for the nine months ended September 30, 2019, an increase of $36.2 million, or 5%, versus expense of $755.1 million for the nine months ended September 30, 2018. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred compensation arrangements. Non-compensation expenses as a component of Operating Expenses were $253.9 million for the nine months ended September 30, 2019, an increase of $29.4 million, or 13%, versus $224.5 million for the nine months ended September 30, 2018. Non-compensation operating expenses increased compared to the nine months ended September 30, 2018, primarily driven by increased headcount, increased occupancy costs, principally related to higher expenses associated with the expansion of our headquarters in New York, increased costs related to technology initiatives and increased professional fees. In addition, the increase in Non-compensation expenses versus last year also reflects an increase in client related expenses which are subject to reimbursement from clients currently and in future periods.

Total Other Expenses of $22.4 million for the nine months ended September 30, 2019 included compensation costs of $12.3 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $3.1 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York, Acquisition and Transition Costs of $0.5 million and intangible asset and other amortization of $6.5 million. Total Other Expenses of $21.8 million for the nine months ended September 30, 2018 included compensation costs of $11.5 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $3.9 million primarily related to separation benefits and costs of terminating certain contracts associated with closing the agency trading platform in the U.K. and separation benefits and related charges associated with our businesses in Mexico, as well as acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York, Acquisition and Transition Costs of $0.02 million and intangible asset and other amortization of $6.5 million.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 60% for the nine months ended September 30, 2019, compared to 59% for the nine months ended September 30, 2018.

Income from Equity Method Investments was $7.2 million for the nine months ended September 30, 2019, as compared to $6.8 million for the nine months ended September 30, 2018. The increase was primarily a result of an increase in earnings from Luminis during the nine months ended September 30, 2019.

The provision for income taxes for the nine months ended September 30, 2019 was $60.3 million, which reflected an effective tax rate of 21%. The provision for income taxes for the nine months ended September 30, 2018 was $48.0 million, which reflected an effective tax rate of 16%. The provision for income taxes for the nine months ended September 30, 2019 and 2018 reflects the net impact of the deduction associated with the appreciation or depreciation in the Company's share price upon vesting of employee share-based awards above or below the original grant price of $12.2 million and $22.8 million, respectively, the effect of certain nondeductible expenses, including expenses related to Class E and J LP Units and Class I-P and K-P Units, as well as the noncontrolling interest associated with LP Units and other adjustments.

Net Income Attributable to Noncontrolling Interest was $35.7 million for the nine months ended September 30, 2019 compared to $36.8 million for the nine months ended September 30, 2018. The decrease in Net Income Attributable to Noncontrolling Interest primarily reflects lower income allocated to EWM and Private Capital Advisory L.P. during the nine months ended September 30, 2019, as a result of the purchases of additional EWM Class A Units and the remaining Private Capital Advisory L.P. Common Interests during 2019.

Business Segments

The following data presents revenue, expenses and contributions from our equity method investments by business segment.

Investment Banking

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

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
	(dollars in thousands)					
Revenues						
Investment Banking:						
Advisory Fees[1]	$ 320,885	$ 305,949	5%	$ 1,090,309	$ 1,047,259	4%
Underwriting Fees[2]	17,598	11,440	54%	61,428	62,784	(2%)
Commissions and Related Fees	46,820	45,337	3%	137,417	139,447	(1%)
Other Revenue, net[3]	2,709	4,108	(34%)	16,432	3,219	410%
Net Revenues	388,012	366,834	6%	1,305,586	1,252,709	4%
Expenses						
Operating Expenses	311,697	287,809	8%	1,008,985	946,629	7%
Other Expenses	7,917	7,888	—%	22,084	21,805	1%
Total Expenses	319,614	295,697	8%	1,031,069	968,434	6%
Operating Income[4]	68,398	71,137	(4%)	274,517	284,275	(3%)
Income from Equity Method Investments[5]	282	—	NM	756	297	155%
Pre-Tax Income	$ 68,680	$ 71,137	(3%)	$ 275,273	$ 284,572	(3%)

(1) Includes client related expenses of $7.9 million and $22.5 million for the three and nine months ended September 30, 2019, respectively, and $9.7 million and $23.0 million for the three and nine months ended September 30, 2018, respectively.
(2) Includes client related expenses of $1.6 million and $4.9 million for the three and nine months ended September 30, 2019, respectively, and $0.1 million and $3.9 million for the three and nine months ended September 30, 2018, respectively.
(3) Includes interest expense on the Notes Payable, subordinated borrowings and lines of credit of $3.8 million and $8.4 million for the three and nine months ended September 30, 2019, respectively, and $2.3 million and $6.9 million for the three and nine months ended September 30, 2018, respectively.
(4) Includes Noncontrolling Interest of $0.5 million for the nine months ended September 30, 2019 and $0.3 million and $0.9 million for the three and nine months ended September 30, 2018, respectively.
(5) Equity in Luminis is classified as Income from Equity Method Investments.

For the three months ended September 30, 2019, the dollar value of North American announced and completed M&A activity decreased 31% and increased 32%, respectively, compared to the three months ended September 30, 2018. For the three months ended September 30, 2019, the dollar value of Global announced and completed M&A activity decreased 9% and increased 6%, respectively, compared to the three months ended September 30, 2018. For the three months ended September 30, 2019, the dollar value of North American and Global announced M&A activity between $1 - $5 billion decreased 23% and 19%, respectively, compared to the three months ended September 30, 2018. For the nine months ended September 30, 2019, the dollar value of North American announced and completed M&A activity both increased 6% compared to the nine months ended September 30, 2018. For the nine months ended September 30, 2019, the dollar value of Global announced and completed M&A activity decreased 9% and 2%, respectively, compared to the nine months ended September 30, 2018. For the nine months ended September 30, 2019, the dollar value of North American and Global announced M&A activity between $1 - $5 billion decreased 29% and 26%, respectively, compared to the nine months ended September 30, 2018:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
	2019	2018	Change	2019	2018	Change
Industry Statistics ($ in billions) *						
Value of North American M&A Deals Announced	$ 291	$ 421	(31%)	$ 1,457	$ 1,373	6%
Value of North American M&A Deals Announced between $1 - $5 billion	$ 103	$ 134	(23%)	$ 269	$ 381	(29%)
Value of North American M&A Deals Completed	$ 424	$ 322	32%	$ 1,171	$ 1,100	6%
Value of Global M&A Deals Announced	$ 776	$ 850	(9%)	$ 2,794	$ 3,069	(9%)
Value of Global M&A Deals Announced between $1 - $5 billion	$ 229	$ 283	(19%)	$ 627	$ 849	(26%)
Value of Global M&A Deals Completed	$ 759	$ 716	6%	$ 2,258	$ 2,308	(2%)
Evercore Statistics **						
Total Number of Fees From Advisory Client Transactions	213	196	9%	489	458	7%
Investment Banking Fees of at Least $1 million from Advisory Client Transactions	74	62	19%	223	210	6%

* Source: Refinitiv October 2, 2019
** Includes revenue generating clients only from Advisory and Underwriting transactions

Investment Banking Results of Operations

Three Months Ended September 30, 2019 versus September 30, 2018

Net Investment Banking Revenues were $388.0 million for the three months ended September 30, 2019, compared to $366.8 million for the three months ended September 30, 2018, which represented an increase of 6%. We earned 213 fees from Advisory clients for the three months ended September 30, 2019, compared to 196 for the three months ended September 30, 2018, representing a 9% increase. We had 74 fees earned in excess of $1.0 million for the three months ended September 30, 2019, compared to 62 for the three months ended September 30, 2018, representing a 19% increase. The increase in revenues from the three months ended September 30, 2018 primarily reflects an increase of $14.9 million, or 5%, in Advisory Fees, reflecting an increase in the number and size of fees. Underwriting Fees increased $6.2 million, or 54%, compared to the three months ended September 30, 2018. The increase in Underwriting Fees from the three months ended September 30, 2018 primarily reflects an increase in the number of transactions versus the prior year. We participated in 18 underwriting transactions for the three months ended September 30, 2019 (compared to 12 for the three months ended September 30, 2018), 10 of which were as a bookrunner (compared to 6 for the three months ended September 30, 2018). Commissions and Related Fees increased $1.5 million, or 3%, principally driven by the increase in global volumes.

