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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2011

OR

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

For the transition period from to

001-32975
(Commission File Number)

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

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

55 East 52nd Street
38th floor
New York, New York 10055
(Address of principal executive offices)

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

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

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

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

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

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

The number of shares of the registrant's Class A common stock, par value $0.01 per share, outstanding as of April 27, 2011 was 20,924,214. The number of shares of the registrant's Class B common stock, par value $0.01 per share, outstanding as of April 27, 2011 was 48 (excluding 52 shares of Class B common stock held by a subsidiary of the registrant).

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

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements (Unaudited)

Condensed Consolidated Financial Statements (Unaudited)

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

	March 31, 2011	December 31, 2010
Assets		
Current Assets		
Cash and Cash Equivalents	$ 103,575	$ 141,337
Marketable Securities	70,552	92,830
Financial Instruments Owned and Pledged as Collateral at Fair Value	61,811	52,217
Securities Purchased Under Agreements to Resell	161,948	126,401
Accounts Receivable (net of allowances of $798 and $768 at March 31, 2011 and December 31, 2010, respectively)	60,847	49,625
Receivable from Employees and Related Parties	5,538	3,465
Deferred Tax Assets - Current	5,092	5,092
Other Current Assets	12,344	9,982
Total Current Assets	481,707	480,949
Investments	62,218	60,617
Deferred Tax Assets - Non-Current	135,660	134,161
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of $11,981 and $11,302 at March 31, 2011 and December 31, 2010, respectively)	14,586	14,923
Goodwill	140,462	139,031
Intangible Assets (net of accumulated amortization of $15,742 and $13,337 at March 31, 2011 and December 31, 2010, respectively)	47,142	49,232
Assets Segregated for Bank Regulatory Requirements	10,200	10,200
Other Assets	8,772	8,972
Total Assets	$ 900,747	$ 898,085
Liabilities and Equity		
Current Liabilities		
Accrued Compensation and Benefits	$ 26,935	$ 82,943
Accounts Payable and Accrued Expenses	15,311	12,558
Securities Sold Under Agreements to Repurchase	223,901	178,683
Payable to Employees and Related Parties	4,301	4,181
Taxes Payable	467	404
Other Current Liabilities	12,787	8,204
Total Current Liabilities	283,702	286,973
Notes Payable	98,465	98,082
Amounts Due Pursuant to Tax Receivable Agreements	102,058	97,427
Other Long-term Liabilities	19,690	22,956
Total Liabilities	503,915	505,438
Commitments and Contingencies (Note 15)		
Redeemable Noncontrolling Interest	25,427	25,406
Equity		
Evercore Partners Inc. Stockholders' Equity		
Common Stock		
Class A, par value $0.01 per share (1,000,000,000 shares authorized, 22,831,301 and 21,497,691 issued at March 31, 2011 and December 31, 2010, respectively, and 20,919,297 and 19,983,646 outstanding at March 31, 2011 and December 31, 2010, respectively)	228	215
Class B, par value $0.01 per share (1,000,000 shares authorized, 48 issued and outstanding at March 31, 2011 and December 31, 2010)	—	—
Additional Paid-In-Capital	415,145	400,719
Accumulated Other Comprehensive Income (Loss)	(3,226)	(4,193)
Retained Earnings (Deficit)	(62,569)	(61,504)
Treasury Stock at Cost (1,912,004 and 1,514,045 shares at March 31, 2011 and December 31, 2010, respectively)	(48,119)	(34,538)
Total Evercore Partners Inc. Stockholders' Equity	301,459	300,699
Noncontrolling Interest	69,946	66,542
Total Equity	371,405	367,241
Total Liabilities and Equity	$ 900,747	$ 898,085

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended March 31, 2011	2010
Revenues		
Investment Banking Revenue	$ 83,052	$ 75,922
Investment Management Revenue	26,189	11,231
Other Revenue, Including Interest	3,698	6,472
Total Revenues	112,939	93,625
Interest Expense	5,094	5,604
Net Revenues	107,845	88,021
Expenses		
Employee Compensation and Benefits	70,046	55,721
Occupancy and Equipment Rental	5,181	3,327
Professional Fees	8,090	8,365
Travel and Related Expenses	4,579	3,370
Communications and Information Services	2,148	1,029
Depreciation and Amortization	2,991	1,350
Acquisition and Transition Costs	533	1,456
Other Operating Expenses	3,102	2,595
Total Expenses	96,670	77,213
Income Before Income (Loss) from Equity Method Investments and Income Taxes	11,175	10,808
Income (Loss) from Equity Method Investments	400	(180)
Income Before Income Taxes	11,575	10,628
Provision for Income Taxes	4,258	4,659
Net Income	7,317	5,969
Net Income Attributable to Noncontrolling Interest	3,729	3,949
Net Income Attributable to Evercore Partners Inc.	$ 3,588	$ 2,020
Net Income Attributable to Evercore Partners Inc. Common Shareholders	$ 3,567	$ 2,009
Weighted Average Shares of Class A Common Stock Outstanding		
Basic	22,677	18,675
Diluted	26,398	22,328
Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders		
Basic	$ 0.16	$ 0.11
Diluted	$ 0.14	$ 0.09
Dividends Declared per Share of Class A Common Stock	$ 0.18	$ 0.15

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended March 31, 2011								
	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, 2010	21,497,691	$ 215	$ 400,719	$ (4,193)	$ (61,504)	(1,514,045)	$(34,538)	$ 66,542	$367,241
Net Income	—	—	—	—	3,588	—	—	3,729	7,317
Other Comprehensive Income, net:									
Unrealized Gain on Marketable Securities, net	—	—	—	60	—	—	—	48	108
Foreign Currency Translation Adjustment	—	—	—	907	—	—	—	724	1,631
Total Comprehensive Income	—	—	—	967	3,588	—	—	4,501	9,056
Treasury Stock Purchases	—	—	—	—	—	(397,959)	(13,581)	—	(13,581)
Evercore LP Units Purchased or Converted into Class A Common Stock	298,592	3	1,693	—	—	—	—	(831)	865
Stock-based Compensation Awards	1,035,018	10	12,216	—	—	—	—	5,057	17,283
Dividends and Equivalents	—	—	538	—	(4,653)	—	—	—	(4,115)
Noncontrolling Interest (Note12)	—	—	(21)	—	—	—	—	(5,323)	(5,344)
Balance at March 31, 2011	22,831,301	$ 228	$ 415,145	$ (3,226)	$ (62,569)	(1,912,004)	$(48,119)	$ 69,946	$371,405

	For the Three Months Ended March 31, 2010								
	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, 2009	17,155,883	$ 172	$ 339,495	$ (3,760)	$ (56,756)	(809,299)	$(12,756)	$ 29,361	$295,756
Net Income	—	—	—	—	2,020	—	—	3,949	5,969
Other Comprehensive Income, net:									
Unrealized Gain (Loss) on Marketable Securities, net	—	—	—	482	—	—	—	(126)	356
Foreign Currency Translation Adjustment	—	—	—	147	—	—	—	(328)	(181)
Total Comprehensive Income	—	—	—	629	2,020	—	—	3,495	6,144
Treasury Stock Purchases	—	—	—	—	—	(343,030)	(10,382)	—	(10,382)
Evercore LP Units Purchased or Converted into Class A Common Stock	18,572	—	82	—	—	—	—	(34)	48
Stock-based Compensation Awards	1,061,074	10	9,524	—	—	—	—	4,972	14,506
Dividends and Equivalents	—	—	349	—	(3,150)	—	—	—	(2,801)
Noncontrolling Interest (Note 12)	—	—	(11)	—	—	—	—	(5,396)	(5,407)
Balance at March 31, 2010	18,235,529	$ 182	$ 349,439	$ (3,131)	$ (57,886)	(1,152,329)	$(23,138)	$ 32,398	$297,864

See Notes to Unaudited Condensed Consolidated Financial Statements.

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

	For the Three Months Ended March 31, 2011	2010
Cash Flows From Operating Activities		
Net Income	$ 7,317	$ 5,969
Adjustments to Reconcile Net Income to Net Cash Used in Operating Activities:		
Net Realized and Unrealized (Gains) Losses on Investments, Marketable Securities and Contingent Consideration	(1,766)	(884)
Equity-Based and Other Deferred Compensation	18,781	14,837
Depreciation, Amortization and Accretion	3,374	1,704
Bad Debt Expense	—	508
Deferred Taxes	3,112	2,789
Decrease (Increase) in Operating Assets:		
Marketable Securities	162	(54)
Financial Instruments Owned and Pledged as Collateral at Fair Value	(7,487)	22,282
Securities Purchased Under Agreements to Resell	(30,293)	(5,823)
Accounts Receivable	(11,014)	(7,661)
Receivable from Employees and Related Parties	(2,073)	(1,590)
Other Assets	1,620	(289)
(Decrease) Increase in Operating Liabilities:		
Accrued Compensation and Benefits	(56,805)	(68,613)
Accounts Payable and Accrued Expenses	2,814	3,415
Securities Sold Under Agreements to Repurchase	37,853	(16,546)
Payables to Employees and Related Parties	(133)	76
Taxes Payable	(2,752)	713
Other Liabilities	(541)	123
Net Cash Used in Operating Activities	(37,831)	(49,044)
Cash Flows From Investing Activities		
Investments Purchased	(64)	(1,778)
Distributions of Private Equity Investments	820	—
Marketable Securities:		
Proceeds from Sales and Maturities	43,066	42,521
Purchases	(21,256)	(20,451)
Cash Paid for Acquisitions, net of cash acquired	(50)	(1,000)
Change in Restricted Cash	—	(12)
Purchase of Furniture, Equipment and Leasehold Improvements	(624)	(452)
Net Cash Provided by Investing Activities	21,892	18,828
Cash Flows From Financing Activities		
Payments for Capital Lease Obligations	(18)	(11)
Issuance of Noncontrolling Interests	354	—
Distributions to Noncontrolling Interests—Evercore LP Limited Partners	(5,677)	(5,396)
Cash Paid for Contingent Consideration	(1,884)	—
Purchase of Evercore LP Units and Treasury Stock	(13,581)	(10,382)
Dividends—Class A Stockholders	(4,115)	(2,801)
Other	2,805	—
Net Cash Used in Financing Activities	(22,116)	(18,590)
Effect of Exchange Rate Changes on Cash	293	(1,079)
Net Decrease in Cash and Cash Equivalents	(37,762)	(49,885)
Cash and Cash Equivalents-Beginning of Period	141,337	206,682
Cash and Cash Equivalents-End of Period	$ 103,575	$ 156,797
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Payments for Interest	$ 6,298	$ 6,816
Payments for Income Taxes	$ 746	$ 1,923

See Notes to Unaudited Condensed Consolidated Financial Statements.

EVERCORE PARTNERS INC.

