Evercore Partners Inc.
Form 10-Q/A
February 21, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2006

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from _____ to _____

001-32975

(Commission File Number)

EVERCORE PARTNERS INC.

(Exact name of registrant as specified in its charter)

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

55 East 52nd Street

43rd floor

New York, New York 10055

(Address of principal executive offices)

Registrant s telephone number: (212) 857-3100

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ¨ Accelerated Filer ¨ Non-Accelerated Filer x

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

The number of shares of the Registrant s Class A common stock, par value $0.01 per share, outstanding as of September 21, 2006 was 4,587,738. The number of shares of the Registrant s Class B common stock, par value $0.01 per share, outstanding as of September 21, 2006 was 51 (excluding 49 shares of Class B common stock held by a subsidiary of the Registrant).

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In this report, references to Evercore Partners, Evercore, we, our, or us, refer to Evercore Partners Inc. a Delaware company, and its subsidiaries.

References to Evercore Holdings or the Company, refer to Evercore Holdings, which, prior to the August 2006 Reorganization described herein, was comprised of certain combined entities under the common ownership of the Evercore Senior Managing Directors (the Members) and common control of two of the founding Members (the Founding Members).

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Explanatory Note

We are filing this Quarterly Report on Form 10-Q/A to restate our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 that was filed with the Securities and Exchange Commission (the SEC) on September 25, 2006.

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 Asesores, S.A. de C.V. (Asesores), its subsidiaries and Protego SI, S.C. (collectively, Protego Historical), Protego Historical improperly accounted for repurchase and reverse repurchase agreements entered into by Protego Casa de Bolsa, S.A. de C.V., the Mexican asset management subsidiary of Asesores, 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 Independent Auditors Report and 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 are filing this Form 10-Q/A restating certain financial information therein including (i) restated combined and consolidated financial statements of Protego Historical as of and for the three and six months ended June 30, 2006 and 2005 and (ii) the restated unaudited condensed consolidated pro forma financial statements as of and for the three and six months ended June 30, 2006. Except for Part I, Items 1, 1A and 4 and certain exhibits under Part II, Item 6, no other information included in the Form 10-Q as originally filed is being restated by, or repeated in this Quarterly Report on Form 10-Q/A and this Quarterly Report on Form 10-Q/A should be read together with the Form 10-Q as originally filed, except for Part I Items 1, 1A and 4 and certain exhibits under Part II, Item 6, which are restated in their entirety herein. Cross references within this Quarterly Report on Form 10-Q/A to items other than Part I Item 1, 1A and 4 and certain exhibits under Part II, Item 6 are references to those items in the Form 10-Q as originally filed. This Quarterly Report on Form 10-Q/A does not otherwise update the disclosures, including forward-looking information, set forth in the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 as originally filed and does not otherwise reflect events occurring after the original filing of the Quarterly Report on Form 10-Q on September 25, 2006. Such events include, among others, events described in our reports under the Securities Exchange Act of 1934, as amended, filed with the SEC since September 25, 2006.

In addition, the Company has added required disclosure for the pro forma effects of the distribution of the pre-offering profits on the Protego Historical Combined and Consolidated Balance Sheets as of June 30, 2006 and in the related Note 6.

Exhibits 31.1, 31.2 and 31.3 and 32.1, 32.2 and 32.3 are being included in this Form 10-Q/A and have been dated as of the date of this filing but are otherwise unchanged.

Forward-Looking Statements and Certain Factors that May Affect Our Business

This discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as outlook , believes , expects , potential , continues , may , wil should , seeks , approximately , predicts , intends , plans , estimates , anticipates or the negative version of these words or other compara Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include, but are not limited to, those described under Risk Factors discussed in our Registration Statement, which was declared effective August 10, 2006. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this discussion. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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

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* These unaudited condensed combined financial statements reflect the historical results of operations and financial position of Evercore Holdings and are not indicative of the expected future consolidated results of Evercore Partners Inc. following its August 2006 reorganization. The reorganization is presented in greater detail in Part I, Item 1A Pro Forma Financial Information (Unaudited) in this report. Specifically, the historical results of operations of Evercore Holdings do not reflect:

the Formation Transaction described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization , including the elimination of the financial results of the general partners of the Evercore Capital Partners I, Evercore Capital Partners II and Evercore Ventures funds and certain other entities through which certain of the Company s Senior Managing Directors have invested capital in the Evercore Capital Partners I fund, which will not be contributed to Evercore LP, and the cash distribution of pre-offering profits to the Company s Senior Managing Directors;

the Protego Combination described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization , including certain purchase accounting adjustments such as the allocation of the purchase price to acquired assets and assumed liabilities;

the additional compensation and benefits expenses the Company will incur following the August 2006 reorganization. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Operating Expenses Employee Compensation and Benefits Expense ;

the additional corporate income taxes Evercore Partners will incur following the August 2006 reorganization. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Provision for Income Taxes ; and

the initial public offering of Evercore Partners Inc. s Class A common stock and the use of a portion of the net proceeds to repay outstanding debt. See Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization .

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EVERCORE HOLDINGS

CONDENSED COMBINED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands)

	December 31, 2005	(UNAUDITED) June 30, 2006
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 37,855	$ 14,838
Restricted Cash	1,519	1,519
Securities		4,083
Accounts Receivable (net of allowances of $256 on December 31, 2005 and June 30, 2006)	12,921	17,519
Receivable from Members and Employees	1,739	1,426
Receivable from Uncombined Affiliates	1,255	2,923
Debt Issuance Costs	607	206
Prepaid Expenses	604	1,965
Accounts Receivable - Other	353	71
Total Current Assets	56,853	44,550
Investments	16,755	26,013
Deferred Offering and Acquisition Costs	5,138	9,892
Furniture, Equipment and Leasehold Improvements, Net	2,263	2,900
Other Assets	403	547
TOTAL ASSETS	$ 81,412	$ 83,902
LIABILITIES AND MEMBERS EQUITY		
Current Liabilities		
Short-Term Borrowings		30,000
Accrued Compensation and Benefits	13,165	10,607
Accounts Payable and Accrued Expenses	11,672	12,882
Deferred Revenue	935	512
Payable to Members and Employees	659	
Payable to Uncombined Affiliates	440	18
Capital Leases Payable - Current	193	176
Taxes Payable	1,711	947
Other Current Liabilities	626	97
Total Current Liabilities	29,401	55,239
Capital Leases Payable - Long-term	232	150
TOTAL LIABILITIES	29,633	55,389
Minority Interest	274	273
Members Equity		
Members Capital	51,301	28,119
Accumulated Other Comprehensive Income	204	121

TOTAL MEMBERS EQUITY	51,505	28,240
TOTAL LIABILITIES AND MEMBERS EQUITY	$ 81,412	$ 83,902

See notes to unaudited condensed combined financial statements.

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EVERCORE HOLDINGS

CONDENSED COMBINED STATEMENTS OF INCOME

(UNAUDITED)

(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2006	2005	2006
REVENUES				
Advisory Revenue	$ 12,243	$ 40,173	$ 30,513	$ 72,570
Investment Management Revenue	2,000	3,138	6,120	16,246
Interest Income and Other Revenue	31	179	75	300
TOTAL REVENUES	14,274	43,490	36,708	89,116
EXPENSES				
Employee Compensation and Benefits	5,204	8,093	10,614	16,852
Occupancy and Equipment Rental	739	990	1,421	1,828
Professional Fees	4,638	5,053	7,234	10,721
Travel and Related Expenses	890	1,642	2,204	3,493
Communications and Information Services	112	464	289	880
Financing Costs		631		1,225
Depreciation and Amortization	171	283	322	545
Other Operating Expenses	260	770	516	1,088
TOTAL EXPENSES	12,014	17,926	22,600	36,632
OPERATING INCOME	2,260	25,564	14,108	52,484
Minority Interest	8	6	10	(1)
Provision for Income Taxes	377	905	1,047	1,884
NET INCOME	$ 1,875	$ 24,653	$ 13,051	$ 50,601

See notes to unaudited condensed combined financial statements.

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EVERCORE HOLDINGS

CONDENSED COMBINED STATEMENTS OF CHANGES IN MEMBERS EQUITY

(UNAUDITED)

SIX MONTHS ENDED JUNE 30, 2006

(dollars in thousands)

	Members Capital	Accumulated Other Comprehensive Income	Total Members Equity
BALANCE - at January 1, 2006	$ 51,301	$ 204	$ 51,505
Net Income	50,601		50,601
Other Comprehensive Income:			
Unrealized (Losses) on Available-For-Sale Securities		(83)	(83)
Total Comprehensive Income			50,518
Members Contributions	2,644		2,644
Members Distributions	(76,427)		(76,427)
BALANCE - at June 30, 2006 (unaudited)	$ 28,119	$ 121	$ 28,240

See notes to unaudited condensed combined financial statements.

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EVERCORE HOLDINGS

CONDENSED COMBINED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(dollars in thousands)

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2006
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	$ 13,051	$ 50,601
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	322	946
Minority Interest	10	(1)
Bad Debt Expense	2	
Net Gains and Losses on Private Equity Investments	2,554	(4,935)
Net Gains and Losses Under Equity Investments		299
Net Gains and Losses on Trading Securities		75
(Increase) Decrease in Operating Assets:		
Accounts Receivable	3,896	(4,598)
Placement Fees Receivable	1,244	
Receivable from Members and Employees - Current	680	313
Receivable from Uncombined Affiliates	(889)	(1,668)
Prepaid Expenses	(395)	(1,361)
Accounts Receivable - Other	1	282
Deferred Offering and Acquisition Costs	(1,489)	(4,754)
Other Assets	(191)	(144)
Increase (Decrease) in Operating Liabilities:		
Accrued Compensation and Benefits	(2,648)	(2,558)
Accounts Payable and Accrued Expenses	2,122	1,210
Placement Fees Payable	(1,244)	
Deferred Revenue	268	(423)
Payable to Members and Employees	(239)	(659)
Payable to Uncombined Affiliates	201	(422)
Taxes Payable	470	(764)
Other Current Liabilities	(170)	(529)
Net Cash Provided by Operating Activities	17,556	30,910
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Investments	410	3,497
Investments Purchased	(3,941)	(12,360)
Purchase of Furniture, Equipment and Leasehold Improvements	(337)	(1,182)
Restricted Cash Deposits	21	
Net Cash Used In Investing Activities	(3,847)	(10,045)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Capital Lease Obligations	(70)	(99)
Contributions from Members	971	2,644
Distributions to Members	(43,625)	(76,427)
Borrowing - Line of Credit		30,000

Net Cash Used in Financing Activities		(42,724)		(43,882)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(29,015)		(23,017)
CASH AND CASH EQUIVALENTS - Beginning of Period		37,379		37,855
CASH AND CASH EQUIVALENTS - End of Period	$	8,364	$	14,838
SUPPLEMENTAL CASH FLOW DISCLOSURE				
Payments for Interest	$	68	$	458
Payments for Income Taxes	$	1,122	$	3,808
Fixed Assets Acquired Under Capital Leases	$	113	$	

See notes to unaudited condensed combined financial statements.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2005 & 2006

(dollars in thousands unless otherwise noted)

Note 1 Organization

Evercore Holdings (the Company) is an investment banking firm, headquartered in New York, New York, which, prior to the reorganization referred to below, was comprised of certain condensed combined entities under the common ownership of the Evercore Senior Managing Directors (the Members) and common control of two of the founding Members (the Founding Members). On August 10, 2006, pursuant to a contribution and sale agreement dated May 12, 2006, the Members contributed to Evercore LP each of the various entities included in the Company s historical combined financial statements, with the exception of the general partners of ECP I, ECP II and EVM and of the Founders (as such terms are defined below), and Evercore LP acquired Protego Asesores and its subsidiaries and Protego SI from its directors and other stockholders. On August 16, 2006, Evercore Partners Inc., the sole general partner of Evercore LP, completed the initial public offering of its Class A common stock. This reorganization is described in greater detail in the Registration Statement on Form S-1 (File No. 333-134087) (the Registration Statement) filed with the Securities and Exchange Commission in connection with the initial public offering. The financial statements of the Company presented in this report represent the results of operations and financial condition of the Company prior to the reorganization.

The entities comprising the Company are as follows:

Evercore Group Holdings L.P. (EGH) which indirectly owns all interests in each of the following entities:

Evercore Financial Advisors L.L.C. and Evercore Restructuring L.L.C. provide financial advisory services to public and private companies and restructuring advisory services to companies in financial transition as well as to their creditors.

Evercore Advisors L.L.C. provides investment advisory services to Evercore Capital Partners II L.P. and its affiliated entities (collectively, ECP II), a Company sponsored private equity fund.

Evercore Venture Advisors L.L.C. provides investment advisory services to Evercore Venture Partners L.P. and its affiliated entities (collectively, EVP), a Company sponsored private equity fund.

Evercore Group Holdings L.L.C. is the general partner of EGH.

In December 2003, the above entities were reorganized. Prior to the reorganization, these entities were operated as a series of limited partnerships with their own general partner entities. Under the terms of the reorganization, these limited partnerships were converted to limited liability companies. Pursuant to such conversions, the limited partnership interests were cancelled and, in consideration therefore, the holders of such limited partnership interests received limited partnership interest of EGH that corresponded to the respective limited liability companies into which such limited partnership were converted and were equivalent to the respective limited partnership interests held immediately prior to such conversions. The resulting limited liability companies are held by Evercore Partners Services East L.L.C., a wholly owned subsidiary of EGH. Subsequent to the reorganization, the former general partner entities were dissolved. The transaction was accounted for as a reorganization of entities under common control at historical cost.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

Evercore Advisors Inc. provides investment advisory services to Evercore Capital Partners L.P. and its affiliated entities (collectively ECP I), a Company sponsored private equity fund.

Evercore Group L.L.C. (EGL) is a registered broker-dealer under the Securities Exchange Act of 1934, as amended, and is registered with the National Association of Securities Dealers, Inc. EGL is a limited service entity, which specializes in rendering selected financial advisory services. EGL was converted to a limited liability company from an S corporation on April 19, 2006.

Evercore Properties Inc. is a lease holding entity for the Company s New York offices. With respect to the Company s California offices, such leases are held by Evercore Partners Services East L.L.C.

Evercore Partners L.L.C., Evercore Offshore Partners Ltd., and Evercore Partners Cayman L.P. are the general partners of various ECP I entities.

Evercore Partners II L.L.C. and Evercore Venture Management L.L.C. (EVM) are the general partners of ECP II and EVP, respectively.

Evercore Founders L.L.C. and Evercore Founders Cayman Ltd. are the entities through which the Company funds its additional commitments to ECP I (collectively, the Founders).