Operating Expenses were $311.7 million for the three months ended September 30, 2019, compared to $287.8 million for the three months ended September 30, 2018, an increase of $23.9 million, or 8%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $228.5 million for the three months ended September 30, 2019, as compared to $213.7 million for the three months ended September 30, 2018, an increase of $14.8 million, or 7%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $83.2 million for the three months ended September 30, 2019, as compared to $74.1 million for the three months ended September 30, 2018, an increase of $9.1 million, or 12%. Non-compensation operating expenses increased from the prior year primarily driven by increased headcount within the business, increased occupancy costs, principally related to higher expenses associated with the expansion of our headquarters in New York, increased costs related to technology initiatives and increased professional fees.

Other Expenses of $7.9 million for the three months ended September 30, 2019 included compensation costs of $4.6 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $1.0 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York, Acquisition and Transition Costs of $0.2 million and intangible asset and other amortization of $2.2 million. Other Expenses of $7.9 million for the three months ended September 30, 2018 included compensation costs of $3.8 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $2.0 million related to separation benefits and related charges associated with our businesses in Mexico, as well as the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and intangible asset and other amortization of $2.2 million.

Nine Months Ended September 30, 2019 versus September 30, 2018

Net Investment Banking Revenues were $1.31 billion for the nine months ended September 30, 2019, compared to $1.25 billion for the nine months ended September 30, 2018, which represented an increase of 4%. We earned 489 fees from Advisory clients for the nine months ended September 30, 2019, compared to 458 for the nine months ended September 30, 2018, representing a 7% increase. We had 223 fees earned in excess of $1.0 million for the nine months ended September 30, 2019, compared to 210 for the nine months ended September 30, 2018, representing a 6% increase. The increase in revenues from the nine months ended September 30, 2018 primarily reflects an increase of $43.1 million, or 4%, in Advisory Fees, reflecting an increase in the number and size of fees. Underwriting Fees decreased $1.4 million, or 2%, compared to the nine months ended September 30, 2018. The decrease in Underwriting Fees from the nine months ended September 30, 2018 primarily reflects a decrease in the size of certain transactions versus the prior year. We participated in 57 underwriting transactions for the nine months ended September 30, 2019 (compared to 43 in 2018), 37 of which were as a bookrunner (compared to 31 in 2018). Commissions and Related Fees decreased $2.0 million, or 1%, principally driven by the trend of institutional clients adjusting the level of payments for research services. Other Revenue, net, for the nine months ended September 30, 2019, was higher than the nine months ended September 30, 2018, primarily reflecting gains on the investment funds portfolio, which is used as an economic hedge against our deferred cash compensation program.

Operating Expenses were $1.01 billion for the nine months ended September 30, 2019, compared to $946.6 million for the nine months ended September 30, 2018, an increase of $62.4 million, or 7%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $765.7 million for the nine months ended September 30, 2019, as compared to $731.7 million for the nine months ended September 30, 2018, an increase of $34.0 million, or 5%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred compensation arrangements. Non-compensation expenses, as a component of Operating Expenses, were $243.3 million for the nine months ended September 30, 2019, as compared to $214.9 million for the nine months ended September 30, 2018, an increase of $28.4 million, or 13%. Non-compensation operating expenses increased from the prior year primarily driven by increased headcount within the business, increased occupancy costs, principally related to higher expenses associated with the expansion of our headquarters in New York, increased costs related to technology initiatives and increased professional fees. In addition, the increase in Non-compensation expenses versus last year also reflects an increase in client related expenses which are subject to reimbursement from clients currently and in future periods.

Other Expenses of $22.1 million for the nine months ended September 30, 2019 included compensation costs of $12.3 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $3.1 million related to the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York, Acquisition and Transition Costs of $0.2 million and intangible asset and other amortization of $6.5 million. Other Expenses of $21.8 million for the nine months ended September 30, 2018 included compensation costs of $11.5 million associated with the vesting of Class J LP Units and certain other awards granted in conjunction with the acquisition of ISI, Special Charges of $3.9 million related to separation benefits and costs of terminating certain contracts associated with closing the agency trading platform in the U.K. and separation benefits and related charges associated with our businesses in Mexico, as well as the acceleration of depreciation expense for leasehold improvements in conjunction with the expansion of our headquarters in New York and intangible asset and other amortization of $6.5 million.

Investment Management

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

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	Change	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018	Change
	(dollars in thousands)					
Revenues						
Asset Management and Administration Fees:						
Wealth Management	$ 12,155	$ 11,560	5%	$ 35,408	$ 33,826	5%
Institutional Asset Management	495	1,118	(56%)	2,044	2,777	(26%)
Asset Management and Administration Fees	12,650	12,678	—%	37,452	36,603	2%
Other Revenue, net	1,536	1,747	(12%)	5,533	3,987	39%
Net Revenues	14,186	14,425	(2%)	42,985	40,590	6%
Expenses						
Operating Expenses	12,040	11,022	9%	36,206	32,973	10%
Other Expenses	200	—	NM	308	21	NM
Total Expenses	12,240	11,022	11%	36,514	32,994	11%
Operating Income(1)	1,946	3,403	(43%)	6,471	7,596	(15%)
Income from Equity Method Investments(2)	2,280	2,298	(1%)	6,470	6,545	(1%)
Pre-Tax Income	$ 4,226	$ 5,701	(26%)	$ 12,941	$ 14,141	(8%)

(1) Includes Noncontrolling Interest of $0.4 million and $2.1 million for the three and nine months ended September 30, 2019, respectively, and $1.1 million and $3.4 million for the three and nine months ended September 30, 2018, respectively.
(2) Equity in ABS and Atalanta Sosnoff is classified as Income from Equity Method Investments.

Investment Management Results of Operations

Our Investment Management segment includes the following activities:

- Wealth Management – conducted through EWM and ETC. Fee-based revenues from EWM are primarily earned on a percentage of AUM, while ETC primarily earns fees from negotiated trust services.
- Institutional Asset Management – conducted through ECB. Fee-based revenues from ECB are primarily earned on a percentage of AUM.
- Private Equity – conducted through our investment interests in private equity funds. We maintain a limited partner's interest in Glisco II, Glisco III and Glisco IV, as well as Glisco Manager Holdings LP and the general partners of the Glisco Funds. We receive our portion of the management fees earned by Glisco Partners Inc. ("Glisco") from Glisco Manager Holdings LP. We are passive investors and do not participate in the management of any Glisco sponsored funds. We are also passive investors in Trilantic IV, Trilantic V and Trilantic VI. In the event the private equity funds perform below certain thresholds we may be obligated to repay certain carried interest previously distributed. As of September 30, 2019, there was no previously distributed carried interest received from the funds that was subject to repayment.
- We also hold interests in ABS and Atalanta Sosnoff that are accounted for under the equity method of accounting. The results of these investments are included within Income from Equity Method Investments.

Assets Under Management

AUM for our Investment Management businesses of $10.3 billion at September 30, 2019 increased compared to $9.1 billion at December 31, 2018. The amounts of AUM presented in the table below reflect the assets for which we charge a management fee. These assets reflect the fair value of assets managed on behalf of Institutional Asset Management and Wealth Management clients. As defined in ASC 820, valuations performed for Level I investments are based on quoted prices obtained from active markets generated by third parties and Level II investments are valued through the use of models based on either direct or indirect observable inputs in the use of models or other valuation methodologies performed by third parties to determine fair value. For both the Level I and Level II investments, we obtain both active quotes from nationally recognized exchanges and third-party pricing services to determine market or fair value quotes, respectively. For Level III investments, pricing inputs are unobservable for the investment and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Wealth Management maintained 69% and 63% of Level I investments, 27% and 32% of Level II investments and 4% and 5% of Level III investments as of September 30, 2019 and December 31, 2018, respectively. Institutional Asset Management maintained 83% and 82% of Level I investments and 17% and 18% of Level II investments as of September 30, 2019 and December 31, 2018, respectively.

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

The following table summarizes AUM activity for the nine months ended September 30, 2019:

	Wealth Management(1)	Institutional Asset Management	Total
		(dollars in millions)	
Balance at December 31, 2018	$ 7,560	$ 1,575	$ 9,135
Inflows	828	809	1,637
Outflows	(588)	(848)	(1,436)
Market Appreciation	829	91	920
Balance at September 30, 2019	$ 8,629	$ 1,627	$ 10,256
Unconsolidated Affiliates - Balance at September 30, 2019:			
Atalanta Sosnoff	$ —	$ 6,361	$ 6,361
ABS	$ —	$ 5,678	$ 5,678

(1) Assets Under Management includes Evercore assets which are managed by Evercore Wealth Management of $318.5 million and $172.2 million as of September 30, 2019 and December 31, 2018, respectively.

