Evercore Partners Inc.
Form S-1
April 20, 2007
Table of Contents

As filed with the Securities and Exchange Commission on April 20, 2007.

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

EVERCORE PARTNERS INC.

(Exact name of Registrant as specified in its charter)

Delaware	**6199**	**20-4748747**
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No.)**

55 East 52nd Street

43rd Floor

New York, NY 10055

Telephone: (212) 857-3100

(Address, including zip code, and telephone number,

including area code, of Registrant s principal executive offices)

Adam B. Frankel, Esq.

General Counsel

Evercore Partners Inc.

55 East 52nd Street

43rd Floor

New York, NY 10055

Telephone: (212) 857-3100

(Name, address, including zip code, and telephone number,

including area code, of agent for service)

Copies to:

Vincent Pagano, Jr., Esq.	**Mark G. Borden, Esq.**
Joshua Ford Bonnie, Esq.	**Stuart R. Nayman, Esq.**
Simpson Thacher & Bartlett LLP	**Wilmer Cutler Pickering Hale and Dorr LLP**
425 Lexington Avenue	**399 Park Avenue**
New York, NY 10017-3954	**New York, NY 10022**
Telephone: (212) 455-2000	**Telephone: (212) 230-8800**
Facsimile: (212) 455-2502	**Facsimile: (212) 230-8888**

Approximate date of commencement of the proposed sale of the securities to the public: **As soon as practicable after the Registration Statement becomes effective.**

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered(1)	Proposed Maximum Aggregate Offering Price Per Share(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Class A Common Stock, par value $.01 per share	4,830,000 shares	$ 30.42	$ 146,928,600	$ 4,511

(1) Includes 630,000 shares subject to the underwriters option to purchase additional shares.

(2) Estimated solely for the purpose of calculating the registration fee, in accordance with Rule 457(c) under the Securities Act of 1933. The proposed maximum offering price per share, the proposed maximum aggregate offering price and the amount of the registration fee have been computed on the basis of the average of the high and low prices per share of the Class A common stock on the New York Stock Exchange on April 13, 2007.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, dated April 20, 2007

Prospectus

4,200,000 Shares

Class A Common Stock

Evercore Partners Inc. is selling 1,581,778 of the shares in this offering and the selling stockholders named in this prospectus, including members of our senior management, are selling 2,618,222 of the shares in this offering. We will not receive any proceeds from the sale of shares of Class A common stock by the selling stockholders.

Our Class A common stock is listed on the New York Stock Exchange under the symbol EVR . On April 13, 2007, the last reported sale price of the Class A common stock on the New York Stock Exchange was $30.40 per share.

Investing in our Class A common stock involves risks. See Risk Factors beginning on page 15.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to Evercore Partners Inc.	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The selling stockholders have granted the underwriters a 30-day option to purchase up to 630,000 additional shares of Class A common stock at the public offering price less the underwriting discount if the underwriters sell more than 4,200,000 shares of Class A common stock in this offering.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

It is expected that the shares will be delivered to purchasers on or about , 2007.

Goldman, Sachs & Co. **Lehman Brothers**

JPMorgan

Credit Suisse **E*TRADE Securities**

, 2007

Table of Contents

Founded in 1996

Advisory and Investment Management businesses

34 Senior Managing Directors as of April 20, 2007

Offices in New York, Los Angeles, San Francisco, London, Mexico City and Monterrey

Selected Advisory Transactions

April 2, 2007 **Advised** on its pending $27.0 billion leveraged buyout by **KKR**	*February 10, 2007* **Advised** on its pending $5.8 billion sale to **Hindalco**	*January 15, 2007* **Advised** on its pending $4.8 billion sale of its Aerospace division to **GE**	*December 15, 2006* **Advised** on its $7.0 billion leveraged buyout by **Apollo Management**
November 1, 2006 **Advised** on its $25.1 billion acquisition of **Caremark Rx**	*September 25, 2006* **Advised** **UCB** on its $4.5 billion acquisition of **Schwarz Pharma**	*June 14, 2006* **Advised** on its $10.0 billion sale of	*April 2, 2006* **Advised** on its $7.9 billion sale of a 51% interest in
March 5, 2006 **Advised** on its $89.4 billion acquisition of **BellSouth**	*January 22, 2006* **Advised** on its acquisitions of Osco Drug and Sav-on Drug as part of the $17.4 billion asset sale of **Albertsons**	*January 16, 2006* **Advised** on its $11.3 billion sale	*January 13, 2006* **Advised** on its pending split-up

Private Equity Funds

as of December 31, 2006

1997	*2001*	*2000*	*2003*
Evercore Capital Partners I	**Evercore Capital Partners II**	**Evercore Ventures**	**Discovery Americas**
$512 million committed	$663 million committed	$62 million committed	$68 million committed

In the majority of the transactions presented, Evercore provided financial advisory services in conjunction with one or more other investment banking firms.

We do not consolidate these funds in our financial statements. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Revenue for a discussion of how we generate revenue from the private equity funds we manage.

Table of Contents

Table of Contents

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus.

In this prospectus, references to Evercore , the Company , we , us , our and our Successor Company refer, subsequent to the reorganization described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization , to Evercore Partners Inc., a Delaware corporation, and its consolidated subsidiaries. These references (other than Successor Company) refer, prior to such reorganization, to Evercore Holdings, or our Predecessor Company , which was comprised of certain combined and consolidated entities under the common ownership of the Evercore Senior Managing Directors. 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.

Unless indicated otherwise, the information included in this prospectus assumes no exercise by the underwriters of their option to purchase additional shares of Class A common stock from the selling stockholders.

Table of Contents

SUMMARY

This summary highlights information contained elsewhere in this prospectus and does not contain all the information you should consider before investing in our Class A common stock. You should read this entire prospectus carefully, including the section entitled Risk Factors and the historical financial statements and related notes, before you decide to invest in our Class A common stock.

Evercore Partners

Overview

Evercore is the leading investment banking boutique in the world based on the dollar volume of announced worldwide merger and acquisition (M&A) transactions on which we have advised since 2002. When we use the term investment banking boutique , we mean an investment banking firm that directly or through its affiliates does not underwrite public offerings of securities or engage in commercial banking activities. We provide advisory services to prominent multinational corporations on significant mergers, acquisitions, divestitures, restructurings and other strategic corporate transactions. Evercore also includes a successful investment management business through which we manage private equity funds and public securities for sophisticated institutional investors. We serve a diverse set of clients around the world from our offices in New York, Los Angeles, San Francisco, London, Mexico City and Monterrey.

Our senior leadership is comprised of Roger Altman, the former U.S. Deputy Treasury Secretary and Vice Chairman of The Blackstone Group; Austin Beutner, a former General Partner of The Blackstone Group; Eduardo Mestre, the former head of Citigroup s Global Investment Bank; Pedro Aspe, the former Minister of Finance of Mexico; and Bernard Taylor, the former Vice Chairman of JPMorgan Investment Banking (Europe) and Chief Executive of Robert Fleming & Co. Limited.

We were founded on the belief that there was an opportunity within the investment banking industry for a firm free of the potential conflicts of interest created within large, multi-product financial institutions. We also believed that an independent advisory business, with its broad set of relationships, would provide a differentiated investment platform from which to make private equity investments. We employ the Evercore relationship network throughout the investment process in our private equity business to originate investment opportunities, evaluate those opportunities and add value after an investment is made.

From the time of our founding in 1996, we have grown by expanding the range of our advisory and investment management services. In our advisory business, at December 31, 2006 we had 21 Senior Managing Directors with expertise and client relationships in a number of industry sectors, including telecommunications, technology, media, energy and power, general industrial, consumer products and financial institutions: 13 in the United States, 6 in Mexico and 2 in Europe. Our advisory business has a particular focus on advising multinational corporations on large, complex transactions. In addition, we have professionals with extensive restructuring experience. In our investment management business, at December 31, 2006 we had 9 Senior Managing Directors with expertise and relationships in a variety of industries: 7 in the United States, 1 in Mexico and 1 in Europe. A majority of our investment management team s Senior Managing Directors have worked together since 1999. As of December 31, 2006 the four private equity funds we manage had capital commitments of over $1.3 billion. In addition to our private equity funds, we also manage public equities in the United States through our joint venture, Evercore Asset Management L.L.C. (EAM), and fixed income securities in Mexico through our subsidiary, Protego Casa de Bolsa (PCB).

We have grown from three Senior Managing Directors at our inception to 33 at December 31, 2006. We expect to continue our growth by hiring additional highly qualified professionals with a broad range of product

Table of Contents

and industry expertise, expanding into new geographic areas, raising additional private equity funds and diversifying our investment management products and services. We opened our New York office in 1996, our Los Angeles office in 2000 and our San Francisco office in 2005. On August 10, 2006 we combined with Protego Asesores S. de R.L. (Protego) in Mexico, with offices in Mexico City and Monterrey, and on December 19, 2006 we acquired Braveheart Financial Services Limited (Braveheart), with an office in London.

We believe maintaining standards of excellence in our core businesses demands a spirit of cooperation and hands-on participation more commonly found in smaller organizations. Since our inception, we have set out to build in the employees we choose and in the projects we undertake an organization dedicated to the highest caliber of professionalism.

Advisory

Our advisory business provides confidential, strategic and tactical advice to both public and private companies, with a particular focus on large, multinational corporations. By virtue of their prominence, size and sophistication, many of our clients are more likely to require expertise relating to larger and more complex situations. We have advised on numerous noteworthy transactions, including:

First Data on its pending leveraged buyout by Kohlberg Kravis & Roberts & Co.

