Evercore Partners Inc.
Form DEFA14A
May 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement.

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

¨ Definitive Proxy Statement.

x Definitive Additional Materials.

¨ Soliciting Material Pursuant to §240.14a-12.

Evercore Partners Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Beginning on May 14, 2013, Evercore Partners Inc. sent the following communication and presentation to certain stockholders of the Company:

Dear Stockholder:

By now you should have received a copy of our proxy statement, annual report to stockholders and your proxy or voting instruction card. I urge you to read the materials, and in particular, I want to highlight Proposal No. 2, our Board s proposed amendment to our equity incentive plan to increase the number shares available under the plan by 5 million shares. In conjunction with this proposal, we have agreed to use our recently expanded stock repurchase program to ensure that our outstanding shares do not increase due to our annual bonus equity awards over the next three years. We also have committed to maintain our average three year burn rate at or below 2.5%, all of which will be used to attract new professionals to the firm, subject to our ability to reserve the necessary flexibility to address unusual circumstances that may arise. Please review the accompanying presentation which has important data in support of Proposal No. 2.

Our goal at Evercore is to create the premier global independent investment banking advisory firm delivering superior returns to our stockholders. We have made significant progress toward this goal, but in order to continue delivering superior returns we need to continue to attract, retain and motivate the best talent in the business. Sustaining the compensation strategies that have served us well is fundamental to our continued success in attracting and retaining such talent and to our overall continued progress.

Below is a summary of the reasoning behind our Board s decision to recommend that you approve Proposal No. 2:

The ability to issue equity is fundamental to our compensation strategy. For the last five years, over 95% of our annual bonus equity awards were granted to employees who had direct revenue generating responsibilities, enhancing retention and aligning their interests with our stockholders. Equity awards are also a key element of recruiting new Senior Managing Directors a fundamental driver of our growth. Annual bonus equity awards are delivered as a component of an employee s annual incentive compensation amount and always are based on services already performed and revenue already generated.

Recruitment and retention of employees has driven our success and is necessary for our continued success. Equity compensation is critical in aligning the interests of our employees with those of our stockholders. By making equity a meaningful portion of our employees compensation with vesting and transfer restrictions, we are compensating our employees for their individual performance, and our employees are therefore motivated to conduct the business in a manner that produces superior returns for our stockholders over the long-term. We believe this, in part, has resulted in the long-term value we have created for our stockholders, as evidenced by our total shareholder return over the last five years, which has significantly outperformed our peers and the market.

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We are focused on mitigating the dilutive effect of annual bonus equity awards and are disciplined in granting equity awards. Annual bonus equity awards are made as part of an appropriate compensation package for each of our employees. They are not in any way incremental to our annual compensation awards. Moreover, in the past three years, we have offset more than 100% of the dilutive effect of our annual bonus equity awards through stock repurchases. Our three year average net dilution for 2012, 2011 and 2010, which takes into account shares issued to attract new employees, annual bonus awards and stock repurchases, is less than 1%. Furthermore, in 2012, we adopted an expanded stock buyback program allowing for the repurchase of up to 5 million shares. This expanded program will position us to continue to execute our goal of offsetting 100% of the dilutive effect of annual bonus equity grants. We are committed to sustaining these buybacks.

A reduction in our use of equity-based compensation would require a corresponding increase in our use of alternative deferred compensation programs. If the amendment is not approved, we would be compelled to alter our compensation program to implement alternative deferred compensation programs. These programs do not provide the same benefits as equity, such as alignment with stockholder interests, and would likely involve increased administrative costs.

Our Board recommends that you vote FOR Proposal No. 2. Please take a few minutes to vote your shares today. Your vote is very important.

We value your input on this topic. If you have any questions, please contact our CFO, Bob Walsh or our General Counsel, Adam Frankel. Thank you for your consideration on this important matter.