The following table represents the composition of our AUM for Wealth Management and Institutional Asset Management as of September 30, 2019:

	Wealth Management	Institutional Asset Management
Equities	56%	31%
Fixed Income	27%	69%
Liquidity(1)	12%	—%
Alternatives	5%	—%
Total	100%	100%

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

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

For the nine months ended September 30, 2019, AUM for Wealth Management increased 14%, reflecting an 11% increase due to market appreciation and a 3% increase due to flows. Wealth Management outperformed the S&P 500 on a 1 and 3 year basis by approximately 1% and 2%, respectively, during the period. Wealth Management lagged the fixed income composite on a 1 and 3 year basis by approximately 50 basis points and 20 basis points, respectively. For the period, the S&P 500 was up approximately 21% and the fixed income composite was up approximately 5%.

Our Institutional Asset Management business reflects assets managed by ECB, which primarily manages Mexican Government and corporate fixed income securities, as well as equity products. ECB utilizes the IPC Index, which is a capitalization weighted index of leading equities traded on the Mexican Stock Exchange and the Cetes 28 Index, which is an index of Treasury Bills issued by the Mexican Government, as benchmarks in reviewing their performance and managing their investment decisions.

For the nine months ended September 30, 2019, AUM for Institutional Asset Management increased 3%, reflecting a 6% increase due to market appreciation, partially offset by a 3% decrease due to flows. ECB's AUM market appreciation reflects favorable market volatility, as well as the impact of the fluctuation of foreign currency. ECB outperformed the equities index and outperformed the fixed income index on two of their three portfolios for the nine months ended September 30, 2019.

AUM from our unconsolidated affiliates increased 11% compared to December 31, 2018, related to positive performance in Atalanta Sosnoff and ABS.

Three Months Ended September 30, 2019 versus September 30, 2018

Net Investment Management Revenues were $14.2 million for the three months ended September 30, 2019, compared to $14.4 million for the three months ended September 30, 2018, which represented a decrease of 2%. Asset Management and Administration Fees earned from the management of client portfolios were flat from the three months ended September 30, 2018. Fee-based revenues included $0.01 million and $0.4 million of revenues from performance fees for the three months ended September 30, 2019 and 2018, respectively. Income from Equity Method Investments decreased from the three months ended September 30, 2018, primarily as a result of a decrease in earnings from our investment in ABS.

Operating Expenses were $12.0 million for the three months ended September 30, 2019, as compared to $11.0 million for the three months ended September 30, 2018, an increase of $1.0 million, or 9%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $8.6 million for the three months ended September 30, 2019, as compared to $8.0 million for the three months ended September 30, 2018, an increase of $0.6 million, or 8%. Non-compensation expenses, as a component of Operating Expenses, were $3.4 million for the three months ended September 30, 2019, as compared to $3.0 million for the three months ended September 30, 2018, an increase of $0.4 million, or 13%.

Other Expenses of $0.2 million for the three months ended September 30, 2019 included Acquisition and Transition Costs.

Nine Months Ended September 30, 2019 versus September 30, 2018

Net Investment Management Revenues were $43.0 million for the nine months ended September 30, 2019, compared to $40.6 million for the nine months ended September 30, 2018, which represented an increase of 6%. Asset Management and Administration Fees earned from the management of client portfolios increased 2% from the nine months ended September 30, 2018, primarily driven by an increase of $1.6 million in fees from Wealth Management clients, as associated AUM increased. Fee-based revenues included $0.02 million and $0.4 million of revenues from performance fees during the nine months ended September 30, 2019 and 2018, respectively. Income from Equity Method Investments decreased from the nine months ended September 30, 2018, primarily as a result of a decrease in earnings from our investment in ABS in 2019.

Operating Expenses were $36.2 million for the nine months ended September 30, 2019, as compared to $33.0 million for the nine months ended September 30, 2018, an increase of $3.2 million, or 10%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $25.6 million for the nine months ended September 30, 2019, as compared to $23.4 million for the nine months ended September 30, 2018, an increase of $2.2 million, or 9%. Non-compensation expenses, as a component of Operating Expenses, were $10.6 million for the nine months ended September 30, 2019, as compared to $9.6 million for the nine months ended September 30, 2018, an increase of $1.0 million, or 10%.

Other Expenses of $0.3 million and $0.02 million for the nine months ended September 30, 2019 and 2018, respectively, included Acquisition and Transition Costs.

Cash Flows

Our operating cash flows are primarily influenced by the timing and receipt of investment banking and investment management fees, and the payment of operating expenses, including incentive compensation to our employees and interest expense on our repurchase agreements, Notes Payable, subordinated borrowings and lines of credit, and the payment of income taxes. Investment Banking advisory fees are generally collected within 90 days of billing. However, placement fees may be collected within 180 days of billing, with fees related to private funds capital raising being collected in a period exceeding one year. Commissions earned from our agency trading activities are generally received from our clearing broker within 11 days. Fees from our Wealth Management and Institutional Asset Management businesses are generally billed and collected within 90 days. We traditionally pay a substantial portion of incentive compensation to personnel in the Investment Banking business and to executive officers during the first three months of each calendar year with respect to the prior year's results. Likewise, payments to fund investments related to hedging our deferred cash compensation plans are funded in the first three months of each calendar year. Our investing and financing cash flows are primarily influenced by activities to deploy capital to fund investments and acquisitions, raise capital through the issuance of stock or debt, repurchase of outstanding Class A Shares, and/or noncontrolling interest in Evercore LP, as well as our other subsidiaries, payment of dividends and other periodic distributions to our stakeholders. We generally make dividend payments and other distributions on a quarterly basis. We periodically draw down on our lines of credit to balance the timing of our operating, investing and financing cash flow needs. A summary of our operating, investing and financing cash flows is as follows:

	For the Nine Months Ended September 30,	
	2019	2018
	(dollars in thousands)	
Cash Provided By (Used In)		
Operating activities:		
Net income	$ 227,961	$ 250,695
Non-cash charges	308,730	233,952
Other operating activities	(445,736)	(174,001)
Operating activities	90,955	310,646
Investing activities	(353,989)	(188,888)
Financing activities	(218,614)	(306,415)
Effect of exchange rate changes	(4,869)	1,711
Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash	(486,517)	(182,946)
Cash, Cash Equivalents and Restricted Cash		
Beginning of Period	800,096	617,385
End of Period	$ 313,579	$ 434,439

Nine Months Ended September 30, 2019. Cash, Cash Equivalents and Restricted Cash were $313.6 million at September 30, 2019, a decrease of $486.5 million versus Cash, Cash Equivalents and Restricted Cash of $800.1 million at December 31, 2018. Operating activities resulted in a net inflow of $91.0 million, primarily related to earnings, partially offset by the payment of 2018 incentive compensation. Cash of $354.0 million was used in investing activities primarily related to net purchases of investment securities and certificates of deposit and purchases of furniture, equipment and leasehold improvements, primarily related to the expansion of our headquarters in New York. Financing activities during the period used cash of $218.6 million, primarily for purchases of treasury stock and noncontrolling interests, the payment of dividends and distributions to noncontrolling interest holders, partially offset by the issuance of the 2019 Private Placement Notes. For further information see Note 12 to our unaudited condensed consolidated financial statements.

Nine Months Ended September 30, 2018. Cash, Cash Equivalents and Restricted Cash were $434.4 million at September 30, 2018, a decrease of $182.9 million versus Cash, Cash Equivalents and Restricted Cash of $617.4 million at December 31, 2017. Operating activities resulted in a net inflow of $310.6 million, primarily related to earnings, partially offset by an increase in accounts receivable and a decrease in accrued compensation and benefits. Cash of $188.9 million was used in investing activities primarily related to net purchases of investment securities and net purchases of certificates of deposit. Financing activities during the period used cash of $306.4 million, primarily for purchases of treasury stock and noncontrolling interests, the payment of dividends, distributions to noncontrolling interest holders and the repayment of outstanding subordinated borrowings.