Smiths on its pending sale of its Aerospace division to General Electric

General Motors on its sale of a 51% interest in GMAC to an investor group

AT&T on its acquisition of BellSouth

CVS on its acquisition of Caremark

Tyco on its pending split-up

UCB on its acquisition of Schwarz Pharma

E*TRADE on its acquisitions of Harris*direct* and Brown & Co.

SBC on its acquisition of AT&T and on Cingular s acquisition of AT&T Wireless

Novelis on its pending sale to Hindalco

Realogy on its leveraged buyout by Apollo Management

Credit Suisse on its sale of Winterthur

VNU on its sale to a private equity consortium

Swiss Re on its acquisition of General Electric s reinsurance business

Cendant on its split-up

IntercontinentalExchange on its acquisition of the New York Board of Trade

Aquila on its pending sale to Great Plains Energy

CVS on its acquisitions of Osco Drug and Sav-on Drug as part of the asset sale of Albertsons

Our approach is to work as a trusted senior advisor to top corporate officers and boards of directors, helping them devise strategies for enhancing shareholder value. We believe this relationship-based approach to our advisory business gives us a competitive advantage in serving a distinct need in the market today. Furthermore, we believe our advisory business is differentiated from that of our competitors in the following respects:

Objective Advice with a Long-Term Perspective. We seek to recommend shareholder value enhancement strategies or other financial strategies that we would pursue ourselves were we acting in management s capacity. This approach often includes advising our clients against pursuing transactions that we believe do not meet that standard.

Transaction Excellence. Since the beginning of 2004, we have advised on more than $375 billion of announced transactions, including acquisitions, sale processes, mergers of equals, special committee advisory assignments, recapitalizations and restructurings. We have provided significant advisory

Table of Contents

services on multiple transactions for AT&T (including its predecessor company, SBC), CVS, Dow Jones, EDS, E*TRADE, General Mills and Swiss Re, among others.

Senior Level Attention and Experience. The Senior Managing Directors in our advisory business participate in all facets of client interaction, from the initial evaluation phase to the final stage of executing our recommendations. Our advisory Senior Managing Directors have on average more than 21 years of relevant experience.

Independence and Confidentiality. We do not underwrite securities, publish securities research, or act as a lender. This enables us to avoid the potential conflicts that may arise from these activities at larger, more diversified competitors. In addition, we believe our commitment to discretion and the smaller size of our firm enhance our ability to provide our clients with strict confidentiality.

Our advisory business generates revenue from fees for providing advice and investment banking services on mergers, acquisitions, restructurings and other strategic transactions. In 2006 our advisory business generated $183.8 million, or 87.6%, of our net revenue and earned advisory fees from 63 clients.

Investment Management

Our investment management business manages four private equity funds with aggregate capital commitments of over $1.3 billion as of December 31, 2006, as well as public securities in the U.S. and Mexico. Mr. Beutner is the Chief Investment Officer of Evercore and a majority of the investment team s Senior Managing Directors have worked together since 1999. Our team brings a diverse set of skills and experiences to the investment process and includes experienced investors, former senior executives from Fortune 100 companies, buy-side research analysts and strategic consultants. Our investment management business principally manages and invests capital on behalf of third parties. A broad range of institutional and high net worth investors, including corporate and public pension funds, endowments, foundations, insurance companies and family offices, have committed capital to the funds we manage. The investments made by our private equity funds are typically control or significant influence investments while the investments made by our Evercore Ventures fund are typically minority investments.

Evercore Capital Partners L.P. and its affiliated entities (collectively, ECP I), Evercore Capital Partners II L.P. and its affiliated entities (collectively, ECP II) are value-oriented, middle-market private equity funds. We believe Evercore differentiates itself from other managers of middle-market private equity funds by the breadth, depth, quality and stability of its investment team, its ability to leverage the broader Evercore relationship network throughout the investment process, and its ability to bring world class operating expertise to its portfolio companies.

We seek to generate attractive risk-adjusted returns in all of our funds by adhering to the following investment approach:

Employing the Evercore Relationship Network. We employ the Evercore relationship network throughout the investment process to originate investments, evaluate potential opportunities thoroughly, and add value after an investment is made. We enhance the breadth and depth of our advisory relationship network with our investment management business advisory board, in-house operating executives and the collective experience of our investment team.

Value Discipline: Focus on Risk Adjusted Returns. We focus on the fundamentals of the underlying business rather than relying on capital markets arbitrage, future acquisitions or valuation multiple expansion to achieve returns.

World Class Operating Expertise and Post-Investment Value Creation. We devote considerable time and resources to working closely with the funds portfolio companies to determine business strategy,

Table of Contents

allocate capital and other resources, evaluate expansion and acquisition opportunities and participate in implementing these plans. Our investment management team benefits from Fortune 100 CEO-level operating experience and is able to apply world class operating expertise to our middle market portfolio companies.

As of December 31, 2006, ECP I and ECP II have invested over $990 million in 21 companies. The funds typically hold investments for three to seven years and systematically evaluate exit opportunities throughout the holding period. Evercore Venture Partners L.P. and its affiliated entities (collectively, EVP) has invested $37.4 million in emerging technology companies in specific growth sectors including data storage, wireline and wireless communications, enterprise software and technology enabled services.

Our investment management business primarily generates revenue from (1) fees earned for our management of the funds, (2) portfolio company fees, (3) incentive fees, referred to as carried interest, earned when specified financial returns are achieved over the life of a fund and (4) gains (or losses) on investments of our own capital in the funds. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Revenue Investment Management . Our investment management business generated $23.3 million, or 11.1%, of our net revenue in 2006, which was comprised of $16.7 million of management and portfolio company fees and $6.5 million of carried interest and investment losses.

The Evercore entities entitled to the management and portfolio company fees from the private equity funds we manage were contributed to us as part of our reorganization prior to the IPO. Accordingly, we continue to receive these fees from all of the funds we manage following the IPO. However, with the exception of a non-managing minority equity interest in the general partner of ECP II, the general partners of the private equity funds we currently manage and certain other entities through which Messrs. Altman and Beutner have invested capital in ECP I were not contributed to us and continue to be owned by our Senior Managing Directors and other third parties. Accordingly, we no longer receive any carried interest from ECP I or EVP or any gains or losses arising from investments in those funds. However, through our equity interest in the general partner of ECP II, we receive 8% to 9% (depending on the particular fund investment) of any carried interest realized from that fund, as well as gains (or losses) on investment based on the amount of capital in that fund which is contributed to, or is subsequently funded by, us. We also will receive a portion of the carried interest realized from any future private equity funds we manage and gains (or losses) on investment based on the amount of capital we contribute in respect of any such future fund.

Our investment management business also manages public securities in the U.S. and Mexico.

In October 2005, we formed Evercore Asset Management L.L.C. (EAM). EAM s approach to investing is classic value and the firm seeks to make value investments in small- and mid-capitalization publicly-traded companies. EAM s business development focuses on the institutional pension, endowment and foundation market. As of December 31, 2006 EAM had $157.0 million in assets under management. We do not consolidate the results of EAM, but rather recognize our pro rata share of income or losses based on our 41.7% ownership interest in the joint venture.

In 2005, Protego formed PCB, an asset management business focused on investment management in peso-denominated money market and fixed income securities for institutional and high net worth investors in Mexico. As of December 31, 2006, PCB had $263.2 million in assets under management. We own a 70.0% interest in PCB.

Table of Contents

Our Growth Strategy

We believe this offering will allow us to continue to grow and diversify our advisory and investment management businesses and further enhance our profile and position. We seek to achieve these objectives through three primary strategies:

- ***Add Highly Qualified Advisory Professionals with Industry and Product Expertise.*** We intend to continue to recruit high-caliber professionals into our advisory practice to add depth in industry sectors in which we believe we already have strength, to extend the reach of our advisory focus to industry sectors we have identified as particularly attractive and to further strengthen our restructuring business. In the 18 months preceding March 31, 2007, we hired one partner with energy and power expertise, one partner with telecom and technology expertise, and two partners with restructuring expertise.

- ***Expand Into New Geographic Markets.*** We plan to expand into new geographic markets where we believe the business environment will be receptive to the strengths of our advisory and investment management business models or where our clients have or may develop a significant presence. Our combination with Protego in August 2006 and our acquisition of Braveheart in December 2006 represented important steps in this strategy. We have also entered into a strategic alliance with Mizuho Securities to provide joint advisory services for U.S.-Japan cross-border merger, acquisition and restructuring transactions. We may hire groups of talented professionals or pursue additional strategic acquisitions of or alliances with highly-regarded regional or local firms in new markets whose culture and operating principles are similar to ours.

- ***Raise New Private Equity Funds and Diversify Into New Investment Management Services.*** We intend to raise additional private equity funds and diversify our business into new investment management services. We intend to raise a new private equity fund, Evercore Capital Partners III, and expect the fundraising process to take more than 12 months, subject to market conditions. EAM is evaluating new services and has recently launched a domestic, value-oriented, long-short hedge fund.

Evercore Partners Inc. was incorporated in Delaware on July 21, 2005. Our principal executive offices are located at 55 East 52nd Street, 43rd Floor, New York, New York 10055, and our telephone number is (212) 857-3100.

Table of Contents

Organizational Structure

The diagram below depicts our organizational structure immediately following this offering and gives effect to the vesting of Evercore LP partnership units that will occur as a result of the completion of this offering as described below.