The Company s principal activities are divided into two business segments:

Advisory includes advice on mergers, acquisitions, divestitures, leveraged buyouts, restructurings and similar corporate finance matters; and

Investment Management includes the management of outside capital invested in the Company s sponsored private equity funds: ECP I, ECP II and EVP, (collectively referred to as the Private Equity Funds); and the Company s principal investments in such Private Equity Funds. Each of the Private Equity Funds is managed by its own general partners and outside investors participate in the Private Equity Funds as limited partners.

The Condensed Combined Financial Statements include the accounts of the following entities all of which are under the common control and management of the Founding Members:

Entity	*Type of Entity*	*Date of Formation*	*Percentage Ownership*
Evercore Group Holdings L.P. and subsidiaries	Delaware Limited Partnership	12/31/02	100%

Evercore Group Holdings L.L.C.	Delaware Limited Liability Company	12/31/02	100%
Evercore Advisors Inc.	Delaware S-Corporation	06/18/96	100%
Evercore Group L.L.C.	Delaware Limited Liability Company	03/21/96	100%
Evercore Properties Inc.	Delaware S-Corporation	04/16/97	100%
Evercore Partners L.L.C.	Delaware Limited Liability Company	11/20/95	100%
Evercore Offshore Partners Ltd.	Cayman Islands Limited Liability Company	03/25/97	100%
Evercore Partners Cayman L.P.	Cayman Islands Limited Partnership	03/28/01	100%
Evercore Partners II L.L.C.	Delaware Limited Liability Company	10/24/01	100%
Evercore Venture Management L.L.C. [(1)]	Delaware Limited Liability Company	10/12/00	47%
Evercore Founders L.L.C.	Delaware Limited Liability Company	03/25/97	100%
Evercore Founders Cayman Ltd.	Cayman Islands Limited Liability Company	03/27/01	100%

(1) EVM is combined at 100% with a 53% minority interest recorded.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

Note 2 Significant Accounting Policies

Basis of Presentation The accompanying unaudited condensed combined financial statements of the Company have been prepared in accordance with the instructions to Form 10-Q. As permitted by the rules and regulations of the Securities and Exchange Commission (the SEC), the financial statements contain certain condensed financial information and exclude certain footnote disclosures normally included in audited combined financial statements prepared in accordance with United States generally accepted accounting principles (GAAP). In the opinion of management, the accompanying financial statements contain all adjustments, including normal recurring accruals, necessary to fairly present the accompanying financial statements. For further information, refer to the combined financial statements for the year ended December 31, 2005 and footnotes thereto included in the Company s Registration Statement on Form S-1. Operating results for the interim period are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2006.

The Condensed Combined Financial Statements of the Company comprise the consolidation of EGH and its wholly owned subsidiaries with Evercore Group Holdings L.L.C., Evercore Advisors Inc., Evercore Properties Inc. and Evercore Group L.L.C., and the combination of its wholly owned and majority owned general partners of the Private Equity Funds and Founders, entities that are wholly owned or controlled by the Company.

EGH has consolidated all operating companies in which it has a controlling financial interest, in accordance with Statement of Financial Accounting Standards (SFAS) No. 94, *Consolidation of All Majority-Owned Subsidiaries,* (SFAS 94) which requires the consolidation of all majority-owned subsidiaries.

Investments in non-majority-owned companies in which the Company has significant influence are accounted for by the Company using the equity method.

These financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

All material intercompany transactions and balances have been eliminated.

Minority Interest Minority interest recorded on the Condensed Combined Financial Statements relates to the minority interest of an unrelated third-party in EVM, the general partner of EVP. The Company consolidates EVM, which it controls but does not wholly own. As a result, the Company includes in its Condensed Combined Statements of Income all of the net income of EVM with an appropriate minority interest of approximately 53%.

Use of Estimates The preparation of the Condensed Combined Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed combined financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates relate to the valuation of portfolio investments in companies owned by the Private Equity Funds (the Portfolio Companies), the allowance for doubtful accounts for accounts receivables, compensation liabilities, tax liabilities and other matters that affect reported amounts of assets and liabilities. Actual amounts could differ from those estimates and such differences could be material to the Condensed Combined Financial Statements.

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

Restricted Cash At December 31, 2005 and June 30, 2006, the Company was required to maintain compensating balances of $1,519, as collateral for letters of credit issued, by a third party, in lieu of a cash security deposit, as required by the Company s lease for New York office

space.

Accounts Receivable Accounts receivable consists primarily of advisory fees and expense reimbursements charged to the Company s clients, and transaction and monitoring fees charged to Portfolio Companies. Accounts receivable as of December 31, 2005 and June 30, 2006 include unbilled client expense receivables in the amount of $1,451 and $968, respectively.

Accounts Receivable are reported net of any allowance for doubtful accounts. Management of the Company derives the estimate for the allowance for doubtful accounts by utilizing past client transaction history and an assessment of the client s creditworthiness, and has determined that an allowance for doubtful accounts was $256 as of December 31, 2005 and June 30, 2006.

Fair Value of Financial Instruments The fair value of financial assets and liabilities, consisting of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities are considered to approximate their recorded value, as they are short-term in nature.

Investments The Company s investments consist primarily of investments in the Private Equity Funds and assets managed by Evercore Asset Management, L.L.C. (EAM) that are carried at fair value on the Condensed Combined Statements of Financial Condition, with realized and unrealized gains and losses included in Investment Management Revenue on the Condensed Combined Statements of Income.

Unrealized gains and losses on Available-For-Sale Securities are included in Accumulated Other Comprehensive Income as a separate component of Member s Equity, but are excluded from net income.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

The Private Equity Funds consist primarily of investments in marketable and non-marketable securities of the Portfolio Companies. The underlying investments held by the Private Equity Funds are valued based on quoted market prices or estimated fair value if there is no public market. The fair value of the Private Equity Funds investments in non-marketable securities are ultimately determined by the Company in its capacity as general partner. The Company determines fair value of non-marketable securities by giving consideration to a range of factors, including but not limited to market conditions, operating performance (current and projected) and subsequent financing transactions. Due to the inherent uncertainty in the valuation of these non-marketable securities, estimated values may materially differ from the values that would have been used had a ready market existed for these investments.

Investments in publicly traded securities are valued using quoted market prices.

Available-For-Sale Securities and Trading Securities are valued using quoted market prices for publicly traded securities or estimated fair value if there is no public market.

Furniture, Equipment and Leasehold Improvements Fixed assets, including office equipment, hardware and software and leasehold improvements, are stated at cost, net of accumulated depreciation and amortization. Furniture, equipment and computer hardware and software are depreciated using the straight-line method over the estimated useful lives of the assets, ranging from three to seven years. Leasehold improvements are amortized over the shorter of the term of the lease or the useful life of the asset.

The Company capitalizes certain costs of computer software obtained for internal use and amortizes the amounts over the estimated useful life of the software, generally not exceeding three years. Capitalized internal-use software costs include only external direct costs of materials and services consumed in developing or obtaining the software. Capitalization of these costs ceases no later than the point at which software development projects are substantially complete and ready for their intended purposes.

Upon retirement or disposition of assets, the cost and related accumulated depreciation or amortization is removed from the accounts and the resulting gain or loss, if any, is recognized as a gain or loss on disposition of assets in other operating income or expense. Expenditures for maintenance and repairs are expensed as incurred.

Leases Leases are accounted for in accordance with SFAS No. 13, *Accounting for Leases.* Leases are classified as either capital or operating as appropriate. For capital leases, the present value of the future minimum lease payments is recorded as a liability. Amortization of capitalized leased assets is computed on the straight-line method over the lesser of the lease term or useful life of the asset.

Advisory Revenue The Company earns advisory revenue through a) retainer arrangements, b) success fees based on the occurrence of certain events which may include announcements or completion of various types of financial transactions and c) fairness opinions.

The Company recognizes advisory revenue when the services related to the underlying transactions such as mergers, acquisitions, restructurings and divestitures are completed in accordance with the terms of its engagement agreements.

Fees that are paid in advance are initially recorded as deferred revenue and recognized as advisory revenue ratably over the period in which the related service is rendered.

Investment Management Revenue Investment Management revenue consists of a) management fees from the Private Equity Funds, b) portfolio company fees, c) gains (losses) on investments in the Private Equity Funds and d) Carried Interest.

Management Fees Management fees are contractually based and are derived from investment management services provided in originating, recommending and consummating investment opportunities to the Private Equity

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Funds. Management fees are payable semi-annually in advance on committed capital during the Private Equity Funds investment period, and on invested capital, thereafter. Management fees are initially recorded as deferred revenue and revenue is recognized ratably, thereafter, over the period for which services are provided.

The Private Equity Funds partnership agreements provide for a reduction of management fees for certain portfolio company fees earned by the Company. Portfolio company fees are recorded as revenue when earned and are offset, in whole or in part, against future management fees. Such offsets amounted to $0 and $552 for the six months ended June 30, 2005, and 2006, respectively.

The ECP II partnership agreement also provides that placement fees paid by its limited partners are offset against future management fees. Such offsets amounted to $1,243 and $0 for the six months ended June 30, 2005, and 2006.

Portfolio Company Fees Portfolio company fees include monitoring, director and transaction fees associated with services provided the portfolio companies of the private equity funds the Company manages.

Monitoring fees are earned by the Company for services provided to the Portfolio Companies with respect to the development and implementation of strategies for improving operating, marketing and financial performance. Monitoring fee revenue is recognized ratably over the period for which services are provided.

Director fees are earned by the Company for the services provided by Members who serve on the Board of Directors of Portfolio Companies. Director fees are recorded as revenue when payment is received. This policy does not yield results that are materially different compared to recording revenue when services are provided, as required by U.S GAAP.

Transaction fees are earned by the Company for providing advisory services to Portfolio Companies. These fees are earned and recognized on the same basis as advisory revenue.

Gains (Losses) on Investments in the Private Equity Funds Investments in the Private Equity Funds consist of the Company s general partnership interest and related commitments in investment partnerships that it manages. These investments are accounted for on the fair value method based on the Company s percentage interest in the underlying partnerships. The Company recognizes revenue on investments in the Private Equity Funds based on its allocable share of realized and unrealized gains (or losses). See Note 6, Investments.

Carried Interest The Company records incentive fee revenue from the Private Equity Funds when the returns on the Private Equity Funds investments exceed certain threshold minimums. These incentive fees (or Carried Interest) are computed in accordance with the underlying Private Equity Funds partnership agreements and are based on investment performance over the life of each investment partnership. Future investment underperformance may require amounts previously distributed to the Company to be returned to the respective investment partnerships. As required by the Private Equity Funds partnership agreements, the general partners of each Private Equity Fund maintain a defined amount in escrow in the event that distributions received by such general partner must be returned due to investment underperformance. These escrow funds are not included in the accounts of the Company. The Members, in their capacity as members of the general partners of the Private Equity Funds, have guaranteed the general partners obligation (which may arise due to investment underperformance) to repay or refund to outside investors in the Private Equity Funds interim amounts previously distributed to the Company.

Client Expense Reimbursement In the conduct of its financial advisory service engagements and in the pursuit of successful Portfolio Company investments for the Private Equity Funds, the Company receives reimbursement for certain transaction-related expenses incurred by the Company on behalf of its clients. Such reimbursements are classified as either Advisory or Investment Management Revenues, as applicable.

Transaction-related expenses, which are billable to clients, are recognized as revenue in accordance with EITF 01-14, Income Statement Characterization of Reimbursement Received for Out of Pocket Expenses Incurred , and recorded in accounts receivable on the later of a) the date of an executed engagement letter or b) the date the expense is incurred. The Company reported such expense reimbursement as revenue on the Condensed Combined Statements of Income in the amount of $1,099 and $2,463 for the six months ended June 30, 2005, and 2006, respectively.

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Compensation and Benefits Compensation includes salaries, bonuses (discretionary awards and guaranteed amounts) and severance and excludes any compensatory payments made to Members. Bonuses are accrued over the service period to which they relate. Benefits includes both Member and employee benefit expense.

Income Taxes The Company accounts for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, which requires the recognition of tax benefits or expenses on the temporary differences between the financial reporting and tax bases of assets and liabilities. The Company s operations are organized as a series of partnerships, limited liability companies and sub-chapter S corporations. Accordingly, the Company s income is not subject to U.S. federal income taxes. Taxes related to income earned by these entities represent obligations of the individual members, partners or shareholders and have not been reflected in the accompanying Condensed Combined Financial Statements. Income taxes shown on the Condensed Company s Combined Statements of Income are attributable to the New York City Unincorporated Business Tax and the New York City general corporate tax.

Earnings Per Share The Company has historically operated as a series of related partnerships, limited liability companies and sub-chapter S corporations under the common control of the Founding Members. There is no single capital structure upon which to calculate historical earnings per share information. Accordingly, historical earnings per share information has not been presented.

Comprehensive Income Comprehensive income consists of net income and other comprehensive income. Other comprehensive income refers to revenue, expenses, gains and losses that are included in Accumulated Other Comprehensive Income as a separate component of Members Equity but are excluded from net income. The Company s other comprehensive income is comprised of unrealized gains on Available-For-Sale Securities.

Net Income As a result of the Company operating as a series of partnerships, limited liability companies and sub-chapter S corporations, payment for services rendered by the Members has historically been accounted for as a distribution from Members capital rather than as compensation and benefits expense. As a result, the Company s operating income historically has not reflected payments for services rendered by its Members.

The Members have historically received periodic distributions of operating proceeds which are reported in the Statements of Changes in Members Equity as distributions. The amount of cash and non-cash distributions received by the Members was $76,427, for the six months ended June 30, 2006.

Note 3 Recently Issued Accounting Pronouncements

SFAS 123(R) On December 16, 2004, the Financial Accounting Standards Board, (FASB), issued SFAS No. 123 (revised 2004), *Share-Based Payment*, or SFAS 123(R), which is a revision of SFAS No. 123 *Accounting for Stock Based Compensation*. SFAS 123(R) supersedes Accounting Principles Board Opinion (APB) No. 25, *Accounting for Stock Issued to Employees*, and amends SFAS No. 95, *Statement of Cash Flows*. Generally, the approach in SFAS 123(R) is similar to the approach described in SFAS 123. However, SFAS 123(R) requires all share-based payments to employees, including grants of employee stock options, to be recognized in the Condensed Combined Statements of Income based on their fair values. Pro forma disclosure is no longer an alternative. The Company has operated as a series of partnerships, limited liability companies and sub-chapter S corporations and has not historically issued stock-based compensation awards. The Company adopted SFAS 123(R) on January 1, 2006 and there was no material impact on the Company s condensed combined financial condition or results of operations.