Liquidity and Capital Resources

General

Our current assets include Cash and Cash Equivalents, Investment Securities and Certificates of Deposit, Accounts Receivable and contract assets, included in Other Current Assets, relating to Investment Banking and Investment Management revenues. Our current liabilities include accrued expenses, accrued liabilities related to improvements in our leased facilities, accrued employee compensation and short-term borrowings. We traditionally have made payments for employee bonus awards and year-end distributions to partners in the first quarter of the year with respect to the prior year's results. In addition, payments in respect of deferred cash compensation arrangements and related investments are also made in the first quarter. From time to time, advances and/or commitments may also be granted to new employees at or near the date they begin employment, or to existing employees for the purpose of incentive or retention. Cash distributions related to partnership tax allocations are made to the partners of Evercore LP and certain other entities in accordance with our corporate estimated payment calendar; these payments are made prior to the end of each calendar quarter. In addition, dividends on Class A Shares, and related distributions to partners of Evercore LP, are paid when and if declared by the Board of Directors, which is generally quarterly.

We regularly monitor our liquidity position, including cash, other significant working capital, current assets and liabilities, long-term liabilities, lease commitments and related fixed assets, principal investment commitments related to our Investment Management business, dividends on Class A Shares, partnership distributions and other capital transactions, as well as other matters relating to liquidity and compliance with regulatory requirements. Our liquidity is highly dependent on our revenue stream from our operations, principally from our Investment Banking business, which is a function of closing advisory transactions and earning success fees, the timing and realization of which is irregular and dependent upon factors that are not subject to our control. Our revenue stream funds the payment of our expenses, including annual bonus payments, a portion of which are guaranteed, deferred compensation arrangements, interest expense on our repurchase agreements, Notes Payable, lines of credit and other financing arrangements and income taxes. Payments made for income taxes may be reduced by deductions taken for the increase in tax basis of our investment in Evercore LP. Certain of these tax deductions, when realized, require payment under our long-term liability, Amounts Due Pursuant to Tax Receivable Agreements. We intend to fund these payments from cash and cash equivalents on hand, principally derived from cash flows from operations. These tax deductions, when realized, will result in cash otherwise required to satisfy tax obligations becoming available for other purposes. Our Management Committee meets regularly to monitor our liquidity and cash positions against our short and long-term obligations, as well as our capital requirements and commitments. The result of this review contributes to management's recommendation to the Board of Directors as to the level of quarterly dividend payments, if any.

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

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

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

For a further discussion of risks related to our business, refer to "Risk Factors" in our Form 10-K for the year ended December 31, 2018.

Treasury and Noncontrolling Interest Repurchases

We periodically repurchase Class A Shares and/or LP Units into Treasury in order to offset the dilutive effect of equity awards granted as compensation (see Note 16 to our unaudited condensed consolidated financial statements for further information). The amount of cash required for these share repurchases is a function of the mix of equity and deferred cash compensation awarded for the annual bonus awards (see further discussion on deferred compensation under *Other Commitments* below). In addition, we may from time to time, purchase noncontrolling interests in subsidiaries.

On October 23, 2017, our Board of Directors authorized (in addition to the net settlement of equity awards) the repurchase of Class A Shares and/or LP Units so that from that date forward, we are able to repurchase an aggregate of the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price, economic and market conditions and the objective to reduce the dilutive effect of equity awards granted as compensation to employees. This program may be suspended or discontinued at any time and does not have a specified expiration date. During the nine months ended September 30, 2019, we repurchased 1,998,719 Class A Shares, at an average cost per share of $81.56, for $163.0 million pursuant to our repurchase program.

In addition, periodically, we buy shares into treasury from our employees in order to allow them to satisfy their minimum tax requirements for share deliveries under our share equity plan. During the nine months ended September 30, 2019, we repurchased 1,015,681 Class A Shares, at an average cost per share of $89.45 for $90.9 million primarily related to minimum tax withholding requirements of share deliveries.

The aggregate 3,014,400 Class A Shares repurchased during the nine months ended September 30, 2019, were acquired for aggregate purchase consideration of $253.9 million, at an average cost per share of $84.22.

On May 31, 2019, we purchased, at fair value, the remaining 10% of the Private Capital Advisory L.P. Common Interests for $28.4 million. On May 31, 2019, we purchased, at fair value, an additional 17% of the EWM Class A Units for $24.5 million (in cash of $21.8 million and the issuance of 31,383 Class A LP Units having a fair value of $2.7 million). On March 29, 2018, we purchased, at fair value, an additional 15% of Private Capital Advisory L.P. for $25.5 million.

Private Placements

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

Interest on the 2016 Private Placement Notes is payable semi-annually and the 2016 Private Placement Notes are guaranteed by certain of our domestic subsidiaries. We may, at our option, prepay all, or from time to time any part of, the 2016 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2016 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2016 Private Placement Notes will have the right to require us to prepay the entire unpaid principal amounts held by each holder of the 2016 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2016 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of September 30, 2019, we were in compliance with all of these covenants.

On August 1, 2019, we issued $175.0 million and £25.0 million of senior unsecured notes through private placement. These notes reflect a weighted average life of 12 years and a weighted average stated interest rate of 4.26%. These notes include: $75.0 million aggregate principal amount of our 4.34% Series E Notes, $60.0 million aggregate principal amount of our 4.44% Series F Notes, $40.0 million aggregate principal amount of our 4.54% Series G Notes and £25.0 million aggregate principal amount of our 3.33% Series H Notes, each of which were issued pursuant to the 2019 Note Purchase Agreement, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the 2019 Private Placement Notes is payable semi-annually and the 2019 Private Placement Notes are guaranteed by certain of our domestic subsidiaries. We may, at our option, prepay all, or from time to time any part of, the 2019 Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the 2019 Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the 2019 Private Placement Notes will have the right to require us to prepay the entire unpaid principal amounts held by each holder of the 2019 Private Placement Notes plus accrued and unpaid interest to the prepayment date. The 2019 Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio and a minimum tangible net worth, and customary events of default. As of September 30, 2019, we were in compliance with all of these covenants.

We intend to use the proceeds from the 2019 Private Placement Notes to fund investments in our business, including facilities and technology, and for other general corporate purposes.

Lines of Credit

On June 24, 2016, East entered into a loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $30.0 million, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants, as well as certain debt covenants that prohibit East and us from incurring other indebtedness, subject to specified exceptions. We and our consolidated subsidiaries were in compliance with these covenants as of September 30, 2019. Drawings under this facility bear interest at the prime rate. On January 2, 2018, East drew down $30.0 million on this facility, which was repaid on March 2, 2018. On March 11, 2019, East drew down $30.0 million on this facility, which was repaid on May 3, 2019. On June 21, 2019, East amended this facility with PNC such that, among other things, the interest rate provisions were modified to LIBOR plus 125 basis points and the maturity date was extended to October 31, 2020.

On July 26, 2019, East entered into an additional loan agreement with PNC for a revolving credit facility in an aggregate principal amount of up to $20.0 million, to be used for working capital and other corporate activities. The facility is unsecured and matures on October 31, 2020, subject to an extension agreed to between East and PNC. In addition, the agreement contains certain reporting requirements and debt covenants consistent with the Existing PNC Facility. We and our consolidated subsidiaries were in compliance with these covenants as of September 30, 2019. Drawings under this facility bear interest at LIBOR plus 150 basis points. East is only permitted to borrow under this facility if there is no undrawn availability under the Existing PNC Facility and must repay indebtedness under this facility prior to repaying indebtedness under the Existing PNC Facility. There have been no drawings under this facility as of September 30, 2019.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $7.6 million and is secured by trading securities. No interest is charged on the intra-day facility. The overnight facility is charged the Inter-Bank Balance Interest Rate plus 10 basis points. There have been no significant draw downs on ECB's line of credit since August 10, 2006. The line of credit is renewable annually.

Other Commitments

We have a long-term liability, Amounts Due Pursuant to Tax Receivable Agreements, which requires payments to certain Senior Managing Directors. This liability was re-measured following the decrease in income tax rates in the U.S. in 2018 and future years in conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

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

We had a commitment at September 30, 2019 for contingent consideration related to an arrangement with the former employer of certain RECA employees. For further information see Note 17 to our unaudited condensed consolidated financial statements.

Pursuant to deferred compensation and deferred consideration arrangements, we are obligated to make cash payments in future periods. Further, we make investments to hedge the economic risk of the return on deferred compensation. For further information see Notes 7 and 16 to our unaudited condensed consolidated financial statements.