Holding Company Structure

Evercore Partners Inc. is a holding company, and its sole material asset is a controlling equity interest in Evercore LP. As the sole general partner of Evercore LP, Evercore Partners Inc. operates and controls all of the business and affairs of Evercore LP and, through Evercore LP and its operating subsidiaries, conducts our business. See Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization for a more detailed discussion of the Reorganization we effected in August 2006 to establish our current organizational structure.

Evercore Partners Inc. consolidates the financial results of Evercore LP and its subsidiaries, and the ownership interest of our Senior Managing Directors in Evercore LP is reflected as a minority interest in Evercore Partners Inc. s consolidated financial statements.

Table of Contents

Pursuant to the partnership agreement of Evercore LP, Evercore Partners Inc. has the right to determine when distributions will be made to the partners of Evercore LP and the amount of any such distributions. If Evercore Partners Inc. authorizes a distribution, such distribution will be made to the partners of Evercore LP (1) in the case of a tax distribution (as described below), to the holders of vested partnership units in proportion to the amount of taxable income of Evercore LP allocated to such holder and (2) in the case of other distributions, pro rata in accordance with the percentages of their respective vested partnership interests. Evercore Partners Inc. may, however, authorize a distribution to the partners of Evercore LP who hold vested and unvested units in accordance with the percentages of their respective vested and unvested partnership interests in the event of an extraordinary dividend, refinancing, restructuring or similar transaction.

The holders of partnership units in Evercore LP, including Evercore Partners Inc., will incur U.S. federal, state and local income taxes on their proportionate share of any net taxable income of Evercore LP. Net profits and net losses of Evercore LP will generally be allocated to its partners (including Evercore Partners Inc.) pro rata in accordance with the percentages of their respective partnership interests. The partnership agreement provides for cash distributions to the holders of vested partnership units of Evercore LP if Evercore Partners Inc. determines that the taxable income of Evercore LP will give rise to taxable income for its partners. In accordance with the partnership agreement, we intend to cause Evercore LP to make cash distributions to the holders of vested partnership units of Evercore LP for purposes of funding their tax obligations in respect of the income of Evercore LP that is allocated to them. Generally, these tax distributions will be computed based on our estimate of the net taxable income of Evercore LP allocable to such holder of vested partnership units multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate prescribed for an individual or corporate resident in New York, New York (taking into account the nondeductibility of certain expenses and the character of our income).

Evercore LP also intends to make distributions to Evercore Partners Inc. in order to fund any dividends Evercore Partners Inc. may declare on the Class A common stock. If Evercore Partners Inc. declares such dividends, our Senior Managing Directors will be entitled to receive equivalent distributions pro rata based on their partnership interests in Evercore LP, although these individuals will not be entitled to receive any such dividend-related distributions in respect of unvested partnership units.

Vesting of Evercore LP Partnership Units and Restricted Stock Units as a Result of the Completion of this Offering

In the Reorganization, our Senior Managing Directors received 13,430,500 vested and 9,706,329 unvested partnership units in Evercore LP. Under the terms of the Evercore LP partnership agreement (1) 4,853,164, or 50%, of these unvested partnership units will vest if and when Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, cease to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization was effected and (2) 9,706,329, or 100%, of these unvested partnership units will vest upon the earliest to occur of the following events:

- when Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, cease to beneficially own at least 50% of the aggregate Evercore LP partnership units owned by them at the time of the Reorganization;
- a change of control of Evercore; or
- two of Messrs. Altman, Beutner and Aspe are not employed by, or do not serve as a director of, Evercore Partners Inc. or one of its affiliates within a 10-year period following the IPO.

In addition, 100% of the unvested Evercore LP partnership units held by a Senior Managing Director will vest if such Senior Managing Director dies or becomes disabled while in our employ. Our Equity Committee, which is comprised of Messrs. Altman, Beutner and Aspe, may also accelerate vesting of unvested partnership units at any time.

Table of Contents

In addition, we granted 2,286,055 restricted stock units (RSUs) to our employees at the time of the IPO. 207,116 of the RSUs are fully vested and, as a result, we recorded compensation expense at the time of the IPO equal to the value of these fully vested RSUs. The remaining 2,078,939 of these RSUs are unvested and will vest upon the same conditions as the unvested partnership units of Evercore LP issued in connection with the Reorganization (although on a different vesting schedule). Generally, 10% of the units were fully vested at the time of grant and, upon each subsequent vesting, an additional 45% of the units will vest.

We account for the unvested Evercore LP partnership units and unvested RSUs as compensation paid to employees in accordance with Statement of Financial Accounting Standard (SFAS) No. 123R, Share Based Payments . (SFAS 123R), which we adopted effective January 1, 2006. The unvested Evercore LP partnership units and unvested RSUs vest based on the achievement of one of the performance and service vesting conditions as described above. In accordance with SFAS 123R, accruals of compensation costs for awards with a performance or service condition are based on the probable outcome of that service or performance condition. Compensation cost is accrued if it is probable that the performance condition will be achieved and is not accrued if it is not probable that the performance condition will be achieved.

We have heretofore concluded that it is not probable that the conditions relating to a decline in the collective beneficial ownership of Messrs. Altman, Beutner and Aspe (and trusts benefiting their families and permitted transferees), a change of control of Evercore or a lack of continued association of Messrs. Altman, Beutner and Aspe with Evercore will be achieved, or that the death or disability condition during the employment period will be satisfied. Accordingly, we have not been accruing compensation expense relating to these unvested partnership units and unvested RSUs. However, the completion of this offering will probably result in Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, ceasing to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization, which will in turn result in the vesting of 4,853,164, or 50%, of the unvested partnership units and 1,039,505, or 50%, of the unvested RSUs issued in conjunction with the IPO. In the event that we successfully complete this offering but Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, continue to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization, our Equity Committee nonetheless intends to accelerate the vesting of these unvested partnership units and RSUs.

The vesting of these partnership units and RSUs will be charged to expense at the completion of this offering based on the grant date fair value of the Evercore LP partnership units and RSUs, which is the IPO price of the Class A common stock of $21.00 per share.

In the first quarter of 2007, and in connection with new hiring activity, we granted (1) 90,479 RSUs with a grant date fair value of $33.27 per unit, 30,160 of which were fully vested and 60,319 of which are unvested and will vest upon the same conditions as the unvested partnership units of Evercore LP issued in connection with the Reorganization, and (2) 90,606 shares of restricted stock with a grant date fair value of $33.64 per share, all of which are unvested and will vest upon the earlier of one year following the date of grant or Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, ceasing to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization was effected. Therefore, the completion of this offering will result in the vesting of 30,160 of these RSUs and all of these 90,606 shares of restricted stock.

Accordingly, we will record a non-cash equity-based compensation charge at the completion of this offering of approximately $127.8 million. As a result, we will record a significant loss in the quarter in which this offering is completed and expect to record a loss for the full fiscal year ending December 31, 2007.

Table of Contents

Tax Receivable Agreement

Prior to this offering, certain of our Senior Managing Directors will exchange 2,404,813 Evercore LP partnership units that they hold on a one-for-one basis for shares of our Class A common stock. In addition, partnership units held by our Senior Managing Directors in Evercore LP may be exchanged in the future for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. This exchange and any such future exchanges are expected to result in an increase in the tax basis of the tangible and intangible assets of Evercore LP. These increases in tax basis would increase (for tax purposes) amortization and, therefore, reduce the amount of tax that we would otherwise be required to pay in the future.

We have entered into a tax receivable agreement with our Senior Managing Directors that provides for the payment by us to an exchanging Evercore partner of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of these increases in tax basis. We expect to benefit from the remaining 15% of cash savings, if any, in income tax that we realize. While the actual amount and timing of any payments under this agreement will vary depending upon a number of factors, including the timing of exchanges, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that, as a result of the size of the increases of the tangible and intangible assets of Evercore LP attributable to our interest in Evercore LP, during the expected term of the tax receivable agreement, the payments that we may make to our Senior Managing Directors could be substantial.

Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize the full tax benefit of the increased amortization, we expect that future payments to our Senior Managing Directors in respect of the exchange of Evercore LP partnership units which will occur prior to this offering to aggregate approximately $22.3 million, resulting in payments of approximately $1.5 million per year over the next 15 years, based on an assumed value of the Class A common stock of $30.40 per share (the last reported price of the Class A common stock on the New York Stock Exchange on April 13, 2007). (A $1.00 increase (decrease) in the assumed value of the Class A common stock of $30.40 per share would increase (decrease) the amount of future payments to our Senior Managing Directors in respect of the exchange of the Evercore LP partnership units that will occur prior to this offering by $0.05 million per year over the next 15 years.) Future payments to our Senior Managing Directors in respect of subsequent exchanges pursuant to the tax receivable agreement would be in addition to these amounts and are expected to be substantial.

The effects of the tax receivable agreement on our consolidated statement of financial condition as a result of the exchange of 2,404,813 Evercore LP partnership units by our Senior Managing Directors prior to this offering are as follows:

- we will record an increase of $26.2 million in deferred tax assets for the estimated income tax effects of the increase in the tax basis of the assets owned by Evercore LP, based on enacted federal and state tax rates at the date of the transaction. To the extent we estimate that we will not realize the full benefit represented by the deferred tax asset, based on an analysis of expected future earnings, we will reduce the deferred tax asset with a valuation allowance; and

- we will record 85% of the estimated realizable tax benefit (which is the recorded deferred tax asset less any recorded valuation allowance) as an increase of $22.3 million to payable to related parties and the remaining 15% of the estimated realizable tax benefit, or $3.9 million, as an increase to paid-in-capital.