FIN 47 In March 2005, the FASB issued Financial Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 clarifies guidance provided in SFAS No. 143, *Accounting for Asset Retirement Obligations*. The term, asset retirement obligation, refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Entities are required to recognize a liability for the fair value of a conditional asset

retirement obligation when incurred if the liability s fair value can be reasonably estimated. FIN 47 was effective for fiscal years ending after December 15, 2005. The adoption of FIN 47 did not have a material effect on the Company s condensed combined financial condition or results of operations.

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SFAS 154 In May 2005, the FASB issued SFAS No. 154 *Accounting Changes and Error Corrections* , which replaces APB Opinion No. 20 and SFAS No. 3, and changes the requirements for the accounting for and reporting of a change in accounting principle. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, although early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date SFAS 154 was issued. The adoption of SFAS 154 did not have a material effect on the Company s condensed combined financial condition or results of operations.

Emerging Issues Task Force Issue No. 04-5 In June 2005 the Emerging Issues Task Force reached a consensus on Issue No. 04 5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights.* Under Issue 04 5, the general partners in a limited partnership or similar entity are presumed to control that limited partnership regardless of the extent of the general partners ownership interest in the limited partnership. A general partner should assess the limited partners rights and their impact on the presumption of control. If the limited partners have either a) the substantive ability to dissolve the limited partnership or otherwise remove the general partners without cause or b) substantive participating rights, the general partners do not control the limited partnership. For general partners of all new limited partnerships formed and for existing limited partnerships for which the partnership agreement is modified, Issue 04 5 is effective after June 29, 2005. For general partners in all other limited partnerships, Issue 04 5 is effective for the first reporting period in fiscal years beginning after December 15, 2005, and allows either of two transition methods. As of December 31, 2005 the Company determined that consolidation of the Private Equity Funds will not be required pursuant to Issue 04-5.

SFAS 155 In February 2006, the FASB issued SFAS No. 155 *Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140* (SFAS 155). SFAS 155 permits an entity to measure at fair value any financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS 155 is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. The Company is currently assessing the impact of adopting SFAS 155, but does not expect the standard to have a material impact on the financial condition, results of operations, and cash flows of the Company.

SFAS 156 In March 2006, the FASB issued SFAS No. 156 *Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140* (SFAS 156), which requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable, and for subsequent measurements, permits an entity to choose either the amortization method or the fair value measurement method for each class of separately recognized servicing assets and servicing liabilities. SFAS 156 also requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. SFAS 156 is effective in fiscal years beginning after September 15, 2006. The Company is currently assessing the impact of adopting SFAS 156, but does not expect the standard to have a material impact on the financial condition, results of operations, and cash flows of the Company.

FIN 48 In July 2006, the FASB issued Financial Interpretation No. 48 *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48), which clarifies the criteria that must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN 48 provides a benefit recognition model with a two-step approach consisting of a more-likely-than-not recognition criteria, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 also requires the recognition of liabilities created by differences between tax positions taken in a tax return and amounts recognized in the financial statements. FIN 48 is effective as of the beginning of the first annual period beginning after December 15, 2006. The Company is currently assessing the impact of adopting FIN 48 on the financial condition, results of operations, and cash flows of the Company.

SFAS 157 In September 2006, the FASB issued SFAS No. 157 Fair Value Measurements (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective in fiscal years beginning after November 15, 2007. The Company is currently assessing the impact of adopting SFAS 157 on the financial condition, results of operations, and cash flows of the Company.

Note 4 Related Parties

The Company remits payment for expenses on behalf of the Private Equity Funds and is reimbursed accordingly. During the six months ended June 30, 2005 and 2006, the Company disbursed $432, and $733, respectively, on behalf of these entities. Included in Receivable from Uncombined Affiliates on the Statements of Financial Condition as of December 31, 2005 and June 30, 2006 are accrued and unpaid management fees, reimbursable expenses relating to the Private Equity Funds and investment advances made to an affiliate in the amounts of $1,255 and $2,923, respectively. Payables to Uncombined Affiliates amounted to $440 and $18 as of December 31, 2005 and June 30, 2006, respectively. These payables represent obligations of the general partner pursuant to the respective partnership agreements of the Private Equity Funds and are payable to the Private Equity Funds.

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Included in Receivable from Members and Employees on the Condensed Combined Statements of Financial Condition are loans to Members, employees and former employees of the Company. These loans are collateralized by the Members, employees, or former employees respective investments in the Private Equity Funds, are carried at face value and bear interest at the prime rate. The amount of such loans outstanding as of December 31, 2005 and June 30, 2006 were $83 and $85, respectively. Interest on these loans was $3 and $3, for the quarters ended June 30, 2005, and 2006, respectively, and $4 and $4 for the six months ended June 30, 2005 and 2006. This interest included in Interest Income and Other Revenue on the Condensed Combined Statements of Income. Subsequent to June 30, 2006, the amounts receivable from Members were received by the Company. Advances in the amount of $61 made to individuals who have accepted employment offers with the Company, are also included in Receivable from Members and Employees on the Condensed Combined Statements of Financial Condition as of December 31, 2005 and June 30, 2006.

Also, included in Receivable from Members and Employees are advances made by the Company on behalf of such individuals in connection with their general partner obligation to the Private Equity Funds. These advances are non-interest bearing and the amounts outstanding as of December 31, 2005 and June 30, 2006 were $1,540 and $1,257, respectively. Subsequent to June 30, 2006, the amounts receivable from Members were received by the Company. Payable to Members and Employees for Private Equity distributions amounted to $659 and $0 as of December 31, 2005 and June 30, 2006.

Amounts due in connection with personal expenses paid by the Company on behalf of Members and employees totaled $51 and $17 as of December 31, 2005 and June 30, 2006, respectively, and are included in Receivable from Members and Employees. These receivables are non-interest bearing and are repaid to the Company on a periodic basis. Subsequent to June 30, 2006, these amounts were received by the Company.

The general partner investment interests of one of the Members and the general partner and Founder interests of one of the founding members serve to collateralize their personal loans with a third party financial institution.

Effective October 28, 2005, EGH acquired (indirectly through a wholly owned subsidiary) the right to invest in EAM, a newly formed entity, engaged primarily in the asset management business. The Company s investment in EAM is accounted for under the equity method. Although EAM is considered a variable interest entity, the Company is not the primary beneficiary, and thus, not required to consolidate it.

Co-Operation Agreement with Braveheart Financial Services Limited On April 19, 2006, EGL entered into a Co-Operation Agreement with Braveheart Financial Services Limited (Braveheart), a private company limited by shares incorporated in England, which provides for a business referral arrangement. Braveheart was organized to provide corporate finance and private equity advisory services, subject to its receipt of applicable regulatory approvals. The arrangement under the Co-Operation Agreement is intended to generate incremental fee income for each of Evercore and Braveheart through mutual business referrals for financial advisory work and the sourcing and execution of private equity fundraising and investment opportunities. Pursuant to the Co-Operation Agreement, Braveheart will refer matters in North America to Evercore and Evercore will refer matters in Europe, the Middle East or Africa to Braveheart. Each of the parties is obligated to pay fees to the other party for services provided under the Co-Operation Agreement. On July, 20, 2006, EGL paid Braveheart a retainer fee in the amount of $900,000. The Co-Operation Agreement may be terminated by either party at any time on or after December 31, 2007, and will terminate upon consummation of the Company s pending acquisition of Braveheart. See Note 15 Subsequent Events.

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Note 5 Deferred Offering and Acquisition Costs

The Company completed an initial public offering of its Class A Common Stock on August 16, 2006. The Company consummated a number of internal reorganization transactions to transition the Company to a corporate structure form. Costs directly attributable to the Company s initial public offering have been deferred and capitalized. These costs were charged against the proceeds of the offering once completed.

The Company also executed a definitive agreement to acquire all the outstanding capital stock of Protego Asesores S.A. de C.V, a foreign investment bank based in Mexico, in exchange for both cash and equity consideration. The transaction was consummated immediately prior to the initial public offering referred to above. The direct costs incurred in connection with the acquisition have been deferred and capitalized, and these costs will be allocated to the purchase price upon the completion of the acquisition.

The Company entered into a sale and purchase agreement to acquire Braveheart, an investment banking firm based in the U.K., in exchange for all or the outstanding share capital of Braveheart the Company would pay cash and equity consideration. The direct costs incurred in connection with the acquisition have been deferred and capitalized, and these costs will be allocated to the purchase price upon the completion of the acquisition. Costs related to an unsuccessful acquisition will be charged to operations at the termination date. See Note 15, Subsequent Events.

As of December 31, 2005 and June 30, 2006, respectively, $5,138 and $9,892 of costs incurred in connection with the initial public offering and the acquisitions, described above, were capitalized and are shown on the Condensed Combined Statements of Financial Condition in Deferred Offering and Acquisition Costs.

Note 6 Investments

Investments

The fair value of the Company s investments reported in the Condensed Combined Statements of Financial Condition are as follows:

	December 31, 2005	June 30, 2006
Investment in ECP I	$ 3,717	$ 4,363
Investment in ECP II	11,997	19,815
Investment in EVP	625	664
Total Private Equity Funds	16,339	24,842
Investments Available-For-Sale	416	333
Investments, Equity Method		838
Total Investments	$ 16,755	$ 26,013

Investments in the Private Equity Funds Investments in the Private Equity Funds primarily include the general partner and Founders entities investments in the Private Equity Funds.

As of December 31, 2005 and June 30, 2006, the Company s investment in ECP I represented 3.8% and 5.0%, respectively of the Private Equity Funds capital. The Company s investments in ECP II and EVP were less than 5.0% of the respective Private Equity Funds capital as of December 31, 2005 and June 30, 2006.

Net realized and unrealized gains and losses on Private Equity Fund investments, including Carried Interest and gains (losses) on investments, were $(2,554), and $4,935 for the six months ended June 30, 2005, and 2006, respectively, and are included on the Condensed Combined Statements of Income in Investment Management Revenue.

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See Note 10, Commitments and Contingencies, for commitments of future capital contributions to the Private Equity Funds.

The portfolio of investments in the Private Equity Funds at fair value by industry was as follows:

	December 31, 2005	June 30, 2006
Energy	24%	30%
Media	20%	10%
Healthcare Services	17%	11%
Financial Services	9%	23%
Telecommunications	6%	5%
Industrials	6%	3%
Printing/Advertising	4%	4%
Transportation/Waste Management	0%	4%
Consumer Distributions	5%	3%
Other	9%	7%
Total	100%	100%

Investments in Available-For-Sale Securities Investments in Available-For-Sale securities reflects the Company s investment in options for the purchase of additional shares of common stock of a former Portfolio Company. The options were received at various dates, in lieu of cash payment for services rendered. Using the Black-Scholes Option Pricing Model, the options as of December 31, 2005 and June 30, 2006, were valued at $416 and $333, respectively.

Investment, Equity Method On January 5, 2006, the Company invested $1,137 in EAM. The Company holds a 41.7% interest in EAM. For the three and six months ended June 30, 2006, the investment resulted in an unrealized loss of $193 and $299, respectively, and is included on the Condensed Combined Statements of Income in Investment Management Revenue.

Securities

Trading Securities - On March 20, 2006, the Company invested $2,000 in an investment portfolio managed by EAM and an additional $1,000 on May 31, 2006 in the same portfolio. On June 8, 2006, the Company invested an additional $1,000 in an investment portfolio managed by EAM, of which, $848 remains in cash, and $1,000 in a separate fund product also managed by EAM,. These investments managed by EAM are reflected as Securities on the condensed combined statement of financial condition. For the three and six months ended June 30, 2006, the investments resulted in an unrealized loss of $82 and $75, respectively, and is included on the Condensed Combined Statements of Income in Investment Management Revenue.

Note 7 Furniture, Equipment and Leasehold Improvements, Net

Furniture, equipment and leasehold improvements, net, consisted of the following:

	December 31, 2005	June 30, 2006
Furniture and Office Equipment	$ 1,138	$ 1,235
Leasehold Improvements	878	1,658
Computer and Computer-related Equipment	1,093	1,174
Capitalized Leases	729	729
Software	406	630
Total	4,244	5,426
Less: Accumulated Depreciation and Amortization	(1,981)	(2,526)
Furniture, Equipment and Leasehold Improvements, Net	$ 2,263	$ 2,900

Depreciation and amortization expense totaled $171, and $283 for the three months ended June 30, 2005 and 2006, respectively, and totaled $322, and $545 for the six months ended June 30, 2005 and 2006, respectively.

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Purchases of furniture, equipment and leasehold improvements totaled $80, and $1,030, for the three months ended June 30, 2005 and 2006, respectively, and totaled $337, and $1,182, for the six months ended June 30, 2005 and 2006, respectively.

Note 8 Employee Benefit Plans

Defined Contribution Retirement Plan The Company, through a subsidiary, provides certain retirement benefits to employees through a qualified retirement plan. The Evercore Partners Services East L.L.C. Retirement Plan (the Plan) is a discretionary profit sharing plan with a salary deferral feature under Section 401(k) of the Internal Revenue Code. The Plan was formed on February 1, 1996 and amended February 1, 1999, February 1, 2000, February 1, 2001, January 1, 2002 and June 1, 2002. The plan year ends on January 31 of each year. The Company, at its sole discretion, determines the amount, if any, of profit to be contributed to the Plan.

The retirement and profit sharing plan costs for the six months ended June 30, 2005 and 2006 totaled $135 and $303, respectively. Plan administration expenses incurred related to the retirement and profit sharing plans totaled $15 and $49 for the three months ended June 30, 2005 and 2006, respectively, and totaled $23 and $50 for the six months ended June 30, 2005, and 2006, respectively.

Note 9 Line of Credit

On December 30, 2005, the Company executed a $30,000 Credit Agreement with a syndicated group of lenders that matures on the earlier of the consummation of the initial public offering or December 30, 2006 (the Line of Credit). The Line of Credit is a 364-day revolving facility that bears interest at a rate of either (i) Libor plus 200 basis points (the Eurodollar Loan) or (ii) the greater of (a) the Prime Rate or (b) Federal Funds Effective Rate plus 100 basis points (the Base Rate Loan) for any amount drawn. The Company may elect either the Eurodollar Loan or the Base Rate Loan and either election includes a commitment fee of 1/2 of 1% per annum for any unused portion. The Company is required to maintain liquid assets as a percentage of any amounts drawn on the facility based on the following schedule: From March 30, 2006 through June 30, 2006: 30%; From July 1, 2006 through September 30, 2006: 50% and; From October 1, 2006 through the termination date: 75%. The Members have also pledged their beneficial interests in the Company as collateral for the Line of Credit. At June 30, 2006, the Company was in compliance with all covenants under the Credit Agreement.