/s/ Ralph Schlosstein
Ralph Schlosstein
President and Chief Executive Officer

Equity Compensation
May 2013

1
44
48
54
67
67
40
45
50

55
60
65
70
$0
$100,000
$200,000
$300,000
$400,000
$500,000
$600,000
$700,000
FY2008
FY2009
FY2010
FY2011
FY2012
Revenue (000's)
Number of SMD's
(end of year)
Our Growth in Senior Talent Drives the Company s Growth
Our full year net revenues from 2008-2012 grew from $195 million to $642 million. During this same period, our population of SMDs grew from 44 to 67.
Growth of Net Revenue and Senior Managing Directors

We
use
equity
awards
to
foster
an
ownership
culture

by providing a direct economic link between employees and stockholders.

We believe that RSUs are a better form of compensation because:

They encourage our employees to think like stockholders, and

In contrast to options, for which the recipient is unaffected by stock-price drops below the strike price, RSU recipients, like shareholders, are exposed to both the downside and the upside of share performance.

RSUs are delivered as a component of the agreed upon annual bonus compensation, and not in addition to that compensation.

In other words, the amount of compensation always is determined first, with the mix of cash and

RSUs determined subsequently. They are also a critical element in recruiting new SMDs.
We offset 100% of the dilutive effect of bonus equity awards through share repurchases, and opportunistically offset new hire equity awards through share repurchases.
Our
proposed
5
million
share
increase
will
enable
us
to
continue
this
element
of
our
strategy
for
2-3
years.
2
Equity awards are a fundamental element of the growth strategy of the firm, both for recruiting new employees and incenting and retaining our existing team.
Equity Compensation is a Fundamental Element of our Strategy

3
(1)
The
Stock
Performance
graph
and
related
table

compares the performance of an investment in our Class A common stock from December 31, 2007 through March 28, 2013, with Greenhill & Co., Lazard and the S&P 500 Index. The graph assumes $100 was invested at the opening of business on December 31, 2007 in each of our Class

A common stock, Greenhill & Co.'s common stock, Lazard's common stock and the S&P 500 Index. It also assumes that dividends were reinvested on the date of payment without payment of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of

future
performance.
(includes reinvestment of dividends)
Equity Compensation Aligns Employee and Stockholder Interests
We believe our equity compensation practices have contributed to the value we have created for our stockholders, as evidenced by our total shareholder returns over the last five years, which have significantly outperformed our peers and the market.
$250
200
150
50
100
Dec 31,
Dec 31,
Dec 31,
Dec 31,
Dec 30,
Dec 31,
Mar 28,
Company / Index
2007
2008
2009
2010
2011
2012
2013
Evercore Partners Inc.
$100
$60
$150
$171
$137
$161
$223
S&P 500 Index
$100
62
76
86
86
97
107
Greenhill & Co.
$100
108
127
132
62
92

95
Lazard
$100
74
96
101
68
81
93

Unless Proposal No. 2 is approved, we won t have sufficient shares under the plan to support annual bonuses and grants to new hires required to continue attracting and incentivizing our employees to achieve our objectives.
We
have
consistently
recognized
the
potentially
dilutive

aspects of equity grants and, as our grant and stock buyback history indicates, have worked assiduously to mitigate such dilution. (See Annex A).

In connection with our request to increase the number of shares under the plan, we have agreed (subject to unusual circumstances that may arise) to use our recently expanded stock repurchase program to:

offset 100% of the dilutive effect of our annual bonus equity awards over the next three years, and

maintain our average three year burn rate at or below 2.5%.

4

Evercore is requesting that stockholders vote to approve Proposal No. 2, which authorizes an additional 5 million shares under the Plan, and which we believe is necessary for Evercore to continue delivering value to you.

