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

FORM 10-K

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017**

OR

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

Commission File Number 001-32975

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)	**(Zip Code)**

Registrant's telephone number, including area code: (212) 857-3100
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $0.01 par value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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.

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

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

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

The aggregate market value of the voting and nonvoting common equity of the registrant held by non-affiliates as of June 30, 2017 was approximately $2.8 billion, based on the closing price of the registrant's Class A common stock reported on the New York Stock Exchange on such date of $70.50 per share and on the par value of the registrant's Class B common stock, par value $0.01 per share.

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of February 15, 2018, was 41,243,531. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of February 15, 2018 was 82 (excluding 18 shares of Class B common stock held by a subsidiary of the registrant).

Documents Incorporated by Reference

Portions of the definitive Proxy Statement of Evercore Inc. to be filed pursuant to Regulation 14A of the general rules and regulations under the Securities Exchange Act of 1934, as amended, for the 2018 annual meeting of stockholders ("Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

EVERCORE INC.
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PART I

Available Information

Our website address is www.evercore.com. We make available free of charge on the Investor Relations section of our website (http://ir.evercore.com) our Annual Report on Form 10-K ("Form 10-K"), Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed or furnished with the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934; as amended (the "Exchange Act"). We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our Proxy Statements and reports filed by officers and directors under Section 16(a) of that Act, as well as our Code of Business Conduct and Ethics. From time to time we may use our website as a channel of distribution of material company information. Financial and other material information regarding the Company is routinely posted on and accessible at http://ir.evercore.com. In addition, you may automatically receive email alerts and other information about us by enrolling your email by visiting the "Email Alert" section at http://ir.evercore.com. We do not intend for information contained in our website to be part of this Form 10-K.

Any materials we file with the SEC may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC, 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site (http://www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

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

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" in this report. 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. You should, however, consult further disclosures we may make in future filings of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any amendments thereto or in future press releases or other public statements.

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.

Item 1. Business

Overview

Evercore is one of the leading independent investment banking advisory firms in the world based on the dollar volume of announced worldwide merger and acquisition ("M&A") transactions on which we have advised since 2000. When we use the term "independent investment banking advisory firm," we mean an investment banking firm that directly, or through its affiliates, does not engage in commercial banking or significant proprietary trading activities. We were founded on the belief that there is an opportunity within the investment banking industry for a firm free of the potential conflicts of interest created within large, multi-product capital intensive financial institutions. We believe that maintaining standards of excellence and integrity in our core businesses demands a spirit of cooperation and hands-on participation more commonly found in smaller organizations. Since our inception, we have set out to build—in the employees we choose and in the projects we undertake—an organization dedicated to the highest caliber of professionalism and integrity.

We operate globally through two business segments:

- Investment Banking; and
- Investment Management.

Investment Banking

Our Investment Banking segment includes our global advisory business through which we deliver strategic corporate advisory, capital markets advisory and institutional equities services. In 2017, our Investment Banking segment generated $1.575 billion, or 96% of our revenues, excluding Other Revenue, net, ($1.364 billion, or 95%, in 2016 and $1.134 billion, or 92%, in 2015) and earned advisory fees from 574 client transactions.

At December 31, 2017, our strategic corporate advisory and capital markets advisory businesses had 87 Senior Managing Directors with expertise and client relationships in a wide variety of industry sectors and broad geographic reach.

Strategic Corporate Advisory

Evercore's strategic corporate advisory business provides differentiated strategic and tactical advice, as well as unparalleled execution to financial sponsors and both public and private companies across a broad range of industry sectors and geographies. We help our clients identify and pursue strategic priorities, devise strategies to enhance shareholder value, and develop new ideas and deeper perspective to achieve their goals.

- ***Mergers and Acquisitions***. In advising companies on an acquisition, merger or sale, we evaluate potential targets, provide valuation analyses, and evaluate and propose financial and strategic alternatives. We provide boards and management teams with independent judgment and deep expertise as they navigate their most important transactions and strategic decisions. We also advise as to the timing, structure, financing and pricing of a proposed transaction, as well as assist in negotiating and closing the deal.
- ***Strategic Shareholder Advisory***. Our extensive experience, insights into activist tactics, expertise in helping companies with shareholder communications and innovative defense strategies are instrumental in helping clients prepare for, avoid, and, if required, defend against activist investors and hostile takeover attempts. In public company situations, Evercore's strategic shareholder advice is an integral part of our practice and is a decisive edge for clients seeking to obtain shareholder support for their transactions.
- ***Special Committee Assignments***. Evercore has a leading special committee practice which is driven by, and exemplifies, our overall commitment to independence, discretion, objectivity, and the delivery of unconflicted advice. Our team has a long history of providing impartial advice to special committees and assisting them to meet fiduciary duties and obligations in significant situations.
- ***Transaction Structuring.*** Evercore provides integrated advice in connection with the structuring of public and private transactions - including mergers, spin-offs, sales, joint ventures, and capital markets offerings - intended to optimize tax, accounting, and other objectives of the deal.
- ***Restructuring.*** Evercore provides independent financial restructuring advice to companies, creditors, shareholders, and other stakeholders, both in- and out-of-court. We specialize in providing critical and unbiased advice to clients on complex balance sheet issues and transformational situations.

Capital Markets Advisory

Evercore is a leading advisor on many of the largest and most complex corporate balance sheets in the global capital markets. Our flexible and integrated teams develop trust with clients by focusing on objectives and facts, not capital markets products. Functionally, Evercore can act as an independent advisor, capital placement agent, or underwriter based on each client's circumstances and preferences.

- ***Equity Capital Markets***. Evercore provides equity and equity-linked capital markets advice and execution designed to complement our firm's formidable corporate advisory platform. Our team provides its clients with independent advice, experienced judgment, and key insights on all aspects of capital formation and capital markets transactions.
- ***Debt Advisory***. Evercore provides independent advice to corporate clients on all debt capital markets products globally.
- ***Private Placement Advisory***. Evercore structures and executes private market transactions for public and private corporate clients who require direct private equity, credit or hybrid financing solutions.
- ***Market Risk Management and Hedging***. Evercore advises clients on all aspects of market-related risks arising from foreign exchange, interest rates, inflation and commodity prices in connection with cross-border M&A and financing transactions.
- ***Private Capital Advisory***. Evercore advises managers of private assets - private equity, private debt, real estate, infrastructure, etc. - seeking to recapitalize or liquidate their assets through a privately negotiated transaction (e.g. fund sales, asset refinancing and fund recapitalizations).
- ***Private Funds Group***. Evercore provides comprehensive global advisory services on capital raising for select private fund sponsors, advising and executing on all aspects of the fundraising process, including competitive positioning and market assessment, preparation of marketing materials, investor development and documentation.

Institutional Equities

At Evercore ISI, our experienced research, sales and trading professionals deliver superior client service on a content-led platform, striving to be the best independent equity research resource to support our clients' overall money management needs. At December 31, 2017, Evercore ISI had 31 senior research and distribution professionals.

- ***Research***. Evercore ISI has some of the best analysts in sell-side research, with the second highest number of analysts ranked number 1 by Institutional Investor in 2017. We also ranked #2 on a weighted basis and #3 in overall positions.
- ***Sales***. Our sales group offers research-driven equity products to more than 1,400 institutional clients in the U.S. and abroad. Our dedicated specialists provide access to our macro and fundamental research products and provide tailored solutions through conferences, roadshows and one-on-one meetings.
- ***Trading***. Evercore ISI’s trading professionals engage primarily in agency-only transactions, free of the potential conflicts of interest created by proprietary trading. Our team provides seamless execution, placing our clients’ interests first and executing every transaction with efficiency, objectivity and discretion.
- ***Corporate Access***. Our corporate access team provides strategic and customized analyses to determine targeted investors and regional strengths. We provide planning and execution of non-deal roadshows, field trips, sector and macro conferences.

Other

During 2017 our Investment Banking segment also included interests in Luminis Partners ("Luminis") and G5 Holdings S.A. ("G5"), which were accounted for under the equity method of accounting. Luminis is an independent corporate advisory firm based in Australia and G5 is an independent corporate advisory and investment management firm based in Brazil. On December 31, 2017, we exchanged all of our outstanding equity interests in G5 for debentures of G5. This investment will be accounted for as a held-to-maturity security going forward.

Investment Management

Our Investment Management segment includes wealth management and trust services through Evercore Wealth Management L.L.C. ("EWM") and investment management services in Mexico through Evercore Casa de Bolsa, S.A. de C.V. ("ECB"), as well as private equity through investments in entities that manage private equity funds. In 2017, our Investment Management segment generated revenue of $61.7 million or 4% of our revenues, excluding Other Revenue, net ($75.8 million, or 5%, in 2016 and $95.1 million, or 8%, in 2015).

- ***Evercore Wealth Management.*** Evercore's U.S.-based Evercore Wealth Management serves high-net-worth individuals, foundations and endowments. Clients at EWM and our affiliated trust companies, Evercore Trust

Company, N.A. ("ETC") and Evercore Trust Company of Delaware ("ETCDE"), work directly with dedicated teams of independent thinkers to manage complex wealth and focus on delivering tangible results. As of December 31, 2017, EWM had $7.3 billion of assets under management ("AUM").

- ***Evercore Casa de Bolsa.*** Evercore Casa de Bolsa is a Mexico-based asset management firm that provides specialized advice and portfolio management services focused on international, peso-denominated money market, fixed income and equity securities for institutional investors and high-net-worth individuals. ECB also focuses on raising capital in national and international markets for companies and entities with high growth potential. As of December 31, 2017, ECB had $1.6 billion of AUM.
- ***Investments in Affiliates.*** We also hold interests in ABS Investment Management, LLC ("ABS") and Atalanta Sosnoff Capital, LLC ("Atalanta Sosnoff") that are accounted for under the equity method of accounting. ABS is an institutionally focused hedge fund-of-funds manager and Atalanta Sosnoff manages large-capitalization U.S. equity and balanced products.
- ***Private Equity.*** Private equity includes our interests in entities that manage private equity funds.
  - Glisco Partners Inc. ("Glisco") assumes all responsibility for the management of the value-oriented, middle-market private equity funds in Mexico, Glisco Partners II, L.P. ("Glisco II") and Glisco Partners III, L.P. ("Glisco III"). We maintain a limited partner's interest in the funds and in the general partners of the funds, as well as in Glisco Manager Holdings LP, from which we receive our portion of the management fees earned by Glisco. The Company and its affiliates are passive investors and do not participate in the management of any Glisco sponsored funds.
  - While we do not intend to raise any Evercore-sponsored funds, we maintain a strategic alliance to pursue private equity investment opportunities with Trilantic Capital Partners ("Trilantic"). In connection with the issuance of certain limited partnership interests in Trilantic, the Company became a limited partner of Trilantic and is entitled to receive 10% of the aggregate amount of carried interest in respect to all of the portfolio investments made by Trilantic Capital Partners Associates IV, L.P. ("Trilantic IV"), up to $15.0 million. As part of the strategic alliance, the Company committed $5.0 million of the total capital commitments of Trilantic Capital Partners V L.P. ("Trilantic V"). The Company and its affiliates are passive investors and do not participate in the management of any Trilantic sponsored funds. We previously raised and managed Evercore-sponsored funds, but do not currently have specific plans to continue to do so.
- The Investment Management segment also includes the results of businesses that were deconsolidated prior to December 31, 2017:
  - On October 18, 2017, we sold the Institutional Trust and Independent Fiduciary business of ETC. Following the sale, the remaining operations of ETC were integrated into EWM.
  - On September 30, 2016, the Company and the principals of its Mexican Private Equity business entered into an agreement to transfer ownership of its Mexican Private Equity business and related entities to Glisco.
  - On December 31, 2015, we deconsolidated our investment in Atalanta Sosnoff and currently account for our interest as an equity method investment.

Our Strategies for Growth

We expect to deploy the majority of our capital to continue to grow our Investment Banking businesses. We intend to continue to grow and diversify our businesses, and to further enhance our profile and competitive position, through the following strategies:

- ***Add Highly Qualified Investment Banking Professionals with Industry and Product Expertise***. We hired nine new Senior Managing Directors in 2017, expanding our capabilities in the U.S. and Asia and increasing our presence in Industrials and Financial Services, as well as expanding our equity research capabilities. We intend to continue to recruit and promote high-caliber strategic corporate and capital markets advisory, as well as equity research, professionals to add depth in industry sectors and products and services in areas that we believe we already have strength, and to extend our reach to sectors or new business lines and geographies which we have identified as particularly attractive. On occasion, these additions result from the acquisition of boutique independent advisory firms with leading professionals in a market or sector. Of equal importance, following our long-term strategy of developing internal talent, we also promoted four internal candidates to Senior Managing Director in our Advisory business in 2017 and intend to continue to promote our most talented professionals in the future.
- ***Achieve Organic Growth and Improved Profitability in Investment Management***. We are focused on managing our current Investment Management business towards growth and improved profitability. We also continue to selectively evaluate opportunities to expand Wealth Management.

Results by Segment and Geographic Location

See Note 22 to our consolidated financial statements for additional information regarding our segment results and the geographic areas from which we derive our revenues.

People

As of December 31, 2017, we employed approximately 1,600 people worldwide. None of our employees are subject to any collective bargaining agreements, and we believe we have good relations with our employees.

As a leading independent investment banking advisory firm, our core asset is our professional staff, including their intellectual capital and their dedication to providing the highest quality services to our clients. Prior to joining Evercore, many of our Advisory Senior Managing Directors, Senior Research and Sales and Trading Professionals and Portfolio and Client Relationship Managers held senior level positions with other leading corporations, financial services firms or investment firms.

Competition

The financial services industry is intensely competitive, and we expect it to remain so. Our competitors are other investment banking, financial advisory and investment management firms. We compete both globally and on a regional, product or niche basis. We compete on the basis of a number of factors, including transaction execution skills, investment performance, quality of equity research, our range of products and services, innovation, reputation and price.

Evercore is predominantly an independent investment banking advisory firm, and its competitors can be categorized into three main groups: (1) large universal banks and bulge bracket firms such as Bank of America, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, JPMorgan Chase, Morgan Stanley and UBS, (2) independent advisory firms such as Lazard and Rothschild and (3) boutiques, such as Centerview, Greenhill, Moelis, Perella Weinberg and PJT Partners, among others. We believe, and our clients have informed us, that firms which also engage in acquisition financing, significant proprietary trading in clients' securities and the management of large private equity funds that often compete with clients can cause such firms to develop interests that may be in conflict with the interests of advisory clients. Since Evercore is able to avoid potential conflicts associated with these types of activities, we believe that Evercore is better able to develop trusted and long-term relationships with its clients than those of its competitors, which provide such services. In addition, we have a larger global presence and deeper sector expertise than many of the boutiques. Evercore ISI's business is also subject to competition from investment banks and other large and small financial institutions who offer similar services.

We believe that we face a range of competitors in our Investment Management business, with numerous other firms providing competitive services in each of our sectors. Evercore Wealth Management competes with domestic and global private banks, regional broker-dealers, independent broker-dealers, registered investment advisors, commercial banks, trust companies and other financial services firms offering wealth management services to clients, many of which have substantially greater resources and offer a broader range of services, and ECB faces substantial competition from a large number of asset management companies, many of which are larger, more established firms with greater brand name recognition and more extensive client networks and product offerings.

Competition is also intense for the attraction and retention of qualified employees. Our ability to continue to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees.

Regulation

United States

Our business, as well as the financial services industry generally, is subject to extensive regulation in the United States and in the other jurisdictions where we operate. As a matter of public policy, regulatory bodies in the United States and the rest of the world are charged with safeguarding the integrity of the securities and other financial markets and with protecting the interests of customers participating in those markets. In the United States, the SEC is the federal agency responsible for the administration of the federal securities laws. Evercore Group L.L.C. ("EGL"), a wholly-owned subsidiary of ours through which we conduct our investment banking business, is registered as a broker-dealer with the SEC, is a member of the Financial Industry Regulatory Authority ("FINRA") and is registered as a broker-dealer in various states and the District of Columbia. EGL is subject to regulation and oversight by the SEC. FINRA, a self-regulatory organization that is subject to oversight by the SEC, adopts and enforces rules governing the conduct, and examines the activities, of its member firms, including EGL. The

SEC, FINRA, and regulators in various non-U.S. jurisdictions impose both conduct-based and disclosure-based requirements with respect to research reports and research analysts. State securities regulators also have regulatory or oversight authority over EGL. The Private Funds Group is impacted by various state and local regulations that restrict or prohibit the use of placement agents in connection with investments by public pension funds, including regulations in New York, Illinois, Ohio, California and New Mexico. Similar measures are being considered or have been implemented in other jurisdictions.

Broker-dealers are subject to regulations that cover all aspects of the securities business, including sales methods, trade practices, use and safekeeping of customers' funds and securities, capital structure, record-keeping, the financing of customers' purchases and the conduct and qualifications of directors, officers and employees. In particular, as a registered broker-dealer and member of a self-regulatory organization, we are subject to the SEC's uniform net capital rule, Rule 15c3-1. Rule 15c3-1 specifies the minimum level of net capital a broker-dealer must maintain and also requires that a significant part of a broker-dealer's assets be kept in relatively liquid form. The SEC and various self-regulatory organizations impose rules that require notification when net capital falls below certain predefined criteria, limit the ratio of subordinated debt to equity in the regulatory capital composition of a broker-dealer and constrain the ability of a broker-dealer to expand its business under certain circumstances. Additionally, the SEC's uniform net capital rule imposes certain requirements that may have the effect of prohibiting a broker-dealer from distributing or withdrawing capital and requiring prior notice to the SEC for certain withdrawals of capital. EGL is also subject to the SEC's Market Access Rule, Rule 15c3-5. The Market Access Rule requires EGL to have controls and procedures in place to limit financial exposure caused by having direct market access. Our broker-dealer subsidiaries are also subject to regulations, including the USA PATRIOT Act of 2001 (the "Patriot Act"), which impose obligations regarding the prevention and detection of money-laundering activities, including the establishment of customer due diligence and other compliance policies and procedures. Failure to comply with these requirements may result in monetary, regulatory and, in certain cases, criminal penalties.

We are also subject to the U.S. Foreign Corrupt Practices Act, which prohibits offering, promising, giving, or authorizing others to give anything of value, either directly or indirectly, to a non-U.S. government official in order to influence official action or otherwise gain an unfair business advantage, such as to obtain or retain business.

Three of our investment management businesses, EWM, ABS and Atalanta Sosnoff, are registered as investment advisors with the SEC. Registered investment advisors are subject to the requirements and regulations of the Investment Advisers Act of 1940. Such requirements relate to, among other things, fiduciary duties to clients, maintaining an effective compliance program, solicitation agreements, conflicts of interest, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an advisor and advisory clients, state and local political contributions, as well as general anti-fraud prohibitions. EWM is also an investment advisor to a mutual fund, which subjects EWM to additional regulations under the Investment Company Act of 1940 (the "1940 Act"). ETC, which is limited to fiduciary activities, is regulated by the Office of the Comptroller of the Currency ("OCC"), is a member bank of the Federal Reserve System and is subject to the Patriot Act and to the state laws in the jurisdictions in which it operates. ETCDE is a limited purpose trust company regulated by the Office of the Delaware State Bank Commissioner. ETCDE is subject to the rules and regulations applicable to limited purpose trust companies operating in Delaware.

Mexico

ECB is authorized by the Mexican Ministry of Finance to act as a broker-dealer and financial advisor in accordance with the Mexican Securities Market Law. ECB is subject to regulation and oversight by the Mexican Ministry of Finance and the Mexican National Banking and Securities Commission, including the maintenance of minimum capital requirements. In addition, the Mexican Broker Dealer Association, a self-regulatory organization that is subject to oversight by the Mexican National Banking and Securities Commission, adopts and enforces rules governing the conduct, and examines the activities of, its member broker-dealers, including ECB. ECB has been authorized by the Mexican National Banking and Securities Commission to act as a trustee and to operate in the equity markets.

United Kingdom

Authorization by the Financial Conduct Authority ("FCA"). The FCA is responsible for regulating Evercore Partners International LLP ("Evercore U.K.") and International Strategy & Investment (U.K.) Limited ("ISI U.K."), the London vehicle of Evercore ISI. The Financial Services and Markets Act 2000 ("FSMA") is the basis for the United Kingdom's ("U.K.") financial services regulatory regime. FSMA is supported by secondary legislation and other rules made under FSMA, including the FCA Handbook of Rules and Guidance. A key FSMA provision is section 19, which contains a "general prohibition" against any person carrying on a "regulated activity" (or purporting to do so) in the U.K. unless he is an authorized or exempt person. It is a criminal offense to breach this general prohibition and certain agreements made in breach may not be enforceable. The "regulated activities" are set out in the FSMA (Regulated Activities) Order 2001 (as amended). Evercore U.K. is authorized to carry out regulated activities including: advising on investments, arranging (bringing about) deals in investments and making arrangements with a view to transactions in investments. ISI U.K. is also authorized to carry out these activities and, additionally, is authorized to carry out the regulated activity of dealing in investments as agent. As U.K. authorized persons, Evercore U.K. and ISI U.K. are subject to the FCA's high-level principles for businesses, conduct of business obligations and organizational requirements. The FCA has extensive powers to supervise and intervene in the affairs of the firms. It can take a range of disciplinary enforcement actions, including public censure, restitution, fines or sanctions and the award of compensation.

FSMA also gives the FCA investigatory and enforcement powers in respect of contraventions of the European Union ("EU") Markets Abuse Regulation, which prohibits insider dealing, unlawful disclosure of inside information and market manipulation. The FCA is also able to prosecute a number of criminal offenses including, among other things, criminal insider dealing under the Criminal Justice Act 1993.

Regulatory Capital. Regulatory capital requirements form an integral part of the FCA's prudential supervision of FCA authorized firms. The regulatory capital rules oblige firms to hold a certain amount of capital at all times (taking into account the particular risks to which the firm may be exposed given its business activities), thereby helping to ensure that firms can meet their liabilities as they fall due and safeguarding their (and their counterparties') financial stability. The FCA also expects firms to take a proactive approach to monitoring and managing risks, consistent with its high-level requirement for firms to have adequate financial resources. However, as a so-called "exempt-CAD firm," Evercore U.K. is subject only to limited minimum capital requirements. ISI U.K. is a so-called "BIPRU investment firm". As a result, it is potentially subject to a greater minimum regulatory capital requirement, currently based on its annual fixed expenditure (its "fixed overhead requirement"). The FCA may impose a higher capital requirement than the minimum requirement on BIPRU investment firms.

Anti-Money Laundering, Counter-Terrorist Financing and Anti-Bribery. The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the "Money Laundering Regulations") came into force on June 26, 2017 and implemented the Fourth EU Money Laundering Directive ("MLD 4"). MLD 4 is designed to reinforce the efficacy of EU law in countering money laundering and terrorist financing and to ensure that the EU framework is aligned with the International Standards on Combating Money Laundering and the Financing of Terrorism and Proliferation adopted by the Financial Action Task Force in 2012. The Money Laundering Regulations impose numerous obligations on Evercore U.K. and ISI U.K. (and other "relevant persons"), including, among other things, obligations to take appropriate steps to assess the risks of money laundering and terrorist financing to which the business is subject and to maintain policies, controls and procedures to mitigate and manage the risks identified in the risk assessment. On December 15, 2017, the EU Parliament and the Council of the EU reached political agreement on a proposed directive to amend MLD 4 ("MLD 5"). The objectives of MLD 5 include, among other things, increasing the transparency of financial transactions and legal entities. Once MLD 5 has been formally adopted, the legislation would be published in the Official Journal of the EU, and enter into force 20 days after publication. Member states would then have 18 months from that date in which to bring into force national law and regulation implementing MLD 5.

The Proceeds of Crime Act 2002 and the Terrorism Act 2000 also contain a number of offenses in relation to money laundering and terrorist financing, respectively. Evercore U.K., ISI U.K. (and potentially other Evercore entities with a 'close connection' to the U.K.) are also subject to the U.K. Bribery Act 2010, which came into force on July 1, 2011. It provides for criminal penalties for bribery of, or receipt of a bribe from, public officials, corporations and individuals, as well as for the failure of an organization to prevent a person with whom it is associated from providing bribes for the organization's benefit.

Regulatory Framework in the European Union. Both Evercore U.K. and ISI U.K. have obtained the appropriate European investment services passport rights to provide cross-border services into a number of other members of the European Economic Area ("EEA"). Evercore U.K. has also obtained a passport to provide specific investment services from a Spanish branch. These "passports" derive from the pan-European regime established by the recast EU Markets in Financial Instruments Directive ("MiFID II"), which along with the Markets in Financial Instruments Regulation ("MiFIR"), regulates the provision of investment services and activities throughout the EEA. MiFID II provides investment firms which are authorized in any one EEA member state the right to provide investment services on a cross-border basis, or through the establishment of a branch to clients located in other EEA member states (known as "host member states") on the basis of their home member state authorization without the need for separate authorization by the competent authorities in the relevant host member state. This practice is known as "passporting."

MiFID II and MiFIR set out a number of investor protection and conduct of business rules, including strict restrictions on investment firms making or receiving so-called "inducements" including research published by broker-dealers such as EGL and

ISI U.K. MiFID II and MiFIR also set out a harmonized regime for access by non-European firms to the EU investment services market. This could impact the ability of Evercore entities outside of Europe to provide investment services within Europe.

Hong Kong

In Hong Kong, our subsidiary, Evercore Asia Limited ("Evercore Asia") is licensed by the Securities and Futures Commission ("SFC") to conduct certain corporate finance activities and securities dealing activities that are related to corporate finance. The compliance requirements of the SFC include, among other things, paid-up share capital, liquid capital and conduct of business requirements. The directors and certain officers, employees and other persons affiliated with Evercore Asia are also subject to SFC licensing and/or compliance requirements.

Singapore

In Singapore, Evercore Asia (Singapore) Pte. Ltd. maintains a Capital Market Services license issued by the Monetary Authority of Singapore ("MAS") for dealing in securities and advising on corporate finance. The compliance requirements of MAS include conduct of business requirements and rules relating to client assets, among other things.

Dubai

Financial services activities in or from the Dubai International Financial Authority, a free-zone located in the United Arab Emirates, Emirate of Dubai, are regulated by the Dubai Financial Services Authority ("DFSA") and are subject to licensing requirements. Evercore Advisory (Middle East) Limited maintains licenses issued by the DFSA for (i) advising on financial products, (ii) arranging credit and advising on credit and (iii) arranging deals in investments. The compliance requirements of the DFSA include, among other things, conduct of business requirements and anti-money laundering, counter-terrorist financing and sanctions requirements.

General

Certain of our businesses are subject to compliance with laws and regulations of U.S. federal and state governments, non-U.S. governments, their respective agencies and/or various self-regulatory organizations or exchanges relating to, among other things, the privacy of client information, and any failure to comply with these regulations could expose us to liability and/or reputational damage. Additional legislation, changes in rules promulgated by financial authorities and self-regulatory organizations or changes in the interpretation or enforcement of existing laws and rules, either in the United States or elsewhere, may directly affect our mode of operation and profitability.

The U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the United States, are empowered to conduct periodic examinations and initiate administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a regulated entity or its directors, officers or employees.

Item 1A. Risk Factors

Risks Related to Our Business

Difficult market conditions may adversely affect our business in many ways, including reducing the volume of the transactions involving our Investment Banking business and reducing the value of the assets we manage in our Investment Management businesses, which, in each case, may materially reduce our revenue or income.

As a financial services firm, our businesses are materially affected by conditions in the financial markets and economic conditions in the U.S. and throughout the world. Financial markets and economic conditions can be negatively impacted by many factors beyond our control, such as the inability to access credit markets, rising interest rates or inflation, terrorism, political uncertainty, uncertainty in the U.S. federal fiscal policy and the fiscal policy of foreign governments and the timing and nature of regulatory reform. Unfavorable market or economic conditions, as well as volatility in the financial markets can materially reduce the demand for our services and present new challenges.

Revenue generated by our Investment Banking business is related to the volume and value of the transactions in which we are involved. The majority of our bankers are focused on covering clients in the context of providing M&A services and those activities generate a substantial portion of our revenues. During periods of unfavorable market and economic conditions, our operating results may be adversely affected by a decrease in the volume and value of M&A transactions and increasing price competition among financial services companies seeking advisory engagements. Additionally, our clients engaging in M&A transactions often rely on access to the credit and/or capital markets to finance their transactions. The uncertainty of available credit and the volatility of the capital markets and the fact that we do not provide financing or otherwise commit capital to clients can adversely affect the size, volume, timing and ability of such clients to successfully complete M&A transactions and adversely affect our Investment Banking business.

In the event of a decline in M&A activity, we may seek to generate greater business from our restructuring and capital advisory services and our Evercore ISI business. However, it is unlikely that we will be able to offset lower revenues in their entirety from our M&A activities with revenues generated from restructuring and capital advisory services or from our Evercore ISI business. Our restructuring services, which provide financial advice and investment banking services to companies in financial transition, as well as to creditors, shareholders and potential acquirers, our capital advisory services, which provide corporations and financial sponsors with advice relating to a broad array of financing issues, and our Evercore ISI business, which provides equity research and agency-only securities sales and trading for institutional investors, are intentionally smaller than our M&A advisory business and we expect that they will remain that way for the foreseeable future.

Unfavorable market conditions may also lead to a reduction in revenues from our underwriting and placement agent activities, and to the extent that adverse economic market conditions affect M&A and capital raising activities generally, the demand for the research and other services provided by our Evercore ISI business could correspondingly decline.

During a market or general economic downturn, our Institutional Asset Management (through ECB) and Wealth Management businesses would also be expected to generate lower revenue because the management fees we receive are typically based on the market value of the securities that comprise the assets we manage. In addition, due to uncertainty or volatility in the market or in response to difficult market conditions, clients or prospective clients may withdraw funds from, or hesitate to allocate assets to, these businesses in favor of investments they perceive as offering greater opportunity or lower risk. Difficult market conditions can also materially adversely affect our ability to launch new products or offer new services in our Institutional Asset Management or Wealth Management businesses, which could negatively affect our ability to increase AUM. In each case, management fees based on AUM would be negatively affected. Moreover, difficult market conditions may negatively impact the private equity funds in which we hold interests by further reducing valuations and curtailing opportunities to exit and realize value from their investments.

We depend on our senior professionals, including our executive officers, and the loss of their services could have a material adverse effect on us.

Our senior leadership team's expertise, skill, reputation and relationships with clients and potential clients are critical elements in maintaining and expanding our businesses. For example, our Investment Banking business, including Advisory and Evercore ISI, is dependent on our senior Investment Banking professionals and on a small number of senior research analysts, traders and executives. In addition, EWM is dependent on a small number of senior portfolio managers and executives. Further, the operations and performance of G5, ABS and Atalanta Sosnoff are dependent on a small number of senior executives. Our professionals possess substantial experience and expertise and strong client relationships. However, they are not obligated to remain employed with us and the market for qualified professionals is highly competitive. If these personnel were to retire, join an existing competitor, form a competing company or otherwise leave us, it could jeopardize our relationships with clients and result in the loss of client engagements and revenues.

In addition, if any of our executive officers or other senior professionals were to join an existing competitor or form a competing company, some of our clients could choose to use the services of that competitor instead of our services or some of our other professionals could choose to follow the departing senior professional to a competitor. Although we have entered into non-competition agreements with certain senior professionals, there is no guarantee that these agreements provide sufficient incentives or protections to prevent our professionals from resigning to join our competitors or that the non-competition agreements would be upheld if we were to seek to enforce our rights. The departure of a number of executive officers or senior professionals could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to successfully identify and hire productive individuals to join our firm, we may not be able to implement our growth strategy successfully.

Our growth strategy is based, in part, on our ability to attract and retain highly skilled profitable senior finance professionals across all of our businesses. To the extent we award compensation based on our business performance, we may not be able to retain our professionals, which could result in increased recruiting expenses or our recruiting professionals at higher compensation levels.

Due to competition from other firms, we may face difficulties in recruiting and retaining professionals of a caliber consistent with our business strategy. In particular, many of our competitors may be able to offer more attractive compensation packages or broader career opportunities. Additionally, it may take more than one year for us to determine whether new advisory professionals will be profitable or effective, during which time we may incur significant expenses and expend significant time and resources on training, integration and business development aimed at developing this new talent.

Certain aspects of our cost structure are largely fixed, and we may incur costs associated with new or expanded lines of business prior to these lines of business generating significant revenue. If our revenue declines or fails to increase commensurately with the expenses associated with new or expanded lines of business, our profitability may be materially adversely affected.

We may incur costs associated with new or expanded lines of business, including guaranteed or fixed compensation costs, prior to these lines of business generating significant revenue. In addition, certain aspects of our cost structure, such as costs for occupancy and equipment rentals, communication and information technology services, and depreciation and amortization are largely fixed, and we may not be able to timely adjust these costs to match fluctuations in revenue. If our revenue declines, or fails to increase commensurately with the expenses associated with new or expanded lines of business, our profitability may be materially adversely affected.

Our growth has placed, and will continue to place, significant demands on our administrative, operational and financial resources.

We have experienced significant growth in the past several years. Supporting this growth has placed significant demands on our operational, legal, regulatory and financial systems and resources for integration, training and business development efforts. We are often required to commit additional resources to maintain appropriate operational, legal, regulatory and financial systems to adequately support expansion, even when we only partner, enter into strategic alliances or take minority stakes in other businesses. We expect our growth to continue, which could place additional demands on our resources and increase our expenses. We cannot provide assurance that our financial controls, the level of knowledge of our personnel, our operational abilities, our legal and compliance controls and our other corporate support systems will be adequate to manage our expanding operations effectively. Any failure to do so could adversely affect our ability to pursue our growth strategy, generate revenue and control expenses.

Our revenue and profits are highly volatile, which may make it difficult for us to achieve steady earnings growth on a quarterly basis and may cause the price of our Class A common stock to decline.

Our revenue and profits are highly volatile and we can experience significant fluctuations in quarterly results. We generally derive Investment Banking revenue from engagements that generate significant fees at key transaction milestones, such as closing, and the timing of these milestones is outside of our control. As a result, our financial results will likely fluctuate from quarter to quarter based on the timing of when those fees are earned. It may be difficult for us to achieve steady earnings growth on a quarterly basis, which could, in turn, lead to large adverse movements in the price of our Class A common stock or increased volatility in our stock price generally.

We earn a majority of our revenue from advisory engagements, and, in many cases, we are not paid until the successful consummation of the transactions. As a result, our Investment Banking revenue is highly dependent on market conditions and the decisions and actions of our clients, interested third parties and governmental authorities. For example, a client could delay or terminate an acquisition transaction because of a failure to agree upon final terms with the counterparty, failure to obtain necessary regulatory consents or board or stockholder approvals, failure to secure necessary financing, adverse market conditions or because the target's business is experiencing unexpected operating or financial problems. Anticipated bidders for assets of a client during a restructuring transaction may not materialize or our client may not be able to restructure its operations or indebtedness due to a failure to reach agreement with its principal creditors. In these circumstances, we often do not receive any advisory fees other than the reimbursement of certain out-of-pocket expenses, despite the fact that we have devoted considerable resources to these transactions.

In Institutional Asset Management and Wealth Management, our revenue includes management fees from assets we manage. These revenues are dependent upon the amount of AUM, which can decline as a result of market depreciation, withdrawals or otherwise, as well as the performance of the assets. The timing of flows, contributions and withdrawals are often out of our control, can occur on short notice, and may be inconsistent from quarter to quarter. See "—*The amount and mix of* *our AUM are subject to significant fluctuations*." In addition, a portion of our Institutional Asset Management revenue is derived from performance fees, which vary depending on the performance of the investments we select for the funds and clients we manage, which could cause our revenue and profits to fluctuate. Even in the absence of a market downturn, below-market investment performance by our funds and portfolio managers could reduce AUM and asset management revenues.

Our failure to deal appropriately with actual, potential or perceived conflicts of interest could damage our reputation and materially adversely affect our business.

As we have expanded the scope of our businesses and client base, we increasingly confront actual, potential and perceived conflicts of interest relating to our Investment Banking and Investment Management businesses. It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, litigation or regulatory enforcement actions. Appropriately identifying and managing actual or perceived conflicts of interest is complex and difficult, and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest would have a material adverse effect on our reputation which would materially adversely affect our business in a number of ways, including an inability to recruit additional professionals and a reluctance of potential clients and counterparties to do business with us. Additionally, client-imposed conflicts requirements could place additional limitations on us, for example, by limiting our ability to accept Investment Banking advisory engagements.

Policies, controls and procedures that we may be required to implement to address additional regulatory requirements, including as a result of additional foreign jurisdictions in which we operate, Evercore ISI's business and our underwriting activities, or to mitigate actual or potential conflicts of interest, may result in increased costs, including for additional personnel and infrastructure and information technology improvements, as well as limit our activities and reduce the positive synergies that we seek to cultivate across our businesses. For example, due to our equity research activities through Evercore ISI, we face potential conflicts of interest, including situations where our provision or publication of research conflicts with the interests of an advisory client, or allegations that research objectivity is being inappropriately impacted by advisory client considerations. Such conflicts may also arise if our Investment Banking advisory business has access to material non-public information that may not be shared with our equity research business or vice versa.

Employee misconduct, which is difficult to detect and deter, could harm us by impairing our ability to attract and retain clients while subjecting us to significant legal liability and reputational harm.

There is a risk that our employees could engage in fraud or misconduct that adversely affects our business. Our Investment Banking business often requires that we deal with confidential matters of great significance to our clients. If our employees were to improperly use or disclose confidential information provided by our clients, we could be subject to regulatory sanctions and suffer serious harm to our reputation, financial position, current client relationships and ability to attract future clients and employees. We are also subject to a number of obligations and standards arising from our Investment Management business and our authority over the assets managed by our Investment Management business. The violation of these obligations and standards by any of our employees would adversely affect our clients and us. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not be effective in all cases. If our employees engage in misconduct, our business may be adversely affected.

In addition, the U.S. Department of Justice and the SEC continue to devote greater resources to the enforcement of the Foreign Corrupt Practices Act, and the United Kingdom has significantly expanded the reach of its anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance with anti-bribery and other laws, such policies and procedures may not be effective in all instances to prevent violations. Any determination that any of our employees have violated these laws (or similar laws of other jurisdictions in which we do business) could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunction on future conduct, securities litigation and reputational damage, any one of which could adversely affect our business, financial position or results of operations.

The financial services industry faces substantial litigation risks, and we may face damage to our professional reputation and legal liability if our services are not regarded as satisfactory or for other reasons.

As a financial services firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services or if there are allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable to us, as well as negative publicity and press speculation about us, whether or not valid, may harm our reputation and may be more damaging to our business than to other types of businesses. Moreover, our role as advisor to our clients on important mergers and acquisitions or restructuring transactions often involves complex analysis and the exercise of professional judgment, including, if appropriate, rendering fairness opinions in connection with mergers and other transactions.

In recent years, particularly in highly volatile markets, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against M&A financial advisors has increased. Our business is also subject to regulation in the countries in which it operates. As this regulatory environment continues to change (in some cases potentially significantly) it is difficult to assess future litigation and regulatory risks. Regulatory changes make it harder for our clients to estimate future potential losses that may be incurred. Our M&A advisory activities may subject us to the risk of significant legal liability to our clients and third parties, including our clients' stockholders, under securities or other laws for materially false or misleading statements made in connection with securities and other transactions and potential liability for the fairness opinions and other advice provided to participants in corporate transactions. In addition, a portion of our M&A advisory fees are obtained from restructuring clients, and often these clients do not have sufficient resources to indemnify us for costs and expenses associated with third-party subpoenas and direct claims, to the extent such claims are not barred as part of the reorganization process. Our engagements typically include broad indemnities from our clients and provisions designed to limit our exposure to legal claims relating to our services, but these provisions may not protect us or may not be adhered to in all cases. These indemnities also are dependent on our client's capacity to pay the amounts claimed. As a result, we may incur significant legal expenses in defending against litigation. In our Investment Management business, we make investment decisions on behalf of our clients that could result in substantial losses. This also may subject us to the risk of legal liability or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Substantial legal liability or legal expenses incurred in defending against litigation could materially adversely affect our business, financial condition, operating results or liquidity or cause significant reputational harm to us, which could seriously harm our business.

Extensive and evolving regulation of our businesses exposes us to the potential for significant penalties and fines due to compliance failures, increases our costs and limits our ability to engage in certain activities.

As a participant in the financial services industry we are subject to extensive regulation by governmental and self-regulatory organizations in jurisdictions around the world, as described further under "Business - Regulation" above. As a result of market volatility and disruption over the past decade, the U.S. and other governments have taken unprecedented steps to try to stabilize the financial system, including legislation and regulatory initiatives such as the Dodd-Frank Wall Street Reform and Consumer Protection Act. The full extent of the effects of these actions and legislative and regulatory initiatives is uncertain, both as to the financial capital markets and participants in general, and as to us in particular.

Our ability to conduct business and our operating results, including compliance costs, may be adversely affected as a result of any new requirements imposed by the SEC, FINRA, or other U.S. or foreign governmental regulatory authorities or self-regulatory organizations that regulate the financial services industry. We may also be adversely affected by changes in the interpretation or enforcement of existing laws or regulations by these governmental authorities and self-regulatory organizations. For example, the current administration in the U.S. may ultimately repeal or modify certain regulations adopted since the financial crisis. Uncertainty about the timing and scope of any changes to existing laws and rules or the implementation of new law or rules by any regulatory authorities that regulate financial services firms or supervise financial markets, as well as the compliance costs associated with a new regulatory regime, may negatively impact our businesses in the short term, even if the long-term impact of any such changes are positive for our businesses. In addition, policies adopted by clients or prospective clients, which may exceed regulatory requirements may result in additional compliance costs that materially affect our business. Because certain of our larger competitors are subject to regulations that do not affect us to the same extent or at all, regulatory reforms may benefit them more than us, including by expanding their permitted activities, reducing their compliance costs or reducing restraints on compensation, any of which could enhance their ability to compete against us for advisory opportunities, for employees or otherwise in a manner that negatively impacts our business.