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

Note 1 – Organization

Evercore Partners Inc. and subsidiaries (the "Company") is an investment banking and investment management firm, incorporated in Delaware on July 21, 2005 and headquartered in New York, New York. The Company is a holding company which owns a controlling interest in Evercore LP, a Delaware limited partnership ("Evercore LP"). Subsequent to the Company's initial public offering ("IPO"), the Company became the sole general partner of Evercore LP. The Company operates from its offices in New York, San Francisco, Boston, Washington D.C., Los Angeles, Houston, London, Mexico City and Monterrey, Mexico, Hong Kong and, through its affiliate G5 Holdings S.A. ("G5"), in Rio de Janeiro and São Paulo, Brazil.

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

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

Note 2 – Significant Accounting Policies

For a complete discussion of the Company's accounting policies, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Basis of Presentation – The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q. As permitted by the rules and regulations of the United States Securities and Exchange Commission, the unaudited condensed consolidated financial statements contain certain condensed financial information and exclude certain footnote disclosures normally included in audited consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The accompanying condensed consolidated financial statements are unaudited and are prepared in accordance with U.S. GAAP. In the opinion of the Company's management, the accompanying unaudited condensed consolidated financial statements contain all adjustments, including normal recurring accruals, necessary to fairly present the accompanying unaudited condensed consolidated financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in the Company's annual report on Form 10-K for the year ended December 31, 2010. The December 31, 2010 Unaudited Condensed Consolidated Statement of Financial Condition data was derived from audited consolidated financial statements, but does not include all disclosures required by U.S. GAAP. Operating results for the interim period are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2011.

The unaudited condensed consolidated financial statements of the Company are comprised of the consolidation of Evercore LP and Evercore LP's wholly-owned and majority-owned direct and indirect subsidiaries, including Evercore Group L.L.C. ("EGL"), a registered broker-dealer in the U.S. The Company's policy is to consolidate all subsidiaries in which it has a controlling financial interest, as well as any variable interest entities ("VIEs") where the Company is deemed to be the primary beneficiary, when it has the power to make the decisions that most significantly affect the economic performance of the VIE and has the obligation to absorb significant losses or the right to receive significant benefits. All intercompany balances and transactions with the Company's subsidiaries have been eliminated upon consolidation.

The Company has evaluated all subsequent events through the date this Form 10-Q was available to be issued, on April 29, 2011.

EVERCORE PARTNERS INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS – (Continued)
(dollars and share amounts in thousands, except per share amounts, unless otherwise noted)

Note 3 – Recent Accounting Pronouncements

ASU 2010-28 – In December 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-28, "*When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts*" ("ASU 2010-28"). ASU 2010-28 provides amendments to ASC No. 350 "*Intangibles- Goodwill and Other*", modifying Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance and examples in paragraph 350-20-35-30, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010 and early adoption is not permitted. The adoption of ASU 2010-28 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2010-29 – In December 2010, the FASB issued ASU No. 2010-29, "*Disclosure of Supplementary Pro Forma Information for Business Combinations*" ("ASU 2010-29"). ASU 2010-29 provides amendments to ASC No. 805 *"Business Combinations"*, which specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this update also expand the supplemental pro forma disclosure under ASC No. 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. The adoption of ASU 2010-29 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

Note 4 – Acquisition and Transition Costs

The Company has recognized as an expense $533 and $1,456 for the three months ended March 31, 2011 and 2010, respectively, as Acquisition and Transition Costs incurred in connection with recent acquisitions and other ongoing business development initiatives. These costs are primarily comprised of professional fees for legal and other services.

Note 5 – Related Parties

Investment Management Revenue includes income from related parties earned from the Company's private equity funds for portfolio company fees, management fees, expense reimbursements and realized and unrealized gains and losses of private equity fund investments. Total Investment Management revenues from related parties amounted to $1,107 and $1,090 for the three months ended March 31, 2011 and 2010, respectively.

EVERCORE PARTNERS INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS – (Continued)
(dollars and share amounts in thousands, except per share amounts, unless otherwise noted)

Note 6 – Marketable Securities

The amortized cost and estimated fair value of the Company's Marketable Securities as of March 31, 2011 and December 31, 2010 were as follows:

	March 31, 2011				December 31, 2010			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Available-for-Sale								
Debt Securities:								
Corporate Bonds	$ —	$ —	$ —	$ —	$ 7,126	$ 45	$ —	$ 7,171
Municipal Bonds	762	—	—	762	16,910	107	15	17,002
Other Debt Securities	—	—	—	—	1,000	—	—	1,000
Seed Capital Investments	14,294	2,095	22	16,367	14,112	2,250	25	16,337
Total Available-for-Sale	15,056	2,095	22	17,129	39,148	2,402	40	41,510
Debt Securities Carried by EGL	43,895	539	—	44,434	50,837	501	18	51,320
Mutual Funds	8,910	111	32	8,989	—	—	—	—
Total	$67,861	$ 2,745	$ 54	$ 70,552	$89,985	$ 2,903	$ 58	$ 92,830

Scheduled maturities of the Company's available-for-sale debt securities as of March 31, 2011 and December 31, 2010 were as follows:

	March 31, 2011		December 31, 2010	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due within one year	$ 762	$ 762	$ 17,183	$ 17,265
Due after one year through five years	—	—	7,853	7,908
Total	$ 762	$ 762	$ 25,036	$ 25,173

Since the Company has the ability and intent to hold its 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 March 31, 2011.

Debt Securities

The Company invests in corporate and municipal bonds and other debt securities, which are classified as available-for-sale securities within Marketable Securities on the Unaudited Condensed Consolidated Statements of Financial Condition. The Company had realized gains of $75 and $1,173 for the three months ended March 31, 2011 and 2010, respectively.

Seed Capital Investments

The Company earned $425 and $477 of realized gains for the three months ended March 31, 2011 and 2010, respectively. These securities are stated at quoted market value with unrealized gains and losses included in Accumulated Other Comprehensive Income and realized gains and losses included in earnings. Seed Capital Investments include equity securities and their equivalents.

Debt Securities Carried by EGL

During the first quarter of 2010, EGL began to invest 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 Revenues on the Unaudited Condensed Consolidated Statement of Operations, as required for broker-dealers in securities. The Company had ($162) and $54 of net realized and unrealized gains (losses) for the three months ended March 31, 2011 and 2010, respectively.

Mutual Funds

During the first quarter of 2011, the Company began to invest in a portfolio of mutual funds as an economic hedge against the Company's deferred compensation program. See Note 14 for further information. These securities are carried at fair value, with changes in fair value recorded in Other Revenues on the Unaudited Condensed Consolidated Statements of Operations. The Company had $78 of net unrealized gains for the three months ended March 31, 2011.

EVERCORE PARTNERS INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS – (Continued)
(dollars and share amounts in thousands, except per share amounts, unless otherwise noted)

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

The Company, through Protego Casa de Bolsa, S.A. de C.V. ("PCB"), enters into repurchase agreements with clients seeking overnight money market returns whereby PCB 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. PCB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market, which the Company reflects as Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial Condition, or by entering into reverse repurchase agreements with unrelated third parties. The Company accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions, which are carried at their contract amounts, which approximate fair value given that the contracts generally mature the following business day. The Company records a liability on its Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. The Company records as assets on its Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where the Company has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where the Company has acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities have an estimated average time to maturity of approximately 2.4 years, as of March 31, 2011, 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 PCB which permit the counterparty to pledge the securities.

As of March 31, 2011 and December 31, 2010, a summary of the Company's assets, liabilities and collateral received or pledged related to these transactions was as follows:

	March 31, 2011		December 31, 2010	
	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	$ 61,811		$ 52,217	
Securities Purchased Under Agreements to Resell	161,948	$ 161,931	126,401	$ 126,386
Total Assets	$ 223,759		$ 178,618	
Liabilities				
Securities Sold Under Agreements to Repurchase	$(223,901)	$ (224,053)	$(178,683)	$ (178,603)

Note 8 – Investments

The Company's investments reported on the Unaudited Condensed Consolidated Statements of Financial Condition consist of investments in private equity partnerships and other investments in unconsolidated affiliated companies. The Company's investments are relatively high-risk and illiquid assets. Realized and unrealized gains and losses on our private equity investments are included within Investment Management Revenue. The Company's share of earnings (losses) on our investments in Evercore Pan-Asset Capital Management ("Pan") and G5 are included within Income (Loss) from Equity Method Investments on the Unaudited Condensed Consolidated Statements of Operations.

Investments in Private Equity

The Company's investments in private equity partnerships include investments in Evercore Capital Partners II L.P. and its affiliated entities ("ECP II"), Discovery Americas I, L.P. (the "Discovery Fund"), Evercore Mexico Capital Partners II ("EMCP II"), CSI Capital, L.P. ("CSI Capital") and Trilantic Capital Partners Associates IV L.P. ("Trilantic IV"). 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.

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A summary of the Company's investment in the private equity funds as of March 31, 2011 and December 31, 2010 was as follows:

	March 31, 2011	December 31, 2010
ECP II	$ 4,127	$ 4,856
Discovery Fund	3,284	2,734
EMCP II	7,189	7,580
CSI Capital	3,388	3,361
Trilantic IV	1,651	559
Total Private Equity Funds	$ 19,639	$ 19,090

Net realized and unrealized gains (losses) on private equity fund investments, including incentive fees, were $942 and ($586) for the three months ended March 31, 2011 and 2010, respectively. In the event the fund performs poorly, the Company may be obligated to repay certain carried interest previously distributed. As of March 31, 2011, the Company had $2,701 of previously received carried interest that may be subject to repayment.

Trilantic Capital Partners

During the first quarter of 2010, the Company made an equity method investment in Trilantic Capital Partners ("Trilantic"). See Note 12 for further information. This investment had a balance of $15,840 as of March 31, 2011 and December 31, 2010.

Equity Method Investments

A summary of the Company's other equity investments as of March 31, 2011 and December 31, 2010 was as follows:

	March 31, 2011	December 31, 2010
Pan	$ 2,973	$ 2,939
G5	22,516	21,498
Total Other Equity Investments	$ 25,489	$ 24,437

Pan

In 2008, the Company made an equity method investment of $4,158 in Pan and maintains a 50% interest at March 31, 2011. This investment resulted in losses of $66 and $180 for the three months ended March 31, 2011 and 2010, respectively.

G5

During the fourth quarter of 2010, the Company made an equity method investment in G5. This investment resulted in a gain of $466 for the three months ended March 31, 2011.

Cost Basis Investments

In 2009, the Company invested $1,250 in CSIP in exchange for a 5% noncontrolling interest in the entity. CSIP and the Company focus on providing leading independent investment merger and acquisition ("M&A") advisory and investment management service, effecting transactions between China and other international markets. This investment is accounted for on the cost basis.

Note 9 – Fair Value Measurements

ASC 820, "*Fair Value Measurements and Disclosures"* ("ASC 820"), among other matters, requires enhanced disclosures about investments that are measured and reported at fair value. ASC 820 establishes a hierarchal disclosure framework which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily-

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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 Evercore 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 these securities are based on quoted market prices provided by external pricing services.