Therefore, as of the date of the exchange of the Evercore LP partnership units, on a cumulative basis the net effect of accounting for income taxes and the tax receivable agreement on our financial statements will be a net increase in stockholders equity of 15% of the estimated realizable tax benefit. The amounts to be recorded for both the deferred tax asset and the liability for our obligations under the tax receivable agreement have been estimated. Any additional payments under the tax receivable agreement that will further increase the tax benefits

Table of Contents

and the estimated payments under the tax receivable agreement have not been included in this estimate. All of the effects of changes in any of our estimates after the date of the purchase will be included in net income. Similarly, the effect of subsequent changes in the enacted tax rates will be included in net income. Future exchanges of Evercore LP partnership units for our shares of Class A common stock will be accounted for in a similar manner.

If the underwriters exercise their option to purchase additional shares from the selling stockholders, we expect that our Senior Managing Directors will exchange additional Evercore LP partnership units. The values of the deferred tax assets and payable to related parties, and the amount of expected future payments to our Senior Managing Directors under the tax receivable agreement in respect of any such exchange, will be based on the value of the Class A common stock at the time of such exchange.

Table of Contents

The Offering

Class A common stock offered by Evercore Partners Inc.	1,581,778 shares.
Class A common stock offered by the selling stockholders	2,618,222 shares.
Class A common stock outstanding immediately after this offering assuming no exercise of the underwriters option to purchase additional shares from the selling stockholders	10,595,755 shares (or 31,327,771 shares if all vested and unvested Evercore LP partnership units, other than those held by Evercore Partners Inc., are exchanged for newly-issued shares of Class A common stock on a one-for-one basis).
Class A common outstanding immediately after this offering assuming full exercise of the underwriters option to purchase additional shares from the selling stockholders	11,174,404 shares (or 31,327,771 shares if all vested and unvested Evercore LP partnership units, other than those held by Evercore Partners Inc., are exchanged for newly-issued shares of Class A common stock on a one-for-one basis).
Use of proceeds	We estimate that our net proceeds from this offering, after deducting estimated underwriting discounts and commissions and offering expenses, will be approximately $44.6 million, based on an assumed public offering price of $30.40 per share (the last reported price of the Class A common stock on the New York Stock Exchange on April 13, 2007). We intend to use these proceeds to expand and diversify our advisory and investment management businesses and for general corporate purposes in our operating subsidiary, Evercore LP. We will not receive any proceeds from the sale of shares by the selling stockholders.
Voting rights	Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally.
	Each limited partner of Evercore LP holds one or more shares of our Class B common stock. The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes that is determined pursuant to a formula that relates to the number of Evercore LP partnership units held by such holder. As a result of this formula, the limited partners of Evercore LP collectively have a number of votes in Evercore Partners Inc. that is equal to the aggregate number of vested and unvested partnership units that they hold. Under the formula, until such time as Messrs. Altman, Beutner and Aspe and certain trusts benefiting their families collectively cease to beneficially own, in the aggregate, at least 90% of the Evercore LP partnership units they held on August 10, 2006 (the date of the IPO), these three

Table of Contents

individuals will have all of the voting power of the Class B common stock and the other limited partners of Evercore LP will have no voting power. See Description of Capital Stock Class B Common Stock .

As a result of the completion of this offering, Messrs. Altman, Beutner and Aspe and certain trusts benefiting their families collectively will probably own less than 90% of the Evercore LP partnership units they held on August 10, 2006. In the event that we successfully complete this offering but Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, continue to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization, our Equity Committee nonetheless intends to accelerate the vesting of these unvested partnership units and RSUs. Accordingly, following the completion of this offering, each of the limited partners of Evercore LP will have a number of votes in Evercore Partners Inc. that is equal to the number of vested and unvested Evercore LP partnership units held by such holder.

Holders of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law.

Dividend policy

As part of the IPO, we announced our intention to pay quarterly cash dividends to the holders of our Class A common stock and, on March 26, 2007, we paid our first quarterly cash dividend of $0.07 per share to holders of record of our Class A common stock as of March 12, 2007. Management intends to recommend to our board of directors that we increase our quarterly cash dividend to $0.10 per share. However, there is no assurance that sufficient cash will be available to pay future dividends.

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

Evercore Partners Inc. is a holding company and has no material assets other than its ownership of partnership units in Evercore LP. We intend to cause Evercore LP to make distributions to Evercore Partners Inc. in an amount sufficient to cover dividends, if any, declared by us. If Evercore LP makes such distributions, our Senior Managing Directors will be entitled to receive equivalent distributions from Evercore LP on their vested partnership units.

Table of Contents

Risk factors	See Risk Factors for a discussion of risks you should carefully consider before deciding to invest in our Class A common stock.
New York Stock Exchange symbol	EVR

Shares of Class A common stock outstanding and other information based thereon in this prospectus do not reflect:

- 2,795,295 shares of Class A common stock underlying 237,276 vested and 2,558,019 unvested restricted stock units (1,069,665 of which are expected to vest as a result of the completion of this offering) that have been awarded under our 2006 Stock Incentive Plan;
- 17,114,099 additional shares of Class A common stock reserved for issuance under our 2006 Stock Incentive Plan; and
- 431,607 additional shares of Class A common stock that may be issuable as deferred consideration as part of our acquisition of Braveheart Financial Services Limited. See Related Party Transactions Acquisition of Braveheart Financial Services Limited .

13

Table of Contents

Summary Historical Financial Data

	Combined Twelve Months Ended December 31, 2004 PREDECESSOR	Combined Twelve Months Ended December 31, 2005 PREDECESSOR	For the Period January 1, 2006 through August 9, 2006 PREDECESSOR	Consolidated For the Period August 10, 2006 through December 31, 2006 SUCCESSOR
STATEMENT OF INCOME DATA:				
REVENUES				
Advisory Revenue	$ 69,205	$ 110,842	$ 96,122	$ 87,659
Investment Management Revenue	16,967	14,584	16,860	6,400
Interest Income and Other Revenue	145	209	643	8,813
TOTAL REVENUES	86,317	125,635	113,625	102,872
Interest Expense				6,783
NET REVENUES	86,317	125,635	113,625	96,089
EXPENSES				
Employee Compensation and Benefits(a)	17,084	24,115	20,598	52,316
Non-compensation Expenses	17,389	34,988	24,702	17,966
TOTAL EXPENSES	34,473	59,103	45,300	70,282
Other Income	76			
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	51,920	66,532	68,325	25,807
Provision for Income Taxes(b)	2,114	3,372	2,368	6,030
Minority Interest	29	8	6	15,991
NET INCOME	$ 49,777	$ 63,152	$ 65,951	$ 3,786
Net Income Per Share:				
Basic				$ 0.76
Diluted				$ 0.76

	Consolidated As of December 31, 2006 SUCCESSOR
STATEMENT OF FINANCIAL CONDITION DATA:	
Total Assets	$ 301,503
Total Liabilities	152,108
Minority Interest	36,918
Stockholders Equity	112,477

(a) Prior to our August 2006 IPO, payments for services rendered by our Senior Managing Directors generally were accounted for as distributions of members capital rather than as compensation expense. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Operating Expenses Employee Compensation and Benefits Expense .

(b) Prior to our August 2006 IPO, our income was not subject to U.S. federal and state income taxes. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Provision for Income Taxes .

Table of Contents

RISK FACTORS

An investment in our Class A common stock involves risks. You should carefully consider the following information about these risks, together with the other information contained in this prospectus, before investing in our Class A common stock.

Risks Related to Our Business

Difficult market conditions can adversely affect our business in many ways, including reducing the volume of the transactions involving our advisory business and reducing the value or performance of the investments made by our private equity funds or traditional asset management business, which, in each case, could materially reduce our revenue or income.

As a financial services firm, our businesses are materially affected by conditions in the global financial markets and economic conditions throughout the world. We have benefited from the recent record levels of M&A activity, and we cannot predict whether or for how long the current levels of M&A activity will continue. The future market and economic climate may deteriorate because of many factors beyond our control, including rising interest rates or inflation, terrorism or political uncertainty. Revenue generated by our advisory business is directly related to the volume and value of the transactions in which we are involved. During periods of unfavorable market or economic conditions, the volume and value of M&A transactions may decrease, thereby reducing the demand for our advisory services and increasing price competition among financial services companies seeking such engagements. Our operating results would be adversely affected by any such reduction in the volume or value of mergers and acquisitions transactions. In addition, in the event of a market or general economic downturn, the private equity funds that our investment management business manages also may be impacted by reduced opportunities to exit and realize value from their investments and our asset management business would be expected to generate lower revenue because investment advisory 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.

We depend on Mr. Altman, Mr. Beutner and the other members of our Management Committee, including Mr. Aspe, Mr. Mestre, Mr. Taylor and other key personnel, and the loss of their services would have a material adverse effect on us.