Our failure to comply with applicable laws or regulations could result in adverse publicity and reputational harm as well as fines, suspensions of personnel or other sanctions, including revocation of the registration of us or any of our subsidiaries as an investment adviser or broker-dealer. For example, we are subject to extensive bribery and anti-corruption regulation, which can present heightened risks for us due to certain jurisdictions in which we operate and our significant client relationships with governmental entities and certain businesses that receive support from government agencies. Our businesses are subject to periodic examination by various regulatory authorities, and we cannot predict the outcome of any such examinations or estimate the amount of monetary fines or penalties which could be assessed. In addition, adverse regulatory scrutiny of any of our strategic partners could have a material adverse effect on our business and reputation. For example, the SEC has recently focused on investment advisers, investigating and bringing enforcement actions where such advisers have breached or are alleged to have breached their fiduciary duties to clients. Any investigation by the SEC, even in the absence of wrongdoing, could damage our reputation with clients and adversely affect our operations.

Specific regulatory changes may have a direct impact on the revenue of our Investment Management business. In addition to regulatory scrutiny and potential fines and sanctions, regulators continue to examine different aspects of the investment management industry. For example, several states and municipalities in the United States have adopted "pay-to-play" rules, which could limit our ability to charge advisory fees, and could therefore affect the profitability of that portion of our business. In addition, the use of "soft dollars," where a portion of commissions paid to broker-dealers in connection with the execution of trades also pays for research and other services provided to advisors, is periodically reexamined and may in the future be limited or modified. Although a substantial portion of the research relied on by our Investment Management business in the investment decision-making process is generated internally by our investment analysts, external research, including external research paid for with soft dollars, is important to the process. This external research generally is used for information gathering or verification purposes, and includes broker-provided research, as well as third-party provided databases and research services. If the use of soft dollars is limited, we may have to bear some of these costs. Furthermore, new regulations regarding the management of hedge funds and the use of certain investment products may impact our Investment Management business and result in increased costs. For example, many regulators around the world adopted disclosure and reporting requirements relating to the hedge fund businesses or other businesses, and changes to the laws, rules and regulations in the U.S. related to the over-the-counter swaps and derivatives markets require additional registration, recordkeeping and reporting obligations.

Furthermore, it is expected that MiFID II and MiFIR, which went into effect on January 3, 2018, will have significant and wide-ranging impacts on EU securities and derivatives markets as a result of enhanced investor protection and organizational requirements, including, among other things, (i) rules regarding the ability of portfolio management firms to receive and pay for investment research relating to all asset classes, (ii) enhanced regulation of algorithmic trading, (iii) the movement of trading in certain shares and derivatives onto regulated execution venues, (iv) the extension of pre- and post-trade transparency requirements to wider categories of financial instruments, (v) restriction on the use of so-called dark pool trading, (vi) the creation of a new type of trading venue called the Organized Trading Facility for non-equity financial instruments, (vii) commodity derivative position limits and reporting requirements, (viii) a move away from vertical silos in execution, clearing and settlement, (ix) an exchanged role for European Securities and Markets Authority ("ESMA") in supervising EU securities and derivatives markets and (x) new requirements regarding non-EU investment firms access to EU financial markets. Implementation of these measures may have direct and indirect impact on us and certain of our affiliates, including an adverse effect on the demand for our research and trading services from EU investors and an increase in legal and compliance costs.

A U.K. exit from the European Union could adversely impact our business and operations.

On March 29, 2017, the U.K. notified the EU of its intention to withdraw from the EU, following a referendum in June 2016. A U.K. exit from the EU, together with the ongoing negotiations around the terms of any exit, could adversely affect European and worldwide economic and market conditions, contribute to instability in global financial and foreign exchange markets, including volatility in the value of the British pound and European euro, and introduce significant legal uncertainty and potentially divergent national laws and regulations. Our U.K. entities, Evercore U.K. and ISI U.K., primarily service European-domiciled clients. Adverse conditions arising from a U.K. exit from the EU could adversely affect our U.K. business and operations, including by reducing the volume or size of mergers, acquisitions, divestitures and other strategic corporate transactions on which we seek to advise. A U.K. exit from the EU could also cause our U.K. entities to lose their EU financial services passport licenses, which allow them to operate on a cross-border and off-shore basis into all EU countries without obtaining regulatory approval outside of the U.K. Consequently, our legal, compliance and operational costs would increase.

We are exposed to risks and costs associated with protecting the integrity and security of our clients', employees' and others' personal data and other sensitive information.

As part of our business, we manage, utilize and store sensitive or confidential client or employee data, including personal data. As a result, we are subject to various risks and costs associated with the collection, handling, storage and transmission of sensitive information, including those related to compliance with U.S. and foreign data collection and privacy laws and other contractual obligations, as well as those associated with the compromise of our systems collecting such information. These laws and regulations are increasing in complexity and number. For example, the European Union's General Data Protection Regulation ("GDPR"), which becomes effective in May 2018 and replaces the current data protection laws of each EU member state, requires companies to meet new and more stringent requirements regarding the handling of personal data, and failure to meet the GDPR requirements could result in penalties of up to four percent of worldwide revenue.

If any person, including any of our employees, negligently disregards or intentionally breaches our established controls with respect to client or employee data, or otherwise mismanages or misappropriates that data, we could be subject to significant monetary damages, regulatory enforcement actions, fines and/or criminal prosecution. In addition, unauthorized disclosure of sensitive or confidential client or employee data, whether through cyber-attacks, systems failure, employee negligence, fraud or misappropriation, could damage our reputation and cause us to lose clients and their related revenue in the future. Potential liability in the event of a security breach of client data could be significant and depending on the circumstances giving rise to the breach, this liability may not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages.

Any failure to comply with these regulations could expose us to liability and/or reputational damage. In addition, our businesses are increasingly subject to laws and regulations relating to surveillance, encryption and data on-shoring in the jurisdictions in which we operate. Compliance with these laws and regulations may require us to change our policies, procedures and technology for information security, which could, among other things, make us more vulnerable to cyber-attacks and misappropriation, corruption or loss of information or technology.

Our business is subject to various cybersecurity and other operational risks.

We face various operational risks related to our businesses on a day-to-day basis. We rely heavily on financial, accounting, communication and other data processing systems to securely process, transmit, and store sensitive and confidential client information, and communicate among our locations around the world and with our staff, clients, partners, and vendors. We also depend on third-party software and programs, as well as cloud-based storage platforms as part of our operations. These systems, including the systems of third parties on whom we rely, may fail to operate properly or become disabled as a result of tampering or a breach of our network security systems or otherwise, including for reasons beyond our or their control.

In addition, as we operate in a financial services industry, we are susceptible of attempts to gain unauthorized access of client, customer or other confidential information. We are also at risk for cyber-attacks involving the theft, dissemination and destruction of corporate information or other assets, which could result from an employee's or contractor's failure to follow data security procedures or as a result of actions by third parties, including actions by foreign governments. Although cyber-attacks have not, to date, had a material impact on our operations, breaches of our or third-party network security systems on which we rely could involve attacks that are intended to obtain unauthorized access to and disclose our proprietary information, destroy data or disable, degrade or sabotage our systems, often through the introduction of computer viruses, cyber-attacks and other means, and could originate from a wide variety of sources, including state actors or other unknown third parties outside the firm. The increased use of mobile technologies can heighten these and other operational risks.

There can be no assurance that we or the third parties on whom we rely will be able to anticipate, detect or implement effective preventative measures against frequently changing cyber threats. We expect to incur significant costs in maintaining and enhancing appropriate protections to keep pace with increasingly sophisticated methods of attack. In addition to the implementation of data security measures, we require our employees to maintain the confidentiality of the proprietary information we hold. If an employee's failure to follow proper data security procedures results in the improper release of confidential information, or our systems are otherwise compromised, do not operate properly or are disabled, we could suffer a disruption of our business, financial losses, liability to clients, regulatory sanctions and damage to our reputation.

We operate in businesses that are highly dependent on proper processing of financial transactions. In Evercore ISI, and our Institutional Asset Management and Wealth Management businesses in particular, we must consistently and reliably obtain securities pricing information, properly execute and process client transactions and provide reports and other customer service to our clients. The expansion of our equities business has increased the size and scope of our trading activities and, accordingly, increased the opportunities for trade errors and other operational errors in connection with the processing of transactions. The occurrence of trade or other operational errors or the failure to keep accurate books and records can render us liable to disciplinary action by governmental and self-regulatory authorities, as well as to claims by our clients. We also rely on third-party service providers for certain aspects of our business. Any interruption or deterioration in the performance of these third parties or failures of their information systems and technology could impair our operations, affect our reputation and adversely affect our businesses.

In addition, if we were to experience a disaster or other business continuity problem, such as a pandemic, other man-made or natural disaster or disruption involving electronic communications or other services used by us or third parties with whom we conduct business, our continued success will depend, in part, on the availability of our personnel and office facilities and the proper functioning of our computer, software, telecommunications, transaction processing and other related systems and operations, as well as those of third parties on whom we rely. In particular, we depend on our headquarters in New York City, where a large number of our personnel are located, for the continued operation of our business. A disaster or a disruption in the infrastructure that supports our businesses, a disruption involving electronic communications or other services used by us or third parties with whom we conduct business, or a disruption that directly affects our headquarters, could have a material adverse impact on our ability to continue to operate our business without interruption. The incidence and severity of disasters or other business continuity problems are unpredictable, and our inability to timely and successfully recover could materially disrupt our businesses and cause material financial loss, regulatory actions, reputational harm or legal liability.

We may not be able to generate sufficient cash to service all of our indebtedness.

Our ability to make scheduled payments on, or to refinance, our debt obligations depends on our financial condition and operating performance. We cannot provide assurance that we will maintain a level of cash flows from operating activities sufficient to permit us to pay the principal of, and interest on, our indebtedness, including the $170.0 million principal amount of the senior notes issued, (the "Private Placement Notes") subject to semi-annual interest payments as well as principal payments beginning in 2021. The final payments of all amounts outstanding, plus accrued interest, are due 2028. If our cash flows and capital resources are insufficient to fund our debt service obligations, including the principal and semi-annual interest payments noted above, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital or restructure or refinance our indebtedness, including the Private Placement Notes, subordinated borrowings and other contractual commitments.

Our clients may be unable to pay us for our services.

We face the risk that certain clients may not have sufficient financial resources to pay our agreed-upon advisory fees, including in the bankruptcy or insolvency context. Our clients include some companies that may from time to time encounter financial difficulties. If a client's financial difficulties become severe, the client may be unwilling or unable to pay our invoices in the ordinary course of business, which could adversely affect collections of both our accounts receivable and unbilled services. On occasion, some of our clients have entered bankruptcy, which has prevented us from collecting amounts owed to us. The bankruptcy of a number of our clients that, in the aggregate, owe us substantial accounts receivable could have a material adverse effect on our business, financial condition and results of operations. In addition, if a number of clients declare bankruptcy after paying us certain invoices, courts may determine that we are not properly entitled to those payments and may require repayment of some or all of the amounts we received, which could adversely affect our business, financial condition and results of operations. Certain clients may also be unwilling to pay our advisory fees in whole or in part, in which case we may have to incur significant costs to bring legal action to enforce our engagement agreements to obtain our advisory fees.

Goodwill, equity method investments and other intangible assets represent a significant portion of our assets, and an impairment of these assets could have a material adverse effect on our financial condition and results of operation.

Goodwill, other intangible assets and equity method investments represent a significant portion of our assets. We assess these assets at least annually for impairment, however, we may need to perform impairment tests more frequently if events occur or circumstances indicate that the carrying amount of these assets may not be recoverable. These events or circumstances could include a significant change in the business climate, attrition of key personnel, a prolonged decline in our stock price and market capitalization, legal factors, operating performance indicators, competition, sale or disposition of a significant portion of one of our businesses and other factors. During 2017, we recorded an impairment charge of $14.4 million related to our equity method investment in G5 and an impairment charge of $7.1 million related to the goodwill in our Institutional Asset Management reporting unit. See Notes 4 and 9 to our consolidated financial statements for further information. The valuation of our reporting units, equity method investments or long-lived intangible assets requires judgment in estimating future cash flows, discount rates and other factors. In making these judgments, we evaluate the financial health of our reporting units, equity method investments or long-lived intangible assets, including such factors as market performance, changes in our client base and projected growth rates. Because these factors are ever changing, due to market and general business conditions, we cannot predict whether, and to what extent, our goodwill, equity method investments and long-lived intangible assets may be impaired in future periods.

Failure to maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could materially adversely affect our business.

We have documented and tested our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent auditors regarding our internal control over financial reporting. If we fail to maintain the adequacy of our internal controls as such standards are modified, supplemented or amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes Oxley Act. Failure to maintain an effective internal control environment could materially adversely affect our business.

A change in relevant income tax laws, regulations or treaties or an adverse interpretation of these items by tax authorities could result in an audit adjustment or revaluation of our net deferred tax assets that may cause our effective tax rate and tax liability to be higher than what is currently presented in the consolidated financial statements.

As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. This process requires us to estimate our actual current tax liability and to assess temporary differences resulting from differing book versus tax treatment of items, such as deferred revenue, compensation and benefits expense, unrealized gains and losses on long-term investments and depreciation. Our effective tax rate and tax liability is based on the application of current income tax laws, regulations and treaties. These laws, regulations and treaties are complex, and the manner which they apply to our facts and circumstances is sometimes open to interpretation. Management believes its application of current laws, regulations and treaties to be correct and sustainable upon examination by the tax authorities. However, the tax authorities could challenge our interpretation resulting in additional tax liability or adjustment to our income tax provision that could increase our effective tax rate. In addition, tax laws, regulations or treaties newly enacted or enacted in the future may cause us to revalue our net deferred tax assets and have a material change to our effective tax rate.

For example, on December 22, 2017, President Trump signed into law a comprehensive tax reform bill informally known as the Tax Cuts and Jobs Act that significantly revised the Internal Revenue Code of 1986, as amended. The Tax Cuts and Jobs Act, among other things, contains significant changes to corporate taxation, including a reduction of the corporate income tax rate, a partial limitation on the deductibility of business interest expense, a limitation of the deduction for certain net operating losses to 80% of current year taxable income, immediate deductions for certain new investments instead of deductions for depreciation expense over time, the modification or repeal of many business deductions and credits, and a partial shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with a transitional rule which taxes certain historic accumulated earnings and rules which prevent tax planning strategies which shift profits to low-tax jurisdictions). As a result of the Tax Cuts and Jobs Act and our reduced future income tax rate, our tax provision for 2017 included a charge of $143.3 million primarily resulting from the estimated re-measurement of our net deferred tax assets. See Note 20 to our consolidated financial statements for further information. We continue to examine the impact of this tax reform legislation, and as its overall impact is uncertain, we note that the Tax Cuts and Jobs Act could adversely affect our business and financial condition. We cannot predict how the changes in the Tax Cuts and Jobs Act, or regulations or other guidance issued under it, might affect our existing and any potentially new clients' ability or desire to engage our services. The impact of this tax reform legislation on holders of our Class A common stock is also uncertain and could be adverse.

Our inability to successfully identify, consummate and integrate alliances such as through joint ventures or acquired businesses as part of our growth initiatives could have adverse consequences to our business.

We may expand our various businesses through additional acquisitions, entering into joint ventures and strategic alliances, and internally developing new opportunities that are complementary to our existing businesses and where we think we can add substantial value or generate substantial returns. The success of this strategy will depend on, among other things:

- the availability of suitable opportunities and capital resources to effect our strategy;
- the level of competition from other companies that may have greater financial resources than we do or may not require the same level of disclosure of these activities;
- our ability to value acquisition and investment candidates accurately and negotiate acceptable terms for those acquisitions and investments; and
- our ability to identify and enter into mutually beneficial relationships with joint venture partners.

Additionally, integrating acquired businesses, providing a platform for new businesses and partnering with other firms involve a number of risks and present financial, managerial and operational challenges, including the following factors, among others:

- loss of key employees or customers;
- possible inconsistencies in or conflicts between standards, controls, procedures and policies and the need to implement company-wide financial, accounting, information technology and other systems;
- failure to maintain the quality of services that have historically been provided;
- failure to coordinate geographically diverse organizations;

- disagreements between us and our partners;
- compliance with regulatory requirements in regions in which new businesses and ventures are located; and
- the diversion of management's attention from our day-to-day business as a result of the need to manage any disruptions and difficulties and the need to add management resources to do so.

For example, acquisitions and internally developed initiatives generally result in increased operating and administrative costs as the necessary infrastructure, information technology, legal and compliance systems, controls and personnel are put in place. Our inability to develop, integrate and manage acquired companies, joint ventures or other strategic relationships and growth initiatives in an efficient and cost-effective manner, or at all, could have material adverse short- and long-term effects on our operating results, financial condition and liquidity.

We may not realize the cost savings, revenue enhancements or other benefits that we expected from our acquisitions and other growth initiatives.

Our analyses of the benefits and costs of expanding our businesses necessarily involve assumptions as to future events, including general business and industry conditions, the longevity of specific customer engagements and relationships, operating costs and competitive factors, many of which are beyond our control and may not materialize. While we believe our analyses and their underlying assumptions to be reasonable, they are estimates that are necessarily speculative in nature. In addition, new regulatory requirements and conflicts may reduce the synergies that we expect to result from our growth initiatives. Even if we achieve the expected benefits, we may not be able to achieve them within the anticipated time frame. Also, the cost savings and other synergies from these acquisitions may be offset by costs incurred in integrating the companies, increases in other expenses or problems in the business unrelated to these acquisitions. In the case of joint ventures, we are subject to additional risks and uncertainties in that we may be dependent upon, and subject to liability, losses or reputational damage relating to personnel, systems and activities that are not under our direct and sole control, and conflicts and disagreements between us and our joint venture partners may negatively impact our business.

Additionally, acquiring the equity of an existing business or substantially all of the assets of a company may expose us to liability for actions taken by an acquired business and its management before the acquisition. The due diligence we conduct in connection with an acquisition and any contractual guarantees or indemnities that we receive from the sellers of acquired companies may not be sufficient to protect us from, or compensate us for, actual liabilities. A material liability associated with an acquisition, especially where there is no right to indemnification, could adversely affect our operating results, financial condition and liquidity.

Risks Related to Our Investment Banking Business

A majority of our revenue is derived from advisory assignments for Investment Banking clients, which are not long-term contracted sources of revenue and are subject to intense competition, and declines in these engagements could have a material adverse effect on our financial condition and operating results.

We historically have earned a substantial portion of our revenue from fees paid to us by our Investment Banking clients for advisory services. These fees are typically payable upon the successful completion of a particular transaction or restructuring. Investment Banking services accounted for 96%, 95% and 92% of our revenues, excluding Other Revenue, net, in 2017, 2016 and 2015, respectively, a substantial portion of which represents fees generated by our advisory services. We expect that we will continue to rely on Investment Banking fees from advisory services for a substantial portion of our revenue for the foreseeable future. Accordingly, a decline in our Investment Banking advisory engagements or the market for advisory services would adversely affect our business.

In addition, our Advisory professionals operate in a highly-competitive environment where typically there are no long-term contracted sources of revenue. Each revenue-generating engagement typically is separately solicited, awarded and negotiated. In addition, many businesses do not routinely engage in transactions requiring our services. As a consequence, our fee-paying engagements with many clients are not likely to be predictable and high levels of revenue in one quarter are not necessarily predictive of continued high levels of revenue in future periods. We also lose clients each year as a result of the sale or merger of a client, a change in a client's senior management, competition from other financial advisors and financial institutions and other causes. As a result, our advisory fees could decline materially due to such changes in the volume, nature and scope of our engagements.

A high percentage of our revenue is derived from a small number of Investment Banking clients, and the termination of any one advisory engagement could reduce our revenue and harm our operating results.

Our top five Investment Banking clients accounted for 13%, 10% and 9% of our revenues, excluding Other Revenue, net, in 2017, 2016 and 2015, respectively. The composition of the group comprising our largest Investment Banking clients varies significantly from year to year, and a relatively small number of clients may account for a significant portion of our Investment Banking Revenues. As a result, our operating results, financial condition and liquidity may be significantly affected by even one lost mandate or the failure of one advisory assignment to be completed, however, no single client accounted for more than 10% of our revenues, excluding Other Revenue, net, for the years ended December 31, 2017, 2016 and 2015.

We face strong competition from other financial advisory firms, many of which have the ability to offer clients a wider range of products and services than we can offer, which could cause us to fail to win advisory mandates and subject us to pricing pressures that could materially adversely affect our revenue and profitability.

The financial advisory industry is intensely competitive, highly fragmented and subject to rapid change, and we expect it to remain so. We compete on both a global and regional basis, and on the basis of a number of factors, including the quality of our employees, industry knowledge, transaction execution skills, our products and services, innovation, reputation, strength of relationships and price. We have experienced intense competition over obtaining advisory mandates in recent years, and we may experience pricing pressures in our Investment Banking business in the future, as some of our competitors seek to obtain increased market share by reducing fees. When making proposals for fixed-fee engagements, we estimate the costs and timing for completing the engagements. These estimates reflect our best judgment regarding the efficiencies of our methodologies and financial professionals as we plan to deploy them on engagements. Any unexpected costs or unanticipated delays in connection with the performance of such engagements could make these contracts less profitable or unprofitable, which would have an adverse effect on our profit margins.

Several of our competitors include large financial institutions, many of which have far greater financial and other resources and greater name recognition than us and, unlike us, have the ability to offer a wider range of products, which may enhance their competitive position. They also regularly support services we do not provide, such as commercial lending and other financial services and products, which puts us at a competitive disadvantage and could result in pricing pressures or lost opportunities, which could materially adversely affect our revenue and profitability. In addition, we may be at a competitive disadvantage with regard to certain of our competitors who have larger customer bases, have more professionals to serve their clients' needs and are able to provide financing or otherwise commit capital to clients that are often a crucial component of the Investment Banking transactions on which we advise.

In addition to our larger competitors, over the last few years a number of independent investment banks that offer only independent advisory services have emerged, with several showing rapid growth, stressing their lack of other businesses as a competitive advantage. As these independent firms or new entrants into the market seek to gain market share, there could be additional pricing and competitive pressures, which may impact our ability to implement our growth strategy and ultimately materially adversely affect our financial condition and results of operations.

Evercore ISI's business relies on non-affiliated third-party service providers.

Evercore ISI has entered into service agreements with third-party service providers for client order management, trade execution and settlement and clearance of client securities transactions. This business faces the risk of operational failure of any of our clearing agents, the exchanges, clearing houses or other intermediaries we use to facilitate our securities transactions. Our senior management and officers oversee and manage these relationships. Poor oversight and control or inferior performance or service on the part of the service provider could result in loss of customers and violations of applicable rules and regulations. Any such failure could adversely affect our ability to effect transactions and to manage our exposure to risk.

Underwriting and trading activities expose us to risks.

We may incur losses and be subject to reputational harm to the extent that, for any reason, we are unable to sell securities we purchased as an underwriter at the anticipated price levels. As an underwriter, we also are subject to liability for material misstatements or omissions in prospectuses and other offering documents relating to offerings we underwrite. In such cases, any indemnification provisions in the applicable underwriting agreement may not be enforceable or available to us, for example, if the client is not financially able to satisfy its indemnification obligations in whole or part or the scope of the indemnity is not sufficient to protect us against financial or reputational losses arising from such liability. In addition, through indemnification provisions in our agreement with our clearing organization, customer activities may expose us to off-balance sheet credit risk. We may have to purchase or sell securities at prevailing market prices in the event a customer fails to settle a trade on its original terms. We seek to manage the risks associated with customer trading activities through customer screening, internal review and trading procedures, but such procedures and processes may not be effective in all cases.

If the number of debt defaults or bankruptcies declines or other factors affect the demand for our restructuring services, our restructuring revenue could be adversely affected.

We provide financial advice and investment banking services to companies in financial transition, as well as to creditors, shareholders and potential acquirers. Our services may include reviewing and analyzing the business, financial condition and prospects of the company or providing advice on strategic transactions, capital raising or restructurings. We also may provide advisory services to companies that have sought or are planning to seek protection under Chapter 11 of the U.S. Bankruptcy Code or other similar processes in non-U.S. jurisdictions. A number of factors affect demand for these advisory services, including general economic conditions, the availability and cost of debt and equity financing, governmental policy and changes to laws, rules and regulations, including those that protect creditors. In addition, providing restructuring advisory services entails the risk that the transaction will be unsuccessful or take considerable time and be subject to a bankruptcy court's authority to disallow or discount our fees. If the number of debt defaults or bankruptcies declines or other factors affect the demand for our restructuring advisory services, our restructuring business would be adversely affected.

Risks Relating to Our Investment Management Business

The amount and mix of our AUM are subject to significant fluctuations.

The revenues and profitability of our Institutional Asset Management and Wealth Management businesses are derived from providing investment management and related services. The level of our revenues depends largely on the level and mix of AUM. Fluctuations in the amount and mix of our AUM may be attributable in part to market conditions outside of our control that have had, and in the future could have, a negative impact on our revenues and income. Any decrease in the value or amount of our AUM because of market volatility or other factors negatively impacts our revenues and income. We are subject to an increased risk of asset volatility from changes in the global financial and equity markets. Individual financial and equity markets may be adversely affected by economic, political, financial, or other instabilities that are particular to the country or regions in which a market is located, including without limitation local acts of terrorism, health emergencies, economic crises or other business, social or political crises. Declines in these markets have caused in the past, and may cause in the future, a decline in our revenues and income. Global economic conditions, exacerbated by war or terrorism, health emergencies or financial crises, changes in the equity market place, trade disputes, restrictions on travel, currency exchange rates, commodity prices, interest rates, inflation rates, the yield curve, and other factors that are difficult to predict affect the mix, market values and levels of our AUM. A decline in the price of stocks or bonds, or in particular market segments, or in the securities market generally, could cause the value and returns on our AUM to decline, resulting in a decline in our revenues and income. Moreover, changing market conditions may cause a shift in our asset mix between international and U.S. assets, potentially resulting in a decline in our revenue and income depending upon the nature of our AUM and the level of management fees we earn based on them. Additionally, changing market conditions may cause a shift in our asset mix towards fixed-income products and a related decline in our revenue and income, as in the U.S. we generally derive higher fee revenues and income from equity assets than from fixed-income products we manage.

If the funds we manage or invest in perform poorly, we will suffer a decline in our investment management revenue and earnings, and our Investment Management business may be adversely affected.

Revenue from our Institutional Asset Management and Wealth Management businesses is derived from fees earned for the management of client assets, generally based on the market value of AUM. Poor investment performance by these businesses, on an absolute basis or as compared to third-party benchmarks or competitors, could stimulate higher redemptions, thereby lowering AUM and reducing the fees we earn, even in periods when securities prices are generally rising. In addition, if the investments we make on behalf of our funds and clients perform poorly, it may be more difficult for us to attract new investors, launch new products or offer new services in our Institutional Asset Management or Wealth Management businesses. Furthermore, if the volatility in the U.S. and global markets cause a decline in the price of securities that constitutes a significant portion of our AUM, our clients could withdraw funds from, or be hesitant to invest in, our Investment Management business due to the uncertainty or volatility in the market or in favor of investments they perceive as offering greater opportunity or lower risk, which would also result in lower investment management revenue. In our investments in entities that manage private equity funds, our revenues include management fees based on committed or invested capital and performance fees. If our investments in private equity funds perform poorly, whether on a realized or unrealized basis, our revenues and earnings will suffer. Poor performance by our private equity investments may also make it more difficult for the private equity funds we invest in to raise any new funds in the future or may result in such fundraising taking longer to complete than anticipated or may prevent them from raising such funds, which could negatively impact our share of future management and performance fees. In addition, to the extent that, over the life of the funds, we have received an amount of carried interest that exceeds a specified percentage of distributions made to the third-party investors in our funds, we may be obligated to repay the amount of this excess to the third-party investors.

Our Investment Management business' reliance on non-affiliated third-party service providers subjects the Company to operational risks.

We have entered into services agreements with third-party service providers for custodial services and trust and investment administration processing and reporting services. Our officers oversee and manage these relationships; however, poor oversight and control on our part or inferior performance or service on the part of the service providers could result in loss of customers, violation of applicable rules and regulations, including, but not limited to, privacy and anti-money laundering laws and otherwise adversely affect our business and operations.

Our agreements with the OCC require us to maintain and segregate certain assets, and our failure to comply with these agreements (including if we are required to access these assets for other purposes) could adversely affect us.

In connection with the organization of ETC, the OCC required the Company and Evercore LP to enter into a Capital and Liquidity Support Agreement, a Capital and Liquidity Maintenance Agreement and other related agreements (collectively, the "OCC Agreements"). The OCC Agreements require the Company's and Evercore LP's continuing obligation to provide ETC necessary capital and liquidity support in order to ensure that ETC continues to operate safely and soundly and in accordance with applicable laws and regulations. In particular, the OCC Agreements require that the Company and Evercore LP (1) maintain at least $5 million in Tier 1 capital in ETC or such other amount as the OCC may require and (2) maintain liquid assets in ETC in an amount at least equal to the greater of $3.5 million or 180 days coverage of ETC's operating expenses.

If we fail to comply with any of the OCC Agreements, we could become subject to civil money penalties, regulatory enforcement actions, payment of damages and, if the OCC deems it likely that we are unable to fulfill our obligations or breach the OCC Agreements, a forced disposition of ETC. The occurrence of any of these events or the disclosure that these events are probable or under consideration may cause reputational harm and erosion of client trust, due to a perception that we are unable to comply with applicable regulatory requirements, unable to successfully launch new initiatives and businesses, or that our reputation for integrity and high-caliber professional services is no longer valid, any of which could adversely affect our business and operations.

Valuation methodologies of the private equity funds in which we hold interests can be subject to significant subjectivity, and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses.

We have made principal investments in Glisco II, Glisco III, Trilantic IV and Trilantic V. These funds generally invest in relatively high-risk, illiquid assets. In addition, some of these investments are, or may in the future be, in industries or sectors which are unstable, in distress or undergoing some uncertainty. Such investments may be subject to rapid changes in value caused by sudden company-specific or industry-wide developments. Contributing capital to these funds is risky, and we may lose some or all of the principal amount of our investments. There are no regularly quoted market prices for a number of investments in the funds. The value of the investments in the funds is determined using fair value methodologies described in the funds' valuation policies, which may consider, among other things, the nature of the investment, the expected cash flows from the investment, bid or ask prices provided by third parties for the investment and the trading price of recent sales of securities (in the case of publicly-traded securities), restrictions on transfer and other recognized valuation methodologies. The methodologies used in valuing individual investments are based on estimates and assumptions specific to the particular investments. Therefore, the value of the investments does not necessarily reflect the prices that would actually be obtained on behalf of the fund when such investments are sold. Realizations at values significantly lower than the values at which investments have been reflected in fund values would result in losses for the applicable fund and the loss of potential incentive income and principal investments.

The limited partners of the private equity funds we invest in may terminate their relationship with us at any time.

The limited partnership agreements of the funds we invest in provide that the limited partners of each fund may terminate their relationship without cause with a simple majority vote of each fund's limited partners. If the limited partners of the funds we invest in terminate their relationship with such funds, we would lose management fees and carried interest from those funds.

Risks Related to Our International Operations

A meaningful portion of our revenues are derived from our international operations, which are subject to certain risks.

In 2017, we earned 27% of our Total Revenues, excluding Other Revenue, and 27% of our Investment Banking Revenues from clients and private equity funds located outside of the United States. We intend to grow our non-U.S. business, and this growth is critical to our overall success. Many of our larger clients for our Investment Banking business are non-U.S. entities seeking to enter into transactions involving U.S. businesses. Our international operations carry special financial and business risks, which could include, but are not limited to, the following:

- greater difficulties managing and staffing foreign operations;
- language and cultural differences;
- fluctuations in foreign currency exchange rates that could adversely affect our results;
- unexpected and costly changes in trading policies, regulatory requirements, tariffs and other barriers;
- restrictions on travel;
- greater difficulties in collecting accounts receivable;
- longer transaction cycles;
- higher operating costs;
- local labor conditions and regulations;
- adverse consequences or restrictions on the repatriation of earnings;
- potentially adverse tax consequences, such as trapped foreign losses;
- less stable political and economic environments; and
- civil disturbances or other catastrophic events that reduce business activity.

As part of our day-to-day operations outside of the United States, we are required to create compensation programs, employment policies, compliance policies and procedures and other administrative programs that comply with the laws of multiple countries. We also must communicate and monitor standards and directives across our global operations. Our failure to successfully manage and grow our geographically diverse operations could impair our ability to react quickly to changing business and market conditions and to enforce compliance with non-U.S. standards and procedures.

If our international business increases relative to our total business, these factors could have a more pronounced effect on our operating results. See also "*—Difficult market conditions may adversely affect our business in many ways, including reducing the volume of the transactions involving our Investment Banking business and reducing the value of the assets we manage in our Investment Management businesses, which, in each case, may materially reduce our revenue or income."*

Fluctuations in foreign currency exchange rates could adversely affect our results.

Because our financial statements are denominated in U.S. dollars and we receive a portion of our net revenue from continuing operations in other currencies, we are exposed to fluctuations in foreign currencies. In addition, we pay certain of our expenses in such currencies. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact, respectively, to our financial results. Fluctuations in foreign currency exchange rates may also affect the levels of our AUM and, as a result, our investment advisory fees.

Adverse economic conditions and political events in Mexico may result in disruptions to our business operations and adversely affect our revenue.

Our Mexican company has all of its assets located in Mexico and most of its revenue derived from operations in Mexico. As a financial services firm, our businesses in Mexico are materially affected by Mexico's financial markets and economic conditions. For example, a lack of liquidity in Mexican government bonds could have a material adverse effect on our ECB business. Historically, interest rates in Mexico have been volatile, particularly in times of economic unrest and uncertainty. Mexico has had, and may continue to have, high real and nominal interest rates. In addition, the Mexican government exercises significant influence over many aspects of the Mexican economy; therefore, political events in Mexico, including a change in state and municipal political leadership, may result in disruptions to our business operations and adversely affect its revenue. Any action by the government, including changes in the regulation of Mexico's financial sector, could have an adverse effect on the operations of our Mexican business, especially the asset management business.

Our Mexican business derives a significant portion of its revenue from advisory contracts with state and local governments in Mexico. The term limit system in Mexico may prevent us from maintaining relationships with the same clients in the same political positions beyond these periods. After an election takes place, there is no guarantee that we will be able to remain as advisors of the new government, even if the new administration is of the same political party as the previous one.

The cost of compliance with international broker-dealer, employment, labor, benefits and tax regulations may adversely affect our business and hamper our ability to expand internationally.

Since we operate our business both in the U.S. and internationally, we are subject to many distinct broker-dealer, employment, labor, benefits and tax laws in each jurisdiction in which we operate, including regulations affecting our employment practices and our relations with our employees and service providers. If we are required to comply with new regulations or new interpretations of existing regulations, or if we are unable to comply with these regulations or interpretations, our business could be adversely affected or the cost of compliance may make it difficult to expand into new international markets. Additionally, our competitiveness in international markets may be adversely affected by regulations requiring, among other things, the awarding of contracts to local contractors, the employment of local citizens and/or the purchase of services from local businesses.

Risks Related to Our Organizational Structure

We are required to pay some of our Senior Managing Directors for most of the benefits relating to any additional tax depreciation or amortization deductions we may claim as a result of the tax basis step-up we received in connection with exchanges of Evercore LP partnership units ("LP Units") for shares and related transactions.

As of December 31, 2017, there were 3,533,968 vested Class A partnership units of Evercore LP ("Class A LP Units") held by some of our Senior Managing Directors that may in the future be exchanged for shares of our Class A common stock. The exchanges may result in increases in the tax basis of the assets of Evercore LP that otherwise would not have been available. These increases in tax basis may reduce the amount of tax that we would otherwise be required to pay in the future, although the IRS may challenge all or part of that tax basis increase, and a court could sustain such a challenge.

We have entered into a tax receivable agreement with some of our Senior Managing Directors that provides for the payment by us to these Senior Managing Directors of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax or franchise tax that we actually realize as a result of these increases in tax basis. While the actual increase in tax basis, as well as the amount and timing of any payments under this agreement, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable, and the amount and timing of our income, we expect that, as a result of the size of the increases in the tax basis of the tangible and intangible assets of Evercore LP attributable to our interest in Evercore LP, during the expected term of the tax receivable agreement, the payments that we may make to our Senior Managing Directors could be substantial. Recent changes in tax legislation may modify the amounts paid under the agreement. For example the Tax Cuts and Jobs Act includes a permanent reduction in the federal corporate income tax rate from 35% to 21%, which will likely reduce future amounts to be paid under the agreement with respect to tax years beginning in 2018. In addition, there are numerous other provisions which may also have an impact on the amount of tax to be paid. To the extent that there are future changes or modifications to the Tax Cuts and Jobs Act or other legislation that increases our federal corporate tax rate, our payment obligations under the tax receivable agreement could increase.

Although we are not aware of any issue that would cause the IRS to challenge a tax basis increase, Senior Managing Directors who receive payments will not reimburse us for any payments that may previously have been made under the tax receivable agreement. As a result, in certain circumstances we could make payments to some of the Senior Managing Directors under the tax receivable agreement in excess of our cash tax savings. Our ability to achieve benefits from any tax basis increase, and the payments to be made under this agreement, will depend upon a number of factors, as discussed above, including the timing and amount of our future income.

Our only material asset is our interest in Evercore LP, and we are accordingly dependent upon distributions from Evercore LP to pay dividends and taxes and other expenses.

The Company is a holding company and has no material assets other than its ownership of partnership units in Evercore LP. The Company has no independent means of generating revenue. We intend to cause Evercore LP to make distributions to its partners in an amount sufficient to cover all applicable taxes payable, other expenses and dividends, if any, declared by us.

Payments of dividends, if any, will be at the sole discretion of the Company's board of directors after taking into account various factors, including:

- economic and business conditions;

- our financial condition and operating results;
- our available cash and current and anticipated cash needs;
- our capital requirements;
- applicable contractual, legal, tax and regulatory restrictions;
- implications of the payment of dividends by us to our stockholders or by our subsidiaries (including Evercore LP) to us; and
- such other factors as our board of directors may deem relevant.

In addition, Evercore LP is generally prohibited under Delaware law from making a distribution to a partner to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of Evercore LP (with certain exceptions) exceed the fair value of its assets. Furthermore, certain subsidiaries of Evercore LP may be subject to similar legal limitations on their ability to make distributions to Evercore LP. Moreover, our regulated subsidiaries may be subject to regulatory capital requirements that limit the distributions that may be made by those subsidiaries.

Deterioration in the financial condition, earnings or cash flow of Evercore LP and its subsidiaries for any reason could limit or impair their ability to pay such distributions. Additionally, to the extent that the Company requires funds and Evercore LP is restricted from making such distributions under applicable law or regulation or under the terms of financing arrangements, or is otherwise unable to provide such funds, our liquidity and financial condition could be materially adversely affected.

As of December 31, 2017, Evercore LP and its consolidated subsidiaries had approximately $560 million in cash and cash equivalents available for distribution without prior regulatory approval. Certain of the amounts held in regulated entities are subject to advance notification requirements to the relevant regulatory body prior to distribution, which could delay access to such capital.

If Evercore Inc. were deemed an "investment company" under the 1940 Act as a result of its ownership of Evercore LP, applicable restrictions could make it impractical for us to continue our business as contemplated and could have a material adverse effect on our business.

If Evercore Inc. were to cease participation in the management of Evercore LP, its interest in Evercore LP could be deemed an "investment security" for purposes of the 1940 Act. Generally, a person is deemed to be an "investment company" if it owns investment securities having a value exceeding 40% of the value of its total assets (exclusive of U.S. government securities and cash items), absent an applicable exemption. Evercore Inc. will have no material assets other than its equity interest in Evercore LP. A determination that this interest was an investment security could result in Evercore Inc. being an investment company under the 1940 Act and becoming subject to the registration and other requirements of the 1940 Act.

The 1940 Act and the rules thereunder contain detailed parameters for the organization and operations of investment companies. Among other things, the 1940 Act and the rules thereunder limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities, prohibit the issuance of stock options, and impose certain governance requirements. We intend to conduct our operations so that Evercore Inc. will not be deemed to be an investment company under the 1940 Act. However, if anything were to happen which would cause Evercore Inc. to be deemed to be an investment company under the 1940 Act, requirements imposed by the 1940 Act, including limitations on our capital structure, ability to transact business with affiliates and ability to compensate key employees, could make it impractical for us to continue our business as currently conducted, impair the agreements and arrangements between and among Evercore Inc., Evercore LP or our Senior Managing Directors, or any combination thereof and materially adversely affect our business, financial condition and results of operations.

Risks Related to Our Class A Common Stock

Our Senior Managing Directors control a significant portion of the voting power in Evercore Inc., which may give rise to conflicts of interests.

