

Evercore Partners Inc.  
Form 10-Q  
November 07, 2012  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended September 30, 2012

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)

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**Delaware**  
(State or Other Jurisdiction of  
Incorporation or Organization)

**20-4748747**  
(I.R.S. Employer  
Identification No.)

55 East 52<sup>nd</sup> Street

38th floor

New York, New York 10055

(Address of principal executive offices)

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

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

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

The number of shares of the registrant's Class A common stock, par value \$0.01 per share, outstanding as of October 31, 2012 was 29,280,213. The number of shares of the registrant's Class B common stock, par value \$0.01 per share, outstanding as of October 31, 2012 was 45 (excluding 55 shares of Class B common stock held by a subsidiary of the registrant).

**Table of Contents**

**Table of Contents**

*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.*

	<b>Page</b>
<b><u>Part I. Financial Information</u></b>	
Item 1. <u>Condensed Consolidated Financial Statements (Unaudited)</u>	3
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	42
Item 4. <u>Controls and Procedures</u>	42
<b><u>Part II. Other Information</u></b>	
Item 1. <u>Legal Proceedings</u>	43
Item 1A. <u>Risk Factors</u>	43
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
Item 3. <u>Defaults Upon Senior Securities</u>	43
Item 4. <u>Removed and Reserved</u>	43
Item 5. <u>Other Information</u>	43
Item 6. <u>Exhibits</u>	44
<b><u>Signatures</u></b>	45

**Table of Contents**

**PART I. FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements (Unaudited)**

**Condensed Consolidated Financial Statements (Unaudited)**

	<b>Page</b>
<u>Condensed Consolidated Statements of Financial Condition as of September 30, 2012 and December 31, 2011</u>	4
<u>Condensed Consolidated Statements of Operations for the three and nine months ended September 30, 2012 and 2011</u>	5
<u>Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended September 30, 2012 and 2011</u>	6
<u>Condensed Consolidated Statements of Changes in Equity for the nine months ended September 30, 2012 and 2011</u>	7
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2012 and 2011</u>	8
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	9

**Table of Contents****EVERCORE PARTNERS INC.****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION****(UNAUDITED)**

(dollars in thousands, except share data)

	September 30, 2012	December 31, 2011
<b>Assets</b>		
Current Assets		
Cash and Cash Equivalents	\$ 162,341	\$ 182,905
Marketable Securities	42,838	81,288
Financial Instruments Owned and Pledged as Collateral at Fair Value	139,209	127,178
Securities Purchased Under Agreements to Resell	973	2,146
Accounts Receivable (net of allowances of \$2,035 and \$1,964 at September 30, 2012 and December 31, 2011, respectively)	72,666	52,060
Receivable from Employees and Related Parties	5,539	7,793
Deferred Tax Assets - Current	8,930	8,621
Other Current Assets	17,733	23,869
<b>Total Current Assets</b>	<b>450,229</b>	<b>485,860</b>
Investments	110,168	108,930
Deferred Tax Assets - Non-Current	202,337	186,689
Furniture, Equipment and Leasehold Improvements (net of accumulated depreciation and amortization of \$18,447 and \$13,490 at September 30, 2012 and December 31, 2011, respectively)	28,949	21,437
Goodwill	182,227	177,849
Intangible Assets (net of accumulated amortization of \$34,360 and \$25,701 at September 30, 2012 and December 31, 2011, respectively)	32,491	40,909
Assets Segregated for Bank Regulatory Requirements	10,200	10,200
Other Assets	12,163	11,718
<b>Total Assets</b>	<b>\$ 1,028,764</b>	<b>\$ 1,043,592</b>
<b>Liabilities and Equity</b>		
Current Liabilities		
Accrued Compensation and Benefits	\$ 83,544	\$ 125,869
Accounts Payable and Accrued Expenses	16,278	17,849
Securities Sold Under Agreements to Repurchase	140,443	129,577
Payable to Employees and Related Parties	10,259	12,647
Taxes Payable	5,138	5,159
Other Current Liabilities	10,252	11,796
<b>Total Current Liabilities</b>	<b>265,914</b>	<b>302,897</b>
Notes Payable	100,933	99,664
Amounts Due Pursuant to Tax Receivable Agreements	151,335	137,448
Other Long-term Liabilities	16,515	15,490
<b>Total Liabilities</b>	<b>534,697</b>	<b>555,499</b>
Commitments and Contingencies (Note 16)		
Redeemable Noncontrolling Interest	24,034	22,267
Equity		
Evercore Partners Inc. Stockholders' Equity		
Common Stock		
Class A, par value \$0.01 per share (1,000,000,000 shares authorized, 34,448,133 and 31,014,265 issued at September 30, 2012 and December 31, 2011, respectively, and 29,041,661 and 27,941,307 outstanding at September 30, 2012 and December 31, 2011, respectively)	345	310