We depend on the efforts and reputations of Roger Altman, our Co-Chairman and Co-Chief Executive Officer, Austin Beutner, our President, Co-Chief Executive Officer and Chief Investment Officer, and the other members of our Management Committee, including Pedro Aspe, our Co-Chairman, Eduardo Mestre, our Co-Vice Chairman and Bernard Taylor, our Co-Vice Chairman and Chief Executive of Evercore Europe. Our senior leadership team s reputations and relationships with clients and potential clients are critical elements in expanding our businesses, and we believe our performance is strongly correlated to the performance of Messrs. Altman and Beutner and the other members of our Management Committee. For example, our operations and performance in Mexico and Europe are particularly dependent on the efforts and reputations of Mr. Aspe and Mr. Taylor, respectively. The loss of the services of any of them would have a material adverse effect on our operations, including our ability to attract advisory clients and raise new private equity funds.

Our future success depends to a substantial degree on our ability to retain and recruit qualified personnel, including Senior Managing Directors in addition to Messrs. Altman, Beutner and the other members of our Management Committee. We anticipate that it will be necessary for us to add financial professionals as we pursue our growth strategy. However, we may not be successful in our efforts to recruit and retain the required personnel as the market for qualified financial professionals is extremely competitive. Our financial professionals possess substantial experience and expertise and have direct contact with our advisory and investment management clients, which can lead to strong client relationships. As a result, the loss of these personnel could

Table of Contents

jeopardize our relationships with clients and result in the loss of client engagements. For example, if any of our Senior Managing Directors were to join or form a competing firm, some of our current clients could choose to use the services of that competitor rather than our services.

Our transition to a corporate structure may adversely affect our ability to recruit, retain and motivate our Senior Managing Directors and other key employees, which in turn could adversely affect our ability to compete effectively and to grow our business.

In connection with our transition to a corporate structure, our Senior Managing Directors may experience significant reductions in their compensation. Since the IPO, we have and intend to continue to use equity, equity-based incentives and other employee benefits rather than pure cash compensation to motivate and retain our Senior Managing Directors. Our compensation mechanisms as a public company may not be effective, especially if the market price of our Class A common stock declines.

In addition, we expect that our Senior Managing Directors will receive less overall compensation than they would have otherwise received prior to the IPO as a result of target compensation levels following the IPO. A key driver of our profitability is our ability to generate revenue while achieving our target compensation levels.

We have targeted total employee compensation and benefits expense (excluding for these purposes, compensation and benefits expense associated with a significant expansion of our business or any vesting of partnership units or restricted stock units (RSUs) granted in connection with our internal reorganization and the IPO) at a level not to exceed 50% of net revenue (excluding for these purposes, any revenue associated with gains or losses on investments, carried interest or reimbursable expenses). We retain the ability to exceed the target, change the target or how the target is calculated. Starting in 2007, we will no longer exclude gains or losses on investments from revenues used to calculate our compensation and benefits expense target. As a result, our Senior Managing Directors will receive less compensation than they otherwise would have received prior to the IPO and may receive less compensation than they otherwise would receive at other firms. Such a reduction in compensation (or the belief that a reduction may occur) could make it more difficult to retain our Senior Managing Directors. In addition, some current or potential Senior Managing Directors and other employees may be more attracted to the benefits of working at a private partnership and the prospects of becoming a partner at such a firm, or at one of our larger competitors.

We have experienced rapid growth over the past several years, which may be difficult to sustain and which may place significant demands on our administrative, operational and financial resources.

We expect our rapid growth to continue, which could place additional demands on our resources and increase our expenses. Our future growth will depend, among other things, on our ability to successfully identify practice groups and individuals to join our firm. It may take more than one year for us to determine whether new professionals will be profitable or effective. During that time, we may incur significant expenses and expend significant time and resources toward training, integration and business development. If we are unable to hire and retain profitable professionals, we will not be able to implement our growth strategy and our financial results may be materially adversely affected.

Sustaining growth will also require us to commit additional management, operational and financial resources to this growth and to maintain appropriate operational and financial systems to adequately support expansion. There can be no assurance that we will be able to manage our expanding operations effectively or that we will be able to maintain or accelerate our growth and any failure to do so could adversely affect our ability to generate revenue and control our expenses.

If we are unable to consummate or successfully integrate additional acquisitions or joint ventures, we may not be able to implement our growth strategy successfully.

Our growth strategy is based, in part, on the selective acquisition, development and investment in advisory businesses, asset management businesses or other business complementary to our business where we think we

Table of Contents

can add substantial value or generate substantial returns. The success of this strategy will depend on, among other things:

- the availability of suitable opportunities;
- the level of competition from other companies that may have greater financial resources;
- our ability to value acquisition and investment candidates accurately and negotiate acceptable terms for those acquisitions and investments;
- our ability to identify and enter into mutually beneficial relationships with venture partners; and
- the availability of management resources to oversee the integration and operation of the new businesses.

If we are not successful in implementing our growth strategy, our business and results and the market price for our Class A common stock may be adversely affected.

Our inability to integrate acquired businesses successfully or to realize the anticipated cost savings and other benefits could have adverse consequences to our business.

We have experienced significant growth through acquisitions and we expect to continue to grow through additional acquisitions. Acquisitions generally result in increased operating and administrative costs. We may not be able to manage or integrate the acquired companies or businesses successfully. The process of combining acquired businesses may be disruptive to our business and may cause an interruption or reduction of our business as a result of the following factors, among others:

- loss of key employees or customers;
- possible inconsistencies in or conflicts between standards, controls, procedures and policies among the combined companies and the need to implement company-wide financial, accounting, information technology and other systems;
- failure to maintain the quality of services that have historically been provided;
- failure to coordinate geographically diverse organizations; and
- the diversion of management s attention from our day-to-day business as a result of the need to manage any disruptions and difficulties and the need to add management resources to do so.

These disruptions and difficulties, if they occur, may cause us to fail to realize the cost savings, revenue enhancements and other benefits that we expect to result from integrating acquired companies and may cause material adverse short- and long-term effects on our operating results, financial condition and liquidity.

Even if we are able to integrate the operations of acquired businesses into our operations, we may not realize the full benefits of the cost savings, revenue enhancements or other benefits that we may have expected at the time of acquisition. These analyses necessarily involve assumptions as to future events, including general business and industry conditions, the longevity of specific customer engagements and relationships, operating costs and competitive factors, many of which are beyond our control and may not materialize. While we believe these analyses and their underlying assumptions to be reasonable, they are estimates that are necessarily speculative in nature. In addition, even if we achieve the expected benefits, we may not be able to achieve them within the anticipated time frame. Also, the cost savings and other synergies from these acquisitions may be offset by costs incurred in integrating the companies, increases in other expenses or problems in the business unrelated to these acquisitions.

Our recent acquisitions have involved the purchase of the equity of existing companies. These acquisitions, as well as acquisitions of substantially all of the assets of a company may expose us to liability for actions taken by an acquired business and its management before the acquisition. The due diligence we conduct in connection

Table of Contents

with an acquisition and any contractual guarantees or indemnities that we receive from the sellers of acquired companies generally would not be sufficient to protect us from or compensate us for, actual liabilities. A material liability associated with an acquisition, especially where there is no right to indemnification, could adversely affect our financial condition and operating results.

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

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

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

The timing and receipt of carried interest generated by our private equity funds is uncertain and will contribute to the volatility of our investment management revenue. Carried interest depends on our funds investment performance and opportunities for realizing gains, which may be limited. In addition, it takes a substantial period of time to identify attractive private equity or venture capital opportunities, to raise the funds needed to make an investment and then to realize the cash value of an investment through resale, recapitalization or other exit. Even if an investment proves to be profitable, it may be several years or longer before any profits can be realized in cash or other proceeds. Moreover, if legislation were to be introduced in the U.S. Congress to tax carried interest as ordinary income rather than as capital gains, adoption of any such legislation could adversely affect our ability to recruit, retain and motivate our current and future Senior Managing Directors and other employees. We recognize revenue on investments in our funds based on our allocable share of realized and unrealized gains (or losses) reported by such funds, and a decline in realized or unrealized gain, or a realized or unrealized loss, would adversely affect our revenue, which could further increase the volatility of our quarterly results.

A general decline in the media or telecommunications sectors could have an adverse effect on our net revenue.

We generated 32.5% of our net revenue in 2006 from advisory clients in the media and telecommunications sectors. Our clients in those industries continue to play an important role in the overall prospects of our business. Accordingly, the success of our business depends, at least in part, on the strength and level of economic activity in these sectors, particularly in the United States. Adverse market or economic conditions as well as a slowdown in activity in the media or telecommunications sectors could reduce the size and number of our fee engagements, which would have an adverse effect on our revenue.

Our management has identified material weaknesses in our internal control over financial reporting; failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404   ) could have a material adverse effect on our business and stock price.

Our internal control over financial reporting does not currently meet all the standards contemplated by Section 404 that we will eventually be required to meet. As a public company, we are required to complete our initial assessment by the filing of our Form 10-K for the year ending December 31, 2007. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, this result may cause us to be unable to report on a timely basis and thereby subject us to adverse regulatory consequences, including sanctions by the SEC or violations of applicable stock exchange listing rules. There could also be a negative reaction in the financial markets due to a loss of investor confidence in the reliability of our financial statements. We have and will incur incremental costs in order to improve our internal control over financial reporting and comply with Section 404, including increased auditing and legal fees and costs associated with hiring additional accounting and administrative staff. This could harm our operating results and lead to a decline in our stock price.

Our management has identified material weaknesses in our internal control over financial reporting, as defined in the standards established by the Public Company Accounting Oversight Board. Areas of material weaknesses in our internal control over financial reporting include a lack of an enterprise-wide, executive-driven internal control environment that documents key processes related to financial reporting and the lack of a formal, regular process designed to identify key financial reporting risks. As we went through the assessment process, we further clarified the risks to also include material weaknesses in internal controls over financial reporting. Specifically, we identified the existence of certain deficiencies around the quarterly and annual financial statement close process to permit the preparation of our financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP   ) and SEC regulations.