Our Senior Managing Directors own shares of our Class A common stock and our Class B common stock. Our certificate of incorporation provides that the holders of the shares of our Class B common stock are entitled to a number of votes that is determined pursuant to a formula that relates to the number of LP Units held by such holders. Each holder of Class B common stock is entitled, without regard to the number of shares of Class B common stock held by such holder, to one vote for each partnership unit in Evercore LP held by such holder. Our Senior Managing Directors, and certain trusts benefiting their families, collectively have a significant portion of the voting power in Evercore Inc. As a result, our Senior Managing Directors have the ability to exercise influence over the election of the members of our board of directors and, therefore, influence over our management and affairs, including determinations with respect to acquisitions, dispositions, borrowings, issuances of common stock or other securities, and the declaration and payment of dividends. In addition, they are able to exercise influence over the outcome of all matters requiring stockholder approval. This concentration of ownership could deprive our Class A stockholders of an opportunity to receive a premium for their common stock as part of a sale of our company and might ultimately affect the market price of our Class A common stock.

Our share price may decline or we may have a significant increase in the number of shares of common stock outstanding due to the large number of shares eligible for future sale and for exchange.

The market price of our Class A common stock could decline as a result of sales of a large number of shares of Class A common stock in the market or the perception that such sales could occur. These sales, or the possibility that these sales may occur, might make it more difficult for us to sell equity securities at a time and at a price that we deem appropriate.

Further, we have historically repurchased a significant number of shares of our Class A common stock in the open market. If we were to cease or were unable to repurchase shares of Class A common stock, or choose to allocate available capital to the repayment of borrowings, the number of shares outstanding would increase over time, diluting the ownership of existing stockholders.

As of December 31, 2017, we had a total of 39,102,154 shares of our Class A common stock outstanding. In addition, our current and former Senior Managing Directors own an aggregate of 3,533,968 Class A LP Units, which were all fully vested as of December 31, 2017. Further, in conjunction with our acquisition of the operating businesses of International Strategy & Investment ("ISI") and our acquisition of the noncontrolling interest in our Institutional Equities business that we did not already own, we issued consideration in the form of vested and unvested Class E limited partnership units of Evercore LP ("Class E LP Units") and vested and unvested Class G and H limited partnership interests of Evercore LP ("Class G and H LP Interests") (which convert into Class E LP Units based on the satisfaction of multi-year performance goals). In July 2017, the Company exchanged all of the outstanding Class H LP Interests for a number of Class J limited partnership units of Evercore LP ("Class J LP Units"), which convert into Class E LP Units and ultimately become exchangeable into Class A Shares on a one-for-one basis. As of December 31, 2017, there were 1,901,088 vested Class E LP Units and 1,945,169 vested and unvested Class J LP Units outstanding. In addition, in conjunction with the appointment of the Executive Chairman in November 2016, we issued 400,000 unvested Class I-P units of Evercore LP ("Class I-P Units") which convert into Class I limited partnership units of Evercore LP ("Class I LP Units") based on the achievement of certain market and service conditions. Further, in November 2017, we issued 63,992 unvested Class K-P units of Evercore LP ("Class K-P Units") which convert into Class K limited partnership units of Evercore LP ("Class K LP Units") based on the achievement of certain defined benchmark results. Our amended and restated certificate of incorporation allows the exchange of Class A, Class E, Class I and Class K LP Units (other than those held by us) for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. The shares of Class A common stock issuable upon exchange of the partnership units that are held by our Senior Managing Directors and certain other employees of the Company are eligible for resale from time to time, subject to certain contractual and Securities Act restrictions.

As of February 15, 2018, we had a total of 48,228,429 shares of Class A common stock outstanding and units and interests which were convertible, or potentially convertible, into Class A common stock. This is comprised of 41,243,531 shares of our Class A common stock outstanding, 2,887,855 Class A LP Units, 2,336,295 Class E LP Units, 1,296,756 Class J LP Units, 400,000 Class I-P Units and 63,992 Class K-P Units.

Further, as part of annual bonuses and incentive compensation, we award restricted stock units ("RSUs") to employees, as well as to new hires. As of December 31, 2017, 6,423,269 RSUs issued pursuant to the Amended and Restated 2016 Evercore Inc. Stock Incentive Plan (the "2016 Plan") and the Amended and Restated 2006 Evercore Inc. Stock Incentive Plan were outstanding. Of these RSUs, 113,860 were fully vested and 6,309,409 were unvested. Each RSU represents the holder's right to receive one share of our Class A common stock following the applicable vesting date. Should we issue RSUs in excess of the amount remaining as authorized for issuance under the Evercore Inc. 2016 Stock Incentive Plan, these awards would be accounted for as liability awards, with changes in the fair value of these awards reflected as compensation expense until authorization is obtained.

Some of our Senior Managing Directors are parties to registration rights agreements with us. Under these agreements, these persons have the ability to cause us to register the shares of our Class A common stock they could acquire.

The market price of our Class A common stock may be volatile, which could cause the value of our Class A common stock to decline.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our Class A common stock in spite of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our Class A common stock could decrease significantly.

Anti-takeover provisions in our charter documents and Delaware law could delay or prevent a change in control.

Our certificate of incorporation and by-laws may discourage, delay or prevent a merger or acquisition that a stockholder may consider favorable by permitting our board of directors to issue one or more series of preferred stock, requiring advance notice for stockholder proposals and nominations and placing limitations on convening stockholder meetings. In addition, we are subject to provisions of the Delaware General Corporation Law that restrict certain business combinations with interested stockholders. These provisions may also discourage acquisition proposals or delay or prevent a change in control, which could harm our stock price.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal offices are located in leased office space at 55 East 52nd Street, New York, New York, at 666 Fifth Avenue, New York, New York, at 1 and 15 Stanhope Gate in London, U.K., and at Torre Virreyes, Pedregal 24, 15th Floor, Col. Molino del Rey, Del. Miguel Hidalgo in Mexico City, Mexico. We do not own any real property.

Item 3. 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, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with Accounting Standards Codification ("ASC") 450, "*Contingencies"* when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Price Range of Evercore Class A Common Stock

Our Class A common stock is listed on the NYSE and is traded under the symbol "EVR." At the close of business on February 15, 2018, there were seven Class A common stockholders of record. This is not the actual number of beneficial owners of the Company's common stock, as shares are held in "street name" by brokers and others on behalf of individual owners.

The following table sets forth for the periods indicated the high and low reported intra-day sale prices per share for the Class A common stock, as reported on the NYSE:

	2017		2016	
	High	Low	High	Low
First Quarter	$ 83.30	$ 68.55	$ 53.19	$ 41.57
Second Quarter	$ 79.30	$ 66.80	$ 53.04	$ 40.36
Third Quarter	$ 81.50	$ 69.55	$ 52.96	$ 42.74
Fourth Quarter	$ 93.00	$ 75.25	$ 71.97	$ 50.54

There is no trading market for the Evercore Inc. Class B common stock. As of February 15, 2018, there were 82 holders of record of the Class B common stock.

Dividend Policy

The Company paid quarterly cash dividends of $0.40 per share of Class A common stock for the quarter ended December 31, 2017, $0.34 per share for the quarters ended September 30, 2017, June 30, 2017, March 31, 2017 and December 31, 2016, and $0.31 per share of Class A common stock for the quarters ended September 30, 2016, June 30, 2016 and March 31, 2016.

We pay 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 common shares, on all unvested RSU grants awarded in conjunction with annual bonuses and new hire awards granted after April 2012. The dividend equivalents have the same vesting and delivery terms as the underlying RSU award.

The declaration and payment of any future dividends will be at the sole discretion of our board of directors. Our board of directors will take into account: general economic and business conditions; our financial condition and operating results; our available cash and current and anticipated cash needs; capital requirements; contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries (including Evercore LP) to us; and such other factors as our board of directors may deem relevant.

We are a holding company and have no material assets other than our ownership of partnership units in Evercore LP. We intend to cause Evercore LP to make distributions to us in an amount sufficient to cover dividends, if any, declared by us and tax distributions. If Evercore LP makes such distributions, the limited partners of Evercore LP will be entitled to receive equivalent distributions from Evercore LP on their partnership units.

Recent Sales of Unregistered Securities

None

Share Repurchases for the period January 1, 2017 through December 31, 2017

2017	Total Number of Shares (or Units) Purchased(1)	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs(2)(3)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(2)
January 1 to January 31	118,716	$ 70.67	—	6,475,103
February 1 to February 28	958,748	78.91	—	6,475,103
March 1 to March 31	30,231	77.25	13,881	6,461,222
Total January 1 to March 31	1,107,695	$ 77.99	13,881	6,461,222
April 1 to April 30	138,797	$ 74.73	138,787	6,322,435
May 1 to May 31	1,618,725	73.47	1,616,932	4,705,503
June 1 to June 30	257,321	69.09	250,891	4,454,612
Total April 1 to June 30	2,014,843	$ 72.99	2,006,610	4,454,612
July 1 to July 31	13,101	$ 71.50	1,690	4,452,922
August 1 to August 31	639,932	76.87	624,412	3,828,510
September 1 to September 30	145,861	71.85	142,237	3,686,273
Total July 1 to September 30	798,894	$ 75.87	768,339	3,686,273
October 1 to October 31	18,113	$ 79.14	—	8,500,000
November 1 to November 30	6,079	80.02	—	8,500,000
December 1 to December 31	2,468	88.02	—	8,500,000
Total October 1 to December 31	26,660	$ 80.16	—	8,500,000
Total January 1 to December 31	3,948,092	$ 75.02	2,788,830	8,500,000

(1) Includes the repurchase of 1,093,814, 8,233, 30,555 and 25,460 shares in treasury transactions arising from net settlement of equity awards to satisfy minimum tax obligations during the three months ended March 31, 2017, June 30, 2017, September 30, 2017 and December 31, 2017, respectively.

(2) On April 25, 2016, our Board of Directors authorized the repurchase of Class A Shares and/or LP Units so that going forward Evercore will be able to repurchase an aggregate of 7.5 million Class A Shares and/or LP Units for up to $450.0 million. On October 23, 2017, our Board of Directors authorized the repurchase of additional Class A Shares and/or LP Units so that going forward Evercore will be able to repurchase an aggregate of the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

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

Information relating to compensation plans under which the Company's equity securities are authorized for issuance is set forth in Part III, Item 12 of this report.

Item 6. Selected Financial Data

The following table sets forth the historical selected financial data for the Company for all periods presented. For more information on our historical financial information, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8 "Financial Statements and Supplementary Data." On October 18, 2017, the Company sold the Institutional Trust and Independent Fiduciary business of ETC. See Note 4 to the Company's consolidated financial statements for further information on business changes and developments.

	2017	2016	2015	2014	2013
	(dollars in thousands, except per share data)				
STATEMENT OF OPERATIONS DATA					
Revenues					
Investment Banking Revenue	$ 1,575,168	$ 1,364,098	$ 1,133,860	$ 821,359	$ 666,806
Investment Management Revenue	61,685	75,807	95,129	98,751	95,759
Other Revenue, Including Interest	87,492	16,885	11,259	11,292	16,868
Total Revenues	1,724,345	1,456,790	1,240,248	931,402	779,433
Interest Expense	19,996	16,738	16,975	15,544	14,005
Net Revenues	1,704,349	1,440,052	1,223,273	915,858	765,428
Expenses					
Operating Expenses	1,227,573	1,077,706	946,532	719,474	598,806
Other Expenses	47,965	101,172	148,071	25,437	36,447
Total Expenses	1,275,538	1,178,878	1,094,603	744,911	635,253
Income before Income from Equity Method Investments and Income Taxes	428,811	261,174	128,670	170,947	130,175
Income from Equity Method Investments	8,838	6,641	6,050	5,180	8,326
Income before Income Taxes	437,649	267,815	134,720	176,127	138,501
Provision for Income Taxes	258,442	119,303	77,030	68,756	63,689
Net Income from Continuing Operations	179,207	148,512	57,690	107,371	74,812
Net Income (Loss) from Discontinued Operations	—	—	—	—	(2,790)
Net Income	179,207	148,512	57,690	107,371	72,022
Net Income Attributable to Noncontrolling Interest	53,753	40,984	14,827	20,497	18,760
Net Income Attributable to Evercore Inc.	$ 125,454	$ 107,528	$ 42,863	$ 86,874	$ 53,262
Dividends Declared per Share	$ 1.42	$ 1.27	$ 1.15	$ 1.03	$ 0.91
Diluted Net Income (Loss) Per Share Attributable to Evercore Inc. Common Shareholders:					
From Continuing Operations	$ 2.80	$ 2.43	$ 0.98	$ 2.08	$ 1.42
From Discontinued Operations	—	—	—	—	(0.04)
Net Income Per Share Attributable to Evercore Inc. Common Shareholders	$ 2.80	$ 2.43	$ 0.98	$ 2.08	$ 1.38
STATEMENT OF FINANCIAL CONDITION DATA					
Total Assets	$ 1,584,886	$ 1,662,346	$ 1,479,171	$ 1,446,556	$ 1,180,783
Long-term Liabilities	$ 324,466	$ 415,594	$ 363,906	$ 345,229	$ 296,661
Total Long-term Debt	$ 175,146	$ 184,647	$ 141,800	$ 127,776	$ 103,226
Total Liabilities	$ 788,518	$ 879,015	$ 771,955	$ 730,309	$ 580,820
Noncontrolling Interest	$ 252,404	$ 256,033	$ 202,664	$ 164,966	$ 97,382
Total Equity	$ 796,368	$ 783,331	$ 707,216	$ 712,233	$ 563,158

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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 that are dependent on the successful completion of a transaction. 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. In the case of bankruptcy engagements, fees are subject to approval of the court. Underwriting fees are recognized when the offering has been deemed to be completed, placement fees are generally recognized at the time of the client's acceptance of capital or capital commitments. Commissions and Related Fees includes commissions, which are recorded on a trade-date basis or, in the case of payments under commission sharing arrangements, on the date earned. Commissions and Related Fees also include subscription fees for the sales of research. Cash received before the subscription period ends is initially recorded as deferred revenue and recognized as revenue over the remaining subscription period.

Revenue trends in our advisory business generally are correlated to the volume of M&A activity and/or restructuring activity, which tends to be counter-cyclical to M&A. However, deviations from this trend can occur in any given year or quarter for a number of reasons. For example, changes in our market share or the ability of our clients to close certain large transactions can cause our revenue results to diverge from the level of overall M&A or restructuring activity. Revenue trends in our equities business are correlated to market volumes, which generally decrease in periods of low market volatility or unfavorable market or economic conditions. Revenue trends in our equities business may also be impacted by new regulation, such as 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 management of the Wealth Management, Institutional Asset Management and Private Equity businesses. Revenue sources primarily include management fees, which include fees earned from portfolio companies, fiduciary and consulting fees, performance fees (including carried interest) and gains (or losses) on our investments.

Management fees for third party clients generally represent a percentage of AUM. Fiduciary and consulting fees, which are generally a function of the size and complexity of each engagement, are individually negotiated. Management fees from private equity operations are generally a percentage of committed capital or invested capital at rates agreed with the investment funds we manage or with the individual client. The Company records performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. Portfolio company fees include monitoring, director and transaction fees associated with services provided to the portfolio companies of the private equity funds we hold interests in. Gains and losses include both realized and unrealized gains and losses on principal investments, including those arising from our equity interest in investment partnerships. As discussed in Note 4 to our consolidated financial statements, in 2016 we sold our Mexican Private Equity business. As a result, from the fourth quarter of 2016 forward, we are not managing any private equity funds and receive our share of such fees through the managers in which we hold interests.

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 or the contracts with the limited partners in the private equity funds we manage, these expenditures may be reimbursable. We define these expenses as transaction-related expenses and record such expenditures as incurred and record revenue when it is determined that clients have an obligation to reimburse us for such transaction-related expenses. Client expense reimbursements are recorded as revenue on the Consolidated Statements of Operations on the later of the date an engagement letter is executed or the date we pay or accrue the expense.

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

Other Revenue also includes income earned on marketable securities and certificates of deposit, cash and cash equivalents and assets segregated for regulatory purposes, as well as adjustments to amounts due pursuant to our tax receivable agreement, subsequent to its initial establishment related to changes in enacted tax rates, and gains (losses) resulting from foreign currency fluctuations.

In 2017, Other Revenue also includes a gain on the sale of the Institutional Trust and Independent Fiduciary business of ETC and the release of cumulative foreign exchange losses related to the restructuring of our equity method investment in G5.

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

Operating Expenses

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

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

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

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

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

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

Other Expenses

Other Expenses include the following:

- *Amortization of LP Units/Interests and Certain Other Awards* - Includes amortization costs or the reversal of expenses associated with the vesting of Class E LP Units, Class G and H LP Interests and Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Other Acquisition Related Compensation Charges* - Includes compensation charges in 2015 associated with deferred consideration, retention awards and related compensation for The Lexicon Partnership LLP ("Lexicon") employees.
- *Special Charges* - Includes expenses in 2017 related to the impairment of goodwill in our Institutional Asset Management reporting unit, the impairment of our investment in G5 and the transition of certain employees in conjunction with the sale of the Institutional Trust and Independent Fiduciary business of ETC. Expenses in 2016 related to an impairment charge associated with our investment in Atalanta Sosnoff. Expenses in 2015 primarily related to an impairment charge associated with the impairment of goodwill in our Institutional Asset Management reporting unit and charges related to the restructuring of our investment in Atalanta Sosnoff, primarily related to the conversion of certain of Atalanta Sosnoff's profits interests held by management to equity interests. Special Charges for 2015 also include separation benefits and costs associated with the termination of certain contracts within our Evercore ISI business and the finalization of a matter associated with the wind-down of our U.S. Private Equity business.
- *Acquisition and Transition Costs* - Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services, as well as the reversal of a provision for certain settlements in 2016 which was previously established in the fourth quarter of 2015, and costs related to transitioning ISI's infrastructure in 2015.
- *Fair Value of Contingent Consideration* - Includes expense associated with changes in the fair value of contingent consideration issued to the sellers of certain of our acquisitions.
- *Intangible Asset and Other Amortization* - Includes amortization of intangible assets and other purchase accounting-related amortization associated with certain acquisitions.

Income from Equity Method Investments

Our share of the income (loss) from our equity interests in ABS, Atalanta Sosnoff, Luminis and G5 (through December 31, 2017, the date we exchanged all of our outstanding equity interests for debentures of G5) are included within Income from Equity Method Investments, as a component of Income Before Income Taxes, on the Consolidated Statements of Operations.

Provision for Income Taxes

We account for income taxes in accordance with ASC 740, "*Income Taxes*" ("ASC 740"), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of our assets and liabilities. We adopted Accounting Standards Update ("ASU") No. 2016-09, *"Improvements to Employee Share-Based Payment Accounting"* ("ASU 2016-09") on January 1, 2017, which resulted in excess tax benefits and deficiencies from the delivery of Class A Shares under share-based payment arrangements being recognized in the Company's Provision for Income Taxes, rather than in Additional Paid-In-Capital under legacy accounting principles generally accepted in the United States of America ("U.S. GAAP"). In addition, net deferred tax assets are impacted by changes to statutory tax rates in the period of enactment, such as the enactment of the Tax Cuts and Jobs Act on December 22, 2017. See Note 20 to our consolidated financial statements for further information.

Noncontrolling Interest

We record noncontrolling interest relating to the ownership interests of our current and former Senior Managing Directors and other officers and their estate planning vehicles in Evercore LP, as well as the portions of our operating subsidiaries not owned by Evercore. As described in Note 15 to our 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 years ended December 31, 2017, 2016 and 2015. 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 Years Ended December 31,			Change	
	2017	2016	2015	2017 v. 2016	2016 v. 2015
	(dollars in thousands, except per share data)				
Revenues					
Investment Banking Revenue	$ 1,575,168	$ 1,364,098	$ 1,133,860	15%	20%
Investment Management Revenue	61,685	75,807	95,129	(19%)	(20%)
Other Revenue, Including Interest	87,492	16,885	11,259	418%	50%
Total Revenues	1,724,345	1,456,790	1,240,248	18%	17%
Interest Expense	19,996	16,738	16,975	19%	(1%)
Net Revenues	1,704,349	1,440,052	1,223,273	18%	18%
Expenses					
Operating Expenses	1,227,573	1,077,706	946,532	14%	14%
Other Expenses	47,965	101,172	148,071	(53%)	(32%)
Total Expenses	1,275,538	1,178,878	1,094,603	8%	8%
Income Before Income from Equity Method Investments and Income Taxes	428,811	261,174	128,670	64%	103%
Income from Equity Method Investments	8,838	6,641	6,050	33%	10%
Income Before Income Taxes	437,649	267,815	134,720	63%	99%
Provision for Income Taxes	258,442	119,303	77,030	117%	55%
Net Income	179,207	148,512	57,690	21%	157%
Net Income Attributable to Noncontrolling Interest	53,753	40,984	14,827	31%	176%
Net Income Attributable to Evercore Inc.	$ 125,454	$ 107,528	$ 42,863	17%	151%
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders	$ 2.80	$ 2.43	$ 0.98	15%	148%

2017 versus 2016

Net Revenues were $1.704 billion in 2017, an increase of $264.3 million, or 18%, versus Net Revenues of $1.440 billion in 2016. Investment Banking Revenue increased 15% and Investment Management Revenue decreased 19% compared to 2016. On October 18, 2017, we completed the sale of the Institutional Trust and Independent Fiduciary business of ETC. The results of this business were consolidated until October 18, 2017, which included Net Revenues of $15.9 million and Total Expenses of $18.2 million (Net Revenues of $20.2 million and Total Expenses of $18.3 million in 2016). On September 30, 2016, we transferred ownership of our Mexican Private Equity business and related entities to Glisco. The results of the Mexican Private Equity business were consolidated until September 30, 2016, which included Net Revenues of $10.4 million and Total Expenses of $2.5 million. Other Revenue in 2017 was 418% higher than in 2016, which was primarily attributable to an estimated gain of $77.5 million related to a reduction in the liability for amounts due pursuant to our tax receivable agreement, which was re-measured following the decrease in future income tax rates in the U.S., upon the enactment of the Tax Cuts and Jobs Act on December 22, 2017. Other Revenue in 2017 also included a gain of $7.8 million resulting from the sale of the Institutional Trust and Independent Fiduciary business of ETC. These gains were partially offset by a loss of $16.3 million related to the release of cumulative foreign exchange losses resulting from the restructuring of our equity method investment in G5 in 2017. See Note 4 to our consolidated financial statements for further information.

Total Operating Expenses were $1.228 billion in 2017, as compared to $1.078 billion in 2016, an increase of $149.9 million, or 14%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $951.1 million in 2017, an increase of $131.4 million, or 16%, versus expense of $819.7 million in 2016. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred and incentive compensation arrangements, as well as increased incentive compensation related to the 18% increase in Net Revenues. Headcount increased 8% from 2016 to 2017. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 17 to our consolidated financial statements for further information. Non-compensation expenses as a component of Operating Expenses were $276.5 million in 2017, an increase of $18.5 million, or 7%, versus non-compensation operating expenses of $258.0 million in 2016. Non-compensation operating expenses increased compared to 2016 primarily driven by increased headcount, increased new business costs associated with higher levels of global transaction activity and higher professional fees. Non-compensation operating expenses for 2017 included execution and clearing costs of $14.1 million, compared to $17.5 million for 2016.

Total Other Expenses of $48.0 million in 2017 included the following: Special Charges of $25.4 million (related to an impairment charge of $14.4 million associated with our investment in G5, an impairment charge of $7.1 million related to the goodwill in the Institutional Asset Management reporting unit and the transition of certain employees in conjunction with the sale of the Institutional Trust and Independent Fiduciary business of ETC of $3.9 million), Acquisition and Transition Costs of $1.7 million, intangible asset and other amortization of $9.4 million and compensation costs associated with the vesting of LP Units and Interests and certain other awards of $11.4 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI. The Company incurred an expense reversal in the first quarter of 2017 associated with Evercore LP Interests granted in conjunction with the acquisition of ISI, as the achievement of certain of the remaining performance thresholds for the remaining Class G and H LP Interests was no longer probable at March 31, 2017. This assessment was based on Management's revised outlook for the Evercore ISI business, including strategic decisions to increase the compensation ratio for this business. See Note 17 to our consolidated financial statements for further information. Total Other Expenses of $101.2 million in 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $80.8 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Special Charges of $8.1 million, related to an impairment charge associated with the impairment of our investment in Atalanta Sosnoff, Acquisition and Transition Costs of $0.1 million, changes to the fair value of contingent consideration of $1.1 million and intangible asset and other amortization of $11.0 million.

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

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 56% for the year ended December 31, 2017, compared to 63% for the year ended December 31, 2016.

Income from Equity Method Investments was $8.8 million in 2017, as compared to $6.6 million in 2016. The increase was primarily a result of an increase in earnings from ABS in 2017, including an increase in performance fees.

The provision for income taxes in 2017 was $258.4 million, which reflected an effective tax rate of 59%. The provision for income taxes in 2016 was $119.3 million, which reflected an effective tax rate of 45%. In conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which reduced income tax rates in the U.S. in future years, our tax provision for 2017 includes a charge of $143.3 million resulting from the estimated re-measurement of net deferred tax assets, which relates principally to temporary differences between book and tax, primarily related to the step-up in basis associated with the exchange of partnership units, deferred compensation, amortization of goodwill and intangible assets and depreciation of fixed assets and leasehold improvements, as well as the write-down of foreign currency related deferred tax assets. This charge, as well as the reduction in the liability for amounts due pursuant to our tax receivable agreement described above, resulted in an increase in the effective tax rate of 27.1 percentage points for 2017. The effective tax rate for 2017 also reflects the application of ASU 2016-09, which was adopted effective January 1, 2017. ASU 2016-09 requires that the tax deduction associated with the appreciation in the Company's share price upon vesting of employee share-based awards above the original grant price be reflected in income tax expense. The application of ASU 2016-09 resulted in excess tax benefits from the delivery of Class A

Shares under share based-payment arrangements of $24.0 million being recognized in the Company's Provision for Income Taxes for the year ended December 31, 2017, and resulted in a reduction in the effective tax rate of 5.5 percentage points for 2017. The provision for income taxes for 2017 and 2016 also reflects the effect of certain nondeductible expenses, including expenses related to Class E, J, I-P and K-P LP Units and Class G and H LP Interests, as well as the noncontrolling interest associated with LP Units and other adjustments. See Note 20 to our consolidated financial statements for further information.

Net Income Attributable to Noncontrolling Interest was $53.8 million in 2017 compared to $41.0 million in 2016. The increase in Net Income Attributable to Noncontrolling Interest reflects higher income allocated to Evercore LP during the year ended December 31, 2017. Further, the effects of the Tax Cuts and Jobs Act described above are principally reflected on the Evercore Inc. (Parent Company Only) Financial Statements and therefore, were not allocated to Noncontrolling Interest. See Note 23 to our consolidated financial statements for further information.

2016 versus 2015

Net Revenues were $1.440 billion in 2016, an increase of $216.8 million, or 18%, versus Net Revenues of $1.223 billion in 2015. Investment Banking Revenue increased 20% and Investment Management Revenue decreased 20% compared to 2015. On September 30, 2016, we transferred ownership of our Mexican Private Equity business and related entities to Glisco. The results of the Mexican Private Equity business were consolidated until September 30, 2016, which included Net Revenues of $10.4 million and Total Expenses of $2.5 million (Net Revenues of $8.8 million and Total Expenses of $3.9 million in 2015). On December 31, 2015, we deconsolidated the assets and liabilities of Atalanta Sosnoff and we accounted for our interest as an equity method investment from that date forward. In 2015, the results of Atalanta Sosnoff were consolidated, which included Net Revenues of $21.6 million and Total Expenses of $20.2 million. Other Revenue in 2016 was 50% higher than in 2015, which was partially attributable to a gain resulting from the transfer of ownership of the Mexican Private Equity business on September 30, 2016, as well as foreign currency gains resulting from currency fluctuations following the Brexit vote in June 2016.

Total Operating Expenses were $1.078 billion in 2016, as compared to $946.5 million in 2015, an increase of $131.2 million, or 14%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $819.7 million in 2016, an increase of $116.7 million, or 17%, versus expense of $703.0 million in 2015. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs from share-based and other deferred and incentive compensation arrangements, as well as increased annual incentive compensation related to the 18% increase in Net Revenues. Headcount increased 5% from 2015 to 2016. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 17 to our consolidated financial statements for further information. Non-compensation expenses as a component of Operating Expenses were $258.0 million in 2016, an increase of $14.5 million, or 6%, over non-compensation operating expenses of $243.5 million in 2015. Non-compensation operating expenses increased compared to 2015 primarily driven by increased headcount, increased new business costs associated with higher levels of global transaction activity and higher professional fees. Non-compensation operating expenses for 2016 included execution and clearing costs of $17.5 million, compared to $18.7 million for 2015.

Total Other Expenses of $101.2 million in 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $80.8 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Special Charges of $8.1 million, related to an impairment charge associated with the impairment of our investment in Atalanta Sosnoff, Acquisition and Transition Costs of $0.1 million, changes to the fair value of contingent consideration of $1.1 million and intangible asset and other amortization of $11.0 million. Total Other Expenses of $148.1 million in 2015 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $83.7 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, other acquisition related compensation costs of $1.5 million, Special Charges of $41.1 million, primarily related to an impairment charge associated with the impairment of goodwill in our Institutional Asset Management reporting unit, Acquisition and Transition Costs of $4.9 million, changes to the fair value of contingent consideration of $2.7 million and intangible asset and other amortization of $14.1 million.

Assuming the maximum thresholds for the Class G and H LP Interests were considered probable of achievement at December 31, 2016, an additional $35.0 million of expense would have been incurred for the year ended December 31, 2016 and the remaining expense to be accrued over the future vesting period extending from January 1, 2017 to February 15, 2020 would be $110.5 million. In that circumstance, the total number of Class G and H LP Interests that would vest and become exchangeable to Class E LP Units would be 4.9 million. Conversely, the life to date actual accrued expense related to unvested

Class G and H LP Interests as of December 31, 2016 was $87.0 million, which would be reversed if the actual performance falls below, or is deemed probable of falling below, the minimum thresholds prior to vesting.

As a result of the factors noted above, Employee Compensation and Benefits Expense as a percentage of Net Revenues was 63% for the year ended December 31, 2016, compared to 64% for the year ended December 31, 2015.

Income from Equity Method Investments was $6.6 million in 2016, as compared to $6.1 million in 2015. The increase was primarily a result of the inclusion of Atalanta Sosnoff's earnings for the year ended December 31, 2016, partially offset by a decrease in earnings from ABS.

The provision for income taxes in 2016 was $119.3 million, which reflected an effective tax rate of 45%. The provision for income taxes in 2015 was $77.0 million, which reflected an effective tax rate of 57%. The provision for income taxes for 2016 and 2015 reflects the effect of certain nondeductible expenses, including expenses related to Class E LP Units and Class G and H LP Interests in 2016, as well as the noncontrolling interest associated with LP Units and other adjustments.

Net Income Attributable to Noncontrolling Interest was $41.0 million in 2016 compared to $14.8 million in 2015. The increase in Net Income Attributable to Noncontrolling Interest reflects higher income allocated to Evercore LP during the year ended December 31, 2016, as well as the impact of the impairment of goodwill in the Institutional Asset Management reporting unit during the year ended December 31, 2015.

Impairment of Assets

Investments

During the second quarter of 2017, following a sustained period of economic and political instability in Brazil and after concluding that the expected recovery in the M&A markets in Brazil would be delayed for the foreseeable future, G5 experienced a decline in previously forecasted advisory backlog and as such, management of G5 revised their revenue forecast. As a result, we performed an assessment of the carrying value of our equity interest in G5 for other-than-temporary impairment in accordance with ASC 323-10, *"Investments - Equity Method and Joint Ventures"* ("ASC 323-10"). In determining the fair value of our investment, we utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The market multiple approach included applying the average earnings multiples of comparable public companies, multiplied by the forecasted earnings of G5, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of G5 and applied a discount rate of 17.5%, which reflected the weighted average cost of capital adjusted for the risks inherent in the future cash flows. The forecast inherent in the valuation assumes slight growth in revenues and earnings by the end of 2018, and, over the longer term, assumes a compound annual growth rate in revenues of 5% from the trailing twelve month period ended May 31, 2017.

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

Goodwill

At November 30, 2017, in accordance with ASC 350, *"Intangibles - Goodwill and Other"* ("ASC 350"), we performed our annual Goodwill impairment assessment. We concluded that the fair value of our reporting units substantially exceeded their carrying values as of November 30, 2017, with the exception of our Institutional Asset Management reporting unit, which exceeded its carrying value by approximately 17% as of November 30, 2017.

During the second quarter of 2017, in accordance with ASC 350, we performed an impairment assessment of the goodwill remaining in the Institutional Asset Management reporting unit following the classification of the Institutional Trust and Independent Fiduciary business of ETC as Held for Sale. In determining the fair value of this reporting unit, we utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The market multiple approach included applying the average earnings multiples of comparable public companies, multiplied by the forecasted earnings of the reporting unit, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of the reporting unit and applied a discount rate of 17.5%, which reflected the weighted average cost of capital adjusted for the risks inherent in the future cash flows. The forecast inherent in the valuation assumes a compound annual growth rate in revenues of 11%.

As a result of the above analysis, we determined that the fair value of the remaining business in the Institutional Asset Management reporting unit was less than its carrying value. We adopted ASU No. 2017-04, *"Simplifying the Test for Goodwill Impairment"* ("ASU 2017-04") during the second quarter of 2017. Accordingly, we recorded a goodwill impairment charge in the Investment Management segment of $7.1 million, which is included within Special Charges on the Consolidated Statement of Operations for the year ended December 31, 2017. This charge resulted in a decrease of $3.7 million to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the year ended December 31, 2017.

Business Segments

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

Investment Banking

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

	For the Years Ended December 31,			Change	
	2017	2016	2015	2017 v. 2016	2016 v. 2015
			(dollars in thousands)		
Revenues					
Investment Banking Revenue:					
Advisory Fees	$ 1,324,412	$ 1,096,829	$ 865,494	21%	27%
Commissions and Related Fees	204,929	231,005	228,229	(11%)	1%
Underwriting Fees	45,827	36,264	40,137	26%	(10%)
Investment Banking Revenue(1)	1,575,168	1,364,098	1,133,860	15%	20%
Other Revenue, net(2)	59,100	(239)	(2,945)	NM	92%
Net Revenues	1,634,268	1,363,859	1,130,915	20%	21%
Expenses					
Operating Expenses	1,175,927	1,020,327	869,301	15%	17%
Other Expenses(3)	35,810	92,172	108,739	(61%)	(15%)
Total Expenses	1,211,737	1,112,499	978,040	9%	14%
Operating Income(4)	422,531	251,360	152,875	68%	64%
Income from Equity Method Investments(5)	277	1,370	978	(80%)	40%
Pre-Tax Income	$ 422,808	$ 252,730	$ 153,853	67%	64%

(1) Includes client related expenses of $28.1 million, $24.5 million and $22.6 million for the years ended December 31, 2017, 2016 and 2015, respectively.
(2) Includes interest expense on the Notes Payable, subordinated borrowings and the line of credit of $10.0 million, $9.6 million and $6.0 million for the years ended December 31, 2017, 2016 and 2015, respectively. Also includes an estimated gain of $77.5 million related to a reduction in the liability for amounts due pursuant to our tax receivable agreement and a loss of $16.3 million related to the release of cumulative foreign exchange losses resulting from the restructuring of our equity method investment in G5 for the year ended December 31, 2017.
(3) Includes an impairment charge related to our investment in G5 of $14.4 million for the year ended December 31, 2017.
(4) Includes Noncontrolling Interest of $6.6 million, $2.5 million and $2.0 million for the years ended December 31, 2017, 2016 and 2015, respectively.
(5) Equity in G5 - Advisory (through December 31, 2017, the date we exchanged all of our outstanding equity interests for debentures of G5) and Luminis is classified as Income from Equity Method Investments.

For 2017, the dollar value of North American announced and completed M&A activity decreased 14% and 7%, respectively, compared to 2016, while the dollar value of Global announced and completed M&A activity for 2017 decreased 1% and 10%, respectively, compared to 2016. The dollar value of North American announced M&A activity between $1 - $5 billion decreased 7% compared to 2016, while the dollar value of Global announced M&A activity between $1 - $5 billion increased 2% compared to 2016:

	For the Years Ended December 31,			Change	
	2017	2016	2015	2017 v. 2016	2016 v. 2015
Industry Statistics ($ in billions) *					
Value of North American M&A Deals Announced	$ 1,516	$ 1,756	$ 1,968	(14%)	(11%)
Value of North American M&A Deals Announced between $1 - $5 billion	$ 486	$ 524	$ 436	(7%)	20%
Value of North American M&A Deals Completed	$ 1,483	$ 1,597	$ 1,620	(7%)	(1%)
Value of Global M&A Deals Announced	$ 3,571	$ 3,613	$ 4,373	(1%)	(17%)
Value of Global M&A Deals Announced between $1 - $5 billion	$ 1,072	$ 1,051	$ 1,018	2%	3%
Value of Global M&A Deals Completed	$ 2,974	$ 3,315	$ 3,384	(10%)	(2%)
Evercore Statistics **					
Total Number of Fees From Advisory Client Transactions	574	568	484	1%	17%
Investment Banking Fees of at Least $1 million from Advisory Client Transactions	255	246	180	4%	37%

* Source: Thomson Reuters January 2, 2018
** Includes revenue generating clients only

Investment Banking Results of Operations

2017 versus 2016

Net Investment Banking Revenues were $1.634 billion in 2017 compared to $1.364 billion in 2016, which represented an increase of 20%. We earned advisory fees from 574 clients in 2017 compared to 568 in 2016. We had 255 fees in excess of $1.0 million in 2017, compared to 246 in 2016, representing a 4% increase. The increase in revenues from 2016 primarily reflects an increase of $227.6 million, or 21%, in Advisory fees, principally driven by the number, composition and size of fees in excess of $1 million and the nature of services provided, including activist defense. Advisory fees also benefited from higher fees earned from advising on capital transactions for private funds in 2017. The increase in revenues was also attributed to an increase of $9.6 million, or 26%, in Underwriting Fees, as we participated in 58 underwriting transactions (vs. 44 in 2016), 33 as a bookrunner (vs. 21 in 2016). These increases were partially offset by a decrease of $26.1 million, or 11%, in our Commissions and Related Fees, principally driven by the trend of institutional clients adjusting the level and composition of trading volumes as well as payments for research services under a broad movement to passive investing strategies and lower levels of volatility. Other Revenue, net, in 2017 was higher than in 2016 primarily as a result of an estimated gain of $77.5 million related to a reduction in the liability for amounts due pursuant to our tax receivable agreement, which was re-measured following the decrease in future income tax rates in the U.S., upon the enactment of the Tax Cuts and Jobs Act on December 22, 2017. This increase was partially offset by a loss of $16.3 million related to the release of cumulative foreign exchange losses resulting from the restructuring of our equity method investment in G5 in 2017.

Operating Expenses were $1.176 billion in 2017 compared to $1.020 billion in 2016, an increase of $155.6 million, or 15%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $915.1 million in 2017, as compared to $780.3 million in 2016, an increase of $134.8 million, or 17%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs associated with new senior hires and increased compensation costs from share-based and other deferred and incentive compensation arrangements, as well as increased annual incentive compensation related to the 20% increase in Net Revenues. The increase in Employee Compensation and Benefits Expense, as a component of Operating Expenses, was also due to increased costs related to awards issued in conjunction with the appointment of our Executive Chairman in November 2016. See Note 17 to our consolidated financial statements for further information. Non-compensation expenses, as a component of Operating Expenses, were $260.9 million in 2017, as compared to $240.0 million in 2016, an increase of $20.9 million, or 9%. Non-compensation operating expenses increased from the prior year primarily driven by increased headcount within the business, increased new business costs associated with higher levels of global transaction activity and higher professional fees.

Other Expenses of $35.8 million in 2017 included Special Charges of $14.4 million related to the impairment of our investment in G5, intangible asset and other amortization of $9.4 million, Acquisition and Transition Costs of $0.6 million and compensation costs associated with the vesting of LP Units and certain other awards of $11.4 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI. The Company incurred an expense reversal in the first quarter of 2017 associated with Evercore LP Interests granted in conjunction with the acquisition of ISI, as the achievement of certain of the remaining performance thresholds for the remaining Class G and H LP Interests was no longer probable at March 31, 2017. This assessment was based on Management's revised outlook for the Evercore ISI business, including strategic decisions to increase the compensation ratio for this business. See Note 17 to our consolidated financial statements for further information. Other Expenses of $92.2 million in 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $80.8 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of ($0.7) million, primarily reflecting the reversal of a provision for certain settlements in 2016 previously established in the fourth quarter of 2015, changes to the fair value of contingent consideration of $1.1 million and intangible asset and other amortization of $10.9 million.

2016 versus 2015

Net Investment Banking Revenues were $1.364 billion in 2016 compared to $1.131 billion in 2015, which represented an increase of 21%. We earned advisory fees from 568 clients in 2016 compared to 484 in 2015, representing a 17% increase. We had 246 fees in excess of $1.0 million in 2016, compared to 180 in 2015, representing a 37% increase. The increase in revenues from 2015 primarily reflects an increase of $231.3 million, or 27%, in Advisory fees, principally driven by higher volume and value of deals in our U.S. and U.K. businesses reflecting increased market share, and an increase of $2.8 million, or 1%, in our Commissions and Related Fees, principally driven by higher trading volumes which occurred in lower priced automated execution channels at Evercore ISI. These increases were partially offset by a decrease of $3.9 million, or 10%, in Underwriting Fees, principally related to market conditions during 2016.