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

The following table presents the categorization of investments and certain other assets and liabilities measured at fair value on a recurring basis as of March 31, 2011 and December 31, 2010:

	March 31, 2011			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$ —	$65,711	$ —	$ 65,711
Seed Capital Investments	15,309	1,058	—	16,367
Mutual Funds	8,989	—	—	8,989
Financial Instruments Owned and Pledged as Collateral at Fair Value	61,811	—	—	61,811
Total Assets Measured At Fair Value	$86,109	$66,769	$ —	$152,878

	December 31, 2010			
	Level I	Level II	Level III	Total
Corporate Bonds, Municipal Bonds and Other Debt Securities (1)	$ —	$89,931	$ —	$ 89,931
Seed Capital Investments	15,588	749	—	16,337
Financial Instruments Owned and Pledged as Collateral at Fair Value	52,217	—	—	52,217
Total Assets Measured At Fair Value	$67,805	$90,680	$ —	$158,485

(1) Includes $20,515 and $13,438 of municipal bonds classified within Cash and Cash Equivalents on the Unaudited Condensed Consolidated Statement of Financial Condition as of March 31, 2011 and December 31, 2010, 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 three months ended March 31, 2011.

Note 10 – Issuance of Notes Payable and Warrants

On August 21, 2008, the Company entered into a Purchase Agreement with Mizuho Corporate Bank, Ltd. ("Mizuho") pursuant to which Mizuho purchased from the Company $120,000 principal amount of senior notes due 2020 with a 5.20% coupon ("the Senior Notes") and warrants to purchase 5,455 shares of Evercore Class A common stock at $22.00 per share (the "Warrants") expiring in 2020. Based on their relative fair value at issuance, plus accretion, the Senior Notes and Warrants were reflected in Notes Payable and Additional Paid-In-Capital on the Unaudited Condensed Consolidated Statement of Financial Condition. The Senior Notes have an effective yield of 7.94%. At March 31, 2011, the fair value of the Company's Senior Notes exceeded their aggregate carrying value by approximately $19,000. The fair value of the Company's Senior Notes was estimated based on a present value analysis utilizing aggregate market yields for similar financial instruments.

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

Pursuant to the agreement, Mizuho may not transfer the Senior Notes or Warrants until August 16, 2012 or, if the Strategic Alliance Agreement is terminated, the later of one year following such termination and the third anniversary of the closing of the purchase of the Senior Notes and Warrants. The Company has a right of first offer on any proposed transfer by Mizuho of the Warrants, Common Stock purchased in the open market or acquired by exercise of the Warrants and associated Common Stock issued as dividends.

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

Note 11 – Evercore Partners Inc. Stockholders' Equity

During the three months ended March 31, 2011, the Company declared and paid dividends of $0.18 per share, totaling $4,115. The Company's Board of Directors declared on April 27, 2011, a quarterly cash dividend of $0.18 per share, to the holders of Class A common stock as of May 27, 2011, which will be paid on June 10, 2011.

During the three months ended March 31, 2011, the Company purchased 398 Class A common shares from employees at market values ranging from $32.08 to $35.04 per share for the net settlement of stock-based compensation awards. The result of these purchases was an increase in Treasury Stock of $13,581 on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of March 31, 2011.

During the three months ended March 31, 2011, 299 Evercore LP partnership units ("LP Units") were exchanged for Class A common shares, resulting in an increase to Common Stock and Additional Paid-In-Capital of $3 and $1,693, respectively, on the Company's Unaudited Condensed Consolidated Statement of Financial Condition as of March 31, 2011.

Note 12 – Noncontrolling Interest

Noncontrolling Interest recorded in the unaudited condensed consolidated financial statements of the Company relates to a 31% interest in Evercore LP, a 28% interest in PCB, a 49% interest in Evercore Wealth Management ("EWM"), a 49% interest in Evercore Asset Management L.L.C. ("EAM"), a 34% equity interest in Atalanta Sosnoff Capital L.L.C. ("Atalanta Sosnoff"), a 32% interest in Institutional Equities and a 14% interest in Evercore Trust Company, N.A. ("ETC"), not owned by the Company at March 31, 2011. The Atalanta Sosnoff interest excludes the Series C Profits Interest, which has been reflected in Employee Compensation and Benefits Expense on the Unaudited Condensed Consolidated Statements of Operations. The Noncontrolling Interest for Evercore LP, EWM, Atalanta Sosnoff, Institutional Equities and ETC have rights, in certain circumstances, to convert into Class A common shares.

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Changes in Noncontrolling Interest for the three months ended March 31, 2011 and 2010 were as follows:

	For the Three Months Ended March 31, 2011	2010
Beginning balance	$ 66,542	$ 29,361
Comprehensive income		
Operating income	3,729	3,949
Other comprehensive income (loss)	772	(454)
Total comprehensive income	4,501	3,495
Other items		
LP Units Purchased or Converted into Class A Common Stock	(831)	(34)
Amortization and Vesting of LP Units	5,057	4,972
Distributions to Noncontrolling Interests	(5,677)	(5,396)
Issuance of Noncontrolling Interests	354	—
Total other items	(1,097)	(458)
Ending balance	$ 69,946	$ 32,398

In February 2010, the Company issued 500 LP Units in exchange for a minority economic interest in Trilantic. At December 31, 2014, at the option of the holder, these LP Units are exchangeable on a one-for-one basis for Class A common stock of the Company or may be redeemed for cash of $16,500. This transaction resulted in Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statements of Financial Condition of $16,090, representing the fair value of the LP Units exchanged at the date of issuance. This value is being accreted to the minimum redemption value of $16,500 over the five-year period ended December 31, 2014. Accretion was $21 and $11 for the three months ended March 31, 2011 and 2010, respectively.

In conjunction with the Company's purchase agreement with Atalanta Sosnoff, the Company issued a management member of Atalanta Sosnoff certain capital interests in Atalanta Sosnoff, which are redeemable for cash, at their fair value, at the earlier of the first anniversary of the purchase transaction or upon death, permanent disability, termination of services without cause or resignation. Accordingly, these capital interests have been reflected at their fair value of $9,242 within Redeemable Noncontrolling Interest on the Unaudited Condensed Consolidated Statements of Financial Condition at March 31, 2011.

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

The calculations of basic and diluted net income per share attributable to Evercore Partners Inc. common shareholders for the three months ended March 31, 2011 and 2010 are described and presented below.

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	For the Three Months Ended March 31, 2011	2010
Basic Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders		
Numerator:		
Net income attributable to Evercore Partners Inc.	$ 3,588	$ 2,020
Associated accretion of redemption price of noncontrolling interest in Trilantic (See Note 12)	(21)	(11)
Net income attributable to Evercore Partners Inc. common shareholders	$ 3,567	$ 2,009
Denominator:		
Weighted average shares of Class A common stock outstanding, including vested restricted stock units (“RSUs”)	22,677	18,675
Basic Net Income Per Share Attributable to Evercore Partners Inc. common shareholders	$ 0.16	$ 0.11
Diluted Net Income Per Share Attributable to Evercore Partners Inc. Common Shareholders		
Numerator:		
Net income attributable to Evercore Partners Inc. common shareholders	$ 3,567	$ 2,009
Add (deduct)—dilutive effect of:		
Noncontrolling Interest related to the assumed exchange of LP Units for Class A common shares	(a)	(a)
Associated corporate taxes related to the assumed elimination of Noncontrolling Interest described above	(a)	(a)
Diluted Net Income Available for Class A common shareholders	$ 3,567	$ 2,009
Denominator:		
Weighted average shares of Class A common stock outstanding, including vested RSUs	22,677	18,675
Add—dilutive effect of:		
Assumed exchange of LP Units for Class A common shares	(a)	(a)
Additional shares of the Company’s common stock assumed to be issued pursuant to non-vested restricted stock and RSUs, as calculated using the Treasury Stock Method	1,814	2,036
Assumed conversion of Warrants issued	1,907	1,617
Diluted weighted average shares of Class A common stock outstanding	26,398	22,328
Diluted Net Income Per Share Attributable to Evercore Partners Inc. common shareholders	$ 0.14	$ 0.09

(a) During the three months ended March 31, 2011 and 2010, the LP Units (which represent the right to receive shares of Class A common stock upon exchange) were antidilutive and consequently the effect of their exchange into shares of Class A common stock has been excluded from the calculation of diluted net income per share attributable to Evercore Partners Inc. common shareholders. The units that would have been included in the computation of diluted net income per share attributable to Evercore Partners Inc. common shareholders if the effect would have been dilutive were 11,968 and 14,317 for the three months ended March 31, 2011 and 2010, respectively.

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

Note 14 – Stock-Based and Other Deferred Compensation

Subsequent to the IPO, the Company granted new and existing employees RSUs and restricted stock. Certain of these awards vest upon the same terms as the RSUs issued at the time of the IPO (“Event-based Awards”) and certain of these awards vest from one to five years (“Service-based Awards”).

During the three months ended March 31, 2011, pursuant to the Evercore Partners Inc. 2006 Stock Incentive Plan, the Company granted employees 1,478 RSUs that are Service-based Awards. Service-based Awards granted during the three months ended March 31, 2011 had grant date fair values of $32.05 to $35.04 per share. During the three months ended March 31, 2011, 1,006 Service-based

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Awards vested and 48 Event-based Awards were modified and vested, and 22 Service-based Awards and 27 Event-based Awards were forfeited. Compensation expense related to stock-based awards, including compensation expense related to the amortization of the LP Units, was $18,427 for the three months ended March 31, 2011.

During the first quarter of 2011, the Company amended the terms of a Service-based Award with the respect to 133 RSUs. Due to this amendment, $2,828 was reclassified from Additional Paid-in Capital to Other Current Liabilities on the Unaudited Condensed Consolidated Statement of Financial Condition.

During the first quarter of 2011, the Company launched a deferred compensation program providing participants the ability to elect to receive a portion of their deferred compensation in supplemental RSUs or deferred cash, which is indexed to a notional investment portfolio. The Company granted 76 RSUs related to this program during the first quarter of 2011 and awarded deferred cash compensation of $9,153, each of which will vest ratably over four years and require payment upon vesting. Compensation expense related to this deferred compensation program was $325 for the three months ended March 31, 2011.

Note 15 – Commitments and Contingencies

For a complete discussion of the Company's commitments, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Operating Leases – The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2023. The Company reflects lease expense over the lease terms on a straight-line basis. Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord. Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations includes occupancy rental expense relating to operating leases of $3,620 and $2,004 for the three months ended March 31, 2011 and 2010, respectively.

The Company has entered into various operating leases for the use of certain office equipment. Rental expense for office equipment totaled $107 and $181 for the three months ended March 31, 2011 and 2010, respectively. Rental expense for office equipment is included in Occupancy and Equipment Rental on the Unaudited Condensed Consolidated Statements of Operations.