In addition to the material weaknesses described above, as previously disclosed in our Quarterly Report on our Form 10-Q that was filed on November 20, 2006, prior to our acquisition of Protego, its subsidiaries and Protego Asesores, S.A. de C.V. (Protego Historical   ), Protego Historical improperly accounted for repurchase and reverse repurchase agreements entered into by PCB, the Mexican asset management subsidiary of Protego, on a net basis instead of recording separate assets and liabilities or separately recording revenue for the interest earned and the associated interest expense as an offset to total revenue. Due to this error in accounting, on November 18, 2006, we determined that the combined and consolidated financial statements of Protego Historical as of and for the year ended December 31, 2005 and the related interim financial statements as of and for the three months ended March 31, 2006 and 2005, and as of and for the three and six months ended June 30, 2006 and 2005, should no longer be relied upon. As a result, we filed a Form 8-K and a Form 10-Q/A on February 21, 2007 restating certain financial information including: (1) restated combined and consolidated financial statements of Protego Historical as of and for the year ended December 31, 2005 and the related interim financial statements as of and for the three months ended March 31, 2006 and 2005 and as of and for the three and six months ended June 30, 2006 and 2005 and (2) the restated unaudited condensed consolidated pro forma financial statements for the year ended December 31, 2005, as of and for the three months ended March 31, 2006 and as of and for the three and six months ended June 30, 2006. As we went through the assessment process, we further clarified the risks to also include material weaknesses in internal control over financial reporting. Management concluded that the material weakness in internal control over financial reporting was related to the fact that we lacked a sufficient complement of personnel with experience to comply with GAAP and SEC reporting requirements.

The items discussed above may cause our quarterly or annual financial statements and other regulatory reporting requirements to become materially misstated or not meet the applicable filing deadlines if they are not properly remedied. We are in the process of addressing these deficiencies and have developed and started a project plan to improve our core accounting and finance processes. We are in the process of remedying these material weaknesses by taking the following actions.

Table of Contents

In fiscal year 2006, we:

- hired additional key accounting and finance professionals, including a new Sarbanes-Oxley compliance officer responsible for implementation of Section 404 compliance, within our accounting and finance organization;
- engaged a professional consulting firm to assist management in preparing and reporting our annual financial results;
- began the process of assessing the design of our internal control environment, establishing appropriate internal controls and implementing remediation plans to achieve Section 404 compliance;
- established a number of formal committees to ensure proper protocols regarding control performance and changes to our risk profile, and have begun enhancing our policies and processes related to financial reporting;
- implemented new procedures and began monitoring that all repurchases and reverse repurchase agreements at PCB were accounted for in accordance with GAAP;
- engaged a professional consulting firm to assist us in providing additional financial and accounting services to review the financial activities and transactions within Protego; and
- hired additional finance professionals to replace and enhance the current financial reporting team within Protego.

During fiscal year 2007, we plan to:

- establish new policies and procedures to ensure that all GAAP and SEC matters as they arise are evaluated by the appropriate level of personnel;
- augment our internal accounting and finance resources to improve the operations of the accounting and financial process;
- enhance our training efforts to help ensure our key accounting and financial professionals can identify complex accounting matters as they arise; and
- enhance our internal audit process to monitor financial reporting activities.

The steps we have taken or intend to take, however, may not remediate these material weaknesses and additional material weaknesses in our internal control over financial reporting may be identified in the future.

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

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

Table of Contents

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

As a financial services firm, we depend to a large extent on our relationships with our clients and our reputation for integrity and high-caliber professional services to attract and retain clients. As a result, if a client is not satisfied with our services, such dissatisfaction may be more damaging to our business than to other types of businesses. Moreover, our role as advisor to our clients on important mergers and acquisitions or restructuring transactions involves complex analysis and the exercise of professional judgment, including, if appropriate, rendering fairness opinions in connection with mergers and other transactions.

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against financial advisors has been increasing. Our advisory activities may subject us to the risk of significant legal liabilities to our clients and third parties, including our clients stockholders, under securities or other laws for materially false or misleading statements made in connection with securities and other transactions and potential liability for the fairness opinions and other advice provided to participants in corporate transactions. In our investment management business, we make investment decisions on behalf of our clients that could result in substantial losses. This also may subject us to the risk of legal liabilities or actions alleging negligent misconduct, breach of fiduciary duty or breach of contract. These risks often may be difficult to assess or quantify and their existence and magnitude often remain unknown for substantial periods of time. Our engagements typically include broad indemnities from our clients and provisions designed to limit our exposure to legal claims relating to our services, but these provisions may not protect us or may not be adhered to in all cases. As a result, we may incur significant legal expenses in defending against litigation. Substantial legal liability could materially adversely affect our business, financial condition or operating results or cause significant reputational harm to us, which could seriously harm our business.

Compliance failures and changes in regulation could adversely affect us.

Our advisory and investment management businesses are subject to regulation in the United States, including by the SEC and the NASD. In Mexico, our business is regulated by the Mexican Ministry of Finance and the Mexican National Banking and Securities Commission and our European business is subject to regulation by the Financial Services Authority in the United Kingdom. Our failure to comply or have complied with applicable laws or regulations could result in fines, suspensions of personnel or other sanctions, including revocation of the registration of us or any of our subsidiaries as an investment adviser or broker-dealer. Even if a sanction imposed against us or our personnel is small in monetary amount, the adverse publicity arising from the imposition of sanctions against us by regulators could harm our reputation and cause us to lose existing clients or fail to gain new advisory or investment management clients. Our broker-dealer operations are subject to periodic examination by the SEC and the NASD. We cannot predict the outcome of any such examinations.

As a result of recent highly-publicized financial scandals, investors have exhibited concerns over the integrity of the U.S. financial markets, and the regulatory environment in which we operate is subject to further regulation in addition to those rules already promulgated. We may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, other United States or foreign governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. We also may be adversely affected by changes in the interpretation or enforcement of existing laws and rules by these governmental authorities and self-regulatory organizations.

In addition, some of our subsidiaries are registered as investment advisors with the SEC. Registered investment advisors are subject to the requirements and regulations of the Investment Advisers Act of 1940. Such requirements relate to, among other things, recordkeeping and reporting requirements, disclosure requirements, limitations on agency cross and principal transactions between an advisor and advisory clients, as well as general anti-fraud prohibitions.

Table of Contents

Further, financial services firms are subject to numerous conflicts of interest or perceived conflicts. While we have adopted various policies, controls and procedures to address or limit actual or perceived conflicts, these policies and procedures carry attendant costs and may not be adhered to by our employees. Failure to adhere to these policies and procedures may result in regulatory sanctions or client litigation.

Risks Related to Our Advisory Business

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

We historically have earned a substantial portion of our revenue from advisory fees paid to us by our advisory clients. These fees are typically payable upon the successful completion of a particular transaction or restructuring. Advisory services accounted for 87.6%, 88.2% and 80.2% of the Predecessor Company and Successor Company net revenue in 2006, 2005 and 2004, respectively.

Unlike diversified investment banks, we do not have multiple sources of revenue, such as underwriting or trading securities. We expect that we will continue to rely on advisory fees for a substantial portion of our revenue for the foreseeable future. A decline in our advisory engagements or the market for advisory services would adversely affect our business.

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

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

Each year, we advise a limited number of advisory clients. Our top five advisory clients accounted for 40.4%, 50.2% and 51.8% of the Predecessor Company and Successor Company net revenue in 2006, 2005 and 2004, respectively. The composition of the group of clients comprising our largest advisory clients can vary each fiscal year. AT&T or SBC Communications (a predecessor to AT&T) and UCB have represented in excess of 10% of our net revenue for the year ended December 31, 2006. With the exception of 2004, 2005 and 2006 when our largest advisory client was the same, the composition of the group comprising our largest advisory clients varies significantly from year to year. We expect that our advisory engagements will continue to be limited to a relatively small number of clients and that an even smaller number of those clients will account for a high percentage of revenue in any particular year. As a result, our results of operations may be significantly affected by even one lost mandate or the failure of one advisory assignment to be completed.

If the number of debt defaults, bankruptcies or other factors affecting demand for our restructuring advisory services declines, or we lose business to new entrants into the restructuring advisory business that are no longer precluded from offering such services due to recent changes to the U.S. Bankruptcy Code, our restructuring advisory business revenue could suffer.

We provide various financial restructuring and related advice to companies in financial distress or to their creditors or other stakeholders. A number of factors affect demand for these advisory services, including general economic conditions, the availability and cost of debt and equity financing and changes to laws, rules and regulations, including deregulation or privatization of particular industries and those that protect creditors.

Table of Contents

The requirement of Section 327 of the U.S. Bankruptcy Code requiring that one be a disinterested person to be employed in a restructuring has recently been modified pursuant to the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005. The disinterested person definition of the U.S. Bankruptcy Code has historically disqualified certain of our competitors, but has not often disqualified us from obtaining a role in a restructuring because we have not been an underwriter of securities or lender. However, a recent change to the disinterested person definition will allow underwriters of securities to compete for restructuring engagements as well as with respect to the recruitment and retention of professionals. If our competitors succeed in being retained in new restructuring engagements, our restructuring advisory business, and thereby our results of operations, could be adversely affected.