The Line of Credit will be used for additional working capital purposes including, but not limited to, funding of the Company s ongoing investment programs. Costs incurred in connection with obtaining this credit facility totaled $607, and such costs are included in Debt Issuance Costs on the Condensed Combined Statements of Financial Condition. The costs are being amortized over the expected life of the draw down. The Company amortized $401 of these costs for the six months ended June 30, 2006.

On January 12, 2006, the Company drew down $25,000 on the Line of Credit for additional working capital purposes at an interest rate of 6.6%. On June 22, 2006, the Company drew down an additional $5,000 at an effective interest rate of 7.48%. For the six months ended June 30, 2006, the Company incurred $16 for the commitment fee expense and $797 for the interest expense.

The Line of Credit was repaid on August 16, 2006, subsequent to the initial public offering.

Note 10 Commitments and Contingencies

Operating Leases The Company leases office space under non-cancelable lease agreements, which expire on various dates through 2013.

Occupancy lease agreements, in addition to base rentals, generally are subject to escalation provisions based on certain costs incurred by the landlord. Occupancy and Equipment Rental on the Condensed Combined Statements of Income for the six months ended June 30, 2005, and 2006 includes $1,023 and $1,328, respectively, of rental expense relating to operating leases. As of June 30, 2006, the Company maintains, as

part of the leases for office space in New York, irrevocable standby letters of credit as security in the amount of $1,446. With respect to such letters of

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credit, $627 expires in 2007 and $819 expires each December 31, resetting annually through 2012. The Company maintained compensating balances of $1,519 as of December 31, 2005 and June 30, 2006. No amounts have been drawn down under the respective letters of credit.

As of June 30, 2006, the approximate aggregate minimum future payments required on the operating leases are as follows:

2006	$ 1,717
2007	2,517
2008	2,060
2009	2,164
2010	2,176
Thereafter	4,244
Total	$ 14,878

Capital Leases The Company has entered into various capital leases for office equipment. As of June 30, 2006, the leases had an aggregate outstanding balance of $326 with $176 classified as current. Interest expense on capital leases for the three months ended June 30, 2005, and 2006 was $15 and $12, respectively. Interest expense on capital leases for the six months ended June 30, 2005, and 2006 was $22 and $18, respectively.

The Company s net investment in these leases, which is included in Furniture, Equipment and Leasehold Improvements, net, as of December 31, 2005 and June 30, 2006, was $393 and $302, respectively.

	December 31, 2005	June 30, 2006
Capitalized Office Equipment Leases	$ 729	$ 729
Accumulated Depreciation	(336)	(427)
Net Investment	$ 393	$ 302

As of June 30, 2006, the approximate aggregate minimum future payments required on the capital leases are as follows:

2006	$ 103
2007	146
2008	95
2009	2
2010	

Total Future Minimum Lease Payments	346
Less Interest Discount	(20)
Total Present Value of Future Minimum Lease Payments	326
Less Current Portion	(176)
Long-term Portion	$ 150

Other Commitments At June 30, 2006, the Company has commitments for capital contributions of $6,617 to the Private Equity Funds. These commitments primarily will be funded as required through the end of each Private Equity Funds investment period, subject to certain conditions. Such commitments are satisfied in cash and are generally required to be made as investment opportunities are consummated by the Private Equity Funds.

Legal In the past, the Company or its present personnel have been named as a defendant in civil litigation matters involving present or former clients.

In re High Voltage Engineering Corp. (High Voltage) in the U.S. Bankruptcy Court for the District of Massachusetts and Stephen S. Gray, Trustee (Trustee) of The High Voltage Engineering Liquidating Trust. v. Evercore Restructuring L.P. Evercore Restructuring L.L.C (collectively, Evercore Restructuring) et. al., in the United States District Court of Massachusetts.

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In 2003, High Voltage engaged Evercore Restructuring to assist in its restructuring efforts. During the period of engagement, which ended in August 2004, High Voltage filed for Chapter 11 bankruptcy protection and later emerged from bankruptcy with new financing. However, in February 2005, High Voltage again filed for Chapter 11 bankruptcy protection. In addition, the Trustee conducted an informal investigation into the causes of the second bankruptcy and the knowledge of professionals who assisted High Voltage in its first bankruptcy.

On August 15, 2006, the Trustee filed a motion in the bankruptcy court seeking to undo an order entered in November 2004 approving $2.34 million in fees and expenses for Evercore Restructuring s services, alleging, among other matters, that Evercore Restructuring should have known that the projections prepared by High Voltage in connection with the first bankruptcy proceedings were inaccurate. On September 8, 2006, Evercore Restructuring responded in the bankruptcy court denying the factual allegations and asserting a variety of legal bases to deny the request. The bankruptcy court has not set a date for ruling on the dispute.

In addition, on August 15, 2006, the Trustee filed a complaint against Evercore Restructuring and Jefferies & Company, Inc., financial advisor to certain of High Voltage s creditors in the first bankruptcy, asserting claims against Evercore Restructuring for gross negligence and breach of fiduciary duty, based on the same underlying allegations included in the bankruptcy court motion. On September 15, 2006, High Voltage filed an amended complaint adding Fried, Frank, Harris, Shriver and Jacobson LLP, High Voltage s counsel in the first bankruptcy, as an additional defendant. The Company intends to move for judgment on the pleadings or summary judgment on a variety of affirmative defenses and other grounds, including failure to allege facts constituting gross negligence or breach of fiduciary duty, releases of Evercore Restructuring approved in the order confirming High Voltage s plan of reorganization, and acknowledgements by High Voltage in Evercore Restructuring s engagement letter, which was disclosed to the bankruptcy court prior to its approval of the retention of Evercore Restructuring, that Evercore Restructuring was not a fiduciary and would rely on management s representations when rendering its advisory services. Briefing of the motion will be concluded before the end of the year and no date has been set for a ruling on the motion. The Company believes the litigations against it are meritless and its defenses are substantial.

General

In addition to the proceedings set forth above, from time to time the Company may be involved in judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of its businesses and U.S. and non-U.S. government agencies and self-regulatory organizations, as well as state securities commissions in the United States and Mexican Financial Authorities conduct periodic examinations and initiate administrative proceedings that can result in censure, fine, the issuance of cease-and-desist orders or the suspension or expulsion of a broker-dealer or its directors, officers or employees. When those circumstances arise, management will make what it believes are adequate provisions in the financial statements for any expected liabilities which may result from disposition of pending lawsuits. Nevertheless, litigation is subject to inherent uncertainties and unfavorable events could occur. If unfavorable events were to occur, there exists the possibility of a material adverse impact to the Company s operating results, financial position or liquidity as of and for the period in which such events occur.

Note 11 Regulatory Authorities

EGL is a U.S. registered broker-dealer and is subject to the net capital requirements of Rule 15c3-1 under the Securities Exchange Act of 1934. Rule 15c3-1 requires the maintenance of net capital, as defined, which shall be the greater of $5 or 6 2/3% of aggregate indebtedness, as defined. EGL s regulatory net capital at December 31, 2005 and June 30, 2006 was $6,773 and $8,297, respectively, which exceeded the minimum net capital requirement by $6,609 and $8,268, respectively.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

Note 12 Income Taxes

The Company has not historically been subject to U.S. Federal income tax. However, the Company has historically been subject to the New York City Unincorporated Business tax on its U.S. earnings and certain taxes in other jurisdictions where the Company had registered offices and sourced income in those jurisdictions.

Taxes payable as of December 31, 2005 and June 30, 2006 in the amount of $1,711 and $947, respectively, include a reserve for taxes payable in the amount of $964 and $897, respectively, for any future tax liability related to these periods.

The components of the provision for income taxes reflected on the condensed Combined Statements of Income for the three months ended June 30, 2005, and 2006 consist of:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2006	2005	2006
Current				
State and Local Tax Expense	$377	$905	$ 1,047	$ 1,884
Provision for Taxes	$377	$905	$ 1,047	$ 1,884

A reconciliation of the statutory U.S. Federal income tax rate of 35% to the Company s effective tax rate is set forth below:

	Three Months Ended		Six Months Ended	
	June 30, 2005	June 30, 2006	June 30, 2005	June 30, 2006
U.S. Statutory Tax Rate	35.0%	35.0%	35.0%	35.0%
Increase Related to State and Local Taxes	10.2%	3.9%	6.2%	3.9%
Rate before Benefits and Other Adjustments	45.2%	38.9%	41.2%	38.9%
Rate Benefit as a Limited Liability Company	(28.5%)	(35.3%)	(33.8%)	(35.3%)
Provision for Taxes	16.7%	3.6%	7.4%	3.6%

Note 13 Concentrations of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and receivables from clients. The Company has placed its cash and cash equivalents in interest-bearing deposits in U.S. banks and U.S. branches of Cayman banks that meet certain rating and capital requirements. Concentrations of credit risk are limited due to the quality of the Company s clients.

Revenues: For the three months ended June 30, 2006, three separate clients each individually accounted for 20.5%, 14.0% and 12.6%, respectively, of the Company s combined revenues. For the six months ended June 30, 2006, three separate clients each individually accounted for 9.4%, 7.4% and 7.4%, respectively, of the Company s combined revenues.

Accounts Receivable: As of June 30, 2006, three separate clients each individually accounted for 29.8%, 22.7% and 13.5%, respectively of the Company s combined Accounts Receivable balance.

Note 14 Segment Operating Results

Business Segments The Company s business results are categorized into the following two segments: Advisory and Investment Management. Advisory includes providing advice on mergers, acquisitions, divestitures, leveraged buyouts, restructurings, and similar corporate finance matters. Investment Management includes the management of outside capital invested in the Private Equity Funds, the Company s principal investments in the Private Equity Funds and the Company s share of the results of EAM and related investments.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

The accounting policies of the segments are consistent with those described in the Significant Accounting Policies in Note 2 above.

The Company s segment information for the six months ended June 30, 2005 and 2006 is prepared using the following methodology:

Revenue and expenses directly associated with each segment are included in determining operating income.

Expenses not directly associated with specific segments are allocated based on the most relevant measures applicable, including headcount and other factors.

Segment assets are based on those directly associated with each segment, or for certain assets shared across segments, these assets are allocated based on the most relevant measures applicable, including headcount and other factors.

Investment gains and losses, interest income, and interest expense are allocated between the segments based on the segment in which the underlying asset or liability is held.

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

The Company evaluates segment results based on net revenue and operating income.

Corporate-level activity represents operating expenses not specifically attributable to a segment. These expenses primarily include professional fees relating to the preparation of the Company s historical financial statements that were not directly attributable to the initial public offering, and costs associated with our Line of Credit.

Management believes that the following information provides a reasonable representation of each segment s contribution to net revenue, operating expenses, operating income, and total assets.

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

		Three Months Ended June 30,		Six Months Ended June 30,	
		2005	2006	2005	2006
Advisory	Net Revenue [1]	$ 12,266	$ 40,336	$ 30,570	$ 72,834
	Operating Expenses [2]	8,437	11,903	15,903	23,118
	Segment Operating Income	$ 3,829	$ 28,433	$ 14,667	$ 49,716
	Identifiable Segment Assets	$ 23,023	$ 54,081	$ 23,023	$ 54,081
Investment Management	Net Revenue [1]	$ 2,008	$ 3,154	$ 6,138	$ 16,282
	Operating Expenses [2]	2,056	3,572	5,176	9,213
	Segment Operating Income	($ 48)	($ 418)	$ 962	$ 7,069
	Identifiable Segment Assets	$ 18,030	$ 29,821	$ 18,030	$ 29,821
Corporate	Operating Expenses	$ 1,521	$ 2,451	$ 1,521	$ 4,301
Total	Net Revenue [1]	$ 14,274	$ 43,490	$ 36,708	$ 89,116
	Operating Expenses [2]	12,014	17,926	22,600	36,632
	Segment Operating Income	$ 2,260	$ 25,564	$ 14,108	$ 52,484
	Identifiable Segment Assets	$ 41,053	$ 83,902	$ 41,053	$ 83,902

[1] Net revenue includes Interest and Other Revenue, and Other Income as set forth in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2006	2005	2006
Advisory	$ 23	$ 163	$ 57	$ 264
Investment Management	8	16	18	36
Total Interest and Other Income	$ 31	$ 179	$ 75	$ 300

(2) Operating expenses include Depreciation and Amortization as set forth in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2006	2005	2006
Advisory	$ 136	$ 241	$ 256	$ 450
Investment Management	35	42	66	95
Total Depreciation and Amortization	$ 171	$ 283	$ 322	$ 545

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

Geographic Information The Company manages its business based on the profitability of the enterprise as a whole. The Company s revenue was derived from clients and Private Equity Funds located in the following geographical areas:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005	2006	2005	2006
Revenue:[1]				
United States	$ 15,316	$ 26,113	$ 38,490	$ 69,421
Netherlands	0	10,000	0	10,000
Switzerland	0	5,125	0	5,125
United Kingdom	0	2,757	0	2,757
Cayman Islands	(1,449)	(745)	(2,617)	1,433
Mexico	302	0	611	0
Other Foreign	74	61	149	80
Total	$ 14,243	$ 43,311	$ 36,633	$ 88,816

[1] Excludes interest and other income.

Note 15 Subsequent Events

Acquisition of Braveheart Financial Services Limited On July 31, 2006, the Company entered into a sale and purchase agreement to acquire Braveheart. In exchange for 100% of the outstanding share capital of Braveheart, the Company would pay, subject to the terms and conditions of the sale and purchase agreement, initial consideration, deferred consideration and earn-out consideration, each of which is subject to reduction in the event that the value of Braveheart on the date of the sale and purchase agreement declines prior to the date on which such consideration is payable. The initial consideration will be comprised of 1,181,213 shares of Evercore Partners Inc. Class A common stock. The deferred consideration, payable not later than the seventh anniversary of the closing, will be comprised of additional shares of Class A common stock of not less than 50% and not more than 100% of the number of shares of Class A common stock issued as initial consideration, which percentage shall be determined by the Company based on the success of Braveheart s business over the period from the consummation of the acquisition to the date of issuance of these shares. The Braveheart shareholders are also eligible to receive earn-out consideration based on gross revenues generated by the financial advisory business carried on by the Company and Braveheart in Europe. The maximum aggregate amount of earn-out consideration issuable to the Braveheart shareholders, collectively, is $3,000,000. Any earn-out consideration payable to the Braveheart shareholders will be paid in the form of loan notes due 2010 which bear interest at LIBOR plus 1% per annum and which are redeemable by the holder at any time after the date which is six months after the date of issuance. The closing of the Braveheart acquisition is subject to a number of conditions, including the closing of the initial public offering, the absence of any breach of law and the receipt of the approval of the change of control of Braveheart from the U.K. Financial Services Authority. The closing of the Braveheart acquisition is expected to occur no later than the first half of 2007.