Certain of our subsidiaries are regulated entities and are subject to capital requirements. For further information see Note 18 to our unaudited condensed consolidated financial statements.

On July 1, 2018, we entered into a new lease agreement for office space at our headquarters at 55 East 52nd St., New York, New York. We expect to spend approximately $35 million, net of a tenant improvement allowance, to improve the premises under this lease over the next twelve months. For further information see Note 10 to our unaudited condensed consolidated financial statements.

Collateralized Financing Activity at ECB

ECB enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market or by entering into reverse repurchase agreements with unrelated third parties. We account for these repurchase and reverse repurchase agreements as collateralized financing transactions. We record a liability on our Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. We record as assets on our Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where we have acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where we have acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities included in Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial Condition have an estimated average time to maturity of approximately 1.0 year, as of September 30, 2019, and are pledged as collateral against repurchase agreements, which are collateralized financing agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB, generally mature within one business day and permit the counterparty to pledge the securities. Increases and decreases in asset and liability levels related to these transactions are a function of growth in ECB's AUM, as well as clients' investment allocations requiring positioning in repurchase transactions.

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

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

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

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

As of September 30, 2019 and December 31, 2018, a summary of ECB's assets, liabilities and risk measures related to its collateralized financing activities is as follows:

	September 30, 2019		December 31, 2018	
	Amount	Market Value of Collateral Received or (Pledged)	Amount	Market Value of Collateral Received or (Pledged)
	(dollars in thousands)			
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$ 23,643		$ 22,349	
Securities Purchased Under Agreements to Resell	1,423	$ 1,426	2,696	$ 2,701
Total Assets	$ 25,066		$ 25,045	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (25,062)	$ (25,053)	$ (25,075)	$ (25,099)
Net Liabilities	$ 4		$ (30)	
Risk Measures				
VaR	$ 1		$ 6	
Stress Test:				
Portfolio sensitivity to a 100 basis point increase in the interest rate	$ (16)		$ (1)	
Portfolio sensitivity to a 100 basis point decrease in the interest rate	$ 16		$ 1	

Contractual Obligations

For a further discussion of our contractual obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

We had total commitments (not reflected on our Unaudited Condensed Consolidated Statements of Financial Condition) relating to future capital contributions to private equity funds of $12.0 million and $15.2 million as of September 30, 2019 and December 31, 2018, respectively. We expect to fund these commitments with cash flows from operations. We may be required to fund these commitments at any time through June 2028, depending on the timing and level of investments by our private equity funds.

Off-Balance Sheet Arrangements

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

Market Risk and Credit Risk

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

Market and Investment Risk

We hold equity securities and invest in exchange-traded funds and mutual funds, principally as an economic hedge against our deferred compensation program. As of September 30, 2019, the fair value of our investments with these products, based on closing prices, was $64.1 million.

We estimate that a hypothetical 10% adverse change in the market value of the investments would have resulted in a decrease in pre-tax income of approximately $6.4 million for the three months ended September 30, 2019.

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

Private Equity Funds

Through our principal investments in private equity funds and our ability to earn carried interest from these funds, we face exposure to changes in the estimated fair value of the companies in which these funds invest. Valuations and analysis regarding our investments in Trilantic and Glisco are performed by their respective professionals, and thus we are not involved in determining the fair value for the portfolio companies of such funds.

We estimate that a hypothetical 10% adverse change in the value of the private equity funds would have resulted in a decrease in pre-tax income of approximately $4.1 million for the three months ended September 30, 2019.

Exchange Rate Risk

We have foreign operations, through our subsidiaries and affiliates, primarily in Europe, Asia and Mexico, as well as provide services to clients in other jurisdictions, which creates foreign exchange rate risk. We have not entered into any transactions to hedge our exposure to foreign exchange fluctuations in these subsidiaries through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact to our financial results. A significant portion of our European, Asian and Latin American revenues and expenses have been, and will continue to be, derived from contracts denominated in foreign currencies (i.e. British Pounds sterling, Euros, Mexican pesos, Brazilian real). Historically, the value of these foreign currencies has fluctuated relative to the U.S. dollar. For the nine months ended September 30, 2019, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income within the Unaudited Condensed Consolidated Statement of Comprehensive Income was ($4.4) million. It is generally not our intention to hedge our foreign currency exposure in these subsidiaries, and we will reevaluate this policy from time to time.

In April 2019, we entered into three month futures contracts on a stock index fund with a notional amount of $14.8 million for $0.7 million, as an economic hedge against our deferred cash compensation program. These contracts settled in June 2019. In accordance with ASC 815, these contracts are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest and Investments, on the Unaudited Condensed Consolidated Statements of Operations.

Credit Risks

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

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to our clients. Other Assets includes long-term receivables from fees related to private funds capital raising. Receivables are reported net of any allowance for doubtful accounts. We maintain an allowance for doubtful accounts to provide coverage for probable losses from our customer receivables and derive the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client's creditworthiness. The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice, with the exception of placement fees, which are generally collected within 180 days of invoice, and fees related to private funds capital raising, which are collected in a period exceeding one year. The collection period for restructuring transaction receivables may exceed 90 days. We recorded minimal bad debt expense for each of the nine months ended September 30, 2019 and 2018. As of September 30, 2019 and December 31, 2018, total receivables recorded in Accounts Receivable amounted to $305.7 million and $309.1 million, respectively, net of an allowance for doubtful accounts, and total receivables recorded in Other Assets amounted to $64.6 million and $60.9 million, respectively.

Other Current Assets and Other Assets include arrangements in which an estimate of variable consideration has been included in the transaction price and thereby recognized as revenue that precedes the contractual due date (contract assets). As of September 30, 2019, total contract assets recorded in Other Current Assets and Other Assets amounted to $1.0 million and $2.3 million, respectively. As of December 31, 2018, total contract assets recorded in Other Current Assets and Other Assets amounted to $2.8 million and $0.5 million, respectively.

With respect to our Investment Securities portfolio, which is comprised primarily of highly-rated corporate and municipal bonds, treasury bills, exchange-traded funds, mutual funds and securities investments, we manage our credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of September 30, 2019, we had Investment Securities of $408.2 million, of which 84% were corporate and municipal securities and treasury bills and notes, primarily with S&P ratings ranging from AAA to BB+.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements included in this report are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding future events that affect the amounts reported in our consolidated financial statements and their notes, including reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base these estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates. For a discussion of our critical accounting policies and estimates, refer to our Annual Report on Form 10-K for the year ended December 31, 2018.

We adopted ASC 842 on January 1, 2019, which requires the recognition of a right-of-use asset and lease liability on the balance sheet by lessees for those leases classified as operating leases under previous guidance. See Notes 2 and 3 to our unaudited condensed consolidated financial statements for further information.

Recently Issued Accounting Standards

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Changes in Internal Controls over Financial Reporting

We have not made any changes during the three months ended September 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In the normal course of business, from time to time, the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, Hong Kong, Singapore, Canadian, Dubai 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 (including the matter described below), 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 when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

Beginning on or about November 16, 2016, several putative securities class action complaints were filed against Adeptus and certain others, including EGL as underwriter, in connection with Adeptus’ June 2014 initial public offering and May 2015, July 2015, and June 2016 secondary public offerings. The cases were consolidated in the U.S. District Court for the Eastern District of Texas where a consolidated complaint was filed asserting, in part, that the offering materials issued in connection with the four public offerings violated the U.S. Securities Act of 1933 by containing alleged misstatements and omissions. On April 19, 2017, Adeptus filed for Chapter 11 bankruptcy and was subsequently removed as a defendant. On November 21, 2017, the plaintiffs filed a consolidated complaint, and the defendants filed motions to dismiss on February 5, 2018. On September 12, 2018, the defendants' motions to dismiss were granted as to the claims relating to the initial public offering and the May 2015 secondary public offering, but denied as to the claims relating to the July 2015 and June 2016 secondary public offerings. EGL underwrote approximately 293,250 shares of common stock in the July 2015 secondary public offering, representing an aggregate offering price of approximately $30.8 million, but did not underwrite any shares in the June 2016 secondary public offering. On September 25, 2018, the plaintiffs filed an amended complaint relating only to the July 2015 and June 2016 secondary public offerings. On December 7, 2018, the plaintiffs filed a motion for class certification, and the defendants filed briefs in opposition. On February 16, 2019, the plaintiffs filed a second amended complaint after having been granted leave to amend by the court. On March 4, 2019, the defendants filed a motion to dismiss as to the second amended complaint.