Other Commitments – As of March 31, 2011, the Company has unfunded commitments for capital contributions of $8,861 to the private equity funds. These commitments will be funded as required through the end of each private equity fund's investment period, subject to certain conditions. Such commitments are satisfied in cash and are generally required to be made as investment opportunities are consummated by the private equity funds.

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

Contingencies

In the normal course of business, from time to time the Company and its affiliates may be involved in judicial, regulatory, arbitration and other proceedings concerning matters arising in connection with the conduct of its businesses, including contractual and employment matters. In the past, the Company and its affiliates have been named as a defendant in civil litigation matters involving present or former clients or competitors. In addition, Mexican, United Kingdom, Hong Kong 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 predicting the outcome of such matters, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot predict with certainty the 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 adverse impact on the Company's financial position, though the outcomes could be material to the Company's operating results for any subsequent period, depending in part, on the operating results and cash flows for such period. Legal reserves are established in accordance with ASC 450, "*Accounting for Contingencies"* when warranted. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change.

Note 16 – Regulatory Authorities

EGL is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934 as amended (the "Exchange Act"). Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of $100 or 6 2/3% of aggregate indebtedness, as defined. EGL's regulatory net capital as of March 31, 2011 and December 31, 2010 was $60,926 and $62,583, respectively, which exceeded the minimum net capital requirement by $59,634 and $60,738, 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 have consistently operated in excess of their local capital adequacy requirements.

ETC, which is limited to fiduciary activities, is regulated by the Office of the Comptroller of the Currency ("OCC") and is a member bank of the Federal Reserve System. The Company, Evercore LP and ETC are subject to written agreements with the OCC that, among other things, require the Company and Evercore LP to (1) maintain at least $5,000 in Tier 1 capital in ETC (or such other amount as the OCC may require), (2) maintain liquid assets in ETC in an amount at least equal to the greater of $3,500 or 90 days coverage of ETC's operating expenses and (3) provide at least $10,000 of certain collateral held in a segregated account at a third-party depository institution. The collateral is included in Assets Segregated for Bank Regulatory Requirements on the Unaudited Condensed Consolidated Statements of Financial Condition. The Company was in compliance with the aforementioned agreements as of March 31, 2011.

Note 17 – Income Taxes

The Company's Provision for Income Taxes was $4,258 and $4,659 for the three months ended March 31, 2011 and 2010, respectively. The effective tax rate was 37% and 44% for the three months ended March 31, 2011 and 2010, respectively. The effective tax rate for 2011 reflects the effect of certain compensation transactions as well as the noncontrolling interest associated with LP Units. The effective tax rate for 2010 reflected the effect of losses in certain foreign jurisdictions for which no income tax benefits are anticipated.

The Company reported a decrease in deferred tax assets of $739 associated with changes in Accumulated Other Comprehensive Income (Loss) for the three months ended March 31, 2011.

As of March 31, 2011, there was $1,981 of unrecognized tax benefits that, if recognized, would affect the effective tax rate. The Company does not anticipate a significant change in unrecognized tax positions as a result of the settlement of income tax audits for examining the Company's income tax returns during the upcoming year.

The Company classifies interest relating to tax matters and tax penalties as a component of income tax expense in its Unaudited Condensed Consolidated Statements of Operations. Related to the unrecognized tax benefits, the Company accrued interest of $36 during the three months ended March 31, 2011, and had recognized a liability for penalties of $561 and interest of $753 at March 31, 2011.

Note 18 – Segment Operating Results

Business Segments – The Company's business results are categorized into the following two segments: Investment Banking and Investment Management. Investment Banking includes providing advice on mergers, acquisitions, divestitures, leveraged buyouts, restructurings and similar corporate finance matters. During 2010, the Investment Banking segment (formerly called the Advisory segment) expanded to include services related to securities underwriting, private fund placement services and commissions for agency-based equity trading services and equity research. Investment Management includes advising third-party investors in the Institutional Asset Management, Wealth Management and Private Equity sectors. During the second quarter of 2010, the Investment Management segment expanded to include the acquisitions of Atalanta Sosnoff and Morse Williams and Company, Inc. ("Morse Williams").

The Company's segment information for the three months ended March 31, 2011 and 2010 was prepared using the following methodology:

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- 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 and other factors.
- Segment assets are based on those directly associated with each segment, or for certain assets shared across segments, these 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 amortization costs associated with the modification of unvested LP Units and certain other awards and amortization of intangibles associated with certain acquisitions.

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

The following information provides a reasonable representation of each segment's contribution.

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	For the Three Months Ended March 31, 2011	2010
Investment Banking		
Net Revenues (1)	$ 82,379	$ 76,515
Operating Expenses	65,321	55,895
Other Expenses (2)	6,356	5,328
Operating Income	10,702	15,292
Income from Equity Method Investments	782	—
Pre-Tax Income	$ 11,484	$ 15,292
Identifiable Segment Assets	$ 358,089	$ 341,670
Investment Management		
Net Revenues (1)	$ 25,466	$ 11,506
Operating Expenses	24,062	15,004
Other Expenses (2)	931	986
Operating Income (Loss)	473	(4,484)
Income (Loss) from Equity Method Investments	(382)	(180)
Pre-Tax Income (Loss)	$ 91	$ (4,664)
Identifiable Segment Assets	$ 542,658	$ 509,292
Total		
Net Revenues (1)	$ 107,845	$ 88,021
Operating Expenses	89,383	70,899
Other Expenses (2)	7,287	6,314
Operating Income	11,175	10,808
Income (Loss) from Equity Method Investments	400	(180)
Pre-Tax Income	$ 11,575	$ 10,628
Identifiable Segment Assets	$ 900,747	$ 850,962

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

	For the Three Months Ended March 31, 2011	2010
Investment Banking (A)	$ (673)	$ 593
Investment Management (B)	(723)	275
Total Other Revenue, net	$ (1,396)	$ 868

(A) Investment Banking Other Revenue, net, includes interest expense on the Senior Notes of $1,053 and $1,035 for the three months ended March 31, 2011 and 2010, respectively.

(B) Investment Management Other Revenue, net, includes interest expense on the Senior Notes of $890 and $875 for the three months ended March 31, 2011 and 2010, respectively.

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(2) Other Expenses are as follows:

	For the Three Months Ended March 31,	
	2011	2010
Investment Banking		
Amortization of LP Units and Certain Other Awards	$ 5,887	$ 4,859
Intangible Asset Amortization	469	469
Total Investment Banking	6,356	5,328
Investment Management		
Amortization of LP Units and Certain Other Awards	816	871
Intangible Asset Amortization	115	115
Total Investment Management	931	986
Total Other Expenses	$ 7,287	$ 6,314

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 in the following geographical areas:

	For the Three Months Ended March 31,	
	2011	2010
Net Revenues: (1)		
United States	$ 72,500	$ 75,076
Europe and Other	27,252	9,677
Latin America	9,489	2,400
Total	$ 109,241	$ 87,153

(1) Excludes Other Revenue and Interest Expense.

Substantially all of the Company's long-lived assets reside in the United States.

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

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

Forward-Looking Statements

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

Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these forward-looking statements. All statements other than statements of historical fact are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, and may include projections of our future financial performance based on our growth strategies and anticipated trends in Evercore's business. We believe these factors include, but are not limited to, those described under "Risk Factors" discussed in the Annual Report on Form 10-K for the year ended December 31, 2010 and subsequent quarterly reports on Form 10-Q. 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. We operate in a very competitive and rapidly changing environment. New risks and uncertainties emerge from time to time, and it is not possible for our management to predict all risks and uncertainties, nor can management assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Key Financial Measures

Revenue

Total revenues reflect revenues from our Investment Banking (formerly called Advisory) and Investment Management business segments that include transaction-related client reimbursements plus other revenue. Net revenues reflect total revenues less interest expense related to repurchase agreements, the Senior Notes and other borrowings.

Investment Banking. Our Investment Banking business earns fees from our clients for providing advice on mergers, acquisitions, divestitures, leveraged buyouts, restructurings and similar corporate finance matters, and from underwriting and private fund placement activities, as well as commissions from our agency trading activities. The amount and timing of the fees paid vary by the type of engagement. In general, advisory fees are paid at the time we sign an engagement letter, during the course of the engagement or when an engagement is completed. The majority of our investment banking revenue comes from advisory fees that are dependent on the successful completion of a transaction. A transaction can fail to be completed for many reasons, including failure of parties to agree upon final terms with the counterparty, to secure necessary board or shareholder approvals, to secure necessary financing or to achieve necessary regulatory approvals. In the case of bankruptcy engagements, fees are subject to approval of the court. Underwriting revenues are recognized when the offering has been deemed to be completed, placement fees are recognized at the time of the client's acceptance of capital or capital commitments and commissions are recorded on a trade-date basis.

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.

We operate in a highly competitive environment and each revenue-generating engagement is separately awarded and negotiated. Our list of clients, including our list of clients with whom there is a currently active revenue-generating engagement, changes continually. We gain new clients through our business development initiatives, through recruiting additional senior investment banking professionals, and through referrals from executives, directors, attorneys and other parties with whom we have relationships. We may also lose clients as a result of the sale or merger of a client, a change in a client's senior management, competition from other investment banks and other causes.

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

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

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

Other Revenue and Interest Expense. Other Revenue and Interest Expense is derived primarily from investing customer funds in financing transactions. These transactions are principally repurchases and resales of Mexican government and government agency securities. Revenue and expenses associated with these transactions are recognized over the term of the repurchase or resale transaction. Other Revenue includes income earned on marketable securities, cash and cash equivalents and assets segregated for regulatory purposes. Interest Expense includes interest expense associated with the Senior Notes.

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. Our level of compensation reflects our plan to maintain competitive compensation levels to retain key personnel, and it reflects the impact of newly-hired senior professionals, including related grants of equity awards which are generally valued at their grant date.

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

Our annual compensation program includes stock-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 generally occurs in the first quarter of each year; accordingly, the expense is amortized over the vesting period.

Non-Compensation Expenses. The balance of our operating expenses includes costs for occupancy and equipment rental, professional fees, travel and related expenses, communications and information 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 compensation costs associated with the modification of unvested LP Units and certain other awards and amortization of intangibles associated with certain acquisitions.

Income from Equity Method Investments

Our share of the income (loss) from our equity interests in Pan and G5 are included within Income (Loss) from Equity Method Investments, as a component of Income Before Income Taxes, on the Unaudited Condensed Consolidated Statements of Operations.

Provision for Income Taxes

We account for income taxes in accordance with ASC 740, “*Accounting for 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.

Noncontrolling Interest

We record noncontrolling interest relating to the ownership interests of our current and former Senior Managing Directors, their estate planning vehicles and Trilantic in Evercore LP, as well as the portions of our operating subsidiaries not owned by Evercore. As described in Note 1 to our unaudited condensed consolidated financial statements herein, Evercore Partners Inc. is the sole general partner of Evercore LP and has a majority economic interest in Evercore LP. As a result, Evercore Partners Inc. consolidates Evercore LP and records a noncontrolling interest for the economic interest in Evercore LP held by the limited partners. For further information see Note 12 to our unaudited condensed consolidated financial statements.