If the relevant U.K. tax authority determines that any portion of the consideration to be issued to the Braveheart shareholders under the sale and purchase agreement is taxable as employment income, the Company may be required to pay to the U.K. tax authority certain employer-related taxes, which under current U.K. tax laws would equal 12.8% of the value of any such consideration deemed to be taxable as employment income. In such an event, the Braveheart shareholders have agreed to bear the cost of certain other taxes payable by an employee and pay to Braveheart a sum equal to such tax liabilities (which may be collected from the employer), which under current U.K. tax laws would equal in

total 41% of the value of any such consideration deemed to be taxable as employment income. If Braveheart receives a particular U.K. corporation tax relief as a result of any of such tax liabilities or the circumstances giving rise thereto, then the Company will be required to share with the Braveheart shareholders of up to 50% of the net tax benefit of any such relief, as determined in accordance with the purchase and sale agreement. If any taxes are payable by the Braveheart shareholders in connection with the shares of Class A common stock to be received by the Braveheart shareholders under the sale and purchase agreement, the Company has agreed that, in order to fund the payment of any such tax liabilities by the Braveheart shareholders, Evercore will: (i) buy back shares of Class A common stock from the Braveheart shareholders in exchange for cash, (ii) reduce the number of shares of Class A common stock to be issued to the Braveheart shareholders (Evercore may only elect this option with the prior written consent of the Braveheart shareholders), or (iii) waive the transfer restrictions to permit the sale of shares of Class A common stock by the Braveheart shareholders (Evercore may only elect this option to the extent that the Braveheart shareholders are able to sell a sufficient number of shares to fund their tax liabilities in accordance with U.S. securities laws).

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EVERCORE HOLDINGS

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS (Continued)

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands unless otherwise noted)

Acquisition of Protego On August 10, 2006, the Company acquired all of the outstanding capital stock of Protego Asesores S.A. de C.V., a foreign investment bank based in Mexico, in exchange for $7.0 million of non-interest bearing notes ($6.05 million payable in cash and $0.95 million payable in shares of Evercore Partners Inc. Class A common stock) and 1,760,187 vested and 351,362 unvested partnerships units of Evercore LP.

Initial Public Offering Evercore Partners Inc. completed an initial public offering of its Class A common stock on August 16, 2006 on the New York Stock Exchange under the ticker EVR . Pursuant to this initial public offering, the Company consummated a number of internal reorganization transactions to transition the Company to a corporate structure.

Line of Credit Pursuant to its initial public offering, the Company repaid the $30 million credit line outstanding discussed above in Note 9.

Operating Lease The Company has agreed to sublease an additional 124,000 square feet of office space at the Company s principal executive offices at 55 East 52nd Street, New York, New York. The rental payment obligations under the sublease are as follows: $9.5 million per year for years one through five of the sublease term; $10.2 million per year for years six through ten of the sublease term; $10.8 million per year for years 11 through 15 of the sublease term; and $11.4 million per year for year 16 through the expiration of the sublease term. Evercore intends to sublease a portion of this additional space The Company s current annual lease expense is $3.2 million. In connection with the execution of the sublease, the Company delivered a security deposit in the form of a letter of credit in the amount of $4.8 million. The Company intends to take possession of this additional space between February 1, 2007 and April 30, 2007. The term of the sublease expires on April 29, 2023.

Braveheart Operating Lease Braveheart entered into an agreement to sub-lease office space, which, subject to the reasonable consent of the property owner, will allow Braveheart to sub-lease approximately 5,100 square feet of office space for its principal executive office at 10 Hill Street in London, U.K. The sub-lease will expire on September 26, 2011. Annual rental payments under the sub-lease are £0.3 million per annum, exclusive of taxes, payable quarterly in advance. Braveheart is also responsible for 79.89% of the costs of maintaining and repairing the property, utilities and insurance costs, the aggregate of which is capped at an annual amount of £0.1 million, with subsequent year increases in such cap limited by changes in the U.K. retail price index. Evercore LP is acting as a guarantor of Braveheart s obligations under the sub-lease, and at any time prior to the closing of the Braveheart acquisition, the Company may cause Braveheart to assign or sublease the property to an affiliate, subject to the landlord s reasonable consent.

Partner Distributions On August 9, 2006, the Company made distributions as part of its reorganization, and pursuant to the contribution and sale agreement among the Members, in the amount of $33.4 million.

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

COMBINED AND CONSOLIDATED BALANCE SHEETS

(dollars in thousands)

	December 31, 2005 Restated	June 30, 2006 (unaudited) Restated	Pro Forma June 30, 2006 (unaudited) Restated
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	$ 4,247	$ 4,169	$
Financial Instruments Owned and Pledged as Collateral at Fair Value	29,434	131,741	131,741
Securities Purchased Under Agreements to Resell	15,315	133,066	133,066
Clients Accounts Receivable	1,147	2,791	2,391
Other Receivables	128	162	162
Recoverable Taxes	500	119	119
Total Current Assets	50,771	272,048	267,479
Furniture, Equipment and Leasehold Improvements	1,053	1,018	1,018
Long-Term Investment	1,350	1,267	1,267
Guaranty Deposits	49	28	28
Other Long-Term Assets	635	597	597
TOTAL ASSETS	$ 53,858	$ 274,958	$ 270,389
LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS EQUITY			
CURRENT LIABILITIES:			
Accounts Payable and Accrued Liabilities	$ 607	$ 741	$ 741
Securities Sold Under Agreements to Repurchase	44,780	264,860	264,860
Bonus Payable	273	512	512
Income Tax Payable	837	390	390
Value Added Tax	92	438	438
Taxes Payable (withholding taxes)	299	142	142
Other Taxes	71	85	85
Total Current Liabilities	46,959	267,168	267,168
TOTAL LIABILITIES	46,959	267,168	267,168
Minority Interest	1,279	1,371	1,371
Commitments and Contingencies			
STOCKHOLDERS EQUITY:			
Capital Stock (fixed)	8	8	8
Retained Earnings	5,299	6,485	1,916
Accumulated Other Comprehensive Income (loss)	313	(74)	(74)
TOTAL STOCKHOLDERS EQUITY	5,620	6,419	1,850

TOTAL LIABILITIES, MINORITY INTEREST AND STOCKHOLDERS EQUITY	$ 53,858	$ 274,958	$ 270,389

See accompanying notes to unaudited combined and consolidated financial statements.

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

UNAUDITED COMBINED AND CONSOLIDATED STATEMENTS OF INCOME

(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2005 Restated	2006 Restated	2005 Restated	2006 Restated
REVENUES				
Advisory	$ 1,985	$ 3,546	$ 10,303	$ 5,835
Investment Management	539	572	1,101	1,361
Interest Income	819	3,125	872	4,349
Total Revenues	3,343	7,243	12,276	11,545
Interest Expense	699	2,969	732	4,030
Net Revenues	2,644	4,274	11,544	7,515
EXPENSES				
Compensation and Benefits	2,072	2,262	5,395	3,841
Occupancy and Equipment Rental	136	121	245	255
Professional Fees	472	(30)	874	592
Travel and Related Expenses	139	173	241	315
Communications and Information Services	97	118	160	230
Depreciation and Amortization	56	125	107	243
Other Operating Expenses	297	255	805	499
Total Expenses	3,269	3,024	7,827	5,975
OPERATING INCOME	(625)	1,250	3,717	1,540
Income Tax (Benefit)	(311)	534	1,476	770
Minority Interest	(270)	(224)	(712)	(416)
NET INCOME	$ (44)	$ 940	$ 2,953	$ 1,186

See accompanying notes to unaudited combined and consolidated financial statements.

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

UNAUDITED COMBINED AND CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2006

(dollars in thousands)

	Capital Stock	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total
Balances at January 1, 2006	$ 8	$ 5,299	$ 313	$ 5,620
Currency Translation Adjustment			(387)	(387)
Net Income for the Period of Six Months		1,186		1,186
Balances at June 30, 2006	$ 8	$ 6,485	$ (74)	$ 6,419

See accompanying notes to unaudited combined and consolidated financial statements.

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

UNAUDITED COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS

(dollars in thousands)

	Six Months Ended June 30,	
	2005 Restated	2006 Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income for the Period	$ 2,953	$ 1,186
Adjustments to Reconcile Net Income to Net Cash From Operating Activities:		
Depreciation and Amortization	107	243
Minority Interest	1,705	178
Net Change in Working Capital, Excluding Cash and Cash Equivalents	(567)	(1,133)
Net Cash Provided by Operating Activities	4,198	474
INVESTING ACTIVITIES		
Financial Instruments Owned and Pledged as Collateral at Fair Value	5,276	102,307
Long-Term Investment	(8)	1
Purchase of Furniture and Equipment	(251)	(228)
Net Cash Provided by Investing Activities	5,017	102,080
FINANCING ACTIVITIES		
Securities Purchased Under Agreements to Resell	21,482	117,751
Securities Sold Under Agreements to Repurchase	(26,759)	(220,080)
Net Cash Used in Financing Activities	(5,277)	(102,329)
EFFECT OF EXCHANGE RATE ON CASH	169	(303)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,107	(78)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	492	4,247
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 4,599	$ 4,169
ADDITIONAL DISCLOSURE OF CASH FLOWS INFORMATION:		
Taxes Paid	$ 1,573	$ 1,307
Interest Paid	$ 732	$ 4,030

See accompanying notes to unaudited combined and consolidated financial statements.

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

NOTES TO THE UNAUDITED COMBINED AND CONSOLIDATED

FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands)

NOTE 1 - PURPOSE AND BASIS OF PREPARATION OF THESE FINANCIAL STATEMENTS:

The accompanying unaudited interim financial statements have been prepared by Protego Asesores, S. A. de C. V. (the Company or Asesores), subsidiaries and Protego SI, S. C. (Protego Historical). In the opinion of the management of Asesores, they contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position as of June 30, 2005 and 2006, and the results of operations for the three and six-month periods ended June 30, 2005 and 2006.

NOTE 2 - RESTATEMENT:

Asesores, through its subsidiary Protego Casa de Bolsa, S. A. de C. V. (PCB), enters into repurchase agreements with clients whereby PCB transfers to the clients securities (typically, Mexican government securities) in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. PCB deploys the cash received from, and acquires the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market or by entering into reverse repurchase agreements with unrelated third parties. PCB accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions. PCB recorded a liability in the Unaudited Combined and Consolidated Statements of Financial Position in relation to repurchase transactions executed with clients as securities sold under agreements to repurchase. PCB recorded as assets in the Unaudited Combined and Consolidated Statements of Financial Position financial instruments owned and pledged as collateral at fair value (where it has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and securities purchased under agreements to resell (where it has acquired the securities deliverable to clients under these resell agreements by entering into reverse repurchase agreements with unrelated third parties). As of June 30, 2006, PCB had $264.9 million of repurchase transactions executed with clients, of which $131.7 million related to securities PCB purchased in the open market and $133.1 million of reverse repurchase transactions with third parties. Net income for the period includes interest income earned and interest expense incurred under these agreements. Previously, Asesores accounted for these arrangements 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.

Upon consideration of Financial Interpretation No. 41 (FIN 41) and the provisions of SFAS No. 140, Asesores has determined that the historical combined and consolidated financial statements as of and for the three and six months ended June 30, 2005 and 2006 should have reflected these transactions on a gross basis and has restated certain financial information in accordance with SFAS No. 154, for the three and six months ended June 30, 2005 and 2006. The information in the following table shows the effect of the restatement on each affected financial statement line item:

	June 30,		
	As Previously Reported 2006	Restated 2006	Effect of Change
COMBINED AND CONSOLIDATED BALANCE SHEETS			
Financial Instruments Owned and Pledged as Collateral at Fair Value	$	$ 131,741	$ 131,741
Securities Purchased Under Agreements to Resell		133,066	133,066
Total Current Assets	7,241	272,048	264,807
Total Assets	10,151	274,958	264,807
Accounts Payable and Accrued Liabilities	794	741	(53)
Securities Sold Under Agreements to Repurchase		264,860	264,860
Total Current Liabilities	2,361	267,168	264,807
Total Liabilities	2,361	267,168	264,807

Total Liabilities, Minority Interest and Stockholders Equity	10,151	274,958	264,807

	December 31,		
	As Previously Reported 2005	Restated 2005	Effect of Change
COMBINED AND CONSOLIDATED BALANCE SHEETS			
Financial Instruments Owned and Pledged as Collateral at Fair Value	$	$ 29,434	$ 29,434
Securities Purchased Under Agreements to Resell		15,315	15,315
Total Current Assets	6,022	50,771	44,749
Total Assets	9,109	53,858	44,749
Accounts Payable and Accrued Liabilities	638	607	(31)
Securities Sold Under Agreements to Repurchase		44,780	44,780
Total Current Liabilities	2,210	46,959	44,749
Total Liabilities	2,210	46,959	44,749
Total Liabilities, Minority Interest and Stockholders Equity	9,109	53,858	44,749

	Three Months Ended June 30,			Three Months Ended June 30,			Six Months Ended June 30,			Six Months Ended June 30,		
	As Previously Reported 2005	Restated 2005	Effect of Change	As Previously Reported 2006	Restated 2006	Effect of Change	As Previously Reported 2005	Restated 2005	Effect of Change	As Previously Reported 2006	Restated 2006	Effect of Change
COMBINED AND CONSOLIDATED STATEMENTS OF INCOME												
Interest Income	$ 120	$ 819	$ 699	$ 156	$ 3,125	$ 2,969	$ 140	$ 872	$ 732	$ 319	$ 4,349	$ 4,030
Total Revenues	2,644	3,343	699	4,274	7,243	2,969	11,544	12,276	732	7,515	11,545	4,030
Interest Expense		699	699		2,969	2,969		732	732		4,030	4,030

	Six Months Ended June 30,			Six Months Ended June 30,		
	As Previously Reported 2005	Restated 2005	Effect of Change	As Previously Reported 2006	Restated 2006	Effect of Change
COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS						
Net Change in Working Capital, Excluding Cash and Cash Equivalents	$ (568)	$ (567)	$ 1	$ (1,155)	$ (1,133)	$ 22
Net Cash Provided by Operating Activities	4,197	4,198	1	452	474	22
Financial Instruments Owned and Pledged as Collateral at Fair Value		5,276	5,276		102,307	102,307
Net Cash Provided by (Used in) Investing Activities	(259)	5,017	5,276	(227)	102,080	102,307
Securities Purchased Under Agreements to Resell		21,482	21,482		117,751	117,751
Securities Sold Under Agreements to Repurchase		(26,759)	(26,759)		(220,080)	(220,080)
Net Cash Used in Financing Activities		(5,277)	(5,277)		(102,329)	(102,329)
Additional Disclosure of Cash Flows Information:						
Interest Paid		732	732		4,030	4,030

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

NOTES TO THE UNAUDITED COMBINED AND CONSOLIDATED

FINANCIAL STATEMENTS

THREE AND SIX MONTHS ENDED JUNE 30, 2005 AND 2006

(dollars in thousands)

NOTE 3 - OPERATIONS OF THE COMPANY:

The accompanying unaudited combined and consolidated financial statements include those of Asesores, its subsidiaries and Protego SI, S. C. (PSI) an associated Company. PSI s financial statements are combined because both entities are under common control of the shareholders of Asesores.