Operating Expenses were $1.020 billion in 2016 compared to $869.3 million in 2015, an increase of $151.0 million, or 17%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $780.3 million in 2016, as compared to $648.9 million in 2015, an increase of $131.4 million, or 20%. The increase was primarily due to increased compensation costs resulting from the expansion of our businesses, including costs from share-based and other deferred and incentive compensation arrangements, as well as increased annual incentive compensation related to the 21% increase in Net Revenues. Non-compensation expenses, as a component of Operating Expenses, were $240.0 million in 2016, as compared to $220.4 million in 2015, an increase of $19.6 million, or 9%. Non-compensation operating expenses increased from the prior year primarily driven by increased headcount within the business, increased new business costs associated with higher levels of global transaction activity and higher professional fees.

Other Expenses of $92.2 million in 2016 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $80.8 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, Acquisition and Transition Costs of ($0.7) million, primarily reflecting the reversal of a provision for certain settlements in 2016 previously established in the fourth quarter of 2015, changes to the fair value of contingent consideration of $1.1 million and intangible asset and other amortization of $10.9 million. Other Expenses of $108.7 million in 2015 included compensation costs associated with the vesting of LP Units and Interests and certain other awards of $83.7 million, primarily related to Evercore LP Units and Interests granted in conjunction with the acquisition of ISI, other acquisition related compensation costs of $1.5 million, Special Charges of $2.2 million, Acquisition and Transition Costs of $4.9 million, changes to the fair value of contingent consideration of $2.7 million and intangible asset and other amortization of $13.8 million.

Investment Management

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

	For the Years Ended December 31,			Change	
	2017	2016	2015	2017 v. 2016	2016 v. 2015
			(dollars in thousands)		
Revenues					
Management Fees and Related Income:					
Wealth Management	$ 40,288	$ 36,411	$ 34,659	11%	5%
Institutional Asset Management	6,580	8,014	9,251	(18%)	(13%)
Total Management Fees and Related Income	46,868	44,425	43,910	5%	1%
Private Equity Investments	(915)	8,582	6,325	NM	36%
Subtotal	45,953	53,007	50,235	(13%)	6%
Disposed and Restructured Businesses(1)	15,732	22,800	44,894	(31%)	(49%)
Investment Management Revenue(2)	61,685	75,807	95,129	(19%)	(20%)
Other Revenue, net(3)	8,396	386	(2,771)	NM	NM
Net Revenues	70,081	76,193	92,358	(8%)	(18%)
Expenses					
Operating Expenses	51,646	57,379	77,231	(10%)	(26%)
Other Expenses(4)	12,155	9,000	39,332	35%	(77%)
Total Expenses	63,801	66,379	116,563	(4%)	(43%)
Operating Income (Loss)(5)	6,280	9,814	(24,205)	(36%)	NM
Income from Equity Method Investments(6)	8,561	5,271	5,072	62%	4%
Pre-Tax Income (Loss)	$ 14,841	$ 15,085	$ (19,133)	(2%)	NM

(1) Includes the Institutional Trust and Independent Fiduciary business of ETC, Management Fees from the Glisco funds and Atalanta Sosnoff, which were previously consolidated businesses.
(2) Includes client related expenses of $0.2 million, $0.9 million and $0.07 million for the years ended December 31, 2017, 2016 and 2015, respectively.
(3) Includes interest expense on the Notes Payable and the line of credit of $0.7 million and $3.6 million for the years ended December 31, 2016 and 2015, respectively. Also includes a gain of $7.8 million related to the sale of the Institutional Trust and Independent Fiduciary business of ETC for the year ended December 31, 2017.
(4) Includes an impairment charge related to the impairment of goodwill in the Institutional Asset Management reporting unit of $7.1 million for the year ended December 31, 2017 and an impairment charge related to the impairment of our equity method investment in Atalanta Sosnoff of $8.1 million for the year ended December 31, 2016. Also includes an impairment charge related to the impairment of goodwill in our Institutional Asset Management reporting unit of $28.5 million and charges of $7.1 million related to the restructuring of our investment in Atalanta Sosnoff for the year ended December 31, 2015. Also includes $3.9 million related to the transition of certain employees in conjunction with the sale of the Institutional Trust and Independent Fiduciary business of ETC for the year ended December 31, 2017.
(5) Includes Noncontrolling Interest of $3.2 million, $2.9 million and $4.0 million for the years ended December 31, 2017, 2016 and 2015, respectively.
(6) Equity in G5 - Wealth Management (through December 31, 2017, the date we exchanged all of our outstanding equity interests for debentures of G5), ABS and Atalanta Sosnoff (after its deconsolidation on December 31, 2015) is classified as Income from Equity Method Investments.

Investment Management Results of Operations

Our Investment Management segment includes:

- Wealth Management - through EWM, ETC and ETCDE. Fee-based revenues from EWM are primarily earned on a percentage of AUM, while ETC and ETCDE primarily earn fees from negotiated trust services and fiduciary consulting arrangements.
- Institutional Asset Management - through ECB. Fee-based revenues from ECB are primarily earned on a percentage of AUM.
- Private Equity - through our investment interests in private equity funds. Glisco assumes all responsibility for the management of the funds in Mexico, Glisco II and Glisco III, and we maintain a limited partner's interest in the funds and in the general partners of the funds, as well as in Glisco Manager Holdings LP, from which we receive our portion of the management fees earned by Glisco. Prior to the Glisco transaction, we earned management fees on Glisco II and Glisco III of 2.25% and 2.0%, respectively, per annum of committed capital during its investment period, and 2.25% and 2.0%, respectively, per annum on net funded capital thereafter. In addition, the general partner of the private equity funds earned carried interest of 20% based on the fund's performance, provided it exceeded preferred return hurdles to its limited partners. A significant portion of any gains recognized related to Evercore Capital Partners II, L.P. ("ECP II"), Glisco II and Glisco III, and any carried interest recognized by them, were distributed to certain of our private equity professionals. Our investment in Discovery Americas I, L.P. (the "Discovery Fund") was fully distributed as of December 31, 2017. We are also passive investors in Trilantic IV and Trilantic V. In the event the private equity funds perform below certain thresholds we may be obligated to repay certain carried interest previously distributed. As of December 31, 2017, there was no previously distributed carried interest received from our managed 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.

The Investment Management segment also includes the results of businesses that were deconsolidated or restructured prior to December 31, 2017:

- On December 31, 2017, we exchanged all of our outstanding equity interests in G5 for debentures of G5. This investment will be accounted for as a held-to-maturity security going forward.
- On October 18, 2017, we sold the Institutional Trust and Independent Fiduciary business of ETC. Following the sale, the remaining operations of ETC were integrated into EWM.
- On September 30, 2016, the Company and the principals of its Mexican Private Equity business entered into an agreement to transfer ownership of the Mexican Private Equity business and related entities to Glisco.
- On December 31, 2015, we deconsolidated our investment in Atalanta Sosnoff and accounted for our interest as an equity method investment from that date forward.

See Note 4 to our consolidated financial statements for further information.

Assets Under Management

AUM for our Investment Management businesses of $9.0 billion at December 31, 2017 increased compared to $8.0 billion at December 31, 2016. The amounts of AUM presented in the table below reflect the assets for which we charge a management fee. These assets reflect the fair value of assets managed on behalf of Institutional Asset Management and Wealth Management clients, and the amount of either the invested or committed capital of the Private Equity funds. As defined in ASC 820, *"Fair Value Measurements and Disclosures"* ("ASC 820"), valuations performed for Level I investments are based on quoted prices obtained from active markets generated by third parties and Level II investments are valued through the use of models based on either direct or indirect observable inputs in the use of models or other valuation methodologies performed by third parties to determine fair value. For both the Level I and Level II investments, we obtain both active quotes from nationally recognized exchanges and third-party pricing services to determine market or fair value quotes, respectively. 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 64% of Level I investments, 32% of Level II investments and 4% of Level III investments as of December 31, 2017 and 2016. Institutional Asset Management maintained 81% and 82% of Level I investments and 19% and 18% of Level II investments as of December 31, 2017 and 2016, respectively. As noted above, Private Equity AUM is not presented at fair value, but reported at either invested or committed capital in line with fee arrangements.

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

The following table summarizes AUM activity for the years ended December 31, 2017 and 2016:

	Wealth Management	Institutional Asset Management	Private Equity	Total
	(dollars in millions)			
Balance at December 31, 2015	$ 6,209	$ 1,655	$ 304	$ 8,168
Inflows	933	1,800	—	2,733
Outflows	(834)	(1,471)	—	(2,305)
Transfer of Ownership of Mexican Private Equity Business (September 30, 2016)	—	—	(304)	(304)
Market Appreciation (Depreciation)	165	(458)	—	(293)
Balance at December 31, 2016	$ 6,473	$ 1,526	$ —	$ 7,999
Inflows	1,125	1,704	—	2,829
Outflows	(986)	(1,740)	—	(2,726)
Market Appreciation	718	143	—	861
Balance at December 31, 2017	$ 7,330	$ 1,633	$ —	$ 8,963
Unconsolidated Affiliates - Balance at December 31, 2017:				
Atalanta Sosnoff	$ —	$ 5,793	$ —	$ 5,793
ABS	$ —	$ 5,395	$ —	$ 5,395

The following table represents the composition of our AUM for Wealth Management and Institutional Asset Management as of December 31, 2017:

	Wealth Management	Institutional Asset Management
Equities	56%	21%
Fixed Income	32%	79%
Liquidity[(1)]	7%	—%
Alternatives	5%	—%
Total	100%	100%

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

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

In 2017, AUM for Wealth Management increased 13%, reflecting an 11% increase due to market appreciation and a 2% increase due to flows. Wealth Management outperformed the S&P 500 on a 1 year basis by 4% and lagged the S&P 500 on a 3 year basis by 2% during the period and lagged the fixed income composite on a 1 year basis by 10 basis points and tracked the fixed income composite on a 3 year basis. For the period, the S&P 500 was up 22%, while the fixed income composite increased by 3%.

In 2016, AUM for Wealth Management increased 4%, reflecting a 2% increase due to flows and a 2% increase due to market appreciation. Wealth Management lagged the S&P 500 on a 1 and 3 year basis by 7% and 2%, respectively, during the period and outperformed the fixed income composite on a 1 and 3 year basis by 50 basis points and 10 basis points, respectively. For the period, the S&P 500 was up 12%, while the fixed income composite decreased by 1%.

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.

In 2017, AUM for Institutional Asset Management increased 7%, reflecting a 9% increase due to market appreciation, partially offset by a 2% decrease due to flows. ECB's AUM increase from market appreciation partially reflects the impact of the fluctuation of foreign currency.

In 2016, AUM for Institutional Asset Management decreased 8%, reflecting a 28% decrease due to market depreciation, partially offset by a 20% increase due to flows. ECB's AUM decrease from market depreciation primarily reflects the impact of the fluctuation of foreign currency.

Our Private Equity business included the assets of funds which our Private Equity professionals managed. These funds included ECP II (terminated on December 31, 2014), and the Discovery Fund (fully distributed as of December 31, 2017), Glisco II and Glisco III prior to the closing of the Glisco transaction on September 30, 2016. See Note 9 to our consolidated financial statements for further information.

AUM from our unconsolidated affiliates increased 13% from December 31, 2016, related to positive performance in Atalanta Sosnoff and ABS. On December 31, 2017, we exchanged all of our outstanding equity interests in G5 for debentures of G5.

2017 versus 2016

Net Investment Management Revenues were $70.1 million in 2017, compared to $76.2 million in 2016. Management Fees and Related Income earned from the management of client portfolios and other investment advisory services increased 5% from 2016, primarily reflecting higher fees of $3.9 million in Wealth Management related to growth in AUM. Fee-based revenues included $0.1 million of revenues from performance fees during 2017 compared to $0.3 million of revenues from performance fees during 2016. Private Equity Investments decreased from 2016, driven by losses related to the wind-down of a Private Equity fund in Mexico in 2017 and higher performance fees in 2016. Disposed and Restructured Businesses decreased 31% from 2016, primarily reflecting the sale of the Institutional Trust and Independent Fiduciary business of ETC on October 18, 2017 and the transfer of ownership of the Mexican Private Equity business on September 30, 2016. Other Revenue, net, in 2017 was higher than in 2016 primarily as a result of a gain of $7.8 million related to the sale of the Institutional Trust and Independent Fiduciary business of ETC in 2017. Income from Equity Method Investments increased from 2016 primarily as a result of an increase in earnings from ABS in 2017, including an increase in performance fees.

Operating Expenses were $51.6 million in 2017, as compared to $57.4 million in 2016, a decrease of $5.7 million, or 10%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $36.0 million in 2017, as compared to $39.5 million in 2016, a decrease of $3.5 million, or 9%. The decrease was primarily due to the sale of the Institutional Trust and Independent Fiduciary business of ETC on October 18, 2017, as well as the transfer of ownership of our Mexican Private Equity business and related entities to Glisco on September 30, 2016. Non-compensation expenses, as a component of Operating Expenses, were $15.6 million in 2017, as compared to $17.9 million in 2016, a decrease of $2.3 million, or 13%.

Other Expenses of $12.2 million in 2017 included Special Charges of $11.0 million (related to the impairment of goodwill in the Institutional Asset Management reporting unit of $7.1 million and the transition of certain employees in conjunction with the sale of the Institutional Trust and Independent Fiduciary business of ETC of $3.9 million) and Acquisition and Transition Costs of $1.1 million. Other Expenses of $9.0 million in 2016 included Special Charges of $8.1 million, related to an impairment charge associated with the impairment of our investment in Atalanta Sosnoff, Acquisition and Transition Costs of $0.8 million and intangible asset and other amortization of $0.1 million.

2016 versus 2015

Net Investment Management Revenues were $76.2 million in 2016, compared to $92.4 million in 2015. Management Fees and Related Income earned from the management of client portfolios and other investment advisory services increased 1% from 2015, primarily reflecting higher fees of $1.8 million in Wealth Management related to growth in AUM. Fee-based revenues included $0.3 million of revenues from performance fees during 2016 compared to $0.9 million during 2015. Private Equity Investments increased 36% from the prior year primarily resulting from higher gains and performance fees in our private equity funds. Disposed and Restructured Businesses decreased 49% from 2015, primarily reflecting the deconsolidation of Atalanta Sosnoff on December 31, 2015 and the transfer of ownership of the Mexican Private Equity business on September 30, 2016. Income from Equity Method Investments increased from 2015 primarily as a result of the inclusion of Atalanta Sosnoff's earnings in 2016.

Operating Expenses were $57.4 million in 2016, as compared to $77.2 million in 2015, a decrease of $19.9 million, or 26%, primarily reflecting the deconsolidation of Atalanta Sosnoff (which reflected expenses of $20.2 million for the year ended December 31, 2015). Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $39.5 million in 2016, as compared to $54.1 million in 2015, a decrease of $14.6 million, or 27%. Non-compensation expenses, as a component of Operating Expenses, were $17.9 million in 2016, as compared to $23.1 million in 2015, a decrease of $5.2 million, or 23%.

Other Expenses of $9.0 million in 2016 included Special Charges of $8.1 million, related to an impairment charge associated with the impairment of our investment in Atalanta Sosnoff, Acquisition and Transition Costs of $0.8 million and intangible asset and other amortization of $0.1 million. Other Expenses of $39.3 million in 2015 primarily included Special Charges of $28.5 million related to an impairment charge associated with the impairment of goodwill in our Institutional Asset Management reporting unit. See *"Impairment of Assets"* above for further information.

Cash Flows

Our operating cash flows are primarily influenced by the timing and receipt of investment banking and investment management fees, and the payment of operating expenses, including bonuses to our employees and interest expense on our repurchase agreements, Notes Payable, subordinated borrowings and the line of credit. Investment Banking advisory fees are generally collected within 90 days of billing. However, placement fees may be collected within 180 days of billing, with 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. Our investing and financing cash flows are primarily influenced by activities to deploy capital to fund investments and acquisitions, raise capital through the issuance of stock or debt, repurchase of outstanding Class A Shares, and/or noncontrolling interest in Evercore LP, as well as our other subsidiaries, payment of dividends and other periodic distributions to our stakeholders. We generally make dividend payments and other distributions on a quarterly basis. We periodically draw down on our line of credit to balance the timing of our operating, investing and financing cash flow needs. A summary of our operating, investing and financing cash flows is as follows:

	For the Years Ended December 31,		
	2017	2016	2015
	(dollars in thousands)		
Cash Provided By (Used In)			
Operating activities:			
Net income	$ 179,207	$ 148,512	$ 57,690
Non-cash charges	359,084	307,648	271,691
Other operating activities	(21,740)	(34,591)	38,290
Operating activities	516,551	421,569	367,671
Investing activities	(54,641)	(48,504)	(26,117)
Financing activities	(419,230)	(237,958)	(234,623)
Effect of exchange rate changes	8,383	(25,347)	(10,327)
Net Increase in Cash and Cash Equivalents	51,063	109,760	96,604
Cash and Cash Equivalents			
Beginning of Period	558,524	448,764	352,160
End of Period	$ 609,587	$ 558,524	$ 448,764

2017. Cash and Cash Equivalents were $609.6 million at December 31, 2017, an increase of $51.1 million versus Cash and Cash Equivalents of $558.5 million at December 31, 2016. Operating activities resulted in a net inflow of $516.6 million, primarily related to earnings. Cash of $54.6 million was used in investing activities primarily related to purchases of certificates of deposit and furniture, equipment and leasehold improvements, which were partially offset by proceeds from the sale of the Institutional Trust and Independent Fiduciary business of ETC. Financing activities during the period used cash of $419.2 million, primarily for purchases of treasury stock and noncontrolling interests, the payment of dividends and distributions to noncontrolling interest holders.

2016. Cash and Cash Equivalents were $558.5 million at December 31, 2016, an increase of $109.8 million versus Cash and Cash Equivalents of $448.8 million at December 31, 2015. Operating activities resulted in a net inflow of $421.6 million, primarily related to earnings. Cash of $48.5 million was used in investing activities primarily related to net purchases of marketable securities, purchases of furniture, equipment and leasehold improvements and an increase in restricted cash. Financing activities during the period used cash of $238.0 million, primarily for the payment of dividends and distributions to noncontrolling interest holders, treasury stock purchases and the repayment of the outstanding borrowings under the senior credit facility with Mizuho Bank, Ltd. ("Mizuho"), partially offset by the issuance of the Private Placement Notes.

2015. Cash and Cash Equivalents were $448.8 million at December 31, 2015, an increase of $96.6 million versus Cash and Cash Equivalents of $352.2 million at December 31, 2014. Operating activities resulted in a net inflow of $367.7 million, primarily related to earnings. Cash of $26.1 million was used in investing activities primarily related to purchases of furniture, equipment and leasehold improvements and net purchases of marketable securities and corporate investments, partially offset by distributions from private equity investments. Financing activities during the period used cash of $234.6 million, primarily for the payment of dividends and distributions to noncontrolling interest holders, as well as treasury stock purchases.

Liquidity and Capital Resources

General

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

We regularly monitor our liquidity position, including cash, other significant working capital, current assets and liabilities, long-term liabilities, lease commitments and related fixed assets, principal investment commitments related to our Investment Management business, dividends on Class A Shares, partnership distributions and other capital transactions, as well as other matters relating to liquidity and compliance with regulatory requirements. Our liquidity is highly dependent on our revenue stream from our operations, principally from our Investment Banking business, which is a function of closing 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, subordinated borrowings, the line of credit and other financing arrangements and income taxes. Payments made for income taxes may be reduced by deductions taken for the increase in tax basis of our investment in Evercore LP. Certain of these tax deductions, when realized, require payment under our long-term liability, Amounts Due Pursuant to Tax Receivable Agreements. The value of these future deductions and amounts due pursuant to the tax receivable agreement were reduced upon the enactment of the Tax Cuts and Jobs Act on December 22, 2017. See "Results of Operations" for further information. 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. Reduced equity valuations resulting from future adverse economic events and/or market conditions may impact our performance and may result in future net redemptions of AUM from our clients, which would generally result in lower revenues and cash flows. These adverse conditions could also have an impact on our goodwill impairment assessment, which is done annually, as of November 30th, or more frequently if circumstances indicate impairment may have occurred.

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

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

For a further discussion of risks related to our business, refer to "Risk Factors" elsewhere in this Form 10-K.

Stock Incentive Plan

During 2016, our stockholders approved the 2016 Plan. The amended plan, among other things, authorizes an additional 10.0 million shares of our Class A Shares.

Treasury and Noncontrolling Interest Repurchases

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

On April 25, 2016, our Board of Directors authorized the repurchase of Class A Shares and/or LP Units so that going forward Evercore will be able to repurchase an aggregate of 7.5 million Class A Shares and/or LP Units for up to $450.0

million. On October 23, 2017, our Board of Directors authorized the repurchase of additional Class A Shares and/or LP Units so that going forward Evercore will be able to repurchase an aggregate of the lesser of $750.0 million worth of Class A Shares and/or LP Units and 8.5 million Class A Shares and/or LP Units. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price, economic and market conditions and the objective to reduce the dilutive effect of equity awards granted as compensation to employees. This program may be suspended or discontinued at any time and does not have a specified expiration date. During 2017, we repurchased 2,788,830 Class A Shares and LP Units, at an average cost per share/unit of $73.81, for $205.8 million pursuant to our repurchase program.

In addition, periodically, we buy shares into treasury from our employees in order to allow them to satisfy their minimum tax requirements for share deliveries under our share equity plan. During 2017, we repurchased 1,159,262 Class A Shares, at an average cost per share of $77.95 for $90.4 million primarily related to minimum tax withholding requirements of share deliveries.

The aggregate 3,948,092 Class A Shares and LP Units repurchased during 2017 were acquired for aggregate purchase consideration of $296.2 million, at an average cost per share/unit of $75.02.

On March 3, 2017, we purchased, at fair value, an additional 13% of Private Capital Advisory L.P. ("PCA") for $7.1 million and on December 11, 2017, we purchased, at fair value, an additional 1% of PCA for $1.4 million. On January 29, 2016, we purchased, at fair value, all of the noncontrolling interest in ECB for $6.5 million.

Private Placement

On March 30, 2016, we issued an aggregate $170.0 million of senior notes, including: $38.0 million aggregate principal amount of its 4.88% Series A senior notes due 2021 (the "Series A Notes"), $67.0 million aggregate principal amount of its 5.23% Series B senior notes due 2023 (the "Series B Notes"), $48.0 million aggregate principal amount of its 5.48% Series C senior notes due 2026 (the "Series C Notes") and $17.0 million aggregate principal amount of its 5.58% Series D senior notes due 2028 (the "Series D Notes" and together with the Series A Notes, the Series B Notes and the Series C Notes, the "Private Placement Notes"), pursuant to a note purchase agreement (the "Note Purchase Agreement") dated as of March 30, 2016, among the Company and the purchasers party thereto in a private placement exempt from registration under the Securities Act of 1933.

Interest on the Private Placement Notes is payable semi-annually and the Private Placement Notes are guaranteed by certain of our domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the Private Placement Notes plus accrued and unpaid interest to the prepayment date. The Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of December 31, 2017, we were in compliance with all of these covenants.

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

Lines of Credit

On June 24, 2016, Evercore Partners Services East L.L.C. ("East") entered into a loan agreement with PNC Bank, National Association for a revolving credit facility in an aggregate principal amount of up to $30.0 million, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants as well as certain debt covenants that prohibit East and the Company from incurring other indebtedness subject to specified exceptions. The Company was in compliance with these covenants as of December 31, 2017. Drawings under this facility bear interest at the prime rate. On February 2, 2017, East drew down $30.0 million on this facility, which was repaid on March 10, 2017. The facility was renewed on June 14, 2017 and the maturity date was extended to June 22, 2018. On January 2, 2018, East drew down $30.0 million on this facility.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $10.2 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 future income tax rates in the U.S. in conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which resulted in a reduction of $77.5 million to the liability.

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

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

Pursuant to deferred compensation and deferred consideration arrangements, we are obligated to make cash payments in future periods. For further information see Note 17 to our consolidated financial statements.

Certain of our subsidiaries are regulated entities and are subject to capital requirements. For further information see Note 19 to our 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 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 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 Consolidated Statements of Financial Condition have an estimated average time to maturity of approximately 1.5 years, as of December 31, 2017, and are pledged as collateral against repurchase agreements, which are collateralized financing agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB, generally mature within one business day and permit the counterparty to pledge the securities. Increases and decreases in asset and liability levels related to these transactions are a function of growth in ECB's AUM, as well as clients' investment allocations requiring positioning in repurchase transactions.

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

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

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

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

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

	December 31, 2017		December 31, 2016	
	Amount	Market Value of Collateral Received or (Pledged)	Amount	Market Value of Collateral Received or (Pledged)
	(dollars in thousands)			
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$ 19,374		$ 18,535	
Securities Purchased Under Agreements to Resell	10,645	$ 10,643	12,585	$ 12,601
Total Assets	30,019		31,120	
Liabilities				
Securities Sold Under Agreements to Repurchase	(30,027)	$ (30,020)	(31,150)	$ (31,155)
Net Liabilities	$ (8)		$ (30)	
Risk Measures				
VaR	$ 1		$ 5	
Stress Test:				
Portfolio sensitivity to a 100 basis point increase in the interest rate	$ (1)		$ (9)	
Portfolio sensitivity to a 100 basis point decrease in the interest rate	$ 1		$ 9	

Contractual Obligations

The following table summarizes our contractual obligations as of December 31, 2017:

	Payment Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(dollars in thousands)				
Operating Lease Obligations	$ 167,594	$ 35,436	$ 66,809	$ 52,091	$ 13,258
Tax Receivable Agreements	103,196	12,821	17,421	18,437	54,517
Notes Payable and Subordinated Borrowings, Including Interest	235,567	9,311	24,987	53,093	148,176
Investment Banking Commitments	51,783	6,046	19,909	17,219	8,609
Investment Management Commitments	3,408	3,408	—	—	—
Total	$ 561,548	$ 67,022	$ 129,126	$ 140,840	$ 224,560

We had total commitments (not reflected on our Consolidated Statements of Financial Condition) relating to future capital contributions to private equity funds of $3.4 million and $4.6 million as of December 31, 2017 and 2016, respectively. We expect to fund these commitments with cash flows from operations. We may be required to fund these commitments at any time through June 2023, depending on the timing and level of investments by our private equity funds.

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 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 December 31, 2017, the fair value of our investments with these products, based on closing prices, was $28.9 million.

We estimate that a hypothetical 10% adverse change in the market value of the investments would have resulted in a decrease in pre-tax income of approximately $2.9 million for the year ended December 31, 2017.

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

Private Equity Funds

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

We estimate that a hypothetical 10% adverse change in the value of the private equity funds would have resulted in a decrease in pre-tax income of approximately $1.3 million for the year ended December 31, 2017.

Exchange Rate Risk

We have foreign operations, through our subsidiaries and affiliates, primarily in the United Kingdom 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 these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact to our financial results. A significant portion of our Latin American revenues have been, and will continue to be, derived from contracts denominated in Mexican pesos and Brazilian real and Evercore Partners Limited's revenue and expenses are denominated primarily in British pounds sterling and euro. Historically, the value of these foreign currencies has fluctuated relative to the U.S. dollar. For the year ended December 31, 2017, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income within the Consolidated Statement of Comprehensive Income was $5.4 million. Foreign Currency Translation Adjustment Gain (Loss), net, within the Consolidated Statement of Comprehensive Income for the year ended December 31, 2017 also included the reclassification of $16.3 million of cumulative foreign currency translation losses to Other Revenue, Including Interest on the Consolidated Statement of Operations for the year ended December 31, 2017. It is currently not our intention to hedge our foreign currency exposure, and we will reevaluate this policy from time to time.

Credit Risks

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

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to our clients. Receivables are reported net of any allowance for doubtful accounts. We maintain an allowance for doubtful accounts to provide coverage for probable losses from our customer receivables and derive the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client's creditworthiness. As of December 31, 2017 and 2016, total receivables amounted to $185.0 million and $230.5 million, respectively, net of an allowance.

The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice, with the exception of placement fees, which are generally collected within 180 days of invoice, and fees related to Private Funds capital raising, which are collected in a period exceeding one year. The collection period for restructuring transactions and private equity fee receivables may exceed 90 days. We recorded minimal bad debt expense for each of the years ended December 31, 2017 and 2016.

With respect to our Marketable Securities portfolio, which is comprised primarily of highly-rated corporate and municipal bonds, exchange-traded funds, mutual funds and securities investments, we manage our credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of December 31, 2017, we had Marketable Securities of $65.0 million, of which 55% were corporate and municipal securities, primarily with S&P ratings ranging from AAA to BB+.

Critical Accounting Policies and Estimates

The 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. We believe that the following discussion addresses our most critical accounting policies, which are those that are most important to the presentation of our financial condition and results of operations and require management's most difficult, subjective and complex judgments.

Revenue Recognition

Investment Banking Revenue

We earn investment banking fees from our clients for providing advisory services on strategic matters, including mergers, acquisitions, divestitures, leveraged buyouts, restructurings and similar corporate finance matters. It is our accounting policy to recognize revenue when (i) there is persuasive evidence of an arrangement with a client, (ii) fees are fixed or determinable, (iii) the agreed-upon services have been completed and delivered to the client or the transaction or events contemplated in the engagement letter are determined to be substantially completed and (iv) collectability is reasonably assured. We record Investment Banking Revenue on the Consolidated Statements of Operations for the following:

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

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

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

Commissions and Related Fees include commissions received from customers on agency-based brokerage transactions in listed and over-the-counter equities and are recorded on a trade-date basis or, in the case of payments under commission sharing arrangements, when earned. Commissions and Related Fees also include subscription fees for the sale of research. Cash received before the subscription period ends is initially recorded as deferred revenue and recognized as advisory fee revenue in Investment Banking Revenue on the Consolidated Statements of Operations over the remaining subscription period.

Investment Management Revenue

Our Investment Management business generates revenues from the management of client assets and the private equity funds.

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

Management fees for private equity funds are contractual and are typically based on committed capital during the private equity funds' investment period, and on invested capital thereafter. Management fees are recognized ratably over the period during which services are provided. We also record performance fee revenue from the private equity funds when the returns on the private equity funds' investments exceed certain threshold minimums. These performance fees, or carried interest, are computed in accordance with the underlying private equity funds' partnership agreements and are based on investment performance over the life of each investment partnership. The Company records performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. As discussed in Note 4 to our consolidated financial statements, in the third quarter of 2016, we sold our Mexican Private Equity business. As a result, from the fourth quarter of 2016 forward, we are not managing any private equity funds and will receive our share of such fees through the managers in which we hold interests.

Fees for serving as an independent fiduciary and/or trustee are either based on a flat fee or are based on the value of assets under administration. For ongoing engagements, fees are billed quarterly either in advance or in arrears. Fees paid in advance of services rendered are initially recorded as deferred revenue in Other Current Liabilities on the Consolidated Statements of Financial Condition, and are recognized in Investment Management Revenue on the Consolidated Statements of Operations ratably over the period in which the related services are rendered.

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

Valuation

The valuation of our investments in securities and of our financial investments in the funds we manage impacts both the carrying value of direct investments and the determination of management and performance fees, including carried interest. Effective January 1, 2008, we adopted ASC 820, which among other things requires enhanced disclosures about financial instruments carried at fair value. See Note 10 to the consolidated financial statements for further information. Level I investments include financial instruments owned and pledged as collateral and readily-marketable equity securities. Level II investments include our investments in corporate and municipal bonds and other debt securities.

We adopted ASC 825, "*Financial Instruments,"* which permits entities the option to measure most financial instruments and certain other items at fair value at specified election dates and to report related unrealized gains and losses in earnings. We have not elected to apply the fair value option to any specific financial assets or liabilities.

Marketable Securities

Investments in corporate and municipal bonds and other debt securities are accounted for as available-for-sale under ASC 320-10, "*Accounting for Certain Investments in Debt and Equity Securities."* These securities are carried at fair value on the Consolidated Statements of Financial Condition. Unrealized gains and losses are reported as net increases or decreases to Accumulated Other Comprehensive Income (Loss), net of tax, while realized gains and losses on these securities are determined using the specific identification method and are included in Other Revenue on the Consolidated Statements of Operations. We invest in readily-marketable debt and equity securities which are managed by EWM. These securities are valued using quoted market prices on applicable exchanges or markets. The realized and unrealized gains and losses on these securities are included in the Consolidated Statements of Operations in Investment Management Revenue. Marketable Securities also include investments in municipal bonds and exchange-traded funds and mutual funds, which are carried at fair value, with changes in fair value recorded in Other Revenue on the Consolidated Statements of Operations.

Marketable Securities transactions are recorded as of the trade date.

Financial Instruments Owned and Pledged as Collateral at Fair Value

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

Equity Compensation

Share-Based Payments – We account for share-based payments in accordance with ASC 718, "*Compensation – Stock Compensation"* ("ASC 718"). We grant employees performance-based awards that vest upon the occurrence of certain performance criteria being achieved. Compensation cost is accrued if it is probable that the performance condition will be achieved and is not accrued if it is not probable that the performance condition will be achieved. Significant judgment is required in determining the probability that the performance criteria will be achieved. The fair value of awards that vest from one to five years are amortized over the vesting period or requisite substantive service period, as required by ASC 718. See Note 17 to our consolidated financial statements for further information.

Income Taxes

As part of the process of preparing our consolidated financial statements, we are required to estimate income taxes in each of the jurisdictions in which we operate. Significant management judgment is required in determining our provision for income taxes, our deferred tax assets and liabilities and any valuation allowance recorded against our net deferred tax assets. This process requires us to estimate our actual current tax liability and to assess temporary differences resulting from differing book versus tax treatment of items, such as deferred revenue, compensation and benefits expense, unrealized gains and losses on long-term investments and depreciation. These temporary differences result in deferred tax assets and liabilities, which are included within our Consolidated Statements of Financial Condition. We must then assess the likelihood that deferred tax assets will be recovered from future taxable income, and, to the extent we believe that recovery is not more-likely-than-not, we must establish a valuation allowance. The ultimate realization of the deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible. Management considers the level of historical taxable income, scheduled reversals of deferred taxes, projected future taxable income and tax planning strategies that can be implemented by us in making this assessment. If actual results differ from these estimates or we adjust these estimates in future periods, we may need to adjust our valuation allowance, which could materially impact our consolidated financial condition and results of operations.

We adopted ASU 2016-09 effective January 1, 2017. ASU 2016-09 requires that the tax deduction associated with the appreciation in the Company's share price upon vesting of employee share-based awards above the original grant price be reflected in income tax expense. See Notes 2 and 3 to our consolidated financial statements for further information.

We adopted ASU No. 2015-17, "*Balance Sheet Classification of Deferred Taxes"* prospectively as of December 31, 2015 and changed the presentation of deferred income tax assets and liabilities on the consolidated statement of financial condition such that we classify all deferred income tax assets and liabilities as noncurrent. Historically, we presented deferred income tax assets and liabilities as current and noncurrent on the Consolidated Statements of Financial Condition.

In addition, in order to determine the quarterly tax rate, we are required to estimate full year pre-tax income and the related annual income tax expense in each jurisdiction. Changes in the geographic mix or estimated level of annual pre-tax income can affect our overall effective tax rate. Furthermore, our interpretation of complex tax laws may impact our measurement of current and deferred income taxes.

ASC 740 provides a benefit recognition model with a two-step approach consisting of "more-likely-than-not" recognition criteria, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. This standard also requires the recognition of liabilities created by differences between tax positions taken in a tax return and amounts recognized in the financial statements. See Note 20 to our consolidated financial statements herein in regard to the impact of the adoption of this standard on the consolidated financial statements.

The majority of the deferred tax assets relate to the U.S. operations of the Company. The realization of the deferred tax assets is primarily dependent on the amount of the Company's historic and projected future taxable income for its U.S. and foreign operations. In 2017 and 2016, we performed an assessment of the ultimate realization of our deferred tax assets and determined that the Company should have sufficient future taxable income in the normal course of business to fully realize the portion of the deferred tax assets associated with its U.S. operations and management has concluded that it is more-likely-than-not the deferred tax assets will be realized. We also concluded that the net deferred tax assets of certain foreign subsidiaries required a valuation allowance. We intend to maintain a valuation allowance until sufficient positive evidence exists to support its reversal. See Note 20 to our consolidated financial statements for further information.

The Company estimates that Evercore Inc. must generate approximately $877 million of future taxable income to realize the gross deferred tax asset balance, including the valuation allowance, of approximately $219 million. The deferred tax balance is expected to reverse primarily over a period ranging from 5 to 15 taxable years. The Company evaluated Evercore Inc.'s historical U.S. taxable income, which has averaged approximately $84 million per year over the past 7 years, as well as the anticipated taxable income of approximately $263 million in 2017, and taxable income in the future, which indicates sufficient taxable income to support the realization of these deferred tax assets. To the extent enough taxable income is not generated in the 15 year estimated reversal period, the Company can carry forward net operating losses indefinitely, but limited to 80% of taxable income for that year under the enactment of the Tax Cuts and Jobs Act on December 22, 2017.

Impairment of Assets

In accordance with ASC 350, we test goodwill for impairment annually, as of November 30th, or more frequently if circumstances indicate impairment may have occurred. In this process, we make estimates and assumptions in order to determine the fair value of our reporting units and to project future earnings using valuation techniques. We use our best judgment and information available to us at the time to perform this review. Because our assumptions and estimates are used in projecting future earnings as part of the valuation, actual results could differ. Intangible assets with finite lives are amortized over their estimated useful lives which are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable as prescribed by ASC 360, "*Property, Plant, and Equipment.*"

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

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

In addition to goodwill and intangible assets, we annually assess our equity method investments for impairment (or more frequently if circumstances indicate impairment may have occurred) per ASC 323-10.

We recorded an impairment charge of $14.4 million for the year ended December 31, 2017 related to our equity method investment in G5. We recorded a goodwill impairment charge of $7.1 million for the year ended December 31, 2017 related to the goodwill in our Institutional Asset Management reporting unit, which resulted in a decrease of $3.7 million to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes). We concluded there was no impairment of intangible assets or our other equity method investments during the year ended December 31, 2017. We recorded an impairment charge of $8.1 million for the year ended December 31, 2016 related to our equity method investment in Atalanta Sosnoff and concluded there was no impairment of goodwill, intangible assets, or our other equity method investments during the year ended December 31, 2016. This charge resulted in a decrease of $4.0 million to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the year ended December 31, 2016. We recorded a goodwill impairment charge of $28.5 million for the year ended December 31, 2015 related to the goodwill in our Institutional Asset Management reporting unit and concluded there was no impairment of intangible assets and equity method investments during the year ended December 31, 2015. This charge resulted in a decrease of $9.8 million to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the year ended December 31, 2015. See Note 4 to our consolidated financial statements for further information.

Recently Issued Accounting Standards

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

Item 7A. 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 7 " – Market Risk and Credit Risk" above.

Item 8. Financial Statements and Supplemental Data

Index to Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Evercore Inc.
New York, New York

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial condition of Evercore Inc. and subsidiaries (the "Company") as of December 31, 2017 and 2016, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows, for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2018, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis of Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 23, 2018

We have served as the Company's auditor since 2003.

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

	December 31, 2017	December 31, 2016
Assets		
Current Assets		
Cash and Cash Equivalents	$ 609,587	$ 558,524
Marketable Securities and Certificates of Deposit	128,559	66,487
Financial Instruments Owned and Pledged as Collateral at Fair Value	19,374	18,535
Securities Purchased Under Agreements to Resell	10,645	12,585
Accounts Receivable (net of allowances of $2,772 and $2,751 at December 31, 2017 and 2016, respectively)	184,993	230,522
Receivable from Employees and Related Parties	17,030	15,034
Other Current Assets	30,017	23,946
Total Current Assets	1,000,205	925,633
Investments	98,313	116,633
Deferred Tax Assets	198,894	305,424
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $70,264 and $53,668 at December 31, 2017 and 2016, respectively)	68,593	51,651
Goodwill	134,231	160,961
Intangible Assets (net of accumulated amortization of $32,018 and $24,690 at December 31, 2017 and 2016, respectively)	19,577	29,370
Assets Segregated for Bank Regulatory Requirements	—	10,200
Other Assets	65,073	62,474
Total Assets	$ 1,584,886	$ 1,662,346
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$ 340,165	$ 334,541
Accounts Payable and Accrued Expenses	34,111	30,723
Securities Sold Under Agreements to Repurchase	30,027	31,150
Payable to Employees and Related Parties	31,167	27,366
Taxes Payable	16,494	27,321
Other Current Liabilities	12,088	12,320
Total Current Liabilities	464,052	463,421
Notes Payable	168,347	168,097
Subordinated Borrowings	6,799	16,550
Amounts Due Pursuant to Tax Receivable Agreements	90,375	174,109
Other Long-term Liabilities	58,945	56,838
Total Liabilities	788,518	879,015
Commitments and Contingencies (Note 18)		
Equity		
Evercore Inc. Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 62,119,904 and 58,292,567 issued at December 31, 2017 and 2016, respectively, and 39,102,154 and 39,190,856 outstanding at December 31, 2017 and 2016, respectively)	621	582
Class B, par value $0.01 per share (1,000,000 shares authorized, 82 and 24 issued and outstanding at December 31, 2017 and 2016, respectively)	—	—
Additional Paid-In-Capital	1,600,699	1,368,122
Accumulated Other Comprehensive Income (Loss)	(31,411)	(50,096)
Retained Earnings	79,461	20,343
Treasury Stock at Cost (23,017,750 and 19,101,711 shares at December 31, 2017 and 2016, respectively)	(1,105,406)	(811,653)
Total Evercore Inc. Stockholders' Equity	543,964	527,298
Noncontrolling Interest	252,404	256,033
Total Equity	796,368	783,331
Total Liabilities and Equity	$ 1,584,886	$ 1,662,346

See Notes to Consolidated Financial Statements.