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

Results of Operations

The following is a discussion of our results of operations for the three months ended March 31, 2011 and 2010. For a more detailed discussion of the factors that affected the revenue and operating expenses of our Investment Banking and Investment Management business segments in these periods, see the discussion in "Business Segments" below.

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

	For the Three Months Ended March 31, 2011	2010	Change
	(dollars in thousands, except per share data)		
Revenues			
Investment Banking Revenue	$ 83,052	$ 75,922	9%
Investment Management Revenue	26,189	11,231	133%
Other Revenue	3,698	6,472	(43%)
Total Revenues	112,939	93,625	21%
Interest Expense	5,094	5,604	(9%)
Net Revenues	107,845	88,021	23%
Expenses			
Operating Expenses	89,383	70,899	26%
Other Expenses	7,287	6,314	15%
Total Expenses	96,670	77,213	25%
Income Before Income (Loss) from Equity Method Investments and Income Taxes	11,175	10,808	3%
Income (Loss) from Equity Method Investments	400	(180)	NM
Income Before Income Taxes	11,575	10,628	9%
Provision for Income Taxes	4,258	4,659	(9%)
Net Income	7,317	5,969	23%
Net Income Attributable to Noncontrolling Interest	3,729	3,949	(6%)
Net Income Attributable to Evercore Partners Inc.	$ 3,588	$ 2,020	78%
Diluted Net Income Per Share	$ 0.14	$ 0.09	56%

As of March 31, 2011 and 2010 our total headcount was as follows:

	As of March 31,				
	2011				
	Evercore U.S.	Evercore Mexico	Evercore Europe	Total	2010
Senior Managing Directors	44	8	6	58	51
Portfolio and Client Relationship Managers	30	—	—	30	24
Senior Institutional Equities Professionals	22	—	—	22	—
Professionals and Administrative Personnel (1)	364	117	38	519	389
Total	460	125	44	629	464

(1) Excludes seven and two interns as of March 31, 2011 and 2010, respectively.

Three Months Ended March 31, 2011 versus March 31, 2010

Net revenues were $107.8 million for the three months ended March 31, 2011; an increase of $19.8 million, or 23%, versus net revenues of $88.0 million for the three months ended March 31, 2010. Investment Banking Revenue and Investment Management Revenue increased 9% and 133%, respectively, compared to the three months ended March 31, 2010. See the segment discussion below for further information. Other revenue for the three months ended March 31, 2011 was lower than for the three months ended March 31, 2010 as a result of lower gains on our Marketable Securities portfolios. Net revenues include interest expense on our Senior Notes.

Total Operating Expenses were $89.4 million for the three months ended March 31, 2011 as compared to $70.9 million for the three months ended March 31, 2010, a 26% increase. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $63.3 million for the three months ended March 31, 2011, an increase of $13.4 million, or 27%, versus expense of $50.0 million for the three months ended March 31, 2010. The increase was primarily due to compensation costs resulting from the expansion of our new and existing businesses, some of which were not in operation during the prior year period. Non-compensation expenses as a component of Operating Expenses were $26.0 million for the three months ended March 31, 2011, an increase of $5.1 million, or 25% over non-compensation operating expenses of $20.9 million for the three months ended March 31, 2010. Non-compensation operating expenses increased compared to the three months ended March 31, 2010 primarily as a result of the addition of new businesses, including Atalanta Sosnoff.

Total Other Expenses of $7.3 million for the three months ended March 31, 2011 related to compensation costs associated with unvested LP Units and certain other awards of $6.7 million and amortization of intangibles of $0.6 million. Total Other Expenses of $6.3 million for the three months ended March 31, 2010 related to costs associated with unvested LP Units and certain other awards of $5.7 million and amortization of intangibles of $0.6 million.

Employee Compensation and Benefits Expense as a percentage of Net Revenues was 65% for the three months ended March 31, 2011, compared to 63% for the three months ended March 31, 2010. The increase was primarily attributable to increased compensation expense associated with the amortization of unvested LP Units and certain other awards and the effect of new businesses, offset by higher revenues.

The provision for income taxes for the three months ended March 31, 2011 was $4.3 million, which reflected an effective tax rate of 37%. The provision was impacted by the vesting of LP Units and certain other awards, as well as the noncontrolling interest associated with LP Units. The provision for income taxes for the three months ended March 31, 2010 was $4.7 million, which reflected an effective tax rate of 44%. This provision was impacted by the non-deductible compensation expense associated with the vesting of LP Units and certain other awards, as well as losses in certain foreign jurisdictions for which no income tax benefits are anticipated.

Income (loss) from equity method investments was $0.4 million for the three months ended March 31, 2011, as compared to ($0.2) million for the three months ended March 31, 2010. The increase was primarily due to our investment in G5, which the Company made in the fourth quarter of 2010.

Noncontrolling interest was $3.7 million for the three months ended March 31, 2011 compared to $3.9 million for the three months ended March 31, 2010.

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Business Segments

The following data presents revenue, expenses and contributions by business segment.

Investment Banking

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

	For the Three Months Ended March 31, 2011	2010	Change
	(dollars in thousands)		
Revenues			
Investment Banking Revenue (1)	$ 83,052	$ 75,922	9%
Other Revenue, net (2)	(673)	593	NM
Net Revenues	82,379	76,515	8%
Expenses			
Operating Expenses	65,321	55,895	17%
Other Expenses	6,356	5,328	19%
Total Expenses	71,677	61,223	17%
Operating Income (3)	10,702	15,292	(30%)
Income from Equity Method Investments	782	—	NM
Pre-Tax Income	$ 11,484	$ 15,292	(25%)

(1) Includes reimbursable expenses of $3.6 million and $4.6 million for the three months ended March 31, 2011 and 2010, respectively.

(2) Includes interest expense on the Senior Notes of $1.1 million and $1.0 million for the three months ended March 31, 2011 and 2010, respectively.

(3) Includes Noncontrolling interest of ($0.7) million for the three months ended March 31, 2011.

For the three months ended March 31, 2011, the level of announced and completed M&A activity was higher versus the three months ended March 31, 2010, as evidenced by the following statistics regarding the volume of transactions:

	For the Three Months Ended March 31, 2011	2010
Industry Statistics ($ in billions) *		
Value of North American M&A Deals Announced	$ 416	$ 223
Value of North American M&A Deals Completed	$ 261	$ 174
Value of Global M&A Deals Announced	$ 789	$ 516
Value of Global M&A Deals Completed	$ 576	$ 412
Evercore Statistics **		
Total Number of Fee Paying Clients	79	70
Investment Banking Clients With Fees of at Least $1 million	18	14

* Source: Thomson Financial April 12, 2011

** Includes revenue generating clients only

Investment Banking Results of Operations

Three Months Ended March 31, 2011 versus March 31, 2010

Net Investment Banking Revenues were $82.4 million for the three months ended March 31, 2011 compared to $76.5 million for the three months ended March 31, 2010, which represented an increase of 8%. Investment Banking Revenues for the three months ended March 31, 2011 included $2.5 million and $3.2 million of commissions and underwriting revenues, respectively. We earned revenue from 79 advisory clients during the three months ended March 31, 2011, 18 of which exceeded $1.0 million in revenue, compared to 70 clients during the three months ended March 31, 2010, 14 of which exceeded $1.0 million in revenue. M&A deal

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activity increased from the three months ended March 31, 2010. Advisory revenues for the three months ended March 31, 2011 were similar to those in the prior year period, impacted by the timing of the completion of the respective transactions.

Operating Expenses were $65.3 million for the three months ended March 31, 2011, as compared to $55.9 million for the three months ended March 31, 2010, an increase of $9.4 million, or 17%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $47.5 million for the three months ended March 31, 2011, as compared to $40.6 million for the three months ended March 31, 2010, an increase of $6.9 million, or 17%. The increase was due to compensation costs resulting primarily from our new businesses, as well as increased headcount in our advisory business. Non-compensation expenses, as a component of Operating Expenses, were $17.8 million for the three months ended March 31, 2011, as compared to $15.3 million for the three months ended March 31, 2010, an increase of $2.5 million, or 16%. Non-compensation operating expenses increased from the prior year primarily driven by growth in the business and higher deal-related activity levels.

Other Expenses of $6.4 million for the three months ended March 31, 2011 included $5.9 million related to compensation costs associated with unvested LP Units and certain other awards and $0.5 million of intangible asset amortization. Other Expenses of $5.3 million for the three months ended March 31, 2010 included $4.9 million related to costs associated with unvested LP Units and certain other awards and $0.5 million of intangible asset amortization.

Investment Management

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

	For the Three Months Ended March 31, 2011	2010	Change
	(dollars in thousands)		
Revenues			
Management Fees:			
Wealth Management	$ 3,468	$ 1,917	81%
Institutional Asset Management	18,883	6,719	181%
Private Equity	1,729	1,978	(13%)
Total Management Fees	24,080	10,614	127%
Realized and Unrealized Gains (Losses):			
Institutional Asset Management	1,167	1,203	(3%)
Private Equity	942	(586)	NM
Total Realized and Unrealized Gains (Losses)	2,109	617	242%
Investment Management Revenue (1)	26,189	11,231	133%
Other Revenue, net (2)	(723)	275	NM
Net Investment Management Revenues	25,466	11,506	121%
Expenses			
Operating Expenses	24,062	15,004	60%
Other Expenses	931	986	(6%)
Total Expenses	24,993	15,990	56%
Operating Income (Loss) (3)	473	(4,484)	NM
Income (Loss) from Equity Method Investments (4)	(382)	(180)	(112%)
Pre-Tax Income (Loss)	$ 91	$ (4,664)	NM

(1) Includes reimbursable expenses of $0.3 million for the three months ended March 31, 2011.
(2) Includes interest expense on the Senior Notes of $0.9 million for the three months ended March 31, 2011 and 2010.
(3) Includes Noncontrolling interest of $0.7 million and ($0.4) million for the three months ended March 31, 2011 and 2010, respectively.
(4) Equity in Pan and G5 are classified as Income (Loss) from Equity Method Investments.

Investment Management Results of Operations

Our Wealth Management business includes the results of EWM and our acquisition of Morse Williams during the second quarter of 2010. Our Institutional Asset Management business includes the results of Atalanta Sosnoff, which was acquired during the second quarter of 2010. Fee-based revenues from EWM and Atalanta Sosnoff are primarily earned on a percentage of AUM, while ETC primarily earns fees from negotiated trust services and fiduciary consulting arrangements.

Our U.S. private equity funds, with the exception of ECP I, earn management fees of 1% of invested capital. Starting January 1, 2010, pursuant to an amendment to the ECP I Partnership Agreement, no future management fees were earned. Our Mexico private equity fund earns management fees of 2.25% on committed capital during its investment period and 2.25% on net funded committed capital thereafter. Management fees for our Mexican private equity fund, EMCP II, were calculated on committed capital.