As of June 30, 2006, Asesores main activities are as follows:

a. Financial Advisory, which includes mergers, acquisitions, energy project finance, sub-national public finance and infrastructure, real estate financial advisory and restructurings.

b. Private equity investment management which includes a joint venture with Discovery Capital Partners LLC in a private equity funds denominated Discovery Americas I (DAI).

c. Investments for institutional investors and high net worth individuals through PCB whose main activities include, among others, to provide clients with investment and risk management advice, trade execution and custody services for client assets.

Following are Asesores principal subsidiaries, which Asesores effectively controls and substantially wholly owns:

Company	Shares (%)	Main activities
Protego Administradores, S. A. de C. V.	99.97	Administrative Services
Sedna, S. de R. L.	99.99	Advisory Services
BD Protego, S. A. de C. V.	99.80	Advisory Services
Protego PE, S. A. de C. V.	99.98	Investment Company
Protego Servicios, S. C.	99.98	Advisory Services
Protego Casa de Bolsa, S. A. de C. V.	51.00	Brokerage House
Protego CB Servicios, S. C.	51.00	Advisory Services

NOTE 4 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

FIN 47 - In March 2005, the FASB issued Financial Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* (FIN 47). FIN 47 clarifies guidance provided in SFAS No. 143, Accounting for Asset Retirement Obligations. The term asset retirement obligation refers to a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within the control of the entity. Entities are required to recognize a liability for the fair value of a conditional asset retirement obligation when incurred and the liability s fair value can be reasonably estimated. FIN 47 was effective for fiscal years ending after December 15, 2005. Asesores estimates that the adoption of FIN 47 had no potential impact on Asesores combined and consolidated financial condition or results of operations.

SFAS 154 - In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections*, which replaces APB Opinion No. 20 and SFAS No. 3, and changes the requirements for the accounting for and reporting of a change in accounting principle. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005, although early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date SFAS 154 was issued. Except as described in Note 2-Restatement, the adoption of SFAS No. 154 had no material impact on the Unaudited Combined and Consolidated Financial Statements for the three and six months ended June 30, 2005 and 2006.

Emerging Issues Task Force Issue No. 04-5 - In June 2005, the Emerging Issues Task Force reached a consensus on Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*. Under Issue 04-5, the general partners in a limited partnership or similar entity are presumed to control that limited partnership regardless of the extent of the general partners ownership interest in the limited partnership. A general partner should assess the limited partners rights and their impact on the presumption of control. If the limited partners have either a) the substantive ability to dissolve the limited partnership or otherwise remove the general partners without cause or b) substantive participating rights, the general partners do not control the limited partnership. For general partners of all new limited partnerships formed and for existing limited partnerships for which the partnership agreement is modified, Issue 04-5 is effective after June 29, 2005. For general partners in all other limited partnerships, Issue 04-5 is effective for the first reporting period in fiscal years beginning after December 15, 2005, and allows either of two transition methods. As of June 30, 2006, the Company has determined that consolidation of the private equity fund will not be required pursuant to Issue 04-5.

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PROTEGO ASESORES, S. A. DE C. V. SUBSIDIARIES AND PROTEGO SI, S. C.

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(dollars in thousands)

SFAS 155 In February 2006, the FASB issued SFAS No. 155, *Accounting for Certain Hybrid Financial Instruments an amendment of FASB Statements No. 133 and 140* (SFAS 155). SFAS 155 permits an entity to measure at fair value any financial instrument that contains an embedded derivative that otherwise would require bifurcation. SFAS 155 is effective for all financial instruments acquired or issued in fiscal years beginning after September 15, 2006. Asesores is currently assessing the impact of adopting SFAS 155, but does not expect the standard to have a material impact on the financial condition, results of operations, and cash flows of Asesores.

SFAS 156 In March 2006, the FASB issued SFAS No. 156, *Accounting for Servicing of Financial Assets an amendment of FASB Statement No. 140* (SFAS 156), which requires all separately recognized servicing assets and servicing liabilities to be initially measured at fair value, if practicable, and for subsequent measurements, permits an entity to choose either the amortization method or the fair value measurement method for each class of separately recognized servicing assets and servicing liabilities. SFAS 156 also requires separate presentation of servicing assets and servicing liabilities subsequently measured at fair value in the statement of financial position and additional disclosures for all separately recognized servicing assets and servicing liabilities. SFAS 156 is effective for fiscal years beginning after September 15, 2006. Asesores is currently assessing the impact of adopting SFAS 156, but does not expect the standard to have a material impact on the financial condition, results of operations, and cash flows of Asesores.

FIN 48 In July 2006, the FASB issued Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48), which clarifies the criteria that must be met prior to recognition of the financial statement benefit of a position taken in a tax return. FIN 48 provides a benefit recognition model with a two-step approach consisting of a more-likely-than-not recognition criteria, and a measurement attribute that measures the position as the largest amount of tax benefit that is greater than 50 percent likely of being realized upon ultimate settlement. FIN 48 also requires the recognition of liabilities created by differences between tax positions taken in a tax return and amounts recognized in the financial statements. FIN 48 is effective as of the beginning of the first annual period beginning after December 15, 2006. Asesores is currently assessing the impact of adopting FIN 48 on the financial condition, results of operations, and cash flows of Asesores.

SFAS 157 In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Asesores is currently assessing the impact of adopting SFAS 157 on the financial condition, results of operations, and cash flows of Asesores.

NOTE 5 - COMMITMENTS AND CONTINGENCIES:

Asesores leases certain office space. Future annual minimum lease payments under all non-cancelable operating leases are $117 and $32 in 2006 and 2007, respectively.

NOTE 6 - PRO FORMA COMBINED AND CONSOLIDATED STATEMENT OF FINANCIAL CONDITION:

On May 12, 2006, Asesores agreed to combine its business with that of Evercore Partners Inc. Prior to the combination with Evercore Partners Inc., Asesores intends to distribute to the shareholders of Asesores an amount equal to Asesores net income for the period from January 1, 2005 through the date of the combination. The pro forma combined and consolidated statement of financial condition as of June 30, 2006 gives pro forma effect to this distribution of pre-combination profits in the amount of $4,569, as if the distribution had been effected as of June 30, 2006.

The unaudited pro forma combined and consolidated statement of financial condition is presented for illustrative purposes only and does not purport to represent Asesores combined and consolidated financial condition had the distribution of pre-combination profits been effected on June 30, 2006 or to project Asesores combined and consolidated financial condition for any future date.

NOTE 7 - SUBSEQUENT EVENTS:

On May 12, 2006, Asesores agreed to combine its business with that of Evercore Partners Inc., a leading investment banking boutique in the U.S. Evercore Partners Inc. provides advisory services to prominent multinational corporations on significant mergers, acquisitions, divestitures, restructurings and other strategic corporate transactions. Evercore Partners Inc. approaches its advisory business in much the same way as Asesores, by building long-standing relationships and acting as a trusted advisor to company management free from the conflicts that larger institutions may encounter. Additionally, Asesores, through its subsidiary PCB, provides investment management services for institutional investors and high net worth individuals.

Derived from this business combination on August 11, 2006, Evercore Partners Inc. issued a public offering in the New York Stock Exchange.

Asesores has incurred certain expenses that should be reimbursed once the purpose of the combination is achieved. As of July 31, 2006, these expenses are estimated at $1,269.

Asesores has signed a service agreement with a Senior Managing Director who is leaving the company by the end of June 2006. Once certain conditions are met, this agreement could represent an expense for Protego of up to $1,990 within the next months.

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Item 1A. Pro Forma Financial Information (Unaudited)

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The following pro forma financial information has been revised for the effects of the restatement, as discussed in Note 2 to the Unaudited Combined and Consolidated Financial Statements of Protego Historical as of and for the three and six months ended June 30, 2006 included in Item 1 to this Quarterly Report on Form 10-Q/A. Please refer to the Evercore Partners Inc. Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 for more recent information.

The unaudited condensed consolidated pro forma financial information of Evercore Partners Inc. should be read together with Management s Discussion and Analysis of Financial Condition and Results of Operations and the Evercore Holdings and Protego Historical financial statements and related notes included elsewhere in the Form 10-Q for the quarterly period ended June 30, 2006 that was filed with the SEC on September 25, 2006.

As described below and elsewhere in this quarterly report on Form 10-Q/A, the historical results of operations for periods prior to August 10, 2006, the date of the Reorganization, are not comparable to results of operations for subsequent periods. Accordingly, for periods prior to August 10, 2006, Evercore believes that pro forma results provide the most meaningful basis for comparison of historical periods.

The following unaudited condensed consolidated pro forma statements of income for the three month and the six month periods ended June 30, 2006, and the unaudited condensed consolidated pro forma statements of financial condition at June 30, 2006 present the consolidated results of operations and financial position of Evercore Partners Inc. assuming that the Reorganization had been completed as of January 1, 2006. The pro forma adjustments are based on available information and upon assumptions that our management believes are reasonable in order to reflect, on a pro forma basis, the impact of the reorganization transactions on the historical financial information of Evercore. The adjustments are described in the notes to the unaudited condensed consolidated pro forma statements of income and financial condition. The Evercore LP pro forma adjustments principally give effect to the following items:

- the Formation Transaction described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization , including the elimination of the financial results of the general partners of the Evercore Capital Partners I, Evercore Capital Partners II and Evercore Ventures funds and certain other entities through which Messrs. Altman and Beutner have invested capital in the Evercore Capital Partners I fund, which was not contributed to Evercore LP, and the cash distribution of pre-offering profits to our Senior Managing Directors; and

- the Protego Combination described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization , including certain purchase accounting adjustments such as the allocation of the purchase price to acquired assets and assumed liabilities.

The Evercore Partners Inc. pro forma adjustments principally give effect to the Formation Transaction and the Protego Combination described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization as well as the following items:

- in the case of the unaudited condensed consolidated pro forma statements of income data, total compensation and benefits expenses at 50% of our net revenue, which gives effect to our policy following the initial public offering to set our total compensation and benefits expenses at a level not to exceed 50% of our net revenue each year (excluding for purposes of this calculation, any revenue or compensation and benefits expense relating to gains or losses on investments or carried interest), and we initially expect to accrue compensation and benefits expense equal to 50% of our net revenue following the initial public offering. See Management s Discussion and Analysis of Financial Condition and Results of Operations Operating Expenses Employee Compensation and Benefits Expense ;

in the case of the unaudited condensed consolidated pro forma statements of income data, a provision for corporate income taxes at an effective tax rate of 44%, which assumes the highest statutory rates apportioned to each state, local and/or foreign tax jurisdiction and reflected net of U.S. federal tax benefit; and

the initial public offering and our use of a portion of the proceeds to repay debt as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Operating Expenses Liquidity and Capital Resources .

The unaudited condensed consolidated pro forma financial information is included for informational purposes only and does not purport to reflect the results of operations or financial position of Evercore that would have occurred had we operated as a public company during the periods presented. The unaudited condensed consolidated pro forma financial information should not be relied upon as being indicative of our results of operations or financial condition had the transactions contemplated in connection with the Reorganization been completed on the dates assumed. The unaudited condensed consolidated pro forma financial information also does not project the results of operations or financial position for any future period or date.

Restatement. Protego Asesores, S.A. de C.V. (Asesores), through its subsidiary Protego Casa de Bolsa, S. A. de C. V. (PCB), enters into repurchase agreements with clients whereby PCB transfers to the clients securities (typically, Mexican government securities) in exchange for cash and concurrently agrees to repurchase the securities at a future date for an amount equal to the cash exchanged plus a stipulated premium or interest factor. PCB deploys the cash received from, and acquires the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market or by entering into reverse repurchase agreements with unrelated third parties. PCB accounts for these repurchase and reverse repurchase agreements as collateralized financing transactions. PCB recorded a liability in the Combined and Consolidated Statements of Financial Position in relation to repurchase transactions executed with clients as securities sold under agreements to repurchase. PCB recorded as assets in the Combined and Consolidated Statements of Financial Position financial instruments owned and pledged as collateral at fair value (where it has acquired the securities deliverable to clients under these repurchase arrangements by purchasing securities in the open market) and securities purchased under agreements to resell (where it has acquired the securities deliverable to clients under these resell agreements by entering into reverse repurchase agreements with unrelated third parties). As of June 30, 2006, PCB had $264.9 million of repurchase transactions executed with clients, of which $131.7 million related to securities PCB purchased in the open market and $133.1 million of reverse repurchase transactions with third parties. Net income for the period includes interest income earned and interest expense incurred under these agreements. Previously, Asesores accounted for these arrangements 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.

Upon consideration of Financial Interpretation No. 41 (FIN 41) and the provisions of SFAS No. 140, Asesores has determined that the historical combined and consolidated financial statements of Asesores as of and for the three months and the six months ended June 30, 2006 should have reflected these transactions on a gross basis and has restated certain financial information in accordance with SFAS No. 154 for the three and six months ended June 30, 2006.