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

The financial advisory industry is intensely competitive, and we expect it to remain so. We compete on the basis of a number of factors, including the quality of our employees, transaction execution, our products and services, innovation and reputation, and price. We have experienced intense competition over obtaining advisory mandates in recent years, and we may experience pricing pressures in our advisory business in the future as some of our competitors seek to obtain increased market share by reducing fees.

We also face increased competition due to a trend toward consolidation. In recent years, there has been substantial consolidation and convergence among companies in the financial services industry. In particular, a number of large commercial banks, insurance companies and other broad-based financial services firms have established or acquired broker-dealers or have merged with other financial institutions. Unlike us, many of these firms have the ability to offer a wide range of products, from loans, deposit-taking and insurance to brokerage, asset management and investment banking services, which may enhance their competitive position. They also have the ability to support investment banking, including financial advisory services, with commercial banking, insurance and other financial services revenue in an effort to gain market share, which could result in pricing pressure in our businesses.

Risks Relating to Our Investment Management Business

If the investments we make on behalf of our funds perform poorly we will suffer a decline in our investment management revenue and earnings, we may be obligated to repay certain incentive fees we have previously received to the third party investors in our funds, and our ability to raise capital for future funds may be adversely affected.

Our revenue from our investment management business is derived from fees earned for our management of the funds calculated as a percentage of the capital committed to our funds, incentive fees, or carried interest, earned when certain financial returns are achieved over the life of a fund, gains or losses on investments of our own capital in the funds and monitoring, director and transaction fees. In the event that our investments perform poorly on both realized and unrealized bases, our investment management revenues and earnings will suffer a corresponding decline. Such a decline may make it more difficult for us to raise Evercore Capital Partners III or any other new funds in the future, or result in such fundraising taking longer to complete than anticipated. To the extent that, over the life of the funds, we have received an amount of carried interest that exceeds a specified percentage of distributions made to the third party investors in our funds, we may be obligated to repay the amount of this excess to the third party investors.

Table of Contents

A portion of our investment management activities involve investments in relatively high-risk, illiquid assets, and we may lose some or all of the principal amount we invest in these activities or fail to realize any profits from these activities for a considerable period of time.

We have made and expect to continue to make principal investments in ECP II and in any new private equity funds we may establish in the future. These funds generally invest in relatively high-risk, illiquid assets. Contributing capital to these funds is risky, and we may lose some or all of the principal amount of our investments.

In addition, our private equity funds invest in businesses with capital structures that have significant leverage. The leveraged capital structure of such businesses increases the exposure of the funds portfolio companies to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such business or its industry. If these portfolio companies default on their indebtedness, the lender may foreclose and we could lose our entire investment.

Valuation methodologies for certain assets in our funds can be subject to significant subjectivity and the values of assets established pursuant to such methodologies may never be realized, which could result in significant losses for our funds.

There are no readily ascertainable market prices for a very large number of illiquid investments in our funds. The value of the investments of our funds is determined periodically by us based on applicable GAAP fair value methodologies described in the funds valuation policies. These policies are based on a number of factors, including the nature of the investment, the expected cash flows from the investment, bid or ask prices provided by third parties for the investment, the length of time the investment has been held, the trading price of securities (in the case of publicly traded securities), restrictions on transfer and other recognized valuation methodologies. The methodologies we use in valuing individual investments are based on a variety of estimates and assumptions specific to the particular investments, and actual results related to the investment therefore often vary materially as a result of the inaccuracy of such assumptions or estimates. In addition, because some of the illiquid investments held by our funds are or may in the future be in industries or sectors which are unstable, in distress, or undergoing some uncertainty, such investments are subject to rapid changes in value caused by sudden company-specific or industry-wide developments.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid investments, the fair values of such investments as reflected in a fund s value do not necessarily reflect the prices that would actually be obtained by us on behalf of the fund when such investments are sold. Realizations at values significantly lower than the values at which investments have been reflected in fund values would result in losses for the applicable fund and the loss of potential incentive income.

Difficult market conditions can reduce the value or performance of the assets we manage in our investment management business, which, in each case, could materially reduce our revenue or income and adversely affect our financial position.

The traditional asset management component of our investment management business would be expected to generate lower revenue in a market or general economic downturn. Under our traditional asset management business arrangements, investment advisory fees we receive typically are based on the market value of assets under management. Accordingly, a decline in the prices of securities would be expected to cause our revenue and income to decline by causing the value of our assets under management to decrease, which would result in lower investment advisory fees, causing negative absolute performance returns for some accounts which have performance-based incentive fees, resulting in a reduction of revenue from such fees, and/or causing some of our clients to withdraw funds from our asset management business in favor of investments they perceive as offering greater opportunity or lower risk, which also would result in lower investment advisory fees. If our asset management revenue declines without a commensurate reduction in our expenses, our net income would be reduced.

Table of Contents

The investment management business is intensely competitive.

The investment management business is intensely competitive, with competition based on a variety of factors, including investment performance, the quality of service provided to clients, brand recognition and business reputation.

Our investment management business competes with a number of private equity and venture capital firms, traditional asset managers, commercial banks, investment banks and other financial institutions. A number of factors serve to increase our competitive risks:

- a number of our competitors have more relevant experience, greater financial and other resources and more personnel than we do;
- there are relatively few barriers to entry impeding new private equity and venture capital firms, including a relatively low cost of entering these businesses, and the successful efforts of new entrants into our various lines of business, including major banks and other financial institutions, have resulted in increased competition;
- certain investors may prefer to invest with private partnerships; and
- other industry participants will from time to time seek to recruit our investment professionals and other employees away from us.

This competitive pressure could adversely affect our ability to make successful investments and prevent us from raising Evercore Capital Partners III or any other future funds, either of which would adversely impact our revenue and earnings.

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

The limited partnership agreements of the funds we manage provide that the limited partners of each fund may terminate their relationship with us without cause with a simple majority vote of each fund s limited partners. If the limited partners of the funds we manage terminate their relationship with us, we would lose fees earned for our management of the funds and carried interest from those funds. In addition, such an event would negatively impact our ability to raise capital for future funds.

The time and attention that our Senior Managing Directors and other employees devote to monetizing the investments of ECP I and EVP will not financially benefit us and may reduce the time and attention these individuals devote to our business. The time and attention that these individuals devote to managing ECP II and the Discovery Fund may not be as profitable to us as other business activities and opportunities to which they might otherwise have devoted their time and attention.

With the exception of a non-managing equity interest in the general partner of the ECP II, the general partners of the private equity funds we currently manage were not contributed to us in connection with the Reorganization and are owned by our Senior Managing Directors and other third parties. Accordingly, we no longer receive any carried interest from ECP I or EVP or any gains (or losses) arising from investments in those funds. As a result, although ECP I and EVP are in their realization, or harvesting, periods, the time and attention that our Senior Managing Directors and employees devote to monetizing the investments of these funds will not financially benefit us and may reduce the time and attention these individuals devote to our business. In addition, while we will receive 8% to 9% (depending on the particular fund investment) of the carried interest realized from ECP II and 10% from the Discovery Fund, the time and attention that our Senior Managing Directors and employees devote to managing this fund may not be as profitable to us as other business activities and opportunities to which these individuals might otherwise have devoted their time and attention.

Table of Contents

Risks Related to Our International Operations

Our recent acquisitions of our Mexican and English subsidiaries may adversely affect our business.

The process of integrating the operations of Evercore with those of Protego and Braveheart may require a disproportionate amount of resources and management attention as the combinations will increase the scope, geographic diversity and complexity of our operations and regulatory requirements. Any substantial diversion of management attention or difficulties in operating the combined business could affect our ability to achieve operational, financial and strategic objectives. The unsuccessful integration of our operations with Protego or Braveheart may also have adverse short-term effects on reported operating results and may lead to the loss of key personnel. In addition, Protego s and Braveheart s clients may react unfavorably to the combination of our businesses or we may be exposed to additional liabilities of the combined business, both of which could materially adversely affect our revenue and operating results.

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

Because our financial statements are denominated in U.S. dollars and, as a result of recent acquisitions we will be receiving portions of our net revenue from continuing operations in other currencies, predominantly in Mexican pesos, euros and British pounds, we are exposed to fluctuations in foreign currencies. In addition, we pay certain of our expenses in such currencies. The exchange rates of these currencies versus the U.S. dollar could adversely affect our results of operations. We do not generally hedge such non-dollar foreign exchange rate exposure arising in our subsidiaries outside of the U.S., but periodically evaluate this strategy and may enter into foreign currency hedging transactions in the future. Fluctuations in foreign currencies may also make period-to-period comparisons of our results of operations difficult.

Adverse economic conditions in Mexico, including interest rate volatility, may result in a decrease in Protego s revenue.

Protego is a Mexican company, with all of its assets located in Mexico and most of its revenue derived from operations in Mexico. As a financial services firm, Protego s businesses are materially affected by Mexico s financial markets and economic conditions. Historically, interest rates in Mexico have been volatile, particularly in times of economic unrest and uncertainty. Mexico has had, and may continue to have, high real and nominal interest rates. The interest rates on 28-day Mexican government treasury securities averaged 7.21%, 9.1% and, 6.8% for 2006, 2005 and 2004, respectively. The Mexican economy has grown at varying rates over the past decade. For example, Mexico s GDP grew at a rate of approximately 5.45% between 1996 and 2000. Between 2001 and 2003, Mexico s GDP growth rates declined to approximately -0.2% in 2001, 0.8% in 2002 and 1.4% in 2003. Mexico s GDP grew at a rate of approximately 4.8% and 3.0% in 2006 and 2005, respectively. Economic crises have been recurrent in Mexico, particularly around election years. For example, in 1976, the Mexican peso was devalued by 60.0%. In 1982, the Mexican economy entered into a period of instability marked by sustained devaluation, inflation and high interest rates following a sharp decline in oil prices. In December 1994, weeks after the new government took office, the peso was devalued and the Mexican government abandoned the semi-fixed exchange rate after its foreign reserves were depleted.