In addition, the general partner of the private equity funds earns carried interest of 20% based on the fund's performance, provided it exceeds preferred return hurdles to its limited partners. We own 8%-9% of the carried interest earned by the general partner of ECP II and 100% of Carried Interest in EMCP II. A significant portion of any gains recognized related to ECP II are distributed to certain of our U.S. private equity professionals.

In the event the fund performs poorly we may be obligated to repay certain carried interest previously distributed. As of March 31, 2011, we had $2.7 million of previously received carried interest that may be subject to repayment.

Assets Under Management

AUM for our Investment Management business of $17.8 billion at March 31, 2011, increased from $17.4 billion at December 31, 2010. 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 invested or committed capital to the Private Equity funds. As defined in ASC 820, valuations performed for Level I investments are based on quoted prices obtained from active markets generated by third parties and Level II investments are valued through the use of models based on either direct or indirect observable inputs in the use of models or other valuation methodologies performed by third parties to determine fair value. For both the Level I and Level II investments, we obtain both active quotes from nationally recognized exchanges and third-party pricing services to determine market or fair value quotes, respectively. Wealth Management maintained 51% and 48% of Level I investments and 49% and 52% of Level II investments as of March 31, 2011 and December 31, 2010, respectively, and Institutional Asset Management maintained 95% and 95% of Level I investments and 5% and 5% of Level II investments as of March 31, 2011 and December 31, 2010, respectively. As noted above, Private Equity AUM is not presented at fair market value, but reported at either invested or committed capital in line with fee arrangements; notwithstanding, these assets represent primarily Level III investments. The following table summarizes AUM activity for the three months ended March 31, 2011:

	Wealth Management	Institutional Asset Management	Private Equity	Total
		(dollars in millions)		
Balance at December 31, 2010	$ 2,506	$ 14,252	$ 629	$17,387
Inflows	323	991	—	1,314
Outflows	(15)	(1,354)	(24)	(1,393)
Market Appreciation	23	476	—	499
Balance at March 31, 2011	$ 2,837	$ 14,365	$ 605	$17,807

AUM increased from December 31, 2010, primarily due to inflows in EWM and PCB and market appreciation for Institutional Asset Management, offset by net outflows in Institutional Asset Management.

Three Months Ended March 31, 2011 versus March 31, 2010

Net Investment Management Revenues were $25.5 million for the three months ended March 31, 2011, compared to $11.5 million for the three months ended March 31, 2010. Fee-based revenues earned from the management of client portfolios and other investment advisory services increased 127% from the three months ended March 31, 2010 primarily as a result of the acquisition of new businesses within Institutional Asset Management and Wealth Management, as well as continued growth in AUM. Fee-based revenues included $0.01 million of revenues from performance fees during the three months ended March 31, 2011 compared to $0.04 million for the three months ended March 31, 2010. Realized and Unrealized Gains (Losses) increased from the prior year primarily resulting from gains in our private equity funds.

Operating Expenses were $24.1 million for the three months ended March 31, 2011, as compared to $15.0 million for the three months ended March 31, 2010, an increase of $9.1 million, or 60%. Employee Compensation and Benefits Expense, as a component of Operating Expenses, was $15.9 million for the three months ended March 31, 2011, as compared to $9.4 million for the three months ended March 31, 2010, an increase of $6.4 million, or 68%. Non-compensation expenses, as a component of Operating Expenses, were $8.2 million for the three months ended March 31, 2011, as compared to $5.6 million for the three months ended March 31, 2010, an increase of $2.6 million, or 47%. The increase in Operating Expenses was primarily a result of the acquisition of new businesses added in the second quarter of 2010.

Other Expenses of $0.9 million for the three months ended March 31, 2011 included $0.8 million related to compensation costs associated with unvested LP Units and certain other awards and amortization of intangibles of $0.1 million. Other Expenses of $1.0 million for the three months ended March 31, 2010 included $0.9 million related to costs associated with unvested LP Units and certain other awards and amortization of intangibles of $0.1 million.

Cash Flows

Our operating cash flows are primarily influenced by the timing and receipt of investment banking and investment management fees, and the payment of operating expenses, including bonuses to our employees and interest expense on our Senior Notes. Investment Banking advisory fees are generally collected within 90 days of billing. Management fees from our private equity investment management activities are generally billed in advance but collected at the end of a half year period from billing. Fees from our wealth management and institutional asset management businesses are generally billed and collected within 90 days. We traditionally pay a substantial portion of incentive compensation to personnel in the Investment Banking business and to executive officers during the first three months of each calendar year with respect to the prior year's results. Our investing and financing cash flows are primarily influenced by activities to deploy capital to fund investments and acquisitions, raise capital through the issuance of stock or debt, repurchase of outstanding Class A shares, payment of dividends and other periodic distributions to our stakeholders. We generally make dividend payments and other distributions on a quarterly basis. A summary of our operating, investing and financing cash flows is as follows:

	For the Three Months Ended March 31, 2011	2010
	(dollars in thousands)	
Cash (Used In) Provided By		
Operating activities:		
Net income	$ 7,317	$ 5,969
Non-cash charges	23,501	18,954
Other operating activities	(68,649)	(73,967)
Operating activities	(37,831)	(49,044)
Investing activities	21,892	18,828
Financing activities	(22,116)	(18,590)
Effect of exchange rate changes	293	(1,079)
Net Decrease in Cash and Cash Equivalents	(37,762)	(49,885)
Cash and Cash Equivalents		
Beginning of Period	141,337	206,682
End of Period	$ 103,575	$ 156,797

Three Months Ended March 31, 2011. Cash and Cash Equivalents were $103.6 million at March 31, 2011, a decrease of $37.8 million versus Cash and Cash Equivalents of $141.3 million at December 31, 2010. Operating activities resulted in a net outflow of $37.8 million, primarily related to the payment of 2010 bonus awards and an increase in accounts receivable offset by cash earnings. Cash of $21.9 million was provided by investing activities primarily from proceeds from maturities and sales of our marketable securities. Financing activities during the period used cash of $22.1 million, primarily for the payment of dividends, distributions to Partners and treasury stock purchases.

Three Months Ended March 31, 2010. Cash and Cash Equivalents were $156.8 million at March 31, 2010, a decrease of $49.9 million versus Cash and Cash Equivalents of $206.7 million at December 31, 2009. Operating activities resulted in a net outflow of $49.0 million, primarily related to the payment of 2009 bonus awards, offset by cash earnings. Cash of $18.8 million was provided by investing activities primarily from maturities and sales of our marketable securities, offset by purchases of investments and cash paid for acquisitions. Financing activities during the period used cash of $18.6 million, primarily for the purchase of treasury stock, as well as distributions to Partners and payment of dividends.

Liquidity and Capital Resources

General

Our current assets include Cash and Cash Equivalents, Marketable Securities and Accounts Receivable in relation to Investment Banking and Investment Management revenues. Our current liabilities include accrued expenses and accrued employee compensation. We traditionally have made payments for employee bonuses and year-end distributions to partners in the first quarter of the year with respect to the prior year's results. Cash distributions related to partnership tax allocations are made to the partners of Evercore LP in accordance with our corporate estimated payment calendar; these payments are made prior the end of each calendar quarter. In addition, dividends on Class A common shares are paid when and if declared by the Board of Directors, which is generally quarterly.

We regularly monitor our liquidity position, including cash, other significant working capital, current assets and liabilities, long-term liabilities, lease commitments, principal investment commitments related to our Investment Management business, dividends on Class A common shares, partnership distributions and other matters relating to liquidity and compliance with regulatory requirements. Our liquidity is highly dependent on our revenue stream from our operations, principally from our Investment Banking business, which is a function of closing transactions and earning success fees, the timing and realization of which is irregular and dependent upon factors that are not subject to our control. Our revenue stream funds the payment of our expenses, including annual bonus payments, a portion of which are guaranteed, interest expense on our Senior Notes and income taxes. Payments made for income taxes may be reduced by deductions taken for the increase in tax basis of our investment in Evercore LP. These tax deductions, when realized, require payment under our long-term liability, Amounts Due Pursuant to Tax Receivable Agreements. We intend to fund these payments from cash and cash equivalents on hand, principally derived from cash flows from operations. These tax deductions, when realized, will result in cash otherwise required to satisfy tax obligations becoming available for other purposes. Our Management Committee meets regularly to monitor our liquidity and cash positions against our short and long-term obligations, as well as our capital 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 directly related to the number and value of the transactions in which we are involved. During periods of unfavorable market or economic conditions, the number and value of M&A transactions generally decrease, and they increase during periods of favorable market or economic conditions. Restructuring activity generally is counter-cyclical to M&A activity. In addition, our Investment Management business may be impacted by reduced equity valuations and generate relatively lower revenue because fees we receive typically are in part based on the market value of underlying publicly-traded securities. Our profitability may also be adversely affected by our fixed costs and the possibility that we would be unable to scale back other costs within a time frame sufficient to match any decreases in revenue relating to changes in market and economic conditions. For a further discussion of risks related to our business, refer to "Risk Factors" in our Form 10-K for the year ended December 31, 2010.

In October 2010, our Board of Directors authorized the repurchase of up to 2 million shares of Evercore Class A Common Stock and/or LP Units for up to $85.0 million. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately-negotiated transactions or otherwise. The timing and the actual amount of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

In addition, periodically, we buy shares into treasury from our employees in order to fund the minimum tax requirements for share deliveries under our share equity plan. During the three months ended March 31, 2011, we repurchased 397,959 shares for $13.6 million related to funding the minimum tax withholding requirements of share deliveries.

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

Pursuant to the agreement, Mizuho may not transfer the Senior Notes or Warrants until either (a) after August 16, 2012 or (b) if the Strategic Alliance Agreement is terminated, the later of the third anniversary of the closing of the purchase of the Senior Notes and Warrants or one year following such termination. We have a right of first offer on any proposed transfer by Mizuho of the Warrants, Common Stock purchased by Mizuho in the open market or acquired by Mizuho upon exercise of the Warrants and associated Common Stock issued as dividends.

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

Pursuant to the agreement with Mizuho, Evercore is subject to certain nonfinancial covenants. As of March 31, 2011, we were in compliance with all of these covenants.

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

PCB maintains a line of credit with BBVA Bancomer to fund its trading activities on an intra-day and overnight basis. The intra-day facility is approximately $8.4 million and secured with 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 and is secured with trading securities. There have been no significant draw downs on PCB's line of credit since August 10, 2006. The line of credit is renewable annually.

Pursuant to deferred compensation arrangements, we are obligated to make cash payments in future periods. For further information see Note 14 to our unaudited condensed consolidated financial statements.

Certain of our subsidiaries are regulated entities and are subject to capital requirements. For further information see Note 16 to our unaudited condensed consolidated financial statements.