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Unaudited Condensed Consolidated Pro Forma Statements of Income

Six Months Ended June 30, 2006

(dollars in thousands, except per share data)

	Evercore Holdings Historical	Adjustments for Formation	Evercore Post Formation	Protego Historical Restated	Protego Combination Adjustments	Protego as Adjusted Restated	Evercore LP Pro Forma Restated	Adjustments For Offering	Evercore Partners Inc. Pro Forma Restated
Advisory Revenue	$ 72,570	$	$ 72,570	$ 5,835	$	$ 5,835	$ 78,405	$	$ 78,405
Investment Management Revenue	16,246	(4,943)(a)	11,303	1,361		1,361	12,664		12,664
Interest Income and Other Revenue	300		300	4,349		4,349	4,649		4,649
Total Revenues	89,116	(4,943)	84,173	11,545		11,545	95,718		95,718
Interest Expense				4,030		4,030	4,030		4,030
Net Revenues	89,116	(4,943)	84,173	7,515		7,515	91,688		91,688
Compensation and Benefits	16,852		16,852	3,841		3,841	20,693	25,151(f)	45,844
Professional Fees	10,721		10,721	592		592	11,313		11,313
Other Operating Expenses	9,059	(26)(a)	9,033	1,542		1,542	10,575		10,575
Amortization of Intangibles					2,739(c)	2,739	2,739		2,739
Total Expenses	36,632	(26)	36,606	5,975	2,739	8,714	45,320	25,151	70,471
Income Before Minority Interest and Income Taxes	52,484	(4,917)	47,567	1,540	(2,739)	(1,199)	46,368	(25,151)	21,217
Minority Interest	(1)	1(a)		(416)	161(d)	(255)	(255)	15,365(g)	15,110
Income Before Income Taxes	52,485	(4,918)	47,567	1,956	(2,900)	(944)	46,623	(40,516)	6,107
Provision for Income Taxes	1,884	(106)(b)	1,778	770	(e)	770	2,548	635(h)	3,183
Net Income	$ 50,601	$ (4,812)	$ 45,789	$ 1,186	$ (2,900)	$ (1,714)	$ 44,075	$ (41,151)	$ 2,924
Weighted Average Shares of Class A Common Stock Outstanding:									
Basic									4,795(i)
Diluted									4,795(i)
Net Income Available to Holders of Shares of Class A Common Stock Per Share:									
Basic									$ 0.61(i)
Diluted									$ 0.61(i)

See notes to unaudited condensed consolidated pro forma statements of income.

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Unaudited Condensed Consolidated Pro Forma Statements of Income

Three Months Ended June 30, 2006

(dollars in thousands, except per share data)

	Evercore Holdings Historical	Adjustment for Formation	Evercore Post Formation	Protego Historical Restated	Protego Combination Adjustments	Protego as Adjusted Restated	Evercore LP Pro Forma Restated	Adjustments for Offering	Evercore Partners Inc. Pro Forma Restated
Advisory Revenue	$ 40,173	$	$ 40,173	$ 3,546	$	$ 3,546	$ 43,719	$	$ 43,719
Investment Management Revenue	3,138	173(a)	3,311	572		572	3,883		3,883
Interest Income and Other Revenue	179		179	3,125		3,125	3,304		3,304
Total Revenues	43,490	173	43,663	7,243		7,243	50,906		50,906
Interest Expense				2,969		2,969	2,969		2,969
Net Revenues	43,490	173	43,663	4,274		4,274	47,937		47,937
Compensation and Benefits	8,093		8,093	2,262		2,262	10,355	13,614(f)	23,969
Professional Fees	5,053		5,053				5,053		5,053
Other Operating Expenses	4,780	(11)(a)	4,769	762		762	5,531		5,531
Amortization of Intangibles					1,370(c)	1,370	1,370		1,370
Total Expenses	17,926	(11)	17,915	3,024	1,370	4,394	22,309	13,614	35,923
Income Before Minority Interest and Income Taxes	25,564	184	25,748	1,250	(1,370)	(120)	25,628	(13,614)	12,014
Minority Interest	6	(6)(a)		(224)	87(d)	(137)	(137)	8,697(g)	8,560
Income Before Income Taxes	25,558	190	25,748	1,474	(1,457)	17	25,765	(22,311)	3,454
Provision for Income Taxes	905	(35)(b)	870	534	(e)	534	1,404	397(h)	1,801
Net Income	$ 24,653	$ 225	$ 24,878	$ 940	$ (1,457)	$ (517)	$ 24,361	$ (22,708)	$ 1,653
Weighted Average Shares of Class A Common Stock Outstanding:									
Basic									4,795(i)
Diluted									4,795(i)
Net Income Available to Holders of Shares of Class A Common Stock Per Share:									
Basic									$ 0.34(i)
Diluted									$ 0.34(i)

See notes to unaudited condensed consolidated pro forma statements of income.

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Unaudited Condensed Consolidated Pro Forma Statement of Financial Condition

as of June 30, 2006

(dollars in thousands, except per share data)

	Evercore Holdings Historical	Adjustments for Formation	Evercore Post Formation	Protego Historical Restated	Protego Combination Adjustments(m)	Protego as Adjusted Restated	Evercore LP Pro Forma Restated	Adjustments for Offering	Evercore Partners Inc. Pro Forma Restated
Cash and Cash Equivalents	$ 16,357	$ (14,838)(j)(k)	$ 1,519	$ 4,169	$ (4,169)(m)	$	$ 1,519	$ 49,606(u)(v)	$ 51,125
Financial Instruments Owned and Pledged as Collateral at Fair Value				131,741		131,741	131,741		131,741
Securities Purchased Under Agreements to Resell				133,066		133,066	133,066		133,066
Accounts Receivable	17,519	(4,545)(k)	12,974	2,791	(400)(m)	2,391	15,365		15,365
Investments at Fair Value	30,096	(16,757)(j)	13,339	1,267		1,267	14,606		14,606
Goodwill					31,470(n)	31,470	31,470		31,470
Intangible Assets					3,770(o)	3,770	3,770		3,770
Other Assets	19,930	(2)(j)	19,928	1,924	(3,112)(p)	(1,188)	18,740	(5,416)(w)	13,324
Total Assets	$ 83,902	$ (36,142)	$ 47,760	$ 274,958	$ 27,559	$ 302,517	$ 350,277	$ 44,190	$ 394,467
Short-Term Borrowings	$ 30,000	$	$ 30,000	$	$	$	$ 30,000	$ (30,000)(v)	$
Accrued Compensation and Benefits	10,607		10,607	512		512	11,119		11,119
Accounts Payable and Accrued Expenses	12,882		12,882	741		741	13,623		13,623
Securities Sold Under Agreements to Repurchase				264,860		264,860	264,860		264,860
Notes Payable					7,000(q)	7,000	7,000	(7,000)(v)	
Other Liabilities	1,900	(89)(j)	1,811	1,055		1,055	2,866		2,866
Total Liabilities	55,389	(89)	55,300	267,168	7,000	274,168	329,468	(37,000)	292,468
Minority Interest	273	(273)(j)		1,371	(532)(r)	839	839	19,970(x)	20,809

Members Capital	28,119	(35,780)(j)(k)	(7,661)(l)		27,510(s)	27,510	19,849	(19,849)(x)	
Retained Earnings				6,485	(6,485)(t)(m)			(4,338)(y)	(4,338)
Accumulated Other Comprehensive Income	121		121	(74)	74(t)		121	(121)(x)	
Class A Common Stock, $0.01 par value per share								45(u)(v)	45
Class B Common Stock, $0.01 par value per share									
Restricted Stock Units								4,338(y)	4,338
Additional Paid-in-Capital				8	(8)(t)			81,145(u)(v)(w)	81,145
Total Stockholders Equity	28,240	(35,780)	(7,540)	6,419	21,091	27,510	19,970	61,220	81,190
Total Liabilities and Stockholders Equity	$ 83,902	$ (36,142)	$ 47,760	$ 274,958	$ 27,559	$ 302,517	$ 350,277	$ 44,190	$ 394,467

See notes to unaudited condensed consolidated pro forma statement of financial condition.

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Notes to Unaudited Condensed Consolidated Pro Forma Statements of Income (dollars in thousands, unless otherwise noted):

(a) Adjustment reflects the elimination of the historical results of operations for the general partners of the Evercore Capital Partners I, Evercore Capital Partners II and Evercore Ventures funds and certain other entities through which Messrs. Altman and Beutner have invested capital in the Evercore Capital Partners I fund, specifically, Evercore Founders LLC and Evercore Founders Cayman Limited, which will not be contributed to Evercore LP. For the six months ended June 30, 2006, this adjustment reflects $4,943 of net gains associated with carried interest and portfolio investments, $1 minority interest, and $26 of general partnership level expenses. For the three months ended June 30, 2006, this adjustment reflects $173 of net losses associated with carried interest and portfolio investments, $(6) of minority interest and $11 of general partnership level expenses.

(b) Adjustment reflects the tax impact on Evercore LP s New York City Unincorporated Business Tax, or UBT , associated with adjustments for the Formation Transaction, including the New York City tax impact of converting the subchapter S corporations to limited liability companies. Since the entities that form Evercore have been limited liability companies, partnerships or sub-chapter S entities, Evercore s income has not been subject to U.S. federal and state income taxes. Taxes related to income earned by limited liability companies and partnerships represent obligations of the individual Senior Managing Directors. Income taxes shown on Evercore Holdings historical combined statements of income are attributable to the New York City UBT, attributable to Evercore s operations apportioned to New York City.

(c) Reflects the amortization of intangible assets acquired in conjunction with the purchase of Protego with an estimated useful life ranging from 0.5 years to five years. The intangible assets with finite useful lives include the following asset types: client backlog and relationships, broker dealer license and non-competition and non-solicitation agreements. See Notes (e) and (o) under Notes to Unaudited Condensed Consolidated Pro Forma Statement of Financial Condition .

(d) Reflects an adjustment to eliminate a minority interest of 19% in Protego s asset management subsidiary that Evercore acquired as part of the Protego Combination.

(e) For tax purposes, no tax benefit will be realized related to the intangible assets acquired by Evercore LP in conjunction with the Protego Combination. However, a tax benefit will be realized by Evercore Partners Inc. upon consummation of the initial public offering. See Note (h).

(f) Historically the entities that form Evercore have been limited liability companies, partnerships or sub-chapter S entities. Accordingly, payments for services rendered by our Senior Managing Directors generally have been accounted for as distributions of members capital rather than as compensation expense. Following the initial public offering, we are including all payments for services rendered by our Senior Managing Directors in compensation and benefits expense. Our policy is to set our total employee compensation and benefits expense at a level not to exceed 50% of our net revenue each year (excluding, for purposes of this calculation, any revenue or compensation and benefits expense relating to gains (or losses) on investments or carried interest), and we initially expect to accrue compensation and benefits expense equal to 50% of our net revenue following the initial public offering. However, we may record compensation and benefits expense in excess of this percentage to the extent that such expense is incurred due to a significant expansion of our business or to any vesting of the partnership units to be held by our Senior Managing Directors or restricted stock units to be received by our non-Senior Managing Director employees at the time of the initial public offering. We may change this policy in the future. An adjustment has been made to Evercore Partners Inc. to reflect total compensation and benefits expense as 50% of net revenue. See Note (y) under Notes to Unaudited Condensed Consolidated Pro Forma Statement of Financial Condition .

	Three Months Ended			Six Months Ended		
	June 30, 2006			June 30, 2006		
	Evercore	Protego	Total	Evercore	Protego	Total

Post Formation Net Revenues	$ 43,663		$ 43,663	$ 84,173		$ 84,173
Historical Net Revenues		$ 4,274	4,274		$ 7,515	7,515
Compensation Expense Threshold 50%	21,832	2,137	23,969	42,087	3,758	45,844
Historical Compensation and Benefits	(8,093)	(2,262)	(10,355)	(16,852)	(3,841)	(20,693)
Total Pro Forma Compensation and Benefits Expense Adjustment	$ 13,739	$ (125)	$ 13,614	$ 25,235	$ (83)	$ 25,151

(g) Reflects an adjustment to record the 74.5% minority interest ownership of our Senior Managing Directors in Evercore LP relating to their vested partnership units, assuming 4,587,738 shares of Class A common stock are outstanding after the initial public offering. Partnership units of Evercore LP are, subject to certain limitations, exchangeable into shares of Class A common stock of Evercore Partners Inc. on a one-for-one basis. Evercore Partners Inc. s interest in Evercore LP is within the scope of EITF 04-5. Although Evercore Partners Inc. will have a minority economic interest in Evercore LP, it will have a majority voting interest and control the management of Evercore LP. Additionally, although the limited partners will have an economic majority of Evercore LP, they will not have the right to dissolve the partnership or substantive kick-out rights or participating rights, and therefore lack the ability to control Evercore LP. Accordingly, Evercore will consolidate Evercore LP and record minority interest for the economic interest in Evercore LP held directly by the Senior Managing Directors. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

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(h) As a limited liability company, partnership or sub-chapter S entity, we were generally not subject to income taxes except in foreign and local jurisdictions. An adjustment has been made to increase our effective tax rate to approximately 44%, which assumes that Evercore Partners Inc. is taxed as a C corporation at the highest statutory rates apportioned to each state, local and/or foreign tax jurisdiction and is reflected net of U.S. federal tax benefit. There is no current foreign tax increase or benefits assumed with the Protego Combination as it relates to the effective tax rate. However, Evercore Partners Inc. will realize deferred tax increases or benefits upon the Protego Combination as it relates to the tax amortization of intangibles and goodwill over a 15 year straight-line basis. 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. In accordance with the partnership agreement pursuant to which Evercore LP will be governed, we intend to cause Evercore LP to make pro rata cash distributions to our Senior Managing Directors and Evercore Partners Inc. for purposes of funding their tax obligations in respect of the income of Evercore LP that is allocated to them. The following table reflects the adjustment to arrive at total income subject to tax for Evercore Partners Inc.:

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
Operating Income	$ 12,014	$ 21,217
Less Minority Interest	8,560	15,110
Total Income	$ 3,454	$ 6,107

(i) For the purposes of the pro forma net income per share calculation, the weighted average shares outstanding, basic and diluted, are calculated based on:

	Three Months Ended June 30, 2006 Evercore Partners Inc. Pro Forma		Six Months Ended June 30, 2006 Evercore Partners Inc. Pro Forma	
	Basic	Diluted	Basic	Diluted
Evercore Partners Inc. Shares of Class A Common Stock	45,238	45,238	45,238	45,238
Evercore Partners Inc. Restricted Stock Units vested	207,116	207,116	207,116	207,116
Evercore LP Partnership Units vested (1)				
New Shares from Offering	4,542,500	4,542,500	4,542,500	4,542,500
Weighted Average Shares of Class A Common Stock Outstanding	4,794,854	4,794,854	4,794,854	4,794,854

(1) 13,430,500 vested Evercore LP partnership units are not included in the calculation of Weighted Average Shares of Class A Common Stock outstanding as they are antidilutive.

Of the 23,136,829 Evercore LP partnership units to be held by parties other than Evercore Partners Inc. immediately following the initial public offering, 13,430,500 will be fully vested and 9,706,329 will be unvested. We have concluded that at the current time it is not probable that the conditions relating to the vesting of these unvested partnership units will be achieved or satisfied and, accordingly, these unvested partnership units are not reflected as outstanding for purposes of calculating the minority interest for the economic interest in Evercore LP held by the limited partners. Any vesting of these unvested partnership units would significantly increase minority interest and reduce our net income and net income per share. See Management s Discussion and Analysis of Financial Condition and Results of Operations Key Financial Measures Operating Expenses Employee Compensation and Benefits Expense.