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

Issuer Purchases of Equity Securities

2019	Total Number of Shares (or Units) Purchased(1)		Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(2)
January 1 to January 31	272,004	$	74.05	270,030	6,209,388
February 1 to February 28	912,817		89.29	—	6,209,388
March 1 to March 31	64,689		93.53	—	6,209,388
Total January 1 to March 31	1,249,510	$	86.19	270,030	6,209,388
April 1 to April 30	17,782	$	91.31	11,600	6,197,788
May 1 to May 31	1,070,004		85.12	1,061,586	5,136,202
June 1 to June 30	183,161		78.83	178,923	4,957,279
Total April 1 to June 30	1,270,947	$	84.30	1,252,109	4,957,279
July 1 to July 31	4,829	$	88.94	—	4,957,279
August 1 to August 31	362,128		78.95	355,764	4,601,515
September 1 to September 30	126,986		78.87	120,816	4,480,699
Total July 1 to September 30	493,943	$	79.03	476,580	4,480,699
Total January 1 to September 30	3,014,400	$	84.22	1,998,719	4,480,699

(1) Includes the repurchase of 979,480, 18,838 and 17,363 shares in treasury transactions arising from net settlement of equity awards to satisfy minimum tax obligations during the three months ended March 31, 2019, June 30, 2019 and September 30, 2019, respectively.

(2) On October 23, 2017, our Board of Directors authorized (in addition to the net settlement of equity awards) the repurchase of Class A Shares and/or LP Units so that from that date forward, Evercore is able to repurchase an aggregate of the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

Item 6. Exhibits and Financial Statement Schedules

Exhibit Number	Description
10.1	Amended and Restated 2016 Evercore Inc. Stock Incentive Plan, Israeli Appendix (filed herewith)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101.INS	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019, are formatted in Inline XBRL: (i) Condensed Consolidated Statements of Financial Condition as of September 30, 2019 and December 31, 2018, (ii) Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2019 and 2018, (iii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2019 and 2018, (iv) Condensed Consolidated Statements of Changes in Equity for the three and nine months ended September 30, 2019 and 2018, (v) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2019 and 2018, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text including detailed tags
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 is formatted in Inline XBRL (and contained in Exhibit 101)

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

SIGNATURES

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

Date: October 31, 2019

Evercore Inc.

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

AMENDED AND RESTATED
2016 EVERCORE INC.
STOCK INCENTIVE PLAN
ISRAELI APPENDIX

This Israeli Appendix (the "**Appendix**") to the Amended and Restated 2016 Stock Incentive Plan (as amended from time to time, the "**Plan**") of Evercore Inc. (the "**Company**") shall apply only to persons who are, or are deemed to be, residents of the State of Israel for Israeli tax purposes.

1. GENERAL

1.1. The Committee, in its discretion, may grant Awards to eligible Participants and shall determine whether such Awards are intended to be 102 Awards or 3(9) Awards. Each Award shall be evidenced by an Award agreement, which shall expressly identify the Award type, and be in such form and contain such provisions, as the Committee shall from time to time deem appropriate.

1.2. The Plan shall apply to any Awards granted pursuant to this Appendix, provided, that the provisions of this Appendix shall supersede and govern in the case of any inconsistency or conflict, either explicit or implied, arising between the provisions of this Appendix and the Plan.

1.3. Unless otherwise defined in this Appendix, capitalized terms contained herein shall have the same meanings given to them in the Plan.

2. DEFINITIONS.

2.1. "**102 Affiliate**" means, for purpose of 102 Trustee Award, an "employing company" within the meaning and subject to the conditions of Section 102(a) of the Ordinance**.**

2.2. "**3(9) Award**" means any Award representing a right to purchase Shares granted by the Company to any Participant who is not a 102 Employee pursuant to Section 3(9) of the Ordinance.

2.3. "**102 Award**" means any Award intended to qualify (as set forth in the Award agreement) and which qualifies under Section 102, provided it is settled only in Shares.

2.4. "**102 Capital Gain Track Award**" means any Award granted by the Company to an Employee pursuant to Section 102(b)(2) or (3) (as applicable) of the Ordinance under the capital gain track.

2.5. "**102 Employee**" means an "employee" within the meaning of Section 102(a) of the Ordinance (which as of the date of the adoption of this Appendix means (i) an individual employed by an Israeli company or any Israeli branch being a 102 Affiliate, and (ii) an individual who is serving and is engaged personally (and not through an entity) as an "office holder" by a 102 Affiliate, excluding any Controlling Stockholder).

2.6. "**102 Non-Trustee Award**" means any Award granted by the Company to a 102 Employee pursuant to Section 102(c) of the Ordinance without a Trustee.

2.7. "**102 Ordinary Income Track Award**" means any Award granted by the

Company to a 102 Employee pursuant to Section 102(b)(1) of the Ordinance under the ordinary income track.

2.8. "**102 Trustee Awards**" means, collectively, 102 Capital Gain Track Awards and 102 Ordinary Income Track Awards.

2.9. "**Controlling Stockholder**" has the meaning set forth in Section 32(9) of the Ordinance.

2.10. "**Election**" has the meaning set forth in Section 3.2 below.

2.11. "**Participant**" means a person who has been granted an Award(s) under this Appendix.

2.12. "**ITA**" means the Israel Tax Authority**.**

2.13. "**Ordinance**" means the Israeli Income Tax Ordinance (New Version), 1961, including the Rules and any other regulations, rules, orders or procedures promulgated thereunder, as may be amended or replaced from time to time.

2.14. "**Required Holding Period**" has the meaning set forth in Section 3.5.1 below.

2.15. "**Rules**" means the Income Tax Rules (Tax Benefits in Stock Issuance to Employees) 5763-2003.

2.16. "**Section 102**" means Section 102 of the Ordinance.

2.17. "**Trust Agreement**" means the agreement to be signed between the Company, a 102 Affiliate and the Trustee for the purposes of Section 102.

2.18. "**Trustee**" means the trustee appointed by the Company's Board of Directors and/or by the Committee to hold the Awards and approved by the ITA.

2.19. "**Withholding Obligations**" as defined in Section 5.5 below.

3. 102 AWARDS

3.1. Tracks. Awards granted pursuant to this Section 3 are intended to be granted as either 102 Capital Gain Track Awards or 102 Ordinary Income Track Awards. 102 Trustee Awards shall be granted subject to the special terms and conditions contained in this Section 3 and the general terms and conditions of the Plan, except for any provisions of the Plan applying to Awards under different tax laws or regulations.

3.2. Election of Track. Subject to applicable law, the Company may grant only one type of 102 Trustee Award at any given time to all Participants who are to be granted 102 Trustee Awards pursuant to this Appendix, and shall file an election with the ITA regarding the type of 102 Trustee Award it elects to grant before the date of grant of any 102 Trustee Award (the "**Election**"). Such Election shall also apply to any other securities received by any Participant as a result of holding the 102 Trustee Awards. The Company may change the type of 102 Trustee Award that it elects to grant only after the expiration of at least 12 months from the end of the year in which the first grant was made in accordance with the previous Election, or as otherwise provided by applicable law. Any Election shall not prevent the Company from granting 102 Non-Trustee Awards.

3.3. Eligibility for Awards. Subject to applicable law, 102 Awards may only be granted to102 Employees. Such 102 Awards may either be granted to a Trustee or granted under Section 102 without a Trustee.

3.4. 102 Award Grant Date.

3.4.1. Each 102 Award will be deemed granted on the date determined by the Committee, subject to the provisions of the Plan, provided that (i) the Participant has signed all documents required by the Company or pursuant to applicable law, and (ii) with respect to any 102 Trustee Award, the Company has provided all applicable documents to the Trustee in accordance with the guidelines published by the ITA.