Because revenue generated by Protego s advisory business, which accounted for 76.5% of its revenue in 2006, is directly related to the volume and value of the transactions in which it is involved, during periods of unfavorable market or economic conditions in Mexico, the volume and value of mergers and acquisitions and other types of transactions may decrease, thereby reducing the demand for Protego s advisory services and increasing price competition among financial services companies seeking such engagements. Protego s results of operations would be adversely affected by any such reduction in the volume or value of these and similar advisory transactions.

Table of Contents

Political events in Mexico, including a change in state and municipal political leadership, may result in disruptions to Protego s business operations and adversely affect its revenue.

The Mexican government exercises significant influence over many aspects of the Mexican economy and Mexico s financial sector is heavily regulated. Protego also derives a significant portion of its revenue from advisory contracts with state and local governments in Mexico. Any action by the government, including changes in the regulation of Mexico s financial sector or changes made by elected officials with respect to advisory contracts with state and local governments, could have an adverse effect on the operations of Protego, especially on its asset management business.

As in the past several years, no political party has, or is expected to have in the next three years as a consequence of the recently held elections, a majority in the Mexican Congress. Multi-party rule is relatively new in Mexico and could result in economic or political conditions that could cause disruptions to Protego s business. The lack of a majority party in the legislature and the lack of alignment between the legislature and the executive branch could prevent the timely implementation of economic reforms or other legislative actions, which in turn could have a material adverse effect on the Mexican economy and cause disruptions to Protego s business and decrease its revenue.

In addition, Protego derives a significant portion of its revenue from advisory contracts with state and local governments in Mexico. The re-election of individual officeholders is prohibited by Mexican law. State governors have six-year terms of office, and local administrations are limited to three or four years, depending on the law of their state. The term limit system may prevent Protego from maintaining relationships with the same clients in the same political positions beyond these periods. After an election takes place, there is no guarantee that Protego will be able to remain as advisors of the new government, even if the new administration is of the same political party as the previous one. As of December 31, 2006, Protego has six contracts with state and local governments, including the states of Tabasco, Coahuila, Estado de México, Querétaro, Sonora and Durango. Advising state and local governments in Mexico accounted for $14.8 million, or 37.5%, of Protego s advisory revenue from January 1, 2004 through December 31, 2006. Of Protego s current four Mexican state public finance clients, the governor of one is leaving office in 2008, two in 2009 and one in 2010. Moreover, political change or instability at the state or municipal level can lead to the unexpected termination of Protego advisory contracts or the cancellation of projects in which Protego might be involved, leading to a reduction of Protego s advisory revenue.

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

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

Table of Contents

Risks Related to Our Organizational Structure

As a result of the completion of this offering, we will record a significant non-cash equity-based compensation charge due to the vesting of unvested Evercore LP partnership units and RSUs. As a result, we will record a significant loss in the quarter in which this offering is completed and expect to record a loss for the full fiscal year ending December 31, 2007.

In the Reorganization, our Senior Managing Directors received 13,430,500 vested and 9,706,329 unvested partnership units in Evercore LP. Under the terms of the Evercore LP partnership agreement, 4,853,164, or 50%, of these unvested partnership units will vest if and when Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, cease to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization was effected, and 9,706,329, or 100%, of the unvested partnership units issued will vest upon the earliest to occur of the following events:

- when Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, cease to beneficially own at least 50% of the aggregate Evercore LP partnership units owned by them at the time of the Reorganization;

- a change of control of Evercore; or

- two of Messrs. Altman, Beutner and Aspe are not employed by, or do not serve as a director of, Evercore Partners Inc. or one of its affiliates within a 10-year period following the IPO.

In addition, 100% of the unvested Evercore LP partnership units held by a Senior Managing Director will vest if such Senior Managing Director dies or becomes disabled while in our employ. Our Equity Committee, which is comprised of Messrs. Altman, Beutner and Aspe, may also accelerate vesting of unvested partnership units at any time.

In addition, we granted 2,286,055 restricted stock units (RSUs) to our employees at the time of the IPO. 207,116 of the RSUs are fully vested and, as a result, we recorded compensation expense at the time of the IPO equal to the value of these fully vested RSUs. The remaining 2,078,939 of these RSUs are unvested and will vest upon the same conditions as the unvested partnership units of Evercore LP issued in connection with the Reorganization (although on a different vesting schedule). Generally, 10% of the units were fully vested at the time of grant and, upon each subsequent vesting, an additional 45% of the units will vest.

We account for the unvested Evercore LP partnership units and unvested RSUs as compensation paid to employees in accordance with Statement of Financial Accounting Standard (SFAS) No. 123R, Share Based Payments , (SFAS 123R), which we adopted effective January 1, 2006. The unvested Evercore LP partnership units and unvested RSUs vest based on the achievement of one of the performance and service vesting conditions as described above. In accordance with SFAS 123R, accruals of compensation costs for awards with a performance or service condition are based on the probable outcome of that service or performance condition. Compensation cost is accrued if it is probable that the performance condition will be achieved and is not accrued if it is not probable that the performance condition will be achieved.

We have heretofore concluded that it is not probable that the conditions relating to a decline in the collective beneficial ownership of Messrs. Altman, Beutner and Aspe (and trusts benefiting their families and permitted transferees), a change of control of Evercore or a lack of continued association of Messrs. Altman, Beutner and Aspe with Evercore will be achieved, or that the death or disability condition during the employment period will be satisfied. Accordingly, we have not been accruing compensation expense relating to these unvested partnership units and unvested RSUs. However, the completion of this offering will probably result in Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, ceasing to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization, which will in turn result in the vesting of 4,853,164, or 50%, of the unvested partnership units and 1,039,505, or 50%, of the unvested RSUs issued in conjunction with the IPO. In the event that we successfully complete this offering but Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, continue to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date of the Reorganization, our Equity Committee nonetheless intends to accelerate the vesting of these unvested partnership units and RSUs.

The vesting of these partnership units and RSUs will be charged to expense at the completion of this offering based on the grant date fair value of the Evercore LP partnership units and RSUs, which is the IPO price of the Class A common stock of $21.00 per share.

In the first quarter of 2007, and in connection with new hiring activity, we granted (1) 90,479 RSUs with a grant date fair value of $33.27 per unit, 30,160 of which were fully vested and 60,319 of which are unvested and will vest upon the same conditions as the unvested partnership units of Evercore LP issued in connection with the Reorganization, and (2) 90,606 shares of restricted stock with a grant date fair value of $33.64 per share, all of which are unvested and will vest upon the earlier of one year following the date of grant or Messrs. Altman, Beutner and Aspe, and trusts benefiting their families and permitted transferees, collectively, ceasing to beneficially own at least 90% of the aggregate Evercore LP partnership units owned by them on the date the Reorganization was effected. Therefore, the completion of this offering will result in the vesting of 30,160 of these RSUs and all of these 90,606 shares of restricted stock.

Accordingly, we will record a non-cash equity-based compensation charge at the completion of this offering of approximately $127.8 million. As a result, we will record a significant loss in the quarter in which this offering is completed and expect to record a loss for the full fiscal year ending December 31, 2007.

We will be required to pay our Senior Managing Directors for most of the benefits relating to any additional tax depreciation or amortization deductions we may claim as a result of the tax basis step-up we receive in connection with exchanges of Evercore LP partnership units for shares of Class A common stock.

Prior to this offering, certain of our Senior Managing Directors, including members of our senior management, will exchange 2,404,813 Evercore LP partnership units that they hold on a one-for-one basis for shares of our Class A common stock. In addition, partnership units held by our Senior Managing Directors in Evercore LP may be exchanged in the future for shares of our Class A common stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. This exchange and any such future exchanges are expected to result in an increase in the tax basis of the tangible and intangible assets of Evercore LP. These increases in tax basis would likely increase (for tax purposes) amortization and, therefore, reduce the amount of tax that we would otherwise be required to pay in the future.

We have entered into a tax receivable agreement with our Senior Managing Directors that provides for the payment by us to an exchanging Evercore partner of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of these increases in tax basis. We expect to benefit from the remaining 15% of cash savings, if any, in income tax that we realize. While the actual amount and timing of any payments under this agreement will vary depending upon a number of factors, including the timing of exchanges, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that, as a result of the size of the increases of the tangible and intangible assets of Evercore LP attributable to our interest in Evercore LP, during the expected term of the tax receivable agreement, the payments that we may make to our Senior Managing Directors could be substantial.

Assuming no material changes in the relevant tax law, and that we earn sufficient taxable income to realize the full tax benefit of the increased amortization, we expect that future payments to our Senior Managing Directors in respect of the exchange of Evercore LP partnership units which will occur prior to this offering to aggregate approximately $22.3 million, resulting in payments of approximately $1.5 million per year over the next 15 years, based on an assumed value of the Class A common stock of $30.40 per share (the last reported price of the Class A common stock on the New York Stock Exchange on April 13, 2007). (A $1.00 increase