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

	For the Years Ended December 31,		
	2017	2016	2015
Revenues			
Investment Banking Revenue	$ 1,575,168	$ 1,364,098	$ 1,133,860
Investment Management Revenue	61,685	75,807	95,129
Other Revenue, Including Interest	87,492	16,885	11,259
Total Revenues	1,724,345	1,456,790	1,240,248
Interest Expense	19,996	16,738	16,975
Net Revenues	1,704,349	1,440,052	1,223,273
Expenses			
Employee Compensation and Benefits	962,512	900,590	788,175
Occupancy and Equipment Rental	53,448	45,304	47,703
Professional Fees	65,063	57,667	50,817
Travel and Related Expenses	64,179	57,465	55,388
Communications and Information Services	41,393	40,277	36,372
Depreciation and Amortization	24,819	24,800	27,927
Special Charges	25,437	8,100	41,144
Acquisition and Transition Costs	1,673	99	4,890
Other Operating Expenses	37,014	44,576	42,187
Total Expenses	1,275,538	1,178,878	1,094,603
Income Before Income from Equity Method Investments and Income Taxes	428,811	261,174	128,670
Income from Equity Method Investments	8,838	6,641	6,050
Income Before Income Taxes	437,649	267,815	134,720
Provision for Income Taxes	258,442	119,303	77,030
Net Income	179,207	148,512	57,690
Net Income Attributable to Noncontrolling Interest	53,753	40,984	14,827
Net Income Attributable to Evercore Inc.	$ 125,454	$ 107,528	$ 42,863
Net Income Attributable to Evercore Inc. Common Shareholders	$ 125,454	$ 107,528	$ 42,863
Weighted Average Shares of Class A Common Stock Outstanding			
Basic	39,641	39,220	37,161
Diluted	44,826	44,193	43,699
Net Income Per Share Attributable to Evercore Inc. Common Shareholders:			
Basic	$ 3.16	$ 2.74	$ 1.15
Diluted	$ 2.80	$ 2.43	$ 0.98
Dividends Declared per Share of Class A Common Stock	$ 1.42	$ 1.27	$ 1.15

See Notes to Consolidated Financial Statements.

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

	For the Years Ended December 31,		
	2017	2016	2015
Net Income	$ 179,207	$ 148,512	$ 57,690
Other Comprehensive Income (Loss), net of tax:			
Unrealized Gain (Loss) on Marketable Securities and Investments, net	381	(1,763)	(1,751)
Foreign Currency Translation Adjustment Gain (Loss), net	21,679	(17,531)	(16,287)
Other Comprehensive Income (Loss)	22,060	(19,294)	(18,038)
Comprehensive Income	201,267	129,218	39,652
Comprehensive Income Attributable to Noncontrolling Interest	57,128	37,247	10,941
Comprehensive Income Attributable to Evercore Inc.	$ 144,139	$ 91,971	$ 28,711

See Notes to Consolidated Financial Statements.

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

	Class A Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Retained Earnings	Treasury Stock		Noncontrolling	Total
	Shares	Dollars	Capital	Income (Loss)	(Deficit)	Shares	Dollars	Interest	Equity
Balance at December 31, 2014	46,414,240	$ 464	$ 950,147	$ (20,387)	$ (17,814)	(10,159,116)	$ (361,129)	$ 160,952	$ 712,233
Net Income	—	—	—	—	42,863	—	—	14,827	57,690
Other Comprehensive Income (Loss)	—	—	—	(14,152)	—	—	—	(3,886)	(18,038)
Treasury Stock Purchases, net	—	—	—	—	—	(5,467,172)	(283,283)	—	(283,283)
Evercore LP Units Purchased or Converted into Class A Common Stock	585,723	6	11,046	—	—	—	—	(12,012)	(960)
Equity-based Compensation Awards	2,795,051	28	123,357	—	—	—	—	82,734	206,119
Dividends and Equivalents	—	—	6,514	—	(52,840)	—	—	—	(46,326)
Noncontrolling Interest (Note 15)	—	—	1,331	—	—	—	—	(39,951)	(38,620)
Exercise of Warrants	5,454,545	54	118,347	—	—	—	—	—	118,401
Balance at December 31, 2015	55,249,559	552	1,210,742	(34,539)	(27,791)	(15,626,288)	(644,412)	202,664	707,216
Net Income	—	—	—	—	107,528	—	—	40,984	148,512
Other Comprehensive Income (Loss)	—	—	—	(15,557)	—	—	—	(3,737)	(19,294)
Treasury Stock Purchases, net	—	—	—	—	—	(3,475,423)	(167,241)	—	(167,241)
Evercore LP Units Purchased or Converted into Class A Common Stock	532,175	5	23,095	—	—	—	—	(16,480)	6,620
Equity-based Compensation Awards	2,510,833	25	127,706	—	—	—	—	81,392	209,123
Dividends and Equivalents	—	—	7,836	—	(59,394)	—	—	—	(51,558)
Noncontrolling Interest (Note 15)	—	—	(1,257)	—	—	—	—	(48,790)	(50,047)
Balance at December 31, 2016	58,292,567	582	1,368,122	(50,096)	20,343	(19,101,711)	(811,653)	256,033	783,331
Net Income	—	—	—	—	125,454	—	—	53,753	179,207
Other Comprehensive Income	—	—	—	18,685	—	—	—	3,375	22,060
Treasury Stock Purchases	—	—	—	—	—	(3,916,039)	(293,753)	—	(293,753)
Evercore LP Units Purchased or Converted into Class A Common Stock	1,212,641	12	84,214	—	—	—	—	(47,263)	36,963
Equity-based Compensation Awards	2,614,696	27	156,826	—	—	—	—	14,922	171,775
Dividends	—	—	—	—	(66,336)	—	—	—	(66,336)
Noncontrolling Interest (Note 15)	—	—	(8,463)	—	—	—	—	(28,416)	(36,879)
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

See Notes to Consolidated Financial Statements.

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

	For the Years Ended December 31,		
	2017	2016	2015
Cash Flows From Operating Activities			
Net Income	$ 179,207	$ 148,512	$ 57,690
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Net (Gains) Losses on Investments, Marketable Securities and Contingent Consideration	(32)	1,124	5,517
Equity Method Investments	(513)	2,602	2,818
Equity-Based and Other Deferred Compensation	230,268	258,295	207,533
Impairment of Goodwill and Equity Method Investments	21,507	8,100	28,500
Gain on Sale of Institutional Trust and Independent Fiduciary business of ETC	(7,808)	—	—
Depreciation, Amortization and Accretion	26,032	25,223	29,636
Bad Debt Expense	2,579	2,261	1,314
Adjustment to Tax Receivable Agreement	(77,535)	—	—
Release of Cumulative Foreign Exchange Losses	16,266	—	—
Deferred Taxes	148,320	10,043	(3,627)
Decrease (Increase) in Operating Assets:			
Marketable Securities	865	937	556
Financial Instruments Owned and Pledged as Collateral at Fair Value	35	18,249	46,018
Securities Purchased Under Agreements to Resell	2,642	(11,890)	4,726
Accounts Receivable	47,120	(64,522)	(46,442)
Receivable from Employees and Related Parties	(2,188)	5,934	(3,937)
Assets Segregated for Bank Regulatory Requirements	10,000	—	—
Other Assets	(11,667)	(33,080)	(3,903)
(Decrease) Increase in Operating Liabilities:			
Accrued Compensation and Benefits	(25,892)	48,258	51,732
Accounts Payable and Accrued Expenses	1,149	(10,030)	5,418
Securities Sold Under Agreements to Repurchase	(2,701)	(6,387)	(50,803)
Payables to Employees and Related Parties	3,217	(1,581)	8,704
Taxes Payable	(10,849)	9,097	28,670
Other Liabilities	(33,471)	10,424	(2,449)
Net Cash Provided by Operating Activities	516,551	421,569	367,671
Cash Flows From Investing Activities			
Investments Purchased	(997)	(2,047)	(819)
Distributions of Private Equity Investments	2,072	183	6,821
Marketable Securities:			
Proceeds from Sales and Maturities	45,642	46,547	32,318
Purchases	(40,995)	(69,568)	(39,101)
Purchase of Certificates of Deposit	(63,417)	—	—
Cash Paid for Acquisitions and Deconsolidation of Cash, net of Cash Acquired	—	(2,877)	(5,647)
(Increase) Decrease in Restricted Cash	—	(2,303)	—
Loans Receivable	—	—	(3,500)
Purchase of Furniture, Equipment and Leasehold Improvements	(31,300)	(18,439)	(16,189)
Proceeds from Sale of Business	34,354	—	—
Net Cash Provided by (Used in) Investing Activities	(54,641)	(48,504)	(26,117)
Cash Flows From Financing Activities			
Issuance of Noncontrolling Interests	110	885	594
Distributions to Noncontrolling Interests	(36,374)	(38,154)	(23,723)
Payments Under Tax Receivable Agreement	(12,381)	(12,039)	(11,045)
Cash Paid for Deferred and Contingent Consideration	—	(5,050)	—
Short-Term Borrowing	30,000	50,000	45,000
Repayment of Short-Term Borrowing	(30,000)	(50,000)	(45,000)
Exercise of Warrants, net	—	—	6,416
Repayment of Subordinated Borrowings	(9,751)	(6,000)	—
Payment of Notes Payable - Mizuho	—	(120,000)	—
Issuance of Notes Payable	—	170,000	—
Debt Issuance Costs	—	(2,084)	—

Purchase of Treasury Stock and Noncontrolling Interests	(304,313)	(173,958)	(160,733)
Dividends - Class A Stockholders	(56,521)	(51,558)	(46,132)
Net Cash Provided by (Used in) Financing Activities	(419,230)	(237,958)	(234,623)
Effect of Exchange Rate Changes on Cash	8,383	(25,347)	(10,327)
Net Increase in Cash and Cash Equivalents	51,063	109,760	96,604
Cash and Cash Equivalents-Beginning of Period	558,524	448,764	352,160
Cash and Cash Equivalents-End of Period	$ 609,587	$ 558,524	$ 448,764
SUPPLEMENTAL CASH FLOW DISCLOSURE			
Payments for Interest	$ 19,471	$ 14,074	$ 16,035
Payments for Income Taxes	$ 128,689	$ 106,126	$ 47,820
Accrued Dividends	$ 9,815	$ 7,836	$ 6,514
Settlement of Contingent Consideration	$ 10,780	$ —	$ —
Institutional Trust and Independent Fiduciary business of ETC Assets Deconsolidated	$ 81	$ —	$ —
Institutional Trust and Independent Fiduciary business of ETC Liabilities Deconsolidated	$ 1,489	$ —	$ —
Decrease in Goodwill from sale of Institutional Trust and Independent Fiduciary business of ETC	$ 28,442	$ —	$ —
Mexico Private Equity Assets Deconsolidated	$ —	$ 8,302	$ —
Mexico Private Equity Liabilities Deconsolidated	$ —	$ 2,343	$ —
Decrease in Noncontrolling Interest from Mexico Private Equity Deconsolidation	$ —	$ 5,808	$ —
Increase (Decrease) in Fair Value of Redeemable Noncontrolling Interest	$ —	$ —	$ (1,331)
Receipt of Securities in Settlement of Accounts Receivable	$ —	$ —	$ 1,079
Atalanta Sosnoff Assets Deconsolidated	$ —	$ —	$ 2,053
Atalanta Sosnoff Liabilities Deconsolidated	$ —	$ —	$ 2,074
Decrease in Redeemable Noncontrolling Interest from Atalanta Sosnoff Deconsolidation	$ —	$ —	$ 2,683
Decrease in Noncontrolling Interest from Atalanta Sosnoff Deconsolidation	$ —	$ —	$ 16,090
Decrease in Goodwill from Atalanta Sosnoff Deconsolidation	$ —	$ —	$ 27,274
Decrease in Intangible Assets from Atalanta Sosnoff Deconsolidation	$ —	$ —	$ 13,924
Exchange of Notes Payable as Consideration for Exercise of Warrants	$ —	$ —	$ 118,347
Purchase of Treasury Stock in Exchange for Notes Issuance and Warrant Proceeds	$ —	$ —	$ 123,673

See Notes to Consolidated Financial Statements.

Note 1 – Organization

Evercore Inc. (formerly known as Evercore Partners Inc.) and subsidiaries (the "Company") is an investment banking and investment management firm, incorporated in Delaware on July 21, 2005 and headquartered in New York, New York. The Company is a holding company which owns a controlling interest in Evercore LP, a Delaware limited partnership ("Evercore LP"). Subsequent to the Company's initial public offering ("IPO"), the Company became the sole general partner of Evercore LP. The Company operates from its offices and through its affiliates in North America, Europe, South America and Asia.

The Investment Banking 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. 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 and wealth management 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 provides independent fiduciary services to high net-worth individuals and the private equity business which holds interests in private equity funds which are not managed by the Company. The Company completed the sale of the Institutional Trust and Independent Fiduciary business of Evercore Trust Company, N.A. ("ETC") on October 18, 2017.

Note 2 – Significant Accounting Policies

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

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

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

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

International Strategy & Investment (U.K.) Limited ("ISI U.K.") is also a VIE pursuant to ASC 810 and the Company is the primary beneficiary of this VIE. Specifically, the Company provides financial support through a transfer pricing agreement with this entity, which exposes the Company to losses that are potentially significant to the entity, and has decision making authority that significantly affects the economic performance of the entity. Following the adoption of ASU 2015-02, the Company also concluded that Evercore Partners International LLP ("Evercore U.K.") is a VIE and that the Company is the primary beneficiary of this VIE. The Company has the majority economic interest in Evercore U.K. and has decision making authority that significantly affects the economic performance of this entity. The Company included in its Consolidated Statements of Financial Condition ISI U.K. and Evercore U.K. assets of $126,078 and liabilities of $102,487 at December 31, 2017 and assets of $116,958 and liabilities of $90,260 at December 31, 2016. See Note 9 for further information on the Company's VIEs.

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

At the time of the formation transaction, the members of Evercore LP (the "Members") received Class A limited partnership units of Evercore LP ("Class A LP Units") in consideration for their contribution of the various entities included in the historical combined financial statements of the Company. The Class A LP Units were subject to vesting requirements and transfer restrictions and are exchangeable on a one-for-one basis for shares of Class A common stock ("Class A Shares"). At December 31, 2013, all Class A LP Units were fully vested. On October 31, 2014, in conjunction with the acquisition of the operating businesses of International Strategy & Investment ("ISI"), the Company issued vested and unvested Class E limited partnership units of Evercore LP ("Class E LP Units") and vested and unvested Class G and H limited partnership interests of Evercore LP ("Class G and H LP Interests"). At December 31, 2017, all Class E LP Units were fully vested and all of the Class G LP Interests either converted into Class E LP Units or were forfeited pursuant to their performance terms. In July 2017, the Company exchanged all of the outstanding Class H LP Interests for a number of Class J limited partnership units of Evercore LP ("Class J LP Units"). In 2016, in conjunction with the appointment of the Executive Chairman, the Company issued unvested Class I-P Units of Evercore LP ("Class I-P Units"). The Class I-P Units are contingently exchangeable into Class I limited partnership units of Evercore LP ("Class I LP Units"), which are exchangeable on a one-for-one basis for Class A Shares. In November 2017, the Company issued unvested 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"), which are ultimately exchangeable on a one-for-one basis for Class A Shares. See Note 17 for further information. The Company accounts for exchanges of Evercore LP partnership units ("LP Units") for Class A Shares based on the carrying amounts of the Members' LP Units immediately before the exchange.

The Company's interest in Evercore LP is within the scope of ASC 810-20, "*Control of Partnerships and Similar Entities."* The Company consolidates Evercore LP and records noncontrolling interest for the economic interest in Evercore LP held directly by others, which includes the Members.

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

Furniture, Equipment and Leasehold Improvements – Fixed assets, including equipment, hardware and software and leasehold improvements, are stated at cost, net of accumulated depreciation and amortization. Furniture, equipment and computer hardware and software are depreciated using the straight-line method over the estimated useful lives of the assets, primarily ranging from three to five years. Leasehold improvements are amortized over the shorter of the term of the lease or the useful life of the asset. Certain costs associated with the acquisition or development of internal-use software are also capitalized. Once the software is ready for its intended use, the capitalized costs are amortized using the straight-line method over the estimated useful life of the software.

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

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

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

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

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

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

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

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

Management fees for private equity funds are contractual and are typically based on committed capital during the private equity funds' investment period, and on invested capital, thereafter. Management fees are recognized ratably over the period during which services are provided. The management fees may provide for a management fee offset for certain portfolio company fees the Company earns. The Company also records performance fee revenue from the private equity funds when the returns on the private equity funds' investments exceed certain threshold minimums. These performance fees, or carried interest, are computed in accordance with the underlying private equity funds' partnership agreements and are based on investment performance over the life of each investment partnership. The Company records performance fees upon the earlier of the termination of the investment fund or when the likelihood of clawback is mathematically improbable. As discussed in Note 4, in

2016 the Company sold its Mexican Private Equity business. As a result, from the fourth quarter of 2016 forward, the Company is not managing any private equity funds and receives its share of such fees through the managers in which the Company holds interests.

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

Other Revenue, Including Interest and Interest Expense – Other Revenue, Including Interest and Interest Expense is derived primarily from financing transactions. These transactions are principally repurchases and resales of Mexican government securities. Revenue and expenses associated with these transactions are recognized over the term of the repurchase transaction. Other Revenue also includes income (losses) on marketable securities and cash deposited with financial institutions and changes in amounts due pursuant to the Company's tax receivable agreement, subsequent to its initial establishment, related to changes in enacted tax rates. Interest Expense also includes interest expense associated with the Notes Payable, subordinated borrowings and the line of credit and other financing arrangements.

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

Noncontrolling Interest – Noncontrolling interest recorded in the consolidated financial statements of the Company relates to the portions of the subsidiaries not owned by the Company. The Company allocates net income to noncontrolling interests held at Evercore LP and at the operating entity level, where required, by multiplying the relative ownership interest of the noncontrolling interest holders for the period by the net income or loss for the entity which the noncontrolling interest relates. In circumstances where the governing documents of the entity to which the noncontrolling interest relates require special allocations of profits (losses) to the controlling and noncontrolling interest holders, then the net income or loss of these entities is allocated based on these special allocations.

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

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

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

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

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

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

Investments – The Company's investments include investments in unconsolidated affiliated companies and other investments in private equity partnerships:

Affiliates – The Company has equity interests in ABS Investment Management, LLC ("ABS"), Atalanta Sosnoff Capital, LLC ("Atalanta Sosnoff") (after its deconsolidation on December 31, 2015), Luminis Partners ("Luminis") and G5 Holdings S.A. ("G5") (through December 31, 2017, the date the Company exchanged all of its outstanding equity interests for debentures of G5) and includes its share of the income (losses) within Income from Equity Method Investments, as a component of Income Before Income Taxes, on the Consolidated Statements of Operations.

The Company assesses its equity method investments annually for impairment, or more frequently if circumstances indicate impairment may have occurred. See Notes 4 and 9 for further information.

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

The Company also maintains investments in Glisco Manager Holdings LP, Trilantic Capital Partners ("Trilantic") and an equity security in a private company, which are accounted for under the cost method of accounting, as well as an investment in a debt security that is accounted for as a held-to-maturity security. See Note 9 for further information.

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

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

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

The discounted cash flow methodology begins with the forecasted adjusted cash flows from each of the reporting units and uses a discount rate that reflects the weighted average cost of capital adjusted for the risks inherent in the future cash flows.

The Company adopted ASU No. 2017-04, *"Simplifying the Test for Goodwill Impairment"* ("ASU 2017-04") effective April 1, 2017. ASU 2017-04 eliminates Step 2 from the goodwill impairment test and requires companies to recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value.

See Note 4 for further information.

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

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

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

Compensation expense is recognized pursuant to performance-based awards if it is probable that the performance condition will be achieved. See Note 17 for a discussion of the awards issued in conjunction with the Company's acquisition of the operating businesses of ISI, as well as the Company's Long-term Incentive Plan and other performance-based awards.

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

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

Income Taxes –The Company accounts for income taxes in accordance with ASC 740, "*Income Taxes"* ("ASC 740"), which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of its assets and liabilities, as disclosed in Note 20.

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

The Company adopted ASU No. 2016-09, *"Improvements to Employee Share-Based Payment Accounting"* ("ASU 2016-09") on January 1, 2017, which resulted in excess tax benefits and deficiencies from the delivery of Class A Shares under share-based payment arrangements being recognized in the Company's Provision for Income Taxes, rather in Additional-Paid-In-Capital under prior U.S. GAAP. See Notes 3 and 20 for further information.

The Company adopted ASU No. 2015-17, *"Balance Sheet Classification of Deferred Taxes"* prospectively as of December 31, 2015 and changed its presentation of deferred income tax assets and liabilities on its Consolidated Statements of Financial Condition such that the Company classifies all deferred income tax assets and liabilities as noncurrent. Historically, the Company presented deferred income tax assets and liabilities as current and noncurrent on the Consolidated Statements of Financial Condition.

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

Note 3 – Recent Accounting Pronouncements

ASU 2014-09 – In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, "*Revenue from Contracts with Customers"* ("ASU 2014-09"). ASU 2014-09 provides amendments to ASC 605, "*Revenue Recognition"* and creates ASC 606, *"Revenue from Contracts with Customers,"* which changes the requirements for revenue recognition and amends the disclosure requirements. In August 2015, the FASB issued ASU No. 2015-14, "*Deferral of the Effective Date*," which provides amendments that defer the effective date of ASU 2014-09 by one year. In April 2016, the FASB issued ASU No. 2016-10, *"Identifying Performance Obligations and Licensing,"* which provides clarification to identifying performance obligations and the licensing implementation guidance in ASU 2014-09. In May 2016, the FASB issued ASU No. 2016-12, *"Narrow-Scope Improvements and Practical Expedients,"* which provides clarification on certain issues identified in the guidance on assessing collectability, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition in ASU 2014-09. The amendments in these updates are effective either retrospectively to each prior reporting period presented, or as a cumulative-effect adjustment as of the date of adoption, during interim and annual periods beginning after December 15, 2017, with early adoption permitted beginning after December 15, 2016.

The Company adopted ASU 2014-09 on January 1, 2018 using the modified retrospective method of transition, which requires a cumulative-effect adjustment as of the date of adoption. Following the adoption of ASU 2014-09, success related advisory fees, for which payment is generally dependent on the closing of a strategic transaction, a financing arrangement or some other defined outcome, will be considered variable consideration as defined by the standard. ASU 2014-09 requires that revenue be recognized when it is probable that variable consideration will not be reversed in a future period. Accordingly, revenue recognition for such fees could be accelerated under ASU 2014-09 in rare circumstances, which will require careful analysis and judgment. Under legacy U.S. GAAP, the Company recognized such fees upon closing regardless of the probability of the outcome. The effect of the timing of revenue recognition could be material to any given reporting period. Furthermore, legacy U.S. GAAP allows expenses related to underwriting transactions to be reflected net in related revenues. Under ASU 2014-09, those expenses will be presented gross in the results of operations.

Interpretive guidance on ASU 2014-09 continues to be issued and vetted, in particular by the AICPA industry task force on Broker-Dealers, the AICPA's Revenue Recognition Working Group and the AICPA's Financial Reporting Executive Committee (FinREC). The Company will continue to monitor and evaluate any additional guidance that is issued.

ASU 2016-01 - In January 2016, the FASB issued ASU No. 2016-01, *"Recognition and Measurement of Financial Assets and Financial Liabilities"* ("ASU 2016-01"). ASU 2016-01 provides amendments to ASC 825, *"Financial Instruments,"* which change the requirements for certain aspects of recognition, measurement and presentation of financial assets and liabilities and amend the disclosure requirements. The amendments in this update are effective during interim and annual periods beginning after December 15, 2017. The amendments in this update should be applied by means of a cumulative-effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption and the amendments related to equity securities without readily determinable fair values should be applied prospectively. The Company holds available-for-sale equity securities of $1,244 within Marketable Securities on the Consolidated Statement of Financial Condition as of December 31, 2017. The Company anticipates that the adoption of this ASU will result in a cumulative effect adjustment of cumulative unrealized losses on available-for-sale equity securities included in Accumulated Other Comprehensive Income (Loss) to Retained Earnings of approximately ($4,100). Going forward, unrealized gains and losses on these securities will be recorded in Other Revenue, Including Interest, on the Consolidated Statements of Operations. The Company also holds equity securities without readily determinable fair values, which were accounted for under the cost method of accounting under legacy U.S. GAAP. Upon adoption of this ASU, the Company elected to continue to measure each of its former cost method investments at its cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer.

ASU 2016-02 - In February 2016, the FASB issued ASU No. 2016-02, *"Leases (Topic 842)"* ("ASU 2016-02"). ASU 2016-02 supersedes ASC 840, *"Leases,"* and includes requirements for the recognition of a right-of-use asset and lease liability on the balance sheet by lessees for those leases classified as operating leases under previous guidance. The amendments in this update are effective using a modified retrospective approach at the beginning of the earliest period presented, during interim and annual periods beginning after December 15, 2018, with early adoption permitted. The Company anticipates adopting ASU 2016-02 on January 1, 2019 using the modified retrospective approach. The adoption will result in the present value of the Company's lease commitments which have a term in excess of one year being reflected on the Company's Statements of Financial Condition as a long-term fixed asset with a corresponding long-term liability. The Company's lease commitments, as discussed in Note 18, primarily relate to office space. The lease-related assets will be amortized to expense over the life of the leases and the liability, and related interest expense, will be reduced as lease payments are made over the life of the lease. The net impact on the Company's earnings is not expected to be materially different from the current expense related to leases as required under legacy U.S. GAAP, which is primarily reflected in Occupancy and Equipment Rental expense on the Consolidated Statements of Operations.

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

ASU 2016-09 - In March 2016, the FASB issued ASU 2016-09 which provides amendments to ASC 718, which simplify the accounting for share-based payment transactions, including income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The amendments in this update are effective during interim and annual periods beginning after December 15, 2016, with early adoption permitted. The application of ASU 2016-09 resulted in excess tax benefits from the delivery of Class A Shares under share-based payment arrangements being recognized in the Company's Provision for Income Taxes for year ended December 31, 2017, rather than in Additional Paid-In-Capital under legacy U.S. GAAP. The Company used the retrospective transition method for the presentation of excess tax benefits on the Statements of Cash Flows; as such, the Company classified excess tax benefits as an operating activity within Taxes Payable on the Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015. The application of ASU 2016-09 will result in greater volatility in the effective tax rate and could be material to the results of operations and the classifications of cash flows in future periods depending upon the level of earnings and stock price of the Company, among other things. See Note 20 for further detail, including the impact of the application of ASU 2016-09 on the 2017 results.

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 and does not anticipate a material difference between the current method and the CECL model.

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

ASU 2016-18 - In November 2016, the FASB issued ASU No. 2016-18, "*Restricted Cash*" ("ASU 2016-18"). ASU 2016-18 provides amendments to ASC 230, "*Statement of Cash Flows*," which require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash and restricted cash equivalents. The amendments in this update are effective retrospectively during interim and annual periods beginning after December 15, 2017, with early adoption permitted. The Company anticipates that the adoption of this ASU will result in expanded disclosure on restricted cash balances.

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

ASU 2017-04 - In January 2017, the FASB issued ASU 2017-04. ASU 2017-04 provides amendments to ASC 350, *"Intangibles - Goodwill and Other"* ("ASC 350"), which eliminate Step 2 from the goodwill impairment test. Entities should perform their goodwill impairment tests by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value. The amendments in this update are effective prospectively during interim and annual periods beginning after December 15, 2019, with early adoption permitted. The Company adopted ASU 2017-04 during the second quarter of 2017. See Note 4 for further information.

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

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

Note 4 – Business Changes and Developments

Business Developments

Evercore Trust Company Transaction - On October 18, 2017, the Company sold the Institutional Trust and Independent Fiduciary business of ETC, which was a part of its Investment Management segment, for an adjusted purchase price of $34,842, including contingent consideration of $488. As a result of this transaction, the Company deconsolidated assets and liabilities of $28,523 and $1,489, respectively. The assets were primarily comprised of $28,442 of goodwill, representing an allocation of goodwill based on the relative fair value of the business being sold to the total fair value of the Institutional Asset Management reporting unit. This transaction resulted in a pre-tax gain on the sale of $7,808 included in Other Revenue, Including Interest on the Consolidated Statement of Operations for the year ended December 31, 2017. In conjunction with the sale, the Company incurred $3,930 of Special Charges, related to the transition of certain employees of the sold business. Following the sale of the Institutional Trust and Independent Fiduciary business of ETC, the remaining operations of ETC were integrated into Evercore Wealth Management L.L.C. ("EWM").

G5 Transaction - On December 31, 2017, the Company exchanged all of its outstanding equity interests in G5 for debentures of G5. These debentures were issued by G5 at a redemption value of $60 million Brazilian real and are mandatorily redeemable on December 31, 2027, or earlier, subject to the occurrence of certain events. The Company will earn an annual coupon based on a percentage of revenues earned by G5 and G5 may be required to pre-pay a portion of the outstanding debentures subject to the achievement of certain revenue thresholds over the life of the debentures. The Company is entitled to one of six seats on the board of G5.

The Company recorded its investment in G5 as a held-to-maturity debt security of $10,995 within Investments on the Consolidated Statement of Financial Condition as of December 31, 2017, representing the fair value of the debentures at the date of the exchange, and will accrete its investment to its redemption value ratably from December 31, 2017 to December 31, 2027. The fair value of the debentures was determined to be approximately $37 million Brazilian real, which the Company determined was equivalent to the carrying value of the Company’s equity method investment in G5 at the time of the exchange. This transaction resulted in the reclassification of $16,266 of cumulative foreign currency translation losses in Accumulated Other Comprehensive Income (Loss) on the Consolidated Statement of Financial Condition to Other Revenue, Including Interest on the Consolidated Statement of Operations for the year ended December 31, 2017. See Note 9 for further information.

Atalanta Sosnoff Transaction - During the fourth quarter of 2016, the founding member of Atalanta Sosnoff announced his intent to retire and entered into an agreement to sell all of his Series A-2 Capital Interests and Series B Capital Interests back to Atalanta Sosnoff. Concurrently, select members of Atalanta Sosnoff received Series C Capital Interests. The Company continues to own Series A-1 Capital Interests, representing a 49% economic interest. Following these transactions, the Company continues to hold a noncontrolling voting interest in the Management Committee of Atalanta Sosnoff, and accordingly continues to account for its interest in Atalanta Sosnoff as an equity method investment.

In addition, as a result of these transactions, the Company performed an assessment of the carrying value of its equity interest in Atalanta Sosnoff for other-than-temporary impairment in accordance with ASC 323-10, *"Investments - Equity Method and Joint Ventures"* ("ASC 323-10"). In determining the fair value of its investment, the Company utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The market multiple approach included applying the average earnings multiples of comparable public companies, multiplied by the forecasted earnings of Atalanta Sosnoff, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of Atalanta Sosnoff and applied a discount rate of 15.5%, which reflected the weighted average cost of capital adjusted for the risks inherent in the future cash flows. The forecast inherent in the valuation assumes growth in revenues and earnings by the end of 2018, and, over the longer term, assumes a compound annual growth rate in revenues of 6% from the trailing twelve month period ended November 30, 2016.

As a result of the above analysis, the Company determined that the fair value of its investment in Atalanta Sosnoff was less than its carrying value as of November 30, 2016. The Company concluded this loss in value was other-than-temporary. Accordingly, the Company recorded an impairment charge of $8,100, in Special Charges on the Consolidated Statement of Operations for the year ended December 31, 2016, resulting in an investment in Atalanta Sosnoff at its fair value of $14,730 as of November 30, 2016. This charge resulted in a decrease of $3,980 to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the year ended December 31, 2016.

Glisco Transaction - On July 19, 2016, the Company and the principals of its Mexican Private Equity business entered into an agreement to transfer ownership of its Mexican Private Equity business and related entities to Glisco Partners Inc. ("Glisco"), which assumed all responsibility for the management of the existing funds Glisco Partners II, L.P. ("Glisco II," formerly Evercore Mexico Capital Partners II, L.P., or EMCP II) and Glisco Partners III, L.P. ("Glisco III," formerly Evercore Mexico Capital Partners III, L.P., or EMCP III), and is controlled by the principals. These principals ceased to be employed by the Company following this transaction. A Senior Managing Director of the Company will continue to serve on the Investment Committee for the funds. This transaction received consent from the Limited Partner Advisory Committee of the funds and regulatory approval in Mexico during the third quarter of 2016 and closed on September 30, 2016.

As consideration for this transaction, the Company will receive a fixed percentage of the management fees earned by Glisco for a period of up to ten years as well as a portion of the carried interest in the next two successor funds. The Company committed to invest capital in those successor funds consistent with the level of carried interest it owns and will retain its carried interest and its capital interests in the existing funds. The Company is entitled to 20% of the carried interest in such successor funds. In conjunction with this transaction, the Company entered into a transition services agreement to provide operational support to Glisco for a period of up to 18 months.

Following this transaction, the Company ceased to have a general partner's interest in and deconsolidated Glisco Capital Partners II and III ("GCP II" and "GCP III," formerly Evercore Mexico Partners II and III), the general partners of Glisco II and Glisco III, and related subsidiaries. Going forward the Company will maintain a limited partner's interest in the funds and the general partners of the funds.

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

In addition, the Company maintains a limited partner's interest in Glisco Manager Holdings LP, from which the Company receives its portion of the management fees earned by Glisco. The Company's investment in Glisco Manager Holdings LP is accounted for under the cost method of accounting. See Note 9 for further information.

As a result of this transaction, on September 30, 2016 the Company deconsolidated assets and liabilities of $8,302 and $2,343, respectively, and recorded an investment in Glisco Manager Holdings LP of $2,519, representing the fair value of the deferred consideration resulting from this transaction. Furthermore, this resulted in a decrease in Noncontrolling Interest of $5,808 at September 30, 2016 related to GCP III. The transaction resulted in a gain on deconsolidation of $406, included in Other Revenue, Including Interest on the Consolidated Statement of Operations for the year ended December 31, 2016.

Goodwill and Intangible Assets

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

	Investment Banking	Investment Management	Total
Balance at December 31, 2015(1)	$ 115,276	$ 51,185	$ 166,461
Foreign Currency Translation and Other	(787)	(4,713)	(5,500)
Balance at December 31, 2016(1)	114,489	46,472	160,961
Impairment of Goodwill	—	(7,107)	(7,107)
Sale of the Institutional Trust and Independent Fiduciary business of ETC	—	(28,442)	(28,442)
Foreign Currency Translation and Other	8,819	—	8,819
Balance at December 31, 2017(2)	$ 123,308	$ 10,923	$ 134,231

(1) The amount of the Company's goodwill before accumulated impairment losses of $28,500 was $189,461 and $194,961 at December 31, 2016 and 2015, respectively.
(2) The amount of the Company's goodwill before accumulated impairment losses of $35,607 was $169,838 at December 31, 2017.

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

	December 31, 2017					
	Gross Carrying Amount			Accumulated Amortization		
	Investment Banking	Investment Management	Total	Investment Banking	Investment Management	Total
Client Related	$ 42,000	$ 3,830	$ 45,830	$ 27,355	$ 1,977	$ 29,332
Other	5,320	445	5,765	2,407	279	2,686
Total	$ 47,320	$ 4,275	$ 51,595	$ 29,762	$ 2,256	$ 32,018

	December 31, 2016					
	Gross Carrying Amount			Accumulated Amortization		
	Investment Banking	Investment Management	Total	Investment Banking	Investment Management	Total
Client Related	$ 44,311	$ 3,830	$ 48,141	$ 21,110	$ 1,586	$ 22,696
Non-compete/Non-solicit Agreements	—	154	154	—	124	124
Other	5,320	445	5,765	1,647	223	1,870
Total	$ 49,631	$ 4,429	$ 54,060	$ 22,757	$ 1,933	$ 24,690

Expense associated with the amortization of intangible assets was $9,793, $11,640 and $17,458 for the years ended December 31, 2017, 2016 and 2015, respectively.

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

Based on the intangible assets above, as of December 31, 2017, annual amortization of intangibles for each of the next five years is as follows:

2018	$	9,199
2019	$	7,866
2020	$	1,182
2021	$	996
2022	$	334

At November 30, 2017, in accordance with ASC 350, the Company performed its annual goodwill impairment assessment. The Company concluded that the fair value of the reporting units substantially exceeded their carrying values as of November 30, 2017, with the exception of the Institutional Asset Management reporting unit, which exceeded its carrying value by approximately 17% as of November 30, 2017.

Impairments of Goodwill

During the second quarter of 2017, in accordance with ASC 350, the Company performed an impairment assessment of the goodwill remaining in the Institutional Asset Management reporting unit following the classification of the Institutional Trust and Independent Fiduciary business of ETC as Held for Sale. In determining the fair value of this reporting unit, the Company utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The market multiple approach included applying the average earnings multiples of comparable public companies, multiplied by the forecasted earnings of the reporting unit, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of the reporting unit and applied a discount rate of 17.5%, which reflected the weighted average cost of capital adjusted for the risks inherent in the future cash flows. The forecast inherent in the valuation assumes a compound annual growth rate in revenues of 11%.

As a result of the above analysis, the Company determined that the fair value of the remaining business in the Institutional Asset Management reporting unit was less than its carrying value. The Company adopted ASU 2017-04 during the second quarter of 2017. Accordingly, the Company recorded a goodwill impairment charge in the Investment Management segment of $7,107, which is included within Special Charges on the Consolidated Statement of Operations for the year ended December 31, 2017. This charge resulted in a decrease of $3,694 to Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the year ended December 31, 2017.

During the third quarter of 2015, the Institutional Asset Management reporting unit was impacted by adverse market and operating conditions, including a decline in AUM that was greater than anticipated at the time of the Company's previous Step 1 impairment assessment, investment performance below benchmarks and lower market multiples for asset managers in response to market volatility during the third quarter. As a result, the Company determined that the Step 1 impairment assessment criteria were satisfied, as contemplated by ASC 350 for the goodwill in its Institutional Asset Management reporting unit as of August 31, 2015.

In determining the fair value of this reporting unit, the Company utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. As a result of the analysis, the Company determined that the fair value of the Institutional Asset Management reporting unit was less than its carrying value as of August 31, 2015. Accordingly, during the third quarter of 2015, the Company began a Step 2 impairment assessment, which it completed during the fourth quarter of 2015. The Company recorded a goodwill impairment charge of $28,500 in the Investment Management segment, which is included within Special Charges on the Consolidated Statement of Operations for the year ended December 31, 2015. This charge resulted in an impact of $9,785 on Net Income Attributable to Evercore Inc. (after adjustments for noncontrolling interest and income taxes) for the year ended December 31, 2015.

Note 5 – Acquisition and Transition Costs and Special Charges

Acquisition and Transition Costs

The Company recognized $1,673, $99 and $4,890 for the years ended December 31, 2017, 2016 and 2015, respectively, as Acquisition and Transition Costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives. These costs are primarily comprised of professional fees for legal and other services. In addition, acquisition and transition costs in 2016 included the reversal of $733 of a provision for certain settlements previously established in the fourth quarter of 2015 and acquisition and transition costs in 2015 included costs related to transitioning ISI's infrastructure.

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

Special Charges

The Company recognized $25,437 for the year ended December 31, 2017, as Special Charges related to an impairment charge of $7,107 associated with the impairment of goodwill in the Company's Institutional Asset Management reporting unit, an impairment charge of $14,400 associated with the impairment of the Company's investment in G5 and expenses of $3,930 associated with the transition of certain employees in conjunction with the sale of the Institutional Trust and Independent Fiduciary business of ETC. See Notes 4 and 9 for further information.

The Company recognized $8,100 for the year ended December 31, 2016, as Special Charges incurred related to an impairment charge associated with the Company's investment in Atalanta Sosnoff. See Note 4 for further information.

The Company recognized $41,144 for the year ended December 31, 2015, as Special Charges incurred related to an impairment charge of $28,500 associated with the impairment of goodwill in the Company's Institutional Asset Management reporting unit and charges of $7,145 related to the restructuring of the Company's investment in Atalanta Sosnoff, primarily related to the conversion of certain of Atalanta Sosnoff's profits interests held by management to equity interests. Special Charges in 2015 also included a charge of $2,151 for separation benefits and costs associated with the termination of certain contracts within the Company's Evercore ISI business as well as $3,348 for the finalization of a matter associated with the wind-down of the Company's U.S. Private Equity business.

Note 6 – Related Parties

Investment Management Revenue includes income from related parties earned from the Company's private equity funds for portfolio company fees, management fees, expense reimbursements and realized and unrealized gains and losses of private equity fund investments. Total Investment Management revenues from related parties amounted to ($101), $10,170 and $8,876 for the years ended December 31, 2017, 2016 and 2015, respectively.

Investment Banking Revenue includes advisory fees earned from clients that have a Senior Managing Director as a member of their Board of Directors of $13,312 for the year ended December 31, 2016.

Other Assets on the Consolidated Statements of Financial Condition includes the long-term portion of loans receivable from certain employees of $22,309 and $17,862 as of December 31, 2017 and 2016, respectively.

The Company had $6,799 and $16,550 in subordinated borrowings, principally with an executive officer of the Company, as of December 31, 2017 and 2016, respectively. In February and April 2017, the Company repaid $6,000 and $3,751, respectively, of the original borrowings. See Note 12 for further information.