Collateralized Financing Activity at PCB

PCB enters into repurchase agreements with clients seeking overnight money market returns whereby PCB 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. PCB deploys the cash received from, and acquires the securities deliverable to, clients under these repurchase arrangements by purchasing securities in the open market or by entering into reverse repurchase agreements with unrelated third parties. We account for these repurchase and reverse repurchase agreements as collateralized financing transactions. We record a liability on our Unaudited Condensed Consolidated Statements of Financial Condition in relation to repurchase transactions executed with clients as Securities Sold Under Agreements to Repurchase. We record as assets on our Unaudited Condensed Consolidated Statements of Financial Condition, Financial Instruments Owned and Pledged as Collateral at Fair Value (where we have acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and Securities Purchased Under Agreements to Resell (where we have acquired the securities deliverable to clients under these repurchase agreements by entering into reverse repurchase agreements with unrelated third parties). These Mexican government securities included in Financial Instruments Owned and Pledged as Collateral at Fair Value on the Unaudited Condensed Consolidated Statements of Financial Condition have an estimated average time to maturity of approximately 2.4 years, as of March 31, 2011, 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 PCB, 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 PCB's AUM, as well as clients' investment allocations requiring positioning in repurchase transactions.

PCB 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, which is a statistical measure, at a 98% confidence level, of the potential losses from adverse market movements in an ordinary market environment based on a historical simulation using the prior year's historical data. PCB's Risk Management 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.

We periodically assess the collectability or credit quality related to securities purchased under agreements to resell; as of March 31, 2011, the Company believes it maintains a sufficient level of cash or collateral.

As of March 31, 2011 and December 31, 2010, a summary of PCB's assets, liabilities and risk measures related to its collateralized financing activities is as follows:

	March 31, 2011		December 31, 2010	
	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	$ 61,811		$ 52,217	
Securities Purchased Under Agreements to Resell	161,948	$ 161,931	126,401	$ 126,386
Total Assets	223,759		178,618	
Liabilities				
Securities Sold Under Agreements to Repurchase	(223,901)	$ (224,053)	(178,683)	$ (178,603)
Net Liabilities	$ (142)		$ (65)	
Risk Measures				
Value at Risk	$ 27		$ 27	
Sensitivity to a 100 basis point increase in the interest rate	$ (101)		$ (54)	
Sensitivity to a 100 basis point decrease in the interest rate	$ 100		$ 54	

Contractual Obligations

For a complete discussion of our contractual obligations, refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

As of March 31, 2011, we were unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authority, hence, per ASC 740, unrecognized tax benefits have been excluded from this disclosure.

We had total commitments (not reflected on our Unaudited Condensed Consolidated Statements of Financial Condition) relating to future principal investments of $8.9 million as of March 31, 2011 and December 31, 2010. We expect to fund these commitments with cash flows from operations. We may be required to fund these commitments at any time through December 2017, depending on the timing and level of investments by our private equity funds.

We also have commitments related to our redeemable noncontrolling interests. See Note 12 of our unaudited condensed consolidated financial statements for further information.

Off-Balance Sheet Arrangements

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

Market Risk and Credit Risk

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

Market and Investment Risk

Institutional Asset Management

We invest in funds managed by EAM, EWM and G5. These funds principally hold readily-marketable investment securities. As of March 31, 2011, the fair value of our investments with these products, based on closing prices, was $16.4 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 $1.6 million for the three months ended March 31, 2011.

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

Private Equity Funds

Through our principal investments in our private equity funds and our ability to earn carried interest from these funds, we face exposure to changes in the estimated fair value of the companies in which these funds invest. Our professionals devote considerable time and resources to work closely with the portfolio company's management to assist in designing a business strategy, allocating capital and other resources and evaluating expansion or acquisition opportunities. On a quarterly basis, we perform a comprehensive analysis and valuation of all of the portfolio companies. Our analysis includes reviewing the current market conditions and valuations of each portfolio company. Valuations and analysis regarding our investments in CSI Capital and Trilantic IV are performed by their respective professionals.

We estimate that a hypothetical 10% adverse change in the value of the private equity funds would have resulted in a decrease in pre-tax income of approximately $2.2 million for the three months ended March 31, 2011.

Exchange Rate Risk

We have foreign operations, through our subsidiaries and affiliates, in Mexico, the United Kingdom, Brazil and Hong Kong which creates foreign exchange rate risk. Their respective functional currencies are the Mexican peso, British pound sterling, Brazilian real and Hong Kong dollar. We have not entered into any transactions to hedge our exposure to these foreign exchange fluctuations through the use of derivative instruments or otherwise. An appreciation or depreciation of any of these currencies relative to the U.S. dollar would result in an adverse or beneficial impact to our financial results. A significant portion of our Latin American revenues have been, and will continue to be, derived from contracts denominated in Mexican pesos and Evercore Europe'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 three months ended March 31, 2011, the net impact of the fluctuation of foreign currencies recorded in Other Comprehensive Income and Noncontrolling Interest within the Unaudited Condensed Consolidated Statement of Equity was $1.6 million. It is currently not our intention to hedge our foreign currency exposure, and we will reevaluate this policy from time to time.

Credit Risks

We maintain cash and cash equivalents with financial institutions with high credit ratings. At times, we may maintain deposits in federally insured financial institutions in excess of federally insured ("FDIC") limits. However, we believe that we are not exposed to significant credit risk due to the financial position of the depository institution in which those deposits are held.

Accounts Receivable consists primarily of advisory fees and expense reimbursements billed to our clients. Receivables are reported net of any allowance for doubtful accounts. We maintain an allowance for bad debts to provide coverage for probable losses from our customer receivables and derive the estimate through specific identification for the allowance for doubtful accounts and an assessment of the client's creditworthiness. As of March 31, 2011 and December 31, 2010, total receivables amounted to $60.8 million and $49.6 million, 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. We recorded minimal bad debt expense for each of the three months ended March 31, 2011 and 2010.

With respect to our Marketable Securities portfolio, which is comprised primarily of highly rated corporate and municipal bonds, mutual funds and Seed Capital Investments, we manage our credit risk exposure by limiting concentration risk and maintaining minimum credit quality. As of March 31, 2011, we had Marketable Securities of $70.6 million, of which 64% were corporate and municipal bonds and other debt securities primarily with S&P ratings ranging from AAA to BB+ and 36% were Seed Capital Investments and mutual funds.

Critical Accounting Policies and Estimates

The unaudited condensed consolidated financial statements included in this report are prepared in conformity with U.S. GAAP, which requires management to make estimates and assumptions regarding future events that affect the amounts reported in our unaudited condensed consolidated financial statements and their notes, including reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. We base these estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ materially from those estimates. For a complete discussion of our critical accounting policies and estimates, refer to our Annual Report on Form 10-K for the year ended December 31, 2010.

Recently Issued Accounting Standards

ASU 2010-28 – In December 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-28, "*When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts"* ("ASU 2010-28"). ASU 2010-28 provides amendments to ASC No. 350 "*Intangibles – Goodwill and Other"*, modifying Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, an entity should consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with the existing guidance and examples in paragraph 350-20-35-30, which requires that goodwill of a reporting unit be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The amendments in this update are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010 and early adoption is not permitted. The adoption of ASU 2010-28 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

ASU 2010-29 – In December 2010, the FASB issued ASU No. 2010-29, "*Disclosure of Supplementary Pro Forma Information for Business Combinations"* ("ASU 2010-29"). ASU 2010-29 provides amendments to ASC No. 805 *"Business Combinations"*, which specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. The amendments in this update also expand the supplemental pro forma disclosure under ASC No. 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. The adoption of ASU 2010-29 did not have a material impact on the Company's financial condition, results of operations and cash flows, or disclosures thereto.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Risk Management

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

Item 4. Controls and Procedures

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

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

Changes in Internal Controls over Financial Reporting

We have not made any changes during the three months ended March 31, 2011, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act).

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings

General

In the normal course of business, from time to time the Company and its affiliates may be involved in judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses, and, in the past, the Company and its affiliates have been named as a defendant in civil litigation matters involving present or former clients or competitors. In addition, Mexican, United Kingdom, Hong Kong 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 predicting the outcome of such matters, particularly in cases where claimants seek substantial or indeterminate damages or where investigations and proceedings are in the early stages, the Company cannot predict with certainty the 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 legal proceedings, individually or in the aggregate, the resolution of which would have a material adverse impact on the Company's financial position, results of operations or cash flows. Legal reserves are established in accordance with ASC 450, "*Accounting for Contingencies"* when warranted. Once established, reserves are adjusted when there is more information available or when an event occurs requiring a change.

Item 1A. Risk Factors

There have not been any material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2010.

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

Unregistered Sales

None

Issuer Purchases of Equity Securities

2011	Total Number of Shares (or Units) Purchased (1)	Average Price Paid Per Share	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (2)	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plan or Program (2)
January 1 to January 31	35,776	$ 34.14	—	$ 85,000,000
February 1 to February 28	208,564	34.45	—	85,000,000
March 1 to March 31	153,619	33.68	—	85,000,000
Total	397,959	$ 34.13	—	$ 85,000,000

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

(2) In October 2010, Evercore's Board authorized the repurchase of up to 2 million shares of Evercore Class A Common Stock and/or LP Units for up to $85.0 million. Under this share repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise. The timing and the actual number of shares repurchased will depend on a variety of factors, including legal requirements, price and economic and market conditions. This program may be suspended or discontinued at any time and does not have a specified expiration date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Removed and Reserved

Item 5. Other Information

None.

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Item 6. Exhibits

Exhibit Number	Description
10.38	Amended Form of 2011 Cash Unit Award Agreement (filed herewith)
31.1	Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) (filed herewith)
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) (filed herewith)
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)

SIGNATURES

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

Date: April 29, 2011

Evercore Partners Inc.

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

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Exhibit Index

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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)

Exhibit 10.38

CASH UNIT AWARD AGREEMENT

THIS CASH UNIT AWARD AGREEMENT (the *"Agreement"*) is made between EVERCORE PARTNERS INC. (the *"Company"*) and ______________ (the *"Participant"*).

WHEREAS, the Company has determined that the Participant will receive an annual bonus (the "*Bonus*"); and

WHEREAS, the payment of a portion of the Bonus is subject to the Participant's continued employment with the Company; and

WHEREAS, the Participant has elected to have this portion of the bonus notionally invested in one or more investment alternatives designated by the Participant; and

WHEREAS, this portion of the Bonus will be credited to a bookkeeping account in the Participant's name, notionally invested and, as adjusted to reflect the results of such investment, distributed to the Participant upon the completion of the requisite service period.

NOW, THEREFORE, in consideration of the mutual covenants herein contained and other good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. <u>Creation of Bookkeeping Account</u>. Effective February 18, 2011 (the "*Effective Date*"), the Company will establish a bookkeeping account in the Participant's name (the "*Account*"). The Company will credit to the Account an amount equal to [$____________], which amount will thereafter be subject to adjustment in accordance with Section 2, below.

2. <u>Investment of Account Balance</u>.