Proposal No. 2 - Amendment to the Plan and Our Commitment to Offset Dilutive Effects

5

The ability to issue equity is fundamental to our compensation strategy.

equity awards were granted to employees who had direct revenue generating and client-facing responsibilities, enhancing reten
their interests with our stockholders. Equity awards are also a key element of recruiting new Senior Managing Directors a fu
of our growth. Annual bonus RSUs are delivered as a component of an employee s annual incentive compensation amount (ar
services already performed and, for award recipients who have client facing responsibilities, revenue already generated rather t
potential performance), and is not in addition to annual incentive compensation. Equity-based compensation is tied directly to a
contribution to the business, and not to seniority or role.

Recruitment and retention of employees has driven our success and is necessary for our continued success.

Equity compensation is critical in aligning the interests of our employees with those of our stockholders. By making equity a s
portion of our employees compensation with vesting and transfer restrictions, we are linking our employees compensation t
performance of Evercore, and our employees are therefore motivated to conduct the business in a manner that produces superio
returns for our stockholders over the long-term. We believe this, in part, has resulted in the long-term value we have created fo
stockholders, as evidenced by our total shareholder return over the last five years, which has significantly outperformed our pe
the market.

We are focused on mitigating the dilutive effect of annual bonus equity awards and are disciplined in granting
equity awards.In the past three years, we have offset all of the dilutive effect of our annual bonus equity awards through stock
repurchases. Our three year average net dilution for 2012, 2011 and 2010, which takes into account annual share bonus awards
employees, share awards for new employees and stock repurchases, is less than 1%. Furthermore, in 2012, we adopted an expa
buyback program allowing for the repurchase of up to 5 million shares. This expanded program will position us to execute our
offsetting the dilutive effect of annual bonus equity grants, and to keeping total dilution from the plan to under 2.5%.

A reduction in our use of equity-based compensation would require a corresponding increase in our use of
alternative deferred compensation program
compensation program to implement alternative deferred compensation programs. These programs do not provide the same be
equity, such as alignment with stockholder interests, and would likely involve increased administrative costs.

equity awards.

alternative deferred compensation programs.

The ability to issue equity is fundamental to our compensation strategy.

We are focused on mitigating the dilutive effect of annual bonus equity awards and are disciplined in granting

A

reduction in our use of equity-based compensation would require a corresponding increase in our use of

For the last five years, over 95% of our annual bonus

Reasons why Our Board Recommends that You Vote to Approve Proposal No. 2

If the amendment is not approved, we would be compelled to alter our

2010
2011
2012
Three Year
Average
Equity Grants:
Bonus Equity
1,088
1,464

2,420
1,657
New Hire Equity
386
745
743
625
Forfeitures
(307)
(121)
(366)
(265)
Net Equity Grants
1,167
2,088
2,797
2,017
Shares Repurchased
1,357
1,587
2,616
1,853
Net Issuance Equity Grants Without New Hires
(586)
(244)
(562)
(461)
Net Issuance Equity Grants With New Hires
(190)
501
181
164
Percentage of Net Equity Grants Repurchased Without New Hires
174%
118%
127%
133%
Percentage of Net Equity Grants Repurchased With New Hires
116%
76%
94%
92%
Weighted Common Shares Outstanding and Vested Evercore LP
Partnership Units
(1)
29,436
33,837
36,514
33,262
Burn Rate (Taking into Account Vested Evercore LP Partnership

Units and Forfeitures)
4.0%
6.2%
7.7%
5.9%
Burn Rate (Taking into Account Vested Evercore LP Partnership
Units, Share Repurchases and Forfeitures)
(0.6%)
1.5%
0.5%
0.5%
(shares in thousands)
6
(1)
Includes vested Evercore LP partnership units outstanding for each period totaling 9,781, 7,818, 7,239 thousand for fiscal years 2010, 2011 and 2012, respectively

Annex A Equity Grant and Stock Buyback History Overview

The dilution from equity grants (taking into account vested Evercore LP partnership units, share repurchases and forfeited shares) has averaged less than 1% over the past three years, and, excluding share repurchases, 5.9%.