Receivable from Employees and Related Parties on the Consolidated Statements of Financial Condition consisted of the following at December 31, 2017 and 2016:

	December 31,	
	2017	2016
Advances to Employees	$ 15,930	$ 14,418
Personal Expenses Paid on Behalf of Employees and Related Parties	766	371
Reimbursable Expenses Relating to the Private Equity Funds	334	245
Receivable from Employees and Related Parties	$ 17,030	$ 15,034

Payable to Employees and Related Parties on the Consolidated Statements of Financial Condition consisted of the following at December 31, 2017 and 2016:

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

	December 31,	
	2017	2016
Board of Director Fees	$ 350	$ 300
Amounts Due to U.K. Members	17,996	14,865
Amounts Due Pursuant to Tax Receivable Agreements[(a)]	12,821	12,201
Payable to Employees and Related Parties	$ 31,167	$ 27,366

(a) Relates to the current portion of the Member exchange of Class A LP Units for Class A Shares. The long-term portion of $90,375 and $174,109 is disclosed in Amounts Due Pursuant to Tax Receivable Agreements on the Consolidated Statements of Financial Condition at December 31, 2017 and 2016, respectively.

Note 7 – Marketable Securities and Certificates of Deposit

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

	December 31, 2017				December 31, 2016			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Securities Investments	$ 7,194	$ —	$ 4,155	$ 3,039	$ 6,470	$ —	$ 3,945	$ 2,525
Debt Securities Carried by EGL	34,233	87	26	34,294	38,392	77	15	38,454
Investment Funds	22,027	5,678	6	27,699	23,665	1,854	11	25,508
Total	$ 63,454	$ 5,765	$ 4,187	$ 65,032	$ 68,527	$ 1,931	$ 3,971	$ 66,487

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

	December 31, 2017		December 31, 2016	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 204	$ 204	$ —	$ —
Due after one year through five years	1,602	1,591	1,748	1,728
Total	$ 1,806	$ 1,795	$ 1,748	$ 1,728

Since the Company has the ability and intent to hold available-for-sale securities until a recovery of fair value is equal to an amount approximating its amortized cost, which may be at maturity, and has not incurred credit losses on its securities, it does not consider such unrealized loss positions to be other-than-temporarily impaired at December 31, 2017.

Securities Investments

Securities Investments include equity and debt securities, which are classified as available-for-sale securities within Marketable Securities on the Consolidated Statements of Financial Condition. These securities are stated at fair value with unrealized gains and losses included in Accumulated Other Comprehensive Income (Loss) and realized gains and losses included in earnings. The Company had net realized losses of ($38), ($46) and ($47) for the years ended December 31, 2017, 2016 and 2015, respectively.

Debt Securities Carried by EGL

EGL invests in a fixed income portfolio consisting primarily of municipal bonds. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Consolidated Statements of Operations, as required for broker-dealers in securities. The Company had net realized and unrealized losses of ($865), ($937) and ($556) for the years ended December 31, 2017, 2016 and 2015, 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 17 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenue, Including Interest, on the Consolidated Statements of Operations. The Company had net realized and unrealized gains (losses) of $4,088, $2,128 and ($26) for the years ended December 31, 2017, 2016 and 2015, respectively.

Certificates of Deposit

At December 31, 2017, the Company held certificates of deposit of $63,527 with certain banks with original maturities of six months or less when purchased.

Note 8 – Financial Instruments Owned and Pledged as Collateral at Fair Value, Securities Purchased Under Agreements to Resell and Securities Sold Under Agreements to Repurchase

The Company, through Evercore Casa de Bolsa, S.A. de C.V. ("ECB"), enters into repurchase agreements with clients seeking overnight money market returns whereby ECB transfers to the clients Mexican government securities in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. ECB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market, which the Company reflects as Financial Instruments Owned and Pledged as Collateral at Fair Value on the Consolidated Statements of Financial Condition, or by entering into reverse repurchase agreements with unrelated third parties. The Company accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions, which are carried at their contract amounts, which approximate fair value given that the contracts mature the following business day. The Company records a liability on its Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. The Company records as assets on its Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where the Company has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where the Company has acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities had an estimated average time to maturity of approximately 1.5 years, as of December 31, 2017, and are pledged as collateral against repurchase agreements. Generally, collateral is posted equal to the contract value at inception and is subject to market changes. These repurchase agreements are primarily with institutional customer accounts managed by ECB and permit the counterparty to pledge the securities.

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

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

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

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

	December 31, 2017		December 31, 2016	
	Asset (Liability) Balance	Market Value of Collateral Received or (Pledged)	Asset (Liability) Balance	Market Value of Collateral Received or (Pledged)
Assets				
Financial Instruments Owned and Pledged as Collateral at Fair Value	$ 19,374		$ 18,535	
Securities Purchased Under Agreements to Resell	10,645	$ 10,643	12,585	$ 12,601
Total Assets	$ 30,019		$ 31,120	
Liabilities				
Securities Sold Under Agreements to Repurchase	$ (30,027)	$ (30,020)	$ (31,150)	$ (31,155)

Note 9 – Investments

The Company's investments reported on the Consolidated Statements of Financial Condition consist of investments in unconsolidated affiliated companies, other investments in private equity partnerships, an equity security in a private company and investments in G5, Glisco Manager Holdings LP and Trilantic. The Company's investments are relatively high-risk and illiquid assets.

The Company's investments in ABS, Atalanta Sosnoff, Luminis and G5 are in voting interest entities. The Company's share of earnings (losses) on its investments in ABS, Atalanta Sosnoff (after its deconsolidation on December 31, 2015), Luminis and G5 (through December 31, 2017, the date the Company exchanged all of its outstanding equity interests for debentures of G5) are included within Income from Equity Method Investments on the 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 Investment Management Revenue.

Equity Method Investments

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

	December 31,	
	2017	2016
G5	$ —	$ 26,016
ABS	39,894	38,982
Atalanta Sosnoff	13,963	14,719
Luminis	5,999	—
Total	$ 59,856	$ 79,717

G5

In 2010, the Company made an investment accounted for under the equity method of accounting in G5. During the second quarter of 2017, following a sustained period of economic and political instability in Brazil and after concluding that the expected recovery in the M&A markets in Brazil would be delayed for the foreseeable future, G5 experienced a decline in previously forecasted advisory backlog and as such, management of G5 revised their revenue forecast. As a result, the Company performed an assessment of the carrying value of its equity interest in G5 for other-than-temporary impairment in accordance with ASC 323-10. In determining the fair value of its investment, the Company utilized both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The market multiple approach included applying the average earnings multiples of comparable public companies, multiplied by the forecasted earnings of G5, to yield an estimate of fair value. The discounted cash flow methodology began with the forecasted cash flows of G5 and applied a discount rate of 17.5%, which reflected the weighted average cost of capital adjusted for the risks inherent in the future cash flows. The forecast inherent in the valuation assumes slight growth in revenues and earnings by the end of

2018, and, over the longer term, assumes a compound annual growth rate in revenues of 5% from the trailing twelve month period ended May 31, 2017.

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

This investment resulted in earnings (losses) of ($144), $1,154 and $662 for the years ended December 31, 2017, 2016 and 2015, respectively, included within Income from Equity Method Investments on the Consolidated Statements of Operations. In addition, the investment is subject to currency translation from Brazilian Real to the U.S. Dollar. On December 31, 2017, the Company exchanged all of its outstanding equity interests in G5 for debentures of G5. See Note 4 and Debt Security Investment below for further information.

ABS

In 2011, the Company made an investment accounted for under the equity method of accounting in ABS. At December 31, 2017, the Company's economic ownership interest in ABS was 45%. This investment resulted in earnings of $7,990, $4,913 and $5,388 for the years ended December 31, 2017, 2016 and 2015, respectively, included within Income from Equity Method Investments on the Consolidated Statements of Operations.

Atalanta Sosnoff

On December 31, 2015, the Company amended the Operating Agreement with Atalanta Sosnoff and deconsolidated its assets and liabilities. The Company accounted for its interest in Atalanta Sosnoff under the equity method of accounting from that date forward.

Following the retirement of Atalanta Sosnoff's founding member during the fourth quarter of 2016, the Company performed an impairment assessment for its investment in Atalanta Sosnoff and concluded that an other-than-temporary impairment had occurred. The Company recorded an impairment charge of $8,100, included in Special Charges on the Consolidated Statement of Operations for the year ended December 31, 2016. See Note 4 for further information.

At December 31, 2017, the Company's economic ownership interest in Atalanta Sosnoff was 49%. This investment resulted in earnings of $493 and $574 for the years ended December 31, 2017 and 2016, respectively, included within Income from Equity Method Investments on the Consolidated Statements of Operations.

Luminis

On January 1, 2017, the Company acquired a 19% interest in Luminis and accounted for its interest under the equity method of accounting. This investment resulted in earnings of $499 for the year ended December 31, 2017, included within Income from Equity Method Investments on the Consolidated Statements of Operations.

Other

The Company allocates the purchase price of its equity method investments, in part, to the inherent finite-lived identifiable intangible assets of the investees. The Company's share of the earnings of the investees has been reduced by the amortization of these identifiable intangible assets inherent in the investments of $1,505, $3,533 and $2,484 for the years ended December 31, 2017, 2016 and 2015, 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. See Note 4 for further information.

The Company recorded its investment in G5 as a held-to-maturity debt security of $10,995 within Investments on the Consolidated Statement of Financial Condition as of December 31, 2017, representing the fair value of the debentures at the date of the exchange. The securities are mandatorily redeemable on December 31, 2027, or earlier, subject to the occurrence of certain events. The Company will accrete 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.

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

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 II, Glisco III, Trilantic Capital Partners Associates IV, L.P. ("Trilantic IV") and Trilantic Capital Partners V, L.P. ("Trilantic V"). Portfolio holdings of the private equity funds are carried at fair value. Accordingly, the Company reflects its pro rata share of the unrealized gains and losses occurring from changes in fair value. Additionally, the Company reflects its pro rata share of realized gains, losses and carried interest associated with any investment realizations.

On September 30, 2016, the Company completed the transfer of ownership and control of the Mexican Private Equity business to Glisco, which is controlled by the principals of the business.

On December 31, 2014, ECP II was terminated. The Company's investment at December 31, 2017 of $833 is comprised of its remaining interest in the general partner, including $804 in cash and $29 in securities. In addition, as of December 31, 2017, Discovery Americas I, L.P. (the "Discovery Fund") was fully distributed.

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

	December 31,	
	2017	2016
ECP II	$ 833	$ 933
Discovery Fund	—	7,463
Glisco II	5,747	6,897
Glisco III	811	529
Trilantic IV	305	211
Trilantic V	6,116	5,709
Total Private Equity Funds	$ 13,812	$ 21,742

Net realized and unrealized gains (losses) on private equity fund investments were ($915), $7,616 and $5,086 for the years ended December 31, 2017, 2016 and 2015, respectively. During the year ended December 31, 2017, Trilantic V and Glisco II made distributions of $2,311 and $2,106, respectively. During the year ended December 31, 2016, Trilantic IV made distributions of $3,320. In the event the funds perform poorly, the Company may be obligated to repay certain carried interest previously distributed. As of December 31, 2017, there was no previously distributed carried interest received from the Company's managed funds that was subject to repayment.

General Partners of Private Equity Funds which are VIEs

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

Following the Glisco transaction, the Company concluded that GCP II, GCP III and Glisco Manager Holdings LP are VIEs and that the Company is not the primary beneficiary of these VIEs. The Company's assessment of the primary beneficiary of these entities included assessing which parties have the power to significantly impact the economic performance of these entities and the obligation to absorb losses, which could be potentially significant to the entities, or the right to receive benefits from the entities that could be potentially significant. Neither the Company nor its related parties will have the ability to make decisions that significantly impact the economic performance of these entities. Further, as a limited partner in these entities, the Company does not possess substantive participating rights. The Company had assets of $8,730 and $9,889 included in its Consolidated Statements of Financial Condition at December 31, 2017 and 2016, respectively, related to these unconsolidated VIEs, representing the carrying value of the Company's investments in the entities. The Company's exposure to the obligations of these VIEs is generally limited to its investments in these entities. The Company's maximum exposure to loss as of December 31, 2017 and 2016 was $10,996 and $12,232, respectively, which represents the carrying value of the Company's investments in these VIEs, as well as any unfunded commitments to the current funds.

Investment in Trilantic Capital Partners

In 2010, the Company made a limited partnership investment in Trilantic in exchange for 500 Class A LP Units having a fair value of $16,090. This investment gave the Company the right to invest in Trilantic's current and future private equity funds, beginning with Trilantic Fund IV. The Company accounts for this investment under the cost method, subject to impairment. The Company allocates the cost of this investment to its investments in current and future Trilantic funds as the Company satisfies the capital calls of these funds. The Company bases this allocation on its expectation of Trilantic's future fundraising ability and performance. During 2017, $1,233 of this investment was allocated to Trilantic Fund V. From 2010 to 2016, $3,280 and $1,178 of this investment was allocated to Trilantic Fund V and IV, respectively. This investment had a balance of $10,399 and $11,632 as of December 31, 2017 and 2016, respectively. The Company has a $5,000 commitment to invest in Trilantic Fund V, of which $1,082 was unfunded at December 31, 2017. The Company and Trilantic anticipate that the Company will participate in the successor funds to Trilantic Fund V. The Company further anticipates that participation in the successor fund will be at approximately $12,000.

Cost Method Investments

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

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

Note 10 – Fair Value Measurements

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

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

Level I – Quoted prices are available in active markets for identical investments as of the reporting date. The type of investments included in Level I include listed equities and listed derivatives. As required by ASC 820, the Company does not adjust the quoted price for these investments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price.

Level II – Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The estimated fair values of the Corporate Bonds, Municipal Bonds, Other Debt Securities and Securities Investments held at December 31, 2017 and 2016 are based on prices provided by external pricing services.

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

(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 December 31, 2017 and 2016:

	December 31, 2017			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities[(1)]	$ —	$ 44,648	$ —	$ 44,648
Securities Investments[(1)]	4,336	1,795	—	6,131
Investment Funds	27,699	—	—	27,699
Financial Instruments Owned and Pledged as Collateral at Fair Value	19,374	—	—	19,374
Total Assets Measured At Fair Value	$ 51,409	$ 46,443	$ —	$ 97,852

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

(1) Includes $13,446 and $9,173 of treasury bills, municipal bonds and commercial paper classified within Cash and Cash Equivalents on the Consolidated Statements of Financial Condition as of December 31, 2017 and 2016, respectively.

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

The Company had no transfers between fair value levels during the years ended December 31, 2017 and 2016.

During the second quarter of 2017, the Company determined that the fair value of the Institutional Asset Management reporting unit was $14,401. The fair value of the reporting unit was estimated by utilizing both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. Goodwill is measured at fair value on a non-recurring basis as a Level III asset. See Note 4 for further information.

In addition, during the second quarter of 2017, the Company determined that the fair value of its equity method investment in G5 was $11,555. The fair value of the investment was estimated by utilizing both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The equity method investment is measured at fair value on a non-recurring basis as a Level III asset. See Note 9 for further information.

During the fourth quarter of 2016, the Company determined that the fair value of its equity method investment in Atalanta Sosnoff was $14,730. The fair value of the investment was estimated by utilizing both a market multiple approach and a discounted cash flow methodology based on the adjusted cash flows from operations. The equity method investment was measured at fair value on a non-recurring basis as a Level III asset. See Note 4 for further information.

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

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

		December 31, 2017			
	Carrying	Estimated Fair Value			
	Amount	Level I	Level II	Level III	Total
Financial Assets:					
Cash and Cash Equivalents	$ 596,141	$ 596,141	$ —	$ —	$ 596,141
Certificates of Deposit	63,527	—	63,527	—	63,527
Debt Security Investment	10,995	—	—	10,995	10,995
Securities Purchased Under Agreements to Resell	10,645	—	10,645	—	10,645
Accounts Receivable	184,993	—	184,993	—	184,993
Receivable from Employees and Related Parties	17,030	—	17,030	—	17,030
Closely-held Equity Security	1,079	—	—	1,079	1,079
Financial Liabilities:					
Accounts Payable and Accrued Expenses	$ 34,111	$ —	$ 34,111	$ —	$ 34,111
Securities Sold Under Agreements to Repurchase	30,027	—	30,027	—	30,027
Payable to Employees and Related Parties	31,167	—	31,167	—	31,167
Notes Payable	168,347	—	171,929	—	171,929
Subordinated Borrowings	6,799	—	6,859	—	6,859

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

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

On December 31, 2017, the Company exchanged all of its outstanding equity interests in G5 for debentures of G5. See Note 4 for further information. The Company recorded its investment in G5 as a held-to-maturity debt security of $10,995 within Investments on the Consolidated Statement of Financial Condition as of December 31, 2017, representing the fair value of the debentures at the date of the exchange. In determining the fair value of this security at the time of the transaction, the Company applied the forecasted revenues of G5 to a Monte Carlo simulation framework.

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

The fair value of the Company's Closely-held Equity Security is based on comparable transactions executed by the issuer.

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

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

Note 11 – Furniture, Equipment and Leasehold Improvements

Furniture, Equipment and Leasehold Improvements consisted of the following:

	December 31,	
	2017	2016
Furniture and Equipment	$ 31,715	$ 27,288
Leasehold Improvements	72,199	54,993
Computer and Technology-related Equipment	34,943	23,038
Total	138,857	105,319
Less: Accumulated Depreciation and Amortization	(70,264)	(53,668)
Furniture, Equipment and Leasehold Improvements, Net	$ 68,593	$ 51,651

Depreciation and amortization expense for Furniture, Equipment and Leasehold Improvements totaled $15,026, $13,160 and $10,469 for the years ended December 31, 2017, 2016 and 2015, respectively.

Note 12 – Notes Payable and Subordinated Borrowings

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

Interest on the Private Placement Notes is payable semi-annually and the Private Placement Notes are guaranteed by certain of the Company's domestic subsidiaries. The Company may, at its option, prepay all, or from time to time any part of, the Private Placement Notes (without regard to Series), in an amount not less than 5% of the aggregate principal amount of the Private Placement Notes then outstanding at 100% of the principal amount thereof plus an applicable "make-whole amount." Upon the occurrence of a change of control, the holders of the Private Placement Notes will have the right to require the Company to prepay the entire unpaid principal amounts held by each holder of the Private Placement Notes plus accrued and unpaid interest to the prepayment date. The Note Purchase Agreement contains customary covenants, including financial covenants requiring compliance with a maximum leverage ratio, a minimum tangible net worth and a minimum interest coverage ratio, and customary events of default. As of December 31, 2017, the Company was in compliance with all of these covenants.

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

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

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

Note	Maturity Date	Effective Annual Interest Rate	Carrying Value[(a)] December 31, 2017	Carrying Value[(a)] December 31, 2016
Evercore Inc. 4.88% Series A Senior Notes	3/30/2021	5.16%	$ 37,684	$ 37,597
Evercore Inc. 5.23% Series B Senior Notes	3/30/2023	5.44%	66,356	66,254
Evercore Inc. 5.48% Series C Senior Notes	3/30/2026	5.64%	47,493	47,445
Evercore Inc. 5.58% Series D Senior Notes	3/30/2028	5.72%	16,814	16,801
Total			$ 168,347	$ 168,097

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

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

As of December 31, 2017, the future payments required on the Notes Payable and Subordinated Borrowings, including principal and interest were as follows:

2018	$ 9,311
2019	16,050
2020	8,937
2021	46,010
2022	7,083
Thereafter	148,176
Total	$ 235,567

Note 13 – Employee Benefit Plans

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

The Company made no contributions for the years ended December 31, 2017, 2016 and 2015.

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

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

The Evercore Europe Plan, for employees starting after July 2011, has a salary deferral feature as permitted under existing tax guidelines for HM Customs and Revenue. Evercore Europe has a minimum annualized contribution of 15.0% of an employee's salary. Employees are also eligible to contribute a percentage of their salary to the Evercore Europe Plan, however, any contribution made does not entitle them to a matching contribution from Evercore Europe.

The Company made contributions to the Evercore Europe Plan of $3,145, $3,524 and $3,808 for the years ended December 31, 2017, 2016 and 2015, respectively.

ISI U.K Personal Pension Plan – For employees of ISI U.K., a personal pension plan is available for all employees to contribute a percentage of their salary. The Company will contribute up to 5% of an employee's salary. The Company made contributions to the ISI U.K. Personal Pension Plan of $165 and $82 for the years ended December 31, 2017 and 2016, respectively.

Note 14 – Evercore Inc. Stockholders' Equity

Dividends – The Company's Board of Directors declared on January 29, 2018, a quarterly cash dividend of $0.40 per share, to the holders of record of Class A Shares as of February 23, 2018, which will be paid on March 9, 2018. During the year ended December 31, 2017, the Company declared and paid dividends of $1.42 per share, totaling $56,521, and accrued deferred cash dividends on unvested RSUs, totaling $9,815. During the year ended December 31, 2016, the Company declared and paid dividends of $1.27 per share, totaling $51,558.

Treasury Stock – During the year ended December 31, 2017, the Company purchased 1,159 Class A Shares primarily from employees at values ranging from $50.90 to $90.50 per share (at an average cost per share of $77.95), primarily for the net settlement of stock-based compensation awards, and 2,757 Class A Shares at market values ranging from $67.37 to $78.81 per share (at an average cost per share of $73.75) pursuant to the Company's share repurchase program. The aggregate 3,916 Class A Shares were purchased at an average cost per share of $74.99 and the result of these purchases was an increase in Treasury Stock of $293,753 on the Company's Consolidated Statement of Financial Condition as of December 31, 2017. During the year ended December 31, 2016, the Company purchased 1,087 Class A Shares primarily from employees at values ranging from $44.30 to $70.65 per share (at an average cost per share of $47.63), primarily for the net settlement of stock-based compensation awards, and 2,388 net Class A Shares at market values ranging from $44.59 to $52.74 per share (at an average cost per share of $48.21) pursuant to the Company's share repurchase program. The aggregate 3,475 Class A Shares were purchased at an average cost per share of $48.03 and the result of these purchases was an increase in Treasury Stock of $167,241 on the Company's Consolidated Statement of Financial Condition as of December 31, 2016.

LP Units – During the year ended December 31, 2017, 1,213 LP Units were exchanged for Class A Shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $12 and $44,729, respectively, on the Company's Consolidated Statement of Financial Condition as of December 31, 2017. See Note 20 for further discussion. During the year ended December 31, 2016, 532 LP Units were exchanged for Class A Shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $5 and $16,242, respectively, on the Company's Consolidated Statement of Financial Condition as of December 31, 2016.

Accumulated Other Comprehensive Income (Loss) – As of December 31, 2017, Accumulated Other Comprehensive Income (Loss) on the Company's Consolidated Statement of Financial Condition includes an accumulated Unrealized Gain (Loss) on Marketable Securities and Investments, net and Foreign Currency Translation Adjustment Gain (Loss), net, of ($5,522) and ($25,889), respectively.

The G5 transaction resulted in the reclassification of $16,266 of cumulative foreign currency translation losses in Accumulated Other Comprehensive Income (Loss) on the Consolidated Statement of Financial Condition to Other Revenue, Including Interest on the Consolidated Statement of Operations for the year ended December 31, 2017. See Note 4 for further information.

Note 15 – Noncontrolling Interest

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

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

	December 31,		
	2017	2016	2015
Subsidiary:			
Evercore LP	12%	14%	14%
EWM	38%	38%	38%
Private Capital Advisory L.P. ("PCA")	25%	39%	39%
ECB	—%	—%	28%

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

Changes in Noncontrolling Interest for the years ended December 31, 2017, 2016 and 2015 were as follows:

	For the Years Ended December 31,		
	2017	2016	2015
Beginning balance	$ 256,033	$ 202,664	$ 160,952
Comprehensive Income (Loss):			
Net Income Attributable to Noncontrolling Interest	53,753	40,984	14,827
Other Comprehensive Income (Loss)	3,375	(3,737)	(3,886)
Total Comprehensive Income	57,128	37,247	10,941
Evercore LP Units Purchased or Converted into Class A Shares	(47,263)	(16,480)	(12,012)
Amortization and Vesting of LP Units/Interests	14,922	81,392	82,734
Other Items:			
Distributions to Noncontrolling Interests	(36,374)	(38,154)	(23,723)
Issuance of Noncontrolling Interest	8,460	885	594
Purchase of Noncontrolling Interest	(281)	(5,225)	—
Deconsolidation of GCP III	—	(5,808)	—
Deconsolidation of Atalanta Sosnoff	—	—	(16,090)
Other, net	(221)	(488)	(732)
Total Other Items	(28,416)	(48,790)	(39,951)
Ending balance	$ 252,404	$ 256,033	$ 202,664

Other Comprehensive Income - Other Comprehensive Income (Loss) attributed to Noncontrolling Interest includes Unrealized Gain (Loss) on Marketable Securities and Investments, net, of $75, ($699) and ($1,083) for the years ended December 31, 2017, 2016 and 2015, respectively, and Foreign Currency Translation Adjustment Gain (Loss), net, of $3,300, ($3,038) and ($2,803) for the years ended December 31, 2017, 2016 and 2015, respectively.

Interests Issued - During the year ended December 31, 2017, the Company issued 112 Class A LP Units, primarily as settlement of contingent consideration, resulting in an increase to Noncontrolling Interest of $8,460 on the Company's Consolidated Statement of Financial Condition as of December 31, 2017.

Interests Purchased - On March 3, 2017, the Company purchased, at fair value, an additional 13% of PCA for $7,071 and on December 11, 2017, the Company purchased, at fair value, an additional 1% of PCA for $1,429. These purchases resulted in a decrease to Noncontrolling Interest of $281 and a decrease to Additional Paid-In-Capital of $8,219, on the Company's Consolidated Statement of Financial Condition as of December 31, 2017.

During the year ended December 31, 2017, the Company purchased 32 LP Units and certain other rights from noncontrolling interest holders, resulting in a decrease to Noncontrolling Interest of $2,523 on the Company's Consolidated Statement of Financial Condition as of December 31, 2017. In addition, LP Units were exchanged for Class A Shares during the year ended December 31, 2017. See Note 14 for further information.

During the year ended December 31, 2016, the Company purchased 5 LP Units and certain other rights from a noncontrolling interest holder, resulting in a decrease to Noncontrolling Interest of $235 on the Company's Consolidated Statement of Financial Condition as of December 31, 2016.

During the year ended December 31, 2015, the Company purchased 26 LP Units and certain other rights from a noncontrolling interest holder, resulting in a decrease to Noncontrolling Interest of $353 and a decrease to Additional Paid-In-Capital of $770 as of December 31, 2015.

On January 29, 2016, the Company purchased, at fair value, all of the noncontrolling interest in ECB for $6,482 resulting in a decrease to Noncontrolling Interest of $5,225 and a decrease to Additional Paid-In-Capital of $1,257 on the Company's Consolidated Statement of Financial Condition as of December 31, 2016.

GCP III - On July 19, 2016, the Company and the principals of its Mexican Private Equity business entered into an agreement to transfer ownership of its Mexican Private Equity business and related entities to Glisco. Upon the closing of this transaction, which occurred on September 30, 2016, the Company deconsolidated the noncontrolling interest in GCP III of $5,808. See Note 4 for further information.

Atalanta Sosnoff - On December 31, 2015, the Company deconsolidated the assets and liabilities of Atalanta Sosnoff, as well as its related redeemable noncontrolling interests.

Note 16 – 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 years ended December 31, 2017, 2016 and 2015 are described and presented below.

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

	For the Years Ended December 31,		
	2017	2016	2015
Basic Net Income Per Share Attributable to Evercore Inc. Common Shareholders			
Numerator:			
Net income attributable to Evercore Inc. common shareholders	$ 125,454	$ 107,528	$ 42,863
Denominator:			
Weighted average Class A Shares outstanding, including vested RSUs	39,641	39,220	37,161
Basic net income per share attributable to Evercore Inc. common shareholders	$ 3.16	$ 2.74	$ 1.15
Diluted Net Income Per Share Attributable to Evercore Inc. Common Shareholders			
Numerator:			
Net income attributable to Evercore Inc. common shareholders	$ 125,454	$ 107,528	$ 42,863
Noncontrolling interest related to the assumed exchange of LP Units for Class A Shares	(b)	(b)	(b)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(b)	(b)	(b)
Diluted net income attributable to Evercore Inc. common shareholders	$ 125,454	$ 107,528	$ 42,863
Denominator:			
Weighted average Class A Shares outstanding, including vested RSUs	39,641	39,220	37,161
Assumed exchange of LP Units for Class A Shares(a)(b)	842	—	—
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	2,719	2,065	2,162
Shares that are contingently issuable(c)	1,624	2,908	1,747
Assumed conversion of Warrants issued(d)	—	—	2,629
Diluted weighted average Class A Shares outstanding	44,826	44,193	43,699
Diluted net income per share attributable to Evercore Inc. common shareholders	$ 2.80	$ 2.43	$ 0.98

(a) The Company has outstanding Class J LP Units, which convert into Class E LP Units and ultimately become exchangeable into Class A Shares on a one-for-one basis. During the year ended December 31, 2017, 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 years ended December 31, 2017, 2016 and 2015, 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 5,920, 6,397 and 6,606 for the years ended December 31, 2017, 2016 and 2015, 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 $28,186, $18,196 and $7,697 for the years ended December 31, 2017, 2016 and 2015, respectively. In computing this adjustment, the Company assumes that all vested Class A LP Units and all Class E LP Units are converted into Class A Shares, that all earnings attributable to those shares are attributed to Evercore Inc. and, that it has adopted a conventional corporate tax structure and is taxed as a C

Corporation in the U.S. at prevailing corporate tax rates. The Company does not anticipate that the Class A and E LP Units will result in a dilutive computation in future periods.

(c) During the years ended December 31, 2017, 2016 and 2015, the Company had outstanding Class G and H LP Interests which were contingently exchangeable into Class E LP Units, and ultimately Class A Shares, as well as outstanding Class I-P Units which are contingently exchangeable into Class I LP Units, and ultimately Class A Shares, and outstanding Class K-P Units which are contingently exchangeable into Class K LP Units, and ultimately Class A Shares, as they are subject to certain performance thresholds being achieved. In July 2017, the Company exchanged all of the outstanding Class H LP Interests for a number of Class J LP Units. See Note 17 for further discussion. For the purposes of calculating diluted net income per share attributable to Evercore Inc. common shareholders, the Company's Class G and H LP Interests and Class I-P 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 Interests/Units that were assumed to be converted to an equal number of Class A Shares for purposes of computing diluted net income per share attributable to Evercore Inc. common shareholders were 1,624, 2,908 and 1,747 for the years ended December 31, 2017, 2016 and 2015, respectively.

(d) In November 2015, Mizuho exercised in full its outstanding Warrants to purchase 5,455 Class A Shares, of which the Company repurchased 2,355 shares.

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

Note 17 – Share-Based and Other Deferred Compensation

LP Units

Equities business - In conjunction with the acquisition of the operating businesses of ISI in 2014, the Company issued Evercore LP units and interests which have been treated as compensation, including 710 vested Class E LP Units and an allocation of the value, attributed to post-combination service, of 710 Class E LP Units that vested ratably on October 31, 2015, 2016 and 2017 and became exchangeable into Class A Shares upon vesting, subject to certain liquidated damages and continued employment provisions. Compensation expense related to Class E LP Units was $17,962, $21,077 and $21,425 for the years ended December 31, 2017, 2016 and 2015, respectively. The Class E LP Units were fully expensed at December 31, 2017.

The Company also issued 538 vested and 540 unvested Class G LP Interests, which vest ratably on February 15, 2016, 2017 and 2018. The Company's vested Class G LP Interests become exchangeable into Class A Shares of the Company in February 2016, 2017 and 2018 if certain earnings before interest and taxes, excluding underwriting, ("Management Basis EBIT") margin thresholds within a range of 12% to 16%, are achieved for the calendar year preceding the date the interests become exchangeable. In the event of death, disability or termination of employment without cause, unvested Class G LP Interests will be canceled or may vest based on determination of expected performance, based on a decision by Management.

In addition, in conjunction with the acquisition of ISI, the Company also issued 2,044 vested and 2,051 unvested Class H LP Interests, which would have vested ratably on February 15, 2018, 2019 and 2020. Subject to continued employment, the Company's vested Class H LP Interests would have become exchangeable in February 2018, 2019 and 2020, if certain average Management Basis EBIT and Management Basis EBIT margin thresholds, within ranges of $8,000 to $48,000 and 7% to 17%, respectively, were achieved for the three calendar years preceding the date the interests become exchangeable. In the event of death, disability or termination of employment without cause, unvested Class H LP Interests could be canceled or vest based on determination of expected performance, based on a decision by Management.

In July 2017, the Company exchanged all of the outstanding 4,148 Class H LP Interests for 1,012 vested (963 of which are subject to certain liquidated damages and continued employment provisions) and 938 unvested Class J LP Units. These units will 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 will expense 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 $6,020 for the year ended December 31, 2017.

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

Based on Evercore ISI's results for the year ended December 31, 2017, the Company determined that the achievement of the remaining performance thresholds for the remaining Class G LP Interests was no longer probable at December 31, 2017. Prior to the exchange into Class J LP Units in 2017, the Company had determined that the achievement of the remaining performance thresholds for certain of the Class H LP Interests was probable at March 31, 2017, but at a lower assumed performance level than previously determined. These determinations resulted in previously recognized expense for certain of the Class G and H LP Interests being reversed in 2017. The determination assumed a Management Basis EBIT margin of 11.7% and an annual Management Basis EBIT of $26,904 being achieved in 2017 and a Management Basis EBIT margin of 14.0% and an annual Management Basis EBIT of $34,357 being achieved in 2018 and 2019 for Evercore ISI, which would have resulted in 2,005 Class H LP Interests vesting and becoming exchangeable into Class E LP Units. Accordingly, $12,897 of expense was reversed for the year ended December 31, 2017 for the Class G and H LP Interests.

For the year ended December 31, 2016, the Company had determined that the achievement of certain of the remaining performance thresholds for the Class G and H LP Interests was probable and assumed a Management Basis EBIT margin of 16.1% and an annual Management Basis EBIT of $39,634 being achieved over the performance period for Evercore ISI. For the year ended December 31, 2015, the Company had determined that the achievement of certain of the remaining performance thresholds for the Class G and H LP Interests was probable and assumed a Management Basis EBIT margin of 15.2% and an annual Management Basis EBIT of $34,395 being achieved over the performance period for Evercore ISI. Accordingly, $59,357 and $61,111 of expense was recorded for the years ended December 31, 2016 and 2015, respectively, for the Class G and H LP Interests.

During the first quarter of 2017, the Company amended the terms of 19 Class E LP Units, 14 Class G LP Interests and 162 Class H LP Interests for an exiting employee. The amendment resulted in expense, included within compensation expense related to the Class E LP Units and Class G and H LP Interests above, of $3,532 for the year ended December 31, 2017, reflecting the reversal of all previous expense related to these awards and the subsequent amortization of the awards at the amended grant date fair value of $14,891. These awards were amortized ratably through June 30, 2017.

The following tables summarize activity related to the LP Units/Interests for the Company's equities business during the year ended December 31, 2017. In these tables, awards whose service conditions have not yet been achieved are reflected as unvested:

	Class E LP Units	
	Number of Units	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2017	381	$ 19,703
Granted	20	1,609
Modified	—	—
Forfeited	(14)	(723)
Vested/Performance Achieved	(387)	(20,589)
Unvested Balance at December 31, 2017	—	$ —

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

	Class G LP Interests		Class H LP Interests	
	Number of Interests	Grant Date Weighted Average Fair Value	Number of Interests	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2017	711	$ 36,817	4,046	$ 209,455
Granted	9	660	10	695
Modified	—	—	(4,046)	(209,639)
Forfeited	(365)	(19,109)	(10)	(511)
Vested/Performance Achieved	(355)	(18,368)	—	—
Unvested Balance at December 31, 2017	—	$ —	—	$ —

	Class J LP Units	
	Number of Units	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2017	—	$ —
Issued in Exchange for Class H LP Interests[(a)]	1,901	33,985
Granted	41	3,212
Modified	(4)	(91)
Forfeited	(41)	(834)
Vested/Performance Achieved	—	—
Unvested Balance at December 31, 2017	1,897	$ 36,272

(a) Grant Date Weighted Average Fair Value reflects the previously unrecognized grant date fair value of the Class H LP Interests. See discussion of Class J LP Units above for further information.

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 $4,619 and $544 for the years ended December 31, 2017 and 2016, 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 K-P Units may be issued contingent upon the achievement of certain defined benchmark results and continued service through December 31, 2021. The Company determined the fair value of the award probable to vest to be $5,000 and will record expense for these units over the service period. Compensation expense related to this award was $197 for the year ended December 31, 2017.

As of December 31, 2017, the total compensation cost not yet recognized related to these LP Units, including awards which are subject to performance conditions, was $53,527. The weighted-average period over which this compensation cost is expected to be recognized is 31 months.

Stock Incentive Plan

In 2006 the Company's stockholders and board of directors adopted the Evercore Inc. 2006 Stock Incentive Plan. The total number of Class A Shares which could be issued under this plan was 20,000. During the second quarter of 2013, the

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Company's stockholders approved the Amended and Restated 2006 Evercore Inc. Stock Incentive Plan (the "2006 Plan"). The amended and restated plan, among other things, authorized an additional 5,000 shares of the Company's Class A Shares.

During 2016, the Company's stockholders approved the Amended and Restated 2016 Evercore Inc. Stock Incentive Plan (the "2016 Plan"). The 2016 Plan, among other things, authorizes an additional 10,000 shares of the Company's Class A Shares. The 2016 Plan permits the Company to grant to key employees, directors and consultants incentive stock options, non-qualified stock options, stock appreciation rights, restricted stock, RSUs and other awards based on the Company's Class A Shares. The Company intends to use newly-issued Class A Shares to satisfy any awards under the 2016 Plan and its predecessor plan. Class A Shares underlying any award granted under the 2016 Plan that expire, terminate or are canceled or satisfied for any reason without being settled in stock again become available for awards under the plans. The total shares available to be granted in the future under the 2016 Plan was 7,247 and 9,906 as of December 31, 2017 and 2016, 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.

The Company had 114 RSUs which were fully vested but not delivered as of December 31, 2017.

Equity Grants

2017 Equity Grants. During 2017, pursuant to the 2016 Plan, the Company granted employees 2,813 RSUs that are Service-based Awards. Service-based Awards granted during 2017 had grant date fair values of $69.10 to $85.68 per share. During 2017, 2,512 Service-based Awards vested and 154 Service-based Awards were forfeited. Compensation expense related to Service-based Awards, including RSUs granted to the Executive Chairman in November 2016, was $156,353 for the year ended December 31, 2017.

The following table summarizes activity related to Service-based Awards during the year ended December 31, 2017:

	Service-based Awards	
	Number of Shares	Grant Date Weighted Average Fair Value
Unvested Balance at January 1, 2017	6,888	$ 346,448
Granted	2,813	220,315
Modified	—	—
Forfeited	(154)	(10,079)
Vested	(2,512)	(119,663)
Unvested Balance at December 31, 2017	7,035	$ 437,021

As of December 31, 2017, the total compensation cost related to unvested Service-based Awards not yet recognized was $258,804. The ultimate amount of such expense is dependent upon the actual number of Service-based Awards that vest. The Company periodically assesses the forfeiture rates used for such estimates. A change in estimated forfeiture rates would cause the aggregate amount of compensation expense recognized in future periods to differ from the estimated unrecognized compensation expense described herein. The weighted-average period over which this compensation cost is expected to be recognized is 30 months.

2016 Equity Grants. During 2016, pursuant to the 2006 Plan and 2016 Plan, the Company granted employees 3,144 RSUs that are Service-based Awards. The Company also granted 900 RSUs during 2016 in conjunction with the appointment of the Executive Chairman, which are Service-based Awards granted outside of the 2016 Plan in reliance on the employment inducement exception provided under § 303A.08 of the NYSE Listed Company Manual.

Service-based Awards granted during 2016 had grant date fair values of $44.30 to $70.65 per share. During 2016, 2,609 Service-based Awards vested and 181 Service-based Awards were forfeited. Compensation expense related to Service-based Awards was $125,990 for the year ended December 31, 2016.

2015 Equity Grants. During 2015, pursuant to the 2006 Plan, the Company granted employees 2,712 RSUs that are Service-based Awards. Service-based Awards granted during 2015 had grant date fair values of $48.41 to $58.47 per share. During 2015, 2,259 Service-based Awards vested and 167 Service-based Awards were forfeited. Compensation expense related to Service-based Awards was $105,496 for the year ended December 31, 2015.

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 a notional investment portfolio and vests ratably over four years and requires payment upon vesting. The Company granted $3,750, $41,147 and $3,926 of deferred cash awards pursuant to the deferred cash compensation program during 2017, 2016 and 2012, respectively.

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

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

Compensation expense related to deferred cash awards was $24,677, $15,504 and $1,476 for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, the total compensation cost related to deferred cash awards not yet recognized was $76,271. The weighted-average period over which this compensation cost is expected to be recognized is 43 months.

Long-term Incentive Plan

The Company's Long-term Incentive Plan provides for incentive compensation awards to Advisory Senior Managing Directors, excluding executive officers of the Company, who exceed defined benchmark results over four-year performance periods beginning January 1, 2013 and January 1, 2017. These awards, which aggregate $47,299 of liabilities on the Consolidated Statement of Financial Condition as of December 31, 2017, are due to be paid, in cash or Class A Shares, at the Company's discretion, in three equal installments in the first quarter of 2017, 2018 and 2019 (for the performance period beginning on January 1, 2013) and in the first quarter of 2021, 2022 and 2023 (for the performance period beginning on January 1, 2017), subject to employment at the time of payment. These awards are subject to retirement eligibility requirements. The Company periodically assesses the probability of the benchmarks being achieved and expenses the probable payout over the requisite service period of the award. The compensation expense related to these awards was $31,923, $35,258 and $6,192 for the years ended December 31, 2017, 2016 and 2015, respectively. In conjunction with this plan, the Company distributed cash payments of $34,157 for the year ended December 31, 2017, including $14,756 of payments made related to certain amounts due in the first quarter of 2018.