(a) The balance of the Account, as adjusted in accordance with the remainder of this Section 2 (the "*Account Balance*"), will be adjusted to track a hypothetical investment of equal amount, invested as of the Effective Date, in the investment funds the Participant specified on the Investment Selection Form attached hereto as *Exhibit A*. Therefore, following the Effective Date and until the date on which all amounts in the Account have been paid to the Participant or forfeited, the Account Balance will be adjusted to reflect income, gains, losses and dividends and distributions (which will be deemed reinvested in the distributing fund) attributable to the deemed investments and to reflect payments in respect of portions of the Account Balance that have become vested in accordance with Section 3, below.

(b) The Investment Selection Form attached hereto as *Exhibit A* sets forth the Participant's initial allocation of his or her Account Balance among the investment funds made available for this purpose. The Participant acknowledges that, prior to the Effective Date, the Participant has received and reviewed current prospectuses for those funds.

(c) Prior to complete vesting or forfeiture of the Account Balance, the Participant will have two opportunities each year, in such manner and at such intervals as the Company will establish, to re-designate the investment fund(s) in which the Account Balance is deemed invested. For this purpose, the Participant may choose from any of the investment alternatives that the Company makes available as of the date of redesignation.

3. Vesting and Distribution of Account Balance.

(a) Unless otherwise provided herein, and subject to the continued employment of the Participant by the Company or any of its Affiliates through the relevant Vesting Event (as hereinafter defined), the Participant will become vested in the Account Balance as follows (the occurrence of each such event described herein, a *"Vesting Event"*):

(i) 25% of the then-current Account Balance will become vested on the first anniversary of the Effective Date; and

(ii) 33% of the then-current Account Balance will become vested on the second anniversary of the Effective Date; and

(iii) 50% of the then-current Account Balance will become vested on the third anniversary of the Effective Date; and

(iv) 100% of the then-current Account Balance will become vested on the fourth anniversary of the Effective Date; and

(v) any otherwise unvested portion of the then-current Account Balance will become 100% vested upon: (A) the occurrence of a Change in Control, (B) the Participant's death, or (C) the Participant's Disability.

(b) If the Participant's service with the Company terminates as a result of a Qualifying Retirement (as defined below) prior to the date that the entire Account Balance has vested, then subject to the application of Section 9, below, the Account Balance will continue to vest and become distributable upon the occurrence of the otherwise applicable Vesting Events, as described in Section 3(a) above, as if the Participant had continued in service with the Company.

(c) Any portion of the Account Balance that becomes vested will be paid to the Participant in cash within two and one-half months following the applicable Vesting Event. To the extent and in the manner permitted by the Company, the Participant may elect the investment funds from which the vested portion of the Account Balance is deemed distributed. All amounts distributable to the Participant will be subject to withholding for applicable taxes. The foregoing notwithstanding, any amounts payable hereunder within 12 months following a Qualifying Retirement will, net of required tax withholdings, be held in escrow by the Company pending the expiration of that 12 month period and will be released from escrow and delivered to the Participant when the Company determines that no forfeiture of such amounts is required pursuant to Section 9, below. While any amounts are held in escrow, the Company will hold those amounts separate from its own assets and will invest those amounts in a manner consistent with the directions provided under Section 2, above. If the Company determines that a forfeiture is required pursuant to Section 9, below, it will notify the Participant within 10 days.

(d) Except as otherwise provided in Section 3(b) above, upon any cessation of the Participant's employment with the Company or any of its Affiliates, any unvested portion of the then-current Account Balance (determined after application of Section 3(a)(v)(B) or (C), if applicable) will immediately and automatically be forfeited, and the Participant will have no further rights in respect thereof.

(e) In the event of the death of the Participant, the distribution of the Account Balance under this Section 3 will be made in accordance with the written beneficiary designation on file with the Company; provided, however, that, in the absence of any such written beneficiary designation, the distribution of the Account Balance will be made to the Participant's estate. A form of beneficiary designation is attached hereto as *Exhibit B*.

(f) Definitions. For purposes of this Agreement, the following definitions will apply:

(a) "Change in Control" will have the meaning ascribed to it in the Company's 2006 Stock Incentive Plan, except that no event or transaction will be considered a Change in Control under this Agreement unless it also constitutes a change in control event within the meaning of Treas. Reg. § 1.409A-3(i)(5).

(b) "Disability" will have the meaning ascribed to it in Treas. Reg. § 1.409A-3(i)(4)(i).

(c) "Qualifying Retirement" will mean the Participant's voluntary resignation from service with the Company if, as of the effective date of such resignation: (A) the sum of the Participant's age plus completed years of service with the Company is greater than 70; (B) the Participant is at least age 55 and has completed at least 5 years of service with the Company; and (C) the Participant has provided the Company with notice of intent to retire at least 1 year prior to the effective date of such resignation.

4. Tax Consequences. The Participant acknowledges that the Company has not advised the Participant regarding the Participant's tax liability in connection with the creation of the Account or the deemed investment or distribution of the Account Balance. The Participant has reviewed with the Participant's own tax advisors the federal, state, local and non-U.S. tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

5. Nature of Company's Obligation.

(a) The Company's sole obligation hereunder is to pay to the Participant an amount in cash equal to the vested portion of the Account Balance in accordance with Section 3. This obligation is purely contractual and should not be construed as creating a trust or any fiduciary relationship.

(b) It is the Company's intention that this arrangement be unfunded for U.S. federal income tax purposes. Accordingly, the rights of the Participant under this Agreement will be no greater than those of an unsecured general creditor of the Company.

(c) This Agreement does not require the Company to segregate or maintain any asset or otherwise fund the obligation created hereunder, nor will anything herein be construed to give the Participant a right to any specific asset of the Company.

(d) No right to receive payment under this Agreement will be transferable or assignable by the Participant, or subject to anticipation, alienation, sale, pledge, encumbrance, attachment or garnishment by creditors of the Participant.

6. Representations and Warranties. By executing this Agreement, the Participant hereby represents, warrants, covenants, acknowledges and/or agrees that:

(a) The investment funds are not sponsored, promoted, endorsed, sold or issued by the Company, and the financial performance of the investment funds should not be expected to track the performance of the Company's common stock;

(b) The Company makes no representation or warranty, express or implied, with respect to the performance of the investment funds at any time, and the Participant should review the prospectuses and other offering memoranda provided by the relevant fund managers before deciding how to direct the deemed investment of his or her Account Balance; and

(c) The Company has no obligation or liability in connection with the administration, marketing or trading of the investment funds.

7. Electronic Delivery of Documents. The Participant hereby authorizes the Company to deliver electronically any prospectuses or other documentation related to this Agreement. For this purpose, electronic delivery will include, without limitation, delivery by means of e-mail or e-mail notification that such documentation is available on the Company's Intranet site. Upon written request, the Company will provide to the Participant a paper copy of any document also delivered to the Participant electronically. The authorization described in this paragraph may be revoked by the Participant at any time by written notice to the Company.

8. No Right to Continued Employment. This Agreement will not be construed as giving the Participant the right to be retained in the employ of, or in any consulting relationship with, the Company or any of its Affiliates. Further, the Company (or, as applicable, its Affiliates) may at any time dismiss the Participant, free from any liability or any claim under this Agreement, except as otherwise expressly provided herein.

9. Restrictive Covenants.

(a) The Participant acknowledges that he or she has agreed to be bound by certain restrictive covenants which apply during the Participant's service to the Company and following the cessation of that service for any reason, which may be updated from time to time (the *"Restrictive Covenants"*). The Participant hereby reaffirms his or her agreement to the Restrictive Covenants and certifies that he or she is in compliance with the terms and conditions of the Restrictive Covenants. Upon or in anticipation of any payment hereunder, the Participant agrees that, if requested, he or she will again certify in a manner acceptable to the Company that he or she continues to be in compliance with the Restrictive Covenants.

(b) If the Participant violates any of the terms of the Restrictive Covenants, then the Participant will immediately forfeit any undistributed Account Balance (even if otherwise vested).

(c) Similarly, if the Participant's service with the Company terminates as a result of a Qualifying Retirement and, within 12 months following such retirement, engages in conduct that violates the Restrictive Covenants (or that would have violated the Restrictive Covenants, but for any prior expiration of the otherwise applicable restricted period), the Participant will immediately and automatically forfeit (i) any undistributed Account Balance (even if otherwise vested), and (ii) any amounts held in the escrow described above in Section 3(c). The Participant agrees that the remedies contained in this paragraph are reasonable and further agrees not to challenge the enforceability of this section.

(d) The remedies contained in this section will be in addition to, not in lieu of, any other available remedies.

10. General.

(a) Capitalized terms used but not defined herein will have the meanings defined in the Company's 2006 Stock Incentive Plan.

(b) If an amount becomes payable to the Participant hereunder and, at that time, an amount is currently payable by the Participant to the Company or any of its Affiliates, the Company will offset the amount owed to the Participant hereunder by the amount of the Participant's then current obligation to the Company and/or its Affiliates.

(c) This Agreement represents the entire agreement between the parties regarding the matters herein discussed and merges and supersedes all prior and contemporaneous discussions, agreements and understandings of every nature relating to those matters. This Agreement may only be modified or amended in a writing signed by both parties.

(d) Neither this Agreement nor any rights or interest hereunder will be assignable by the Participant, his or her beneficiaries or legal representatives, and any purported assignment will be null and void.

(e) Either party's failure to enforce any provision or provisions of this Agreement will not in any way be construed as a waiver of any such provision or provisions, nor prevent that party thereafter from enforcing each and every other provision of this Agreement.

(f) This Agreement will be governed by, and enforced in accordance with, the laws of the State of New York, without regard to the application of the principles of conflicts or choice of laws.

(g) This Agreement may be executed, including execution by facsimile signature, in one or more counterparts, each of which will be deemed an original, and all of which together will be deemed to be one and the same instrument.

[*Signatures on next page*.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized representative on the date below indicated.

EVERCORE PARTNERS INC.

By: ______________________________
Director-Human Resources

Date: ______________________________

[EVERCORE PARTNERS INC. SIGNATURE PAGE TO CASH UNIT AWARD AGREEMENT]

IN WITNESS WHEREOF, the Participant has executed this Agreement on the date below indicated.

PARTICIPANT

By: ______________________________

Date: ______________________________

[PARTICIPANT SIGNATURE PAGE TO CASH UNIT AWARD AGREEMENT]

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Ralph Schlosstein, certify that:

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the period 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: April 29, 2011

/S/ RALPH SCHLOSSTEIN

Ralph Schlosstein
Chief Executive Officer and Director

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Robert B. Walsh, certify that:

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

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

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the period 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: April 29, 2011

/S/ ROBERT B. WALSH

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

Exhibit 32.1

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

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

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

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

Dated: April 29, 2011

/S/ RALPH SCHLOSSTEIN
Ralph Schlosstein
Chief Executive Officer and Director

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

Exhibit 32.2

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

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

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

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

Dated: April 29, 2011

/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.