3.4.2. Unless otherwise permitted by the Ordinance, any grants of 102 Trustee Awards that are made on or after the date of the adoption of the Plan and this Appendix or an amendment to the Plan or this Appendix, as the case may be, that may become effective only at the expiration of thirty (30) days after the filing of the Plan and this Appendix or any amendment thereof (as the case may be) with the ITA in accordance with the Ordinance shall be conditional upon the expiration of such 30-day period, and such condition shall be read and is incorporated by reference into any corporate resolutions approving such grants and into any Award agreement evidencing such grants (whether or not explicitly referring to such condition), and the date of grant shall be at the expiration of such 30-day period, whether or not the date of grant indicated therein corresponds with this Section. In the case of any contradiction, this provision and the date of grant determined pursuant hereto shall supersede and be deemed to amend any date of grant indicated in any corporate resolution or Award agreement.

3.5. 102 Trustee Awards.

3.5.1. Each 102 Trustee Award, each Share issued pursuant to the grant, exercise or vesting of any 102 Trustee Award and any rights granted thereunder, shall be allocated or issued to and registered in the name of the Trustee and shall be held in trust or controlled by the Trustee for the benefit of the Participant for the requisite period prescribed by the Ordinance (the "**Required Holding Period**"). In the event that the requirements under Section 102 to qualify an Award as a 102 Trustee Award are not met, then the Award may be treated as a 102 Non-Trustee Award or 3(9) Award (as determined by the Company), all in accordance with the provisions of the Ordinance. After the expiration of the Required Holding Period, the Trustee may release such 102 Trustee Awards and any such Shares, provided that (i) the Trustee has received an acknowledgment from the ITA that the Participant has paid any applicable taxes due pursuant to the Ordinance, or (ii) the Trustee and/or the Company and/or the 102 Affiliate withhold(s) all applicable taxes and compulsory payments due pursuant to the Ordinance arising from the 102 Trustee Awards and/or any Shares issued upon exercise or (if applicable) vesting of such 102 Trustee Awards. The Trustee shall not release any 102 Trustee Awards or Shares issued upon exercise or (if applicable) vesting thereof prior to the payment in full of the Participant's tax and compulsory payments arising from such 102 Trustee Awards and/or Shares or the withholding referred to in (ii) above.

3.5.2. Each 102 Trustee Award shall be subject to the relevant terms of the Ordinance, the Rules and any determinations, rulings or approvals issued by the ITA, which shall be deemed an integral part of the 102 Trustee Awards and shall prevail over any term contained in the Plan, this Appendix or the Award agreement that is not consistent therewith. Any provision of the Ordinance, the Rules and any determinations, rulings or approvals by the ITA not expressly specified in the Plan, this Appendix or Award agreement that are necessary to receive or maintain any tax benefit pursuant to Section 102 shall be binding on the Participant. The Participant granted a 102 Trustee Award shall comply with the Ordinance and the terms and conditions of the Trust Agreement entered into between the Company and the Trustee. The Participant shall execute any and all documents that the Company and/or the 102 Affiliate and/or the Trustee determine from time to time to be necessary in order to comply with the Ordinance and the Rules.

3.5.3. During the Required Holding Period, the Participant shall not release from trust or sell, assign, transfer or give as collateral, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Trustee Award and/or any securities issued or distributed with respect thereto, until the expiration of the Required Holding Period. Notwithstanding the above, if any such sale, release or other action occurs during the Required Holding Period it may result in adverse tax consequences to the Participant under Section 102 and the Rules, which shall apply to and shall be borne solely by such Participant. Subject to the foregoing, the Trustee may, pursuant to a written request from the Participant, but subject to the terms of the Plan and this Appendix, release and transfer such Shares to a designated third party, provided that both of the following conditions have been fulfilled prior to such release or transfer: (i) payment has been made to the ITA of all taxes and compulsory payments required to be paid upon the release and transfer of the Shares, and confirmation of such payment has been received by the Trustee and the Company, and (ii) the Trustee has received written confirmation from the Company that all requirements for such release and transfer have been fulfilled according to the terms of the Company's corporate documents, any agreement governing the Shares, the Plan, this Appendix, the Award agreement and any applicable law.

3.5.4. If a 102 Trustee Award is exercised or (if applicable) vested, the Shares issued upon such exercise or (if applicable) vesting shall be issued in the name of the Trustee for the benefit of the Participant.

3.5.5. Upon or after receipt of a 102 Trustee Award, if required, the Participant may be required to sign an undertaking to release the Trustee from any liability with respect to any action or decision duly taken and executed in good faith by the Trustee in relation to the Plan, this Appendix, or any 102 Trustee Awards granted to such Participant hereunder.

3.6. 102 Non-Trustee Awards. The foregoing provisions of this Section 3 relating to 102 Trustee Awards shall not apply with respect to 102 Non-Trustee Awards, which shall, however, be subject to the relevant provisions of Section 102 and the applicable Rules. The Committee may determine that 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Award and/or any securities issued or distributed with respect thereto, shall be allocated or issued to the Trustee, who shall hold such 102 Non-Trustee Award and all accrued rights thereon (if any) in trust for the benefit of the Participant and/or the Company, as the case may be, until the full payment of tax arising from the 102 Non-Trustee Awards, the Shares issuable upon the exercise or (if applicable) vesting of a 102 Non-Trustee Award and/or any securities issued or distributed with respect thereto. The Company may choose, alternatively, to require the Participant to provide the Company with a guarantee or other security, to the satisfaction of each of the Trustee and the Company, until the full payment of the applicable taxes.

3.7. Written Participant Undertaking. With respect to any 102 Trustee Award, as required by Section 102 and the Rules, by virtue of the receipt of such Award, the Participant is deemed to have undertaken and confirmed in writing the following (and such undertaking is deemed incorporated into any documents signed by the Participant in connection with the employment or service of the Participant and/or the grant of such Award). The following written undertaking shall be deemed to apply and relate to all 102 Trustee Awards granted to the Participant, whether under the Plan and this Appendix or other plans maintained by the Company, and whether prior to or after the date hereof:

3.7.1. The Participant shall comply with all terms and conditions set forth in Section 102 with regard to the “Capital Gain Track” or the “Ordinary Income Track”, as applicable, and the applicable rules and regulations promulgated thereunder, as amended from time to time;

3.7.2. The Participant is familiar with, and understands the provisions of, Section 102 in general, and the tax arrangement under the “Capital Gain Track” or the “Ordinary Income Track” in particular, and its tax consequences; the Participant agrees that the 102 Trustee Awards and Shares that may be issued upon exercise or (if applicable) vesting of the 102 Trustee Awards (or otherwise in relation to the Awards), will be held by a trustee appointed pursuant to Section 102 for at least the duration of the "Holding Period" (as such term is defined in Section 102) under the "Capital Gain Track" or the “Ordinary Income Track”, as applicable. The Participant understands that any release of such 102 Trustee Awards or Shares from trust, or any sale of the Shares prior to the termination of the Holding Period, as defined above, will result in taxation at the marginal tax rate, in addition to deductions of appropriate social security, health tax contributions or other compulsory payments; and

3.7.3. The Participant agrees to the trust deed signed between the Company, his employing company and the trustee appointed pursuant to Section 102.

4. 3(9) AWARDS

4.1. Awards granted pursuant to this Section 4 are intended to constitute 3(9) Awards and shall be granted subject to the general terms and conditions of the Plan, except for any provisions of the Plan applying to Awards under different tax laws or regulations. In the event of any inconsistency or contradictions between the provisions of this Section 4 and the other terms of the Plan, this Section 4 shall prevail.

4.2. To the extent required by the Ordinance or the ITA or otherwise deemed by the Committee to be advisable, the 3(9) Awards and/or any Shares or other securities issued or distributed with respect thereto granted pursuant to the Plan and this Appendix shall be issued to a trustee nominated by the Committee in accordance with the provisions of the Ordinance. In such event, the trustee shall hold such Awards and/or any Shares or other securities issued or distributed with respect thereto in trust, until exercised by the Participant or (if applicable) vested, and the full payment of tax arising therefrom, pursuant to the Company's instructions from time to time as set forth in a trust agreement, which will have been entered into between the Company and the trustee. If determined by the Committee, and subject to such trust agreement, the Trustee shall be responsible for withholding any taxes to which a Participant may become liable upon issuance of Shares, whether due to the exercise or (if applicable) vesting of Awards.

4.3. Shares pursuant to a 3(9) Award shall not be issued, unless the Participant delivers to the Company payment in cash or by bank check or such other form acceptable to the Committee of all withholding taxes due, if any, on account of the Participant acquiring Shares under the Award or the Participant provides other assurance satisfactory to the Committee of the payment of those withholding taxes.