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 $20,969, $19,625 and $14,564 for the years ended December 31, 2017, 2016 and 2015, respectively. The remaining unamortized amount of these awards was $37,084 as of December 31, 2017.

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

Other

The total income tax benefit related to share-based compensation arrangements recognized in the Company's Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015 was $53,402, $44,209 and $36,755, respectively. The benefit for 2017 does not reflect the impact of the Tax Cuts and Jobs Act, which was enacted on December 22, 2017. See Note 20 for further information.

In conjunction with the restructuring of the Company's investment in Atalanta Sosnoff, the Company incurred expense included in Special Charges of $6,333 related to the conversion of certain of Atalanta Sosnoff's profits interests to equity, resulting in an increase to Additional Paid-In-Capital of $6,333 for the year ended December 31, 2015.

During the first quarter of 2018, as part of the 2017 bonus awards, the Company granted to certain employees approximately 1,800 unvested RSUs pursuant to the 2016 Plan. These awards will generally vest over four years. In addition, during the first quarter of 2018, the Company granted approximately $83,000 of deferred cash to certain employees which is pursuant to the deferred cash compensation program. These awards will generally be expensed over a four-year vesting period.

Separation and Transition Benefits

The Company granted separation benefits to certain employees, resulting in expense included in Employee Compensation and Benefits of approximately $6,655, $6,820 and $6,766 for the years ended December 31, 2017, 2016 and 2015, respectively. In conjunction with these arrangements, the Company distributed cash payments of $2,914, $3,622 and $3,805 for the years ended December 31, 2017, 2016 and 2015, respectively. The Company also granted separation and transition benefits to certain employees, resulting in expense included in Special Charges of approximately $3,930 and $1,863 for the years ended December 31, 2017 and 2015, respectively. See Note 5 for further information.

Note 18 – Commitments and Contingencies

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2025. The Company reflects lease expense over the lease terms on a straight-line basis. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord. Occupancy and Equipment Rental on the Consolidated Statements of Operations includes occupancy rental expense relating to operating leases of $39,485, $33,405 and $34,180 for the years ended December 31, 2017, 2016 and 2015, respectively.

In conjunction with the lease of office space, the Company has entered into letters of credit in the amounts of approximately $5,398 and $5,387, which are secured by cash and included in Other Assets on the Consolidated Statements of Financial Condition as of December 31, 2017 and 2016, respectively.

The Company has entered into various operating leases for the use of certain office equipment. Rental expense for office equipment totaled $2,394, $2,449 and $1,990 for the years ended December 31, 2017, 2016 and 2015, respectively. Rental expense for office equipment is included in Occupancy and Equipment Rental on the Consolidated Statements of Operations.

As of December 31, 2017, the approximate aggregate minimum future payments required on the operating leases are as follows:

2018	$	35,436
2019		34,927
2020		31,882
2021		28,137
2022		23,954
Thereafter		13,258
Total	$	167,594

Private Equity – As of December 31, 2017, the Company had unfunded commitments for capital contributions of $3,408 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.

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

Under the terms of the acquisition agreement for Protego Casa de Bolsa, S.A. de C.V., the Company was obligated to pay the partners that sold Protego 90% of the return proceeds and performance fees received from Protego's investment in the general partner of the Discovery Fund. Beginning in 2014, the Company received distributions from Discovery Americas Associated L.P., the general partner of the Discovery Fund. Accordingly, as of December 31, 2017, the Company recorded Goodwill of $13,433 pursuant to this agreement. The Company’s investment in the Discovery Fund was fully distributed as of December 31, 2017. See Note 9 for further information.

Lines of Credit – On June 24, 2016, Evercore Partners Services East L.L.C. ("East") entered into a loan agreement with PNC Bank, National Association for a revolving credit facility in an aggregate principal amount of up to $30,000, to be used for working capital and other corporate activities. This facility is secured by East's accounts receivable and the proceeds therefrom, as well as certain assets of EGL, including certain of EGL's accounts receivable. In addition, the agreement contains certain reporting covenants as well as certain debt covenants that prohibit East and the Company from incurring other indebtedness subject to specified exceptions. The Company was in compliance with these covenants as of December 31, 2017. Drawings under this facility bear interest at the prime rate. On February 2, 2017, East drew down $30,000 on this facility, which was repaid on March 10, 2017. The facility was renewed on June 14, 2017, and the maturity date was extended to June 22, 2018. On January 2, 2018, East drew down $30,000 on this facility.

ECB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The facility has a maximum aggregate principal amount of approximately $10,222 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.

Tax Receivable Agreement – In conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which reduced income tax rates in the U.S. in future years, the Company's liability for amounts due pursuant to the tax receivable agreement was re-measured, which resulted in a reduction of $77,535 to the liability. As of December 31, 2017, the Company estimates the contractual obligations related to the Tax Receivable Agreement to be $103,196. The Company expects to pay to the counterparties to the Tax Receivable Agreement $12,821 within one year or less, $17,421 in one to three years, $18,437 in three to five years and $54,517 after five years.

Other Commitments – In addition, the Company enters into commitments to pay contingent consideration related to certain of its acquisitions. At December 31, 2017, the Company had a remaining commitment for contingent consideration related to its acquisition of Kuna & Co. KG in 2015.

Contingencies

In the normal course of business, from time to time the Company and its affiliates are involved in judicial or regulatory proceedings, arbitration or mediation concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In addition, Mexican, United Kingdom, Hong Kong, Singapore, Canadian, 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, individually or in the aggregate, the resolution of which would have a material effect on the Company. Provisions for losses are established in accordance with ASC 450, "*Contingencies"* when warranted. Once established, such provisions are adjusted when there is more information available or when an event occurs requiring a change.

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

Note 19 – Regulatory Authorities

EGL is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under the Alternative Net Capital Requirement, EGL's minimum net capital requirement is $250. EGL's regulatory net capital as of December 31, 2017 and 2016 was $238,588 and $119,644, respectively, which exceeded the minimum net capital requirement by $238,338 and $119,394, respectively.

Certain other non-U.S. subsidiaries are subject to various securities and banking regulations and capital adequacy requirements promulgated by the regulatory and exchange authorities of the countries in which they operate. These subsidiaries are in excess of their local capital adequacy requirements at December 31, 2017.

ETC, which is limited to fiduciary activities, is regulated by the Office of the Comptroller of the Currency ("OCC") and is a member bank of the Federal Reserve System. The Company, Evercore LP and ETC are subject to written agreements with the OCC that, among other things, require the Company and Evercore LP to 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 December 31, 2017.

Note 20 – Income Taxes

As a result of the Company's formation and IPO, collectively referred to as the reorganization, the operating business entities of the Company were restructured and a portion of the Company's income is subject to U.S. federal, state, local and foreign income taxes and is taxed at the prevailing corporate tax rates. Taxes Payable as of December 31, 2017 and 2016 were $16,494 and $27,321, respectively.

On December 22, 2017, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available or computed analysis in reasonable detail to complete the accounting for certain income tax effects of the Tax Cuts and Jobs Act. The Company has recognized a provisional tax impact related to the re-measurement of net deferred tax assets, the write down of other comprehensive income related to certain foreign subsidiaries, the valuation allowance and effects of the mandatory deemed repatriation tax on undistributed earnings of foreign subsidiaries within its consolidated financial statements for the year ended December 31, 2017. The Company’s estimated tax charge as a result of the Tax Cuts and Jobs Act could be subject to adjustments as the Company continues its analysis, which may be impacted by changes in interpretations and assumptions the Company has made in conjunction with the release of additional regulatory guidance that may be issued. The Company expects to record any adjustments to the estimated tax impact associated with the Tax Cuts and Jobs Act in the period in which the items are recognized.

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

	For the Years Ended December 31,		
	2017	2016	2015
U.S.	$ 379,407	$ 204,920	$ 81,157
Non-U.S.	4,489	21,911	38,736
Income before Income Tax Expense[(a)]	$ 383,896	$ 226,831	$ 119,893

(a) Net of Noncontrolling Interest.

The components of the provision for income taxes reflected on the Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015 consist of:

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

	For the Years Ended December 31,		
	2017	2016	2015
Current:			
Federal	$ 85,371	$ 79,596	$ 56,064
Foreign	9,796	10,832	9,798
State and Local	14,955	18,832	14,795
Total Current	110,122	109,260	80,657
Deferred:			
Federal	150,800	11,510	(1,196)
Foreign	(3,464)	(1,439)	659
State and Local	984	(28)	(3,090)
Total Deferred	148,320	10,043	(3,627)
Total	$ 258,442	$ 119,303	$ 77,030

A reconciliation between the federal statutory income tax rate and the Company's effective income tax rate for the years ended December 31, 2017, 2016 and 2015 is as follows:

	For the Years Ended December 31,		
	2017	2016	2015
Reconciliation of Federal Statutory Tax Rates:			
U.S. Statutory Tax Rate	35.0 %	35.0 %	35.0 %
Increase Due to State and Local Taxes	3.1 %	4.8 %	7.0 %
Rate Benefits as a Limited Liability Company/Flow Through	(2.3)%	(5.9)%	(5.9)%
Foreign Taxes	(1.1)%	0.7 %	1.5 %
Non-Deductible Expenses(1)	1.6 %	9.9 %	19.9 %
ASU 2016-09 Benefit for Stock Compensation	(5.5)%	— %	— %
Tax Cuts and Jobs Act - Reduction to Tax Receivable Agreement Liability	(5.6)%	— %	— %
Tax Cuts and Jobs Act - Primarily Related to the Re-measurement of Net Deferred Tax Assets	32.7 %	— %	— %
Valuation Allowances	1.1 %	— %	— %
Other Adjustments	0.1 %	— %	(0.3)%
Effective Income Tax Rate	59.1 %	44.5 %	57.2 %

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

In conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which reduced income tax rates in the U.S. in future years, the Company's tax provision for 2017 includes a charge of $143,261, resulting from the estimated re-measurement of net deferred tax assets, which relates principally to temporary differences between book and tax, primarily related to the step-up in basis associated with the exchange of partnership units, deferred compensation, amortization of goodwill and intangible assets and depreciation of fixed assets and leasehold improvements, as well as the write-down of foreign currency related deferred tax assets. This charge, as well as the reduction in the liability for amounts due pursuant to the Company's tax receivable agreement, resulted in an increase in the effective tax rate of 27.1 percentage points for 2017. See Note 18 for further information. The effective tax rate for the year ended December 31, 2017 also reflects the application of ASU 2016-09, which was adopted effective January 1, 2017. ASU 2016-09 requires that the tax deduction associated with the appreciation in the Company's share price upon vesting of employee share-based awards above the original grant price be reflected in income tax expense. The application of ASU 2016-09 resulted in excess tax benefits from the delivery of Class A Shares under share-based payment arrangements of $24,003 being recognized in the Company's Provision for Income Taxes for the year ended December 31, 2017 and resulted in a reduction in the effective tax rate of 5.5 percentage points for 2017. The effective tax rate for 2017 and 2016 also reflects the effect of certain nondeductible expenses, including expenses related to Class E, J, I-P and K-P LP Units and Class G and H LP Interests, as well as the noncontrolling interest associated with LP Units and other adjustments. In addition, the effective tax rate for the year ended December 31, 2017 was impacted by a valuation allowance on deferred tax assets related to Evercore Brazil.

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

Due to the enactment of the Tax Cuts and Jobs Act on December 22, 2017, the previous undistributed earnings of certain foreign subsidiaries are subject to a mandatory deemed repatriation tax. Income taxes paid or payable to foreign jurisdictions partially reduce the repatriation tax as a foreign tax credit, based on a formula that includes earnings of certain foreign subsidiaries. The Company has computed the repatriation tax and determined that it should have sufficient foreign tax credits to offset the estimated charge; any additional liability would be immaterial.

Deferred income taxes are provided for the effects of temporary differences between the tax basis of an asset or liability and its reported amount in the Consolidated Statements of Financial Condition. These temporary differences result in taxable or deductible amounts in future years. Details of the Company's deferred tax assets and liabilities as of December 31, 2017 and 2016 were as follows:

	December 31,	
	2017	2016
Deferred Tax Assets:		
Depreciation and Amortization	$ 26,319	$ 31,475
Compensation and Benefits	46,697	54,410
Step up in tax basis due to the exchange of LP Units for Class A Shares	106,360	202,257
Other	46,165	44,065
Total Deferred Tax Assets	$ 225,541	$ 332,207
Deferred Tax Liabilities:		
Goodwill, Intangible Assets and Other	$ 20,241	$ 25,273
Total Deferred Tax Liabilities	$ 20,241	$ 25,273
Net Deferred Tax Assets Before Valuation Allowance	$ 205,300	$ 306,934
Valuation Allowance	(6,406)	(1,510)
Net Deferred Tax Assets	$ 198,894	$ 305,424

The $106,530 decrease in net deferred tax assets from December 31, 2016 to December 31, 2017 was primarily attributable to a decrease from the estimated re-measurement of net deferred tax assets resulting from the enactment of the Tax Cuts and Jobs Act on December 22, 2017. The re-measurement includes a charge of $143,261 resulting from the estimated re-measurement of net deferred tax assets, which relates principally to temporary differences between book and tax, primarily related to the step-up in basis associated with the exchange of partnership units, deferred compensation, amortization of goodwill and intangible assets and depreciation of fixed assets and leasehold improvements, as well as the write-down of foreign currency related deferred tax assets.

During 2017, the LP holders exchanged for Class A Shares and the Company purchased 1,218 Class A and Class E LP Units, which resulted in an increase in the tax basis of the tangible and intangible assets of Evercore LP. The exchange of Class E and certain Class A LP Units resulted in a $27,765 step-up in the tax basis of the tangible and intangible assets of Evercore LP and a corresponding increase to Additional Paid-In-Capital on the Company's Consolidated Statement of Financial Condition as of December 31, 2017. Further, the exchange of 214 of such Class A LP Units triggered an additional liability under the tax receivable agreement that was entered into in 2006 between the Company and the LP Unit holders. The agreement provides for a payment to the LP Unit holders of 85% of the cash tax savings (if any), resulting from the increased tax benefits from the exchange and for the Company to retain 15% of such benefits. Accordingly, Deferred Tax Assets, Amounts Due Pursuant to Tax Receivable Agreements and Additional Paid-In-Capital increased $7,961, $6,767 and $1,194, respectively, on the Company's Consolidated Statement of Financial Condition as of December 31, 2017. See Note 14 for further discussion. This amount was offset by a $15,082 reduction in deferred tax assets related to the 2017 amortization of the tax basis in the tangible and intangible assets of Evercore LP and a write-down of $88,776 due to the re-measurement resulting from the enactment of the Tax Cuts and Jobs Act discussed above.

The Company reported a decrease in deferred tax assets of $207 associated with changes in Unrealized Gain (Loss) on Marketable Securities and a decrease of $4,046 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the year ended December 31, 2017. The Company reported an increase in deferred tax assets of $688 associated with changes in Unrealized Gain (Loss) on Marketable Securities and an increase of $9,347 associated with changes in Foreign Currency Translation Adjustment Gain (Loss), in Accumulated Other Comprehensive Income (Loss) for the year ended December 31, 2016.

As a result of the impairment of the Company's investment in G5, Management has weighed both the positive and negative evidence and determined that the associated deferred tax asset will more likely than not, not be realized and therefore a valuation allowance of $4,896 is appropriate. The Company's affiliates generated approximately $5,054 of NYC unincorporated business tax credit carryforwards; a portion are set to expire in the 2017 tax year. Management has weighed both the positive and negative evidence and determined that it was appropriate to establish a valuation allowance of $1,510, on the amount of credits that are not expected to be realized.

The Company classifies interest relating to tax matters and tax penalties as a component of income tax expense in its Consolidated Statements of Operations. Related to the unrecognized tax benefits, the Company did not recognize any interest and penalties during the years ended December 31, 2017 and 2016. The Company had no unrecognized tax benefits from January 1, 2015 through December 31, 2017.

The Company is subject to taxation in the U.S. and various state, local and foreign jurisdictions. The Company and its affiliates are currently under examination by New York City for tax years 2011 through 2014. With a few exceptions, the Company is no longer subject to U.S. federal, state, local or foreign examinations by taxing authorities for years before 2013.

Note 21 – Concentrations of Credit Risk

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

Credit Risks

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

As of December 31, 2017, the Company has securities purchased under agreements to resell of $10,645 for which the Company has received collateral with a fair value of $10,643. Additionally, the Company has securities sold under agreements to repurchase of $30,027, for which the Company has pledged collateral with a fair value of $30,020. The Company has established risk management procedures to monitor the exposure to concentrations of credit from Securities Purchased Under Agreements to Resell. The collateral for the receivables is primarily secured by Mexican government bonds and the Company monitors the collateral pledged under these agreements against their contract value from inception to maturity date.

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to clients. Receivables are reported net of any allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts to provide coverage for probable losses from customer receivables and derives the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client's creditworthiness. At December 31, 2017 and 2016 total receivables amounted to $184,993 and $230,522, respectively, net of an allowance. The Investment Banking and Investment Management receivables collection periods generally are within 90 days of invoice. The collection period for restructuring transactions and private equity fee receivables may exceed 90 days. The Company recorded bad debt expense of approximately $2,579, $2,261 and $1,314 for the years ended December 31, 2017, 2016 and 2015, respectively.

With respect to the Company's Marketable Securities portfolio, which is comprised of highly-rated corporate and municipal bonds, exchange-traded funds, mutual funds and equity securities, the Company manages its credit risk exposure by limiting concentration risk and maintaining investment grade credit quality. As of December 31, 2017, the Company had Marketable Securities of $65,032, of which 55% were corporate and municipal securities, primarily with S&P ratings ranging from AAA to BB+, and 45% were equity securities, exchange-traded funds and mutual funds.

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

Note 22 – Segment Operating Results

Business Segments – The Company's business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice to clients on significant mergers, acquisitions, divestitures and other strategic corporate transactions, as well as services related to securities underwriting, private placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in the Institutional Asset Management, Wealth Management and Private Equity sectors. On October 18, 2017, the Company completed the sale of the Institutional Trust and Independent Fiduciary business of ETC, which was in the Investment Management segment. On September 30, 2016, the Company deconsolidated the assets and liabilities of its Mexican Private Equity business, which was in the Investment Management segment. On December 31, 2015, the Company deconsolidated the assets and liabilities of Atalanta Sosnoff, which was in the Investment Management segment, and accounted for its interest as an equity method investment from that date forward.

The Company's segment information for the years ended December 31, 2017, 2016 and 2015 is prepared using the following methodology:

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

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

Other Expenses include the following:

- *Amortization of LP Units/Interests and Certain Other Awards* - Includes amortization costs or the reversal of expenses associated with the vesting of Class E LP Units, Class G and H LP Interests and Class J LP Units issued in conjunction with the acquisition of ISI and certain other related awards.
- *Other Acquisition Related Compensation Charges* - Includes compensation charges in 2015 associated with deferred consideration, retention awards and related compensation for The Lexicon Partnership LLP ("Lexicon") employees.
- *Special Charges* - Includes expenses in 2017 related to the impairment of goodwill in the Institutional Asset Management reporting unit, the impairment of the Company's investment in G5 and the transition of certain employees in conjunction with the sale of the Institutional Trust and Independent Fiduciary business of ETC. Expenses in 2016 related to an impairment charge associated with the Company's investment in Atalanta Sosnoff. Expenses in 2015 primarily related to an impairment charge associated with the impairment of goodwill in the Company's Institutional Asset Management reporting unit and charges related to the restructuring of the Company's investment in Atalanta Sosnoff, primarily related to the conversion of certain of Atalanta Sosnoff's profits interests held by management to equity interests. Special Charges for 2015 also include separation benefits and costs associated with the termination of certain contracts within the Company's Evercore ISI business and the finalization of a matter associated with the wind-down of the Company's U.S. Private Equity business.
- *Acquisition and Transition Costs* - Includes costs incurred in connection with acquisitions, divestitures and other ongoing business development initiatives, primarily comprised of professional fees for legal and other services, as well as the reversal of a provision for certain settlements in 2016 which was previously established in the fourth quarter of 2015, and costs related to transitioning ISI's infrastructure in 2015.
- *Fair Value of Contingent Consideration* - Includes expense associated with changes in the fair value of contingent consideration issued to the sellers of certain of the Company's acquisitions.

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

- *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.

The following information presents each segment's contribution.

	For the Years Ended December 31,		
	2017	2016	2015
Investment Banking			
Net Revenues[1]	$ 1,634,268	$ 1,363,859	$ 1,130,915
Operating Expenses	1,175,927	1,020,327	869,301
Other Expenses[2]	35,810	92,172	108,739
Operating Income	422,531	251,360	152,875
Income from Equity Method Investments	277	1,370	978
Pre-Tax Income	$ 422,808	$ 252,730	$ 153,853
Identifiable Segment Assets	$ 1,294,103	$ 1,302,351	$ 1,097,373
Investment Management			
Net Revenues[1]	$ 70,081	$ 76,193	$ 92,358
Operating Expenses	51,646	57,379	77,231
Other Expenses[2]	12,155	9,000	39,332
Operating Income (Loss)	6,280	9,814	(24,205)
Income from Equity Method Investments	8,561	5,271	5,072
Pre-Tax Income (Loss)	$ 14,841	$ 15,085	$ (19,133)
Identifiable Segment Assets	$ 290,783	$ 359,995	$ 381,798
Total			
Net Revenues[1]	$ 1,704,349	$ 1,440,052	$ 1,223,273
Operating Expenses	1,227,573	1,077,706	946,532
Other Expenses[2]	47,965	101,172	148,071
Operating Income	428,811	261,174	128,670
Income from Equity Method Investments	8,838	6,641	6,050
Pre-Tax Income	$ 437,649	$ 267,815	$ 134,720
Identifiable Segment Assets	$ 1,584,886	$ 1,662,346	$ 1,479,171

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

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

	For the Years Ended December 31,		
	2017	2016	2015
Investment Banking[(A)]	$ 59,100	$ (239)	$ (2,945)
Investment Management[(B)]	8,396	386	(2,771)
Total Other Revenue, net	$ 67,496	$ 147	$ (5,716)

(A) Investment Banking Other Revenue, net, includes interest expense on the Notes Payable, subordinated borrowings and the line of credit of $9,960, $9,578 and $6,041 for the years ended December 31, 2017, 2016 and 2015, respectively. Also includes an estimated gain of $77,535 related to a reduction in the liability for amounts due pursuant to the tax receivable agreement and a loss of $16,266 related to the release of cumulative foreign exchange losses resulting from the restructuring of the Company's equity method investment in G5 for the year ended December 31, 2017.

(B) Investment Management Other Revenue, net, includes interest expense on the Notes Payable and the line of credit of $670 and $3,576 for the years ended December 31, 2016 and 2015. Also includes a gain of $7,808 related to the sale of the Institutional Trust and Independent Fiduciary business of ETC for the year ended December 31, 2017.

(2) Other Expenses are as follows:

	For the Years Ended December 31,		
	2017	2016	2015
Investment Banking			
Amortization of LP Units / Interests and Certain Other Awards	$ 11,444	$ 80,846	$ 83,673
Other Acquisition Related Compensation Charges	—	—	1,537
Special Charges	14,400	—	2,151
Acquisition and Transition Costs	555	(692)	4,879
Fair Value of Contingent Consideration	—	1,107	2,704
Intangible Asset and Other Amortization	9,411	10,911	13,795
Total Investment Banking	35,810	92,172	108,739
Investment Management			
Special Charges	11,037	8,100	38,993
Acquisition and Transition Costs	1,118	791	11
Intangible Asset and Other Amortization	—	109	328
Total Investment Management	12,155	9,000	39,332
Total Other Expenses	$ 47,965	$ 101,172	$ 148,071

Geographic Information – The Company manages its business based on the profitability of the enterprise as a whole.

The Company's revenues were derived from clients and private equity funds located and managed in the following geographical areas:

	For the Years Ended December 31,		
	2017	2016	2015
Net Revenues:[(1)]			
United States	$ 1,199,236	$ 1,056,796	$ 900,672
Europe and Other	422,322	338,285	287,884
Latin America	15,295	44,824	40,433
Total	$ 1,636,853	$ 1,439,905	$ 1,228,989

(1) Excludes Other Revenue and Interest Expense.

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

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

	December 31,	
	2017	2016
Total Assets:		
United States	$ 1,284,163	$ 1,376,101
Europe and Other	234,984	190,380
Latin America	65,739	95,865
Total	$ 1,584,886	$ 1,662,346

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

Note 23 – Evercore Inc. (Parent Company Only) Financial Statements

EVERCORE INC.
(parent company only)

CONDENSED STATEMENTS OF FINANCIAL CONDITION

	December 31,	
	2017	2016
ASSETS		
Equity Investment in Subsidiary	$ 612,453	$ 598,279
Deferred Tax Assets	180,487	291,827
Goodwill	15,236	15,236
Other Assets	9,689	—
TOTAL ASSETS	$ 817,865	$ 905,342
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Current Liabilities		
Payable to Related Party	$ 12,821	$ 12,201
Taxes Payable	—	21,341
Other Current Liabilities	2,358	2,296
Total Current Liabilities	15,179	35,838
Amounts Due Pursuant to Tax Receivable Agreements	90,375	174,109
Long-term Debt - Notes Payable	168,347	168,097
TOTAL LIABILITIES	273,901	378,044
Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 62,119,904 and 58,292,567 issued at December 31, 2017 and 2016, respectively, and 39,102,154 and 39,190,856 outstanding at December 31, 2017 and 2016, respectively)	621	582
Class B, par value $0.01 per share (1,000,000 shares authorized, 82 and 24 issued and outstanding at December 31, 2017 and 2016, respectively)	—	—
Additional Paid-In-Capital	1,600,699	1,368,122
Accumulated Other Comprehensive Income (Loss)	(31,411)	(50,096)
Retained Earnings	79,461	20,343
Treasury Stock at Cost (23,017,750 and 19,101,711 shares at December 31, 2017 and 2016, respectively)	(1,105,406)	(811,653)
TOTAL STOCKHOLDERS' EQUITY	543,964	527,298
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 817,865	$ 905,342

See notes to parent company only financial statements.

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

EVERCORE INC.
(parent company only)

CONDENSED STATEMENTS OF OPERATIONS

	For the Years Ended December 31,		
	2017	2016	2015
REVENUES			
Other Revenue, Including Interest	$ 86,784	$ 8,385	$ 7,818
TOTAL REVENUES	86,784	8,385	7,818
Interest Expense	9,249	8,385	7,818
NET REVENUES	77,535	—	—
EXPENSES			
TOTAL EXPENSES	—	—	—
OPERATING INCOME	77,535	—	—
Equity in Income of Subsidiary	287,440	209,841	103,931
Provision for Income Taxes	239,521	102,313	61,068
NET INCOME	$ 125,454	$ 107,528	$ 42,863

See notes to parent company only financial statements.

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

EVERCORE INC.
(parent company only)

CONDENSED STATEMENTS OF CASH FLOWS

	For the Years Ended December 31,		
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income	$ 125,454	$ 107,528	$ 42,863
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:			
Undistributed Income of Subsidiary	(209,905)	(209,841)	(103,931)
Adjustment to Tax Receivable Agreement	(77,535)	—	—
Deferred Taxes	153,344	12,453	(1,685)
Accretion on Long-term Debt	250	180	1,603
(Increase) Decrease in Operating Assets:			
Other Assets	(9,689)	—	3,402
Increase (Decrease) in Operating Liabilities:			
Taxes Payable	(21,341)	6,580	14,761
Net Cash Provided by (Used in) Operating Activities	(39,422)	(83,100)	(42,987)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment in Subsidiary	95,943	84,658	82,703
Net Cash Provided by Investing Activities	95,943	84,658	82,703
CASH FLOWS FROM FINANCING ACTIVITIES			
Exercise of Warrants, Net	—	—	6,416
Payment of Notes Payable - Mizuho	—	(120,000)	—
Issuance of Notes Payable	—	170,000	—
Dividends	(56,521)	(51,558)	(46,132)
Net Cash Provided by (Used in) Financing Activities	(56,521)	(1,558)	(39,716)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	—	—
CASH AND CASH EQUIVALENTS—Beginning of Year	—	—	—
CASH AND CASH EQUIVALENTS—End of Year	$ —	$ —	$ —
SUPPLEMENTAL CASH FLOW DISCLOSURE			
Accrued Dividends	$ 9,815	$ 7,836	$ 6,514
Exchange of Notes Payable as Consideration for Exercise of Warrants	$ —	$ —	$ 118,347

See notes to parent company only financial statements.

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

Note A – Organization

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

Note B – Significant Accounting Policies

Basis of Presentation. The Statements of Financial Condition, Operations and Cash Flows have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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

Note C – Stockholders' Equity

The Company is authorized to issue 1,000,000 shares of Class A common stock ("Class A Shares"), par value $0.01 per share, and 1,000 shares of Class B common stock, par value $0.01 per share. All Class A Shares and shares of Class B common stock vote together as a single class. At December 31, 2017, the Company has issued 62,120 Class A Shares. The Company canceled six shares of Class B common stock, which were held by a limited partner of Evercore LP during the twelve months ended December 31, 2017. During 2017, the Company purchased 1,159 Class A Shares primarily from employees at values ranging from $50.90 to $90.50 per share primarily for the net settlement of stock-based compensation awards and 2,757 Class A Shares at market values ranging from $67.37 to $78.81 per share pursuant to the Company's share repurchase program. The result of these purchases was an increase in Treasury Stock of $293,753 on the Company's Statement of Financial Condition as of December 31, 2017. During the year ended December 31, 2017, the Company declared and paid dividends of $1.42 per share, totaling $56,521, which were wholly funded by the Company's sole subsidiary, Evercore LP, and accrued deferred cash dividends on unvested RSUs, totaling $9,815. Dividends are paid and treasury shares are repurchased by a subsidiary of Evercore Inc.

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

Note D – Issuance of Notes Payable

On March 30, 2016, the Company issued an aggregate of $170,000 of senior notes (the "Private Placement Notes"), including: $38,000 aggregate principal amount of its 4.88% Series A senior notes due 2021, $67,000 aggregate principal amount of its 5.23% Series B senior notes due 2023, $48,000 aggregate principal amount of its 5.48% Series C senior notes due 2026 and $17,000 aggregate principal amount of its 5.58% Series D senior notes due 2028, pursuant to a 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.

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

Note E – Commitments and Contingencies

As of December 31, 2017, as discussed in Note 12 to the consolidated financial statements, the Company estimates the contractual obligations related to the Private Placement Notes to be $228,080. Pursuant to the Private Placement Notes, we expect to make payments to the notes' holders of $8,937 within one year or less, $17,874 in one to three years, $53,093 in three to five years and $148,176 after five years.

As discussed in Note 18 to the consolidated financial statements, in conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which reduced income tax rates in the U.S. in future years, the Company's liability for amounts due pursuant to the tax receivable agreement was re-measured, which resulted in a reduction of $77,535 to the liability. As of December 31, 2017, the Company estimates the contractual obligations related to the Tax Receivable Agreement to be $103,196. The company expects to pay to the counterparties to the Tax Receivable Agreement $12,821 within one year or less, $17,421 in one to three years, $18,437 in three to five years and $54,517 after five years.

Note F – Income Taxes

In conjunction with the enactment of the Tax Cuts and Jobs Act on December 22, 2017, which reduced income tax rates in the U.S. in future years, the Company's tax provision for 2017 includes a charge resulting from the estimated re-measurement of net deferred tax assets. In addition, Other Revenue, Including Interest includes an estimated gain of $77,535 related to a reduction in the liability for amounts due pursuant to the Company's tax receivable agreement. See Note 20 to the consolidated financial statements for further information.

SUPPLEMENTAL FINANCIAL INFORMATION

(dollars in thousands, except per share data)

Consolidated Quarterly Results of Operations (unaudited)

The following represents the Company's unaudited quarterly results for the years ended December 31, 2017 and 2016. These quarterly results were prepared in accordance with U.S. GAAP and reflect all adjustments that are, in the opinion of management, necessary for a fair statement of the results.

	For the Three Months Ended			
	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Net Revenues	$ 540,031	$ 406,601	$ 370,470	$ 387,247
Total Expenses	355,885	319,531	324,204	275,918
Income Before Income from Equity Method Investments and Income Taxes	184,146	87,070	46,266	111,329
Income from Equity Method Investments	3,331	1,827	2,070	1,610
Income Before Income Taxes	187,477	88,897	48,336	112,939
Provision for Income Taxes	188,876	28,815	22,459	18,292
Net Income (Loss)	(1,399)	60,082	25,877	94,647
Net Income Attributable to Noncontrolling Interest	18,013	14,171	7,693	13,876
Net Income (Loss) Attributable to Evercore Inc.	$ (19,412)	$ 45,911	$ 18,184	$ 80,771
Net Income (Loss) Per Share Attributable to Evercore Inc. Common Shareholders				
Basic	$ (0.50)	$ 1.18	$ 0.45	$ 2.00
Diluted	$ (0.50)	$ 1.04	$ 0.41	$ 1.76
Dividends Declared Per Share of Class A Common Stock	$ 0.40	$ 0.34	$ 0.34	$ 0.34

	For the Three Months Ended			
	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Net Revenues	$ 445,369	$ 386,314	$ 350,656	$ 257,713
Total Expenses	348,010	301,229	288,051	241,588
Income Before Income from Equity Method Investments and Income Taxes	97,359	85,085	62,605	16,125
Income from Equity Method Investments	2,512	1,178	1,664	1,287
Income Before Income Taxes	99,871	86,263	64,269	17,412
Provision for Income Taxes	39,913	38,980	30,676	9,734
Net Income	59,958	47,283	33,593	7,678
Net Income Attributable to Noncontrolling Interest	16,530	12,588	9,506	2,360
Net Income Attributable to Evercore Inc.	$ 43,428	$ 34,695	$ 24,087	$ 5,318
Net Income Per Share Attributable to Evercore Inc. Common Shareholders				
Basic	$ 1.11	$ 0.89	$ 0.61	$ 0.13
Diluted	$ 0.98	$ 0.79	$ 0.55	$ 0.12
Dividends Declared Per Share of Class A Common Stock	$ 0.34	$ 0.31	$ 0.31	$ 0.31

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

None.

Item 9A. **Controls and Procedures**

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is identified in Exchange Act Rules 13a-15(f). Management has assessed the effectiveness of its internal control over financial reporting as of December 31, 2017 based on criteria established in *Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission*, commonly referred to as the "COSO" criteria. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

In making the assessment, management used the framework in *Internal Control - Integrated Framework" (2013) promulgated by the Committee of Sponsoring Organizations of the Treadway Commission*. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our internal controls over financial reporting were effective as of December 31, 2017.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of Evercore Inc.
New York, New York

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Evercore Inc. and subsidiaries (the "Company") as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on the criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 23, 2018, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Report on Internal Control Over Financial Reporting.* Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

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

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 23, 2018

Changes in Internal Controls over Financial Reporting

We have not made any changes during the three months ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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

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

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

The Company posts its Code of Business Conduct and Ethics on the Corporate Governance webpage within the Investor Relations section of its website at http://ir.evercore.com under the link "Governance Documents." The Company's Code of Business Conduct and Ethics applies to all directors, officers and employees, including our Executive Chairman, our Senior Chairman, our Chief Executive Officer and President, our Chief Financial Officer and our Principal Accounting Officer. We will post any amendments to the Code of Business Conduct and Ethics, and any waivers that are required to be disclosed by the rules of either the SEC or the NYSE, on our website within the required periods.

Item 11. Executive Compensation

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

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

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

Securities Authorized for Issuance under Equity Compensation Plans at December 31, 2017

	Number of Shares to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[1]	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights[2]	Number of Shares Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in First Column)
Equity compensation plans approved by shareholders	6,423,269	—	7,247,053
Equity compensation plans not approved by shareholders[3]	738,000	—	—
Total	7,161,269	—	7,247,053

(1) Includes shares that may be issued upon the vesting of RSUs and dividend equivalents accrued thereon.
(2) To date, we have issued RSUs which by their nature have no exercise price.
(3) Reflects 738,000 RSUs granted to John S. Weinberg in connection with his employment with the Company as its Executive Chairman. The RSUs were awarded in reliance on the employment inducement exception provided under Section 303A.08 of the New York Stock Exchange Listed Company Manual. See Note 17 to our consolidated financial statements for more information.

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

Item 13. Certain Relationships and Related Transactions and Director Independence

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

Item 14. Principal Accountant Fees and Services

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

PART IV

Item 15. Exhibits and Financial Statement Schedules

1. Financial Statements

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

2. Financial Data Schedules

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

3. Exhibits

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

Exhibit Index

Exhibit Number	Description
2.1	Deed, dated as of June 7, 2011, by and between Evercore Partners Inc. and the Sellers named therein, regarding the sale and purchase of The Lexicon Partnership LLP(14)
3.1	Restated Certificate of Incorporation of Evercore Inc., as filed with the Secretary of State of the State of Delaware on October 17, 2017(34)
3.2	Amended and Restated By-Laws, dated August 29, 2017(33)
4.1	Indenture between Evercore Partners Inc. and The Bank of New York Mellon, as trustee, dated as of August 28, 2008(7)
4.2	Warrant, dated as of August 28, 2008(7)
10.1	Tax Receivable Agreement, dated as of August 10, 2006(2)
10.2	Registration Rights Agreement, dated as of August 10, 2006(2)
10.3	*Employment Agreement between the Registrant and Roger C. Altman(2)
10.4	*Employment Agreement between the Registrant and Robert B. Walsh(4)
10.5	*Evercore Partners Inc. 2006 Stock Incentive Plan(1)
10.6	*Evercore Partners Inc. 2006 Stock Incentive Plan(3)

10.7	*Evercore Partners Inc. 2006 Annual Incentive Plan(1)
10.8	*Employment Agreement between the Registrant and Adam B. Frankel(1)
10.9	Form of Indemnification Agreement between the Registrant and each of its directors(1)
10.10	Evercore Partners II L.L.C. Limited Liability Company Agreement(1)
10.11	*Service Agreement between Bernard J. Taylor and Braveheart Financial Services Limited, dated as of July 31, 2006(6)
10.12	*Amendment to Employment Agreement dated February 12, 2008 with Roger C. Altman(5)
10.13	*Amendment to Restricted Stock Unit Award Agreement with Adam B. Frankel(8)
10.14	*Amendment to Employment Agreement dated March 26, 2009 with Roger C. Altman(9)
10.15	Subscription Agreement between the Registrant and Ralph L. Schlosstein(10)
10.16	*Employment Agreement between the Registrant and Ralph L. Schlosstein(10)
10.17	Contribution and Exchange Agreement, dated February 11, 2010(11)
10.18	Purchase and Sale Agreement, dated as of March 4, 2010, by and among Evercore Partners Inc., Atalanta Sosnoff Capital LLC ("Atalanta Sosnoff"), Representative, LLC, in its capacity as the representative, the sellers and Martin T. Sosnoff(12)
10.19	Registration Rights Agreement, dated May 28, 2010(13)
10.20	Amended and Restated Limited Liability Partnership Deed In Relation to Evercore Partners International LLP and Lexicon Partnership LLP, dated August 19, 2011(15)
10.21	Purchase and Sale Agreement, dated as of November 11, 2011, by and among Evercore, the Company, the Representative, in its capacity as the representative and the Sellers, regarding the purchase of a non-controlling interest in ABS Investment Management, LLC(16)
10.22	*2012 Confidentiality, Non-Solicitation and Proprietary Information Agreement for Senior Managing Directors(17)
10.23	*Employment Agreement between the Registrant and Andrew Sibbald(19)
10.24	*Restricted Stock Unit Award Agreement effective as of January 29, 2013 between Evercore Partners Inc. and Ralph L. Schlosstein(18)
10.25	*Amended and Restated Evercore Partners Inc. 2006 Stock Incentive Plan(20)
10.26	*2014 Form Restricted Stock Unit Award Agreement for U.S. Employees(21)

10.27	*2014 Form Restricted Stock Unit Award Agreement for the members of Evercore Partners International LLP(21)
10.28	*2014 Form Restricted Stock Unit Award Agreement for non-U.S. Employees and non-members of Evercore Partners International LLP(21)
10.29	Contribution and Exchange Agreement, dated as of August 3, 2014, among ISI Holding, Inc., ISI Holding II, Inc., ISI Management Holdings LLC, ISI Holding, LLC, Edward S. Hyman, the holders of the Management Holdings management units set forth on Annex A thereto, Evercore LP, Evercore Partners Inc. and the Founder, solely in his capacity as the holders' representative(22)
10.30	*Employment Agreement between the Registrant and Edward S. Hyman(23)
10.31	$120,000,000 Term Loan and Guarantee Agreement among Evercore Partners Inc. as Borrower, The Guarantors from time to time Party Thereto, The Several Lenders from time to time Parties Thereto, and Mizuho Bank, Ltd., as Administrative Agent, Dated as of November 2, 2015(24)
10.32	Modification Agreement, dated as of January 15, 2016, between Evercore Partners Services East L.L.C., as borrower, and First Republic Bank, as lender(25)
10.33	Third Amended and Restated Promissory Note, dated as of January 15, 2016, made by Evercore Partners Services East L.L.C., as borrower(25)
10.34	*Cash Unit Award Agreement(26)
10.35	*Form Restricted Stock Unit Award Agreement for U.S. Employees(26)
10.36	Form of Note Purchase Agreement(27)
10.37	Loan Agreement, dated as of June 24, 2016, between Evercore Partners Services East L.L.C., as borrower, and PNC Bank, National Association, as lender(28)
10.38	Borrowing Base Rider, dated as of June 24, 2016, between Evercore Partners Services East L.L.C., as borrower, and PNC Bank, National Association, as lender(28)
10.39	Committed Line of Credit Note, dated as of June 24, 2016, made by Evercore Partners Services East L.L.C., as borrower(28)
10.40	*Amended and Restated 2016 Evercore Inc. Stock Incentive Plan(29)
10.41	*Employment Agreement, dated as of November 15, 2016, by and among Evercore Partners Inc., Evercore LP and John S. Weinberg(30)
10.42	*Incentive Subscription Agreement, dated as of November 15, 2016, by and among Evercore Partners Inc., Evercore LP and John S. Weinberg(30)
10.43	*Restricted Stock Unit Award Agreement, dated as of November 15, 2016, by and among Evercore Partners Inc., Evercore LP and John S. Weinberg(30)
10.44	*Confidentiality, Non-Solicitation and Proprietary Information Agreement, dated as of November 15, 2016, by and between Evercore Partners Inc. and John S. Weinberg(30)

10.45	*2017 Form Restricted Stock Unit Award Agreement for U.S. Employees(31)
10.46	*2017 Form Restricted Stock Unit Award Agreement for the members of Evercore Partners International LLP(31)
10.47	*2017 Form Restricted Stock Unit Award Agreement for non-U.S. Employees and non-members of Evercore Partners International LLP(31)
10.48	Letter from PNC Bank, National Association, as lender, to Evercore Partners Services East L.L.C., as borrower, dated June 14, 2017(32)
10.49	Seventh Amended and Restated Limited Partnership Agreement of Evercore LP, dated as of November 1, 2017, by and among Evercore Inc., as general partner, and the Limited Partners (as defined therein) of the Partnership (filed herewith)
11	Not included as a separate exhibit - earnings per share can be determined from Note 16 to the consolidated financial statements included in Item 8 – Financial Statements and Supplemental Data.
21.1	Subsidiaries of the Registrant (filed herewith)
23.1	Consent of Deloitte & Touche LLP (filed herewith)
24.1	Power of Attorney (included on signature page hereto)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from the Registrant's Annual Report on Form 10-K for the year ended December 31, 2017, are formatted in XBRL (eXtensible Business Reporting Language); (i) Consolidated Statements of Financial Condition as of December 31, 2017 and 2016, (ii) Consolidated Statements of Operations for the years ended December 31, 2017, 2016 and 2015, (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2017, 2016 and 2015, (iv) Consolidated Statements of Changes in Equity for the years ended December 31, 2017, 2016 and 2015, (v) Consolidated Statements of Cash Flows for the years ended December 31, 2017, 2016 and 2015, and (vi) Notes to Consolidated Financial Statements (filed herewith)

(1) Incorporated by Reference to the Registrant's Registration Statement on Form S-1 (Registration No. 333-134087), as amended, originally filed with the SEC on May 12, 2006.
(2) Incorporated by Reference to the Registrant's Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended June 30, 2006.
(3) Incorporated by Reference to the Registrant's Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended September 30, 2006.
(4) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 8, 2007.
(5) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on February 12, 2008.