Basic and diluted net income per share are calculated as follows:

	Three Months Ended June 30, 2006 Evercore Partners Inc. Pro Forma	Six Months Ended June 30, 2006 Evercore Partners Inc. Pro Forma
Basic and Diluted Net Income Per Share		
Net Income Available to Holders of Shares of Class A Common Stock	$ 1,653	$ 2,924
Basic and Diluted Weighted Average Shares of Class A Common Stock Outstanding	4,794,854	4,794,854
Basic and Diluted Net Income Per Share of Class A Common Stock	$ 0.34	$ 0.61

The vested Evercore LP partnership units that could potentially dilute basic net income per share were not included in the computation of diluted net income per share because to do so would have been antidilutive for the periods presented. The increase in net income available to holders of shares of Class A common stock due to the elimination of the minority interest associated with vested Evercore LP partnership units (offset by the associated tax effect) that is implied in calculating diluted net income per share assuming the exchange of Evercore LP partnership units for shares of Class A common stock is antidilutive notwithstanding the corresponding increase in weighted average shares of Class A common stock outstanding. We do not expect dilution to result from the exchange of Evercore LP partnership units for shares of Class A common stock.

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

Notes to Unaudited Condensed Consolidated Pro Forma Statement of Financial Condition (dollars in thousands, unless otherwise noted):

(j) The cash, investments, other assets, other liabilities, minority interest and members capital of the general partners of the Evercore Capital Partners I, Evercore Capital Partners II and Evercore Ventures private equity funds and certain other entities through which Messrs. Altman and Beutner have invested capital in the Evercore Capital Partners I fund are eliminated for the presentation of the unaudited condensed consolidated pro forma statement of financial condition since these entities will not be contributed to Evercore LP.

(k) Reflects the pro forma cash distribution of pre-offering profits defined as net income less net income derived from the general partners and certain other entities as described in Note (j) for the period January 1 through the closing of the Formation Transaction, in the amount of $19,327 as of June 30, 2006 to our Senior Managing Directors to be effected prior to the initial public offering. The distributions are to be funded with available cash, with the remainder to be funded by the assignment of interests in certain accounts receivable. The tables below reflect this pro forma distribution of year-to-date 2006 profits as of June 30, 2006.

	Six months ended June 30, 2006
Pre-incorporation Profits	
Evercore Holdings Historical Net Income	$ 50,601
Less: Net Income of General Partner Not Distributed	(4,918)
Pre-incorporation Profits to be Distributed	$ 45,683
Partner Distribution made in Q2 2006 Pertaining to Pre-incorporation Profits	(26,356)
Net Pre-incorporation profits distribution	$ 19,327

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	Six months ended June 30, 2006
Pre-incorporation Profits Consideration	
Accounts Receivable	$ 4,545
Cash	14,782
Total	$ 19,327

(l) The accumulated deficit represents cumulative distributions to members in excess of cumulative book income pertaining to periods prior to January 1, 2006.

(m) Represents adjustments to recognize the acquisition of Protego, which includes a 70% majority interest in its asset management subsidiary. The estimated fair value of consideration paid and the assets and liabilities acquired in connection with the Protego Combination were determined to establish the appropriate allocation of purchase price to the acquired assets over liabilities. The total consideration includes the non-interest bearing notes of $7.0 million, 1,760,187 vested Evercore LP units and direct costs incurred with the acquisition transaction. With respect to the $7.0 million in notes issued in consideration for the Protego Combination, $6.05 million we paid in cash and $0.95 million we paid in shares of Class A common stock valued at the initial public offering price of $21 per share. We would issue 45,238 shares of Class A common stock upon repayment of such notes at the closing of the initial public offering. The methodology to determine the estimated value of the vested Evercore LP units was to estimate the total value of the combined entity post Formation Transaction, including Protego, as of the date the contribution and sale agreement for the Protego Combination was signed and then multiply that percentage ownership implied by the vested units issued with respect to the Protego Combination to calculate the value of those partnership units. The purchase price was allocated to the acquired assets and liabilities based on fair value with any residual unallocated purchase price assigned to goodwill. The purchase price does not include 351,362 unvested Evercore LP partnership units issued by Evercore LP in connection with the acquisition, for which, among other things, employee service subsequent to the consummation date of the acquisition is required in order for the units to vest. The unvested partnership units of Evercore LP will be treated as expense and not part of the purchase price consideration. Expense will be charged at the time a vesting event occurs or, if earlier, at the time a vesting event becomes probable. The expense will be based on the grant date fair value of the partnership units of Evercore LP, which will be the initial public offering price of the Class A common stock into which these partnership units are exchangeable. 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 is affected. 100% of the unvested Evercore LP 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 on the date of the partnership agreement;

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 initial public offering.

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. Evercore s Equity Committee, which is comprised of Messrs. Altman, Beutner and Aspe, with our concurrence, may also accelerate vesting of unvested Evercore LP partnership units.

A final determination of required purchase accounting adjustments, including the allocation of the purchase price, has not yet been made. Accordingly, the purchase accounting adjustments made in connection with these unaudited condensed consolidated pro forma financial statements are preliminary and have been made solely for the purposes of developing such condensed consolidated pro forma financial

statements. At this time, Evercore does not expect that the value of any of the identifiable, definite-lived intangibles will change in a material manner between the time the preliminary valuation was performed and the closing of the transaction when the final valuation will be completed. Additionally, Evercore does not expect any material changes in the value of any of the other assets acquired and liabilities assumed in conjunction with the Protego Combination. Evercore does not expect any uncertainties regarding amortization periods to have a material impact on our financials.

Estimated Purchase Price	
Non-Interest Bearing Evercore LP Notes	$ 7,000
Evercore LP Partnership Units (vested)	27,510
Acquisition Costs	3,112
Estimated Purchase Price	$ 37,622
Estimated Purchase Price Allocation	
Cash	$ 4,169
Less: Pre-Protego Combination Profits Distribution in Cash	(4,169)
Net Cash	
Financial Instruments Owned and Pledged as Collateral at Fair Value	131,741
Securities Purchased Under Agreements to Resell	133,066
Accounts Receivable	2,791
Less: Pre-Protego Combination Profits Distribution Paid with Interest in Accounts Receivable	(400)
Net Accounts Receivable	2,391
Investments	1,267
Intangible Assets	3,770
Other Assets	1,924
Other Current Liabilities	(2,308)
Securities Sold Under Agreements to Repurchase	(264,860)
Minority Interest	(839)
Identifiable Net Assets	6,152
Goodwill	$ 31,470

Pursuant to the agreement with Protego, the above calculation reflects a pro forma cash distribution of pre-Protego Combination profits to the Protego Directors prior to the initial public offering. The distributions are to be funded with available cash, with the remainder to be funded with notes or an assignment of certain accounts receivable. The table above reflects this pro forma distribution as of June 30, 2006. Under a service agreement with a Director who ceased to be employed by Protego in June 2006, Protego will be required to make a payment of up to $2.6 million. The associated expense will reduce Protego s pre-Protego Combination profits and accordingly reduce Protego s pre-Protego Combination profits distribution.

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(n) Reflects the residual value of goodwill attributable to the acquisition. Goodwill is based on a provisional purchase price allocation and is equal to the purchase price in excess of the estimated fair value of identifiable net assets acquired, as set forth in Note (m). For tax purposes, such amounts will be amortized straight-line over a fifteen year period.

(o) Reflects the fair value of intangible assets acquired. Such amount will be amortized over the estimated useful lives of the intangible assets which have been assumed to range from 0.5 to five years for financial statement accounting purposes and fifteen years for tax purposes of these condensed consolidated pro forma financial statements.

(p) Reflects the elimination of direct costs which have been capitalized in Evercore s historical statements of financial condition, associated with the acquisition of Protego incurred prior to June 30, 2006. These costs have been added to the estimated purchase price. See Note (m).

(q) Reflects the issuance of the aggregate principal amount of non-interest bearing Evercore LP notes that are payable in cash of $6.1 million, and $0.9 million of Class A common stock immediately following the closing of the initial public offering (the Evercore LP Notes).

(r) Reflects an adjustment to eliminate a minority interest of 19% in Protego s asset management subsidiary acquired by Evercore as part of the Protego Combination.

(s) Reflects the fair value of 1,760,187 vested Evercore LP partnership units issued in connection with the purchase of Protego.

(t) Reflects the elimination of Protego s shareholder equity accounts including retained earnings, accumulated other comprehensive income and additional paid-in-capital.

(u) Reflects net proceeds from the sale by Evercore Partners Inc. of 4,542,500 shares of Class A common stock pursuant to the initial public offering, at an initial public offering price of $21.00 per share of Class A common stock, less underwriting discounts and commissions and estimated expenses payable in connection with the initial public offering and the related transactions.

(v) Reflects repayment of the Evercore LP Notes issued to effect the Protego Combination using net proceeds from the initial public offering of $6.1 million and the issuance of $0.9 million of Class A common stock and repayment of the outstanding amount under our line of credit of $30 million.

(w) Reflects the elimination of direct costs incurred through June 30, 2006 of the initial public offering.

(x) Reflects a minority interest adjustment for the ownership of vested Evercore LP partnership units held directly by Evercore s Senior Managing Directors, 4,542,500 shares of Class A common stock are issued in connection with the initial public offering. Partnership units of Evercore LP are, subject to certain limitations, exchangeable into shares of Class A common stock of Evercore Partners Inc. on a one-for-one basis.

(y) Reflects the anticipated one-time grant of restricted stock units. Evercore granted 2,286,055 restricted stock units to its non-Senior Managing Director employees at the time of the initial public offering. 207,116 of the restricted stock units are fully vested and, as a result, Evercore will record compensation and benefits expense at the time of the initial public offering equal to the value of these fully vested restricted stock units. Such expense has been excluded from the unaudited condensed consolidated pro forma statements of income as the charge is a non-recurring charge directly attributable to the acquisition. The remaining 2,078,939 of these restricted stock units are unvested and will vest only upon the same conditions as the unvested partnership units of Evercore LP issued in connection with the

Formation Transaction and the Protego Combination described in Management s Discussion and Analysis of Financial Condition and Results of Operations Reorganization . If and when these unvested restricted stock units vest, Evercore will record compensation and benefits expense at the time of vesting equal to the grant date fair value of the Class A common stock of Evercore Partners Inc. deliverable pursuant to such restricted stock units, which would be calculated based on the initial public offering price of the Class A common stock. As a result, based on the initial public offering price of $21.00 per share, we recorded compensation expense equal to the fair value of the vested restricted stock units issued of $4.3 million and would record additional compensation expense at the time of vesting of the unvested restricted stock units of $43.7 million if all such unvested restricted stock units were to vest.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to our management, including our Co-Chief Executive Officers and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, including our Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) under the Exchange Act as of the end of the period covered by our Form 10-Q filed with the Securities and Exchange Commission on September 25, 2006. Based on that evaluation, our Co-Chief Executive Officers and Chief Financial Officer had concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective as of June 30, 2006.

In connection with the restatement discussed in Note 2 to the unaudited combined and consolidated financial statements of Protego Asesores, S.A. de C.V., subsidiaries and Protego SI, S.C. (Protego Historical), included in Item 1, management determined that there were control deficiencies related to its review of supplemental financial information included in reports that it files or submits under the Exchange Act to provide reasonable assurance that such financial information is presented in accordance with generally accepted accounting principles. Specifically, management had not evaluated the presentation of repurchase agreements in the Protego Historical combined and consolidated financial statements. These control deficiencies constituted a material weakness (within the meaning of the Auditing Standard No. 2, *An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements of the Public Company Accounting Oversight Board*) in our internal control over financial reporting and such material weakness had not been remediated as of June 30, 2006.

Our management, including our Co-Chief Executive Officers and Chief Financial Officer, have reevaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act as of the end of the period covered by our Form 10-Q filed with the Securities and Exchange Commission on September 25, 2006 and have considered the effects of the material weakness discussed above. Based on that reevaluation, our Co-Chief Executive Officers and Chief Financial Officer have concluded that our disclosure controls and procedures were ineffective as of June 30, 2006.

Changes in Controls

No change in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the quarter ended June 30, 2006 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

The statements contained in Exhibits 31.1, 31.2 and 31.3 to this Form 10-Q/A should be considered in light of, and read together with, the information set forth in this Item 4.

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PART II. OTHER INFORMATION

Item 6. Exhibits

3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Registrant s Registration Statement on Form S-1 (File No. 333-134087) (Form S-1) filed with the SEC on July 31, 2006)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Form S-1 filed with the SEC on May 12, 2006)
10.1	Amended and Restated Limited Partnership Agreement of Evercore LP, dated as of August 7, 2006 (incorporated by reference to Exhibit 10.1 to the Registrant s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006 (the June 30 10-Q) filed with the SEC on September 25, 2006)
10.1.1	Supplement to Amended and Restated Limited Partnership Agreement of Evercore LP, dated as of August 7, 2006 (incorporated by reference to Exhibit 10.1.1 to the June 30 10-Q)
10.2	Tax Receivable Agreement, dated as of August 10, 2006 (incorporated by reference to Exhibit 10.2 to the June 30 10-Q)
10.3	Registration Rights Agreement, dated as of August 10, 2006 (incorporated by reference to Exhibit 10.3 to the June 30 10-Q)
10.4	Employment Agreement between Registrant and Austin M. Beutner, dated as of August 10, 2006 (incorporated by reference to Exhibit 10.4 to the June 30 10-Q)
10.5	Employment Agreement between Registrant and Roger C. Altman, dated as of August 10, 2006 (incorporated by reference to Exhibit 10.5 to the June 30 10-Q)
10.6	Employment Agreement between Registrant and Pedro Aspe, dated as of August 10, 2006 (incorporated by reference to Exhibit 10.6 to the June 30 10-Q)
31.1	Certification of the co-Chief Executive Officer pursuant to Rule 13a-14(a).
31.2	Certification of the co-Chief Executive Officer pursuant to Rule 13a-14(a).
31.3	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a).
32.1	Certification of the co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification of the co-Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.3	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).

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SIGNATURES

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

Date: February 21, 2007

Evercore Partners Inc.

By: /s/ Roger C. Altman
Name: Roger C. Altman
Title: Chairman and Co-Chief Executive Officer

By: /s/ Austin M. Beutner
Name: Austin M. Beutner
Title: Co-Chief Executive Officer and President

By: /s/ David E. Wezdenko
Name: David E. Wezdenko
Title: Chief Financial Officer