5. AGREEMENT REGARDING TAXES; DISCLAIMER

5.1. If the Committee shall so require, as a condition of exercise of an Award or the release of Shares by the Trustee, a Participant shall agree that, no later than the date of such occurrence, the Participant will pay to the Company (or the Trustee, as applicable) or make arrangements satisfactory to the Committee and the Trustee (if applicable) regarding payment of any applicable taxes and compulsory payments of any kind required by applicable law to be withheld or paid.

5.2. Tax Liability. All tax consequences under any applicable law which may arise from the grant of any awards or the exercise thereof, the sale or disposition of any shares granted hereunder or issued upon exercises or (if applicable) vesting of any award. The Assumption, substitution, cancellation or payment in lieu of awards or from any other action in connection with the foregoing (including without limitation any taxes and compulsory payments, such as social security or health tax payable by the participant or the company in connection therewith, shall be borne and paid solely by the participant ant the participant shall indemnify the company, the 102 affiliate and the trustee, and shall hold them harmless against and from any liability for any suck tax or payment or any penalty, interest or indexation thereon. Each participant agrees to, and undertakes to comply with, any ruling, settlement, closing agreement or other similar agreement or arrangement with any tax authority in connection with the foregoing which is approved by the company.

5.3. No tax advice. The participant is advised to consult with a tax advisor with a tax advisor with respect to the tax consequences of receiving, exercising or disposing of awards hereunder. The company does not assume any responsibility to advise the participant on such matters, which shall remain solely the responsibility of the participant.

5.4. Tax Treatment. The Company does not undertake or assume any liability or responsibility to the effect that any award shall quality with any particular tax regime or rules applying to particular tax treatment, or benefit from any particular tax treatment or tax advantage of any type and the company shall bear no liability in connection with the manner in which any award is eventually treated for tax purposes, regardless of whether the award was granted or was intended to qualify under any particular tax regime or treatment. This provision shall supersede any designation of awards or tax qualification indicated in any corporation resolution or award agreement, which shall at all times be subject to the requirements of applicable law. The company foes not undertake and shall not be required to take any action in order to quality any award with the requirement of any particular tax treatment and no indication in any document to the effect that any award is intended to qualify for any tax treatment shall imply such an undertaking. No assurance is made by the company or the 102 affiliate that any particular tax treatment on the date of grant will continue to exist or that the award will qualify at the time of exercises or disposition thereof with any particular tax treatment. The company and the 102 affiliate shall not have any liability or obligation of any nature in the event that an award does not qualify for any particular tax treatment, regardless whether the company could have taken any action to cause such qualification to be met and such qualification remains at all times and under all circumstances at the risk of the participant. The company does not undertake or assume any liability to connect a determination or interpretation (whether written or unwritten) of any tax authority, including in respect of the qualification under any particular tax regime or rules applying to particular tax treatment. If the awards do not qualify under any particular tax treatment, it could result in adverse tax consequences to the participant.

5.5. The Company or the 102 Affiliate may take such action as it may deem necessary or appropriate, in its discretion, for the purpose of or in connection with withholding of any taxes and compulsory payments which the Trustee, the Company or the 102 Affiliate is required by any applicable law to withhold in connection with any Awards (collectively, "**Withholding Obligations**"). Such actions may include (i) requiring Participants to remit to the Company in cash an amount sufficient to satisfy such Withholding Obligations and any other taxes and compulsory payments, payable by the Company in connection with the Award or the exercise or (if applicable) vesting thereof; (ii) subject to applicable law, allowing the Participants to provide Shares, in an amount that at such time, reflects a value that the Committee determines to be sufficient to satisfy such Withholding Obligations; (iii) withholding Shares otherwise issuable upon the exercise of an Award at a value which is determined by the Committee to be sufficient to satisfy such Withholding Obligations; or (iv) any combination of the foregoing. The Company shall not be obligated to allow the exercise of any Award by or on behalf of a Participant until all tax consequences arising from the exercise of such Award are resolved in a manner acceptable to the Company.

5.6. Each Participant shall notify the Company in writing promptly and in any event within ten (10) days after the date on which such Participant first obtains knowledge of any tax bureau inquiry, audit, assertion, determination, investigation, or question relating in any manner to the Awards granted or received hereunder or Shares issued thereunder and shall continuously inform the Company of any developments, proceedings, discussions and negotiations relating to such matter, and shall allow the Company and its representatives to participate in any proceedings and discussions concerning such matters. Upon request, a Participant shall provide to the Company any information or document relating to any matter described in the preceding sentence, which the Company, in its discretion, requires.

5.7. With respect to 102 Non-Trustee Awards, if the Participant ceases to be employed by the Company or any 102 Affiliate, the Participant shall extend to the Company and/or the 102 Affiliate with whom the Participant is employed a security or guarantee for the payment of taxes due at the time of sale of Shares, all in accordance with the provisions of Section 102 and the Rules.

6. RIGHTS AND OBLIGATIONS AS A STOCKHOLDER

6.1. A Participant shall have no rights as a stockholder of the Company with respect to any Shares covered by an Award until the Participant exercises the Award, pays the exercise price therefor (if applicable) and becomes the record holder of the subject Shares. In the case of 102 Awards or 3(9) Awards (if such Awards are being held by a Trustee), the Trustee shall have no rights as a stockholder of the Company with respect to the Shares covered by such Award until the Trustee becomes the record holder for such Common Stock for the Participant's benefit, and the Participant shall not be deemed to be a stockholder and shall have no rights as a stockholder of the Company with respect to the Shares covered by the Award until the date of the release of such Shares from the Trustee to the Participant and the transfer of record ownership of such Shares to the Participant (provided however that the Participant shall be entitled to receive from the Trustee any cash dividend or distribution made on account of the Shares held by the Trustee for such Participant's benefit, subject to any tax withholding and compulsory payment). No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date on which the Participant or Trustee (as applicable) becomes the record holder of the Shares covered by an Award, except as provided in the Plan. Notwithstanding the aforementioned, the provisions of section 7(b) of the grant letter shall apply, if applicable.

6.2. With respect to Shares issued upon the exercise or (if applicable) vesting of Awards hereunder, any and all voting rights attached to such Common Stock shall be subject to the provisions of the Plan, and the Participant shall be entitled to receive dividends distributed with respect to such Shares, subject to the provisions of the Company's Certificate of Incorporation, as amended from time to time, and subject to any applicable law.

6.3. The Company may, but shall not be obligated to, register or qualify the sale of Shares under any applicable securities law or any other applicable law.

6.4. Shares issued pursuant to an Award shall be subject to the Company's *Restated Certificate of Incorporation*, any limitation, restriction or obligation applicable to stockholders included in any stockholders agreement applicable to all or substantially all of the holders of Shares (regardless of whether or not the Participant is a formal party to such stockholders agreement), any other governing documents of the Company, and all policies, manuals and internal regulations adopted by the Company from time to time, in each case, as may be amended from time to time, including any provisions included therein concerning restrictions or limitations on disposition of Shares (such as, but not limited to, right of first refusal and lock up/market stand-off) or grant of any rights with respect thereto, forced sale and bring along provisions, any provisions concerning restrictions on the use of inside information and other provisions deemed by the Company to be appropriate in order to ensure compliance with applicable laws. Each Participant shall execute such separate agreement(s) as may be requested by the Company relating to matters set forth in this Section 6.4. The execution of such separate agreement(s) may be a condition by the Company to the exercise of any Award.

7. GOVERNING LAW

This Appendix shall be governed by, construed and enforced in accordance with the laws of the State of New York, without reference to conflicts of law principles, except that applicable Israeli laws, rules and regulations (as amended) shall apply to any mandatory tax matters arising hereunder.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ralph Schlosstein, certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: October 31, 2019

/ s /   RALPH SCHLOSSTEIN

Ralph Schlosstein
Chief Executive Officer and Director

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Robert B. Walsh, certify that:

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

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

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

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

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

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

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

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

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

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

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

Dated: October 31, 2019

/ s / ROBERT B. WALSH

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

Exhibit 32.1

Certification of the Chief Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

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

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

Dated: October 31, 2019

/ s / RALPH SCHLOSSTEIN

Ralph Schlosstein
Chief Executive Officer and Director

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

Exhibit 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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

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

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

Dated: October 31, 2019

/ s / ROBERT B. WALSH

Robert B. Walsh
Chief Financial Officer

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