(6) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on March 14, 2008.
(7) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 28, 2008.
(8) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on March 13, 2009.
(9) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on March 27, 2009.
(10) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on May 22, 2009.
(11) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on February 16, 2010.
(12) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on March 5, 2010.
(13) Incorporated by Reference to the Registrant's Registration Statement on Form S-3 (Registration No. 833-171487), as amended, originally filed with the SEC on December 30, 2010.
(14) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 9, 2011.
(15) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 25, 2011.
(16) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on November 14, 2011.
(17) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 29, 2012.
(18) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on January 29, 2013.
(19) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 27, 2013.
(20) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 20, 2013.
(21) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 28, 2014.
(22) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on August 4, 2014.
(23) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 27, 2015.
(24) Incorporated by Reference to the Registrant's Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended September 30, 2015.
(25) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on January 22, 2016.
(26) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 24, 2016.
(27) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on March 31, 2016.
(28) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 29, 2016.
(29) Incorporated by Reference to Annex B to the Registrant's definitive proxy statement (Commission File No. 001-32975), filed with the SEC on April 28, 2016.
(30) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on November 18, 2016.
(31) Incorporated by Reference to the Registrant's Annual Report on Form 10-K (Commission File No. 001-32975), filed with the SEC on February 24, 2017.
(32) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on June 20, 2017.
(33) Incorporated by Reference to the Registrant's Current Report on Form 8-K (Commission File No. 001-32975), filed with the SEC on September 1, 2017.

(34) Incorporated by Reference to the Registrant's Quarterly Report on Form 10-Q (Commission File No. 001-32975), for the period ended September 30, 2017.

* Management contract or compensatory plan.

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.

Item 16. Form 10-K Summary

None.

SIGNATURES

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

Evercore Inc.

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

Date: February 23, 2018

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

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the 23rd day of February, 2018.

Signature	Title
/s/ RALPH SCHLOSSTEIN **Ralph Schlosstein**	Chief Executive Officer (Principal Executive Officer) and Director
/s/ JOHN S. WEINBERG **John S. Weinberg**	Chairman
/s/ ROGER C. ALTMAN **Roger C. Altman**	Senior Chairman
/s/ RICHARD I. BEATTIE **Richard I. Beattie**	Director
/s/ GAIL BLOCK HARRIS **Gail Block Harris**	Director
/s/ ROBERT B. MILLARD **Robert B. Millard**	Director
/s/ WILLARD J. OVERLOCK, JR. **Willard J. Overlock, Jr.**	Director
/s/ SIR SIMON M. ROBERTSON **Sir Simon M. Robertson**	Director
/s/ WILLIAM J. WHEELER **William J. Wheeler**	Director
/s/ ROBERT B. WALSH **Robert B. Walsh**	Chief Financial Officer (Principal Financial Officer)
/s/ PAUL PENSA **Paul Pensa**	Controller (Principal Accounting Officer)

SEVENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

EVERCORE LP

Dated as of November 1, 2017

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

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SEVENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT

OF

EVERCORE LP

This SEVENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT (this "Agreement") of Evercore LP (the "Partnership") is made as of November 1, 2017, by and among Evercore Inc., a corporation formed under the laws of the State of Delaware, as general partner, and the Limited Partners (as defined herein) of the Partnership.

W I T N E S S E T H:

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

WHEREAS, the parties hereto desire to enter into this Agreement to amend and restate the Sixth Amended and Restated Limited Partnership Agreement of the Partnership dated as of July 26, 2017 (the "Original Agreement") pursuant to Section 11.12 of the Original Agreement to reflect the creation and issuance of certain Class K-P Units and the creation of Class K Units (each, as defined below), subject to certain specified terms and conditions as expressly set forth herein and the General Partner has determined that this Agreement is necessary and appropriate in connection with the creation, authorization and issuance of the Class K-P Units and Class K Units; and

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

NOW, THEREFORE, in consideration of the mutual promises and agreements herein made and intending to be legally bound hereby, the parties hereto agree to amend and restate the Original Agreement in its entirety to read as follows:

ARTICLE I

DEFINITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Award Agreement" has the meaning set forth in the IE Exchange Agreement.

"Award Agreement Class A Units" has the meaning set forth in the IE Exchange Agreement.

"BD Investco" has the meaning set forth in the IE Exchange Agreement.

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

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

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

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

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

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

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

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

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

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

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

"Class A Unit Economic Balance" means the Capital Account balance of a Partner had such Partner contributed cash on the date Class I-P Units were issued equal to the fair market value of one Class A Unit on such date in exchange for such Class A Unit, plus the amount of such Partner's share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to such Partner's ownership of Class A Units and computed on a hypothetical basis after taking into account all allocations, distributions or other relevant transactions or adjustments through the applicable date.

"Class E Unit Economic Balance" means the Capital Account balance of a Partner had such Partner contributed cash on October 31, 2014 equal to the Market Price (as defined in the Contribution and Exchange Agreement) of one share of Class A Common Stock on such date in exchange for a Class A Unit, plus the amount of such Partner's share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to such Partner's ownership of Class E Units and computed on a hypothetical basis after taking into account all allocations, distributions or other relevant transactions or adjustments through the applicable date.

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

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

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

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

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

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

"Class H Interests" means the Interests in the Partnership designated as the "Class H Interests" prior to their amendment to form Class J Units on July 26, 2017, following which amendment no Class H Interests are outstanding.

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

"Class I Partner" means John S. Weinberg.

"Class I Subscription Agreement" means the incentive subscription agreement made as of November 15, 2016 by and among the Partnership, the General Partner and the Class I Partner.

"Class I Units" means the Units in the Partnership designated as the "Class I Units" herein and having the rights pertaining thereto as are set forth in this Agreement. Class I Units shall be Vested Units for all purposes under this Agreement upon delivery.

"Class I-P Units" means the Units in the Partnership designated as the "Class I-P Units" herein and having the rights pertaining thereto as are set forth in this Agreement.

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

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

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

"Class K Partner" means a Partner to whom Class K-P Units have been issued under a Class K Subscription Agreement.

"Class K Subscription Agreement" means a subscription agreement by and among the Partnership, the General Partner and a Class K Partner providing for the issuance of Class K-P Units.

"Class K Units" means the Units in the Partnership designated as the "Class K Units" herein and having the rights pertaining thereto as are set forth in this Agreement. Class K Units shall be Vested Units for all purposes under this Agreement upon delivery.

"Class K-P Units" means the Units in the Partnership designated as the "Class K-P Units" herein and having the rights pertaining thereto as are set forth in this Agreement.

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

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

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

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

"Contribution and Exchange Agreement" means the Contribution and Exchange Agreement, dated as of August 3, 2014, by and among the Transferor, Management Holdings, the ISI Partners, the Holding Partners, the Founder, the Partnership, the General Partner and the Holders' Representative.

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

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

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

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

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

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

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

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

"Early Conversion Ratio" means, in the case of Class G Interests, the product of the Class G Conversion Ratio and the Early Conversion Discount Rate and, in the case of the Class J Units, the Early Conversion Discount Rate; provided, that for calendar years that have not yet been completed as of the relevant conversion date, the Management Basis EBIT Margin used for the calculation of the Class G Conversion Ratio for such calendar years shall be as set forth in the most recent Forecast.

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

"Economic Compensation" has the definition set forth in the Operating Principles.

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

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

"EST Business" has the definition set forth in the Operating Principles.

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

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

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

"Executive Committee" has the definition set forth in the Operating Principles.

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

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

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

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

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

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

"Forecast" means the forecast for the EST Business reasonably prepared in a manner consistent with forecasts prepared as part of the General Partner's routine business planning and forecasting process, updated on a quarterly basis and approved by the Executive Committee and the Chief Financial Officer of the General Partner (such approvals not to be unreasonably withheld or delayed) that includes, without limitation, projections of Management Basis EBIT Margin through calendar year 2017; provided, that if the Executive Committee and the Chief Financial Officer of the General Partner are unable to agree on a Forecast, then Forecast shall mean the most recently preceding Forecast; provided, further, that if no such Forecast exists, the Forecast shall mean the Annual Budget adjusted by the Inflation Target.

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

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

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

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

"Founder Class J Units" means the Class J Units resulting from the amendment of the Class H Interests that were distributed to the Holding Partners on the Closing Date in connection with the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

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

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

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

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

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

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

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

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

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

"IE Closing" has the meaning ascribed to the term "Closing" in the IE Exchange Agreement.

"IE Closing Date" has the meaning ascribed to the term "Closing Date" in the IE Exchange Agreement.

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

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

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

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

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

“IE Class J Units” means the Class J Units resulting from the amendment of the Class H Interests that were distributed to the IE Partners on the IE Closing Date, in accordance with the IE Exchange Agreement.

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

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

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

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

“Inflation Target” has the definition set forth in the Operating Principles.

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

“Intangible Assets” means the assets of the Partnership that are described in Section 197(d) of the Code.

“Intangible Asset Gain” means the net gain recognized by the Partnership with respect to the Partnership’s Intangible Assets in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership, including but not limited to gain taken into account in connection with an adjustment to the Carrying Value of Partnership assets; provided, however, that any such gain shall constitute “Intangible Asset Gain” only to the extent that any such gain exceeds losses previously recognized in an actual or hypothetical sale of Intangible Assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Non-Founder Class J Units" means the Class J Units resulting from the amendment of the Class H Interests that were distributed to the ISI Partners that are not Holding Partners on the Closing Date in accordance with Annex A of the Contribution and Exchange Agreement and the liquidation of the Transferor and Management Holdings.

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

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

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

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

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

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

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

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

"Partnership Representative" has the meaning set forth in Section 5.08 of this Agreement.

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

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

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

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

"Pre-Amendment Code" has the meaning set forth in Section 5.08 of this Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Unvested Class I-P Units” means those Class I-P Units that have not vested in accordance with their terms.

“Unvested Class J Units” means those Class J Units that have not vested in accordance with their terms.

“Unvested Class K-P Units” means those Class K-P Units that have not vested in accordance with their terms.

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

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

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

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

"Vested Class I-P Units" means those Class I-P Units that have vested in accordance with their terms.

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

"Vested Class K-P Units" means those Class K-P Units that have vested in accordance with their terms.

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

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

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

ARTICLE II

FORMATION, TERM, PURPOSE AND POWERS

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

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

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

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

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

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

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

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

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

ARTICLE III

MANAGEMENT

Section 3.01 General Partner.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IV

DISTRIBUTIONS

Section 4.01 Distributions.

(a) The General Partner, in its discretion, may authorize distributions by the Partnership to the Partners in accordance with the following provisions: (i) to the extent distributions are not attributable to an Extraordinary Event, to Partners holding Class A Units, Class E Units, Class I Units or Class K Units, which distributions shall be made pro rata in accordance with the Partners' respective Total Class A, E, I and K Percentage Interest, (ii) to the extent distributions are attributable to a refinancing, recapitalization or other restructuring transaction or a merger (each, an "Extraordinary Event"), to all Partners (other than the Class I Partner in respect of Class I-P Units and other than the Class K Partner in respect of Class K-P Units), which distributions shall be made pro rata in accordance with the Partners' respective Total Percentage Interests (which, for purposes of this Section 4.01(a)(ii), shall be calculated as if no Class I-P Units or Class K-P Units are outstanding); provided, that for the avoidance of doubt, cash distributions of the Partnership that are not related to a refinancing, recapitalization, or other restructuring transaction or a merger shall not be considered an Extraordinary Event, and (iii) any distribution permitted pursuant to clauses (i) and (ii) shall be made to all applicable

Units and Interests, whether or not such Units or Interests are Vested Units or Vested Interests; provided, however, that distributable amounts (including to the extent attributable to an Extraordinary Event) made pursuant to this Section 4.01(a), but for the avoidance of doubt, not distributions pursuant to Section 4.01(b) or Section 4.01(c), with respect to any Unvested Unit or Unvested Interest shall be held in reserve by the Partnership until such Unvested Unit or Unvested Interest becomes a Vested Unit or Vested Interest pursuant to this Agreement, at which time the distributable amounts held in reserve for such Unit or Interest shall be distributed to the holder of such Unit or Interest.

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

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

Amended Tax Amount. If the Final Tax Amount is less than the Amended Tax Amount in respect of the relevant Fiscal Year, then the difference ("Additional Credit Amount") shall be applied against, and shall reduce, the amount of Tax Distributions made to the Partners for subsequent Fiscal Years. Any Credit Amount and Additional Credit Amount applied against future Tax Distributions shall be treated as an amount actually distributed pursuant to this Section 4.01(b) for purposes of the computations herein.

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

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

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

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

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

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

ARTICLE V

CAPITAL CONTRIBUTIONS; CAPITAL ACCOUNTS; TAX ALLOCATIONS; TAX MATTERS

Section 5.01 Initial Capital Contributions. The Partners have made, on or prior to the effective date hereof, Capital Contributions and have acquired the number of Units, Interests or other equity interests as specified in the books and records of the Partnership. The aggregate amount of the initial Capital Contributions made with respect to the Units and Interests held by the ISI Partners and the Capital Accounts of the ISI Partners as of the effective date hereof is set forth on Schedule A. No Capital Contributions to the Partnership on account of the Class I Units, Class I-P Units, Class K Units or Class K-P Units shall be required.

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

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

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

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

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

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

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

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

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

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

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

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

(i) Intangible Asset Gain.

(i) Except as provided in (ii) below, Intangible Asset Gain shall be allocated to each Class I-P Unit holder, pro rata in accordance with their ownership of Class I-P Units, in an amount equal to the excess of (i) the amount distributable to a holder of Class I Units pursuant to Section 9.03(a)(iv) (without regard to the proviso at the end of Section 9.03(a)(iv)) over (ii) amounts previously allocated pursuant to this Section 5.05(i)(i).

(ii) To the extent provided by a relevant subscription agreement, Intangible Asset Gain (or a portion thereof) shall be allocated to each Class K-P Unit holder, pro rata in accordance with their ownership of Class K-P Units, in an amount equal to the excess of (i) the amount distributable to a holder of Class K Units pursuant to Section 9.03(a)(v) (without regard to the proviso at the end of Section 9.03(a)(v)) over (ii) amounts previously allocated pursuant to this Section 5.05(i)(ii).

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

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

Section 5.08 Tax Matters. The General Partner shall be the initial "tax matters partner" within the meaning of Section 6231(a)(7) of the Code prior to amendment by the Bipartisan Budget Act of 2015 (the "Pre-Amendment Code") and the Regulations thereunder (the "Tax Matters Partner") or partnership representative (the "Partnership Representative") under Section 6223(a) of the Code. The Partnership shall file as a partnership for federal, state and local income tax purposes, except where otherwise required by Law. All elections required or permitted to be made by the Partnership, and all other tax decisions and determinations relating to federal, state or local tax matters of the Partnership, shall be made by the Tax Matters

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

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

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

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

Section 5.12 Profits Interests. It is the intention of the parties to this Agreement that distributions to the holders of Class I-P Units and Class K-P Units be limited to the extent necessary so that the Class I-P Units and Class K-P Units constitute "profits interests" for U.S. federal tax purposes (except to the extent of contributed capital) and the parties will comply with the requirements of Revenue Procedure 93-27, 1993-2 C.B. 343, and Revenue Procedure 2001-43, 2001-2 C.B. 191.

ARTICLE VI

BOOKS AND RECORDS; REPORTS

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

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

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

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

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

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

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

ARTICLE VII

PARTNERSHIP UNITS

Section 7.01 Partnership Interests. Interests in the Partnership shall be represented by Units, Interests, such other Class or Classes of equity interests in the Partnership, or such other Partnership securities, as the General Partner may establish in its sole discretion in accordance with the terms hereof. As of the date of this Agreement, there are Class A Units, Class E Units, Class I-P Units, Class G Interests, Class J Units and Class K-P Units outstanding, and the issuance of Class I Units and Class K Units pursuant to this Agreement, the Class I Subscription Agreement and a Class K Subscription Agreement dated the date hereof is hereby authorized. The General Partner may establish other Classes of Units, Interests, other equity interests in the Partnership or other Partnership securities from time to time in accordance with such procedures and subject to such conditions and restrictions and with such rights, obligations, powers, designations, preferences and other terms, which may be senior to any then existing or future Classes of Units, Interests, other equity interests in the Partnership or other Partnership securities, as the General Partner shall determine from time to time in its sole discretion, without the vote or consent of any Limited Partner or any other Person, including (i) the right of such Units, Interests, other equity interests or other Partnership securities to share in Profits and

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

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

Section 7.03 Splits, Distributions and Reclassifications. The Partnership shall not in any manner subdivide (by any Unit or Interest split, Unit or Interest distribution, reclassification, recapitalization or otherwise) or combine (by reverse Unit or Interest split, reclassification, recapitalization or otherwise) the outstanding Class A Units, Class E Units, Class I Units, Class I-P Units, Class G Interests, Class J Units, Class K Units and Class K-P Units unless an identical event is occurring with respect to the Class A Common Stock, in which event the Class A Units, Class E Units, Class I Units, Class I-P Units, Class G Interests, Class J Units, Class K Units and Class K-P Units shall be subdivided or combined concurrently with and in the same manner as the Class A Common Stock. For the avoidance of doubt, this Section 7.03

shall operate in a manner that is without duplication of any distribution in respect of an Extraordinary Event under Section 4.01(a)(ii).

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

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

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

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

ARTICLE VIII

VESTING; FORFEITURE AND ALLOCATION OF INTERESTS; TRANSFER RESTRICTIONS

Section 8.01 Vesting of Unvested Units and Unvested Interests.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) All of the Founder Class J Units shall be Vested Units for all purposes of this Agreement, until they are converted into Class E Units as set forth in Section 8.03(g);

(ii) One third of the non-Founder Class J Units held by each ISI Partner on the effective date of this Agreement shall vest on February 15 of each of 2018, 2019 and 2020; and

(iii) All of the IE Class J Units shall be Vested Units for all purposes of this Agreement, until they are converted into Class E Units as set forth herein.

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

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

Units shall immediately be exchangeable on an Exchange Date following such determination); and

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

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

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

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

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

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

(j) Subject to Section 8.02, and except as otherwise agreed to in writing between the General Partner and the Class I Partner, the Class I-P Units shall vest in accordance with the Class I Subscription Agreement; provided, however, that notwithstanding the foregoing, the Class I-P Units shall convert to Class I Units only to the extent Intangible Asset Gain has been allocated to such Class I-P Units pursuant to Section 5.05(i)(i) (as the result of either an actual sale or an adjustment to the Carrying Values of all of the assets in accordance with the rules set forth in Treasury Regulations Section 1.704-1(b)(2)(iv)(f)) in an amount equal to the amount distributable to the Class I Unit holders pursuant to Section 9.03(c)(iv) (without regard to the proviso at the end of Section 9.03(c)(iv)).

(k) Subject to Section 8.02, and except as otherwise agreed to in writing between the General Partner and the applicable Class K Partner, the Class K-P Units shall vest in accordance with the relevant Class K Subscription Agreement; provided, however, that notwithstanding the foregoing, the Class K-P Units shall convert to Class K Units only to the extent Intangible Asset Gain has been allocated to such Class K-P Units pursuant to Section 5.05(i)(ii) and as provided in the relevant subscription agreement (as the result of either an actual sale or an adjustment to the Carrying Values of all of the assets in accordance with the rules set forth in Treasury Regulations Section 1.704-1(b)(2)(iv)(f)) in an amount equal to the amount distributable to the Class K Unit holders pursuant to Section 9.03(c)(v) (without regard to the proviso at the end of Section 9.03(c)(v)).

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

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

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

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

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

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

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

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

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

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

(vii) if the employment of the Class I Partner by the General Partner, the Partnership or any of its affiliates, as applicable, terminates for any reason, such Class I Partner's Class I-P Units that are Unvested Units at the time of termination shall be treated in accordance with the Class I Subscription Agreement. Termination of employment of the Class I Partner by the General Partner, the Partnership or any of its affiliates for any reason shall not affect any Class I Units issued prior to such termination; and

(viii) if the employment of a Class K Partner by the General Partner, the Partnership or any of its affiliates, as applicable, terminates for any reason, such Class K Partner's Class K-P Units that are Unvested Units at the time of termination shall be treated in accordance with such Class K Partner's Class K Subscription Agreement. Termination of employment of a Class K Partner by the General Partner, the Partnership or any of its affiliates for any reason shall not affect any Class K Units issued prior to such termination;

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

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

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

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

Section 8.03 Limited Partner Transfers.

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

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

Notwithstanding the foregoing, exchanges of Class E Units, Class I Units and Class K Units are subject to the additional limitations and conditions set forth in Section 8.03(d).

(c) Notwithstanding clause (a) above and except as otherwise agreed to in writing between the General Partner and the applicable Limited Partner, the RLS Investors (and each Permitted Transferee of the RLS Investors) may Transfer all or a portion of the Units issued pursuant to the RLS Subscription Agreement and owned by the RLS Investors or such Permitted Transferee in an Exchange Transaction.

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

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

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

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

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

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

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

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

(g) 20% of the IE Class E Units delivered to each IE Partner on the IE Closing Date may be exchanged into shares of Class A Common

Stock only on an Exchange Date following the first anniversary date of the IE Closing;

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

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

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

(k) Class I Units delivered upon conversion of Class I-P Units pursuant to the Class I Subscription Agreement may be exchanged into shares of Class A Common Stock only on an Exchange Date following their delivery;

(k) Class K Units delivered upon conversion of Class K-P Units pursuant to a Class K Subscription Agreement may be exchanged into shares of Class A Common Stock only on an Exchange Date following their delivery.

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

(iii) Notwithstanding the foregoing:

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

(b) the General Partner shall have the right, in its sole discretion, whether or not on an Exchange Date, to cause all of the Class I Units held by the Class I Partner to be exchanged for shares of Class A Common Stock upon the Class I Partner's death or Disability, or if, at any time, concurrent with or following the Class I Partner's termination of employment with the General Partner, the Partnership or any of its affiliates, as applicable, (a) the General Partner reasonably believes that the Class I Partner is competing with, or is employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries or (b) the Class I Partner holds less than 15% of the aggregate Class I Units previously delivered to the Class I Partner;

(c) the General Partner shall have the right, in its sole discretion, whether or not on an Exchange Date, to cause all of the Class K Units held by any Class K Partner to be exchanged for shares of Class A Common Stock upon such Class K Partner's death or Disability, or if, at any time, concurrent with or following such Class K Partner's termination of employment with the General Partner, the Partnership or any of its affiliates, as applicable, (a) the General Partner reasonably believes that such Class K Partner is competing with, or is employed by or providing services to an entity that is competing with, any business conducted by the General Partner, the Partnership or any of its subsidiaries or (b) such Class K Partner holds less than 15% of the aggregate Class K Units previously delivered to such Class K Partner.

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

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

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

(vii) If the employment of any IE Partner by the General Partner, the Partnership or any of its subsidiaries, as applicable, terminates for any reason (including, without limitation, termination for Cause or voluntary termination by such IE Partner) other than in an IE Qualifying Termination, then, notwithstanding Section 8.03(d)(i), all Class E Units held by such IE Partner at the time of such termination (including any Class E Units that are delivered to such IE Partner upon acceleration of conversion of Class G Interests and Class J Units under Section 8.02(a)(iv)) may be exchanged into shares of Class A Common Stock only on an Exchange Date following the seventh anniversary date of the IE Closing.

(e) Except as provided in Section 8.05, no Limited Partner or Assignee thereof may Transfer all or any portion of the Class G Interests, Class I-P Units, Class J Units or

Class K-P Units (or beneficial interest therein) without the prior written consent of the General Partner, which consent may be given or withheld, or made subject to such conditions (including, without limitation, the receipt of such legal opinions and other documents that the General Partner may require) as are determined by the General Partner, in each case in the General Partner's sole discretion. Any purported Transfer of Interests that is not in accordance with, or subsequently violates, this Agreement shall be null and void.

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

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

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

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

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

(i) On February 15, 2018, one third of the Class J Units held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units to be received by a Partner equal to the number of such Partner's Class J Units being converted;

(ii) On February 15, 2019, one half of the remaining Class J Units held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units to be received by a Partner equal to the number of such Partner's Class J Units being converted;

(iii) On February 15, 2020, all of the remaining Class J Units held by each Partner as of such date shall convert into Class E Units, with the number of Class E Units to be received by a Partner equal to the number of such Partner's Class J Units being converted.

(h) Subject to Section 8.01(j) and except as otherwise agreed to in writing between the General Partner and the Class I Partner, upon vesting Class I-P Units will immediately and automatically convert into a specified number of Class I Units in accordance with the Class I Subscription Agreement (the date of such conversion, the "Class I Conversion Date").

(i) Subject to Section 8.01(k) and except as otherwise agreed to in writing between the General Partner and the applicable Class K Partner, upon vesting Class K-P Units will immediately and automatically convert into a specified number of Class K Units in accordance with the relevant Class K Subscription Agreement (the date of such conversion, the "Class K Conversion Date").

(j) Notwithstanding Sections 8.03(f), (g), (h) and (i) above, the Class G Interests or Class J Units shall not convert into Class E Units, the Class I-P Units shall not convert into Class I Units, and the Class K-P Units shall not convert into Class K Units if the General Partner determines in good faith upon obtaining the reasonable advice of its external counsel that such conversion is prohibited by applicable Law; provided, that the General Partner and the Partnership shall, at their sole cost and expense, use their respective reasonable best efforts to cause such prohibition to be removed and take all actions (including making any petitions, inquiries or filings with governmental entities to remove such prohibition) as are necessary or advisable in connection therewith. Immediately following the removal of such prohibition, Class G Interests or Class J Units shall convert into Class E Units to the extent otherwise provided pursuant to Sections 8.03(f) and (g) above, Class I-P Units shall convert into Class I Units to the extent otherwise provided herein and in the Class I Subscription Agreement, and Class K-P Units shall convert into Class K Units to the extent otherwise provided herein and in the relevant Class K Subscription Agreement. If a holder of Class G Interests or Class J Units is unable to convert such holder's Class G Interests or Class J Units for Class E Units, or if a holder of Class I-P Units is unable to convert such holder's Class I-P Units for Class I Units, or if a holder of Class K-P Units is unable to convert such holder's Class K-P Units for Class K Units, in each case as a result of such prohibition, to the extent such holder requests in writing to the Partnership, the Partnership shall redeem such portion indicated in such request of the Class G Interests, Class J Units, Class I-P Units or Class K-P Units, as applicable, that are subject to such prohibition, in exchange for alternative consideration, the value of which shall be equal to the Market Price of the Class A Common Stock as of the Exchange Date immediately following the date on which such Class G Interests or Class J Units would have been convertible into Class E Units pursuant to this Section 8.03, the date on which such Class I-P Units would have been convertible into Class I Units pursuant to the Class I Subscription Agreement, or the date on which such Class K-P Units would have been convertible into Class K Units pursuant to the Class K Subscription Agreement, in each case multiplied by the number of shares of Class A Common Stock for which the Class E Units, Class I Units or Class K Units that the applicable Class G Interests, Class J Units, Class I-P Units or Class K-P Units (as applicable) would have been convertible into but for such prohibition would be exchangeable in an Exchange Transaction (the "Restriction Alternative Consideration Amount"), and which alternative consideration shall be in the form of either cash, freely marketable securities or other freely marketable property, or a senior unsubordinated debt instrument or loan guaranteed by the General Partner with a term of six months or less. The Executive Committee will have the right to cause a third party valuation firm reasonably acceptable to the Executive Committee and the General Partner to determine the value of such alternative consideration and the value determined by such third party valuation firm shall be binding upon the General Partner, the Partnership and the applicable Partner. If such third party valuation firm determines that the value of such alternative consideration is less than the Restriction Alternative Consideration Amount, then the Partnership shall deliver to the applicable Partner additional alternative consideration with a value equal to the difference between the value of the alternative consideration as determined by the third party valuation firm and the Restriction Alternative Consideration Amount. As promptly as practicable following the conversion of Interests or Units, or payment of alternative consideration in lieu of such conversion, in the manner provided herein, the books and records of the Partnership shall be amended to reflect the issuance of Class E Units, if any, and the cancellation of the Class G Interests and Class J Units so converted, the issuance of Class I Units, if any, and the cancellation of the Class I-P Units so converted, the issuance of Class K Units, if any, and the cancellation of the Class K-P Units so converted, or in respect of which a payment of alternative consideration has been made. Upon the conversion date or payment of alternative consideration with respect to Class G Interests, Class J Units, Class I-P Units or Class K-P Units, such Interests or Units shall cease to be outstanding without further action on the part of any person, and all rights of the holder of such interests as such holder shall cease.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE IX

DISSOLUTION, LIQUIDATION AND TERMINATION

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

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

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

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

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

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

Section 9.03 Distribution upon Dissolution.

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

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

(ii) Second, if any, to all holders of Units (other than the holder of Class I Units, Class I-P Units, Class J Units, Class K Units, or Class K-P Units) in accordance with Section 4.01 until each holder entitled to such distributions pursuant to Section 4.01 has received amounts equal to the Class A Unit Economic Balance;

(iii) Third, if any, to all holders of Class E Units (for these purposes, automatically converting Class G Interests and Class J Units into Class E Units) until each holder entitled to such distributions has received amounts pursuant to Section 9.03(a)(ii) and this subclause (iii) equal to the Class E Unit Economic Balance;

(iv) Fourth, if any, to the holder of Class I Units to the extent such amounts would have been distributed pursuant to clause (ii) if such Class I Unit were exchanged for a Class A Unit; provided, however, that the holders of Class I Units shall not be distributed any amounts under this clause (iv) in excess of the amount equal to Intangible Asset Gain allocated or available for allocation pursuant to Section 5.05(i)(i);

(v) Fifth, if any, to the extent provided in any relevant subscription agreement, to the holder of Class K Units to the extent such amounts would have been distributed pursuant to clause (ii) if such Class K Unit were exchanged for a Class A Unit; provided, however, that the holders of Class K Units shall not be distributed any amounts under this clause (v) in excess of the amount equal to Intangible Asset Gain allocated or available for allocation pursuant to Section 5.05(i)(ii); and

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

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

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

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

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

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

ARTICLE X

LIABILITY AND INDEMNIFICATION

Section 10.01 Liability of Partners.

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

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

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

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

Section 10.02 Indemnification.

(a) Indemnification. To the fullest extent permitted by law, the Partnership shall indemnify any person (and such person's heirs, executors or administrators) who was or is made or is threatened to be made a party to or is otherwise involved in any threatened, pending or completed action, suit or proceeding (brought in the right of the Partnership or otherwise), whether civil, criminal, administrative or investigative, and whether formal or informal, including appeals, by reason of the fact that such person, or a person for whom such person was the legal representative, is or was a Partner (including without limitation, the General Partner) or a director, officer or agent of a Partner (including without limitation, the General Partner) or the Partnership or, while a director, officer or agent of a Partner (including without limitation, the General Partner) or the Partnership, is or was serving at the request of the Partnership as a director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, limited liability company, nonprofit entity or other enterprise, for and against all loss and liability suffered and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement reasonably incurred by such person or such heirs, executors or administrators in connection with such action, suit or proceeding, including appeals; provided, that such person shall not be entitled to indemnification hereunder only to the extent such person's conduct constituted fraud, bad faith or willful misconduct. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.02(c), the Partnership shall be required to indemnify a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the General Partner.

(b) Advancement of Expenses. To the fullest extent permitted by law, the Partnership shall promptly pay expenses (including attorneys' fees) incurred by any person described in Section 10.02(a) in appearing at, participating in or defending any action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, including appeals, upon presentation of an undertaking on behalf of such person to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified under this Section 10.02 or otherwise. Notwithstanding the preceding sentence, except as otherwise provided in Section 10.02(c), the Partnership shall be required to pay expenses of a person described in such sentence in connection with any action, suit or proceeding (or part thereof) commenced by such person only if the commencement of such action, suit or proceeding (or part thereof) by such person was authorized by the General Partner.

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

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

(e) Non-Exclusivity of Rights. The provisions of this Section 10.02 shall be applicable to all actions, claims, suits or proceedings made or commenced after the date of this Agreement, whether arising from acts or omissions to act occurring before or after its adoption. The provisions of this Section 10.02 shall be deemed to be a contract between the Partnership and each person entitled to indemnification under this Section 10.02 (or legal representative thereof) who serves in such capacity at any time while this Section 10.02 and the relevant provisions of applicable law, if any, are in effect, and any amendment, modification or repeal hereof shall not affect any rights or obligations then existing with respect to any state of facts or any action, suit or proceeding then or theretofore existing, or any action, suit or proceeding thereafter brought or threatened based in whole or in part on any such state of facts. If any provision of this Section 10.02 shall be found to be invalid or limited in application by reason of any law or regulation, it shall not affect the validity of the remaining provisions hereof. The rights of indemnification provided in this Section 10.02 shall neither be exclusive of, nor be deemed in limitation of, any rights to which any person may otherwise be or become entitled or permitted by contract, this Partnership Agreement or as a matter of law, both as to actions in such person's official capacity and actions in any other capacity, it being the policy of the Partnership that indemnification of any person whom the Partnership is obligated to indemnify pursuant to Section 10.02(a) shall be made to the fullest extent permitted by law.

For purposes of this Section 10.02, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Partnership" shall include any service as a director, officer, employee or agent of the Partnership which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries.

This Section 10.02 shall not limit the right of the Partnership, to the extent and in the manner permitted by law, to indemnify and to advance expenses to, and purchase and maintain insurance on behalf of, persons other than persons described in Section 10.02(a).

ARTICLE XI

MISCELLANEOUS

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

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

(a) If to the Partnership, to:

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

(b) If to any Partner, to:

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

(c) If to the General Partner, to:

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

(d) If to any holder of Class E Units, Class G Interests, Class J Units, Class K Units or Class K-P Units, to:

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

(e) If to the Class I Partner, to:

c/o Wachtell, Lipton, Rosen & Katz
51 West 52nd Street

New York, NY 10019
Attention: Jeannemarie O'Brien
Facsimile: (212) 403-2365

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

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

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

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

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

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

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

Section 11.10 Submission to Jurisdiction; Waiver of Jury Trial.

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

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

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

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

Section 11.12 Amendments and Waivers.

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

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

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

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

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

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

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

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

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

Section 11.16 Power of Attorney. Each Limited Partner, by its execution hereof, hereby irrevocably makes, constitutes and appoints the General Partner as its true and lawful agent and attorney in fact, with full power of substitution and full power and authority in its name, place and stead, to make, execute, sign, acknowledge, swear to, record and file (a) this Agreement and any amendment to this Agreement that has been adopted as herein provided; (b) the original certificate of limited partnership of the Partnership and all amendments thereto required or permitted by law or the provisions of this Agreement; (c) all certificates and other instruments (including consents and ratifications which the Limited Partners have agreed to provide upon a matter receiving the agreed support of Limited Partners) deemed advisable by the General Partner to carry out the provisions of this Agreement and Law or to permit the

Partnership to become or to continue as a limited partnership or partnership wherein the Limited Partners have limited liability in each jurisdiction where the Partnership may be doing business; (d) all instruments that the General Partner deems appropriate to reflect a change or modification of this Agreement or the Partnership in accordance with this Agreement, including, without limitation, the admission of additional Limited Partners or substituted Limited Partners pursuant to the provisions of this Agreement; (e) all conveyances and other instruments or papers deemed advisable by the General Partner to effect the liquidation and termination of the Partnership; and (f) all fictitious or assumed name certificates required or permitted (in light of the Partnership's activities) to be filed on behalf of the Partnership.

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

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

Section 11.19 Admission of Class K Partner. The Class K Partner that is a party to the Class K Subscription Agreement dated the date of this Agreements will be admitted to the Partnership as a Limited Partner with respect to the Class K-P Units held by such Class K Partner as of the effectiveness of this Agreement and such Class K Subscription Agreement, and the books and records of the Partnership shall be amended to reflect the issuance of Class K-P Units.

Section 11.20 Effectiveness. This Agreement, and the amendment and restatement of the Original Agreement effected hereby, shall take effect immediately, and without any further action by any Person.

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

EVERCORE INC.

By: ________________________________
Name:
Title:

LIMITED PARTNERS:

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

By: ________________________________
Name:
Title:

Exhibit 21.1

Name	Jurisdiction of Incorporation or Organization
Evercore Advisors L.L.C.	Delaware
Evercore GP Holdings L.L.C.	Delaware
Evercore Group Holdings L.P.	Delaware
Evercore Group Holdings L.L.C.	Delaware
Evercore Group L.L.C.	Delaware
Evercore LP	Delaware
International Strategy & Investment (UK) Limited	England and Wales
Evercore Partners Limited	England and Wales
Evercore Partners International L.L.P	England and Wales
Evercore Partners Services East L.L.C.	Delaware
Protego Administradores, S. de R.L.	Mexico
Evercore Partners Mexico, S. de R.L.	Mexico
Evercore Casa de Bolsa, S.A. de C.V.	Mexico
Evercore ISI México, S. de R.L.	Mexico
Protego PE, S. de R.L.	Mexico
Protego Servicios, S.C.	Mexico
Protego SI, S.C.	Mexico
Sedna S. de R.L.	Mexico
Evercore Mexico GP Holdings L.L.C.	Delaware
Evercore Wealth Management L.L.C.	Delaware
Evercore Holdings Limited	England and Wales
Evercore Trust Company, N.A.	New York
Evercore Asia Limited	Hong Kong
Evercore Brasil Participacoes LTDA	Brazil
Evercore Partners Canada Ltd.	Canada
Evercore Private Capital Advisory L.P.	Delaware
PCA Holdco LLC	Delaware
Evercore Asia (Singapore) Pte. Ltd.	Singapore
Evercore BD Investco LLC	Delaware
Evercore Group Services Limited	England and Wales
Evercore GmbH	Germany
Evercore Trust Company of Delaware	Delaware
Evercore (Japan) Ltd.	Japan
Evercore Consulting (Beijing) Co. Ltd.	China
Evercore Advisory (Middle East) Limited	Dubai

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-136506, 333-193334, 333-212205 and 333-214718 on Form S-8, Registration Statement Nos. 333-174866, 333-196716 and 333-221296 on Form S-3 ASR, and Registration Statement Nos. 333-145696, 333-159037, 333-167393 and 333-171487 on Form S-3 of our reports dated February 23, 2018, relating to the consolidated financial statements of Evercore Inc. and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

New York, New York
February 23, 2018

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ralph Schlosstein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2017 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: February 23, 2018

/ 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 Annual Report on Form 10-K for the year ended December 31, 2017 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: February 23, 2018

/ 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 Annual Report of Evercore Inc. (the “Company”) on Form 10-K 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: February 23, 2018

/ 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 Annual Report of Evercore Inc. (the “Company”) on Form 10-K 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: February 23, 2018

/ 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.