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Class B, par value \$0.01 per share (1,000,000 shares authorized, 45 and 47 issued and outstanding at September 30, 2012 and December 31, 2011, respectively)		
Additional Paid-In-Capital	645,554	575,122
Accumulated Other Comprehensive Income (Loss)	(9,604)	(12,058)
Retained Earnings (Deficit)	(88,137)	(76,703)
Treasury Stock at Cost (5,406,472 and 3,072,958 shares at September 30, 2012 and December 31, 2011, respectively)	(138,384)	(79,007)
Total Evercore Partners Inc. Stockholders' Equity	409,774	407,664
Noncontrolling Interest	60,259	58,162
Total Equity	470,033	465,826
Total Liabilities and Equity	\$ 1,028,764	\$ 1,043,592

See Notes to Unaudited Condensed Consolidated Financial Statements.

**Table of Contents****EVERCORE PARTNERS INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(UNAUDITED)**

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

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Revenues</b>				
Investment Banking Revenue	\$ 133,850	\$ 139,995	\$ 372,771	\$ 337,743
Investment Management Revenue	20,434	24,723	60,234	78,154
Other Revenue, Including Interest	2,760	3,036	6,649	11,002
<b>Total Revenues</b>	<b>157,044</b>	<b>167,754</b>	<b>439,654</b>	<b>426,899</b>
Interest Expense	4,015	4,573	11,330	15,416
<b>Net Revenues</b>	<b>153,029</b>	<b>163,181</b>	<b>428,324</b>	<b>411,483</b>
<b>Expenses</b>				
Employee Compensation and Benefits	101,364	113,634	296,381	282,800
Occupancy and Equipment Rental	8,882	5,976	26,273	16,767
Professional Fees	10,752	9,395	26,080	25,404
Travel and Related Expenses	6,802	5,856	21,183	15,785
Communications and Information Services	2,915	1,574	8,731	5,548
Depreciation and Amortization	3,828	4,886	12,870	10,882
Special Charges		2,626	662	2,626
Acquisition and Transition Costs		1,178	148	2,312
Other Operating Expenses	4,241	4,614	12,699	12,538
<b>Total Expenses</b>	<b>138,784</b>	<b>149,739</b>	<b>405,027</b>	<b>374,662</b>
<b>Income Before Income from Equity Method Investments and Income Taxes</b>	<b>14,245</b>	<b>13,442</b>	<b>23,297</b>	<b>36,821</b>
Income from Equity Method Investments	415	195	3,519	664
<b>Income Before Income Taxes</b>	<b>14,660</b>	<b>13,637</b>	<b>26,816</b>	<b>37,485</b>
Provision for Income Taxes	7,187	11,144	12,322	21,644
<b>Net Income from Continuing Operations</b>	<b>7,473</b>	<b>2,493</b>	<b>14,494</b>	<b>15,841</b>
<b>Discontinued Operations</b>				
Income (Loss) from Discontinued Operations		(1,718)		(2,755)
Provision (Benefit) for Income Taxes		(518)		(783)
<b>Net Income (Loss) from Discontinued Operations</b>		<b>(1,200)</b>		<b>(1,972)</b>
<b>Net Income</b>	<b>7,473</b>	<b>1,293</b>	<b>14,494</b>	<b>13,869</b>
Net Income (Loss) Attributable to Noncontrolling Interest	2,172	(466)		